



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
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**The following document has been received:**

**Receiving:** RICHMOND CARLOS AGTARAP

**Receipt Date and Time:** May 22, 2024 10:58:54 AM

## Company Information

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**SEC Registration No.:** AS94000088

**Company Name:** SM PRIME HOLDINGS, INC.

**Industry Classification:** J66940

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST10522202482618361

**Document Type:** I-ACGR

**Document Code:** I-ACGR

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**Submission Type:** Annual

**Remarks:** None

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

COVER SHEET

AS094-000088

SEC Registration Number

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(Company's Full Name)

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Mr. John Nai Peng C. Ong

(Contact Person)

8831-1000

(Company Telephone Number)

0	5
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Month Day  
(Calendar Period)

2	1
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I-ACGR

(Form Type)

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Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

#### GENERAL INSTRUCTIONS

##### A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

##### B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) <b>"Recommendations"</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>"Supplement to Recommendation"</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>"Additional Recommendations"</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>"Optional Recommendation"</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*"Not Applicable" or "None" shall not be considered as sufficient explanation</b></p>

**C. Signature and Filing of the Report**

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE:**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number **AS094-000088** 3. BIR Tax Identification No. **003-058-789**
4. Exact name of issuer as specified in its charter ... **SM PRIME HOLDINGS, INC.**
5. **PHILIPPINES**  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **7/F MOA Square, Seashell Lane cor. Coral Way,  
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A,  
Pasay City, Metro Manila, Philippines**  
Address of principal office
8. **1300**  
Postal Code
9. **(632) 8831-1000**  
Issuer's telephone number, including area code
10. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance  The Company's Board is composed of directors who have significant experience in the real estate, retail, energy, legal, information technology and financial services industry sectors, among others. SM Prime's Corporate Governance Committee, through the use of a Board Matrix, ensures that the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.  The Corporate Governance Committee also ensures that all members possess all of the qualifications and none of the disqualifications as mentioned in the Revised Manual on Corporate	

		<p>Governance and as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, The Corporate Governance Committee, Board Matrix <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ 2023 Integrated Report, Board Performance and Evaluation, Training and Continuing Education Program and Board Diversity, pages 98-100 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Board of Directors <a href="https://www.smprime.com/board-of-directors/">https://www.smprime.com/board-of-directors/</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7-10</li> </ul> <p>Annex to the 2023 SEC Form 20-IS Definitive Information Statement, Certificate of Independent Directors, pages 68-74 of 178 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2022 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7-10</li> </ul> <p>Annex to the 2022 SEC Form 20-IS Definitive Information Statement, Certificate of Independent Directors, pages 64-70 of 178 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
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		<ul style="list-style-type: none"> <li>✓ Corporate Governance Committee, Board Matrix <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Revised Manual on Corporate Governance, Items 2.4-2.6, pages 9-11 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p><i>Identify or provide link/reference to a document identifying the directors and the type of their directorships</i></p> <p>The Board is composed of 8 directors, of which, 7 are non-executive directors (3 independent directors and 4 non-executive directors).</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Composition and Board Independence, page 101 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Board of Directors, Profile per Director <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Profiles of the Nominees for Election to the Board of Directors for 2024 – 2025, pages 6-14 of 178 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	

**Recommendation 1.3**

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p><i>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</i></p> <p>To allow the Board to discharge its duties and responsibilities, the Board shall obtain professional training and have continuing education by SEC-accredited training providers.</p> <p>It is the Corporate Governance Committee's function to recommend and ensure continuing education and training programs for the Company's directors.</p> <p>References:</p> <ul style="list-style-type: none"><li>✓ 2023 Integrated Report, Board Training and Continuing Education Program, page 99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li><li>✓ Board of Directors, Board Charter, Purpose and Authority, page 1 <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li><li>✓ Board Committees, Corporate Governance Committee Charter, III. Duties and Responsibilities, d and f, page 3 <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li><li>✓ Revised Manual on Corporate Governance, Items 1.2, 2.2.1.f, 3.3.2.d and f, pages 3, 8 and 15 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li></ul>	
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		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 38-39  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul>	
2. Company has an orientation program for first time directors.	Compliant	<i>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</i>	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>The Company provides an 8-hour orientation program for new directors. For term 2023-2024, no new director was elected.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 1.2.1-2, page 3  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> </li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 38-39  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul> <p>Further, all directors including independent directors and key officers have attended the 2023 Annual Corporate Governance Training Program.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Training and Continuing Education Program, page 99  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a> </li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, 2023 Annual Corporate Governance Training Certificates <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 33-35 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the company's board diversity policy.</i></p> <p><i>Indicate gender composition of the board.</i></p> <p>The Company has adopted a Board Diversity policy and also uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>As of the recent 2024 Annual Stockholders' Meeting, SM Prime's stockholders has re-elected one female independent director in the Board. Atty. Darlene Marie B. Berberabe was elected as an independent director beginning term 2021-2022.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, 1.3 Board Diversity, page 4 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Board Diversity, page 100</li> </ul>	

		<a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>  ✓ ASM Notice of Meeting, Agenda and Minutes, 2024 ASM Minutes, page 8 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a>  ✓ Corporate Governance Committee, Board Matrix <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p><i>Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity.</i></p> <p><i>Provide link or reference to a progress report in achieving its objectives.</i></p> <p>The Company has adopted a Board Diversity policy and also uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>As of the recent 2024 Annual Stockholders' Meeting, SM Prime's stockholders has re-elected one female independent director in the Board. Atty. Darlene Marie B. Berberabe was elected as an independent director beginning term 2021-2022.</p> <p>References:  ✓ Revised Manual on Corporate Governance, 1.3 Board Diversity, page 4</p>	

		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ 2023 Integrated Report, Board Diversity, page 100 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>  ✓ ASM Notice of Meeting, Agenda and Minutes, 2024 ASM Minutes, page 8 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a>  ✓ Corporate Governance Committee, Board Matrix <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>	
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#### Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Compliant	<i>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</i>  The qualifications, duties and responsibilities of the Corporate Secretary are disclosed in the Revised Manual on Corporate Governance. SM Prime's Corporate Secretary is Atty. Elmer B. Serrano while the Company's Chief Compliance Officer is Mr. John Nai Peng C. Ong. Atty. Serrano is not a member of the Board.  References: ✓ Revised Manual on Corporate Governance, Item 1.4, pages 4-5	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ 2023 Integrated Report, Board Composition, page 101 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a> ✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7 and 11 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>  ✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 33, 36 and 44, <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<i>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</i>  The Company's Corporate Secretary, has attended the 2023 Annual Corporate Governance Training.  References: ✓ 2023 Integrated Report, Board Training and Continuing Education Program, page 99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a> <a href="https://www.smprime.com/annual-reports">https://www.smprime.com/annual-reports</a> ✓ Other Corporate Governance Related Documents, 2023 Annual Corporate Governance Training Certificates	

		<a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>  ✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 38-39 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<i>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</i>  In compliance with SM Prime's Revised Manual on Corporate Governance, items to be discussed during the board meeting are made available to each director at least five (5) business days in advance. The materials are electronically sent to the members of the Board ahead of the scheduled meetings. Printed copies are also available upon request.  References: ✓ Revised Manual on Corporate Governance, Item 2.7.4, page 12 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ Annual Financials, 2023 17-A Annual Report, Item 13. Corporate Governance, page 50 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant		

2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	<i>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</i>	
3. Compliance Officer is not a member of the board.	Compliant	<p>The qualifications, duties and responsibilities of the Compliance Officer are disclosed in the Revised Manual on Corporate Governance. For 2023, SM Prime's Compliance Officer is Mr. Mr. John Nai Peng C. Ong. Mr. Ong is not a member of the Board.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 1.5, pages 5-6 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7 and 11 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 33 and 36 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023 <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> </ul>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<i>Provide information on or link/reference to a document containing information on the corporate</i>	

		<p><i>governance training attended, including number of hours and topics covered</i></p> <p>The Company's Revised Manual on Corporate Governance requires the Compliance Officer to annually attend a training on corporate governance. SM Prime's Compliance Officer, Mr. John Nai Peng C. Ong, has attended the 2023 Annual Corporate Governance Seminar.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 1.5.1, page 5  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, item 9, Directors and Executive Officers of the Registrant, page 39  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, 2023 Annual Corporate Governance Training Certificates  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<i>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</i>	

		<p>Board of Directors actively participates during regular and special Board meetings and annual stockholders' meetings.</p> <p>Further, the Chairman of the Board makes certain that the meeting agenda focuses on strategic matters in coordination with the Corporate Secretary, while taking into consideration the advice and suggestions of the Board and Management.</p> <p>The directors are able to perform their duties and responsibilities through the timely provision of Board materials and easy and timely access to information or inputs for sound decision making. They are also given the chance to fully, positively and actively participate.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ ASM Notice of Meeting and Agenda, 2024 ASM Minutes 2023 ASM Minutes <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> <li>✓ Audit and Risk Management Related Documents, Regular Non-Executive Director's Meeting</li> </ul> <p>Other Corporate Governance Related Documents, Summary of Board Activities in 2023 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p>	
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		<ul style="list-style-type: none"> <li>✓ Board of Directors, Profile per Director, Board Attendance <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ 2023 Integrated Report Board Meetings and Attendance, page 99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<i>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</i>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p><i>Indicate frequency of review of business objectives and strategy</i></p> <p>The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the strategic plan reporting of the Business Units, the Board, through its Executive Committee, on an annual basis, reviews the business units' strategies and targets towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.1 and 3.1, pages 6-7 and 12-13 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Board and Executive Committee Charters <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a> <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-8 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Summary of Board Activities in 2023 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p><i>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</i></p> <p><i>Indicate frequency of review of the vision, mission and core values.</i></p> <p>SM Prime's vision, mission and core values are annually reviewed by the Board of Directors. The Company's core values are focus, hard work, innovation, integrity, teamwork and sustainability.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Vision and Mission <a href="https://www.smprime.com/corporate-profile/">https://www.smprime.com/corporate-profile/</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Vision and Mission and What We Stand For, page 2  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a> </li> </ul>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the strategy execution process.</i></p> <p>The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the annual strategic plan reporting of the Company's business units (BUs), the Board, through its Executive Committee, reviews each BU's strategies and targets and monitors their progress towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis. The Management Team then cascades the objectives and deliverables to the employees, for timely and appropriate implementation, evaluation and corrective courses of action, if required.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a> </li> <li>✓ Revised Manual on Corporate Governance, Items 2.1 and 3.1, pages 6-7 and 12-13  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> </li> <li>✓ Board and Executive Committee Charters  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a> </li> </ul>	

<https://www.smprime.com/board-committees/>

### Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.

Compliant

*Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications*

The qualifications, duties and responsibilities of the Chairman of the Board are disclosed in the Revised Manual on Corporate Governance. SM Prime's Board Chairman is Mr. Henry T. Sy, Jr.

References:

- ✓ Revised Manual on Corporate Governance, Item 2.2, pages 7-8  
<https://www.smprime.com/corporate-governance-manual>
- ✓ 2023 Integrated Report, Board of Directors, Mr. Henry T. Sy, Jr., page 122  
<https://www.smprime.com/annual-reports/>  
<https://www.smprime.com/sustainability-reports/>
- ✓ Board of Directors, Henry T. Sy, Jr.  
<https://www.smprime.com/company/board-of-directors/henry-t-sy-jr>
- ✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Nominees for Election to the Board of Directors for 2024-2025, page 6 of 178  
  
Item 5. Directors and Executive Officers of the Registrant, page 8  
<https://www.smprime.com/annual-financials>

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<i>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</i>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>As mentioned in the Company's Revised Manual on Corporate Governance, the Board, through the Corporate Governance Committee, ensures and adopts an effective succession planning program for directors, key officers and management.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.1.c and 3.3.2.d, pages 6 and 15 <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> <li>✓ Succession Planning Policy <a href="https://www.smpriime.com/company-policies/">https://www.smpriime.com/company-policies/</a></li> <li>✓ 2023 Integrated Report, Governance Policies and Practices, Succession Planning Policy <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a> <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9. Directors and Key Officers of the Registrant, Succession Planning, pages 39-40 <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></li> </ul>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<i>Provide information on or link/reference to a document containing information on the company's remuneration policy and its</i>	

2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p><i>implementation, including the relationship between remuneration and performance.</i></p> <p>As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's responsibility to align the remuneration of key officers, Senior Management and Board members with the long-term interests of the Company and no directors shall participate in discussions or deliberations involving his/her own remuneration.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.d, page 6  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ 2023 Integrated Report, Board Remuneration, page 98  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	<p><i>Provide proof of board approval</i></p> <p>The Board of Directors, through the Corporate Governance Committee, designates the remuneration packages for executive directors and</p>	

		<p>officers of the Company, as stated in the Revised Corporate Governance Manual.</p> <p>The Corporate Governance Committee determines the amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec. 3.3.2.d, page 15  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ 2023 Integrated Report, Board Remuneration, page 98  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	<p><i>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</i></p> <p>As stated in the Revised Manual on Corporate Governance, the Board of Directors ensures that remuneration of key officers and Board members are aligned with the long-term interests of the</p>	

Company by adopting a policy specifying the relationship between remuneration and performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers an incentive program designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the incentive over a period of several years. The proportionate deferred portion of the incentive is forfeited when employees and executives are no longer connected, resigned or dismissed from the Company due to misconduct or application of appropriate disciplinary action as espoused in the Company's Code of Conduct.

References:

- ✓ Revised Manual on Corporate Governance, Sec. 2.1.d, page 6  
<https://www.smprime.com/corporate-governance-manual>
- ✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  
<https://www.smprime.com/disclosure-transparency/>
- ✓ 2023 Integrated Report, Board Remuneration, page 98  
<https://www.smprime.com/annual-reports/>  
<https://www.smprime.com/sustainability-reports/>

		<p>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 6. Compensation of Directors and Executive Officers, pages 17-18  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</i>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	<i>Provide proof if minority shareholders have a right to nominate candidates to the board</i>	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	<i>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	The Board has a formal and transparent board nomination and election policy as disclosed in the Company's Revised Manual on Corporate Governance. It emphasizes that a stockholder of record, including a minority stockholder, is entitled to vote for the election of directors.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	<p>Further, the Manual also states the qualifications of directors to be elected which are aligned with the strategic direction of the Company.</p> <p>SM Prime also ensures that the profile of directors for election are publicly available and is posted on the Company website.</p>	

		<p>The Corporate Governance Committee conducts a regular assessment to ensure the effectiveness of the Board's processes in the nomination, election or replacement of a director. The Committee also evaluates if the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec. 2.3-2.6, pages 8-11  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials  2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7-10   2023 SEC Form 20-IS Definitive Information Statement, Procedure for Nomination of Directors, page 13   2023 17-A Annual Report, Procedure for Nomination of Directors, pages 37-38  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement, and Suspension of Directors</li> </ul>	
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		<a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
<b>Optional: Recommendation to 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	<p><i>Identify the professional search firm used or other external sources of candidates</i></p> <p>Based on the Company's Revised Manual on Corporate Governance, the Company may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.</p> <p>As a practice of the company, it has continually been engaging services of Institute of Corporate Directors (ICD) and Good Governance Advocates &amp; Practitioners of the Philippines (GGAPP) in sourcing candidates for directorship.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec.2.3.2, page 8 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Nomination and Election of Board of Director, page 102 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party	Compliant	<i>Provide information on or reference to a document containing the company's policy on related party</i>	

transactions (RPTs) and other unusual or infrequently occurring transactions.		<i>transaction, including policy on review and approval of significant RPTs</i>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.		<i>Identify transactions that were approved pursuant to the policy.</i>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p>The Company adopts a Related Party Transactions Policy which provides the guidelines on what constitutes a related party transaction (RPT), and sets forth the requirements for the review, approval and disclosure of RPTs.</p> <p>As of December 2023, there were no related party transactions that have breached the threshold of ten percent (10%) or higher of the company's total asset based on its latest financial statement.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report, Related Party Transactions Policy, page 103 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according	Compliant	<i>Provide information on a materiality threshold for RPT disclosure and approval, if any.</i>	

<p>to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p><i>Provide information on RPT categories</i></p> <p>The Company adopts the ten percent (10%) or higher of the company's total asset based on its latest financial statement materiality threshold for all related party transactions.</p> <p>Further, all business units of the Company shall implement the requirements of this Policy with respect to material RPT by:</p> <ul style="list-style-type: none"> <li>a) disclosure of material facts as regards the related party transaction including the aggregate value of the transaction;</li> <li>b) proper evaluation of the transaction and its benefit to the Company;</li> <li>c) assessment that the proposed transaction is conducted at arm's length basis which may include the justification of proposed terms vs. comparable or benchmark accounts; and</li> <li>d) secure appropriate approval.</li> </ul> <p>All material individual RPTs are referred to the Chief Risk Officer for review and endorsement to the Related Party Transactions Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting.</p> <p>Identified RPTs are disclosed in the Company's annual reports, financial statements, and in its reports to the SEC, PSE and other regulatory</p>	
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		<p>agencies in accordance with existing laws and/or regulations.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, pages 48-49 and Notes to 2023 Consolidated Financial Statements, Note 19 – Related Party Transactions, pages 43-44 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	Compliant	<p><i>Provide information on voting system, if any.</i></p> <p>As disclosed in the Company's Related Party Transactions Policy, all material individual RPTs are referred to the Chief Risk Officer for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting, excluding stockholders to which the transaction is related to.</p> <p>In 2018 and 2019, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders in the annual stockholders' meeting (ASM) as of record date who will not be</p>	

		<p>able to personally attend the ASM but will be appointing a proxy.</p> <p>Beginning 2020, the Company utilizes voting in <i>absentia</i> system whereby all stockholders participating the ASM including those holding scripless shares as of record date can participate to vote specific items in the agenda including related material RPT which requires stockholders' approval.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://www.smpriime.com/company-policies">https://www.smpriime.com/company-policies</a></li> <li>✓ SM Prime Annual Stockholders' Meeting, Guidelines for Participation via Remote Communication and Voting in <i>Absentia</i> <a href="https://www.smpriime.com/annual-stockholders-meeting">https://www.smpriime.com/annual-stockholders-meeting</a></li> <li>✓ Other Corporate Governance Related Documents, 2023 SM Prime Virtual ASM and Voting in <i>Absentia</i> <a href="https://www.smpriime.com/disclosure-transparency">https://www.smpriime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p><i>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</i></p> <p><i>Identity the Management team appointed</i></p> <p>As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's</p>	

		<p>responsibility in approving the selection of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive). The Board also in its organizational meeting held annually appoint these key officers of the Company.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023  <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Key Officers of the Registrant, pages 7-8  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension of Directors  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the	Compliant	<p><i>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</i></p>	

<p>heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p><i>Provide information on the assessment process and indicate frequency of assessment of performance.</i></p> <p>Based on the Revised Manual on Corporate Governance, it is also the Board's responsibility in assessing the performance of the Management.</p> <p>On the other hand, the Board, through the Company's Chairman of the Executive Committee, annually evaluates the performance of the President.</p> <p>On an annual basis, the Board, through the Company's Executive Director, assesses the performance of the Management led by the Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Evaluation, pages 41-42 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, 2024 Board Evaluation (for Performance Year 2023) <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
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**Recommendation 2.9**

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<i>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</i>	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>As disclosed in the Company's Revised Manual on Corporate Governance, the Board has the responsibility to establish an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards set by the Board and Senior Management.</p> <p>Performances of management and employees are assessed annually through the Performance Management System (PMS). Appraiser and appraisee discuss the appraisal and agree on the assessment before finalization and submission to Human Resources. Evaluation criteria includes accomplishment of defined goals in line with Company's strategies and objectives (e.g. customer experience, quality process, financial performance, learning and growth, among others).</p> <p>In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers an incentive plan designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the incentive over a period of several years.</p>	

		<p>The proportionate deferred portion of the incentive is forfeited when employees and executives are no longer connected, resigned, or dismissed from the Company due to misconduct or application of appropriate disciplinary action as espoused in the Company's Code of Conduct.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.h, page 7  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p><i>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</i></p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>As disclosed in the Revised Manual on Corporate Governance, the Board, through the Audit Committee and Internal Audit Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system.</p> <p>On an annual basis, the Audit Committee confirms that it had reviewed the internal control system of</p>	

		<p>the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective.</p> <p>SM Prime's internal control system contains the following:</p> <ul style="list-style-type: none"> <li>✓ audit plans, scope, risk-based methods and timetables</li> <li>✓ internal controls, including controls over financial reporting</li> <li>✓ results of examinations and Management's action plans to address pending audit issues</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.1.i, 3.2.2.b, and 12.2.e, pages 7, 13 and 25  <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> <li>✓ Audit And Risk Management Related Documents, 2023 Annual Confirmation of Internal Audit Adequacy  <a href="https://www.smpriime.com/disclosure-transparency">https://www.smpriime.com/disclosure-transparency</a></li> </ul>	
3. Board approves the Internal Audit Charter.	Compliant	<i>Provide reference or link to the company's Internal Audit Charter</i>	

		<p>The Board-approved Internal Audit Charter is publicly available and posted on the Company website.</p> <p>Reference:</p> <p>✓ Audit Committee, Internal Audit Charter  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></p>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p><i>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</i></p>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p><i>Provide proof of effectiveness of risk management strategies, if any.</i></p> <p>As disclosed in the Company's Revised Manual on Corporate Governance, the Board, through the Board Risk Oversight Committee (BROC), oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p> <p>On a quarterly basis, the BROC is updated on the status of risk management and risk mitigation plans of the Company. Action plans to mitigate risks include, among others, investment in technology, provision of continuous trainings to employees, establishment and implementation of policies and procedures for a strong IT governance and constant partnerships with various stakeholders.</p> <p>SM Prime continues to ensure that risk management and control structures and procedures are in place</p>	

		<p>to safeguard its workforce, operations, and customers against emergencies and natural and manmade disasters which includes the implementation of Business Continuity Management System (BCMS). SM Malls have served as safe haven of their respective communities during disaster scenarios.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.1.j and 3.4.2, pages 7 and 16-17  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Enterprise Risk Management, Key Risks and Risk Management Program  <a href="https://www.smprime.com/enterprise-risk-management">https://www.smprime.com/enterprise-risk-management</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Enterprise Risk Management, pages 3-8  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Enterprise Risk Management, pages 110-117  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<i>Provide link to the company's website where the Board Charter is disclosed.</i>	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	The Board Charter establishes the purpose, composition, authority and responsibilities of the SM Prime Holdings, Inc.'s Board.	
3. Board Charter is publicly available and posted on the company's website.	Compliant	Reference: ✓ Board Charter <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a>	
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	<p><i>Provide information on or link/reference to a document showing company's insider trading policy.</i></p> <p>The Company's Insider Trading Policy is intended to comply with best practices on corporate governance through the implementation of insider trading prohibitions and disclosure requirements in accordance with the Securities Regulation Code and the PSE Disclosure Rules, respectively.</p> <p>References: ✓ Insider Trading Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></p> <p>✓ 2023 Integrated Report, Insider Trading Policy, page 103 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<i>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</i>	

		<p>The Company prohibits granting of loans to directors. Any transaction involving directors and other covered persons are covered by the Related Party Transactions Policy, which mandates that such transactions shall be granted at arm's length basis.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec II.E. Related Party Transactions and Sec III.H. Avoiding Conflicts of Interest, pages 2 and 4-5  <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ 2023 Integrated Report, Related Party Transactions, page 103  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Related Party Transactions Policy  <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p><i>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</i></p> <p>The Company discloses the types of transactions requiring board approval but not limited to the following:</p> <ul style="list-style-type: none"> <li>- Approval of audited financial statements (quarterly and annual)</li> <li>- Approval of group-wide / company-wide policies, manual</li> <li>- Constitution of Board committees</li> <li>- Quarterly Internal Audit and Risk Management Updates</li> </ul>	

		<ul style="list-style-type: none"> <li>- Corporate Governance Updates (i.e., corporate governance circulars and rulings, compliance with corporate governance requirements, corporate governance initiatives, etc.)</li> <li>- Appointment of directors, key officers, authorized signatories/representatives</li> <li>- Approval of resolutions (i.e., service agreements, memorandums, issuance of bonds, lease agreements, land acquisitions, management of bank accounts, credit line, etc.)</li> <li>- Approval of declaration of cash dividends</li> <li>- Discussion of results of Business units' operations</li> <li>- Cascade of Board meeting schedule</li> <li>- Annual Board Evaluation results</li> <li>- Annual review of Related Party Transactions Policy</li> <li>- Updates and implementation of new regulation</li> <li>- Approval of Re-appointment of External Auditor</li> <li>- Capital and debt structure review</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, Summary of Board Activities in 2023 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ 2023 SEC Form 20-IS Definitive Information Statement, Item 15: Action with Respect to Reports, pages 21-22</li> </ul>	
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		<p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ Audit Committee, Internal Audit Charter <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul> <p>The Board of Directors also reviews and approves the consolidated financial statements including the schedules attached therein.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Statement of Management's Responsibility for Financial Statements, page 132 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Statement of Management's Responsibility for Financial Statements, page 61 of 237 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul> <p>The Board, through the Audit Committee, also reviews and confirms the adequacy and effectiveness of Company's internal control system, which includes, among others, the approval of the results of audit services provided by the external auditor and audited financial statements.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a></li> </ul>	
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<https://www.smprime.com/sustainability-reports/>

The Board also approves the declaration of cash dividends, minutes of the stockholders' meeting, annual report, appointment of external auditor, appointment of the Company's key management personnel, and Board committee memberships. Further, other resolutions reached are released as material information of the Company disclosed to the Securities and Exchange Commission, the Philippine Stock Exchange and Philippine Dealing and Exchange Corp.

References:

- ✓ Corporate Disclosures

SEC FORM 17-C: Results of Board Meeting,  
Annual Stockholders' Meeting and  
Organizational Meeting on April 25, 2023

<https://www.smprime.com/corporate-disclosure>

- ✓ 2023 Integrated Report, Board Committees,  
pages 95-98

<https://www.smprime.com/annual-reports/>

<https://www.smprime.com/sustainability-reports/>

The Board also approves the Company's Manual on Corporate Governance.

References:

- ✓ Revised Manual on Corporate Governance,  
Item 19, page 32

<https://www.smprime.com/corporate-governance-manual>

		<ul style="list-style-type: none"> <li>✓ Corporate Disclosures, Revised Manual on Corporate Governance, November 7, 2022  <a href="https://www.smpriime.com/corporate-disclosure">https://www.smpriime.com/corporate-disclosure</a> </li> </ul>	
<b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p><i>Provide information or link/reference to a document containing information on all the board committees established by the company.</i></p> <p>The Board has established five (5) committees to aid in the performance of its duties. Each committee has adopted a Charter, which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3, pages 12-18  <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a> </li> <li>✓ Board Committees  <a href="https://www.smpriime.com/board-committees/">https://www.smpriime.com/board-committees/</a> </li> <li>✓ Annual Financials            2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, Board Committees, page 15         </li> </ul>	

		<p>2023 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, Board Committees, page 43  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <p>✓ 2023 Integrated Report, Board Committees, pages 95-98  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <p>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023  <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></p>	
<b>Recommendation 3.2</b>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p><i>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</i></p> <p><i>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</i></p> <p>The Company has an Audit Committee that is responsible for the review of the Company's financial reports and subsequent recommendation to the Board for approval, as well as the review of SM Prime's internal control systems, its audit plans and auditing processes.</p> <p>As stated in the Revised Manual on Corporate Governance, it is the Audit Committee's responsibility to recommend to the Board for</p>	

		<p>approval the appointment, reappointment, removal, and fees of the External Auditor.</p> <p>Based on the Audit Committee's review of the performance and qualifications of the Company's External Auditor, the Committee recommends the re-appointment of SGV &amp; Co. as external auditors for 2023.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report The Audit Committee, page 96 Report of the Audit Committee, pages 133-135 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Board Committees, Audit Committee, page 15 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Audit Committee <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-15 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p><i>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</i></p>	

		<p>The Committee is composed of four (4) non-executive directors. Three (3) of whom are independent, including the Chairman.</p> <p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Audit Committee <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Board Committees, Audit Committee, page 15 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report The Audit Committee, page 96 Report of the Audit Committee, pages 133-135 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-15 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<i>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</i>	

		<p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and business environment particularly, in the areas of accounting, audit, risk, finance, among others.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors: <ul style="list-style-type: none"> <li>➤ Vice-Chairman and Lead Independent Director – Mr. Amando M. Tetangco, Jr.</li> <li>➤ Independent Director – Mr. J. Carlitos G. Cruz</li> <li>➤ Independent Director –Atty. Darlene Marie B. Berberabe</li> <li>➤ Non-Executive Director – Mr. Jorge T. Mendiola</li> </ul> </li> </ul> <p><a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7-10 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report The Audit Committee, page 96 Report of the Audit Committee, pages 133-135 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
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<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</i></p> <p>Currently, Mr. Amando M. Tetangco, Jr. does not hold any other board committee chairmanship except for the Audit Committee.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Mr. Amando M. Tetangco, Jr. <a href="https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr">https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Board Committees, page 15 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Board Committees, pages 95-98 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Board Committees <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> </ul>	
<p><b>Supplement to Recommendation 3.2</b></p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p><i>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</i></p> <p>The Audit Committee has the responsibility to evaluate and determine non-audit work, if any, of the external auditor. For the year 2023, the external</p>	

		<p>auditor rendered professional fees for non-assurance services amounting to Php7M. Annually, a list of proposed non-assurance services by external auditor for pre-concurrence of the Audit Committee. This will ensure that these services will not create a threat to their independence.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 17-A Annual Report, Item 8. Information on Independent Accountant and Other Related Matter, page 32 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2 (h), page 14 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p><i>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</i></p> <p>In compliance with the Code of Corporate Governance, the Audit Committee regularly and independently meets with the Company's External Auditor to ensure that proper checks and balances are in place within the corporation. On December 4, 2023, the Non-Executive Directors met to discuss external audit updates and other matters without the presence of the Management Team.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report Report of the Audit Committee, pages 133-135</li> </ul>	

		<p>The Audit Committee, page 96 Governance Policies and Practices, page 103 <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a> <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></p> <p>✓ Audit and Risk Management Related Documents, Regular Non-Executive Directors' Meeting <a href="https://www.smpriime.com/disclosure-transparency">https://www.smpriime.com/disclosure-transparency</a></p> <p>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, page 8 <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></p>	
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	<p><i>Indicate the number of Audit Committee meetings during the year and provide proof</i></p> <p>The Audit Committee met 4 times in 2023 on the following dates: February 20, May 8, August 7 and November 6. All meetings registered 100% attendance of all members.</p> <p>References:</p> <p>✓ 2023 Integrated Report The Audit Committee, page 96 Report of the Audit Committee, pages 133-135 <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a> <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></p> <p>✓ Board Committees, Audit Committee <a href="https://www.smpriime.com/board-committees/">https://www.smpriime.com/board-committees/</a></p>	

		<p>✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Audit Committee, page 43</p> <p>2023 SEC Form 20-IS Definitive Information Statement, Item 15. Action with Respect to Reports, pages 21-22  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
2. Audit Committee approves the appointment and removal of the internal auditor.		<p><i>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</i></p> <p>Audit Committee has the responsibility to appoint or remove the appointment of the internal auditor of the Company.</p> <p>During the annual organizational meeting of the Company on April 25, 2023, Mr. Marvin Perrin L. Pe was appointed as the Chief Audit Executive.</p> <p>References:</p> <p>✓ 2023 Integrated Report  Report of the Audit Committee, pages 133-135  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <p>✓ Revised Manual on Corporate Governance, Item 3.2.2 (c), pages 13-14  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></p> <p>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023  <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></p>	

Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p><i>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</i></p> <p><i>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</i></p> <p>The Company's Corporate Governance Committee is tasked to ensure the Board's effectiveness and due observance of sound corporate governance principles and policies. The Corporate Governance Committee also performs the functions of Nomination and Remuneration Committee.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, The Corporate Governance Committee, page 97  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Board Committees, The Corporate Governance Committee, Charter  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul> <p>Further, the Committee also performs annual evaluations to appraise the Board's performance as a body, and assess whether it possesses the right mix</p>	

		<p>of backgrounds and competencies necessary to achieve the Company's objectives. The committee also performs functions formerly assigned to the Nomination and Remuneration Committee.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Performance and Evaluation, pages 98-99  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul> <p>The Committee also uses a Board Matrix to identify candidates for directors who possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, The Corporate Governance Committee, Board Matrix  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> </ul>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<p><i>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</i></p> <p>The Company's Corporate Governance Committee is composed of 3 independent directors, including the Chairperson.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Corporate Governance Committee  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16 <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Corporate Governance Committee, page 43 <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></li> </ul>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p><i>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</i></p> <p>Atty. Darlene Marie B. Berberabe, the Chairperson of the Corporate Governance Committee, is an independent director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Atty. Darlene Marie B. Berberabe <a href="https://www.smpriime.com/company/board-of-directors/darlene-marie-b-berberabe">https://www.smpriime.com/company/board-of-directors/darlene-marie-b-berberabe</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Corporate Governance Committee, page 43 <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></li> </ul>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	<i>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</i>	

		<p>The Corporate Governance Committee met three (3) times in 2023 on the following dates: February 20, May 8 and August 7. All meetings registered 100% attendance of all members.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, The Corporate Governance Committee, page 97  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> <li>✓ Board Committees, Corporate Governance Committee  <a href="https://www.smpriime.com/board-committees/">https://www.smpriime.com/board-committees/</a></li> </ul>	
<b>Recommendation 3.4</b>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	Compliant	<p><i>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</i></p> <p>The Company's Board Risk Oversight Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure that there is an established effective risk management framework which promotes performance by linking strategy and business objectives to both risk and opportunity.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Board Risk Oversight Committee, Charter  <a href="https://www.smpriime.com/board-committees/">https://www.smpriime.com/board-committees/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17</li> </ul>	

		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Risk Oversight Committee, page 43 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<i>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</i>  The Board Risk Oversight Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.  References: ✓ Board Committees, Board Risk Oversight Committee <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>  ✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Risk Oversight Committee, page 43 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<i>Provide information or link/reference to a document containing information on the Chairman of the BROC</i>	

		<p>Mr. J. Carlitos G. Cruz, the Chairman of the Board Risk Oversight Committee is an independent director and is not a Chairman of any other committee.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Mr. J. Carlitos G. Cruz  <a href="https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz">https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Risk Oversight Committee, page 43  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Board Committees, page 15  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p><i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i></p> <p>Mr. J. Carlitos G. Cruz, Chairman of the Board Risk Oversight Committee (BROC), has relevant experience on risk management gained from his role as the former Chairman and Managing Partner of SGV.</p> <p>Mr. Cruz joined SGV and Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He</p>	

		<p>was later on appointed Chairman and Managing Partner in 2017 until 2019.</p> <p>Concurrent with his role as SGV Chairman and Managing Partner, he was also Chairman and President of the SGV Foundation. He also became President of Association of Certified Public Accountants in Public Practice (ACPAPP) in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation.</p> <p>Mr. Cruz has also been active in supporting the Government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte. Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree and is a Certified Public Accountant (CPA). He completed the Advanced Management Program of the Harvard Business School in 2007.</p> <p>He has been conferred with numerous awards, including the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.</p>	
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		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Mr. J. Carlitos G. Cruz <a href="https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz">https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, page 9 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p><i>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</i></p> <p>The Company's Related Party Transactions Committee is responsible for reviewing and approving related party transactions in accordance with the Related Party Transactions Policy.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Related Party Transactions Committee, Charter <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Related Party Transactions Committee, page 15  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p><i>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</i></p> <p>The Related Party Transactions Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Related Party Transactions Committee  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a> </li> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> </li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Committees, Related Party Transactions Committee, page 43  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Related Party Transactions Committee, page 15  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul>	

<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<i>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</i>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p>The Company's committee charters state each committee's (1) purpose and authority, (2) composition and meetings, (3) duties and responsibilities, (4) performance evaluation and (5) continual review of the charter.</p> <p>The duties and responsibilities as listed in the charter serve as basis for evaluating the performance of the Committees. Separate evaluation forms were also established for this purpose.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Executive Committee, Charter</li> <li>Board Committees, Audit Committee, Charter</li> <li>Board Committees, Corporate Governance Committee, Charter</li> <li>Board Committees, Board Risk Oversight Committee, Charter</li> <li>Board Committees, Related Party Transactions Committee, Charter</li> </ul> <p><a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></p>	

		✓ Other Corporate Governance Related Documents, 2024 Board Evaluation (for Performance Year 2023) <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
3. Committee Charters were fully disclosed on the company's website.	Compliant	<i>Provide link to company's website where the Committee Charters are disclosed.</i>  All Board Committees' Charters are fully disclosed on the Company website.  References: ✓ Board Committees, Executive Committee, Charter  Board Committees, Audit Committee, Charter  Board Committees, Corporate Governance Committee, Charter  Board Committees, Board Risk Oversight Committee, Charter  Board Committees, Related Party Transactions Committee, Charter  <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>	

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

#### Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</i></p> <p><i>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</i></p> <p>Relative to the conduct of Board and Board Committee meetings, remote participation is allowed thru the use of videoconference calls for board members or key officers who are not physically present in the meeting. Apart from its goal to meet the required quorum, videoconferencing thru MS Teams allows board members or key officers to actively participate, interact and make valuable contributions on the agenda of the meeting. Prior to the start of the actual meeting, it is important to determine if all Directors are present to ensure that they can hear one another as well as the other participants who will present matters before the Board or Committee meetings.</p> <p>All regular and special Board and Board Committee Meetings registered 100% attendance of the Board of Directors. Further, all directors have attended the 2023 Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, 2023 Attendance <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ 2023 Integrated Report</li> </ul>	
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		<p>Board Committees, pages 95-98  Board Performance and Evaluation, pages 98-99  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <p>✓ 2023 SEC Form 20-IS Definitive Information Statement, Item 15. Action with Respect to Reports, pages 21-22  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <p>✓ ASM Notice of Meeting, Agenda and Minutes, 2023 ASM Minutes  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>  <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>All meeting materials are provided to the directors at least five (5) business days before the start of actual meetings to provide them adequate time to review and ask appropriate questions during the meeting. The materials are electronically sent to the members of the Board ahead of the scheduled meetings. Printed copies are also available upon request.</p> <p>References:</p> <p>✓ Revised Manual on Corporate Governance, Item 2.7.4, page 12  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></p> <p>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, page 50  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</i></p> <p>During Board and Board Committee meetings, directors are encouraged to raise questions and/or clarifications for the agenda items. The materials are provided at least five (5) business days before the start of actual meetings to provide them adequate time to review and ask appropriate questions during the meeting. The materials are electronically sent to the members of the Board ahead of the scheduled meetings. Printed copies are also available upon request.</p> <p>The Corporate Secretary is tasked to properly record and document the same in the minutes of the meetings.</p> <p>Further, the annual self-evaluation forms also assess the ability of directors to ask questions and defend their ideas in all circumstances.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Evaluation, pages 41-42  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, 2024 Board Evaluation (for Performance Year 2023)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
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#### Recommendation 4.2

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><i>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</i></p> <p>Based on the Company's Revised Manual on Corporate Governance, non-executive and independent directors may hold a maximum of five (5) board seats in publicly-listed companies simultaneously. No non-executive directors have exceeded the limit.</p> <p>Directorships of the Company's directors in listed companies are disclosed in the SEC Form 20-IS Definitive Information Statement and 17-A Annual Report.</p> <p>On the other hand, board directors' profile also contain their directorships in non-listed companies.</p> <p>References:</p> <ul style="list-style-type: none"><li>✓ Revised Manual on Corporate Governance, Item 4.2.2, page 19 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li><li>✓ Annual Financials 2023 SEC Form 20-IS Definitive Information Statement, Item 5. Directors and Executive Officers of the Registrant, pages 7-10 and 14</li></ul>	
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		<p>2023 17-A Annual Report, Board of Directors, pages 33-36 and 42</p> <p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <p>✓ Board of Directors  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></p>	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p><i>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</i></p> <p>The directors notify the Board during regular Board meetings all of their nominations for directorship. As a process, the concerned director shall notify the Board or through the Corporate Secretary immediately upon receipt of invitation or nomination from a publicly listed company. Alternatively, the concerned director can notify the Board in the next scheduled board meeting if the time permits.</p> <p>Reference:          ✓ Other Corporate Governance Related Documents, 2023 Notification Prior Accepting Other Directorship/s  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two	Compliant	SM Prime's Executive Director, Mr. Jeffrey C. Lim, does not hold any directorship in other PLCs.	

boards of listed companies outside of the group.		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Director and President – Mr. Jeffrey C. Lim <a href="https://www.smprime.com/company/board-of-directors/jeffrey-c-lim">https://www.smprime.com/company/board-of-directors/jeffrey-c-lim</a></li> <li>✓ 2023 Integrated Report, Board of Directors, Mr. Jeffrey C. Lim, page 123 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ 2023 17-A Annual Report, Board of Directors, page 35 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<p>In compliance with the Company's Revised Manual on Corporate Governance, the Company's Corporate Secretary in coordination with the Management, schedules and cascades the dates of the Board, Board Committee and Annual Stockholders' meetings before the start of the financial year. For year 2023 meetings, these were cascaded in advance last December 4, 2023.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.7.3, page 12 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Summary of Board Activities in 2023 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	

<p>3. Board of directors meet at least six times during the year.</p>	<p>Compliant</p>	<p><i>Indicate the number of board meetings during the year and provide proof</i></p> <p>The Company's Board of Directors had nine (8) regular and special meetings in 2023 on the following dates: February 20, April 25 (3 meetings) (Annual Stockholders Meeting and Organizational Meeting), May 8, August 7, November 6, and December 4. These meetings registered 100% attendance of members of the Board of Directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Profile per Director, Board Attendance <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ 2023 Integrated Report Board Meetings and Attendance, page 99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>	<p>Compliant</p>	<p><i>Indicate the required minimum quorum for board decisions</i></p> <p>Based on the Company's By-Laws, at least two-thirds (2/3) of the number of directors shall constitute a quorum for board decisions and for the transaction of corporate business.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Corporate Documents, By-Laws, Article III, Section 6 - Quorum, page 9 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	

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

**Recommendation 5.1**

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the number of independent directors in the board</i></p> <p>The Company's Board of Directors is composed of 3 independent directors, namely, Mr. Amando M. Tetangco, Jr., Mr. J. Carlitos G. Cruz and Atty. Darlene Marie B. Berberabe.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Composition, page 101  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Board of Directors  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, page 33  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</i></p> <p>The Company's Independent Directors possess all the qualifications and none of the disqualifications of being an independent director. All elected</p>	
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		<p>independent directors prior to their election, they executed certifications dated February 20, 2023 and March 2, 2023 (for Term 2023-2024) and February 19, 2024 (For Term 2024-2025) stating the same in accordance to Sec. 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.2, pages 19-20  <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> <li>✓ 2023 SEC Form 20-IS Definitive Information Statement, Certification of Independent Directors Annexed to the 20-IS Definitive Information Statement, pages 69-74 of 178</li> </ul> <p>2022 SEC Form 20-IS Definitive Information Statement, Certification of Independent Directors Annexed to the 20-IS Definitive Information Statement, pages 65-70 of 179</p> <p><a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board of Directors, pages 122-123  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> </ul>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements	Compliant	<i>Provide link/reference to a document containing information that directors are not constrained to vote independently.</i>	

<p>that constrain the directors' ability to vote independently.</p>		<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and regulations.</p> <p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his/her exercise of independent judgment in carrying out his/her responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>Further, the Company asserts the rights of stockholders and protection of minority interests. It is the duty of directors to promote stockholder rights, remove impediments to the exercise of these rights and allow possibilities for stockholders to seek redress for violation of their rights.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ By-Laws <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Revised Manual on Corporate Governance, Items 5.2.1 and 5.6, pages 19 and 22</li> </ul>	
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		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>  ✓ Annual Financials, 2023 17-A Annual Report, Rights of Shareholders, page 51 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p><i>Provide information or link/reference to a document showing the years IDs have served as such.</i></p> <p>Mr. Amando M. Tetangco, Jr., Mr. J. Carlitos G. Cruz, and Atty. Darlene Marie B. Berberabe did not exceed a cumulative term of nine years. All independent directors were elected to the Board beginning term 2021-2022 and re-elected for the 2023-2024 term.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Mr. Amando M. Tetangco, Jr.  <a href="https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr">https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr</a></li> <li>✓ Profile of Board of Directors, Mr. J. Carlitos G. Cruz  <a href="https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz">https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz</a></li> <li>✓ Board of Directors, Atty. Darlene Marie B. Berberabe  <a href="https://www.smprime.com/company/board-of-directors/darlene-marie-b-berberabe">https://www.smprime.com/company/board-of-directors/darlene-marie-b-berberabe</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2022</li> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023</li> </ul> <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p><i>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</i></p> <p>No independent director of the Company has exceeded the cumulative nine year term reckoned from year 2012 as prescribed by the Securities and Exchange Commission. Based on the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.3, page 21</li> </ul> <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Composition, No. of Years as Director, page 101</li> </ul> <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p><i>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>The Company does not have an independent director who has served for more than 9 years.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.3, page 21 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Board Composition, No. of Years as Director, page 101 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Profile of Board of Directors, Mr. Amando M. Tetangco, Jr. <a href="https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr">https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr</a></li> <li>✓ Profile of Board of Directors, Mr. J. Carlitos G. Cruz</li> </ul>	
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		<a href="https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz">https://www.smprime.com/company/board-of-directors/j-carlitos-g-cruz</a>  ✓ Profile of Board of Directors, Atty. Darlene Marie B. Berberabe <a href="https://www.smprime.com/company/board-of-directors/darlene-marie-b-berberabe">https://www.smprime.com/company/board-of-directors/darlene-marie-b-berberabe</a>	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p><i>Identify the company's Chairman of the Board and Chief Executive Officer</i></p> <p>The Company's Chairman of the Board is Mr. Henry T. Sy, Jr. while SM Prime's Chief Executive Officer/President is Mr. Jeffrey C. Lim.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.2.2 and 5.4, pages 8 and 21  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Board of Directors  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> </ul> <p>Mr. Henry T. Sy, Jr.  <a href="https://www.smprime.com/company/board-of-directors/henry-t-sy-jr">https://www.smprime.com/company/board-of-directors/henry-t-sy-jr</a></p> <p>Mr. Jeffrey C. Lim  <a href="https://www.smprime.com/company/board-of-directors/jeffrey-c-lim">https://www.smprime.com/company/board-of-directors/jeffrey-c-lim</a></p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Board Composition, page 101</li> </ul>	

		<a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p><i>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</i></p> <p><i>Identify the relationship of Chairman and CEO.</i></p> <p>The duties and responsibilities of the Chairman of the Board and Chief Executive Officer (President) are disclosed in the Company's Revised Manual on Corporate Governance.</p> <p>Mr. Henry T. Sy, Jr. and Mr. Jeffrey C. Lim are not related to each other either by consanguinity or by affinity.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.2 and 5.4, pages 7-8 and 21  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 9, Family Relationships, page 45  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p><i>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</i></p> <p><i>Indicate if Chairman is independent.</i></p>	

		<p>The Company's Chairman of the Board, Mr. Henry Sy, Jr. is a non-executive director. In compliance with SEC Memorandum Circular No. 19 Series of 2016, Mr. Amando M. Tetangco, Jr. was appointed as the Lead Independent Director during the Organizational meeting of the Company held on April 25, 2023.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.5, pages 21-22  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Profile of Board of Directors, Mr. Amando M. Tetangco, Jr.  <a href="https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr">https://www.smprime.com/company/board-of-directors/amando-m-tetangco-jr</a></li> </ul>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p><i>Provide proof of abstention, if this was the case</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, directors with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.</p> <p>The Company's Conflict of Interest Policy and Related Party Transactions Policy ensure that potential or actual conflict of interest of directors are disclosed and addressed/mitigated.</p>	

		<p>For Year 2023, there were no transactions involving material interest of any of the Company directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.6, page 22  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Conflict of Interest Policy  Related Party Transactions Policy  <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ Profile per Director, Other Information  <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> </ul>	
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p><i>Provide proof and details of said meeting, if any.</i></p> <p><i>Provide information on the frequency and attendees of meetings.</i></p> <p>The Audit Committee annually meets with the Company's external auditor, heads of the internal audit, compliance and risk functions, without any executive directors present. Meeting was chaired by Mr. Amando M. Tetangco Jr. as the Company's Lead Independent Director for 2023. The non-executive directors met with the external auditor and the heads of audit, risk and compliance on December 4, 2023. Topics of the said meeting covered include external audit, internal audit, compliance and risk.</p> <p>Reference:</p>	
2. The meetings are chaired by the lead independent director.	Compliant		

		✓ Audit and Risk Management Related Documents, Regular Non-Executive Directors' Meeting <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
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#### Optional: Principle 5

1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Provide name/s of company CEO for the past 2 years  Mr. Jeffrey C. Lim is the Company's Chief Executive Officer/President. He was appointed President of SM Prime in October 2016 and has been re-appointed since then.  References: ✓ Board of Directors <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a>  Mr. Jeffrey C. Lim <a href="https://www.smprime.com/company/board-of-directors/jeffrey-c-lim">https://www.smprime.com/company/board-of-directors/jeffrey-c-lim</a>	
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**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

#### Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees  Through the facilitation of the Corporate Governance Committee, the Board as a whole, the Chairman of the Board, all Board Committees, and	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		

<p>4. Each committee conducts a self-assessment of its performance.</p>	<p>Compliant</p>	<p>each individual member annually conducts a self-assessment of their performance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Evaluation, pages 41-42 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, 2024 Board Evaluation (for Performance Year 2023) <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p>Compliant</p>	<p><i>Identify the external facilitator and provide proof of use of an external facilitator.</i></p> <p>For Year 2022, the Company engaged the services of an external party, Institute of Corporate Directors (ICD), to facilitate the annual assessment of the Board's performance, including the performance of the Chairman, individual members, and committees.</p> <p>The Third Party-led Board Evaluation aims to assess the Board's Structure and Composition, Board member's understanding of their Responsibilities and Duties, Processes that support the Board's functions, and Dynamics of the Board. This was done through questionnaires with quantitative and qualitative questions accomplished by each member of the Board. The process was also supported by individual interviews with all the members of the Board which were completed April to June 2022.</p>	

		<p>Per company policy based on rules, this is a requirement every three years. The next assessment supported by a third party facilitator will be conducted in 2025.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Evaluation, pages 41-42 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents Third Party-Led Board Evaluation 2023 <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ 2023 Integrated Report, Board Performance and Evaluation, pages 98-99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<i>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</i>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	The Board, through the Corporate Governance (CG) Committee, facilitates annual self-assessments to evaluate the performance of the Board, its committees and its members. The CG Committee uses evaluation forms to assess the performance of the aforementioned.	

		<p>The result of the annual evaluation is posted on the Company website for stakeholders' reference. Stakeholders may raise their concerns or feedback on the board's performance through any of the following channels:</p> <ol style="list-style-type: none"> <li>1. Contact Us page in the Company website: <a href="https://www.smprime.com/contact-us">https://www.smprime.com/contact-us</a></li> <li>2. Investor Relations Department: <a href="https://www.smprime.com/investor-relations-overview">https://www.smprime.com/investor-relations-overview</a></li> <li>3. Telephone: (632) 8831-1000; (632) 8862-7942</li> <li>4. Email addresses: <a href="mailto:info@smprime.com">info@smprime.com</a> or <a href="mailto:corpgovernance@smprime.com">corpgovernance@smprime.com</a>.</li> </ol> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, 2024 Board Evaluation (for Performance Year 2023) <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Board Evaluation, pages 41-42 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in	Compliant	<p><i>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</i></p> <p>The Company's Code of Business Conduct and Ethics states the principles that guide the</p>	

internal and external dealings of the company.		<p>Company's Directors, officers and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public. It underscores the Company's commitment to promote and protect the welfare of its employees, customers and the communities where its businesses operate.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics  <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a> </li> </ul>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	<p><i>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</i></p> <p>The Company's Human Resources Department in coordination with Enterprise Risk Management and Governance cascades the Annual Code of Ethics (ACE) Course. Materials are also available through the company's website and internal corporate governance portal. This is also included in the onboarding training topics of new directors and new employees.</p> <p>Training and learning program is also disclosed in the Integrated Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, pages 52-53  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul>	

		<ul style="list-style-type: none"> <li>✓ 2023 Integrated Report SM Prime's LIFE (Life Integration for Employees), page 53 Board Composition, page 101 Communication and Compliance, page 106 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Other Corporate Governance Related Documents, Communication and Compliance with the Company's Code of Ethics <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<p><i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i></p> <p>SM Prime's Code of Ethics is publicly posted on the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> </ul>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p><i>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</i></p> <p>The Company's Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) prohibits the solicitation or acceptance of</p>	

		<p>gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.</p> <p>Reference:</p> <p>✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy)</p> <p><a href="https://www.smpriime.com/company-policies">https://www.smpriime.com/company-policies</a></p>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</i>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p><i>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i></p> <p>The Company's Human Resources Department in coordination with Enterprise Risk Management and Governance cascades the Annual Code of Ethics (ACE) Course. Materials are also available through the company's website and internal corporate governance portal. Said Code of Ethics aids employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators, and the general public.</p> <p>All employees are required to confirm annually on their compliance on the said code and other corporate governance-related policies. Since its</p>	

		<p>release, there are no reported violations of the Code of Ethics.</p> <p>This is also included in the onboarding training topics of new directors and new employees.</p> <p>Training and learning program is also disclosed in the Integrated Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, pages 52-53 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Communication and Compliance with the Company's Code of Ethics <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p><i>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</i></p> <p>The Company commits to comply with the disclosure policies of all regulatory bodies as espoused in the Revised Corporate Governance Manual.</p>	

		<p>Through the Company's Investor Relations, Finance, Enterprise Risk Management and Governance departments, SM Prime ensures that it complies with the PSE Listing and Disclosure Rules, Philippine Dealing and Exchange Corp. and Securities and Exchange Commission issuances.</p> <p>Reports are submitted on or before the set deadline.</p> <p>The Company's disclosures may be found on the Company website and relevant regulatory disclosure platforms such as, but not limited to the PSE EDGE and PDEX websites.</p> <p>Additionally, the Investor Relations Team regularly posts on the Company website the Investor Kits/Presentation Materials and results of operations delivered by the President during the Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, II. Disclosure and Transparency, pages 23-25 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Corporate Disclosures <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> <li>✓ Annual Financials <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Quarterly Financials <a href="https://www.smprime.com/quarterly-financials">https://www.smprime.com/quarterly-financials</a></li> </ul>	
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		<ul style="list-style-type: none"> <li>✓ Company Releases <a href="https://www.smprime.com/media">https://www.smprime.com/media</a></li> <li>✓ Investor Kit <a href="https://www.smprime.com/investor-presentations/">https://www.smprime.com/investor-presentations/</a></li> </ul>	
<b>Supplement to Recommendations 8.1</b>			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p><i>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</i></p> <p>The Company's 2023 annual and quarterly reports were made available to the public on the following dates:</p> <ul style="list-style-type: none"> <li>✓ 1Q 2023 (ended March 31, 2023) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted on the Company website on May 10, 2023 (40 days from end of 1Q)*</li> </ul> </li> <li>✓ 2Q 2023 (ended June 30, 2023) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted on the Company website on Aug 10, 2023 (41 days from end of 2Q)</li> </ul> </li> <li>✓ 3Q 2023 (ended September 30, 2023) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted on the Company website on November 9, 2023 (40 days from end of 3Q)</li> </ul> </li> </ul>	

		<p>✓ FY 2023 (ended December 31, 2023)</p> <ul style="list-style-type: none"> <li>- The Company's 2023 Preliminary Information Statements containing the consolidated financial statements were submitted and posted on the PSE Edge beginning March 1, 2023 (60 days from end of year) and the Definitive Information Statement on March 10, 2023 (69 days from end of year).</li> </ul> <p>References:</p> <p>✓ Quarterly Financials  <a href="https://www.smprime.com/quarterly-financials">https://www.smprime.com/quarterly-financials</a></p> <p>✓ Annual Financials, 2023 SEC Form 20-IS Preliminary and Definitive Information Statements  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	Compliant	<p><i>Provide link or reference to the company's annual report where the following are disclosed:</i></p> <ol style="list-style-type: none"> <li><i>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</i></li> <li><i>2. cross-holdings among company affiliates; and</i></li> <li><i>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</i></li> </ol> <p>The Security Ownership of Certain Beneficial Owners and Management of the Company is disclosed in the SEC Form 17-A. Further, percentage ownership of the Company to its subsidiaries and affiliates are disclosed in the same report and on the Company website.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 11 – Security Ownership of Certain Beneficial Owners and Management and Annex III - Map of Relationships of the Companies within the Group, pages 47-48 and 146 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Quarterly Public Ownership Report <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> <li>✓ Structure and Table of Organization, Group Corporate Structure <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1 – Business, Enterprise Risk Management, pages 3-8 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<i>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</i>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p><i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i></p> <p>SM Prime's Insider Trading Policy prohibits all directors, officers, employees and other covered persons from engaging in transactions that result in conflicts of interest and employees, key officers and</p>	

		<p>directors are mandated to promptly disclose actual or perceived conflicts of interest.</p> <p>According to this policy, all directors and key officers are required to submit the required disclosure for their involved transactions to the Compliance Officer within three (3) business days from the date of the trading.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Company Policies, Insider Trading <a href="https://www.smpriime.com/company-policies">https://www.smpriime.com/company-policies</a></li> <li>✓ Corporate Disclosures, SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities <a href="https://www.smpriime.com/corporate-disclosure">https://www.smpriime.com/corporate-disclosure</a></li> <li>✓ 2023 Integrated Report, Governance Policies and Practices, Insider Trading Policy, page 103 <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a> <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> </ul>	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p><i>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</i></p> <p><i>Provide link or reference to the company's Conglomerate Map.</i></p> <p>Shares held by the Company's directors, officers and controlling shareholders are disclosed in the SEC Form 17-A, Quarterly Public Ownership Reports and SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities. Moreover, SM</p>	

		<p>Prime's Conglomerate Map is also attached to 17-A Annual Report and is publicly posted on the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials</li> </ul> <p>2023 17-A Annual Report, Item 11 – Security Ownership of Management as of December 31, 2023, pages 47-48</p> <p>Annex C, Map of Relationships of the Companies within the Group, pages 146 of 237  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ Corporate Disclosures, SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities Public Ownership Reports  <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> <li>✓ Other Corporate Governance Related Documents, 2023 Directors' and Officers' Shareholdings and Trading Information  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p><i>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</i></p>	

		<p>Profiles of the Company's Directors are disclosed on the Company website, SEC Form 17-A, Integrated Report, and Definitive Information Statement.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors' Profile <a href="https://www.smprime.com/board-of-directors">https://www.smprime.com/board-of-directors</a></li> <li>✓ Annual Financials  2023 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, pages 33-35  2023 SEC Form 20-IS Definitive Information Statement, Profiles of the Nominees for Election to the Board of Directors for 2023 – 2024, pages 7-12 of 179 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report Board Performance and Evaluation, Training and Continuing Education Program and Board Diversity, pages 98-100Board of Directors, pages 114-117 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p><i>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</i></p>	

		<p>Profiles of the Company's Key Executives are disclosed in SEC Form 17-A, Annual Report and Definitive Information Statement.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials</li> </ul> <p>2023 17-A Annual Report, Item 9 -Directors and Executive Officers of the Registrant, pages 36-37</p> <p>2023 SEC Form 20-IS Definitive Information Statement, Item 5 - Directors and Executive Officers of the Registrant, pages 11-13</p> <p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Training and Continuing Education Program, page 99</li> </ul> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p><i>Disclose or provide link/reference to the company policy and practice for setting board remuneration</i></p> <p>The Company's policy on remuneration and the structure of its compensation is disclosed in the Disclosure and Transparency page of the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters</li> </ul> <p><a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p>	

		<p>✓ 2023 Integrated Report, Board Remuneration, page 98  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<p><i>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</i></p> <p>The Company's policy on remuneration and the structure of its compensation package is disclosed in the Disclosure and Transparency page of the Company website.</p> <p>References:</p> <p>✓ Other Corporate Governance Related Documents, Remuneration Matters  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p> <p>✓ 2023 Integrated Report, Board Remuneration, page 98  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p><i>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</i></p> <p>Remuneration on an individual basis is disclosed in the Annual Report.</p> <p>References:</p>	

		<p>✓ Annual Financials, 2023 17-A Annual Report, Item 10. Compensation of Directors and Executive Officers, pages 46-47</p> <p>2023 SEC Form 20-IS Definitive Information Statement, Item 6. Compensation of Directors and Executive Officers, pages 17-18</p> <p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
<b>Recommendation 8.5</b>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	Compliant	<p><i>Disclose or provide reference/link to company's RPT policies</i></p> <p><i>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</i></p> <p>The Company's Related Party Transactions (RPT) Policy is captured in the Revised Manual on Corporate Governance and is publicly posted on the Company website and disclosed also in 17-A and in the Integrated Report.</p> <p>As per RPT policy, any member of the Board or the RPT Committee that has interest in the RPT must abstain from participation in the review and approval process.</p> <p>There were no related party transactions that have breached the materiality threshold in compliance with Securities and Exchange Commission.</p> <p>References:</p>	

		<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, pages 48-49 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Governance Policies and Practices, RPT page 103 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p><i>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</i></p> <ol style="list-style-type: none"> <li>1. <i>name of the related counterparty;</i></li> <li>2. <i>relationship with the party;</i></li> <li>3. <i>transaction date;</i></li> <li>4. <i>type/nature of transaction;</i></li> <li>5. <i>amount or contract price;</i></li> <li>6. <i>terms of the transaction;</i></li> <li>7. <i>rationale for entering into the transaction;</i></li> <li>8. <i>the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</i></li> <li>9. <i>other terms and conditions</i></li> </ol>	

		<p>In compliance with its Related Party Transactions policy, the Company discloses in its Annual Report the balances of its significant related party transactions.</p> <p>For Year 2023, there were no material related party transactions that have breached the threshold of ten percent (10%) or higher of the company's total consolidated asset based on its latest financial statement.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, pages 48-49 and Notes to 2023 Consolidated Financial Statements, Note 19 – Related Party Transactions, pages 43-44  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p><i>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</i></p> <p>The Company's Conflict of Interest Policy ensures that potential or actual conflict of interest are disclosed and addressed/managed. Per policy, all directors and employees are required to disclose immediately to allow management to assess risks related to the situation and provide appropriate safeguards when necessary to ensure fairness and integrity of the Company's transactions. Further, all covered persons are required to disclose real or potential conflicts as they arise or during the Annual Code of Ethics (ACE) Course.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Conflict of Interest Policy  <a href="https://www.smpriime.com/company-policies">https://www.smpriime.com/company-policies</a></li> <li>✓ Annual Financials    2023 17-A Annual Report, Item 13 – Corporate Governance, pages 52-53    2023 SEC Form 20-IS Definitive Information Statement, Item 21 – Corporate Governance, pages 27-28    <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Conflict of Interest, page 103  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> </ul>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<p><i>Provide link or reference where this is disclosed, if any</i></p> <p>Based on the Company's Revised Manual on Corporate Governance, the Board, through the Related Party Transactions (RPT) Committee, ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those transactions that breach the threshold of materiality. As indicated also in the Company's RPT Policy, "...that material RPTs are conducted at an arm's length basis, and that no</p>	

		<p>shareholder or stakeholder is unduly disadvantaged."</p> <p>These are disclosed in SM Prime's website, 2023 17-A and Integrated Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report, The Related Party Transactions Committee, page 98 Related Party Transaction Policy, page 103 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 12 – Certain Relationships and Related Transactions, pages 48-49 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p><i>Provide link or reference where this is disclosed</i></p> <p>SM Prime ensures that it complies with SEC and PSE Disclosure Rules. All required disclosures are immediately posted on the PSE Edge and Company website.</p> <p>References:</p>	

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Notes to 2023 Consolidated Financial Statements, Note 3 – Summary of Significant Accounting and Financial Reporting Policies (Property Acquisitions and Business Combinations), pages 5-23 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 SEC Form 20-IS Definitive Information Statement, Item 13 – Acquisition or Disposition of Property, page 20 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Corporate Disclosures <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> <li>✓ Annual Financials <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Quarterly Financials <a href="https://www.smprime.com/quarterly-financials">https://www.smprime.com/quarterly-financials</a></li> <li>✓ Company Releases <a href="https://www.smprime.com/media">https://www.smprime.com/media</a></li> </ul>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<p><i>Identify independent party appointed to evaluate the fairness of the transaction price</i></p> <p><i>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</i></p> <p>The Company exercises due diligence by engaging independent parties to evaluate and provide</p>	

		<p>opinion on the fairness of transaction price on acquisition and/or disposal of its assets.</p> <p>The procedures followed in the acquisition and/or disposal of assets include due diligence, benchmarking, market dynamics, long-term sustainability of the business, synergies with the whole group, cost implications, core competency, board approval and regulatory approvals. The independent parties vary and depend on the type of transactions being conducted.</p> <p>The Company may deal with investment banks, external auditors, third party appraisers, legal and tax consultants when it conducts such transactions.</p> <p>Reference:  ✓ Revised Manual on Corporate Governance, Item II.8.8.6, page 23  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></p>	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<p><i>Provide link or reference where these are disclosed.</i></p> <p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and regulations.</p>	

		<p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his/her exercise of independent judgment in carrying out his/her responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ By-Laws <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Revised Manual on Corporate Governance, Items 5.2.1 &amp; 5.6, pages 19 &amp; 22, respectively <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p><i>Provide link to the company's website where the Manual on Corporate Governance is posted.</i></p> <p>The Company's Revised Manual on Corporate Governance contains corporate governance policies, programs and procedures. This Manual was submitted to SEC and PSE on February 20, 2017 and its most recent revision was on November 7, 2022. This is available on the Company website.</p>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant	<p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance</li> </ul>	

		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p><i>Provide proof of submission.</i></p> <p>The Company has submitted its Revised Manual on Corporate Governance to SEC and PSE on November 7, 2022.</p> <p>Reference:  ✓ Revised Manual on Corporate Governance  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></p>	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	Compliant	<i>Provide link or reference to the company's Annual Report containing the said information.</i>	
a. Corporate Objectives	Compliant	<p>The Company's corporate objectives are disclosed in the 2023 17-A and 2023 Integrated Report.</p> <p>References:  ✓ 2023 Integrated Report</p> <p>Overview of Our Business, pages 4-9</p> <p>Joint Message of the Chairperson and President, pages 10-13</p> <p>Prosperity with Purpose, pages 30-33</p> <p>Our Net Zero Ambition, A Commitment Towards Science-Based Targets, pages 42-47</p>	

		<a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>  ✓ Annual Financials, 2023 17-A Annual Report, Consolidated Financial Statements, pages 61-151 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
b. Financial performance indicators	Compliant	<p>The Company's key performance indicators are measured in terms of the following: (1) current ratio; (2) acid test ratio; (3) solvency ratio; (4) debt to equity; (5) net debt to equity; (6) asset to equity; (7) return on equity; (8) net income margin; (9) debt to earnings before interest expense, income taxes, depreciation and amortization (EBITDA); (10) asset to equity ratio; (11) interest service coverage ratio; and (12) return on investment properties. These are disclosed in the 2023 17-A and 2023 Integrated Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials</li> </ul> <p>2023 17-A Annual Report</p> <ul style="list-style-type: none"> <li>• Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations, pages 15-31</li> <li>• Key Performance Indicators, page 31</li> <li>• Financial Ratios - Key Performance Indicators, pages 148-150</li> </ul> <p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report <ul style="list-style-type: none"> <li>• Overview of Our Business, pages 4-9</li> </ul> </li> </ul>	

		<ul style="list-style-type: none"> <li>Financial and Operational Highlights, page 128  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a> </li> </ul>	
c. Non-financial performance indicators	Compliant	<p>Non-financial indicators in relation to environmental, social and governance factors are disclosed in detail in the Company's Integrated Report. Other indicators are also disclosed in the 2023 17-A Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>Annual Financials, 2023 17-A Annual Report, Item 1 – Business and Item 2 – Properties, pages 1-12  <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a> </li> </ul> <p>2023 Integrated I Report, not limited to the following:</p> <ul style="list-style-type: none"> <li>SM Prime's Value Creation Model and Strategy, pages 16-17</li> <li>Overview of Our Business, pages 4-9  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a> </li> </ul>	
d. Dividend Policy	Compliant	<p>The dividend policy of the Company is disclosed in the 2023 SEC Form 17-A Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report</li> </ul> <p>Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters, pages 13-14</p> <p>Item 13 – Corporate Governance (Rights of Shareholders), page 51</p>	

		<a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> ✓ 2023 Integrated Report, Right to Dividends, page 107 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	The profiles of each director are disclosed in the Item 9 of the Company's SEC Form 17-A Annual Report.  Reference: ✓ Annual Financials, 2023 17-A Annual Report, Item 9 - Directors and Executive Officers of the Registrant, pages 33-35 and 42 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
f. Attendance details of each director in all directors meetings held during the year	Compliant	The attendance details of each director are disclosed in the Company's SEC Form 17-A Annual Report.  References: ✓ Annual Financials, 2023 17-A Integrated Report as Annex to the Annual Report, Board Meetings and Attendance, page 99 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>  ✓ 2023 Integrated Report, Board Meetings and Attendance, page 99 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
g. Total remuneration of each member of the board of directors	Compliant	The total remuneration of each member of the board is disclosed in the 2023 SEC Form 17-A Annual	

		<p>Report and 2023 SEC Form 20-IS Definitive Information Statement.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 10 -- Compensation of Directors and Executive Officers, pages 46-47</li> </ul> <p>2023 SEC Form 20-IS Definitive Information Statement, Item 6. Compensation of Directors and Executive Officers, pages 17-18  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	Compliant	<p><i>Provide link or reference to where this is contained in the Annual Report</i></p> <p>The Company confirms its full compliance with the Revised Code of Corporate Governance as embodied in its Revised Manual of Corporate Governance.</p> <p>The Company certifies that its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, page 50  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational,</p>	Compliant	<p><i>Provide link or reference to where this is contained in the Annual Report</i></p>	

financial and compliance controls) and risk management systems.		<p>The Board, through the Audit Committee, has reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135</li> <li>The Audit Committee, page 96</li> <li><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a></li> <li><a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<p><i>Provide link or reference to where this is contained in the Annual Report</i></p> <p>The Board, through the Audit Committee, has reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135</li> <li>The Audit Committee, page 96</li> <li><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a></li> <li><a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<p><i>Provide link or reference to where these are contained in the Annual Report</i></p> <p>The Company's key risks are disclosed in its SEC Form 17-A Report.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1 – Business, Enterprise Risk Management, pages 3-8 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Risk and Risk Management Programs, pages 113-117 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<p><b>Principle 9:</b> The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p>			
<p><b>Recommendation 9.1</b></p>			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p><i>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, it is the Audit Committee's responsibility for approving and recommending the appointment, reappointment, removal and fees of SM Prime's external auditor.</p> <p>The Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and the stockholders approve the Audit Committee's recommendation.</p> <p>References:</p>	

		<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 9.1, page 24 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 32 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ ASM Notice of Meeting and Agenda 2024 ASM Minutes, Item 8 - Appointment of External Auditor, page 8  2023 ASM Minutes, Item 8 - Appointment of External Auditor, pages 7-8  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> </ul>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<p><i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</i></p> <p>For year 2023, based on the tabulation of votes of shares present and represented, 96.80% of the total number of voting shares represented at the meeting approved the said resolution.</p> <p>SGV was re-appointed as the Company's external auditor for year 2023.</p> <p>References:</p>	

		<p>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <p>✓ 2024 ASM Minutes, Item 8 - Appointment of External Auditor, page 8</p> <p>2023 ASM Minutes, Item 8 - Appointment of External Auditor, pages 7-8</p> <p><a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>  <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p><i>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, the reasons for removal or change shall be disclosed to the regulators and the public through the Company website and required disclosures.</p> <p>The Company did not change its External Auditor, Sycip Gorres, Velayo and Co., for 2023. The Company complies with SRC Rule 68, Paragraph 3(b) (iv) and (ix) on the Rotation of External Auditors.</p> <p>Reference:  ✓ Revised Manual on Corporate Governance, Items 9.1.1, page 24</p>	

		<a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a>	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p><i>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</i></p> <p>Pursuant to Revised SRC Rule 68, Paragraph 3(b) (iv) and (ix) (Rotation of External Auditors) and Code of Ethics for Professional Accountants, Sections R540.5 and R540.11, which states that the engagement partner shall be rotated after seven (7) years with a five (5) year cooling off period.</p> <p>The Company complies with the rotation period of five years. Mr. Juan Miguel Machuca of SGV &amp; Co. assumed as its signing partner beginning 2023 after the two-year term of Ms. Belinda T. Beng-Hui from 2021- 2022.</p> <p>Reference:  ✓ Annual Financials, 2023 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 32  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external</li> </ul>	Compliant	<p><i>Provide link/reference to the company's Audit Committee Charter</i></p> <p>As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates</p>	

iii.	auditor's independence and objectivity; and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.		the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be implemented with integrity and independence, considering all relevant regulatory requirements.  Reference: ✓ Audit Committee Charter <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>	
2.	Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
<b>Supplement to Recommendations 9.2</b>				
1.	Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<i>Provide link/reference to the company's Audit Committee Charter</i>  As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be implemented with integrity and independence, considering all relevant regulatory requirements.  Reference: ✓ Audit Committee Charter <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a>	
2.	Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
<b>Recommendation 9.3</b>				

<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p><i>Disclose the nature of non-audit services performed by the external auditor, if any.</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report</p> <p>Covering Year 2023, other professional fees rendered by SGV &amp; Co. and EY for non-assurance services amounted to P7 million. These non-audit services through general policy were pre-concurred by the Audit Committee. Services include the following:</p> <ul style="list-style-type: none"> <li>✓ Agreed upon procedures</li> <li>✓ Independent Validation of votes during the Annual Stockholders' Meeting</li> <li>✓ Tax Advisory</li> <li>✓ Advisory</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 32 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee)</li> </ul>	
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		<a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p><i>Provide link or reference to guidelines or policies on non-audit services</i></p> <p>As stated in the Revised Manual on Corporate Governance, the Audit Committee evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ The Audit Committee Charter, Item 3.i, page 2 <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> </ul>	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	<p><i>Provide information on audit and non-audit fees paid.</i></p> <p>As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report</p> <p>Covering Year 2023, assurance services amounted to Php15M while non-assurance services amounted to Php7M.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 30  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p><i>Provide information on company's external auditor, such as:</i></p> <ol style="list-style-type: none"> <li>1. <i>Name of the audit engagement partner;</i></li> <li>2. <i>Accreditation number;</i></li> <li>3. <i>Date Accredited;</i></li> <li>4. <i>Expiry date of accreditation; and</i></li> <li>5. <i>Name, address, contact number of the audit firm.</i></li> </ol> <p>The Company's external auditor is duly accredited by the SEC under Group A category.</p> <ol style="list-style-type: none"> <li>1. <i>Name of the audit engagement partner;</i></li> </ol>	

		<p><i>Juan Miguel P. Machuca</i></p> <p>2. Accreditation number;</p> <p><i>116998-SEC</i></p> <p>3. Date Accredited;</p> <p><i>May 11, 2021</i></p> <p>4. Expiry date of accreditation; and</p> <p><i>2024 (Audit Period End)</i></p> <p>5. Name, address, contact number of the audit firm.</p> <p><i>Sycip Gorres Velayo &amp; Co.</i>  <i>6760 Ayala Avenue, Makati City, Metro Manila, 1226</i>  <i>(632) 8891-0307</i></p> <p>Reference:</p> <p>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p><i>Provide information on the following:</i></p> <p>1. <i>Date it was subjected to SOAR inspection, if subjected;</i></p> <p>2. <i>Name of the Audit firm; and</i></p> <p>3. <i>Members of the engagement team inspected by the SEC.</i></p>	

		<p>The Company's External Auditor, being accredited by the Securities and Exchange Commission, is subject for SOAR Inspection.</p> <p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was last subjected to SOAR inspection, if subjected- <i>August 1-12, 2022</i></li> <li>2. Name of the Audit firm - <i>SGV &amp; Co.</i></li> <li>3. Members of the engagement team inspected by the SEC- <i>The names of the members of the engagement team were provided to the SEC during the SOAR inspection.</i></li> </ol> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p><i>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i></p> <p>SM Prime releases its Integrated Report (IR) which includes coverage of the environmental, social, economic and governance information of SM Prime. IR has been prepared in accordance with the GRI Standards.</p>	

		<p>For Year 2023, SM Prime has engaged SGV &amp; Co. to perform a 'limited assurance engagement,' as defined by the Philippine Standards on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information to report on selected GRI indicators contained in the 2023 Integrated Report as of and for the year ended 31 December 2023.</p> <p>The Integrated Report also covers business strategy, performance, and impact, and details how SM Prime creates value for our investors and stakeholders over the short, medium, and long-term through our various operating units.</p> <p>SM Prime is uniquely positioned to serve its host communities through various civic assistance, environmental education and sustainability programs. Its activities are two-pronged: to care for its customers while being a steward of the environment.</p> <p>SM Prime's SM Cares is one of the Philippines' longest-running and most widely recognized corporate social responsibility (CSR) programs. As the Corporate Social Responsibility arm of the Company, it cultivates strong partnerships with various groups to implement interventions that matter most to the Company and its communities.</p> <p>References:  ✓ 2023 Integrated Report  External Assurance Report, pages 148-153  GRI Context Index, pages 154-161</p>	
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		ESG Data Tables, pages 158-161 <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a> <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p><i>Provide link to Sustainability Report, if any. Disclose the standards used.</i></p> <p>The Company's Integrated Report has been prepared and externally assured in accordance with the GRI Standards.</p> <p>For Year 2023, SM Prime has engaged SGV &amp; Co. to perform a 'limited assurance engagement,' as defined by the Philippine Standards on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information to report on selected GRI indicators contained in the 2023 Integrated Report as of and for the year ended 31 December 2023.</p> <p>Reference:  ✓ 2023 Integrated Report  External Assurance Report, pages 148-153</p> <p>GRI Context Index, pages 154-161  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></p>	

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

**Recommendation 11.1**

1. Company has media and analysts' briefings as channels of communication to	Compliant	<i>Disclose and identify the communication channels used by the company (i.e., website, Analyst's</i>	
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<p>ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>		<p><i>briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</i></p> <p>The Company discloses its quarterly and annual reports, and other corporate disclosures in its Company website. Media and analysts' briefings are also conducted right after the Annual Stockholders' Meeting as part of the Company's Investor Relations Program. Media and bankers were also invited in the Company's recent Annual Stockholders' Meeting where they were allowed to raise questions during the open forum.</p> <p>SM Prime, through its Investor Relations Department, communicates to institutional and individual investors, media as well as equity and credit analyst/watchers through one-on-one meetings, investor tours, conference calls and electronic mails.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Quarterly Financials <a href="https://www.smpriime.com/quarterly-financials">https://www.smpriime.com/quarterly-financials</a></li> <li>✓ 2023 Annual Financials <a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></li> <li>✓ Investor Relations Program Schedule <a href="https://www.smpriime.com/investor-relations-program-schedule">https://www.smpriime.com/investor-relations-program-schedule</a></li> <li>✓ Corporate Disclosures <a href="https://www.smpriime.com/corporate-disclosure">https://www.smpriime.com/corporate-disclosure</a></li> </ul>	
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## Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	Compliant	<i>Provide link to company website</i>	
a. Financial statements/reports (latest quarterly)	Compliant	References: ✓ 2023 Quarterly Financials <a href="https://www.smprime.com/quarterly-financials">https://www.smprime.com/quarterly-financials</a>  ✓ 2023 Annual Financials <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
b. Materials provided in briefings to analysts and media	Compliant	Reference: ✓ Presentations, SM Prime Investor Kit – 2023-2024 <a href="https://www.smprime.com/investor-presentations">https://www.smprime.com/investor-presentations</a>	
c. Downloadable annual report	Compliant	References: ✓ 2023 Annual Financials <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>  ✓ 2023 Integrated Report <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
d. Notice of ASM and/or SSM	Compliant	References: ✓ ASM Notice of Meeting, Agenda and Minutes, 2023 ASM Notice of Meeting and Agenda <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>  ✓ 2023 Annual Stockholders' Meeting Disclosure, Notice of Annual Stockholders' Meeting <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a>	
e. Minutes of ASM and/or SSM	Compliant	References:	

		<ul style="list-style-type: none"> <li>✓ ASM Notice of Meeting and Agenda 2023 ASM Minutes 2024 ASM Minutes <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ 2023 Annual Stockholders' Meeting Disclosure, 2023 ASM Minutes 2024 ASM Minutes <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> </ul>	
f. Company's Articles of Incorporation and By-Laws	Compliant	References: <ul style="list-style-type: none"> <li>✓ Corporate Documents Articles of Incorporation By-Laws <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	The Company complies with the SEC prescribed website template in accordance and compliance with SEC MC No. 11 Series of 2014.  Reference: <ul style="list-style-type: none"> <li>✓ Company Website <a href="https://www.smprime.com/">https://www.smprime.com/</a></li> </ul>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<i>List quality service programs for the internal audit functions.</i>	

		<p><i>Indicate frequency of review of the internal control system</i></p> <p>Review of Internal controls of processes of key business units are reviewed annually based on the Internal Audit Plan submitted and reported by the Chief Audit Executive regularly to the Audit Committee.</p> <p>Further, as stated in the Internal Audit Charter, the IA Department of SM Prime provides assurance and consulting services.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ The Audit Committee, Internal Audit Charter <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ 2023 Integrated Report, Report of the Audit Committee, pages 133-135 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p><i>Identify international framework used for Enterprise Risk Management</i></p> <p><i>Provide information or reference to a document containing information on:</i></p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the company is currently facing</li> <li>3. How the company manages the key risks</li> </ol> <p><i>Indicate frequency of review of the enterprise risk management framework.</i></p>	

		<p>SM Prime's Enterprise Risk Management augments and supports strategy selection, by being integrated from the strategic planning phase. This integration enhances structured decision making and through this, a balanced approach to the Company strategy is achieved. It also supports in the allocation of resources and ensures these are in line with the mission and vision of the Company.</p> <p>The Enterprise Risk Management Framework includes Board Oversight, Independent Audit and Third-Party Reviews, and the Internal Control Framework, are essential to the success of the risk management cycle, from risk identification and assessment, to responding and devising action plans, and finally monitoring and reporting. It makes the entire cycle holistic by recognizing that stakeholder involvement and as well as external factors are involved in the risk management process.</p> <p>The Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company. The business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. On a quarterly basis, the Board Risk Oversight Committee is updated on status of risk management and improvement plans of the Company.</p> <p>Further, the Company's key risks and the respective risk assessment, management and control are disclosed on the Company website.</p>	
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		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Enterprise Risk Management <a href="https://www.smprime.com/enterprise-risk-management">https://www.smprime.com/enterprise-risk-management</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-8 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Enterprise Risk Management, pages 110-117 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p><i>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</i></p> <p><i>Indicate frequency of review.</i></p> <p>The Company has always been committed towards sustainable and responsible business practices in all stages of its operations. SM Prime is substantially compliant to all regulatory requirements from the start of construction and all throughout its business operations. The Company through its business units are charged with compliance responsibilities to ensure that it complies with all relevant laws and regulations.</p> <p>For instance, Compliance Department conducts annual Data Privacy Awareness Campaigns to all its</p>	

		<p>employees. This includes cascade of e-Learning modules and posters/infographics. The Company has put in place functional e-Learning programs related to various compliance rules and issuances for self-paced learning accessible to all employees. This may also be supplemented by classroom training conducted by either internal or external facilitators.</p> <p>As a Company engaged in the development of real property for sale or lease, SM Prime became a covered person under the Anti-Money Laundering Act (AMLA). SM Prime conducts AML-related trainings to frontliners and employees with key support functions to ensure consistent compliance of its various business units to the Company's groupwide Money Laundering and Terrorist Financing Prevention Program (MTPP).</p> <p>Further, the Company's Human Resources Department also cascaded awareness modules in compliance with the mandatory Occupational Safety and Health programs of Department of Labor and Employment (DOLE) and the Executive Order of the President of the Philippines and other regulatory requirements.</p> <p>Moreover, the Investor Relations Department is tasked with a program of proactive, uniform and appropriate communication through full disclosure in compliance with the regulatory bodies and serves as the main avenue of communication between the Company and its various stakeholders.</p> <p>The Company also strengthens the compliance risk management in compliance with external</p>	
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		<p>regulations particularly on the local and national level to significantly reduce the adverse effect on the Company's business operations.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report</li> </ul> <p>Item 1 – Business, Enterprise Risk Management, pages 3-8</p> <p>Governmental regulations and environmental laws, page 9</p> <p>Item 13 – Corporate Governance, pages 50-53  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Enterprise Risk Management, Regulatory Compliance Risk (Risk Management Programs), pages 110-117  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	<p><i>Provide information on IT governance process</i></p> <p>The Board puts emphasis on prudent IT risk management. The CRO and the IT Team reports to the Board the status of risk management and risk mitigation plans of the Company particularly on issues concerning availability of continuity plans, backup procedures, protection against damaging code and malicious activities, system and information access control, and incident management and reporting. It ensures to protect the confidentiality, integrity, and availability of all</p>	

		<p>physical and electronic information assets of SM Prime to make certain that regulatory, operational, and contractual requirements are satisfied. Through risk assessments, threats to assets are identified, vulnerability to and likelihood of occurrence are evaluated and potential impact are estimated in the areas of network, operating system, application and database in production. Specifically, system vulnerability assessments, to proactively detect and address threats and vulnerabilities, are regularly implemented. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-8  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Enterprise Risk Management, Information Security and Technology Risk (Risk Management Programs), pages 110-117  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p><i>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</i></p> <p>For 2023, the Company's Internal Audit function is in-house and is headed by Mr. Marvin Perrin L. Pe, SM Prime's Chief Audit Executive (CAE). To ensure</p>	

		<p>independence from management, the CAE reports functionally to the Board through the Audit Committee.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ The Audit Committee, Internal Audit <a href="https://www.smprime.com/board-committees/">https://www.smprime.com/board-committees/</a></li> <li>✓ Structure and Table of Organization, Organizational Structure <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 33 and 36 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of Board Meeting, Annual Stockholders' Meeting and Organizational Meeting on April 25, 2023 <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> </ul>	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p><i>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</i></p> <p>For 2023, the Board appointed Mr. Marvin Perrin L. Pe as the Company's Chief Audit Executive (CAE). His duties and responsibilities as CAE are laid down in the Revised Manual on Corporate Governance.</p> <p>Mr. Marvin Perrin L. Pe is the Vice President for Internal Audit and Chief Audit Executive. He holds a</p>	

		<p>Bachelor of Science degree in Accountancy from Centro Escolar University. He has completed his Masters in Management Degree, with distinction, from the Asian Institute of Management. Mr. Pe is a Certified Public Accountant, Certified Internal Auditor and has a Certification in Control Self-Assessment. Before joining SM Prime, Mr. Pe was an Assurance Partner of SGV &amp; Co.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Executive Officers, Mr. Marvin Perrin L. Pe, pages 33 and 36 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of April 25, 2023 <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></li> </ul>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	<p>For 2023, as disclosed in the CAE's duties and responsibilities, Mr. Pe oversaw and was responsible for the internal audit activity of the organization. No activity of the internal audit was outsourced.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Our Management, Chief Audit Executive, page 124  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a> </li> </ul>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	<p><i>Identify qualified independent executive or senior management personnel, if applicable.</i></p> <p>For 2023, the Company's internal audit function is in-house and is headed by Mr. Marvin Perrin L. Pe.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 33 and 36  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> <li>✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> </li> </ul>	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p><i>Provide information on company's risk management function.</i></p> <p>For 2023, the Enterprise Risk Management (ERM) is headed by the Chief Risk Officer (CRO), Ms. Joana B. Tiangco.</p> <p>At the management level, the Enterprise Risk Management (ERM) is headed by the Chief Risk Officer (CRO). The CRO is responsible for leading the formulation of risk management policies, methodologies, and metrics in alignment with the</p>	

		<p>overall strategy of the Company, ensuring holistic identification, and prudent and rational assessment, management and monitoring of risks. The CRO and ERM Team facilitates risk management learning programs and promotes best practices enterprise-wide.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Executive Officers, Joana B. Tiangco, pages 33 and 36 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Our Management, Chief Risk Officer, page 124 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p><i>Identify source of external technical support, if any.</i></p> <p>The Company engages third party consultants and auditors in the assessment of security and safety risks of its business units and in the ISO standard certification of its Business Continuity Management System. Other services may be engaged from a third party, as needed.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Enterprise Risk Management, Key Risks and Risk Management Program <a href="https://www.smprime.com/enterprise-risk-management">https://www.smprime.com/enterprise-risk-management</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report,</li> </ul>	

		<p>Item 1 – Business, Enterprise Risk Management, pages 3-68  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <p>✓ 2023 Integrated Report, Enterprise Risk Management</p> <p>Safety and Security Risk, page 113</p> <p>Property Damage and Business Disruption Risk (Risk Management Programs), page 117</p> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<i>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</i>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The CRO serves as the ultimate champion of the ERM and spearheads its development, implementation, maintenance and continuous improvement of ERM processes and documentation. The CRO, in collaboration with the Management, updates and makes recommendations and reports to the Risk Oversight Committee, Corporate Governance Committee and Related Party Transactions Committee. The CRO's duties and responsibilities are likewise laid down in the Revised Manual on Corporate Governance.	

		<p>For 2023, the Company's Chief Risk Officer (CRO) and Assistant Vice President heading the Enterprise Risk Management (ERM) Division is Ms. Joana B. Tiangco.</p> <p>Ms. Tiangco has been with the Company since 2016. She was formerly a compliance and risk officer of the Bank of the Philippine Islands, where she gained over 10 years' experience in banking, compliance and risk management.</p> <p>Ms. Tiangco holds a Bachelor of Science in Management of Financial Institutions from the De La Salle University-Manila, with various training in areas of management, business continuity, operations and control, AML, corporate governance, insurance, leadership management, ethics and compliance, and sustainability, among others.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 12.5, page 27  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Executive Officers, Joana B. Tiangco, pages 33 and 36  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Corporate Governance, Management, Chief Risk Officer, page 124  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
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<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p><i>Provide link to CEO and CAE's attestation</i></p> <p>The Company's CEO and CAE executed on February 7, 2024 an attestation that a sound internal audit, control and compliance system is in place and working effectively for the year 2023.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, 2023 Annual Confirmation of Internal Audit Adequacy  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p><i>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</i></p> <p>The basic shareholder rights are disclosed in the Revised Manual on Corporate Governance and also found on the Company website and 17-A Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.4, pages 28-29  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Rights of Shareholders</li> </ul>	

		<a href="https://www.smprime.com/corporate-governance-overview/">https://www.smprime.com/corporate-governance-overview/</a> <a href="https://www.smprime.com/rights-of-shareholders/">https://www.smprime.com/rights-of-shareholders/</a>  ✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, page 51 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<i>Provide link to company's website</i>  The basic shareholder rights are also disclosed on the Company website.  References: ✓ Rights of Shareholders <a href="https://www.smprime.com/rights-of-shareholders/">https://www.smprime.com/rights-of-shareholders/</a>  ✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, page 51 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	Based on the 20-IS Definitive Information Statement, each common share of SMPH owned by a shareholder is entitled to one (1) vote (each, a "Voting Share/s") except in the election of directors where one share is entitled to as many votes as there are Directors to be elected.  References:	

		<p>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Section B Item 4 No. 3, page 6</p> <p>Annual Financials, 2022 SEC Form 20-IS Definitive Information Statement, Section B Item 4 No. 3, page 6</p> <p><a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p><i>Provide information on all classes of shares, including their voting rights if any.</i></p> <p>The Company has only common shares. The Board ensures all shareholders are treated fairly and equitably, and also recognizes, protects and facilitates the exercise of their rights.</p> <p>References:</p> <p>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Section B Item 4 No. 1, page 5</p> <p>Annual Financials, 2022 SEC Form 20-IS Definitive Information Statement, Section B Item 4 No. 1, page 5</p> <p><a href="https://www.smpriime.com/annual-financials">https://www.smpriime.com/annual-financials</a></p> <p>✓ Rights of Shareholders</p> <p><a href="https://www.smpriime.com/rights-of-shareholders/">https://www.smpriime.com/rights-of-shareholders/</a></p>	

		<p>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, page 51  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p><i>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</i></p> <p>The voting procedure is disclosed in the Company's 20-IS Definitive Information Statement.</p> <p>In 2018- 2019, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders who will not be able to personally attend the meeting but will be appointing proxies.</p> <p>Beginning 2020, the Company utilizes a voting <i>in absentia</i> portal whereby all stockholders including those holding scripless shares as of record date can participate to vote specific items in the agenda including related material RPT which requires stockholders' approval. The same portal is used in the last 2023 Annual Stockholders' Meeting of the Company on April 25, 2023.</p> <p>Sycip Gorres Velayo &amp; Company or SGV has been engaged as third party tabulator of votes cast during the Annual Stockholders' Meeting including the independent check on the security of the registration and online voting portals.</p> <p>References:</p>	

		<p>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, (1) Section B Item 4 No. 3 and (2) Item 19, pages 6 and 24-25 respectively</p> <p>Annual Financials, 2022 SEC Form 20-IS Definitive Information Statement, (1) Section B Item 4 No. 3 and (2) Item 19, pages 6 and 23-24 respectively</p> <p><a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <p>✓ Other Corporate Governance Related Documents, 2023 SM Prime Virtual ASM and Voting in Absentia</p> <p><a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></p> <p>✓ Annual Stockholders' Meeting</p> <p><a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p><i>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</i></p> <p>Independent directors exercise objective and independent judgment on all corporate affairs specifically on issues involving the protection of minority shareholders against actions of controlling shareholders.</p> <p>The Company uses cumulative voting mechanism in the election of directors that is designed to give minority shareholders the opportunity to obtain representation in the Board of Directors. Cumulative voting is required by the Revised Manual on</p>	

		<p>Corporate Governance and disclosed in the SEC Form 20-IS Definitive Information Statement.</p> <p>For instance, all material individual RPTs are referred to the Chief Risk Officer for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 3.5, 5, and 13.4.1.b, pages 17, 19 and 28 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Item 4, pages 5-6 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Related Party Transactions Policy <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p><i>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</i></p> <p>The shareholders, in accordance with their rights disclosed in the Revised Manual on Corporate Governance, have the right to propose the holding of a meeting, and the right to propose items in the</p>	

		<p>agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice. These, along with their other rights as shareholders, are publicly posted on the Company website for their quick reference.</p> <p>Also, the Company acknowledges the SEC MC No. 14 s.2020 where shareholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of a publicly-listed company shall have the right to include items on the agenda prior to the regular/special stockholders' meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.4.4.b, page 29  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ Rights of Shareholders  <a href="https://www.smprime.com/rights-of-shareholders/">https://www.smprime.com/rights-of-shareholders/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, page 51  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<i>Provide information or link/reference to the policies on treatment of minority shareholders</i>	

		<p>Policies on treatment of minority shareholders are disclosed in the Revised Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance <ul style="list-style-type: none"> <li>• Item 2.3.1, page 8</li> <li>• Item 13.4.1.c,d, and e, page 28</li> <li>• Item 13.4.4.b, page 29</li> </ul> <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a> </li> <li>✓ Rights of Shareholders <a href="https://www.smprime.com/rights-of-shareholders/">https://www.smprime.com/rights-of-shareholders/</a> </li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, page 51 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a> </li> </ul>	
7. Company has a transparent and specific dividend policy.	Compliant	<p><i>Provide information on or link/reference to the company's dividend Policy.</i></p> <p><i>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</i></p> <p>The Company's dividend policy is disclosed in the SEC Form 17-A, 20-IS Definitive Information Statement and Annual Report.</p>	

		<p>Further, the Company has declared regular cash dividends and announced the same in its 2023 Annual Stockholders' Meeting held on April 25, 2023. Pay-out date is on or before May 24, 2023 which is within 30 days from its declaration per Company policy.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Right to Dividend, page 107  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Annual Financials  2023 17-A Annual Report, Item 5, page 13, and Item 13: Corporate Governance (Rights of Shareholders), page 51   2023 SEC Form 20-IS Definitive Information Statement, Item 20, pages 25-26  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ ASM Notice of Meeting and Agenda  2023 ASM Minutes, Item 5 – Announcement of Cash Dividends, page 6  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>  <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> </ul>	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<i>Identify the independent party that counted/validated the votes at the ASM, if any.</i>	

		<p>The Company's External Auditor, SyCip Gorres Velayo &amp; Co., has been engaged to monitor and validate the tally of votes casted during the 2023 Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ ASM Notice of Meeting and Agenda</li> <li>2023 ASM Minutes, Item 2- Certification of Notice and Quorum, page 2</li> </ul> <p><a href="https://www.smpriime.com/disclosure-transparency">https://www.smpriime.com/disclosure-transparency</a></p> <p><a href="https://www.smpriime.com/annual-stockholders-meeting">https://www.smpriime.com/annual-stockholders-meeting</a></p>	
<b>Recommendation 13.2</b>			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	Compliant	<p><i>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</i></p> <p><i>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</i></p> <p><i>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</i></p> <p>The initial Notice of the 2023 Annual Stockholders' Meeting was released on PSE Edge and Company website on February 20, 2023, 64 days before the Annual Stockholders' Meeting. The details of the meeting and the agenda items and their respective rationale were included in the material provided to all shareholders.</p>	

		<p>On March 20 to 21, 2023, the notice was also published in the Business Sections of Manila Bulletin and Philippine Daily Inquirer, both in print and online formats. SEC allowed distributions via this alternative mode in its Notice issued for Publicly-Listed Companies dated March 13, 2023.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 SEC Form Preliminary 20-IS, pages 2-3</li> </ul> <p>Annual Financials, 2023 SEC Form Definitive 20-IS, pages 2-3  <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></p> <ul style="list-style-type: none"> <li>✓ Publication of Notice of ASM, Annex A</li> <li>✓ Other Corporate Governance Related Documents, 2023 SM Prime Virtual ASM and Voting <i>in Absentia</i>  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<p><i>Provide link or reference to the company's notice of Annual Shareholders' Meeting</i></p> <p>The profiles of directors, auditors seeking re-appointment, proxy documents and rationale for each agenda item are enclosed in the SEC Form 20-IS Preliminary and Definitive Information Statement.</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant		
b. Auditors seeking appointment/re-appointment	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Publication of Notice of ASM, Annex A</li> </ul>	

c. Proxy documents	Compliant	✓ Annual Financials 2023 SEC Form 20-IS Preliminary and Definitive Information Statements <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<i>Provide link or reference to the rationale for the agenda items</i>  The rationale for each agenda item of the Annual Stockholders' Meeting are disclosed in the SEC Form 20-IS Preliminary and Definitive Information Statements.  Reference: ✓ Annual Financials 2023 SEC Form 20-IS Definitive Information Statement, page 4 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<i>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</i>  The minutes of the 2023 and 2024 Annual Stockholders' Meeting were posted on the Company website same day of the meeting on April 25, 2023 and April 23, 2024, respectively.  References: ✓ ASM Notice of Meeting, Agenda and Minutes,	

		2024 ASM Minutes 2023 ASM Minutes <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p><i>Provide link to minutes of meeting in the company website.</i></p> <p><i>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</i></p> <p><i>Indicate also if the voting on resolutions was by poll.</i></p> <p><i>Include whether there was opportunity to ask question and the answers given, if any</i></p> <p>The minutes of the 2023 and 2024 Annual Stockholders' Meeting were posted on the Company website same day of the meeting on April 25, 2023 and April 23, 2024, respectively.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ ASM Notice of Meeting and Agenda</li> <li>2024 ASM Minutes</li> <li>2023 ASM Minutes</li> <li><a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> <li><a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> </ul>	
Supplement to Recommendation 13.3			

<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p><i>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</i></p> <p>All directors and key officers have attended the 2023 and 2024 Annual Stockholders' Meeting. The directors and key officers joined either physically at Forbes Ballroom 1 &amp; 2, Conrad Manila or remotely through Zoom. The Company's External Auditor, SGV &amp; Co. was also engaged to tabulate votes independently.</p> <p>References:  ✓ ASM Notice of Meeting and Agenda,  2024 ASM Minutes  2023 ASM Minutes  <a href="https://www.smpriime.com/disclosure-transparency">https://www.smpriime.com/disclosure-transparency</a>  <a href="https://www.smpriime.com/annual-stockholders-meeting">https://www.smpriime.com/annual-stockholders-meeting</a></p>	
<b>Recommendation 13.4</b>			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Compliant</p>	<p><i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</i></p> <p>Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.5, pages 29-30  <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Alternative Dispute Resolution System, page 105  <a href="https://www.smpriime.com/annual-reports/">https://www.smpriime.com/annual-reports/</a>  <a href="https://www.smpriime.com/sustainability-reports/">https://www.smpriime.com/sustainability-reports/</a></li> </ul>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p><i>Provide link/reference to where it is found in the Manual on Corporate Governance</i></p> <p>Based on the Revised Manual on Corporate Governance, it is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.5, pages 29-30  <a href="https://www.smpriime.com/corporate-governance-manual">https://www.smpriime.com/corporate-governance-manual</a></li> </ul>	
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p><i>Disclose the contact details of the officer/office responsible for investor relations, such as:</i></p> <ol style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ol>	

		<p>The Company's Investor Relations Office may be reached through the following:</p> <p>Alexander D. Pomento Vice President, Investor Relations Telephone Number: (632) 8862-7942 Email address: info@smprime.com</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Investor Relations <a href="https://www.smprime.com/investor-relations-overview">https://www.smprime.com/investor-relations-overview</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, page 52 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> </ul>	
2. IRO is present at every shareholder's meeting.	Compliant	<p><i>Indicate if the IRO was present during the ASM.</i></p> <p>Mr. Alexander D. Pomento, VP for Investor Relations, has attended both the 2023 and 2024 Annual Stockholders' Meetings.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ ASM Notice of Meeting and Agenda, 2024 ASM Minutes 2023 ASM Minutes <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-stockholders-meeting">https://www.smprime.com/annual-stockholders-meeting</a></li> </ul>	
<b>Supplemental Recommendations to Principle 13</b>			

<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>Compliant</p>	<p><i>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</i></p> <p>As stated in SM Prime's Code of Ethics, the Company complies with all applicable laws and regulations designed to protect the rights of all shareholders, including those holding minority interests. For instance, fundamental corporate acts, such as amendments to the Company's Articles of Incorporation, the authorization of additional shares, and the transfer of all or substantially all assets of the Company, are subject to the approval of shareholders.</p> <p>In addition, the Revised Manual on Corporate Governance mandates the Board of Directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow shareholders the possibilities to seek redress for violation of their rights.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, page 1 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ Revised Manual on Corporate Governance, Item 13.1, page 27 <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> </ul>	
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>Compliant</p>	<p><i>Indicate the company's public float.</i></p>	

		<p>As disclosed in the Company's Public Ownership Report as of December 31, 2023 and March 31, 2024, 37.18% of the total issued and outstanding capital stock is owned by the public, respectively. The Company endeavors to keep the required minimum required public float level in compliance with Securities and Exchange Commission rules.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Corporate Disclosures, SMPH Public Ownership Report as of December 31, 2023 and March 31, 2024</li> </ul> <p><a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a></p>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<p><i>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</i></p> <p>The Company's Investor Relations Office facilitates constant engagement with its shareholders through ongoing briefings and meetings, road shows, and conference calls. This is disclosed on the Company website.</p> <p>Stockholders or investors' concern and other frequently asked questions are available on Company's website for easy reference. It contains responses to commonly asked questions on updating of contact information, transfer of shares and dividends, among others.</p> <p>Further, stockholders may also refer any governance-related issues or concerns to <a href="mailto:corpGovernance@smprime.com">corpGovernance@smprime.com</a>.</p>	

		<p>Moreover, any stakeholders including the directors, officers and employees, as well as customers, suppliers, stockholders, service providers and all other stakeholders, can report any violation or suspected violation of Company policies, procedures and applicable laws and regulations shall be made in writing to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a>.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Stakeholder Engagement, pages 20-23 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Investor Relations Program &amp; Schedule <a href="https://www.smprime.com/investor-relations-program-schedule">https://www.smprime.com/investor-relations-program-schedule</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ Investors FAQs <a href="https://www.smprime.com/faqs/">https://www.smprime.com/faqs/</a></li> </ul>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p><i>Disclose the process and procedure for secure electronic voting in absentia, if any.</i></p> <p>In 2018 - 2019, the Company has introduced a secured online voting portal which allows casting of votes for certificated stockholders who will not be able to personally attend the meeting but will be appointing proxies.</p>	

Beginning 2020, the Company utilizes a secured voting *in absentia* system whereby all stockholders including those holding scripless shares as of record date can participate to vote specific items in the agenda.

The electronic voting procedure is attached in the 2023 SEC Form 20-IS Definitive Information Statement. The same portal is used in the last 2023 Annual Stockholders' Meeting of the Company on April 25, 2023.

References:

- ✓ Annual Financials, 2023 SEC Form 20-IS Definitive Information Statement, Guidelines for Remote Participation and Voting *in absentia*, pages 65-67  
<https://www.smprime.com/annual-financials>
- ✓ Other Corporate Governance Related Documents, 2023 SM Prime Virtual ASM and Voting *in Absentia*  
<https://www.smprime.com/disclosure-transparency>
- ✓ SM Prime Annual Stockholders' Meeting, Guidelines for Participation via Remote Communication and Voting *in Absentia*  
<https://www.smprime.com/annual-stockholders-meeting>

## Duties to Stakeholders

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

### Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p><i>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</i></p> <p>The Company's stakeholders are disclosed in the 2023 Integrated Report as well on the Company's website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Stakeholder Engagement, pages 20-23  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Other Corporate Governance Related Documents, Stakeholder Engagement  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
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### Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p><i>Identify policies and programs for the protection and fair treatment of company's stakeholders</i></p> <p>The Company has policies and programs in place to ensure fair treatment and protection of its stakeholders.</p> <p>Apart from the Revised Manual on Corporate Governance where shareholder rights are disclosed,</p>	
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		<p>SM Prime has also constantly been engaging with its stockholders through ongoing meetings, road shows, and conference calls.</p> <p>Further, the Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customers, shareholders, vendors, suppliers and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a>.</p> <p>Further, stockholders may also refer any governance-related issues or concerns to <a href="mailto:corpgovernance@smprime.com">corpgovernance@smprime.com</a>.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Investor Relations Program &amp; Schedule <a href="https://www.smprime.com/investor-relations-program-schedule">https://www.smprime.com/investor-relations-program-schedule</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report, Stakeholder Engagement, pages 20-23 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
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		✓ Other Corporate Governance Related Documents, Stakeholder Engagement <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p><i>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</i></p> <p><i>Provide information on whistleblowing policy, practices and procedures for stakeholders</i></p> <p>The Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customers, shareholders, vendors, suppliers and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a>.</p> <p>Reference:          ✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)  <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a> </p>	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts	Compliant	<i>Provide information on the alternative dispute resolution system established by the company.</i>	

<p>and differences with key stakeholders is settled in a fair and expeditious manner.</p>		<p>Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.5, pages 29-30  <a href="https://www.smprime.com/corporate-governance-manual">https://www.smprime.com/corporate-governance-manual</a></li> <li>✓ 2023 Integrated Report, Alternative Dispute Resolution System, page 105  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Additional Recommendations to Principle 14</b>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p><i>Disclose any requests for exemption by the company and the reason for the request.</i></p> <p>For Year 2023, the Company did not seek any exemption from any regulatory body. The Company endeavors to comply with corporate governance rules and regulations.</p> <p>All requirements are immediately submitted to the Securities and Exchange Commission, Philippine Stock Exchange, and other regulators. Further,</p>	

		<p>disclosures are uploaded in PSE Edge and posted on the Company website.</p> <p>Further, the Code of Ethics mandates full compliance with all applicable laws and regulations. In this regard, the Company has an whistleblowing policy, or the Policy on Accountability, Integrity and Vigilance which effectively creates an environment where concerns and issues regarding violation of policies, law or regulation may be raised freely within the organization.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ PSE Edge, SMPH Disclosures <a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=112">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=112</a></li> <li>✓ Company Website, Disclosures <a href="https://www.smprime.com/corporate-disclosure">https://www.smprime.com/corporate-disclosure</a> <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a> <a href="https://www.smprime.com/annual-corporate-governance-report">https://www.smprime.com/annual-corporate-governance-report</a></li> <li>✓ Code of Ethics <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul>	
2. Company respects intellectual property rights.	Compliant	<i>Provide specific instances, if any.</i>	

		<p>SM Prime has always been committed to comply with all the regulatory requirements including compliance to intellectual property. Upon commencement of development of new projects, SM Prime generally files applications for the registration and subsequent maintenance of intellectual property rights on the use of various trademark, logos for company branding and names for each of its commercial and residential development projects.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report Intellectual Property, page 8 Governmental regulations and environmental laws, page 9 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Code of Ethics, Sec II.A. Compliance with Laws, page 1 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> </ul>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p><i>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</i></p> <p>The Company's Customer Welfare Policy is incorporated in the Code of Ethics. Further, efforts of the Company to address issues involving its customers are also disclosed in the 2023 Integrated Report and on the Company website.</p>	

SM Prime prioritizes safety and security in all its properties and requires all its Business Units to have Emergency Response Procedures in place. The safety and security system implemented in its mall and commercial properties is audited annually by third parties. This gives the Company confidence that risks and impact related thereto are minimized, and necessary improvements in the system are identified and addressed.

References:

- ✓ Code of Ethics, Sec III.C. Customer Welfare, page 3  
<https://www.smprime.com/code-of-business-conduct-and-ethics/>
- ✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-8  
<https://www.smprime.com/annual-financials>
- ✓ Enterprise Risk Management, Key Risks and Risk Management Program  
<https://www.smprime.com/enterprise-risk-management>
- ✓ 2023 Integrated Report, Stakeholder Engagement, pages 20-23  
Enterprise Risk Management, Risk and Risk Management Programs, pages 110-117  
<https://www.smprime.com/annual-reports/>  
<https://www.smprime.com/sustainability-reports/>
- ✓ Other Corporate Governance Related Documents, Stakeholder Engagement

		<a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p><i>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</i></p> <p>SM Prime continuously aims to partner with suppliers and contractors that share its sustainability vision and adheres to the Company's environmental and worker health and safety policies. The Company's Supplier Selection Policy is disclosed in its 2023 Integrated Report and on the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report</li> <li>Suppliers and Contractors, page 22</li> <li>Suppliers and Value Chain, page 55</li> <li>Supplier Selection, page 104</li> <li><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a></li> <li><a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Supplier Selection Policy</li> <li><a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul>	

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

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p><i>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</i></p> <p>The Company implements various programs involving it employees and encourage them to actively participate in the realization of the Company's objectives. This includes regular dialogue through focus group discussions, employee engagement survey, meetings and annual forums.</p> <p>SM Prime promotes the dynamic growth and sustained wellness of its workforce with developmental programs and activities. The invaluable contribution of the employees extends to the relationships within and beyond the Company. As the Company grows, so does the employee who adheres to proper principles.</p> <p>SM Prime provides opportunities for employees to engage and promote positive impact with the communities it serves through various employee volunteerism programs.</p> <p>Further, SM Cares is the corporate social responsibility arm of SM Supermalls. It was launched in 2004 to organize sustainability and community support efforts, into a comprehensive program that tackles a wide range of initiatives.</p> <p>References:  ✓ 2023 Integrated Report</p> <p>Sustainability Framework, pages 16-19</p>	
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		<p>Employees and Supply Chain, pages 52-55</p> <p>Philanthropy and Corporate Social Responsibility, pages 76-87</p> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <p>✓ Social and Relationship Capital  <a href="https://www.smprime.com/community">https://www.smprime.com/community</a></p>	
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p><i>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</i></p> <p>In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers an incentive plan designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the incentive over a period of several years. The proportionate deferred portion of the incentive is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p>	

		<p>Annual performance appraisals are regularly conducted which allow communication between employees and their immediate heads. Feedback from performance appraisal review are also incorporated into training and development.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2023 Integrated Report, Employees and Supply Chain, pages 52-53  <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  <a href="https://www.smprime.com/disclosure-transparency">https://www.smprime.com/disclosure-transparency</a></li> </ul>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p><i>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</i></p> <p>The Company's Employee Welfare Policy is incorporated in the Code of Ethics. The 2023 Integrated Report also discloses efforts of the Company with regard to health, safety and welfare of its employees.</p> <p>Further, the Company engages third party provider to perform safety and security audit to its properties to ensure customer welfare including its employees.</p> <p>References:</p>	

		<ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec III.D. Employee Welfare, page 3 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ Employee Welfare, Employee Wellness and Development Programs <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report Safety, Health and Wellness, page 55 Employees and Supply Chain, pages 52-53 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-8 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Enterprise Risk Management, Key Risks and Risk Management Program <a href="https://www.smprime.com/enterprise-risk-management">https://www.smprime.com/enterprise-risk-management</a></li> </ul>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p><i>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</i></p> <p>Information about the training and development of employees are disclosed on the Company website. The 2023 Integrated Report also discloses efforts of</p>	

		<p>the Company for the employees' holistic development.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Employee Welfare, Employee Wellness and Development Programs <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report, Employees and Supply Chain, pages 52-53 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Recommendation 15.2</b>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	Compliant	<p><i>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</i></p> <p>The Company stresses full compliance with laws and adherence to ethical practices, as stated in the Code of Ethics. It also has a whistleblowing policy called Policy on Accountability, Integrity and Vigilance (PAIV), which provides for an environment where corrupt practices are reported to the appropriate level of Management for immediate action. It has also issued Guidelines on the Acceptance of Gifts and Travel Sponsored by Business Partners.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9</li> </ul>	

		<a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a>  ✓ Policy on Accountability, Integrity and Vigilance <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a>  ✓ 2023 Integrated Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 104 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p><i>Identify how the board disseminated the policy and program to employees across the organization</i></p> <p>Through the Human Resource Department's (HRD) orientation program, new employees are given an overview of the various components of SM Prime's Corporate Governance Framework, the Code of Ethics and related policies which are also contained in an internal portal for employees' easy access and reference. It also covers the importance of ethics in the business, informs employees of their rights and obligations, as well as the principles and best practices in the promotion of good work ethics. Relative to this, the Corporate Governance team through HRD, on an annual basis, requires all employees to complete the Annual Code of Ethics (ACE) Course. This specifically includes the following:</p> <ul style="list-style-type: none"> <li>✓ Confirmation – to confirm that employees have read and understood and agrees to comply with our Company's Code of Ethics, Code of Discipline, Insider Trading Policy,</li> </ul>	

		<p>Conflict of Interest Policy, Code of Conduct and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), among others</p> <ul style="list-style-type: none"> <li>✓ e-Learning Courses (self-paced learning) - to be familiarized with the proper disposition of actual or perceived Conflict of Interest situations .</li> <li>✓ Disclosure Survey - to disclose each employees' affiliations, interests, relationships, and/or transactions which are relevant for full disclosure of all actual, apparent or possible conflicts of interest.</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, pages 52-53 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report, Communication and Compliance, page 106 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> </ul>	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p><i>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</i></p> <p><i>Include any finding of violations of the company policy.</i></p>	

		<p>The Company prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The Acceptance of Gifts and Travel Sponsored by Business Partners or Anti-Corruption Policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ 2023 Integrated Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 104 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></li> <li>✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> </ul>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p><i>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</i></p> <p><i>Indicate if the framework includes procedures to protect the employees from retaliation.</i></p>	

*Provide contact details to report any illegal or unethical behavior.*

The Company's Code of Business Conduct and Ethics and Policy on Accountability, Integrity and Vigilance (PAIV), were adopted to create an environment where concerns and issues, made in good faith, may be raised freely by all personnel, including the directors, officers and employees, as well as customers, suppliers, shareholders, service providers and all other stakeholders.

Further, contact details of the Company's Investor Relations Office and AVP for Enterprise Risk Management and Corporate Governance are both disclosed in the Annual Report. In addition, the Company's website has a separate Contact Us section, which may be used by stakeholders to voice out their concerns. For corporate governance matters, email address of the Corporate Governance team is also disclosed on the Company website.

References:

- ✓ Code of Ethics, Sec IV. Reporting Ethics Violations, page 5  
<https://www.smprime.com/code-of-business-conduct-and-ethics/>
- ✓ 2023 Integrated Report, Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), page 104  
<https://www.smprime.com/annual-reports/>  
<https://www.smprime.com/sustainability-reports/>

		<ul style="list-style-type: none"> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 13 – Corporate Governance, Contact Details, page 53 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ Contact Us page <a href="https://www.smprime.com/contact-us">https://www.smprime.com/contact-us</a></li> <li>✓ Rights of Shareholders <a href="https://www.smprime.com/rights-of-shareholders/">https://www.smprime.com/rights-of-shareholders/</a></li> </ul>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Based on the Company's Whistleblowing Policy, violations or suspected violations of Company policies shall be made in writing to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a>.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec IV. Reporting Ethics Violations, page 5 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://www.smprime.com/company-policies">https://www.smprime.com/company-policies</a></li> </ul>	

		✓ 2023 Integrated Report, Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), page 104 <a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a> <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p><i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i></p> <p>The Audit and Risk Oversight Committees are also informed of all such complaints or reports and their status to be rendered by the Compliance Officer.</p> <p>The Board is informed on all critical concerns reported to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a>. Any complaints filed is directly communicated to a committee including the Corporate Governance Committee Chairperson who is an independent director.</p>	
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the	Compliant	<p><i>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</i></p> <p>The Company's Corporate Social Responsibility Policy is incorporated in the Code of Ethics.</p>	

<p>advancement of the society where it operates.</p>		<p>Moreover, the Company, through SM Cares, conducts programs and implements projects involving its various stakeholders. These, along with the Company's environmental accomplishments, are disclosed in the 2023 Integrated Report.</p> <p>SM Prime also values the importance of forging relationship and collaboration of various stakeholders to ensure shared commitment to community welfare.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec III.E. Corporate Social Responsibility, page 3  <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ 2023 Integrated Report</li> </ul> <p>Our Value Creation Model and Strategy Sustainability Framework, pages 16-17</p> <p>Valuing Our Natural Capital, pages 38-40</p> <p>Stronger Together:  SM Prime's Partnerships for Climate and Disaster Response Reach Higher Ground, pages 61-67</p> <p>Partnerships and Collaborations, pages 68-75</p> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p> <ul style="list-style-type: none"> <li>✓ Social and Relationship Capital  <a href="https://www.smprime.com/community">https://www.smprime.com/community</a></li> </ul>	
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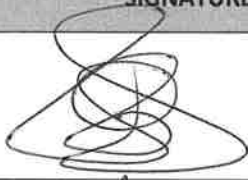

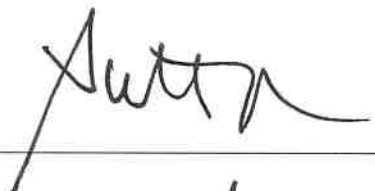
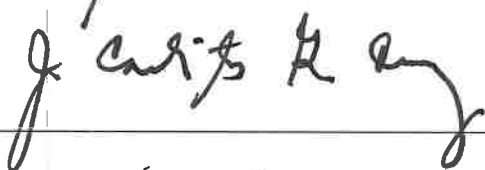


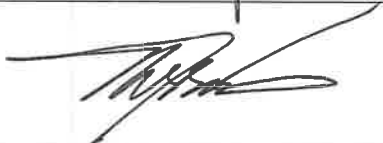
<b>Optional: Principle 16</b>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p><i>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</i></p> <p>Consistent with its Mission, the Company's Environmental Sustainability Policy is incorporated in the Code of Ethics and in the Integrated Report.</p> <p>Further, the Company complies with the requirements and laws of different government agencies including the Department of Environment and Natural Resources.</p> <p>Resources:</p> <ul style="list-style-type: none"> <li>✓ Vision and Mission <a href="https://www.smprime.com/corporate-profile/">https://www.smprime.com/corporate-profile/</a></li> <li>✓ Code of Ethics, Sec III.F. Environmental Sustainability, pages 3-4 <a href="https://www.smprime.com/code-of-business-conduct-and-ethics/">https://www.smprime.com/code-of-business-conduct-and-ethics/</a></li> <li>✓ Annual Financials, 2023 17-A Annual Report, Item 1. Business, Governmental regulations and environmental laws, page 9 <a href="https://www.smprime.com/annual-financials">https://www.smprime.com/annual-financials</a></li> <li>✓ 2023 Integrated Report</li> </ul> <p>Our Value Creation Model and Strategy Sustainability Framework, pages 16-17</p>	

		<p>Statement on sustainable development strategy, pages 16-47</p> <p>Valuing Our Natural Capital, pages 38-40</p> <p>Philanthropy and Corporate Social Responsibility, pages 76-87</p> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<p><i>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</i></p> <p>SM Prime serves as a catalyst for positive change in Philippine society. The Management Team and employees embrace the opportunity to do something different, something better for the Filipino people. SM Cares is not only a Program but a way of life.</p> <p>As a responsible corporate entity, SM Prime remains committed to its role as a catalyst for economic growth by enriching the quality of life of millions of Filipinos. As an environmental steward, SM Prime ensures that its core business strategy hinges on four sustainability pillars: Economy, People, Environment and Community, that are ingrained in its sustainable investments and operations.</p> <p>References:  ✓ 2023 Integrated Report</p>	

		<p>Our Value Creation Model and Strategy Sustainability Framework, pages 16-17</p> <p>Valuing Our Natural Capital, pages 38-40</p> <p>Stronger Together: SM Prime's Partnerships for Climate and Disaster Response Reach Higher Ground, pages 61-67</p> <p>Partnerships and Collaborations, pages 68-75</p> <p>Philanthropy and Corporate Social Responsibility, pages 76-87</p> <p><a href="https://www.smprime.com/annual-reports/">https://www.smprime.com/annual-reports/</a>  <a href="https://www.smprime.com/sustainability-reports/">https://www.smprime.com/sustainability-reports/</a></p>	
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## 2024 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT APPROVAL SHEET

Pursuant to the requirement of the Securities and Exchange Commission, the undersigned hereby approve the Integrated Annual Corporate Governance Report of SM Prime Holdings, Inc.

NAME	SIGNATURE
Henry T. Sy, Jr. Board Chairman	
Jeffrey C. Lim President	
Amando M. Tetangco, Jr. Vice-Chairman / Lead Independent Director	
J. Carlitos G. Cruz Independent Director	
Atty. Darlene Marie B. Berberabe Independent Director	
John Nai Peng C. Ong Compliance Officer	
Atty. Elmer B. Serrano Corporate Secretary	

**SUBSCRIBED AND SWORN** to before me this MAY 06 2024 at TAGUIG CITY,  
affiant(s) exhibiting to me their valid IDs:

Name	Valid IDs
Jeffrey C. Lim	Passport No. [REDACTED] issued at [REDACTED]
Amando M. Tetangco, Jr.	Passport No. [REDACTED] issued at [REDACTED]
J. Carlitos G. Cruz	Passport No. [REDACTED] issued at [REDACTED]
John Nai Peng C. Ong	Passport No. [REDACTED] issued at [REDACTED]
Elmer B. Serrano	TIN [REDACTED]


Doc No. 309 ;  
Page No. 73 ;  
Book No. II ;  
Series of 2024.

**JESSE JOHN M. HERMOSO**  
Appointment No. 132 (2023-2024)  
Notary Public for Taguig City  
Until December 31, 2024  
Attorney's Roll No. 83148  
1105 Tower 2 High Street South Corporate Plaza  
26th Street, Bonifacio Global City, Taguig City  
PTR Receipt No. A-6104223; 01-03-24; Taguig City  
IBP Receipt No. 398768; 01-04-24; Pasig City  
Admitted to the Bar on June 2022

**SUBSCRIBED AND SWORN** to before me this MAY 13 2024 at TAGUIG CITY,  
affiant(s) exhibiting to me their valid IDs:

Name	Valid IDs
Henry T. Sy, Jr.	Driver's License No. [REDACTED] [REDACTED]
Darlene Marie B. Berberabe	Passport No. [REDACTED] issued at [REDACTED]

Doc No. 378 ;  
Page No. 77 ;  
Book No. II ;  
Series of 2024.

  
**JESSE JOHN M. HERMOSO**  
Appointment No. 132 (2023-2024)  
Notary Public for Taguig City  
Until December 31, 2024  
Attorney's Roll No. 83148  
1105 Tower 2 High Street South Corporate Plaza  
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IBP Receipt No. 398768; 01-04-24; Pasig City  
Admitted to the Bar on June 2022

# ANNEX A

## Publication of 2023 Notice of Annual Stockholders' Meeting

Manila Bulletin – March 20 2023	<a href="https://mb.com.ph/2023/3/20/sm-prime-holdings-inc-to-hold-annual-stockholders-meeting-for-2023">https://mb.com.ph/2023/3/20/sm-prime-holdings-inc-to-hold-annual-stockholders-meeting-for-2023</a>
Manila Bulletin – March 21 2023	<a href="https://mb.com.ph/2023/3/21/sm-prime-holdings-inc-to-conduct-its-annual-stockholders-meeting-for-2023">https://mb.com.ph/2023/3/21/sm-prime-holdings-inc-to-conduct-its-annual-stockholders-meeting-for-2023</a>
Philippine Daily Inquirer – March 20 2023	<a href="https://business.inquirer.net/391655/sm-prime-holdings-inc-notice-of-annual-stockholders-meeting-1-of-2-2">https://business.inquirer.net/391655/sm-prime-holdings-inc-notice-of-annual-stockholders-meeting-1-of-2-2</a>
Philippine Daily Inquirer – March 21 2023	<a href="https://business.inquirer.net/391659/sm-prime-holdings-inc-notice-of-annual-stockholders-meeting-2-of-2-2">https://business.inquirer.net/391659/sm-prime-holdings-inc-notice-of-annual-stockholders-meeting-2-of-2-2</a>

# Gov't urged to irrigate farmlands year round

By RENEE CORUÉS-MAGALLAN

The government has been urged to irrigate at least a million hectares of farmlands throughout the year to ensure farmers can plant year-round and resolve the food supply issues in the country.

In a letter to President Ferdinand Marcos Jr., businessman Oscar I. Violago, who started and pioneered the successful 6,600-hectare Causan Multi-purpose Irrigation and Power project together with his partner, California Energy, which was later acquired by Warren Buffett's Mid-America Energy, urged the government to develop a system of shallow wells (as deep as 30 meters) based on the Israeli-solar power technology.

"Without water during the dry season, our farmers will remain hopeless and helpless. The only and best solution therefore, is to make water available to our farmers throughout the year," he said in his letter to the President. If the country cannot secure enough food production, he said the government will continue importing rice and subsidize the foreign farmers instead of Filipino farmers.

Violago shared that Israel offers to the Philippines to build solar irrigation with shallow wells on a government-to-government basis. According to Violago, the project endorsed by Sen. Cynthia Villar and approved by the National Development Authority three years, but still needs the president's approval.

He said the Israelis were willing to build the shallow wells solar irrigation payable in 15 years with a 3-year grace period at a price per hectare of P150,000, which is 50 percent lower than what the National Irrigation Administration is

currently paying for. Violago has also proposed the same project to the Department of Finance.

Randomly his computation, irrigating one million hectares of land would cost P12 billion for 15 years at P150,000 cost of irrigation per hectare.

But this should make the Philippines an exporter of rice, corn, vegetables, among others.

"If we can afford to borrow hundreds of billions of pesos for our subways, airports and other large infrastructure projects, why can we not do the same for our farmers?" he asked.

He further noted that if the government can spend billions for 4Ps annually, why not spend the same for Filipino farmers?

"Our solar irrigation in shallow wells areas in one million to 3 million hectares will make us food self-sufficient, rice and corn exporters, and improve the lives of our farmers. This will be a great legacy for the President," he said.

Violago, who spearheaded the Causan project and operational since 2001, is now irrigating 17,000 hectares of new rice lands thereby producing an additional 465,000 metric tons of rice per year. The farmers in Nueva Ecija can now plant throughout the year even during the El Niño phenomenon. It is also producing 150 MW of hydropower and created 18,000 new jobs in the process.

Violago is also a partner of the Wawa Bulk Water Supply Project, a joint venture of Violago's San Lorenzo Ruiz Builders and Developers Group, Inc. (SLRB) and Prime Infra of business tycoon Enrique Ranes. The water supply is a private off-take arrangement between water concessionaire Manila Water Company (MWC) and Wawa PWD. It will ensure water supply delivery of 80

million liters per day (MLD) by 2022 and 500 to 750 MLD upon completion of its 85-meter high dam. It will also help minimize the flooding in the Marikina and Pasig Rivers and Metro Manila.

It was inaugurated last December 6, 2022 and it was a very memorable day for Violago because after 29 years his dream finally became a reality. In 1993, when he applied for the water rights, nobody believed his vision, he said. He was criticized for the project and that Wawa was a risky move.

He is also developing an 1,000 MLD water source for Metro Manila together with Maynilad of the MVR Group. He is also going to offer 1000 to 2000 MLD for Davao City and a big water supply to Cebu.

Currently, Violago has embarked on several projects involving water supply and renewable energy. For renewable energy, SLRB has applied for more than 6,000 MW of solar power capacity. Through Olympia Violago Power Inc. (OVPI), he is also developing the 500MW Wawa River Hydropower Project with Ranes.

In the same area, OVPI will apply for another 1,000 MW of pumped storage and is aiming to develop a total of 5,000 MW or more of pumped storage all over the Philippines as a much-needed battery for renewable energy.

## SM PRIME

Notice of Annual Stockholders' Meeting

Tuesday 1 April 2023 1:30 p.m.

Forbes Ballroom 1 and 2, Conrad Manila

Seaside Blvd, corner Coral Way, Mal de Asia Complex, Pasay City

Dear Stockholders:

The Annual Stockholders' Meeting of **SM PRIME HOLDINGS, INC.** (the Company) will be held on **April 25, 2023 (Tuesday)**, 2:30 p.m., at **Forbes Ballroom 1 and 2, Conrad Manila Seaside Blvd, corner Coral Way, Mal de Asia Complex, Pasay City**, and will be livestreamed for stockholders participating remotely.

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 25, 2022
4. Approval of Annual Report for 2022
5. Open Forum
6. General Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Election of Directors for 2023-2024
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 17, 2023** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote in absentia, at such meeting and any adjournment thereof.

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by registering at [asmregister@smprime.com](mailto:asmregister@smprime.com) and submit the required information on or before **April 26, 2023**. All information received will be subject to verification by the Company.

Stockholders may also accomplish a proxy form (which need not be notarized) and send the same to the Office of the Corporate Secretary on or before **2:30 p.m. on April 22, 2023 (Saturday)** at **1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifake Global City, Taguig City** pursuant to the Company's By-laws.

Stockholders participating remotely can then cast their votes in absentia through the Company's secure online voting facility and access the livestreaming of the meeting. Detailed log-in instructions will be sent to the email provided by each shareholder to the Company. The registration and voting procedures are set forth in the "Guidelines for Remote Participation and Voting in Absentia" approved by the Definitive Information Statement posted on the Company's website and PSE EDGE.

For further information, please visit [www.smprime.com/annual-stockholders-meeting](http://www.smprime.com/annual-stockholders-meeting)

Thank you.

Taguig City, February 26, 2023.

*ELYN B. BERANO*  
Corporate Secretary

## External debt service falls 12.4%

By LIZ C. COMPAÑON

Philippines' external debt service burden as of end-November 2022 dropped to \$7.17 billion or down by 12.4 percent from same period in 2021 of \$8.19 billion because of fewer prepayments of loans.

Based on Bangko Sentral ng Pilipinas (BSP) data, principal payments declined by 38.1 percent to \$3.94 billion during the period versus \$6.37 billion previously. Principal external debt service are mostly fixed and revolving short-term liabilities.

Meanwhile, interest payments rose 69.1 percent to \$3.39 billion from \$2 billion same time in 2021.

As previously explained by BSP Deputy Governor Francisco G. Dakila Jr., debt service burden decreases when there are no prepayments of loans and bond redemptions/repayments from

the public and private sectors during a period or a month.

Debt service burden, which represents both principal and interest payments after restructuring, is (from medium to long term credits which includes International Monetary Fund credits, other loans and facilities).

As of end-September 2022, the country's outstanding external debt totaled \$107.91 billion, up by 1.87 percent from same period in 2021 of \$105.93 billion.

Public sector debt totaled \$54.8 billion and about 87.7 percent or \$56.8 billion of public sector obligations were National Government borrowings. Private sector debt amounted to \$53.1 billion. The external debt level is currently higher than the BSP-managed gross international reserves of \$56.25 billion as of end 2022.

The country's external debt as a

ratio against gross domestic product (GDP) is equivalent to 26.8 percent, lower than 27.3 percent same time in 2021.

The BSP said in December, when they released the latest external debt data, that the "low" debt level to GDP ratio which is a solvency indicator, still "indicates the country's sustained strong position to service foreign borrowings in the medium to long-term."

As of end-September 2022, the debt service ratio (DSR) stood at 5.4 percent compared to 8.2 percent same period last year due to lower repayments accompanied by higher receipts, said the central bank.

The DSR, which is the debt service burden, measures the adequacy of the country's foreign exchange earnings and its capacity to pay its foreign currency loans.

## ERC weighs rate hike impact of expiring Malampaya contracts

By MYRNA VELASCO

contracts will already lapse.

The Energy Regulatory Commission (ERC) will be studying the probable rate hikes or cost impact that consumers will have to brace for once all the gas sale and purchase agreements (GSPAs) for the Malampaya gas field project expire next year.

ERC Chairperson Menalisa C. Dimalanta noted that with the expiration of the initial 25-year Service Contract (SC) 38 of the Malampaya gas field venture by February next year, the power plants are anticipated to shift to imported liquefied natural gas (LNG) and that is seen to be a more expensive option if compared to the indigenous gas being extracted from the commercially producing field of the country.

"We will be losing that benefit once Malampaya supply ceases and the plants will shift to LNG - so that's what the ERC has been keenly watching - how do we manage, how do we mitigate that exposure of consumers to the volatility of another imported resource," the chief regulator stressed.

Currently, the GSPAs of Malampaya are with the various gas plants of First Gen Corporation - namely the 1,000-megawatt Santa Rita, 1,000MW San Luis, 614MW San Gabriel and 920MW Arvin plants. By February next year, however, all of these gas supply

To prepare for that eventuality, the ERC-led First Gen has already built its LNG import facility and that is anticipated to start its commercial operations by the middle of this year.

Dimalanta stated "the gas contracts will already expire, we don't have no more resource coming from the reservoir. And even if the license for the operator is extended, they may need to invest first to expand the area of operations and get more supply."

She added "from the timeframe of putting in fresh investment to the time when new gas production will materialize, that will take time."

It is within that context, the ERC chief emphasized, that DOR has lined up LNG as the "bridge fuel," while the country has yet to ascertain if there's really additional gas that can still be lifted from the Malampaya field.

Dimalanta expounded that the differentiating advantage of Malampaya gas is that there's no logistics cost involved for importation, and there are no import duties factored in also in the final cost of the commodity because these are sourced within country.

Nevertheless, Malampaya gas is still exposed to volatility of global fuel prices, because its pricing is indexed on Dubai crude and there is also reference rate set for foreign exchange movements.

## Home Credit PH gets double-A rating

Home Credit Philippines (HCPH) was assigned a high issuer Credit Rating of PRS Aa (corp.), with a Stable Outlook, by Philippine Rating Services Corporation (PhilRatings).

The firm, whose corporate name is HC Consumer Finance Philippines, Inc., is a financial institution which focuses on lending to people with little or no credit history who may be underserved by traditional banks.

An Issuer Credit Rating is an opinion on the general and overall creditworthiness of the company, evaluating its ability to meet all its financial obligations within a time horizon of one year.

A company rated PRS Aa (corp.)

differs from the highest rated corporate (PRS Aaa) only to a small degree, and has a strong capacity to meet its financial commitments relative to that of other Philippine corporates. A Stable Outlook means that rating is likely to be maintained in the next 12 months.

In assigning the rating and Outlook, PhilRatings said it considered HCPH's ability to sustain growth and compete in its chosen niche, despite the presence of other lending institutions; the contemplated entry of strong shareholders; and the Company's steady growth which is expected to be sustained.

Since HCPH's launch in 2013, it

has lent to millions of customers nationwide, with also millions of monthly active mobile app users as of end-2022.

The Company uses its vast point-of-sale (POS) presence in all major malls and mid-sized stores all over the country to optimize accessibility to its customers.

Such omni-channel business model enables the Company to be present wherever and whenever customers need financing.

Despite several competitors in the consumer lending industry, HCPH has been able to grow and compete in its chosen niche. (Bernie Cahiles-Magkila)

## ACR to benefit from WESM, MVIP

By JIMIE A. LUYRA

Alcons Consolidated Resources, Inc. (ACR), the investment arm of the Alcantara family, is seen to benefit from the start of the Wholesale Electricity Spot Market (WESM) in Mindanao and the upcoming completion of the Mindanao-Visayas Interconnection Project (OVIP).

According to Philippine Rating Services Corporation (PhilRatings), the targeted completion of the MVIP this month will allow ACR to sell its capacities to Visayas and Luzon as MVIP aims for the physical integration of Mindanao with the broader Luzon-Visayas Grids.

Meanwhile, WESM's start of operations in Mindanao last January also allows ACR to sell its uncontracted

capacities outside Mindanao. This can also help address the oversupply situation in the region.

WESM is a centralized platform for buyers and sellers to trade power as a commodity. Both the Luzon and Visayas Grids have long been integrated into the WESM.

Because of this and other factors, PhilRatings has assigned ACR an Issuer Credit Rating of PRS Aa minus (corp.), with a Stable Outlook in relation to the firm's P3.9 billion Commercial Paper (CP) Program, of the total shelf amount, P1.62 billion is outstanding as of March 13, 2023.

A company rated PRS Aa (corp.) differs from the highest rated corporate only to a small degree, and has a strong capacity to meet its financial commitments relative to that of other

Philippine corporates. A Stable Outlook means a rating is likely to be maintained in the next twelve months.

Aside from the impact of MVIP and WESM, the rating also reflects ACR's ability to establish joint ventures with strong partners for particular projects and its planned expansion projects which will further diversify its generation mix.

Also considered are the challenges encountered in securing bilateral contracts for ACR's diesel power plants; its subbund profitability in 2021 due mainly to increasing costs, albeit signs of recovery are already seen in the first nine months of 2022; and its ample liquidity, supported by positive operating cash flows.

## PH external...

B-1

Private sector debt totaled \$43.9 billion due to net avancements of \$354 million, followed by the transfers of Philippine debt papers from residents to non-residents of \$228 million and positive FX revaluation of \$116 million, said the BSP.

Last year, the country's debt service ratio (DSR) continued to improve to 6.3 percent compared to 7.5 percent in 2022 because of higher receipts and lower repayments. The DSR, which is the debt service burden, measures the Philippines' FX earnings and its adequacy to meet maturing obligations.

About 85.1 percent of the country's external debt maturity profile are medium- and long-term (MLT) with original maturities longer than one

year. The BSP noted that the weighted average maturity for all MLT accounts increased to 12.3 years from 18.9 years as of end-September 2022. Public sector borrowings have an average term of 20.6 years compared to private sector's seven years.

Short-term accounts or loans with original maturities of up to one year accounted for only 14.9 percent of external debt, mostly bank liabilities, trade credits and others.

"This means that FX requirements for debt payments are still well spread out and, thus, manageable," said the BSP. Of the MLT accounts, 56.5 percent have fixed interest rates, 4.1 percent carry variable coupon rates, and 1.8 percent balance are non-interest bearing.

# FNI secures supply contract with Baosteel

By JAMES A. LOVOLA

Global Ferronickel Holdings, Inc. (FNI) has signed an Annual Purchase Agreement with Baosteel Resources International Co. Ltd. for the supply of 1.5 million WMT of nickel ore for the 2023 mining season.

In a disclosure to the Philippine Stock Exchange, FNI said the nickel ore will be coming from its operating mines in Surigao del Norte and Palawan, operated by Platinum Group Metals Corporation (PGMC) and Ipihan Nickel Corporation (INC), respectively. "Our two operating mines have given us the ability to undertake year-round production to better support the growing demand from China," said FNI President Dante R. Bravo.

He added that, "The easing of

Covid-19 restrictions and the robust growth of China's property sector that is driving the need for stainless steel will help boost the nickel industry."

Should stockpile inventory permit, one-third of the shipment will be composed of low-grade nickel ore with 0.90 percent nickel content and 4.9 percent iron content while the remainder will be medium- to high-grade nickel ore with 1.30 percent to 1.60 percent nickel content and 15 percent to 25 percent iron content.

The selling price of each shipment will be set on a monthly basis according to the prevailing market price at the time of price setting.

Baosteel Resources International Co., Ltd. is a wholly owned subsidiary of the top Chinese steel manufacturing corporation China Baowu Steel Group and is engaged in the business

of mineral resource investment, trading, and logistics services.

Notably, the company highly specializes on trading of metallurgical raw material with annual volume of over 60 million tons covering a vast range of products such as iron, ore, coal, alloys, non-ferrous metals, ferrous scraps, metallurgical flux, etc.

Baosteel Resources maintains over 100 overseas suppliers and over 40 overseas clients. The company's headquarters is located in Hong Kong with footprints in Australia, Singapore, South Africa, Indonesia, and several others.

## SM PRIME

Notice of Annual Stockholders' Meeting  
Tuesday | April 25, 2023 | 2:30 p.m.  
Forbes Ballroom 1 and 2, Conrad Manila  
Seaside Blvd. corner Coral Way, Mail of Asia Complex, Pasay City

Dear Stockholders:

The Annual Stockholders' Meeting of **SM PRIME HOLDINGS, INC.** (the Company) will be held on **April 25, 2023 (Tuesday), 2:30 p.m.** at **Forbes Ballroom 1 and 2, Conrad Manila Seaside Blvd. corner Coral Way, Mail of Asia Complex, Pasay City**, and will be livestreamed for stockholders participating remotely.

### AGENDA

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5. Open Forum
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7. Election of Directors for 2023-2024
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 17, 2023** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote in absentia, at such meeting and any adjournment thereof.

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by registering at [asmregister.smpriime.com](http://asmregister.smpriime.com) and submit the required information on or before **April 20, 2023**. All information received will be subject to verification by the Company.

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For further information, please visit [www.smpriime.com/annual-stockholders-meeting](http://www.smpriime.com/annual-stockholders-meeting).

Thank you.

Taguig City, February 26, 2023.

  
ELMER B. SERRANO  
Corporate Secretary

## EastWest Bank posts ₱4.6-B profit

By JAMES A. LOVOLA

EastWest Bank (EW) reported a net income of ₱4.6 billion last year, slightly higher than the ₱4.5 billion earned in 2021 but 42 percent higher if excluding one-off items in the previous year.

In a disclosure to the Philippine Stock Exchange, the bank said it grew its core revenues by 12 percent to ₱28.1 billion in 2022.

Total assets ended at ₱211.4 billion, with the Bank's balance sheet structure shifting largely towards higher yielding consumer lending assets.

Taking advantage of the country's economic recovery, loans grew by 20 percent bolstered by credit cards, business loans and key salary loan segments.

Total deposits were steady at ₱329.2

billion with CASA ratio improving to 79 percent from the previous year's 75 percent.

"We accelerated our loan bookings in the second half across all lending products which improved our earning capacity back to pre-pandemic levels. We intend to exceed this in 2023, as we carry on the momentum from last year," said EW President Jackie S. Fernandez.

The Bank invested heavily on IT systems to help improve its digital services and prime it for faster digital innovations, increasing its operating expenses by 3 percent to ₱17.0 billion.

Its capital ratios continue to stand at a healthy 13.8 percent and 13.0 percent for Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio, respectively, well above the regulatory requirements.

"The full year impact of our 2022 asset build-up will be felt this year on our core income performance. The growth momentum should improve this further as we exceed pre-pandemic asset levels this year," said newly-appointed EW Chief Executive Officer Jerry G. Ngo.

He added that, "Though we expect some headwinds particularly from the higher interest rate environment, the country's growth prospects remain intact. We believe that EW is at the right place and at the right time, as we partner with our customers to rebuild and grow together."

## PNB 2022 earnings reach ₱11.6 B

By JAMES A. LOVOLA

Philippine National Bank registered a 63 percent drop in net income to ₱11.6 billion in 2022 from ₱31.6 billion in 2021 which included a ₱33.3 billion gain from the transfer of real estate assets to a subsidiary.

In a disclosure to the Philippine Stock Exchange, PNB said that, taking into effect of this one-off gain, its pre-tax income showed growth of 3.5 times year-on-year on the back of stronger core operating income in 2022.

Total operating income grew 19 percent last year, coming from sustained growth in core income and supplemented by substantial gains on disposal of the Bank's low-earning foreclosed properties.

Amid the rising interest rate environment in 2022, the net interest income of the Bank reached ₱37.3 billion, up by 7 percent year-on-year due to higher yields on interest-earning assets.

This translated to the Bank's net interest margin improving to 3.61 percent from 3.27 percent a year ago.

The Bank's core income was further boosted by the 5 percent growth on its fee-based revenues largely coming from fees on its deposits, bancassurance and underwriting transactions.

As part of its strategic initiatives

to reduce low-earning assets, the Bank concluded several sale transactions involving high-value foreclosed properties in 2022, which generated net gains on sale and exchange of ₱7.8 billion during the year, almost 8 times higher than the gains recorded in 2021.

Furthermore, gains from foreign exchange transactions expanded to ₱1.6 billion, up by 116 percent year-on-year.

These gains cushioned the impact of trading losses recorded in 2022 amounting to ₱1.3 billion with the up-trend in interest rates, brought about by the global monetary tightening during the year.

Operating expenses posted a moderate increase of 8 percent year-on-year on account of the taxes related to the property sales, as well as higher amortization costs for the leased properties of the Bank where it is actively holding its operations. These properties were the subject of the properties-for-shares swap executed in 2021.

The Bank's gross loan portfolio settled at ₱613.6 billion as of end-December 2022, lower by 3 percent from prior year's level, reflective of the Bank's lending stance to fast-track collection of short-term loans with minimal profitability and re-direct new loan grants to essential sectors that thrive in the new norm.

Credit provisions on the loan accounts are 44 percent lower than year-ago level arising from improvements in payment and credit status in 2022 of certain large exposures of the Bank.

On the funding side, the Bank's deposit liabilities likewise were reduced by 3 percent due to the Bank's strategy to trim down higher-cost time deposits.

However, this decline was tempered by the continued build-up of the Bank's current and savings deposits, which together grew by 4 percent year-on-year.

Consequently, total resources of the Bank stood at ₱115 trillion by end-2022, 4 percent lower compared to previous year's balance.

Despite the economic challenges in 2022, the Bank's equity remained robust as it increased by 5 percent year-on-year, bringing the Bank's Capital Adequacy Ratio to 15.38 percent and Common Equity Tier 1 Ratio to 14.58 percent.

"PNB improved its efficiency and profitability amidst challenging conditions and economic headwinds," said PNB Acting President Florio Casula.

He added that, "PNB's performance in 2022 is a good indicator that the Bank continues to deliver real value to our clients, investors, and the overall economy."

## BSP assures...

B-1-4

G. Focaccia, highlighted the differences between US banks and Philippine banks, namely, that local banks' loans are "less susceptible to changes in fair value whereas, security holdings of SVB was larger in relation to their capital."

Medalla also pointed out that local banks have lower market risk exposure compared to US banks.

"Losses of Philippine banks, including estimated net unrealized losses on security holdings due to the rising interest rate environment, are expected to be smaller (as a percentage of assets) relative to their US counterparts given that: (a) US Fed policy rate hikes were larger and came from a lower level than BSP policy rates; (b) PII yield curve did not invert similar to the US yield curve; and (c) US banks' bond holdings have longer tenors (as long as 30 years) whereas Philippine banks mostly hold government securities with residual maturity of up to 15 years," explained Medalla.

The BSP chief also said that local banks are maintaining a diversified lending base across counterparties and that "industry types and their loan quality is manageable."

"(Local banks) have strong risk governance and risk management systems. Banks maintain sufficient capital to absorb unexpected losses from policy rate increases (and) are highly liquid and tend to rely on a wide depositor base compared to US banks," he added.

Medalla reiterated that no Philippine banks have material exposures to the collapsed US banks.

"Nonetheless, the BSP will continue to closely monitor developments, assess their impact on the banking

system and respond accordingly," he said.

Medalla also emphasized that the BSP has previously implemented several structural reforms that will ensure the local banking system is safe and sound amid external shocks.

He cited as example adopted reforms such as: sound governance and risk management standards which enable banks to assume risks commensurate with their risk-bearing capacity; prudential limits and requirements, including the Basel III reforms on capital and liquidity standards which enable banks to maintain adequate capital and liquidity; and strengthened surveillance mechanisms and coordination efforts which allow the BSP to closely monitor developments that may pose risks to the financial system and proactively respond as warranted.

Medalla said that in case there are local banks that will be problematic such as liquidity issues, the BSP can grant emergency loan facilities for solvent banks that have "serious" liquidity problems. The recent amendment of the Philippine Deposit Insurance Corp. charter has also given the BSP enhanced resolution authority, said the BSP chief.

As of end-September 2022, which was the latest data, the banking sector's capital adequacy ratio (CAR) on a solo basis, dropped to 15.6 percent from 16 percent in end-June. However, the country's big banks' CAR which is a measure of capital health, is well above international and regulatory standards. On a consolidated basis, big banks' CAR was also lower at 16.2 percent from 16.5 percent. The BSP requires banks to have a CAR of 10 percent at least.

## Customs creates industry-wide advisory council

By CHINO S. LEYED

The Bureau of Customs announced the creation of an advisory council that will engage all stakeholders, like the private sector, in formulating strategies for the government's second largest tax agency.

In a statement on Monday, March 20, Customs Commissioner Bienvenido Y. Rubio said the advisory council will be the official forum for communications and consultations between the bureau and the business community.

Among its functions, Rubio said is to assist the commissioner in delivering "excellent" customs policies and services as well as identify obstacles in trade facilitation that result in delays and unnecessary costs.

"We believe that by bringing together various stakeholders to form an industry-wide advisory council, we will be able to develop even more relevant policies that respond to our present needs," Rubio said.

He said placing the feedback and

evaluation of partners and stakeholders will be at the core of his plans of action, noting that inclusivity will be a catalyst in obtaining effective solutions.

Last Friday, Rubio gathered the stakeholders of the bureau to recognize their contributions to the agency and present his five priority programs.

Rubio said the will prioritize the digitalization of Customs processes, hit and surpass their collection target, simplify procedures and facilitate secure trade, curb smuggling in all forms, and uplift employee welfare and development.

"The Five-Point Priority Program is the testament of our commitment to improving efficiency, upgrading systems and processes, and promoting integrity and professionalism," Rubio said.

Meanwhile, Customs has awarded its 2022 top importers. Among those recognized were Petron Corp., Philipinas Shell Petroleum Corp., Toyota Motor Philippines Corp., Unioil Petroleum Philippines Inc., Seaoil Philippines Inc.,

among others.

Rubio also reported that the bureau surpassed its collection target from January to mid-March 2023.

As of March 13, Customs collected ₱166.973 billion, higher by nine percent against its ₱153.02 billion goal for the period. Of that amount, ₱68.6 billion was garnered in the first month of Rubio's term.

Following the higher than expected collection performance, Finance Secretary Benjamin E. Diolito expressed his support to the bureau. "I believe Commissioner Rubio has perfectly captured in his presentation the depth and breadth of the Bureau's achievements, plans, and programs to help us sustain these gains," Diolito said.

"I challenge the Bureau of Customs to set a fresh vision and even loftier targets. I believe that you have what it takes to become a modern and world-class institution," he added.

## 25 bps rate...

B-1-4

pause likely at the May 18 meeting. If inflation slows further we could even see Gov (Felipe) Medalla cut RR (reserve requirement) if BSP does pause. RR cuts will only be carried out with inflation slowing after Gov Medalla learned hard lessons from 2018," added Mapa.

Meanwhile, in a market report released on Monday, First Metro Investment Corp. and its research partner, University of the Asia and the Pacific said domestic inflation likely has peaked in January.

"(A) downswing should ensue, albeit not as fast as policy makers would like since it will likely remain above -8% in Q1 (first quarter) and

above -7% in Q2," said FMIC-UK&P analysts.

The research arm of the Metro-bank Group also expects inflation will fall below six percent in the third quarter due to "the high base in 2022 where the inflation rate accelerated from March to December."

As for the exchange rate, currently ranging at the ₱54-₱55 level, FMIC-UK&P said: "While USD/PHP rate bucked the region's currency depreciation made in February, this won't last long due to the Fed's renewed policy rate hiking and our country's ballooning trade deficits, which hit a six-month high in January." (Lee C. Chipongian)



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**FEATURED**

1,500 new Covid-19 cases recorded—DOH

**BUSINESS**

## SM Prime Holdings, Inc. to hold Annual Stockholders' Meeting for 2023

**BY MB BUSINESS**

Mar 20, 2023 1:42 PM



SM Prime Holdings, Inc. will hold its Annual Stockholders' Meeting on April 25, 2023 (Tuesday), 2:30p.m. at Forbes Ballroom 1 and 2, Conrad Manila Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City, and will be livestreamed for stockholders participating remotely. For further details on the Annual Stockholders' Meeting, please visit <https://www.smprime.com/annual-stockholders-meeting/>. A copy of the official announcement published in Manila Bulletin broadsheet is shown below:

# SM PRIME

Notice of Annual Stockholders' Meeting  
Tuesday | April 25, 2023 | 2:30 p.m.

Forbes Ballroom 1 and 2, Conrad Manila  
Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City

Dear Stockholders:

The Annual Stockholders' Meeting of **SM PRIME HOLDINGS, INC.** (the **Company**) will be held on **April 25, 2023 (Tuesday), 2:30 p.m.** at **Forbes Ballroom 1 and 2, Conrad Manila Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City**, and will be livestreamed for stockholders participating remotely.

**AGENDA**

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 25, 2022
4. Approval of Annual Report for 2022
5. Open Forum
6. General Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Election of Directors for 2023-2024
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 17, 2023** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof.

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by registering at **asmregister.smprime.com** and submit the required information on or before **April 20, 2023**. All information received will be subject to verification by the Company.

Stockholders may also accomplish a proxy form (which need not be notarized) and send the original to the Office of the Corporate Secretary on or before **2:30 p.m. on April 22, 2023 (Saturday)** at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City pursuant to the Company's By-laws.

Stockholders participating remotely can then cast their votes *in absentia* through the Company's secure online voting facility and access the livestreaming of the meeting. Detailed log-in instructions will be sent to the email provided by each shareholder to the Company. The registration and voting procedures are set forth in the **"Guidelines for Remote Participation and Voting in Absentia"**, appended to the Definitive Information Statement posted on the Company's website and PSE EDGE.

For further information, please visit **www.smprime.com/annual-stockholders-meeting**.

Thank you.

Taguig City, February 26, 2023.



ELMER B. SERRANO  
Corporate Secretary

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1,500 new Covid-19 cases recorded—DOH

**BUSINESS**

# SM Prime Holdings, Inc. to conduct its Annual Stockholders' Meeting for 2023

**BY MB BUSINESS**

Mar 21, 2023 11:44 AM



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Thank you.

Taguig City, February 26, 2023.



ELMER B. SERRANO  
Corporate Secretary

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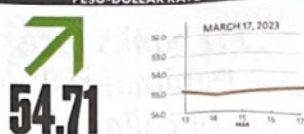
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STOCK MARKET



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PHILIPPINE DAILY INQUIRER

# BUSINESS

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## Amro: Financial stability risks rising

But no imminent systemic crisis seen on swift US, Swiss actions

By Ronnel W. Domingo  
@RonW.DomingoINQ

Financial stability risks have risen amid a global monetary tightening environment, particularly because of the failure of Silicon Valley Bank (SVB) in the United States, thus markets are in for further volatility, according to the Asean+3 Macroeconomic Research Office (Amro).

The Singapore-based think tank pointed out that the sudden closure of SVB that set off a wave of concerns over a contagion triggered a sharp increase in risk aversion, which was further aggravated by the worries over the health of Credit Suisse.

"While the initial reaction of

Asean+3 markets has been more muted compared with those in US and European markets, volatilities in the markets remain high," said Amro, a macroeconomic surveillance group covering the Association of Southeast Asian Nations as well as China, Japan and South Korea.

### Swift actions

Nevertheless, Amro said it does not see "an imminent systemic financial crisis thanks to swift actions by the authorities in the United States and Switzerland, which have curbed the spillovers and provided some support to the markets."

The think tank also noted that—following the imple-

mentation of stricter global banking regulatory standards since the Global Financial Crisis of 2008—banks in the region and elsewhere have built up significant buffers including robust liquidity, capital and funding standards.

"That said, the risk of second- and third-order effects on regional banks could not be ruled out, especially if the situation around Credit Suisse, which is a Global Systemically Important Bank, worsens," Amro said.

In the Philippines, authorities especially the Bangko Sentral ng Pilipinas as well as industry players were quick to assuage the public's fears, saying that Philippine

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Thank you.

Taguig City, February 26, 2023.

*Emmer B. Serrano*  
EMMER B. SERRANO  
Corporate Secretary

## Deal breaker or deal changer?

### BIZ BUZZ

Remember those rumors last January that Japanese conglomerate Mitsubishi is close to sealing a deal to acquire a 20-percent stake in local holding firm Metro Pacific Investments Corp?

If you've been wondering why little else has been heard about it since President Marcos' official visit to Tokyo in early February, it might be because the mega deal has encountered some "issues." Some

people say they're potential "deal breakers" while others say they're "deal changers."

Biz Buzz heard that the supposed deal may not happen according to the original plan of Japan's second largest trading house, which was to help Metro Pacific go private.

Remember that this deal was based on the premise that the shareholders of Metro Pacific were not getting the full value of the conglomerate because shares of holding firms usually trade at a discount to what they should really be worth.

So it would make sense

for its owners to buy back all the shares from the investing public at the discounted price, which it is trading at on the stock exchange.

Taking a large holding firm private takes a lot of cash, which Metro Pacific might not exactly have right now, hence the potential entry of cash-rich Mitsui into the picture.

But there are some issues for Mitsui, we hear, including speculation that Anthol Salim-controlled First Pacific wants to play a more active role in running Metro Pacific, and word that an-

### AMPLE LIQUIDITY

## PH BANKS IN GOOD SHAPE, SAYS COL

By Miguel R. Camus  
@migueltcamusINQ

Troubles in the US banking sector are weighing on stock market sentiments for local lenders, which were supposed to be a safe bet in 2023 on expectations that rising interest rates would boost profitability from their robust loan portfolios.

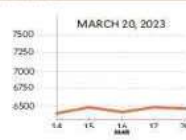
But the collapse of US lenders Silicon Valley Bank and Signature Bank set off a wave of worry across the globe and local banking stocks were not spared from the sell-off.

As investors rethink their current portfolios, leading online stockbrokerage house COL Financial Group noted that concerns were so far overblown and domestic banks were more than adequately capitalized and have ample liquidity, partly thanks to financial market reforms that were implemented in the wake of the 2008 global financial crisis.

It said banking stocks remain valued fairly and opportunities should prices slide further.

"Once volatility diminishes, Philippine stocks should recover faster since local companies' profitability and balance sheet are expected to remain healthy even with the prevailing challenges," it said.

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ALABANG BAYVIEW CLUB "BE"	Call 148	METROCLUB "BD"	Call 128
ALABANG BAYVIEW CLUB "BF"	Call 148	METROCLUB "BE"	Call 128
ALABANG BAYVIEW CLUB "BG"	Call 148	METROCLUB "BF"	Call 128
ALABANG BAYVIEW CLUB "BH"	Call 148	METROCLUB "BG"	Call 128
ALABANG BAYVIEW CLUB "BI"	Call 148	METROCLUB "BH"	Call 128
ALABANG BAYVIEW CLUB "BJ"	Call 148	METROCLUB "BI"	Call 128
ALABANG BAYVIEW CLUB "BK"	Call 148	METROCLUB "BJ"	Call 128
ALABANG BAYVIEW CLUB "BL"	Call 148	METROCLUB "BK"	Call 128
ALABANG BAYVIEW CLUB "BM"	Call 148	METROCLUB "BL"	Call 128
ALABANG BAYVIEW CLUB "BN"	Call 148	METROCLUB "BM"	Call 128
ALABANG BAYVIEW CLUB "BO"	Call 148	METROCLUB "BN"	Call 128
ALABANG BAYVIEW CLUB "BP"	Call 148	METROCLUB "BO"	Call 128
ALABANG BAYVIEW CLUB "BQ"	Call 148	METROCLUB "BP"	Call 128
ALABANG BAYVIEW CLUB "BR"	Call 148	METROCLUB "BQ"	Call 128
ALABANG BAYVIEW CLUB "BS"	Call 148	METROCLUB "BR"	Call 128
ALABANG BAYVIEW CLUB "BT"	Call 148	METROCLUB "BS"	Call 128
ALABANG BAYVIEW CLUB "BU"	Call 148	METROCLUB "BT"	Call 128
ALABANG BAYVIEW CLUB "BV"	Call 148	METROCLUB "BU"	Call 128
ALABANG BAYVIEW CLUB "BW"	Call 148	METROCLUB "BV"	Call 128
ALABANG BAYVIEW CLUB "BX"	Call 148	METROCLUB "BW"	Call 128
ALABANG BAYVIEW CLUB "BY"	Call 148	METROCLUB "BX"	Call 128
ALABANG BAYVIEW CLUB "BZ"	Call 148	METROCLUB "BY"	Call 128
ALABANG BAYVIEW CLUB "CA"	Call 148	METROCLUB "BZ"	Call 128
ALABANG BAYVIEW CLUB "CB"	Call 148	METROCLUB "CA"	Call 128
ALABANG BAYVIEW CLUB "CC"	Call 148	METROCLUB "CB"	Call 128
ALABANG BAYVIEW CLUB "CD"	Call 148	METROCLUB "CC"	Call 128
ALABANG BAYVIEW CLUB "CE"	Call 148	METROCLUB "CD"	Call 128
ALABANG BAYVIEW CLUB "CF"	Call 148	METROCLUB "CE"	Call 128
ALABANG BAYVIEW CLUB "CG"	Call 148	METROCLUB "CF"	Call 128
ALABANG BAYVIEW CLUB "CH"	Call 148	METROCLUB "CG"	Call 128
ALABANG BAYVIEW CLUB "CI"	Call 148	METROCLUB "CH"	Call 128
ALABANG BAYVIEW CLUB "CJ"	Call 148	METROCLUB "CI"	Call 128
ALABANG BAYVIEW CLUB "CK"	Call 148	METROCLUB "CJ"	Call 128
ALABANG BAYVIEW CLUB "CL"	Call 148	METROCLUB "CK"	Call 128
ALABANG BAYVIEW CLUB "CM"	Call 148	METROCLUB "CL"	Call 128
ALABANG BAYVIEW CLUB "CN"	Call 148	METROCLUB "CM"	Call 128
ALABANG BAYVIEW CLUB "CO"	Call 148	METROCLUB "CN"	Call 128
ALABANG BAYVIEW CLUB "CP"	Call 148	METROCLUB "CO"	Call 128
ALABANG BAYVIEW CLUB "CQ"	Call 148	METROCLUB "CP"	Call 128
ALABANG BAYVIEW CLUB "CR"	Call 148	METROCLUB "CQ"	Call 128
ALABANG BAYVIEW CLUB "CS"	Call 148	METROCLUB "CR"	Call 128
ALABANG BAYVIEW CLUB "CT"	Call 148	METROCLUB "CS"	Call 128
ALABANG BAYVIEW CLUB "CU"	Call 148	METROCLUB "CT"	Call 128
ALABANG BAYVIEW CLUB "CV"	Call 148	METROCLUB "CU"	Call 128
ALABANG BAYVIEW CLUB "CW"	Call 148	METROCLUB "CV"	Call 128
ALABANG BAYVIEW CLUB "CX"	Call 148	METROCLUB "CW"	Call 128
ALABANG BAYVIEW CLUB "CY"	Call 148	METROCLUB "CX"	Call 128
ALABANG BAYVIEW CLUB "CZ"	Call 148	METROCLUB "CY"	Call 128
ALABANG BAYVIEW CLUB "DA"	Call 148	METROCLUB "CZ"	Call 128
ALABANG BAYVIEW CLUB "DB"	Call 148	METROCLUB "DA"	Call 128
ALABANG BAYVIEW CLUB "DC"	Call 148	METROCLUB "DB"	Call 128
ALABANG BAYVIEW CLUB "DD"	Call 148	METROCLUB "DC"	Call 128
ALABANG BAYVIEW CLUB "DE"	Call 148	METROCLUB "DD"	Call 128
ALABANG BAYVIEW CLUB "DF"	Call 148	METROCLUB "DE"	Call 128
ALABANG BAYVIEW CLUB "DG"	Call 148	METROCLUB "DF"	Call 128
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ALABANG BAYVIEW CLUB "DI"	Call 148	METROCLUB "DH"	Call 128
ALABANG BAYVIEW CLUB "DJ"	Call 148	METROCLUB "DI"	Call 128
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ALABANG BAYVIEW CLUB "DN"	Call 148	METROCLUB "DM"	Call 128
ALABANG BAYVIEW CLUB "DO"	Call 148	METROCLUB "DN"	Call 128
ALABANG BAYVIEW CLUB "DP"	Call 148	METROCLUB "DO"	Call 128
ALABANG BAYVIEW CLUB "DQ"	Call 148	METROCLUB "DP"	Call 128
ALABANG BAYVIEW CLUB "DR"	Call 148	METROCLUB "DQ"	Call 128
ALABANG BAYVIEW CLUB "DS"	Call 148	METROCLUB "DR"	Call 128
ALABANG BAYVIEW CLUB "DT"	Call 148	METROCLUB "DS"	Call 128
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ALABANG BAYVIEW CLUB "DZ"	Call 148	METROCLUB "DY"	Call 128
ALABANG BAYVIEW CLUB "EA"	Call 148	METROCLUB "DZ"	Call 128
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ALABANG BAYVIEW CLUB "EE"	Call 148	METROCLUB "ED"	Call 128
ALABANG BAYVIEW CLUB "EF"	Call 148	METROCLUB "EE"	Call 128
ALABANG BAYVIEW CLUB "EG"	Call 148	METROCLUB "EF"	Call 128
ALABANG BAYVIEW CLUB "EH"	Call 148	METROCLUB "EG"	Call 128
ALABANG BAYVIEW CLUB "EI"	Call 148	METROCLUB "EH"	Call 128
ALABANG BAYVIEW CLUB "EJ"	Call 148	METROCLUB "EI"	Call 128
ALABANG BAYVIEW CLUB "EK"	Call 148	METROCLUB "EJ"	Call 128
ALABANG BAYVIEW CLUB "EL"	Call 148	METROCLUB "EK"	Call 128
ALABANG BAYVIEW CLUB "EM"	Call 148	METROCLUB "EL"	Call 128
ALABANG BAYVIEW CLUB "EN"	Call 148	METROCLUB "EM"	Call 128
ALABANG BAYVIEW CLUB "EO"	Call 148	METROCLUB "EN"	Call 128
ALABANG BAYVIEW CLUB "EP"	Call 148	METROCLUB "EO"	Call 128
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ALABANG BAYVIEW CLUB "ER"	Call 148	METROCLUB "EQ"	Call 128
ALABANG BAYVIEW CLUB "ES"	Call 148	METROCLUB "ER"	Call 128
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ALABANG BAYVIEW CLUB "EU"	Call 148	METROCLUB "ET"	Call 128
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ALABANG BAYVIEW CLUB "EW"	Call 148	METROCLUB "EV"	Call 128
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ALABANG BAYVIEW CLUB "FC"	Call 148	METROCLUB "FB"	Call 128
ALABANG BAYVIEW CLUB "FD"	Call 148	METROCLUB "FC"	Call 128
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ALABANG BAYVIEW CLUB "FK"	Call 148	METROCLUB "FJ"	Call 128
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ALABANG BAYVIEW CLUB "FU"	Call 148	METROCLUB "FT"	Call 128
ALABANG BAYVIEW CLUB "FV"	Call 148	METROCLUB "FU"	Call 128
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ALABANG BAYVIEW CLUB "FZ"	Call 148	METROCLUB "FY"	Call 128
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ALABANG BAYVIEW CLUB "GB"	Call 148	METROCLUB "GA"	Call 128
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ALABANG BAYVIEW CLUB "GE"	Call 148	METROCLUB "GD"	Call 128
ALABANG BAYVIEW CLUB "GF"	Call 148	METROCLUB "GE"	Call 128
ALABANG BAYVIEW CLUB "GG"	Call 148	METROCLUB "GF"	Call 128
ALABANG BAYVIEW CLUB "GH"	Call 148	METROCLUB "GG"	Call 128
ALABANG BAYVIEW CLUB "GI"	Call 148	METROCLUB "GH"	Call 128
ALABANG BAYVIEW CLUB "GJ"	Call 148	METROCLUB "GI"	Call 128
ALABANG BAYVIEW CLUB "GK"	Call 148	METROCLUB "GJ"	Call 128
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ALABANG BAYVIEW CLUB "GM"	Call 148	METROCLUB "GL"	Call 128
ALABANG BAYVIEW CLUB "GN"	Call 148	METROCLUB "GM"	Call 128
ALABANG BAYVIEW CLUB "GO"	Call 148	METROCLUB "GN"	Call 128
ALABANG BAYVIEW CLUB "GP"	Call 148	METROCLUB "GO"	Call 128
ALABANG BAYVIEW CLUB "GQ"	Call 148	METROCLUB "GP"	Call 128
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ALABANG BAYVIEW CLUB "GV"	Call 148	METROCLUB "GU"	Call 128
ALABANG BAYVIEW CLUB "GW"	Call 148	METROCLUB "GV"	Call 128
ALABANG BAYVIEW CLUB "GX"	Call 148	METROCLUB "GW"	Call 128
ALABANG BAYVIEW CLUB "GY"	Call 148	METROCLUB "GX"	Call 128
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ALABANG BAYVIEW CLUB "HA"	Call 148	METROCLUB "GZ"	Call 128
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ALABANG BAYVIEW CLUB "HC"	Call 148	METROCLUB "HB"	Call 128
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ALABANG BAYVIEW CLUB "HE"	Call 148	METROCLUB "HD"	Call 128
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ALABANG BAYVIEW CLUB "HR"	Call 148	METROCLUB "HQ"	Call 128
ALABANG BAYVIEW CLUB "HS"	Call 148	METROCLUB "HR"	Call 128
ALABANG BAYVIEW CLUB "HT"	Call 148	METROCLUB "HS"	Call 128
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ALABANG BAYVIEW CLUB "HV"	Call 148	METROCLUB "HU"	Call 128
ALABANG BAYVIEW CLUB "HW"	Call 148	METROCLUB "HV"	Call 128
ALABANG BAYVIEW CLUB "HX"	Call 148	METROCLUB "HW"	Call 128
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ALABANG BAYVIEW CLUB "HZ"	Call 148	METROCLUB "HY"	Call 128
ALABANG BAYVIEW CLUB "IA"	Call 148	METROCLUB "HZ"	Call 128
ALABANG BAYVIEW CLUB "IB"	Call 148	METROCLUB "IA"	Call 128
ALABANG BAYVIEW CLUB "IC"	Call 148	METROCLUB "IB"	Call 128
ALABANG BAYVIEW CLUB "ID"	Call 148	METROCLUB "IC"	Call 128
ALABANG BAYVIEW CLUB "IE"	Call 148	METROCLUB "ID"	Call 128
ALABANG BAYVIEW CLUB "IF"	Call 148	METROCLUB "IE"	Call 128
ALABANG BAYVIEW CLUB "IG"	Call 148	METROCLUB "IF"	Call 128
ALABANG BAYVIEW CLUB "IH"	Call 148	METROCLUB "IG"	Call 128
ALABANG BAYVIEW CLUB "II"	Call 148	METROCLUB "IH"	Call 128
ALABANG BAYVIEW CLUB "IJ"	Call 148	METROCLUB "II"	Call 128
ALABANG BAYVIEW CLUB "IK"	Call 148	METROCLUB "IJ"	Call 128
ALABANG BAYVIEW CLUB "IL"			



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# SM Prime Holdings, Inc. Notice of Annual Stockholders' Meeting 1 of 2

INQUIRER.net BrandRoom / 08:00 AM March 20, 2023

Mar 20, 2023

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# SM PRIME

Notice of Annual Stockholders' Meeting  
Tuesday | April 25, 2023 | 2:30 p.m.  
Forbes Ballroom 1 and 2, Conrad Manila  
Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City

Dear Stockholders:

The Annual Stockholders' Meeting of **SM PRIME HOLDINGS, INC.** (the **Company**) will be held on **April 25, 2023 (Tuesday), 2:30 p.m.** at **Forbes Ballroom 1 and 2, Conrad Manila Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City**, and will be livestreamed for stockholders participating remotely.

## AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 25, 2022
4. Approval of Annual Report for 2022
5. Open Forum
6. General Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Election of Directors for 2023-2024
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 17, 2023** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof.

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by registering at [asmregister.smprime.com](https://asmregister.smprime.com) and submit the required information on or before **April 20, 2023**. All information received will be subject to verification by the Company.

Stockholders may also accomplish a proxy form (which need not be notarized) and send the original to the Office of the Corporate Secretary on or before **2:30 p.m. on April 22, 2023 (Saturday)** at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City pursuant to the Company's By-laws.

Stockholders participating remotely can then cast their votes *in absentia* through the Company's secure online voting facility and access the livestreaming of the meeting. Detailed log-in instructions will be sent to the email provided by each shareholder to the Company. The registration and voting procedures are set forth in the **"Guidelines for Remote Participation and Voting in Absentia"**, appended to the Definitive Information Statement posted on the Company's website and PSE EDGE.

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Taguig City, February 26, 2023.



ELMER B. SERRANO  
Corporate Secretary

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For further details on the Annual Stockholders' Meeting, please visit <https://www.smprime.com/annual-stockholders-meeting/>.

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**TAGS:** [annual stockholders' meeting \(ASM\)](#), [BrandRoom](#), [SM Prime Holdings Inc.](#)

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Mar 20, 2023

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# SM Prime Holdings, Inc. Notice of Annual Stockholders' Meeting 2 of 2

INQUIRER.net BrandRoom / 08:00 AM March 21, 2023

Mar 21, 2023

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4. Approval of Annual Report for 2022
5. Open Forum
6. General Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Election of Directors for 2023-2024
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange on **March 17, 2023** as the record date for the determination of stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof.

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary by registering at [asmregister.smprime.com](https://asmregister.smprime.com) and submit the required information on or before **April 20, 2023**. All information received will be subject to verification by the Company.

Stockholders may also accomplish a proxy form (which need not be notarized) and send the original to the Office of the Corporate Secretary on or before **2:30 p.m. on April 22, 2023 (Saturday)** at 1105 Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City pursuant to the Company's By-laws.

Stockholders participating remotely can then cast their votes *in absentia* through the Company's secure online voting facility and access the livestreaming of the meeting. Detailed log-in instructions will be sent to the email provided by each shareholder to the Company. The registration and voting procedures are set forth in the **"Guidelines for Remote Participation and Voting in Absentia"**, appended to the Definitive Information Statement posted on the Company's website and PSE EDGE.

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ELMER B. SERRANO  
Corporate Secretary

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For further details on the Annual Stockholders' Meeting, please visit  
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