



2019
SUSTAINABILITY
REPORT





ABOUT THIS REPORT (102-46, 102-47, 102-49, 102-50, 102-51, 102-54)

SM Prime Holdings, Inc. presents the 12th annual Sustainability Report and the 8th edition following the Global Reporting Initiative (GRI) Standards. This Sustainability Report features highlights from the Company's material topics on:

ECONOMIC

Economic Performance
Indirect Economic Impacts
Anti-Corruption
Anti-Competitive Behavior

ENVIRONMENTAL

Energy
Water
Emissions
Effluents and Waste
Biodiversity
Environmental Compliance

SOCIAL

Employment
Occupational Health and Safety
Training and Education
Diversity and Equal Opportunities
Non-Discrimination
Security Practices
Human Rights Assessment
Local Communities
Socio-Economic Compliance

The sustainability information contained herein covers reporting from January to December 2019 and will discuss SM Prime's assets where the business has an organizational boundary. This report has been prepared in accordance with the GRI Standards: Core Option.

The 2019 SM Prime Sustainability Report must be read in conjunction with the 2019 SM Prime Annual Report. The online versions of both reports are available at the SM Prime website (www.smprime.com).



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Who We Are (102-2, 102-7, 102-9)

SM Prime Holdings, Inc. (SM Prime) is one of the largest integrated property developers in Southeast Asia that offers innovative and sustainable Lifestyle Cities with the development of malls, residences, offices, hotels, and convention centers. It is also the largest, in terms of assets, in the Philippines.

SM Prime was incorporated in the Philippines in 1994. It started as a mall developer and operator and grew to be the biggest retail shopping center developer and operator in the Philippines. Currently, it has 74 malls in and outside Metro Manila and seven shopping malls in China, totaling 9.8 million square meters of Gross Floor Area (GFA). In the Philippines, it has a total of 19,513 tenants and 2,001 tenants in China.

SM Prime goes beyond mall development and management through its units and subsidiaries. SM Development Corporation (SMDC) is the residential business component that offers

affordable condominium units. SM Prime's commercial business units, the Commercial Property Group (CPG), is engaged in the development and leasing of office buildings in Metro Manila. Its Hotels and Convention Centers business unit develops and manages various hotels and convention centers across the country.

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 that are ingrained in its sustainable investments and operations.

For a more detailed report on the Company's key business strategies, operations, and financial performance, please refer to the 2019 SM Prime Annual Report at www.smprime.com.

VISION

To build and manage innovative integrated property developments that are catalysts for a better quality of life.

MISSION

We will serve the ever-changing needs and aspirations of our customers;
We will provide opportunities for the professional growth of our employees;
We will foster social responsibility in the communities we serve;
We will enhance shareholder value for our investors; and
We will ensure that everything we do safeguards a healthy environment for future generations.

Group Performance

KEY HIGHLIGHTS

(Amounts in Philippine Peso)



1,215.82bn

Market Capitalization

667.28bn

Total Assets

410.64bn

Total Investment Properties

118.31bn

Total Revenue

31.90

Price/Earnings Ratio

42.10

Share Price

13%

Total Shareholder Returns

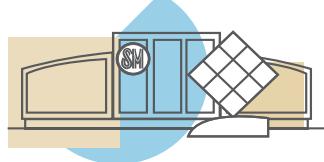
1.32

Earnings per Share

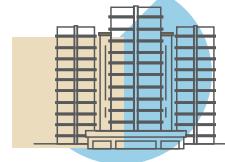
Malls

74

Malls in the Philippines



Residences



7

Malls in China

63.63 billion

Total Revenue

9.8 million
sqm total Gross Floor Area

34.95 billion
Operating Income

402
Cinema Screens

388.65 billion
Total Assets

70

Residential Projects

45.21 billion

Total Revenue

140,066

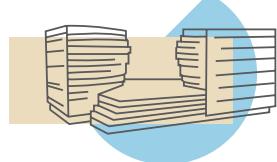
Residential Units (since 2003)

17.14 billion

Operating Income

217.79 billion
Total Assets

Offices



12

Office Buildings

4.58 billion
Total Revenue

695,263
sqm total Gross Floor Area

3.76 billion
Operating Income

51.34 billion
Total Assets

Hotels & Convention Centers



8

Hotels

5.06 billion
Total Revenue

1,961
Hotel Rooms

1.11 billion
Operating Income

4
Convention Centers

13.57 billion
Total Assets

3
Trade Halls



MESSAGE FROM THE CHAIRMAN OF THE BOARD

(102-14)

Dear shareholders and stakeholders,

SM Prime has reached its 25th year of business operations in 2019 since it started as a publicly listed company in 1994. Throughout these years, your Company has experienced consistent annual growth leading it to be recognized as one of today's largest integrated property developers not only here in the Philippines but also in the entire Southeast Asia.

With our significant investment in property developments that include shopping centers, residences, offices, hotels and convention centers, as well as leisure developments, we are cognizant of our role in supporting the country as it endeavors to provide attractive investment environment in the region.

While contributing to the economic pursuits of the country, your Company is also committed to pursue sustainable social development. For this to happen, SM Prime acknowledges the necessity of fruitful collaborations with various stakeholders. It is with this view that we initiated reporting our sustainable development initiatives as early as 2008, measuring our sustainability performance against widely used standards and metrics. Then in 2012, we formally adopted the Global Reporting Initiative (GRI) sustainability performance reporting standard, furthering the scope of stakeholder engagement in our sustainability programs.

This process of measuring and reporting on the performance of our programs have allowed us to continually improve and innovate, looking not only at our own systems and practices but also considering the changing needs and preferences of our stakeholders and how these affect our processes.

Through this 2019 Sustainability Report, we share with you the Company's sustainability objectives and programs under the four Sustainability Pillars, in context to the business life cycle where these objectives are being addressed, as well as present measures being taken to address one of the top sustainability issues in reference to resource management and environmental concerns.

In a country identified as the third most vulnerable nation to the effects of climate change, SM Prime has taken the lead in

As SM Prime pursues supporting the aspired economic growth trajectory of the country, it is likewise committed to contributing to social development through the creation and management of integrated property developments evolving from retail hubs to shopping centers and eventually to fully integrated Lifestyle Cities.

integrating disaster resiliency as a key component of its business model. This spans building design, construction, and operations processes. The United Nations Sendai Framework for Disaster Risk Reduction (SFDRR), of which your Company is a strong advocate, serves as guide and reference to our disaster resilience strategies. SM Prime is an active member and acts as Philippine Network Secretariat of the Private Sector Alliance for Disaster Resilient Societies (ARISE) which promote this framework among member private sector companies.

Mr. Hans T. Sy, the Chairman of SM Prime's Executive Committee who is also our Champion in Disaster Risk Resilience Initiatives and Sustainability Development, will present an overview of our Company's sustainability journey.

For this Sustainability Report also, we are presenting how our sustainability programs support the United Nations Sustainable Development Goals (UNSDGs), as another indication of the comprehensiveness and depth of your Company's initiatives.

All these are initiated and conducted under the umbrella of good corporate governance standards and practices in your Company that are aligned with the ASEAN Corporate Governance Scorecard initiative.

The Board upholds the Company's accountability and transparency to its stakeholders on the disclosure of non-financial information, with emphasis on the management of its business' Economic, Environmental, Social and Governance (EESG) issues which underpin our sustainability efforts.

Together with our partners and employees, trust that your Company works hard to maintain its commitment to economic, environmental, and social developments with the future generations in mind.

Thank you very much.



Henry T. Sy, Jr.
Chairman

PRESIDENT'S REPORT

(102-14)

I am pleased to share with you the SM Prime Holdings, Inc. (SM Prime) 25th Anniversary edition of our Sustainability Report providing relevant information on economic, environmental, social, and governance matters.

Having embraced our role in sustainable development, SM Prime crafted and implemented a strategy on how we ENRICH THE LIVES of Filipinos not only by

creating for them evolving Lifestyle Cities nationwide but by looking into the intricate details of designs and services that would meet the discriminating and fast evolving needs of our communities, especially with the advent of more sustainable lifestyle choices.

This report presents SM Prime's performance and progress on the four sustainability pillars that we identified in 2018. It also defines the next stage of our sustainability commitment, characterized by a deeper integrated thinking approach in planning and executing sustainability efforts. This process will allow us to introduce even bolder and relevant innovations to meet the anticipated needs of our communities and our nation.



Our sustainability strategy is clearly anchored on supporting the United Nations Sustainable Development Goals (SDGs). As SM Prime expands its footprint in the country, we also take into account our effect on all stakeholders.

Here are several highlights for the year:

- A 13% increase in direct economic value generated with the integration of the SM Property Groups
- SM Foundation Inc. turns over its 100th school building at Nasugbu, Batangas through Manila Southcoast Development Corporation
- Intensified campaign on solid and hazardous wastes, including the start of recycling initiatives for retention documents
- Planting 50,000 additional mangroves within Hamilo Coast's Marine Protected Areas
- Tripled training hours for rank and file employees to improve operational performance
- Expanded the Performance Assessment and Career Development Reviews and launched more online learning tools for Company policies, code of ethics, the data privacy law, etc.
- Increased Human Resources programs on Personnel Learning and Development to include Basic Life Support training, security practices, human rights and fire, food and data safety
- Establishment of a reliable Business Continuity Program that helps Micro, Small and Medium Enterprises
- 37 SM Supermalls are now ISO 22301 certified under

Our sustainability strategy is clearly anchored on supporting the United Nations Sustainable Development Goals (SDGs). As SM Prime expands its footprint in the country we also take into account our effect on all stakeholders.

- the Business Continuity Management System
- SM Cares and United Nations Office for Disaster Risk Reduction (UNDRR) Private Sector Alliance for Resilient Societies (ARISE) included vulnerable communities in the DRR campaign through a groundbreaking forum for senior citizens and Persons with Disability
- Eight cities have benefited from the public-private partnership with the National Resilience Council of the Philippines and UNDRR ARISE
- Named one of Asia's Best Employer Brands and awarded as Best Company to Work for in Asia
- Received the Top ASEAN Corporate Governance Scorecard for the second year in a row

With the environment becoming a major factor among stakeholders, SM Prime targets to add projects under water conservation and solid waste management for implementation in all business units. Cost savings will increase and improve resource conservation. Circular economy will be adapted in the Company, turning recyclable material into other items if not into funds for

future environmental projects. The SM Supermalls have strict instructions to be environmentally compliant with Department of Environment and Natural Resources and their respective local government unit policies such as the designation of Pollution Control Officers for the malls and their tenants.

The Company looks forward to 2020 with renewed interest in sustainable development and the continuous search to innovate with pioneering projects and improve our current initiatives. We see disaster risk resilience as one of our prime agendas and more public-private partnerships towards resilient cities.

As your preferred Company, we are committed to giving you, our stakeholders, an accurate and concise report that inspires confidence and generates trust.



Jeffrey C. Lim
President

SM PRIME'S PATH TO SUSTAINABLE DEVELOPMENT

JOB CREATION

- Provide job opportunities to thousands across Business Units (BUs)
- Local hires prioritized



Builds Malls, Offices, Residences, Hotels & Convention Centers

DISASTER RISK REDUCTION AND RESILIENCE

- Capital Expenditure (CAPEX) investment on disaster-resilient features;
- Capability building for employees and stakeholders
- Promotes pre-agreements among sectors



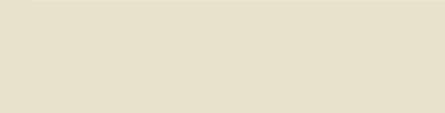
Operationalizes Risk-informed Investments

Supporting Communities

- Inclusive programs for Persons with Disability (PWD), Senior Citizens, Women and Breastfeeding Mothers, Children and Youth, Overseas Filipino Workers (OFWs)
- Community-based activities such as feeding programs and tree-planting initiatives by SM Prime's Business units

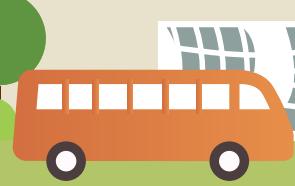
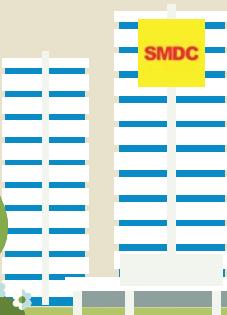


Creates Positive Community Impact



FACILITATES ECONOMIC DEVELOPMENT

- Increased investment in manufactured capital;
- Investments in capacity building for internal and external stakeholders
- Public-Private Partnerships (PPP)



Provides Inclusive Economic Opportunities

SUSTAINABLE OPERATIONS

- Energy consumption
- Water Recycling
- GHGs monitoring and management
- Waste Management



Promotes Environmental Responsibility



ENRICHING LIVES

- Ensures economic development where Business Units are present;
- Protect lives
- Serve our communities better
- Be an asset to the government



Drives Sustainable Development



Beyond the Business

25 Years of Sustainability

HANS T. SY

Chairman of the Executive Committee,
SM Prime Holdings, Inc.



More than the act of preserving capital assets and the natural environment, SM believes sustainability involves solutions and innovations that ultimately benefit the multitude.

Almost always, there is a turning point that leads to transformation and rethinking. For the SM brand, it was one incident that changed everything.

"It all started in 1988 when we had the fire in SM Makati. At that time, I was already heading our group's construction team. That experience made me realize that people should not go through those kinds of things. We could have prevented it from happening," recalls Hans T. Sy, Chairman of the Executive Committee of SM Prime Holdings. From this emerged a deep interest in environmental matters and how to solve related concerns in all other business units. There appeared the definition of sustainability - responsibility for the community, the people, the environment and the business – for present and future generations.

CHANGES FOR THE BETTER

When the Philippine government imposed regulations to avoid greenhouse gases, Hans immediately looked into the SM malls' air conditioning system to become one of the first companies to convert its chillers and comply with the mandate. "We started to change our equipment in the year 2000. I realized then that the new equipment was also more

efficient, and we were even able to save on costs when the price of power went up significantly," he says. SM Prime hired consultants, installed energy efficiency devices such as the Variable Speed Drive and set up sewage treatment plants for water recycling.

SUSTAINABILITY THROUGH RESILIENT INVESTMENTS

Hans has always said that going green is good business in operations, and this too applies to the construction of a mall. Disaster resilient features made its way into mall design, starting with one of the biggest malls in the region in 2006, SM Mall of Asia, which was built beyond the building code. After thorough studies, SM Prime built SM City Marikina on stilts and 20 malls have rainwater catchment basins to alleviate flooding in the surrounding communities. It is little known that SM dedicates 10% of mall capital expenditure towards disaster risk resilient research and construction. Yet, it has made an impact in how the malls manage natural disasters and help the area at the same time. More than the act of preserving capital assets and the natural environment, SM believes sustainability involves solutions and innovations for numerous and variable scenarios that ultimately benefit the multitude.



After SM City Xiamen's installation in 2013, SM North EDSA was the first in the country to mount hundreds of solar panel units on an urban rooftop. The solar program came to be a testament to renewable energy and green investments. It was not long until more of SM Prime's buildings bore the mark of good environmental stewardship – SM Aura Premier and the Conrad Hotel are LEED-certified and 37 malls, and counting, are proudly business continuity management system

(BCMS) ISO 22301 certified. Being active in public-private partnerships has opened up a world of possibilities for SM to influence and to catalyze. Hans has been able to share best practices as part of the National Resilience Council together with the Carlos P. Romulo Foundation and the Department of National Defense. Hans espouses, "I kept telling (members of) the private sector that the issues related to DRR should not only be addressed by the government. DRR is

the responsibility of both the government and the private sector, and both should work together." His involvement with the United Nations (UN) flourished into his being the first Filipino member of the United Nations ARISE global board, the private sector alliance for disaster risk reduction. Partnerships for resilience, even in small steps, create a big impact on DRR.

Internally, the Small and Medium Enterprises (SMEs) involved with

MILESTONES

1958	2000	2007	2008
Our founder Henry Sy, Sr. opened the first Shoe Mart store in Rizal Avenue, Manila and our second shoe store in Carriedo, Manila	Improved air handling units and chilled water pumps with variable speed drives were installed in malls for energy efficiency	Hamilo Coast in Batangas was launched, incorporating sustainable practices, after which the SM Hotels and Convention Centers Corporation was organized	SM Development Corporation launched a series of condominium projects redefining urban living in the country
1985	2006	2008	2008
During challenging economic times, we opened SM City North EDSA, the first mall to offer a one-stop shopping experience for our customers	SM Mall of Asia Complex opened with innovative disaster resilience features, and its main structure built at 4.5 meters above mean lower low water levels	The hotel group launched Pico de Loro Beach and Country Club, integrating sustainable tourism activities for guests to enjoy	SM City Marikina, built on 246 stilts and 20 meters farther than regulation standard or 90 meters away from the Marikina River centerline, opened






SM have already been introduced to sustainability via business continuity plans and the SM data storage facility. "We have a total of 32,442 SMEs, both direct and indirect, which is equivalent to 29% of the country's total number of SMEs. While they drive our business, our viability also drives their profitability," Hans states. SM Prime's reach among businesses allows effective information dissemination, echoing and resonating that sustainability matters.

CONTINUING THE JOURNEY

Digitization, the megatrend that goes hand in hand with the automation of business processes, will be the next step in the journey, a shift in strategy for the Company. The next generation is ready to be part of the Green Movement and it will grow, but the basics will remain – cooperation in partnerships, technological innovation and the desire for a circular economy in the business world.

The work of sustainability will never end for this hardworking engineer. It is here to stay and will continue to gain prominence in all business operations. Hans says, "I can't say that I've already achieved everything. My friends were asking me how much I can do to save the world. I told them that I'm not saving the world. What I'm trying to do is simple – I'm doing my part, my share. If I can get everyone to do the same, we'll create more impact towards a resilient Philippines."

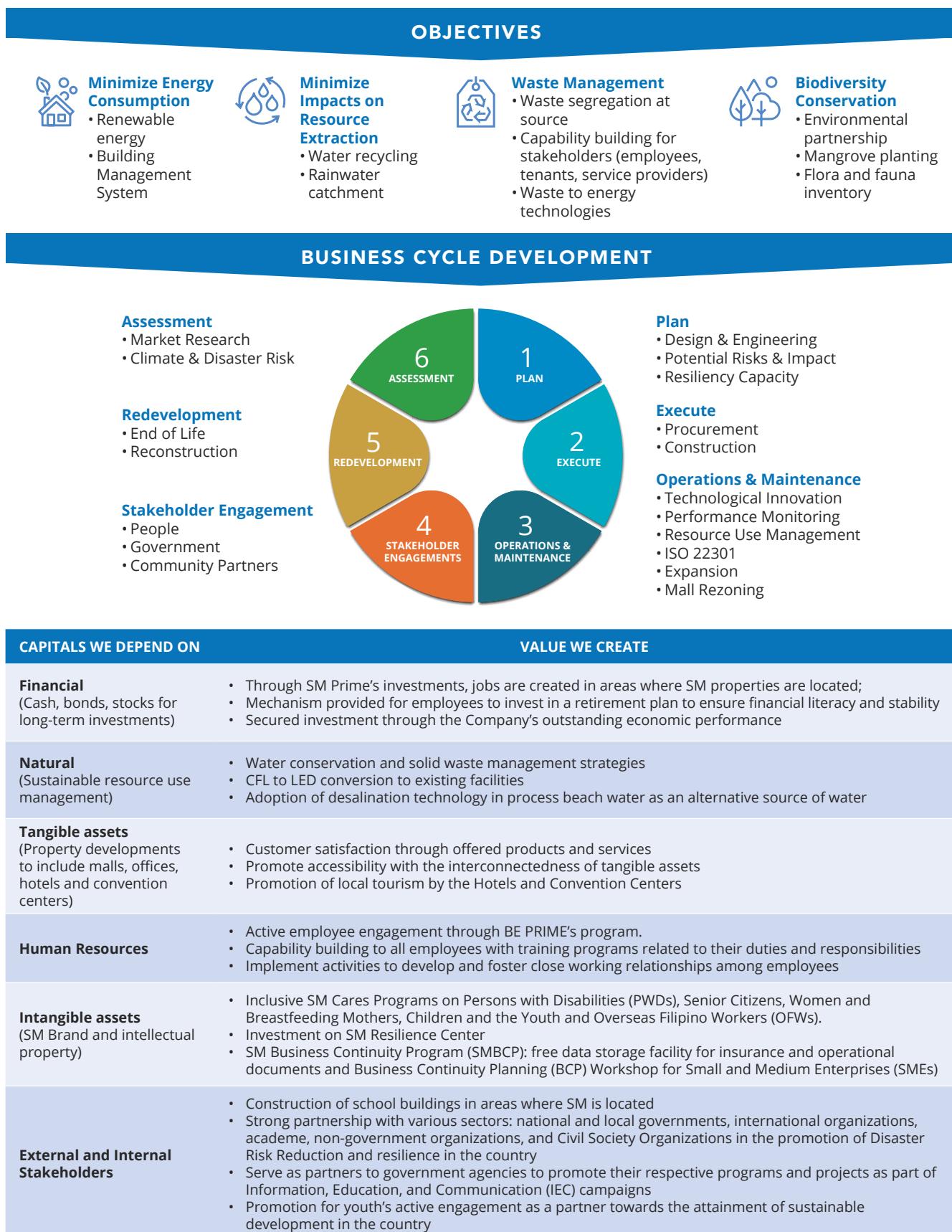
2012	2014	2015	2017	2019
Mr. Hans Sy joined the United Nations Private Sector Advisor Group (PSAG) for disaster risk reduction	5,760 solar panels were installed at the rooftop of SM City North EDSA's multilevel carpark, generating 1.5MW of power	Mr. Hans Sy was inducted as the first and only Filipino member in the UNDRR ARISE International Board	SM Aura Premier receives a Gold certification for Leadership in Energy and Environmental Design (LEED)	SM Resilience Center in Clark, Pampanga is launched which serves as a data storage facility and capacity building center for our SME tenants
2013	2015	2016	2018	
A 1.1MW rooftop solar power project featuring 3,740 solar panels was built at SM City Xiamen, Fujian Province in China	The ARISE Philippines network is launched at the SM Prime annual Top Leaders Forum	Conrad Hotel Manila opened to the public, and it was certified Gold under the Leadership in Energy and Environmental Design (LEED) the following year	The Business Continuity Program for business partners and mall tenants is launched at the Top Leaders Forum	







Integrated Approach to Value Creation Process



Climate-Related Disclosures (201-2)

SM Prime understands the impact that climate change can have on its portfolio and the various stakeholders it serves. The Company has pledged its support for the recommendations and disclosure of climate-related financial disclosures in key areas as espoused by the Task Force on Climate-related Financial Disclosure (TCFD) and promoting non-financial reporting as mandated by the Securities and Exchange Commission (SEC).

Governing Climate-Related Risks and Strategy

SM Prime sets its risk appetite. The risk appetite determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. It also takes into account ESG factors such as the environment, including climate change.

SM Prime's Enterprise Risk Management (ERM) team

- Monitors the Company's risk management processes to ensure its effectiveness
- Reports regularly to the Board of Directors through the Board Risk Oversight Committee to update them on the status of key risks for resolution including threats posed by natural calamities to properties within the SM Prime Property Group.
- Sustainability Steering Committee oversees various work teams to ensure the Group's continued progress and improvement in the areas of ESG

Climate-Related Risks

SM Prime recognizes that it is exposed to Physical Risk brought about by Climate Change. In 2019, for example, SM Prime properties were subjected to Typhoons, Floods, and Water shortages. The ways in which SM Prime's portfolio could be impacted by such geophysical, hydro, and meteorological risks are diverse, resulting to some uncertainty as to the severity of impact.

SM Prime also recognizes that the countries where it operates are challenged to strengthen their resilience against climate change risks and expect some Transitional Risk, particularly in the area of regulatory compliance as new or more stringent regulatory requirements may be introduced by the government. SM Prime also anticipates increased expectations from stakeholders not just to comply but also to go beyond compliance.

As a response to these climate-related concerns, SM Prime has included climate risk in SM Prime's Enterprise Risk Management (ERM) framework. Using this framework, climate-related risks and opportunities are identified, mitigated, and monitored by SM Prime. To emphasize its commitment to manage climate-related risks, SM Prime

voluntarily subjected its SM Supermalls for ISO 22301 (Business Continuity Management System) certification.

As part of its measures to minimize climate risk, SM Prime has implemented several programs such as:

- SM Prime has initiated the transition of all its Business Units to more energy-efficient LED bulbs
- Ten (10) SM Malls in the Philippines and China are now equipped with Solar panels with 9.23 MW Total Capacity
- SM Prime also implements water recycling in its properties saving 5.07M cubic meters of water annually
- SM Prime has a paper recycling program that in 2019 recycled 40,820kgs of paper (translates to saving 694 seven-year-old trees)
- SM Prime also maintains a 176-hectare Nature Preserve in Pico de Loro, which helps absorb 1,127 tons of CO₂ in the air and helps in biodiversity conservation of various flora and fauna.

To mitigate the physical risks posed by Climate Change, SM Prime aims to future-proof its developments by addressing the risks of climate change from the design stage through the Business Life Cycle Development process. It aims to address issues of adaptation and mitigation. The local context of each project will be studied in detail, and appropriate measures will be taken in consideration of climate change. It is SM Prime's policy to incorporate the use of disaster-resilient features in its development.

Examples of these efforts are:

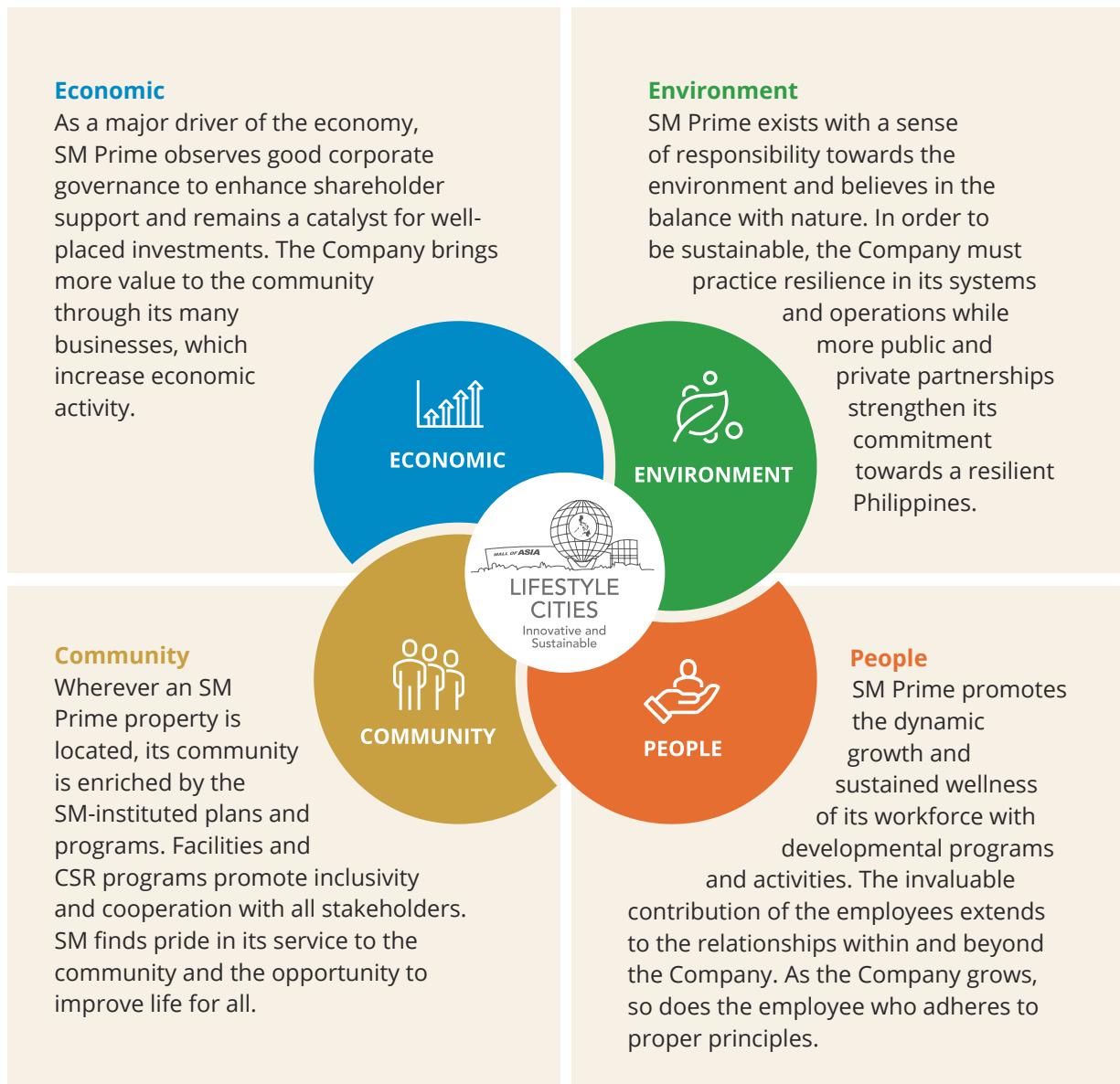
- Various malls that incorporate rainwater catchment basins
- Mall built on stilts to address the risk of flooding
- Availability of operational generators for instances of power interruptions which also enables malls to participate in the Department of Energy and Energy Regulatory Commission's Interruptible Load Program during energy crises

It is SM Prime's commitment to continue improving its climate-related initiatives and increase the overall coverage of these programs. SM Prime, as a good corporate entity, always endeavors to comply with all laws and regulations, be it climate-related or otherwise.

SM Prime has monitored its operational water and energy consumption and has disclosed related metrics in its annual Sustainability Report. Since 2016, SM Prime has been disclosing Scope 1, 2, and 3 GHG of SM Prime global portfolio. It is currently reviewing its target to set a science-based carbon reduction target and an internal carbon price.

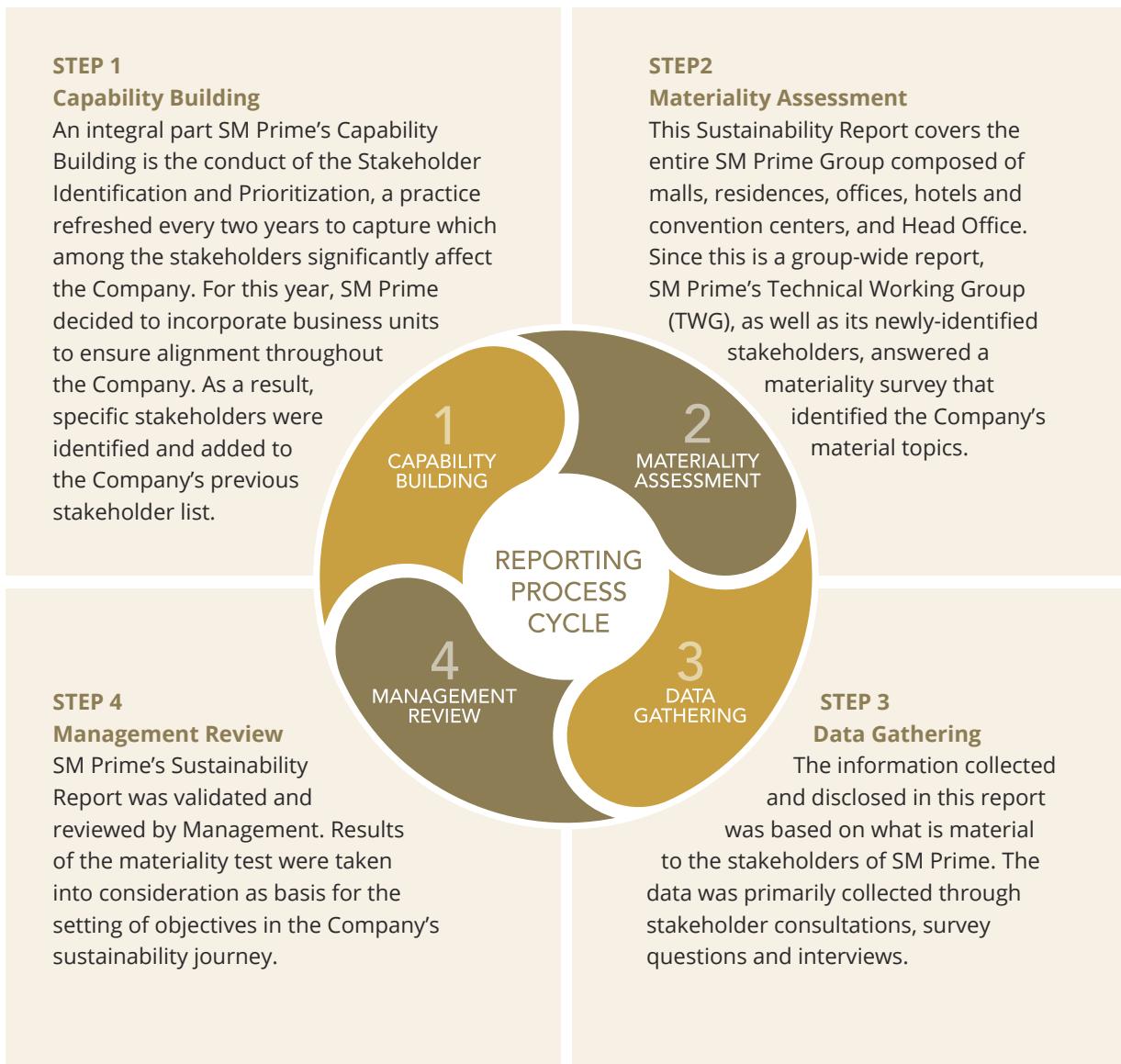
Our Four Sustainability Pillars (102-16)

True to its vision, SM Prime continues to create a better world for Filipinos across the country by putting forth Lifestyle Cities. Access to world-class malls, luxuriously affordable residential and leisure home properties, complete the Filipino life while office properties and hotels and convention centers complement it. All stakeholders benefit from a totally improved lifestyle experience, and it is thanks to the core foundation from which four sustainability pillars rise: Economic, People, Environment, and Community.



Our Reporting Process (102-16)

SM Prime's 4-Step Sustainability Reporting Process reflects the Global Reporting Initiative (GRI) Standards. After stating general disclosures and the management approach for identified topics, the process proceeds with the following steps: Capacity Building that involves all stakeholders; Materiality Assessment to determine topics relevant to the business units; Data Gathering, including interviews and surveys; and Management Review of the materiality test results. Requirements are completed accordingly and verified as compliant at each stage – leading to the creation of the Company's sustainability goals.



Putting Our Stakeholders First (102-6, 102-9, 102-40, 102-42, 102-43)

Since 2007, SM Prime's Sustainability Report has been produced with various stakeholders in mind. The Company believes that its operations can only be successful when the stakeholders are carefully considered and prioritized. The group-wide survey conducted among the primary stakeholders and SM Prime's Technical Working Group continues to provide important factors in identifying the goals and pathways of the Company's sustainability.

Shareholders Group	Malls	Residences	Offices	Hotels & Convention Centers
Shareholders				
1) Investor	✓✓	✓	✓	✓
Company				
2) Employees	✓✓	✓✓	✓✓	✓✓
3) Management	✓✓	✓	✓	✓
4) Principals	✓	✓	✓	✓
Business Partners				
5) Third-Party Service Providers	✓	✓	✓	✓
6) Sellers/Brokers		✓	✓	
7) Contractors	✓	✓	✓	✓
8) Ride Partners				
Clients/Customers				
9) Clients/Customers	✓✓	✓✓	✓✓	✓✓
10) Unit Owners		✓		
11) Tenants	✓		✓	
Community/NGO				
12) Communities	✓	✓	✓	✓
13) Condominium Corporations		✓		
14) Sector Partners	✓✓	✓		✓
Government Sector				
15) Local Government Units	✓	✓	✓	✓
16) Government Agencies	✓	✓	✓	✓

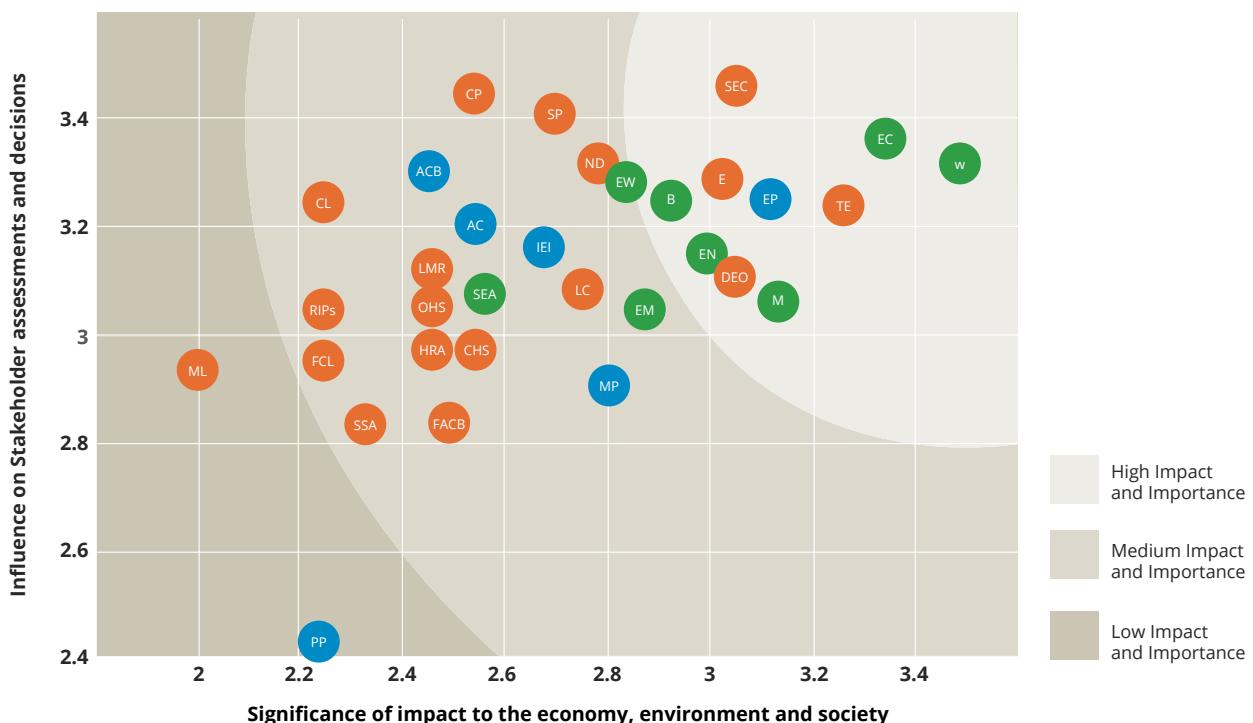
✓ 2019 New Stakeholders

✓✓ 2018 and 2019 Stakeholders

Materiality Matrix (102-44)

Survey Results

Through a statistical-based approach, the materiality matrix shown below presents the areas by level of importance. Out of the 32 topics identified by the GRI Standards, 10 were deemed material by SM Prime's stakeholders this year. Water, Environmental Compliance, and Training and Education were the principal topic, while the Environment was a major consideration for most stakeholders.



Economic	Environment	Social
EP - Economic Performance (201)	M - Materials (301)	E - Employment (401)
MP - Market Presence (202)	EN - Energy (302)	LMR - Labor Management Relations (402)
IEI - Indirect Economic Impact (203)	W - Water and Effluents (303)	OHS - Occupational Health and Safety (403)
PP - Procurement Practices (204)	B - Biodiversity (304)	TE - Training and Education (404)
AC - Anti-Corruption (205)	EM - Emissions (305)	DEO - Diversity and Equal Opportunity (405)
ACB - Anti-Competitive Behavior (206)	EW - Effluents and Waste (306)	ND - Non-Discrimination (406)
	EC - Environmental Compliance (307)	FACB - Freedom of Association and Collective Bargaining (407)
	SEA - Supplier Environmental Assessment (308)	CL - Child Labor (408)
		FCL - Forced or Compulsory Labor (409)
		ML - Marketing and Labeling (417)
		CP - Customer Privacy (418)
		SEC - Socio-Economic Compliance (419)
		CHS - Customer Health and Safety (416)
		RIPs - Rights of Indigenous Peoples (411)
		HRA - Human Rights Assessment (412)
		LC - Local Communities (413)
		SSA - Supplier Social Assessment (414)
		ML - Marketing and Labeling (417)
		CP - Customer Privacy (418)
		SEC - Socio-Economic Compliance (419)



Four Sustainability Pillars

Economic, environment, people and community comprise corporate sustainability. These are integral to growing stakeholder interest in the ability of the Company to operate successfully yet improve its surroundings including, involved individuals.



Economic (103-1, 103-2, 103-3; 201-1)

Through a solid business strategy, SM Prime contributes much to the Philippine economy. Wise investments and care for detail enable the Company to grow exponentially while the long-term value for stakeholders is maintained.

SM Prime Commitments (103-1, 103-2, 103-3)

- Establish strong brand equity
- Lead integrated real estate platform with a strong track record across a full suite of asset classes
- Build world-class mall business which will anchor future Lifestyle City projects
- Leverage significant growth opportunities from landbank optimization and future acquisitions
- Maintain a solid balance sheet supported by strong recurring income

Economic Value (in Millions of Pesos)		
	2018	2019
Direct Economic Value Generated	107,207	121,550
Revenues	107,207	121,550
Economic Value Distributed	84,083	92,804
Operating Costs	44,964	49,693
Employee Wages and Benefits	7,722	8,762
Payments to Providers of Capital	17,848	19,966
Payments to Government (PH)	11,159	12,059
Payments to Government (CN)	2,165	2,043
Economic Value Retained	23,124	28,746
Community Investments	225	281

Indirect Educational Impact (203-1, 203-2)

SM Prime's affiliate, Manila Southcoast Development Corporation, turned over SM Foundation's 100th school building to Looc Elementary School in Nasugbu, Batangas. The disaster-resilient and PWD-friendly SM school building has a fully-furnished library equipped with computers and printers to prepare the students to be digitally competitive while improving their reading and comprehension skills. In support of the UN SDGs, a 10-faucet handwashing facility has been installed to promote personal hygiene among the students.

Serving an aggregate number of 16,700 students on single-shift classes, the SM Group has built a total of 334 classrooms, each with 50 armchairs plus a set of teacher's table and chair. To date, a total of 45 handwashing faucets and 18 PWD toilets with ramps have been installed in some of the 100 SM school buildings constructed and donated by SM's Business Units.

Indirect Educational Impact Fast Facts



16,700

Students served on single-shift classes



100

School buildings constructed



334

Classrooms built



334

Teacher's table/chair sets



45

Handwashing faucets



18

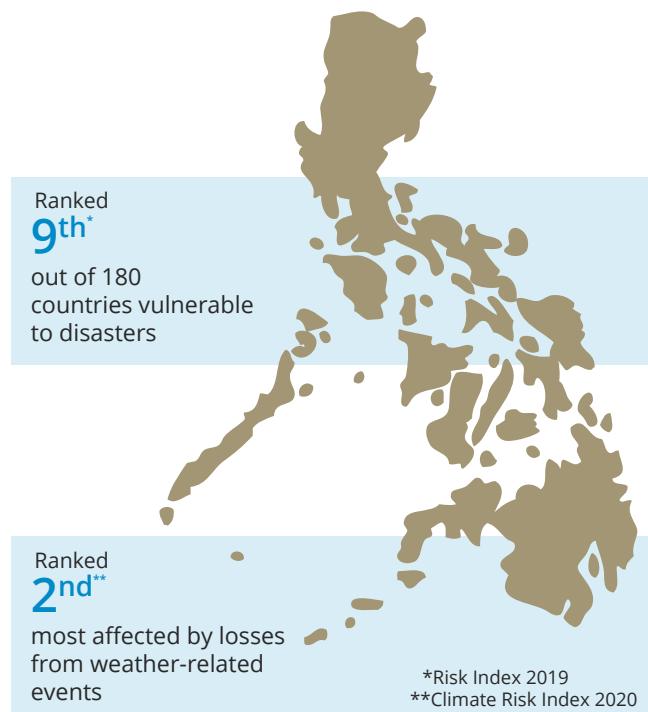
PWD toilets and ramps

Inclusive Supply Chain (203-1, 203-2)

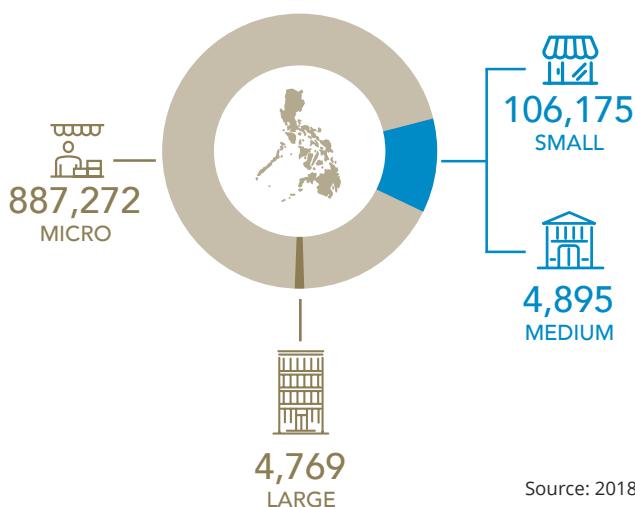
The country's geographical location (within the Pacific Ring of Fire and typhoon belt) and current coping and adaptation capacities make the Philippines highly vulnerable to natural disasters such as typhoons, earthquakes, flooding, and the like.

SM Prime recognizes the significant role that Small and Medium Enterprises (SMEs) play in the Company's economic sustainability. In consideration to further support the need for recovery and knowledge on Business Continuity Planning (BCP), the Company has invested in infrastructure for data storage and Business Continuity Planning (BCP) capacity building to ensure their continuous operations in times of disasters.

Based on the Department of Trade and Industry (DTI) Micro, Small and Medium Enterprises (MSMEs) statistics in 2018, 99.52% of all businesses are MSMEs, generating 63.19% of the country's total employment.



Number of Businesses in the Philippines



29% of total SMEs in the Philippines are from SM
111,070 Total SMEs in the Philippines
15,442 or 48% Direct Tenants
2,000 or 6% Direct Suppliers
15,000 or 46% Indirect from The SM Store, SM Supermarkets & Others

Source: 2018 List of Establishments, PSA.

Since the SM Business Continuity Program (SMBCP) was launched in November 2018, tenants have enrolled in their Program to avail of the free data storage for their operational and insurance documents.

Total number of enrolled and uploaded branches

Total Enrolled Branches	3,241
Total Branches Uploaded	1,627
Total Logged in Lessee/Company	465

As of December 2019

MAXI MANGO STORY

Supporting the Philippine Economy (203-2)



SM City Cebu Branch

The Philippine Institute for Development Studies says 99 percent of business establishments in the country are Micro, Small, and Medium Enterprises (MSMEs).

Creating jobs for many Filipinos and raising their families' quality of life, while increasing trade and promoting community development, MSMEs have become the backbone of the country's economy.

But many challenges hinder the growth of MSMEs. Maxi Mango is a prime example of an MSME that was able to overcome such challenges. It was founded by a young married couple, Miki and Ivan Velasquez, who trace their roots to Davao. Miki said, "We were OFWs in London, and we decided to come home to start our own business. We launched our first Maxi Mango pop-up with a lot of trepidation."

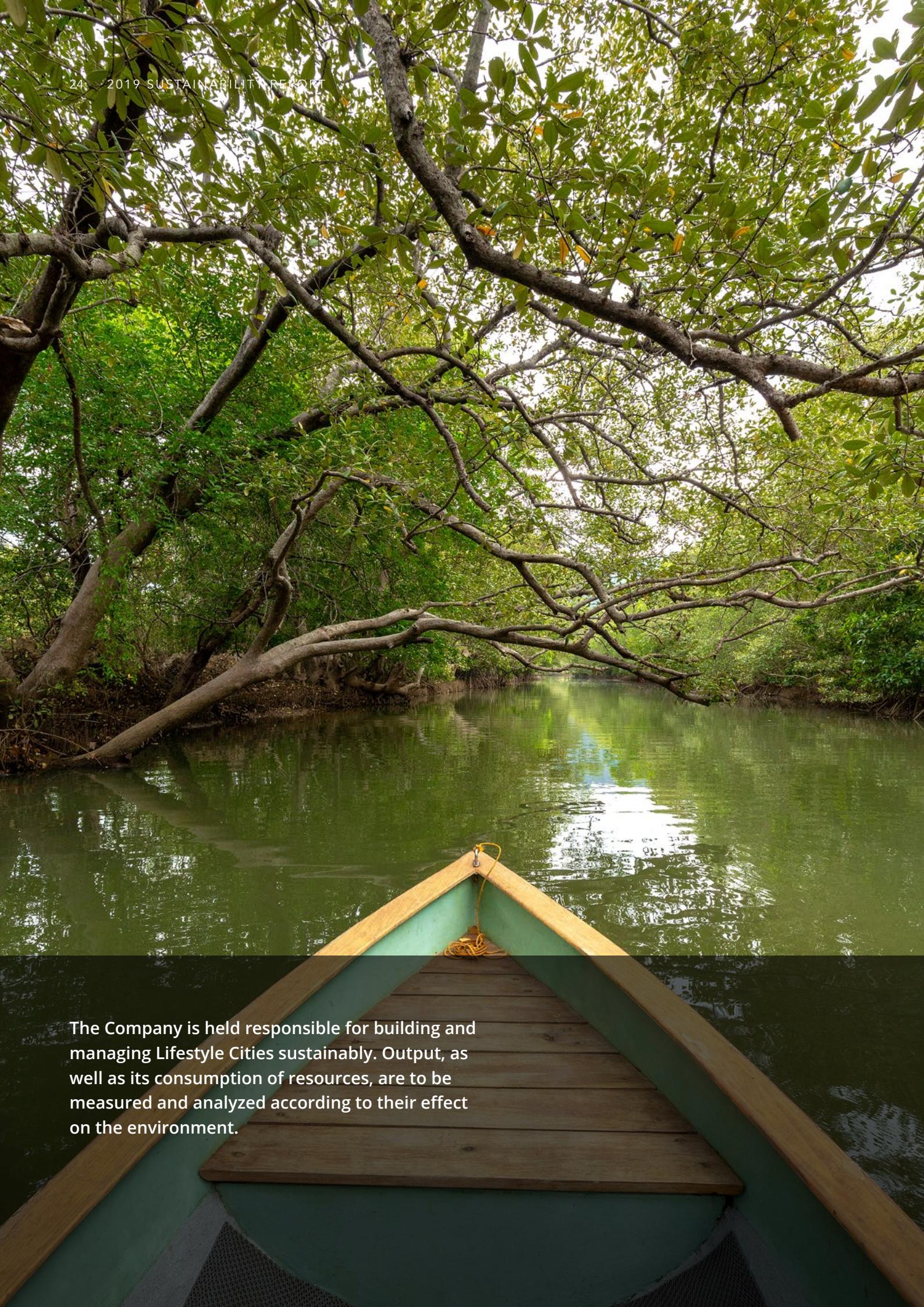
Sustainability is a key measure of success for Maxi Mango and other MSMEs. "A lot of pride comes from being able to provide jobs for Filipinos. When we started, it was just my husband and myself.

Now, with over 60 branches here in the Philippines, we have over 150 employees. And we employ the young and the senior citizens to give opportunities to everyone," Miki said.

Maxi Mango is just one among thousands of MSMEs that received a big boost when they were able to partner with SM Supermalls. Having started as a small business itself, SM Supermalls has opened its doors to thousands of MSMEs all over the country.

"These MSMEs are considered the main drivers of the economy, which is why we support their journey. At SM, around 70 percent of our tenants – more than 14,000 of them – are MSMEs," said SM Supermalls president Steven Tan.

"Assisting our MSME tenants in various ways helps SM Supermalls achieve its own goal to grow the retail industry in the country, and as such, everyone benefits."



The Company is held responsible for building and managing Lifestyle Cities sustainably. Output, as well as its consumption of resources, are to be measured and analyzed according to their effect on the environment.



Environment (103-1, 103-2, 103-3; 302-1, 302-3, 303-4)

SM Prime continues to be one of the country's largest property developers with a well-diversified portfolio. Given this precedence, the Company commits to operate sustainably since there's an imperative need to protect the environment against pollution, unintentionally brought about by SM Prime's business operations.

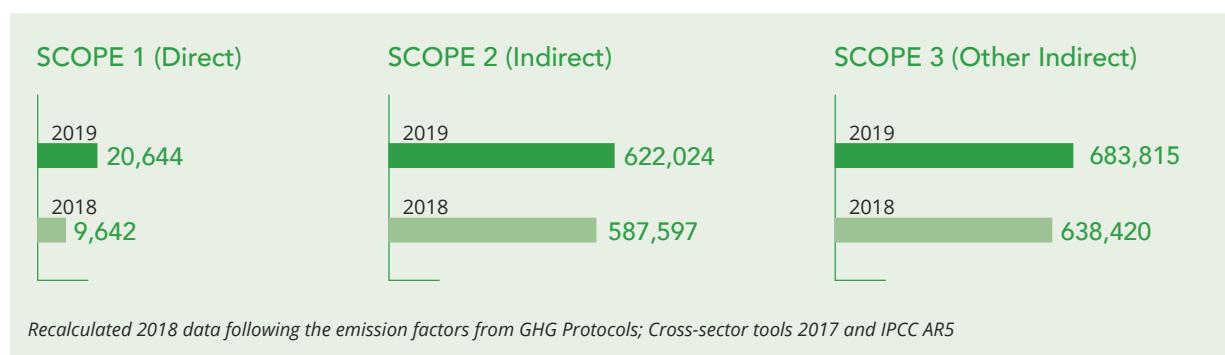
SM Prime has institutionalized environment-related investments on Building Management System (BMS) through the Focus EBAS™ technology for energy efficiency and Sewage Treatment Plants (STPs) for water recycling. There is also the provision of Pollution Control Training (PCO) for employees and tenants to equip them with knowledge on proper environmental management in compliance with existing environmental laws. In addition, the Company has biodiversity conservation initiatives for the natural environment.

Greenhouse Gas Emissions (GHGs) (305-1, 305-2, 305-3)

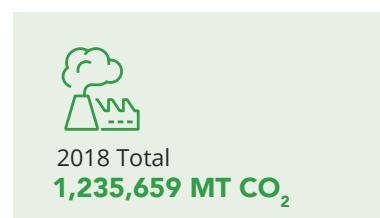
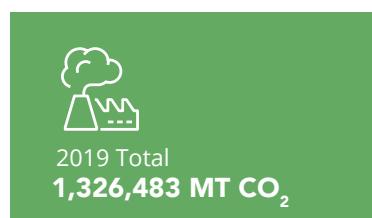
SM Prime's Greenhouse Gas (GHGs) Emission are derived from the following:

SCOPE 1 (Direct)	SCOPE 2 (Indirect)	SCOPE 3 (Other Indirect)
Emissions from owned sources such as generators, vehicles, Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG), and Refrigerants	Emission from electricity purchased	Emissions from sources not owned by the Company (tenant's electricity, LPG, third party vehicles)

Summary of GHG Emissions (MT CO₂) (102-48)

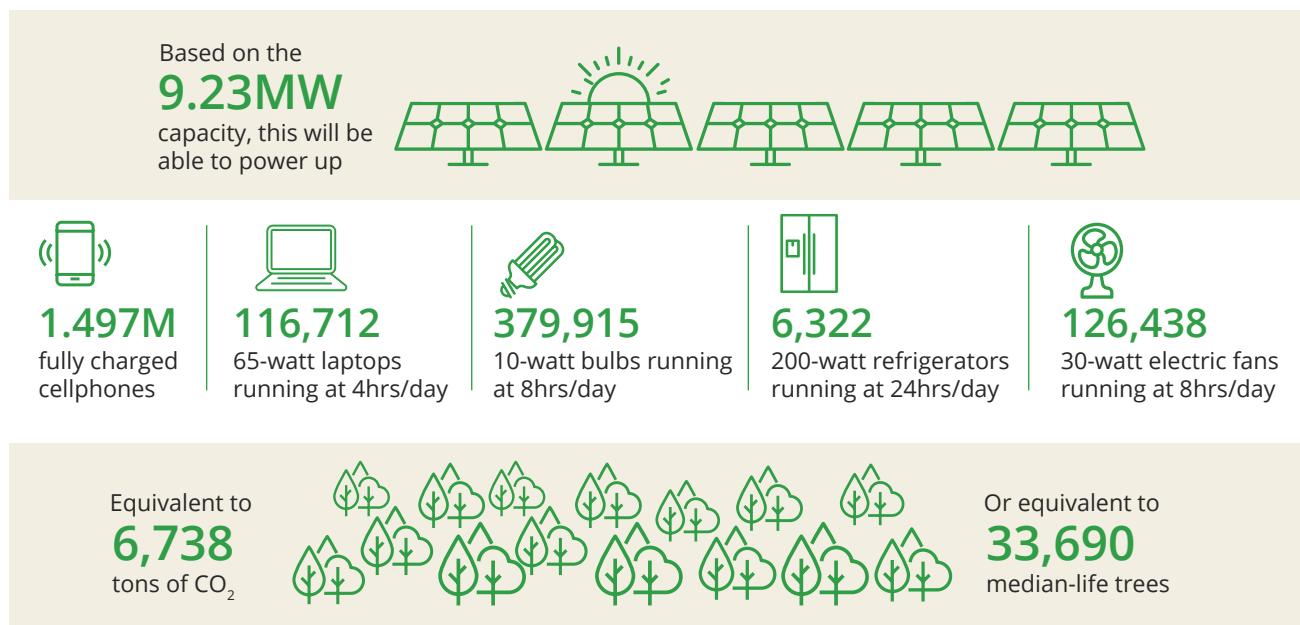


The 7% increase in the total GHG emissions for 2019 is attributed to the high electricity demand of the malls and their tenants to ensure business operations meet customer satisfaction.



Renewable Energy (302-4)

SM Prime's malls in the Philippines and in China serve as the driving force in the Company's operationalization of renewable energy. In 2019, 9.23 total MW capacity were utilized from its installed solar panels, enough to power several home appliances on a daily basis.

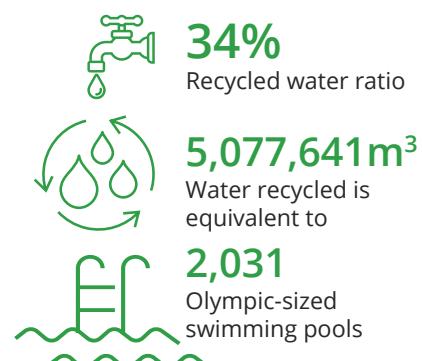


Energy Consumption within the Organization (302-1)

SM Prime consumes its energy from electricity usage for both managed common and tenant areas. The Company uses diesel for its stand-by generators and company-owned vehicles while gasoline is used for landscaping equipment and maritime vessels. China-based malls, on the other hand, uses Compressed Natural Gas (CNG) for company-owned vehicles.

Water (103-1, 103-2, 103-3; 303-1, 303-3)

SM Prime acknowledges that its business operations dependency on water resources have impacts. The Company, however, ensures that conservation measures are in place in operations with the implementation of water recycling through the mall's Sewage Treatment Plants (STPs). Recycled water is reused in the cooling towers, in comfort room flushing, in grounds keeping, etc. In 2019, SM Prime was able to recycle 34% of the total consumed water.



Water Consumption per Source



Figures are in cubic meters

Effluents and Waste (103-1, 103-2, 103-3)

Solid and Hazardous Wastes (306-2)

SM Prime has intensified its campaign on solid and hazardous waste management in compliance to existing Department of Environment and Natural Resources (DENR) Administrative Orders No. 2001-34 (Implementing Rules and Regulations of Republic Act No. 9003) and the revised DENR Administrative Order No. 2013-22 (Revised Procedures and Standards for the Management of Hazardous Wastes (Revising DAO 2004-36).

Solid Wastes Generated



in kilograms

Disposal of Solid Wastes

Composted	Reused	Recycled	Collected by accredited waste hauler	Total
210,821	639	133,056	3,914,207	4,258,723

in kilograms

Paper Recycling Initiative

SM Prime, in partnership with Trust International Paper Corporation (TIPCO), recycled 40,820 kilograms of wastepaper documents that satisfied legal, fiscal, compliance, operational, and administrative use in accordance with its Records Retention Schedule.



Trash-to-Cash (TTC)

In 2019, SM Prime had been able to save 126,068 seven-year-old trees from internal and external initiatives, participated in by various stakeholders from employees, tenants, private individuals, and nearby communities.


126,068

seven-year-old trees
saved in 2019

	Paper	Plastic	Glass	Metal	Others	Total Waste
2019	9,569,659	78,126	2,835	89,368	170,017	9,910,004
2018	9,796,915	90,450	4,244	135,196	117,264	10,144,069

in kilograms

Hazardous Wastes (306-4)

SM Prime further commits that accredited providers are continuously monitored to ensure transport, treatment, storage, and disposal of generated hazardous wastes are in strict adherence to DENR's implementing rules and regulations.

Hazardous Wastes	Unit	2019	2018
Used Lead Acid Batteries/ULAB	pc	559	
Used Generator Set Oil	li	2,637	
Industrial Oil	kg	927	
Waste Oil	kg	3,993	
Used Cooking Oil	kg	931,410	325,465
Busted Lamps	pc	437,675	236,073
Grease Waste	kg	5,500	
Fuel Filters	kg	166	
Electrical Waste and Electronic Equipment	kg	619	
Air Deo Cartridge (D406)	kg	320	
Paint Cans	kg	892	
Inorganic Chemicals (Sludge)	kg	144	
Contaminated Containers	kg	60	

Pollution Control Officer (PCO) Training

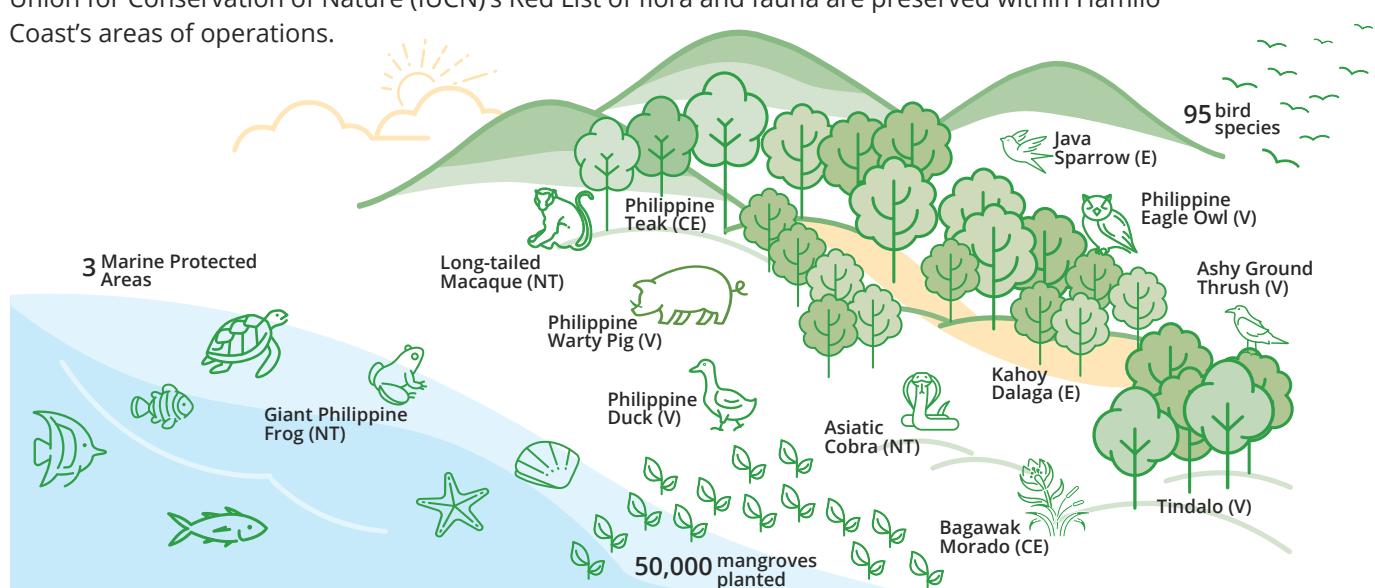
SM Prime, through its partners DENR and Laguna Lake Development Authority (LLDA), provided Pollution Control Officer (PCO) Training for its 852 employees, affiliates, and mall tenants and re-orientation for 71 existing PCOs. PCO training is instrumental in addressing any pollution-related matters resulting from the Company's business operations.



Biodiversity (103-1, 103-2, 103-3; 304-4)

Species monitored and protected (Hamilo Coast)

SM Prime puts a premium on biodiversity conservation measures to ensure that the International Union for Conservation of Nature (IUCN)'s Red List of flora and fauna are preserved within Hamilo Coast's areas of operations.





SM Prime values the contribution of its employees and aims to ensure their professional growth and well-being. Investments in their health and skills training lead to the success of the Company.



People (102-8; 103-1, 103-2, 103-3)

Diversity and Equality

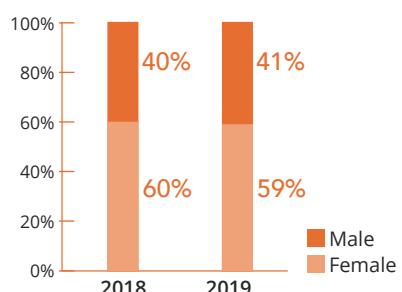
SM Prime's workforce possesses skills, experience, and knowledge that provides efficient and effective service to our various stakeholders. The Company provides a work environment with learning opportunities to unleash their highest potential.

The Company supports a diverse workforce as we advance into an age of high global awareness and digital transformation. Attracting a wide range of talent unlocks solutions to the many and complex challenges in our businesses. Employees can contribute significantly based on their expertise and experience. By promoting diversity of thoughts and talents, we include human energy that can help reinvent and reimagine the way we operate.

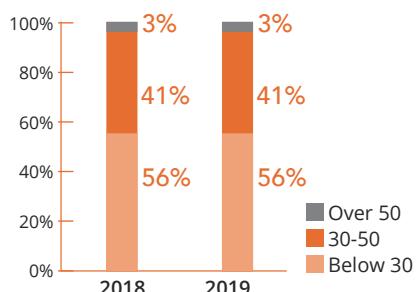
Total Headcount



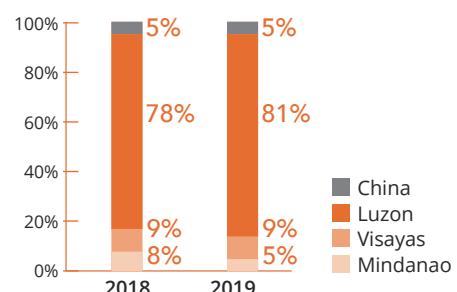
Breakdown by Gender



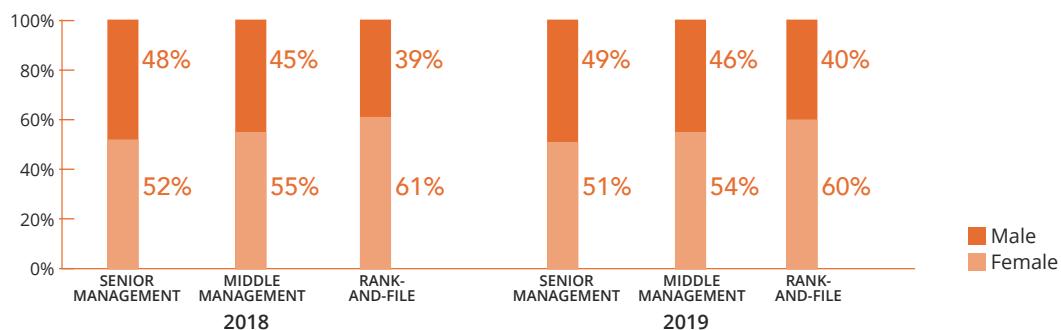
Breakdown by Age



Breakdown by Region

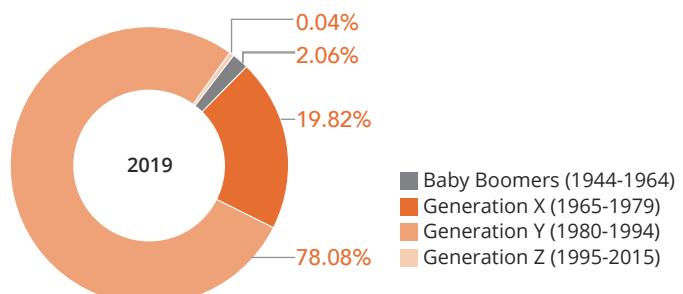


Breakdown on Rank by Gender (405-1)



People Generation

The young, motivated and qualified workforce, many of whom are millennials or Generation Y, allows the Company to compete on a global scale. The strong middle management in their 30s to 50s lend their experience and knowledge, creating balance.



Inclusivity in the Workplace

SM Prime has built the culture of diversity, developing inclusivity programs which are anchored on the SM Life Integration For Employees (LIFE) principle. The Company cares for its people, valuing the importance of quality of life. We believe that real sustainable success lies in happy, loyal and productive employees thriving in a well-balanced work environment. As we grow, our employees grow with us because we believe employees are family.

The Company anchors its "AweSM" Inclusive Workplace & Employee Experience on the SM PRIME Talent Management Framework, delivered through the HR Centers of Excellence:

				
Getting the Right Talents with the Right Attitude	Creating a Culture of High Performance, Grit & Execution	Building and Accelerating Talents from Within	Innovating Rewards. Recognizing Superior Performance	Working Together with a Happy Heart
Supports SM Scholarship Foundation Career Website across all Business Units Academic Partnership E2E Programs (Education to Employment)	Shared KPIs across team Growing talents from within Performance Conversations & Coaching	Blended learning initiatives Leadership, Coaching & mentoring programs Digi-U	MyHR (Digital Integrated HR Solution) SM ID PRIDE Project ACTS	Candid Coffee with the CEO Celebrate You Passion Clubs Leaders' CIRCLE HR BEAT Volunteerism PRIME Kids 360° Wellness

Our People Agenda: Inclusivity and Diversity

Our Metrics

Diverse & Inclusive Workplace	Embracing & nurturing employees' needs with an SM LIFE culture that guides how to do business, work together with a happy heart & deliver world class results	Women in Top Management
		Age Group/Generation
		SM Cares program participations
		Volunteerism participation
		Flexible work arrangements
		SM Foundation programs
Talent & Leadership	Nurturing talent by providing appropriate learning growth & opportunity to excel	Success Cover Ratio
Employee Engagement Platforms	Engaging employees on issues that matter most to them is the key to unlocking value-based organization with an agile & competitive talent pool	% of employees appraised
Learning & Development	Investing in long term development while improving capabilities	Employee Engagement Survey results
Safety, Health & Well Being	Improving safety, health and life integration SM LIFE app and programs (Wellness, Mindfulness, Mental Health, Get Up & Move)	Learning and Dev'l spend
		Average training hours per employee
		Blended learning (% of training programs)
		Sessions conducted
		App metrics
		# of Childcare Leave, FWA, Extended ML

Learning and Development (103-1, 103-2, 103-3; 401-1; 404-3)

SM Prime is committed to building and accelerating the development of its talents by conducting value-adding and practical programs on leadership, functional expertise, PRIME behaviors, and compliance. This is anchored on and driven by the strong synergy and collaboration with key leaders in business and operations. Employee professional growth is further supported by a robust performance management system which enables managers and employees to set clear goals, address performance gaps, implement interventions, and deliver exceptional results while meeting the demands to grow and expand our business.

Average Training Hours by Gender

	2018	2019
Male	13.41	17.80
Female	15.51	15.58



SM Prime employees
are enjoined to BePrime (102-16)

Average Training Hours by Rank

	2018	2019
Executives	17.77	22.01
Senior Manager	23.69	24.38
Manager	27.19	29.95
TSO*	33.02	15.11
Supervisor	11.34	17.45
Rank-and-File	5.15	14.41

*TSO - Technical Staff Officer

No. of Employees with Performance Assessment and Career Development Reviews (102-48)

	2018*	2019
Male	4,552	4,403
Female	6,545	6,706

*human error in data encoding

Percentage of Employees with Performance Assessment by Rank

	2018 (%)	2019 (%)
Executives	3%	2%
Senior Manager	7%	8%
Manager	9%	10%
TSO*	17%	18%
Supervisor	17%	18%
Rank-and-File	47%	44%

*TSO - Technical Staff Officer



P ERFORMANCE DRIVEN

We have the CAN-DO ATTITUDE & GRIT (Hardwork, Passion & Perseverance) to MAKE A DIFFERENCE & ADD VALUE in everything that we do.



R ESULTS ORIENTED

We are FOCUSED on SOLUTIONS & POTENTIALS, not problems. WE SEIZE OPPORTUNITIES, not obstacles. WE BELIEVE in TRIUMPHS over trials.



I NTENSE

We are COMMITTED to delivering OUTSTANDING, SPEEDY PERFORMANCE, and World-Class CUSTOMER EXPERIENCE. We build a H.O.T. (Honest, Open, Transparent & Trusting) culture.



T HE HEART

M INDFUL (MALASAKIT)

We are ACCOUNTABLE & MINDFUL of the QUALITY of our work, which reflects who we are. Our PURPOSE is what drives us to impact our co-employees and all that we serve positively.



T HE QUALITY

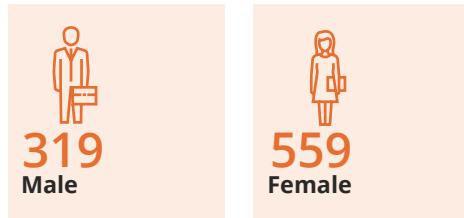
E XCEPTIONAL

We are PASSIONATE about GROWTH, EXCELLENCE, and GIVING our 100% BEST all the time! We always seek to EXCEL and GO ABOVE & BEYOND, making every opportunity count!

Career Advancement

SM Prime acknowledges the vital contributions of employees in the accomplishment of their assigned tasks in an efficient and effective manner. Employees are provided with opportunities to further develop their leadership potential for future management tasks.

In 2019, 64% of the total 878 employees promoted was composed of women.



Learning Roadmap (103-1,103-2, 103-3; 406-1; 410-1; 412-2)

SM Prime is committed to ensure that employees have a holistic perspective on relevant social matters that pertain to safety, security, human rights assessment, non-discrimination, data privacy, etc. not only for themselves but the general public as a whole. SM has also provided various continuing learning mechanisms such as Company policies, lectures, training, in-house information materials, and partnerships among national government agencies.

 Occupational Safety & Health	<ul style="list-style-type: none"> Introduction to Basic Occupational Safety and Health (BOSH) Back Injury Prevention
 Basic Life Support	<ul style="list-style-type: none"> Department of Health's (DOH) 2019 Nationwide Simultaneous Hands-Only CPR Campaign
 Fire Safety	<ul style="list-style-type: none"> Company Fire Brigade/Fire fighting techniques Fire safety drills
 Security Practices	<ul style="list-style-type: none"> Bomb threat awareness and emergency procedures lecture Terrorism indicators awareness training Emergency response training SM Emergency Response Team (SMERT)
 Food Safety	<ul style="list-style-type: none"> Food Safety Certification Level 1 Basic Food Safety Training
 Data Privacy	<ul style="list-style-type: none"> Information Security and Data Privacy Awareness
 Human Rights Assessment	<ul style="list-style-type: none"> Code of Ethics Policy on Accountability, Integrity, and Vigilance (PAIV)

ACCOLADES FOR SM PRIME'S PEOPLE STRATEGIES

2019 was a banner year for the Human Resources Group of SM Prime. During the HR Asia Awards, SM Prime was named among the Best Companies to Work For in the region. The Company was cited for its transparency, workforce engagement, and employee development activities geared toward enriching lives and building communities.

The World HRD Congress and the Employer Branding Institute also recognized SM Prime and SM Supermalls as two of the Best Employer Brands in Asia. Both also received citations as the Philippines' Best Employer Brands along with SM Lifestyle, Inc. The Company garnered the awards for its solid reputation as a model employer due to its innovative and transformational HR initiatives across the employee life cycle, such as the "Be PRIME" values advocacy and the "Pride in His Purpose" program.



To view the full story,
scan the QR code



SM Prime engages the Company employees as well as its executives in socially relevant programs for the vulnerable communities. The Company considers inclusivity as a priority since there is daily interaction with these communities.



Community

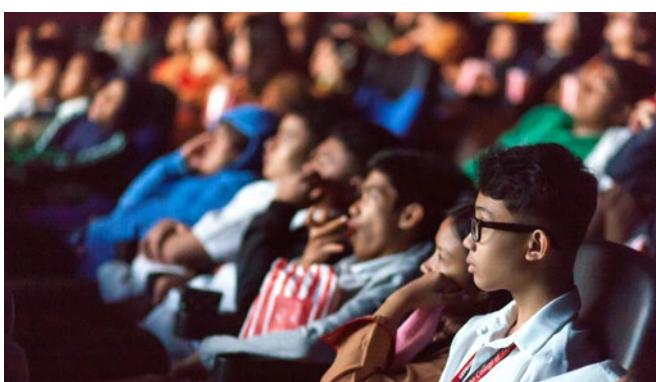
SM Cares (103-1, 103-2, 103-3)

SM Cares is the Corporate Social Responsibility arm of SM Prime Holdings. It is focused on supporting communities and social inclusion, especially for customers with diverse needs.



Happy Walk for Down Syndrome

Happy Walk is held every February in observance of Down Syndrome Consciousness Month and is led by the Down Syndrome Association of the Philippines and SM Cares. It promotes awareness and calls for the acceptance and inclusion of all persons with Down Syndrome.



Green Film Festival

The quarterly festival features documentaries on climate action, biodiversity, and solid waste management, and is offered to High School students for free. This information and education initiative is held in partnership with the Department of Environment and Natural Resources, SM Cinema and the US Embassy.



Community Service Program for Senior Citizens

In partnership with the Office of the Senior Citizens Affairs (OSCA), the Community Service Program is directed towards the elderly communities near an SM mall. Participants may choose to be assigned as an SM Foodcourt usher, restroom attendant or greeter.

**Hakab Na!**

Hakab Na! (Latch-On) is held every August in celebration of Breastfeeding Month. It promotes breastfeeding among women, and is supported by thousands of Filipino families and advocates. It is led by Breastfeeding Pinays, supported by SM Cares, UNICEF Philippines and the Department of Health.

**Pink Ribbon Day for Breast Cancer**

Pink Ribbon Day advocates for women's health against breast cancer through self-screening, early detection and early intervention. It is held every October in observance of Breast Cancer Month and is led by SM Cares and the Philippine Breast Cancer Society.

**Overseas Filipino Worker (OFW) Family Day**

Led by the Overseas Workers Welfare Administration (OWWA), the OFW Family Day is an annual celebration in recognition of the hardships and triumphs of the OFWs. SM Cares supported the 2019 event which was held at the SMX Convention Center.

**International Coastal Clean-Up**

Every September, SM By the Bay becomes a central venue for the International Coastal Clean-Up Day where thousands of volunteers come together to help remove ocean debris and mixed solid waste along Manila Bay.



Community

Community Engagement Programs

As SM Prime's businesses improve and increase, it is but natural to lift the communities that it serves. Various projects address the needs of the surrounding community as well as strengthen the camaraderie of SM employees across the nation. Public health, the environment and underserved sectors are some of the focus areas that have benefited from the yearly activities.



SMDC Medical Mission

To provide healthcare services to underserved communities, SMDC partnered with SM Foundation to mount medical missions in Paranaque and Pampanga.



Hamilo Coast Coastal Clean Up

Costa del Hamilo, Inc. commemorated its 11th consecutive year of International Coastal Clean-up at Pico Beach. SM Prime employees, Pico de Loro Cove Condominium unit owners, and Pico Sands Hotel guests volunteered and participated to collect 690 kilos of debris and litter.



Park Inn by Radisson Iloilo Tree Planting

The first tree planting activity initiated by Park Inn by Radisson Iloilo was conducted in Calajunan, Mandurria. The team helped with the area's rehabilitation, alongside Iloilo City's government and LGUs, who provided the team with hands-on orientation and demonstration for seed planting.



Protect Our Community Forum

This Forum enlightened the residents on how to create a safe and secure community. Partners and volunteers from the Philippine National Police, Philippine Drug Enforcement Agency, Bureau of Fire Protection, and the Philippine National Red Cross shared their expertise.



One Tree at a Time

This tree planting activity at Tagaytay Highlands gathers volunteers from the Clubs, Belle Corporation, Highlands Prime, Inc., Pacific Online Systems Corporation and Premium Leisure Corp. The target is to plant a million trees by the year 2044.



Green Procurement Workshop

Spearheaded by SMHCC through PCEPSDI, this was attended by top suppliers of SM hotels/resorts, the SMIC procurement group and SM Retail. The program teaches that every purchase has hidden health, environmental and social impacts throughout the entire supply chain.



Hamilo Coast Sustainability Workshop

World Wide Fund (WWF) Philippines conducted a sustainability workshop to create a cohesive 5-year Sustainability Plan for Hamilo Coast. The workshop was attended by representatives from Costa del Hamilo, Inc., Pico de Loro Beach and Country Club and Pico Sands Hotel.



Adopt a River Project

SM Prime, DENR, the cities of Pasay and Parañaque signed a memorandum of understanding to rehabilitate the Parañaque River System. SM Prime, as part of its commitment, intends to actively support the projects and programs to clean-up and conserve the waterways.

SUSTAINABLE DEVELOPMENT GOALS

SM Prime Holdings Inc. supports the United Nations Sustainable Development Goals (UN SDGs) as a call for action to holistically address global challenges on poverty, environmental degradation while looking into strategies to minimize impacts on health/well-being, inequality, and climate change among other things.



SM Prime employed **25,778** as sales agents and 3rd party service providers

80% of the workforce are hired from the communities surrounding Pico de Loro

SM Prime adopted **2** LGUs to support NRC's Adopt-a-City program



Women hold **51%** of managerial and executive positions



CRS in 38 malls conducted 34 feeding programs for **2,184** beneficiaries



34% of wastewater was treated, equivalent to **2,031** Olympic-sized pools



Hakab Na! **6,300** Breastfeeding Mothers participated in 6 venues nationwide

Pink Ribbon Day event where **600** Breast Cancer Patients participated

2,500 OFWs and their families participated in OFW Family Day thru OWWA

11,695 employees have health insurance



Solar panels in Phils and China malls generate total Capacity of **9.23** MW

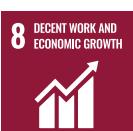
Electric savings of **30%** thru solar-assisted ACs in Pico de Loro's chapel



852 employees, affiliates and mall tenants have PCO Basic Training

Laguna Lake Development Authority (LLDA) reoriented **71** PCOs

Hamilo Coast and WWF Phils educated **2,748** on enviro protection



Total of **2,000** senior citizens have been employed in the malls

15,380 Small and Medium Enterprises and direct tenants

149 employees underwent OSHS/BOSH Training



4.2M daily mall goers are provided with free WI-FI access

Three E-Com certified LEED Gold and Four E-Com Pre-Certified LEED Gold

10 REDUCED INEQUALITIES

Employee demographic - **59%** female; **41%** male

5,996 rank and file employees receive minimum or above minimum wage

27,280 total attendees at the Angels Walk for Autism in 6 malls nationwide

9,113 total attendees at the Happy Walk for Down Syndrome in 4 malls

14 LIFE BELOW WATER

6,498 participants collected **42,436** kg of waste at the Coastal Clean-Up

298 kg of waste was collected during the Hamilo Coast coast and underwater clean up

Pico de Loro has **3** Marine Protected Areas (MPAs)

2,504 marine turtle sightings in Pico de Loro since May 2008

95 True Giant Clams have been seeded in Pico de Loro since 2008

11 SUSTAINABLE CITIES AND COMMUNITIES

1,634 PWDs participated in the Emergency Preparedness Forum held in 4 malls

1,000 senior citizens participated in the Walk for Life event at SM Mall of Asia

20 malls have a rainwater holding tank

All SM Prime establishments have PWD-friendly ramps and comfort rooms

15 LIFE ON LAND

411,531 pine trees have been planted in Benguet Province

10,570 seedlings have been planted by CRS nationwide

30,000 native tree species and **50,000** mangroves planted in Pico de Loro

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

126,058 seven-year-old trees have been saved

8,771 employees and community residents participated in Trash to Cash

1,600 students watched USAID's "A Plastic Ocean" thru the Green Film Festival

14,300 youth attended the Global Youth Summit in MOA Arena and in SMX Cebu

17 PARTNERSHIPS FOR THE GOALS

Leading as Secretariat for **73** ARISE Philippines members (102-13)

Standing active partnerships and collaboration programs with:

- UN Office for Disaster Risk Reduction (UNDRR)
- United Nation Children's Fund (UNICEF)
- National Resilience Council (NRC)
- WWF (World Wide Fund for Nature)
- US Embassy
- USAID (United States Agency for International Development)
- Autism Society of the Philippines
- Down Syndrome Association of the Philippines
- Global Peace Foundation
- DOST PHIVOLCS
- Dept. of Environment and Natural Resources
- Dept. of Social Welfare and Development of Health
- Department of Education
- Office of the Senior Citizens Affairs (OSCA)
- Philippine Foundation for the Rehabilitation of the Disabled
- Philippine Breast Cancer Society

13 ACTION

137 SM Prime employees attended the Incident Command System (ICS) training

NRC's Resilience Leadership Program has **8** LGU partners



Gold Offices, NAIA 1, Paranaque City

FEATURE

Redefining Urban Living

Our story begins with our founder's vision: a home for every Filipino. This has since been the compass of SM Development Corporation (SMDC) in building communities sensitive to a modern Filipino's ever-evolving needs and in maintaining the Company's growth trajectory year after year.

When SMDC started in 2006, we already had our sights set on building world-class properties that every Filipino could own – through shared spaces amid well-appointed amenities responsive to the needs of the markets that we serve, and mindful of the impacts on the environment and the surrounding communities.

Our developments are defined by five key success factors: (1) communities built in prime locations, thus providing superior accessibility – to schools, CBDs, major thoroughfares, and transport hubs; (2) well-planned mixed-use developments with a built-in commercial establishment or an SM Mall right beside it; (3) impeccably designed, hotel-like lobbies; (4) masterfully-planned resort-style amenities; and (5) professional property management that ensures the safety, security and integrity of our developments. The synthesis of these key success factors allows us to essentially reduce the carbon footprint of our communities, while providing a safe environment where our community members can live well and thrive.

Our forward-looking approach to design and development has given us the opportunity to redefine the landscape of real estate development in the Philippines, thereby influencing and changing the way Filipinos live.

We have significantly contributed to the country's economic growth and social development by investing about PHP164 billion in the residential construction industry over the years, creating more than 350,000 jobs for skilled workers, technical professionals and office employees. We have made more than 12,600 socialized housing units available to the market. Every year, more than 300 students benefit from the classrooms we have donated to the government.



Gold City, NAIA 1, Parañaque City

Championing sustainability

We have consistently championed sustainability to mitigate the effects of rapid urbanization through thoughtful design and construction processes, an efficient local supply chain, and project maintenance practices of our completed residential developments.

We allocate more than 50% of our developments to open spaces: pocket gardens, safe play areas for children, amenities that promote health and wellness, and common areas where our community members can gather and feel safe. Our hallways are naturally ventilated to allow clean, fresh air. In lieu of tap water, our rainwater collection system allows us to use

rainwater to clean the common areas and irrigate the landscaped gardens of our communities. We use LED lights in our properties and employ other earth-friendly practices that our property management recommends.

Through a never-ending quest to improve processes, we continue to breathe life into our sustainability goals so that our residents and the generations of Filipinos may live the quality of life they deserve.

Offering so much more

Our philosophy has always been about delivering so much more for our stakeholders – in terms of amenities that allow connectedness and a sense of community; in the accessibility



PHP164bn

investment in the residential construction industry



350,000

jobs for skilled workers, technical professionals and office employees



SMDC Happynings at Shell Residences



SMDC Happynings at Field Residences

Our forward-looking approach to design and development has given us the opportunity to redefine the landscape of real estate development in the Philippines.



Style Residences, SM City Iloilo

of our properties so as to allow our residents to have more time to do the things that are most important to them; and in the investment opportunities that our properties create.

This past year, we launched Gold City, a mixed-use development located across NAIA Terminal 1 in Parañaque City that seamlessly connects residential, office and commercial spaces in one dynamic complex. This milestone project features a subterranean parking and walkway, making it a pedestrian-friendly and safe community come rain or shine.

Light II Residences in Mandaluyong City is the first residential development along EDSA that offers about one hectare of expansive green spaces and amenities. This will

provide its community venues for bonding and building relationships right in the center of the metro.

Down south, Style Residences located in the SM City Iloilo complex offers not only comfort and convenience by being situated where everything is within reach, but also answers the need for a sustainable, low-carbon lifestyle in these fast-paced, modern times.

We understand the value of a connected world, where mobility, accessibility, and convenience are no longer options but an attainable lifestyle. Where time can be given to that which matters most. Where the home extends to shared spaces, paving the way to meaningful shared experiences and the creation of a treasure trove of memories.

Engaging communities

Our commitment to our communities goes beyond project completion and delivery. We continue to look after our communities well after turnover, dedicating ourselves to nurturing the communities and every resident's well-being.

Last year, we hosted HAPPYnings Events across our completed communities, allowing residents to go out, play, and create lasting memories with one another. Our project, Protect Our Community, taught residents to create a safe and secure community, and encouraged emergency preparedness through partners and volunteers from the Philippine National Police, Philippine Drug Enforcement Agency, Bureau of



Light 2 Residences, EDSA Mandaluyong

Fire Protection, and the Philippine National Red Cross. Our beloved elderly residents were treated to a month-long Grandparents' Day Celebration, incorporating activities that stimulated their mind, body, and spirit. To address today's urgent concerns on our youth's mental health, we rolled out our You Matter program, where young professionals share stories about youth well-being and their advocacies through community involvement.

Fostering a positive and vibrant sense of community will remain a tireless pursuit for us, and we will continue to embody the ideals of The Good Guys. By engaging our residents in social activities and connecting them with one another, we offer much more than



Basketball clinic with LA Tenorio

a private space to come home to; ***we build a community that cares for one another.***

Making luxury affordable

Building a nation of Filipino homeowners is the core of our mission. Our approach to design and development evolves with the Filipino's changing needs, ever mindful of the need to bridge the gap between the modern urban dweller's aspiration for luxury and



Art Workshop for the elderly

affordability. Guided by our vision, we have redefined luxury and made the cosmopolitan lifestyle accessible to more Filipinos through practical, affordable, budget-friendly payment schemes.

Armed with our core values, vision, our commitment to uplift the Filipino's urban lifestyle through sustainable means, and our never-ending quest to keep improving, the years ahead will be nothing less than exciting.

FEATURE

Cultivating the Culture of Local Tourism



In 2019, SM Hotels and Conventions Corp. (SMHCC) committed to grow its business by doubling its room inventory and convention space in the next five years. To support this bullish forecast, the Company has also pledged to use its resources in the most efficient way.

SMHCC's guiding principle in delivering a low carbon and resource efficient hospitality accommodation, leisure club, and convention center is to take every step of the value chain and review its relevance in lowering carbon impact while increasing operational value toward the environment, employees, owners,

and the community wherein it operates. These strategies are anchored on the United Nations Sustainable Development Goals (UNSDG), World Wide Fund (WWF) programs, and guidelines set by the local government agencies.

For the UNSDG benefits to last for generations, the action plans are anchored on science, information technology, and practical solutions that protect the very basic yet crucial resources of water, energy, food, and people. The roadmap has taken a serious look into the supply cycle, being mindful of its origin and its end-of-life resting place, while targeting the least impact on the environment.

Sustainability is SMHCC's new operational mantra, its new normal. More value is given to local food and the beauty of Filipino culture. Guests and clients are engaged to make them feel they are partners through the implementation of valuable programs, namely: SMX Green Bucket, Environmeet, Butil ng Buhay, and WWF Sustainable Diner.

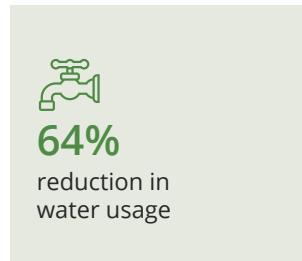
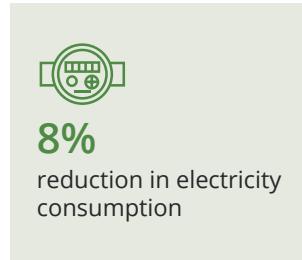
Employees are very much involved in paper recycling, plastic refusal in the workplace, tree planting and, river and coastal cleanup. Suppliers play a pivotal role in greening the supply chain through the Green Procurement Forum. Without their products, the journey to sustainability will not begin.

Equal employment is SMHCC's pillar of a healthy and productive workplace. We implement preventive and affirmative actions to ensure fairness in all aspects of employment, i.e. hiring, training, evaluating work performance and administering compensation and benefits.

Because of these best practices, SMHCC achieved the following milestones in 2019: 8% reduction in electricity, 64% reduction in water usage through recycling of effluent water, and 17.9% reduction in food waste, which is tantamount to an equivalent savings of PHP358,914 for the year. Composting of food waste from caterers has diverted 1.2 tons of food waste from the landfill.

In lessening single-use plastics, Taal Vista Hotel (TVH) eliminated a total of 23,283 bottles while Pico Sands Hotel (PSH) and Pico de Loro Beach & Country Club (PDLBCC) eliminated 145,693 bottles. Taal Vista Hotel was able to divert 20,000 pieces of plastic straws to paper straws. It replaced the usage of 10,400 pieces of plastic bags with paper bags. Pico Sands Hotel was able to divert 130,000 pieces of plastic straws to paper straws. Moreover, it was also able to divert a total consumption of 46,000 pieces of plastic bags to brown bags.

Tourism and hospitality are among the biggest contributors to nationwide growth. To compete globally while sustaining the benefit for the generations to come, we have to be responsible stewards of this gift.



A Healthy Pipeline of World-Class Office Buildings

SM Prime's Commercial Properties Group (CPG) continues to expand its office space portfolio by providing world-class office buildings across the country to local and multinational companies who seek to benefit from the Philippines' economic growth as well as to tap into its globally-competitive talent pool.

With approximately 285,000 square meters of Grade A office space in the Mall of Asia Complex, SM Prime's office buildings contributed significantly to make the Bay Area in Pasay City the fastest growing commercial business district in the country, according to Colliers International.

SM Prime's CPG launched its first green building in ThreeE-com Center which is LEED Gold-certified and was recognized as the Best Green Project of the Year in Lamudi's The Outlook 2019 in Makati City. It is a testament to SM Prime's focus on providing energy and resource-efficient office buildings. It scored high in the following LEED categories: sustainable sites, water efficiency, innovation, and regional priority.

ThreeE-com Center was fully-leased at launch by Amazon, Alorica, ICTSI, and Microsourcing. ThreeE-com Center supports its tenants employees' high quality of life and work-life balance by providing convenient retail and service offerings — banking (BDO), convenience store (Alfamart),

and food and beverage outlets (Starbucks Reserve, Tim Hortons, and A Taste of Yellow).

SM Prime's CPG continues to build its portfolio of green buildings with FourE-com Center's 89,000 square meters of Grade A office, now leasing, and SixE-com Center's 58,000 square meters, under design and construction. All E-com Center buildings are PEZA-accredited, have N+1 resiliency of major electro-mechanical systems to ensure business continuity, and have direct, pedestrian-only access to the transit terminal and amenities at the SM Mall of Asia. Located in prime locations, they are easily accessible from road networks and mass transport systems.

ThreeE-com Center



FROM RISK TO RESILIENCE

NRC's Pathways and Milestones (102-12, 102-13)

The National Resilience Council (NRC) is a science and technology-based public-private partnership pursuing climate and disaster resilience in the Philippines through a whole-of-society approach. It has established partnerships with national government agencies, local government units, academic institutions, scientific organizations, and civil society organizations to effectively bridge the gap between science, policy, and practice in resilience building.

NRC's Leadership for Resilient LGU Program, supported by its academic partners, has yielded significant results among NRC's partner LGUs- to shift from response-oriented planning and investment to risk-informed and resilience-driven governance. NRC has also recently forged a partnership with the City of Manila, with Mayor Francisco Domagoso signing a Pledge of Support in November 2019.



NRC Convenor Ambassador Roberto Romulo with H.E. Mr. Koji Haneda, Ambassador of Japan to the Philippines; H. E. Mr. Sung Kim, US Ambassador to the Philippines; and NRC President Ms. Antonia Yulo Loyzaga



NRC Executives and Partner LGU Local Chief Executives, together with UNDRR SRSG Mami Mizutori, during the 2019 Top Leaders Forum



Young Leaders for Resilience Program National Competition Winners: 1st place, Pamantasan ng Lungsod ng Maynila and Colegio de Muntinlupa; 2nd place, Xavier University-Ateneo de Cagayan; 3rd place, Camarines Sur Polytechnic Colleges

Year 1 Prepare Phase Milestones of NRC's Partner LGUs



Province of Bataan

In its effort to achieve the status of a carbon-neutral province, Bataan has issued a local ordinance imposing an "Environment Protection and Enhancement Fee" among establishments and industries based on carbon emissions.



Cagayan de Oro City

Cagayan de Oro City has made significant improvement in advancing science and technology-based risk governance through a strong partnership with Ateneo de Cagayan-Xavier University. It has engaged its academic partner in several capacity building interventions to address the city's resilience gaps.



Iloilo City

In partnership with Manila Observatory, National Science and Technology Center for Disaster Reduction of Chinese Taipei, APEC Emergency Preparedness Center, and local universities, Iloilo City has built an information integration platform that features data from weather and earthquake P-alert instruments, and urban exposure and vulnerability to address risk to flooding and earthquakes.



Iriga City

Iriga City has started the harmonization of its local plans and budget in the Annual Investment Plan for 2021 using the results of its CDRA and inputs from key city government offices.



Muntinlupa City

With the support of Ateneo de Manila University-Coastal Cities at Risk in the Philippines Program (ADMU-CCARPH), NRC developed the Barangay Resilience Scorecard, a downscaled version of the Resilient Local Government Systems Scorecard, which is currently being piloted in Muntinlupa City.



Naga City

Naga City has completed its CDRA with identified disaster risk reduction-climate change adaptation (DRR-CCA) options, which are the bases for the planning and investment program of the city. This was done through the support of ADMU-CCARPH, Ateneo de Naga University, Naga City Planning Development Office, and Naga City Disaster Risk Reduction and Management Office.



Ormoc City

Ormoc City, through its local resilience council, is currently mainstreaming CDRA results into its local plans and budget, particularly the Annual Investment Plan for 2021.



Zamboanga City

Zamboanga City has defined the Human Security Pillar of its Resilience Scorecard through a series of multi-sectoral consultations led by key stakeholders such as the Joint Task Force of the Armed Forces of the Philippines, Philippine National Police, and City Disaster Risk Reduction & Management Office.

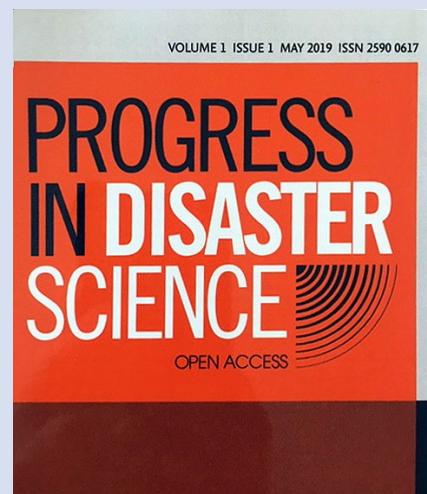
ARISE PHILIPPINES (102-12)

SM Prime fully commits to the targets of the Sendai Framework for Disaster Risk Reduction and the advancement of the UN Sustainable Development Goals. To achieve a substantial reduction of risk and loss of lives and livelihoods, SM Prime aligns its disaster risk reduction and management programs and resilience initiatives with the Sendai Framework. This is realized through the engagement with various global and national platforms such as the UNDRR ARISE (Private Sector Alliance for Disaster Resilient Societies) and its local private sector partners and National Resilience Council.



2019 UNDRR Global Platform

ARISE International Board Member, Mr. Hans T. Sy, shared the Company's risk-informed public and private investments as well as the disaster resiliency initiatives to Small and Medium Enterprises (MSMEs) during the UNDRR's 2019 Global Platform High-Level Dialogue (May 16, 2019) and ARISE Annual General Meeting held in Geneva, Switzerland.



ARISE Published Article

ARISE article "Risk-Informed and Resilient Development: Engaging the Private Sector in the Era of the Sendai Framework" was published in the Progress in Disaster Science Volume 1 Issue 1 May 2019



Annual General Meeting

Ms. Rosemarie Rafael of Airspeed International Corporation signed the Partnership Agreement with the National Resilience Council during the ARISE Annual General Meeting.



2019 Nationwide Simultaneous Hands-Only

Cardiopulmonary Resuscitation (CPR) Campaign

ARISE Philippines, in partnership with the Department of Health (DOH) held the pre-launching activity of the Hands-Only CPR campaign. Participants applied CPR learnings through the use of mannequins.



Adopt-A-City

SM Prime collaborated with the Cities of Cagayan De Oro and Naga by supporting National Resilience Council's 3-year Program to reduce the two cities' risk to old and new hazards and their long-term resilience. The Program implements a whole-of-society approach towards co-creating science and technology-based solutions and capacity building for evidence-informed risk governance.



International Day for Disaster Reduction: Build to Last: Risk-Informed Investment

SM Prime and the National Resilience Council (NRC) hosted the Build to Last: Risk-Informed Investment focusing on achieving Sendai Framework Target D: Reducing damage to critical infrastructure and promoting resilient infrastructure with topics on Hazard hunter development, Philippines' building and fire code, resilient features, and future of buildings and property management and special reports from ARISE members Philippine Disaster Resilience Foundation (PDRF) and National Resilience Council.



Top Leaders Forum: From Risk to Resilience: Forging Pathways and Milestones

The 2019 Top Leaders Forum brings together ARISE Philippines members, NRC partners, leaders from the national and local government, private sectors, civil society organizations, and the scientific community, to take stock the individual programs/initiatives on Disaster Risk Reduction and resilience, LGUs progress on the localized resilience scorecard.



Young Leaders for Resilience Program

Recognizing the important role of the youth in terms of disaster risk reduction (DRR) and resilience, the Young Leaders for Resilience Program (YLRP) was officially launched during the Top Leaders Forum. YLRP engages the youth, particularly students from NRC academic institutions, in co-creating solutions that can address resilience challenges thru IBM's Enterprise Design Thinking (EDT) Workshop.



Inclusivity in Disaster Risk Reduction (DRR)

(103-1, 103-2, 103-3)



The Philippines ranks third among countries hit by the most number of disasters over the past 20 years, according to the United Nations Office for Disaster Risk Reduction (UNDRR). While everyone is at risk, persons with disabilities (PWDs) and senior citizens are most at risk due to limitations in mobility, awareness of risks, and access to proper information. The challenge is to help these people prepare for disasters such as earthquakes and flooding, given their disadvantages.

SM Cares, the corporate social responsibility arm of SM Supermalls, helps ensure proper care for its stakeholders, especially those who most need attention and assistance in times of emergency. SM Cares initiated and has been conducting for the past four years, the Emergency Preparedness Seminar for PWDs and senior citizens to help vulnerable members of society become resilient and prepared for disasters. In collaboration with local government agencies and the community, the seminar features talks by disaster and environment experts that focused on the needs of senior citizens and PWDs. It is highlighted by a simulation of a disaster – including mall-based scenarios – and a demonstration of how participating PWDs, senior citizens and their caregivers can equip themselves with the tools and skills to cope with an emergency.

Our senior citizens may face challenges during an emergency, especially if they are misinformed. It is our goal to eliminate most, if not all, anticipated obstacles.

In 2019, the Forum ran from June 28 until July 12 and had a total of 1,375 participants. From what used to be held in a single venue, SM Cares has now brought the Forum to five SM Malls nationwide - SM City Clark, SM City Marikina, SM City Dasmariñas, SM City Batangas and SM Center Muntinlupa. Dr. Renato Solidum, Jr., DOST PHIVOLCS undersecretary, and international survival and rescue expert Dr. Ted Esguerra and their team were among those that shared their expertise and demonstrated emergency situations at the forums.

"There are possibly a lot of unheard solutions that are appropriate for persons with disabilities. Now that we have our subject experts, Dr. Solidum and Dr. Esguerra, closer to our communities, I am certain that many things will be brought to clarity. And from there, we can better plan what's best for us and our friends who may have physical or mental challenges," added Engr. Bien Mateo, SM Cares Program Director for Persons with Disabilities.

The project supports the United Nations Sustainable Development Goal No. 11: To make cities and human settlements inclusive, safe, resilient and sustainable. The Forum supports initiatives of ARISE Philippines of the United Nations Office for Disaster Risk Reduction (UNDRR) as well.

"Our senior citizens may face challenges during an emergency,



especially if they are misinformed. It is our goal to eliminate most, if not all, anticipated obstacles. And we will start with the proper orientation on how to properly respond to situations like earthquakes or flooding. This is one of the ways that we support the Filipino elderly in communities where our malls are present," said Danilo Chavez, SM Cares Program Director for Senior Citizens.

The seminars also aimed to convey to its patrons and partners that

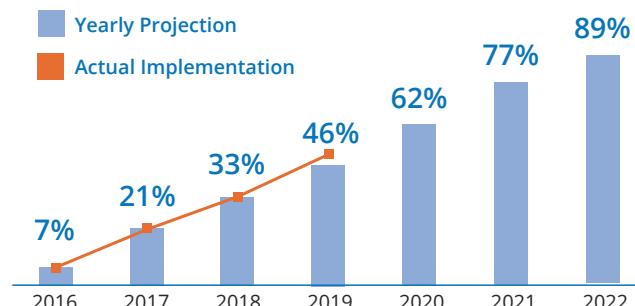
SM Supermalls, a leading mall developer in the Philippines, is a caring and responsible member of the community that is at the forefront of educational campaigns on disaster preparedness and is a credible source of useful information and a reliable ally in times of disaster. SM Prime continues to promote a barrier-free and disability-inclusive environment to ensure that SM malls become a place for all, where everyone is cared for.

ISO 22301 Business Continuity Management System (BCMS)

2019 BCMS Implementation

Based on SM Prime's Five-Year Roadmap, 89% of SM Prime's existing malls are projected to be BCMS-certified by 2022. In 2019, 49% of the existing malls had been BCMS-certified. This is 3% better than the set target. As of 2019, a total of 37 malls are already BCMS-certified.

Percentage BCMS-Certified Malls vs. Projection



Certified BCMS Malls

1. Mall of Asia Arena Annex	14. SM City Valenzuela	27. SM City Sta. Rosa
2. SM City North EDSA	15. SM City Fairview	28. SM City Lucena
3. SM Megamall	16. SM City Manila	29. SM City Lipa
4. SM Center Pasig	17. SM City San Lazaro	30. SM City Batangas
5. SM Mall of Asia	18. SM City Sta. Mesa	31. SM City Cebu
6. SM Aura Premier	19. SM City Taytay	32. SM Seaside City Cebu
7. SM Southmall	20. SM City Marikina	33. SM City Bacolod
8. SM City Baguio	21. SM Center Muntinlupa	34. SM City Iloilo
9. SM City Cauayan	22. SM City Bicutan	35. SM City CDO Downtown
10. SM City Clark	23. SM City Sucat	36. SM City Davao
11. SM City Pampanga	24. SM City Bacoor	37. SM Lanang Premier
12. SM City Baliwag	25. SM City Molino	
13. SM City Marilao	26. SM City Dasmariniñas	

The Process

The process of the certification is composed of five major steps. All of SM Prime's 37 BCMS- certified malls underwent this process.



The first step to acquire the certification is the BCMS high-level management training, where the basic and important concepts of Business Continuity Management are introduced to the malls. In the training, the mall operations team is introduced to BCMS templates that will help them assess the Context of the Organization (COTO), and the Legal and Regulatory Requirements (LRR) where the mall is operating. The team is also taught how to perform Business Impact Analysis (BIA) and Risk Assessment (RA). Based on the results of the BIA and RA, the malls' operations team are taught how to prepare Business Continuity Plans (BCP).

The COTO, LRR, BIA, RA, and BCP are documented by the mall operations team and submitted for management review and approval.

In regular intervals or when changes to the plan documents have been made, business continuity plans (BCPs) are subjected to BCP Testing to assess relevance, suitability, and effectiveness.

Subsequently, an internal audit is conducted to assess the malls' compliance to the requirements of the management system, internal policies and procedures of SM Supermalls relative to BCMS and the applicable legal and regulatory requirements.

ISO 22301 Certification

SM Prime engages TÜV SÜD to assess the organization's compliance to the ISO 22301 standards, and whether the management system is effective in supporting the organization's business continuity objectives.

2019 TÜV SÜD Audit Results

In 2019, the TÜV SÜD audit team cited two positive aspects and zero non-conformities for SM Prime. TÜV SÜD commended the Company's commitment to the BCMS Program through the development of the SM Resilience Center and the Company's engagement in Business Resiliency activities and initiatives (e.g., Common Business Resiliency Language, SM Emergency Response Team, Certification Programme, Fire Brigade Accreditation Program). Zero non-conformities were raised, which is a good indication that the BCMS program is improving and maturing.

Various TÜV SÜD Audits



SM City Bacoor



SM City Clark



FOUR GOLDEN ARROWS RECOGNITION

The Institute of Corporate Directors (ICD) and the ASEAN Corporate Governance Scorecard (ACGS) have awarded SM Prime with Four Golden Arrows during the 1st ACGS Golden Arrow recognition ceremony held last 11 June 2019 at the Conrad Manila Hotel in Pasay City.

The ACGS Golden Arrow recognition is given to publicly listed companies (PLCs) that have earned a score of 80 points or higher, and are considered as one of the top-performing companies under the ACGS.

SM Prime received Four Golden Arrows for scoring 110-119 points in its ACGS Scorecard. Having been a PLC for 25 years, it recognizes that robust corporate governance policies and practices promote a fair and sound market valuation of the Company's shares while maintaining the confidence of customers and investors.



To view the full story,
scan the QR code



PRIME

25 Years
1994-2019

smprime.com

SM Prime affirms its deep commitment to a high standard of corporate governance practice, which is firmly anchored on the principles of accountability, fairness, integrity and transparency consistently applied in every aspect of its business and at all levels of the organization.



Corporate Governance

(102-10; 103-1)

SM Prime Holdings, Inc. believes that good governance is essential to the continued success of its business and is dedicated to foster a culture of fairness, accountability, and transparency at all levels within the organization. These principles constitute the foundation of SM Prime's Corporate Governance Framework and are embedded in every aspect of the Company's operations and its dealings with various stakeholders.

The Company's good corporate governance practices have helped establish SM as a strong brand in which customers, investors, business partners, and other stakeholders trust. The Company and its business units have consistently won recognition and awards from various bodies. This certainly sustains the Company's competitive advantage, as demonstrated by, among others, global brands' preference to locate in SM properties, as well as foreign investments flowing into the Company.

SM Prime's intent to create value at all times in all businesses it operates is marked not just by the product quality and service excellence but, more importantly, has a heart that cares for its customers, communities, and the environment to ensure sustainable growth and progress.

THE BOARD OF DIRECTORS

SM Prime's Board of Directors is at the helm of its governance structure. It is the Board's responsibility to formulate and ensure the achievement of the Company's vision and mission in a manner that upholds the values of focus, hard work, innovation, integrity, teamwork, and sustainability.

The Board also plays a leading role in the establishment of the Company's strategic framework, setting the overall strategic direction, and reviewing and monitoring its progress at least on an annual basis. Through the Chief Compliance Officer, the Board reviews business units' strategies and targets and monitors their progress towards achieving the Company's strategic objectives.

SM Prime's Revised Manual on Corporate Governance specifies the duties and responsibilities of the Board of Directors and delineates the roles of the Chairman of the Board and the President. This separation of roles

ensures an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board conducts itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Formulates the Company's long-term vision and mission;
- Oversees the development and approval of the Company's business objectives and strategy, and monitors their implementation;
- Ensures and adopts an effective succession planning program for directors, key officers, and management;
- Aligns the remuneration of key officers, and Board members with the long-term interests of the Company;
- Discloses in the Corporate Governance Manual a formal and transparent board nomination and election policy;
- Ensures that a group-wide policy and system are governing related party transactions (RPTs) and other unusual or infrequently occurring transactions;
- Approves the selection and assessing the performance of the Management and control functions;
- Establishes an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards;
- Oversees that an appropriate internal control system and a sound enterprise risk management (ERM) framework is in place;
- Ensures a Board Charter is in place and is publicly available;
- Discloses within three business days any transactions related to their own SM Prime shares; and
- Performs other duties and responsibilities as may be assigned by the Securities and Exchange Commission (SEC).

Board Committees are set up to assist the Board in the performance of their functions particularly, with respect to audit, risk management, related party transactions, and governance. The Board, through the work performed by its Committees, is of the

opinion that the Group's systems of internal control and risk management are adequate and effective to address the financial, operational, and compliance risks. The composition, duties, and responsibilities of all committees are publicly available in the corporate website.

The Board is also assisted by a Corporate Secretary to ensure the effective discharge of its duties and responsibilities. The Corporate Secretary assists

the Chairs of the Board and its Committees in the preparation of agenda for Board meetings, puts the Board on notice before every meeting, and assists the Board in making business judgments in good faith. The Corporate Secretary gathers and analyzes documents, records, and other information, including updates and changes to relevant rules, laws, and regulations, and keeps the Board abreast of matters essential to the conduct of their duties and responsibilities.

BOARD COMPOSITION					
Director's Name	Directorship	Age	Date First Elected	Elected When (Annual/Special Meeting)	No. of Years as Director
Jose L. Cuisia, Jr.	Lead Independent	75	April 1994	Annual	26
Gregorio U. Kilayko	Independent	65	April 2008	Annual	12
Joselito H. Sibayan	Independent	61	April 2011	Annual	9
Henry T. Sy, Jr.	Non-Executive	66	April 1994	Annual	26
Hans T. Sy	Non-Executive	64	April 1994	Annual	26
Herbert T. Sy	Non-Executive	63	April 1994	Annual	26
Jorge T. Mendiola	Non-Executive	60	December 2012	Annual	7
Jeffrey C. Lim	Executive	58	April 2016	Annual	4

Nomination and Election of Board of Directors (102-24)

As provided in the Revised Manual on Corporate Governance, the complete process of the nomination and election of Board of Directors are found in Section I.1.2.3 on page 8 or as references in this weblink: www.smprime.com in the Corporate Governance Manual of the Corporate Governance tab or <https://www.smprime.com/corporate-governance-manual>.

Board Independence

The Board is composed of three independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. Mr. Jose L. Cuisia, Jr. serves as the Board's lead independent director primarily to reinforce proper mechanisms for disclosure, protection of the rights of shareholders, the equitable treatment of shareholders, and the accountability of the Board and Management are in place, in cases where Management has clear conflicts of interest. Directors with a material interest in any transaction with the Company are also expected to abstain from the deliberation of the same.

Board Diversity

The Board has adopted a board diversity policy that aims to create and maintain an atmosphere of constructive challenge and debate, requiring the right balance of skills, competence, experience, and perspectives among the directors. Diversity at the board level is an essential element of sound corporate governance, sustainable and balanced development, and effective business strategy. Diversity may refer to age, ethnicity, culture, skills, competence, knowledge, gender, among other things, in consideration of the selection of the Board's composition.

To monitor progress in achieving the Board's diversity objectives, the Company's Corporate Governance Committee uses a Board Matrix, which sets out the mix of attributes, skills, affiliations, competencies, and experience the Board currently has and is looking for to complement its existing composition. Its structure reflects the areas relevant to the Company's strategic objectives, as well as other areas of general relevance to the composition of the Board.

Board Performance and Attendance

Regular board meetings are held quarterly and scheduled in advance during the previous year. Special meetings may also be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors.

As provided in the Revised Manual on Corporate Governance, 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. Board papers are made available to all directors at least five (5) business days before the regular/special board meeting to give ample time to all Board members to study items for discussion and decision-making.

The Board of Directors had ten (10) regular and special meetings in 2019 on the following dates: February 11, April 23, May 6, July 15, September 5, October 23, November 4, November 21, and December 9.

All meetings registered 100% attendance of members of the Board of Directors. Apart from these meetings, non-executive and independent directors met separately during the year without the presence of Management.

Board Training and Orientation

SM Prime ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory,

foreign, or local demands and the growing complexity of the business. Orientation programs are conducted for first-time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential in the performance of their functions.

As a matter of continuous professional education, the Corporate Governance Committee facilitates the training opportunities provided by accredited or duly recognized institutions to update and refresh the Board's knowledge and skills. Annual Corporate Governance Training Programs were conducted by various accredited training providers, namely: Institute of Corporate Directors, Center for Global Best Practices and SGV & Co. Each director and key officer have attended at least one training session. The annual CG training conducted by the aforementioned providers covered the following topics:

- Digital Governance
- Culture of Innovation and Technology
- Revised Corporation Code
- Anti-Money Laundering
- Succession Planning
- Organizational Change Management
- Board Effectiveness
- Financial Reporting

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Henry T. Sy, Jr.	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Hans T. Sy	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Herbert T. Sy	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Gregorio U. Kilayko	November 8, 2019	Corporate Governance: Board Effectiveness Best Practices	Center for Global Best Practices
Joselito H. Sibayan	November 8, 2019	Corporate Governance: Board Effectiveness Best Practices	Center for Global Best Practices
Jose L. Cuisia, Jr.	August 13, 2019	Revised Corporation Code, Succession Planning and Organizational Change Management	SGV & Co.
Jorge T. Mendiola	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jeffrey C. Lim	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Elizabeth T. Sy	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Teresita Sy-Coson	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors

Name of Director/ Officer	Date of Training	Program	Name of Training Institution
Elmer B. Serrano	July 24, 2019	2019 Corporate Governance Seminar of BDO Unibank, Inc.	Banco de Oro Unibank
Arthur A. Sy	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
John Nai Peng C. Ong	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Marvin Perrin L. Pe	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Teresa Cecilia H. Reyes	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Alexander D. Pomento	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Christopher S. Bautista	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Steven T. Tan	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jose Mari M. Banzon	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Shirley C. Ong	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Ma. Luisa E. Angeles	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors
Russel T. Sy	August 15, 2019	Annual Corporate Governance Training Program	Institute of Corporate Directors

Board Committees

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 Revised Manual on Corporate Governance. Furthermore, the Charters include administrative provisions on the conduct of meetings and proceedings, reporting to the Board, structures, and other related information.

BOARD COMMITTEES		
EXECUTIVE COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP
Hans T. Sy	Chairman	Non-Executive
Henry T. Sy, Jr.	Member	Non-Executive
Herbert T. Sy	Member	Non-Executive
Elizabeth T. Sy	Member	Non-Director
Jeffrey C. Lim	Member	Executive
John Nai Peng C. Ong	Member	Non-Director

AUDIT COMMITTEE			BOARD RISK OVERSIGHT COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP	MEMBERS	DESIGNATION	DIRECTORSHIP
Jose L. Cuisia, Jr.	Chairman	Independent	Gregorio U. Kilayko	Chairman	Independent
Joselito H. Sibayan	Member	Independent	Jose L. Cuisia, Jr.	Member	Independent
Gregorio U. Kilayko	Member	Independent	Jorge T. Mendiola	Member	Non-Executive
Jorge T. Mendiola	Member	Non-Executive			

CORPORATE GOVERNANCE COMMITTEE			RELATED PARTY TRANSACTIONS COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP	MEMBERS	DESIGNATION	DIRECTORSHIP
Joselito H. Sibayan Gregorio U. Kilayko Jose L. Cuisia, Jr.	Chairman Member Member	Independent Independent Independent	Joselito H. Sibayan Gregorio U. Kilayko Jorge T. Mendiola	Chairman Member Member	Independent Independent Non-Executive

A. The Executive Committee

The Executive Committee functions when the Board of Directors is not in session. Generally, the committee is responsible for assisting the Board in overseeing the implementation of strategies and long-term goals, reviewing major issues facing the organization, monitoring the operating activities of each business group, and defining and monitoring the Company's performance improvement goals.

Regular committee meetings are scheduled at least once a month. In accordance with the Revised Manual on Corporate Governance, actions of the Executive Committee are reported to the Board of Directors at the Board meeting immediately following such action, and are subject to revision or alteration by the Board, as necessary.

B. The Audit Committee

The Audit Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management, and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. The committee met four (4) times in 2019, with 100% attendance in all meetings. Mr. Gregorio Kilayko was able to attend 3 out of 4 meetings as he was only added to the committee effective May 6, 2019.

C. The Risk Oversight Committee

The Risk Oversight Committee oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. This Committee assists the Board in ensuring that there is an effective and integrated risk management process in place. The Committee had four (4) meetings in 2019, with 100% attendance in all meetings.

D. The Corporate Governance Committee

The Corporate Governance Committee assists the Board in the performance of its corporate governance responsibilities, including functions that were formerly assigned to the Nomination and Compensation and Remuneration Committees. The Committee believes that prudent and effective corporate governance practices constitute the foundation of the Company's strength and long-term existence to enhance and maximize long-term shareholder value. The Committee had four (4) meetings in 2019 with 100% attendance in all meetings.

E. The Related Party Transactions Committee

The Related Party Transactions Committee reviews all material related party transactions (RPTs) of the Company. The mandate for this Committee includes the evaluation of the RPTs explicitly to ensure that these are undertaken upon terms not less favorable to the Company than those offered to any unaffiliated third party under the same or similar circumstances and overseeing the implementation and regular review of the related party transactions policy. The Committee had three (3) meetings in 2019, with 100% attendance in all meetings.

Board Remuneration

Members of the Board of Directors receive a per diem of PHP10,000 (PHP20,000 for the Chairman and Vice Chairman) for each regular or special Board meeting or Board Committee meeting attended. The amount of the per diem is openly discussed during the Annual Stockholders' Meeting and approved by SM Prime's stockholders. Total compensation paid to directors is disclosed annually in the annual report filed with the Securities and Exchange Commission.

Board Evaluation (102-28)

Annually, the Corporate Governance Committee facilitates the evaluation of the performance of the Board as a whole, its respective Board Committees, the individual directors and the President, based on duties and responsibilities provided in SM Prime's Revised Manual on Corporate Governance and By-Laws. Specifically, the evaluation focuses on the following:

Board Composition	<ul style="list-style-type: none"> • Diversity (Experience, knowledge, expertise, gender, age, cultures, etc.) • Mix of competencies • Appropriate number of total directors and independent members • Adequate set of Committees
Board Activities	<ul style="list-style-type: none"> • Quality, timeliness and ease of access to information provided by the Company • Quality of the interactions and communication with CEO and executive officers • Clear and formal processes to guarantee independence and mitigate conflicts of interests • Orientation and guidance to the Company CEO and executive officers • Work in general • Decision making • Discussions on short/long term development • Discussion on business strategies and plans • Discussion on risks and regulations • Follow-up of business plans, strategies, objectives, and budget
Board and Board Committee Meetings	<ul style="list-style-type: none"> • Frequency and length of meetings sufficient to accomplish goals • Full, positive and balanced participation of directors during meetings
Individual Directors	<ul style="list-style-type: none"> • Strategic vision • Ability to work in a team • Time availability and commitment • Knowledge and alignment to the Company's values and culture • Intellectual independence • Communication abilities • Continuous self-education and development
President	<ul style="list-style-type: none"> • Leadership and commitment • Independence and integrity • Diligence • Constructive relationship with the Board, its Committees and its respective members

The annual evaluation also serves as a venue for identifying areas for improvement in terms of trainings, continuing education programs, or any other forms of assistance that the directors may need in the performance of their duties. The evaluation forms also include support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special

or committee meetings, and their accessibility to Management, the Corporate Secretary and Board advisors. Every three years, the board evaluation is supported by an external facilitator.

In 2019, the SM Prime Board underwent a Board Evaluation facilitated by the Institute of Corporate Directors. The Board Evaluation utilized both

questionnaires and interviews to gauge the performance of the Board. The third-party evaluation was facilitated by fellows from the Institute of Corporate Directors, Mr. Rex Drilon, and Dr. Aniceto Fontanilla.

The Board reviews and evaluates the results of the evaluation, and discusses possible changes that will enhance the performance of the individual directors and the Board as a collective body. The results of the review are then considered by the Corporate Governance Committee in the continuing education of Board members and assessment of potential candidates for the next election of the Board of Directors.

CORPORATE GOVERNANCE RELATED POLICIES

Manual on Corporate Governance (103-1, 103-2, 103-3; 419-1) SM Prime's Revised Manual on Corporate Governance, which was adopted on 20 February 2017, institutionalized the principles of good corporate governance by clearly defining the roles and responsibilities of the Board of Directors and Management, promoting disclosure and transparency, strengthening the internal control system and risk management framework and cultivating a synergic relationship with various stakeholders.

All directors, officers, and employees are expected to comply with all the provisions of the Revised Manual on Corporate Governance. The Company's Compliance Officer is tasked to monitor compliance with the Manual and impose corresponding penalties for non-compliance.

Code of Ethics

(103-1, 103-2, 103-3) The Code of Ethics states the principles that guide the Company's directors, officers, and employees in the performance of their duties and responsibilities and their transactions with investors, creditors, customers, contractors, suppliers, regulators, and the general public. The Code requires full compliance with all applicable laws and regulations.

In line with SM Prime's mission, the Code of Ethics underscores the Company's commitment to promote and protect the welfare of its employees, customers, and the communities where its businesses operate. The Code likewise emphasizes the need to protect, sustain, and enhance the environmental, social, and economic resources needed to deliver long-term growth.

Related Policies and Programs

To complement the principles provided by the Manual on Corporate Governance and Code of Ethics, the Company developed several policies and programs that deal with specific implementation areas:

Insider Trading Policy

All directors, officers, employees and other covered persons as defined in the Insider Trading Policy are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts, interest in businesses of competitors, participation in other organization or activities and close personal relationships in the Company or its affiliates and subsidiaries. Conflicted directors are required to inhibit themselves from participating in board meetings and are specifically identified in the Company's Definitive Information Statement submitted to the SEC.

Related Party Transactions

Full disclosure of the details, nature, extent, and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the SEC and PSE shall be observed at all times. Details of transactions entered into by the Company with related parties are required to be reviewed by independent directors in accordance with the RPT Policy, to ensure these are conducted at arms' length. Related Party Transaction Policy was updated in 2019 to adhere to the SEC Memorandum Circular on Rules on Material Related Party Transactions.

Conflict of Interest

(103-1, 103-2, 103-3) All directors and employees are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts, interest in businesses of competitors, participation in other organization or activities and close personal relationships in the Company or its affiliates and subsidiaries. Conflicted directors are required to inhibit themselves from participating in board meetings and are specifically identified in the Company's Definitive Information Statement submitted to the SEC.

Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) (103-1, 103-2, 103-3; 205-1)

The Company prohibits the solicitation or acceptance of gifts and travel 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.

Policy on Accountability, Integrity, and Vigilance (Whistleblowing Policy)

The Company 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. The policy provides for the conduct of an investigation of the incident report. The policy also includes provisions for non-retaliation against the filer of the incident report. Upon receipt of the incident report, Management conducts an investigation on its merit, subject to due process, and impose applicable penalties and sanctions thereafter.

Creditors' Rights

The Company shall respect agreements with creditors, manage loans according to lending objectives, ensure timely repayment of loans and interests, thoroughly honor loan conditions as agreed, and competently operate the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities.

Supplier Selection (103-1, 103-2, 103-3; 308-1)

The Company adheres to the principles of healthy competition, equal opportunity, and fair treatment of business partners. As such, the selection of suppliers follows an open, competitive, and non-discriminatory process. SM Prime implements a vendor enrolment process that screens qualifications of vendors/suppliers the Company will deal with. Such qualifications include the legality of entity or business, adequacy of financial strength, compliance with SM Prime policies such as conflict of interest disclosure requirements and ethical standards, and support to SM Prime's environmental missions, health and safety culture.

Guidelines on Placement of Advertisements

The Company prohibits the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where SM Prime or any of its subsidiaries, director, officer, or employee is one of the nominees vying for the award. The Company may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to the Company or to any of its subsidiaries, director, officer, or employee.

Alternative Dispute Resolution System

The Company establishes an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, 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 see fit.

Privacy Policy (102-11)

The Company collects, uses, protects or otherwise handles its data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations (collectively, the "Data Privacy Act").

Communication and Compliance

SM Prime understands that the continuous growth and development of its corporate governance culture rests on the promotion and awareness of the principles of good governance. As such, the Company continues to strengthen its training and orientation programs. 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 HRD, on an annual basis, requires all employees to re-take the 3-part Corporate Governance program. This specifically includes the following:

- Confirmation – to confirm that employees have read and understood and agrees to comply with the Company's Code of Ethics, Insider Trading Policy, Conflict of Interest Policy, Code of Discipline and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), among others.
- Disclosure Survey - to disclose each employees' affiliations, interests, relationships, and/or transactions that are relevant for full disclosure of all actual, apparent, or possible conflicts of interest.
- e-Learning Courses (self-paced learning) - to be familiarized with the provisions of the Code of Ethics and other specific policies in upholding corporate governance in the workplace.

ENTERPRISE RISK MANAGEMENT (102-30)

SM Prime follows an 8-step Risk Management Approach, which starts from the identification and prioritization of risks to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process.

The Board, through its Risk Oversight Committee (ROC), is responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. On a quarterly basis, the ROC is updated on the status of risk management and risk mitigation plans of the Company. Action plans to mitigate risks include investment in technology, provision of continuous training of employees, the performance of regular audits, establishment, and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders.

The Board puts emphasis on prudent IT risk management. It ensures adequate control measures are in place to protect the confidentiality, integrity, and availability of all physical and electronic information assets of the Company to make certain that regulatory, operational, and contractual requirements are satisfied. In terms of cyber security management, the Company

has adopted globally accepted standards to employ a similar approach to cyber security strategies within the organization.

DISCLOSURE AND TRANSPARENCY (102-33)

SM Prime is committed to providing its stockholders and the public, timely, and accurate information about the Company and its business. In accordance with this, SM Prime regularly updates its website and practices full and prompt disclosure of all material information. The website has a separate Corporate Governance section that features, among others, the Revised Manual on Corporate Governance, Annual Corporate Governance Report, and Scorecard, Code of Ethics, and other relevant policies, programs, and important information. SM Prime also publishes a separate Environmental, Social and Corporate Governance Report, which highlights its policies and programs on corporate governance, social responsibility, and environmental sustainability, among others.

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. Likewise, the Company conducts regular briefings and meetings with investors, analysts, and the press to keep them updated on the Company's various projects, as well as its financial and operational results. The presentation materials used in these briefings, as well as the Company's SEC and PSE reports and annual reports, may be viewed and downloaded from its website.

RIGHTS, ROLES, AND PROTECTION OF STAKEHOLDERS

The Revised Manual on Corporate Governance asserts the rights of stockholders and the 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.

Rights of Shareholders

Voting Right - All stockholders are entitled to vote following the one-share-one-vote system. Stockholders, whether individual or institutional, through their representative, are encouraged to personally attend

the Annual Stockholders' Meeting to exercise their voting rights, thereby allowing them to individually elect candidates to the Board of Directors and vote on matters requiring stockholder approval. Nevertheless, proxy voting is permitted and is facilitated through proxy forms available on the Company's website and distributed to stockholders along with the Notice of Meeting. For the Year 2019, the Company has introduced electronic voting, which may be utilized by the Company's certificated stockholders if not attending in person, enabling them to exercise their right to vote in a quick and convenient manner.

Inspection Right and Access to Information -

All stockholders are given the right to inspect corporate books and records at reasonable hours on business days in accordance with the Revised Corporation Code of the Philippines and be furnished with copies of the Company's Annual Report and financial statements. Stockholders may also request the Company to provide periodic reports about its directors and officers, as well as matters for which Management is accountable. Moreover, minority shareholders are granted the right to propose the holding of a meeting and the right to propose items in the agenda of the meeting provided the items are for legitimate business purposes and in accordance with the law, jurisprudence, and best practice.

Right to Dividend - The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs, and debt servicing requirements. The Company's dividend policy is to declare annual cash dividends equivalent to 30%-35% of prior year earnings and will endeavor to continue doing so while ensuring financial flexibility. Dividends shall be paid within thirty (30) days from the date of declaration.

Appraisal Right - Stockholders may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares pursuant to Section 80 of the Revised Corporation Code of the Philippines. Procedures for the exercise of this right are provided in the Definitive Information Statement.

Employee Welfare

All officers and employees are to be selected, engaged, and compensated based on qualification and performance. Employees are treated fairly and accorded with respect and dignity. The Company ensures that individual and collective rights are not violated. The Company also maintains a safe, productive, and conducive workplace and comply with all applicable health, safety, and environmental laws. In this regard, company employees are covered by rules against the use of prohibited drugs and working under the influence of liquor. Opportunities for career advancement are provided based on clear performance and qualifications criteria.

Business Continuity

The Company ensures that risk management and control structures and procedures are in place to safeguard its workforce, operations, and customers against emergencies and natural and human-made disasters, which includes the implementation of the Business Continuity Management System (BCMS). The BCMS aims to maintain the reputation, meet the commitments, and ensure the continued operation of the organization, especially the critical business functions with even greater speed, skill and confidence by effectively providing a framework in identifying the potential business threats, their impacts to the organization and implementing appropriate controls.

Training and Employee Development

The Company provides learning and development opportunities regularly for professional growth, covering topics such as Supervisory Development Skills, Coaching for Performance, Code of Ethics, and other values and leadership related programs.

For governance-related issues or concerns, stakeholders may refer to:

Marvin Perrin L. Pe
Vice President – Enterprise Risk Management and Corporate Governance
10th Floor, Mall of Asia Arena Annex Building
Coral Way, Mall of Asia Complex, Pasay City, Philippines
E: corpgov@gov.smprime.com

Sustainability Awards and Citations

SM PRIME

Special Recognition, UN SDG

SM Prime Holdings, Inc.
Sustainable Business Awards Ph 2019

Best Employer Brand in Asia

SM Prime Holdings, Inc.
Employer Branding Institute

Philippine's Best Employer Brand

SM Prime Holdings, Inc.
Employer Branding Institute

Silver Award for PR Tools

SM Prime Sustainability Report
55th Anvil Awards

Best Companies to Work For in Asia

SM Prime Holdings, Inc.
HR Asia Publication

MALLS

Gold Award, Live Events Awards Category - Brand & Experiences - CSR Event

Mall of Asia's 2018 International Coastal Cleanup
International Stevie Awards

Best Employer Brand in Asia

SM Supermalls
Employer Branding Institute

Silver Award, Innovation in Non-Profit/NGO Events

SM By the Bay International Coastal Cleanup 2018
2019 Asia Pacific Stevie Awards

Philippine's Best Employer Brand

SM Supermalls
Employer Branding Institute

Silver Award, Innovation in Living, Learning, and Working Environments

SM By the Bay International Coastal Cleanup 2018
2019 Asia Pacific Stevie Awards

Philippine's Best Employer Brand

SM Lifestlye
Employer Branding Institute

RESIDENCES

Gold Anvil Award

SMDC Protect Our Community: communicating crime
awareness and emergency preparedness to the
communities of SMDC
55th Anvil Awards

Award of Merit

SMDC Happynings: Building a sphere of happy, thriving,
and healthy communities
2019 Philippine Quill Awards

Silver Anvil Award

SMDC Grandparents Day: Love ko si Lolo, Love ko si Lola
55th Anvil Awards

Silver Anvil Award

SMDC Protect our Community: SMDC raises awareness
and vigilance of residents through a community forum
55th Anvil Awards

OFFICES

Best Green Project of the Year

ThreeE-com Center
Lamudi's "The Outlook 2019"

INTERNATIONALLY RECOGNIZED FRAMEWORKS

Topics and Boundary

SM Prime Holdings, Inc. (SM Prime) adheres to the international frameworks through integration in its business operations and initiatives:



**United Nations
Global Compact**

10 PRINCIPLES

Principle	Disclosure
1	Businesses should support and respect the protection of internationally proclaimed human rights, within the scope of their influence
2	Businesses should make sure that they are complicit in human rights abuses
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4	Businesses should upload the elimination of all forms of forced and compulsory labor
5	Businesses should uphold the abolition of child labor
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation
7	Businesses should support a precautionary approach to environmental challenges
8	Businesses should undertake initiatives to promote greater environmental responsibility
9	Businesses should encourage the development and diffusion of environmentally friendly technologies
10	Businesses should work against corruption in all its forms, including extortion and bribery



SEVEN GLOBAL TARGETS

Global Target	Disclosure
A	Substantially reduce global disaster mortality by 2030, aiming to lower average per 100,000 global mortality between 2020
B	Substantially reduce the number of affected people globally by 2030, aiming to lower the average global figure per 100,000 between 2020-2030 compared with 2005-2015.
C	Global target C: Reduce direct disaster economic loss in relation to the global gross domestic product (GDP) by 2030.
D	Substantially reduce disaster damage to critical infrastructure and disruption of basic services, among them health and educational facilities, including through developing their resilience by 2030
E	Substantially increase the number of countries with national and local disaster risk reduction strategies by 2020.
F	Substantially enhance international cooperation in developing countries through adequate and sustainable support to complement their national actions for implementation of this framework by 2030.
G	Substantially increase the availability of and access to multi-hazard early warning systems and disaster risk information and assessments to the people by 2030

GRI Content Index

(102-55)

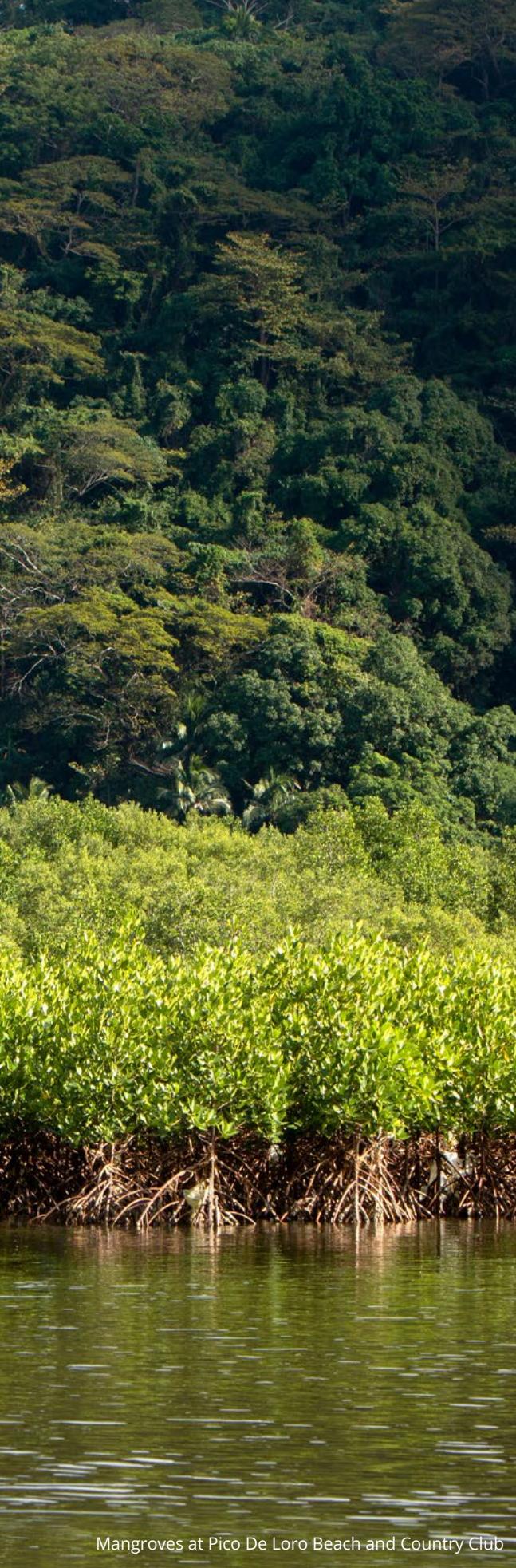
For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented, and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission		
GRI 101: Foundation 2016						
General Disclosures						
GRI 102: General Disclosures 2016						
	Organizational Profile					
102-1	Name of the organization		SM Prime Holdings, Inc.			
102-2	Activities, brands, products, and services		pp. 2-3			
102-3	Location of headquarters		10th Floor, Mall of Asia Arena Annex Building, J.W. Diokno Boulevard cor. Coral Way, Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1A Pasay City 1300 Philippines			
102-4	Location of operations		Philippines and China			
102-5	Ownership and legal form		Inside Back Cover			
102-6	Markets served		p. 18			
102-7	Scale of the organization		pp. 2-3			
102-8	Information on employees and other workers		p. 30			
102-9	Supply chain		p. 18; p. 22			
102-10	Significant changes to the organization and its supply chain		pp. 58-65			
102-11	Precautionary Principle or approach		p. 66			
102-12	External initiatives		pp. 49-51			
102-13	Membership of associations		p. 41; p. 49			
	Strategy					
102-14	Statement from senior decision-maker		pp. 4-7			
	Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior		pp. 16-17; p. 32			
	Governance					
102-18	Governance structure		pp. 59-63			
102-24	Nominating and selecting the highest governance body		p. 59			
102-28	Evaluating the highest governance body's performance		p. 63			
102-30	Effectiveness of risk management processes		p. 66			
102-33	Communicating critical concerns		p. 66			
	Stakeholder engagement					
102-40	List of stakeholder groups		p. 18			
102-41	Collective bargaining agreements		SM Prime does not have collective bargaining agreements, but provides avenues for employees to raise their concern on company policies and other relevant matters.			
102-42	Identifying and selecting stakeholders		p. 18			
102-43	Approach to stakeholder engagement		p. 18			
102-44	Key topics and concerns raised		p. 19			
	Reporting practice					
102-45	Entities included in the consolidated financial statements		SM Prime Holdings, Inc.			
102-46	Defining report content and topic Boundaries		Inside Front Cover			
102-47	List of material topics		Inside Front Cover			
102-48	Restatements of information		p. 25; p. 32			
102-49	Changes in reporting		Inside Front Cover			
102-50	Reporting period		Inside Front Cover			
102-51	Date of most recent report		Inside Front Cover			
102-52	Reporting cycle		Annual			
102-53	Contact point for questions regarding the report		Inside Back Cover			
102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option			
102-55	GRI Content Index		p. 70-71			
102-56	External Assurance		This report is not externally assured			
Material Topics						
Economic Category						
Economic Performance						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 21			
	103-2	The management approach and its components	p. 21			
	103-3	Evaluation of the management approach	p. 21			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distribute	p. 21			
	201-2	Financial implications and other risks due to climate change	p. 15			
Indirect Economic Impacts						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 21			
	103-2	The management approach and its components	p. 21			
	103-3	Evaluation of the management approach	p. 21			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	pp. 21-22			
	203-2	Significant indirect economic impacts	pp. 21-23			
Anti-corruption						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 65			
	103-2	The management approach and its components	p. 65			
	103-3	Evaluation of the management approach	p. 65			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	SM Prime has assessed all operations for risks related to corruption.			
Anti-competitive Behavior						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 65			
	103-2	The management approach and its components	p. 65			
	103-3	Evaluation of the management approach	p. 65			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no legal actions involving this matter in 2019.			

GRI Standard	Disclosure			Page number(s), direct answer and/or URLs	Reason for Omission			
Environmental Category								
Energy								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 25					
	103-2	The management approach and its components	p. 25					
	103-3	Evaluation of the management approach	p. 25					
GRI 302: Energy 2016	302-1	Energy consumption with the organization	p. 25					
	302-3	Energy intensity	pp. 25					
	302-4	Reduction of energy consumption	pp. 25-26					
Water								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 26					
	103-2	The management approach and its components	p. 26					
	103-3	Evaluation of the management approach	p. 26					
GRI 303: Water 2016	303-1	Water withdrawal	p. 26					
	303-3	Water recycled and reused	p. 26					
Biodiversity								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 28					
	103-2	The management approach and its components	p. 28					
	103-3	Evaluation of the management approach	p. 28					
GRI 304: Biodiversity 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p. 28					
Emissions								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 25					
	103-2	The management approach and its components	p. 25					
	103-3	Evaluation of the management approach	p. 25					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 25					
	305-2	Energy indirect (Scope 2) GHG emissions	p. 25					
	305-3	Other indirect energy (Scope 3) GHG emissions	p. 25					
Effluents and Waste								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 27					
	103-2	The management approach and its components	p. 27					
	103-3	Evaluation of the management approach	p. 27					
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	p. 27					
	306-4	Transport of hazardous waste	p. 28					
Environmental Compliance								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 64					
	103-2	The management approach and its components	p. 64					
	103-3	Evaluation of the management approach	p. 64					
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations.	There are no significant finds and non-monetary sanction on the environmental area.					
Social Category								
Employment								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 30					
	103-2	The management approach and its components	p. 30					
	103-3	Evaluation of the management approach	p. 30					
Occupational Health and Safety								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p.33					
	103-2	The management approach and its components	p.33					
	103-3	Evaluation of the management approach	p.33					
GRI 403: Occupational Health and Safety 2016	403-3	Workers with high incidence or high risk of diseases related to their occupation	SM Prime's employees are not involved in occupational activities that have a high incidence or high risk of specific diseases.					
Training and Education								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 32					
	103-2	The management approach and its components	p. 32					
	103-3	Evaluation of the management approach	p. 32					
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 32					
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 32					
Diversity and Equal Opportunity								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p.30					
	103-2	The management approach and its components	p.30					
	103-3	Evaluation of the management approach	p.30					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p.30					
Non-Discrimination								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 52					
	103-2	The management approach and its components	p. 52					
	103-3	Evaluation of the management approach	p. 52					
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There are no reported cases of incidents of discrimination in 2019.					
Security Practices								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 33					
	103-2	The management approach and its components	p. 33					
	103-3	Evaluation of the management approach	p. 33					
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	All of our security personnel have received formal training in our human rights policies or procedures.					
Human Rights Assessment								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 33					
	103-2	The management approach and its components	p. 33					
	103-3	Evaluation of the management approach	p. 33					
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	p. 33					
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our investment agreements and contracts have undergone human rights screening.					
Local Communities								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 36					
	103-2	The management approach and its components	p. 36					
	103-3	Evaluation of the management approach	p. 36					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	All of our operations have implemented local community engagement and development programs.					
Socio-economic Compliance								
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 64					
	103-2	The management approach and its components	p. 64					
	103-3	Evaluation of the management approach	p. 64					
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There are no significant finds and non-monetary sanction on the social and economics area.					





Mangroves at Pico De Loro Beach and Country Club

CORPORATE INFORMATION

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STOCKHOLDER INQUIRIES

SM Prime Holdings, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "SMPH." Inquiries regarding dividend payments, accounts status, address changes, stock certificates and other pertinent matters may be addressed to the Company's transfer agent:

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36978; 8-878-4052 to 54



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