

COVER SHEET

AS094-000088

SEC Registration Number

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(Company's Full Name)

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John Nai Peng C. Ong

(Contact Person)

831-1000

(Company Telephone Number)

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Month Day  
(Calendar Period)

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(Form Type)

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Month Day  
(Annual Meeting)

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(Secondary License Type, if Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2018
2. SEC Identification Number AS094-000088 3. BIR Tax Identification No. 003-058-789
4. Exact name of issuer as specified in its charter ... SM PRIME HOLDINGS, INC.
5. PHILIPPINES  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. 10th Floor Mall of Asia Arena Annex Building,  
Coral Way cor. J.W. Diokno Blvd., Mall of Asia  
Complex, Brgy. 76, Zone 10, CBP-1A, Pasay City,  
Philippines  
Address of principal office
8. 1300  
Postal Code
9. (632) 831-1000  
Issuer's telephone number, including area code
10. N/A  
Former name, former address, and former fiscal year, if changed since last report.

SM Prime Holdings Inc.

# **Integrated Annual Corporate Governance Report**

For the fiscal year ended **December 31, 2018**

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>The Company's Board is composed of directors who have significant experience in the real estate, retail and financial industry sectors. SM Prime's Corporate Governance Committee, through the use of a Board Matrix, also ensures that the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p> <p>The Corporate Governance Committee also ensures that all members possess all of the qualifications and none of the disqualifications as mentioned in the Revised Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Evaluation, pages 46-47 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 7-9</li> </ul>	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>  ✓ Corporate Governance Committee, Board Matrix <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a>  ✓ Revised Manual on Corporate Governance, Items 2.4-2.6, pages 9-11 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>The Board is composed of 7 non-executive directors (3 independent directors and 4 non-executive directors)</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Composition, page 43  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors, Profile per Director  <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Annual Financials  2018 SEC Form 20-IS Definitive, Profiles of the Nominees for Election to the Board of Directors for 2019 – 2020</li> </ul> <p>2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 55  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
<b>Recommendation 1.3</b>			

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>To allow the Board to discharge its duties and responsibilities, the Board shall obtain professional training and have continuing education.</p> <p>It is the Corporate Governance Committee's function to recommend and ensure continuing education and training programs for the Company's directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Training and Orientation, pages 44-45 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors, Board Charter, Purpose and Authority, page 1 <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Revised Manual on Corporate Governance, Items 1.2, 2.2.1.f, 3.3.2.d, pages 3, 8 and 15 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 60 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. Company has an orientation program for first time directors.	Compliant	<p>The Company provides a comprehensive 8-hour orientation program for new directors. For Y2018, no new director was elected.</p> <p>References:</p>	
3. Company has relevant annual continuing training for all directors.	Compliant	<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 1.2.1, page 3</li> </ul>	

		<p><a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></p> <p>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 60  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>Further, all directors and key officers have attended the 2018 Annual Corporate Governance Training Program.</p> <p>References:</p> <p>✓ 2018 Annual Report, Board Training and Orientation, pages 44  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p> <p>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 60  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	<p>The Company uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>In pursuit of achieving gender diversity, the Company continues to endeavor to have at least one female independent director in its Board. As of the recent 2019 Annual Stockholders' Meeting, SM Prime's Board is composed of male directors.</p> <p>References:</p> <p>✓ 2018 Annual Report, Board Diversity, page 43  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	

		<ul style="list-style-type: none"> <li>✓ Corporate Governance Committee, Board Matrix <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Succession Planning, pages 60-61 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>The Company uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>As of the 2019 Annual Stockholders' Meeting, the Company is composed of male directors with diverse attributes, skills, competencies and experience, and affiliations.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Corporate Governance Committee, Board Matrix <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Succession Planning, pages 60-61 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	The qualifications, duties and responsibilities of the Corporate Secretary are disclosed in the Revised Manual on Corporate Governance. SM Prime's Corporate Secretary is Atty. Elmer B. Serrano.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		



3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 1.4, pages 4-5 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 7 and 10 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13. Corporate Governance, pages 68-69 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Company's Corporate Secretary, has attended the 2018 Annual Corporate Governance Training Program.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Training and Orientation, page 44 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>In compliance with SM Prime's Revised Manual on Corporate Governance, items to be discussed during the board meeting are made available to each director at least five (5) business days in advance.</p> <p>The Corporate Secretary, through the SM Prime's Office of the President Group, in coordination with the Information Technology Department, initiated the implementation of Sprint, an application where presentation materials and other necessary</p>	

		<p>documents are uploaded in preparation for Board and Board Committee meetings. The application was installed in all board members and key officers' mobile devices. This initiative aims to have a paperless board portal enhancing productivity of Board members and key officers allowing them to have instant access to their meeting information on their devices, anywhere at any time, in a highly secure way. The system allows immediate uploading of materials and acts as repository of documents for immediate access and easy reference.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.7.4, page 11 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13. Corporate Governance, page 68 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The qualifications, duties and responsibilities of the Compliance Officer are disclosed in the Revised Manual on Corporate Governance. SM Prime's Compliance Officer is Mr. John Nai Peng C. Ong who is also the Chief Finance Officer.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 1.5, pages 5-6 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 7 and 10  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Company's Compliance Officer, has attended the 2018 Annual Corporate Governance Training Program.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Training and Orientation, page 44  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> </li> </ul>	
<b>Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</b>			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>Board of Directors actively participate during regular Board meetings and annual stockholders' meetings.</p> <p>Further, the Chairman of the Board makes certain that the meeting agenda focuses on strategic matters in coordination with the Corporate Secretary, while taking into consideration the advice and suggestions of the Board and Management.</p> <p>The directors are able to perform their duties and responsibilities through the timely provision of Board materials and easy and timely access to information or inputs for sound decision making. They are also given the chance to fully, positively and actively participate.</p>	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> <li>✓ Summary of Board Activities <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the strategic plan reporting, the Board, on an annual basis, reviews the business units' strategies and targets towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Revised Manual on Corporate Governance, Item 2.1 and 3.1, pages 6-7 and 12-13 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Board and Executive Committee Charters <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a> <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> </ul>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-4  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>SM Prime's vision, mission and core values are annually reviewed by the Board of Directors. The Company's core values are focus, hard work, innovation, integrity, teamwork and sustainability.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Vision and Mission  <a href="https://smprime.com/vision-and-mission">https://smprime.com/vision-and-mission</a> </li> <li>✓ 2018 Annual Report, Vision and Mission, page 2  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> </li> </ul>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the annual strategic plan reporting of the Company's business units (BUs), the Board reviews each BU's strategies and targets and monitors their progress towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis. Further, the Company has a strategy team who assist the Chief Executive Officer in developing, communicating, executing, and sustaining corporate strategic initiatives.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors</li> </ul>	

		<a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a>  ✓ Revised Manual on Corporate Governance, Item 2.1 and 3.1, pages 6-7 and 12-13 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>  ✓ Board and Executive Committee Charters <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a> <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The qualifications, duties and responsibilities of the Chairman of the Board are disclosed in the Revised Manual on Corporate Governance. SM Prime's Board Chairman is Mr. Henry T. Sy, Jr.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.2, pages 7-8  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Board of Directors, Mr. Henry T. Sy, Jr., page 6  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors, Henry T. Sy, Jr.  <a href="https://smprime.com/company/board-of-directors/henry-t-sy-jr">https://smprime.com/company/board-of-directors/henry-t-sy-jr</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, page 8  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	As mentioned in the Company's Revised Manual on Corporate Governance, the Board, through the Corporate Governance Committee, ensures and adopts an effective succession planning program for directors, key officers and management. This includes adopting a retirement policy.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 2.1.c and 3.3.2.d, pages 6 and 15 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Pension Benefits, pages 89-90 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Key Officers of the Registrant, Succession Planning, pages 60-61 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's responsibility to align the remuneration of key officers and Board members with the long-term interests of the Company and no directors shall participate in discussions or deliberations involving his own remuneration.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.d, page 6</li> </ul>	

		<a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>  ✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	<p>The Board of Directors, through the Corporate Governance Committee, designates the remuneration packages for executive directors and officers of the Company, as stated in the Revised Corporate Governance Manual.</p> <p>The Corporate Governance Committee determines the amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec I.3.3.2.d, page 15  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers)  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. Company has measurable standards to align the performance-based remuneration of the executive	Compliant	As stated in the Revised Manual on Corporate Governance, the Board of Directors ensures that remuneration of key officers and Board members	



<p>directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>		<p>are aligned with the long-term interests of the Company by adopting a policy specifying the relationship between remuneration and performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec I.2.1.d, page 6 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Board Remuneration, page 46 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive Statement, Item 6. Compensation of Directors and Executive Officers, page 16 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Recommendation 2.6			

1. Board has a formal and transparent board nomination and election policy.	Compliant	The Board has a formal and transparent board nomination and election policy as disclosed in the Company's Revised Manual on Corporate Governance. It emphasizes that a stockholder of record, including a minority stockholder, is entitled to vote for the election of directors.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Further, the Manual also states the qualifications of directors to be elected which are aligned with the strategic direction of the Company.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	SM Prime also ensures that the profile of directors for election are publicly available and is posted in the Company website.	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	The Corporate Governance Committee conducts a regular meeting to assess the effectivity of the Board's processes in the nomination, election or replacement of a director. The Committee also evaluates if the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Sec 2.3-2.6, pages 8-11  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials  2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 7-9</li> </ul>	

		<p>2018 SEC Form 20-IS Definitive, Procedure for Nomination of Directors, pages 11-12</p> <p>2018 17-A Annual Report, Procedure for Nomination of Directors, page 60  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement, and Suspension of Directors  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Company may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.</p> <p>As a practice of the company, it has continually been engaging services of Institute of Corporate Directors (ICD) and Good Governance Advocates &amp; Practitioners of the Philippines (GGAPP) in sourcing candidates for directorship.</p> <p>Reference:</p> <p>✓ Revised Manual on Corporate Governance, Sec I.2.3.2, page 8  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></p>	
Recommendation 2.7			

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Company adopts a Related Party Transactions Policy which provides the guidelines on what constitutes a related party transaction (RPT), and sets forth the requirements for the review, approval and disclosure of RPTs.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	As of December 2018, there were no related party transactions outside the usual course of business that have breached the threshold of PhP 100Mn.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Related Party Transactions Policy, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of	Compliant	<p>The Company adopts the PhP 100Mn materiality threshold for all related party transactions.</p> <p>Further, SM Prime's Related Party Transactions Policy states that all transactions considered usual course of business, regardless of amount are not covered by the prescribed review and approval process, provided that such transactions are on substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties.</p>	

applying thresholds for disclosure and approval.		<p>On the other hand, RPTs not in the usual course of business and those that will meet the PhP 100Mn threshold are referred to the Chief Risk Officer for review prior to endorsement to Related Party Transactions Committee. The Board of Directors then reviews and approves all material RPTs endorsed by the RPT Committee. All material RPTs which are approved by the Board may be subject to ratification by a vote of the majority of the minority shareholders.</p> <p>Identified RPTs are disclosed in the Company's annual reports, financial statements, and in its reports to the SEC, PSE and other regulatory agencies in accordance with existing laws and/or regulations.</p> <p>Further, the Company endeavors to revise its Related Party Transactions Policy to set a threshold for RPTs requiring shareholders' approval.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Note 21 – Related Party Transactions, pages 104-105 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, page 68 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. Board establishes a voting system whereby a majority of non-related	Compliant	As disclosed in the Company's Related Party Transactions Policy, all material RPTs not in the usual	

party shareholders approve specific types of related party transactions during shareholders' meetings.		<p>course of business shall be endorsed and approved by the RPT Committee and by the Board of Directors, respectively. These transactions shall then be subject to the approval of majority of non-related party shareholders.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> </ul>	
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's responsibility in approving the selection of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5 Directors and Key Officers of the Registrant, page 7 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension of Directors <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Based on the Revised Manual on Corporate Governance, it is also the Board's responsibility in assessing the performance of the Management.</p> <p>On an annual basis, the Board, through the Company's Executive Director, assesses the performance of the Management led by the Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive.</p> <p>On the other hand, the Board, through the Company's Chairman of the Executive Committee, annually evaluates the performance of the President.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Evaluation, pages 61-62 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Evaluation Forms <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<p><b>Recommendation 2.9</b></p>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>As disclosed in the Company's Revised Manual on Corporate Governance, the Board has the responsibility to establish an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards set by the Board and Senior Management.</p>	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.h, page 7 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	As disclosed in the Revised Manual on Corporate Governance, the Board, through the Audit Committee and Internal Audit Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of	Compliant		



<p>interest of the Management, members and shareholders.</p>		<p>On an annual basis, the Audit Committee confirms that it had reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective.</p> <p>SM Prime's internal control system contains the following:</p> <ul style="list-style-type: none"> <li>✓ audit plans, scope, risk-based methods and timetables</li> <li>✓ internal controls, including controls over financial reporting</li> <li>✓ results of examinations and Management's action plans to address pending audit issues</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.1.i, 3.2.2.b, and 12.2.e, pages 7, 13, and 25 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Report of the Audit Committee, pages 59-60 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Audit And Risk Management Related Documents, Annual Confirmation of Internal Audit Adequacy <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>The Board-approved Internal Audit Charter is publicly posted in the Company website.</p> <p>Reference:</p>	

		✓ Audit Committee, Internal Audit Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	As disclosed in the Company's Revised Manual on Corporate Governance, the Board, through the Board Risk Oversight Committee (BROC), oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>On a quarterly basis, the BROC is updated on the status of risk management and risk mitigation plans of the Company. Action plans to mitigate risks include, among others, investment in technology, provision of continuous trainings to employees, performance of regular audits, establishment and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders.</p> <p>SM Prime continues to ensure that risk management and control structures and procedures are in place to safeguard its workforce, operations, and customers against emergencies and natural and manmade disasters which includes the implementation of Business Continuity Management System (BCMS). SM Malls have served as safe haven of their respective communities during disaster scenarios.</p> <p>References:            ✓ Revised Manual on Corporate Governance, Item 2.1.j and 3.4.2, pages 7 and 16-17, respectively  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a> </p>	

		<ul style="list-style-type: none"> <li>✓ Enterprise Risk Management, Key Risks and Risk Management Program <a href="https://smprime.com/enterprise-risk-management">https://smprime.com/enterprise-risk-management</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Enterprise Risk Management, pages 3-4 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2018 Annual Report, Business Continuity, page 50 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ 2018 Sustainability Report, ARISE Philippines Collaborative Partnerships, page 47 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> <li>✓ Disaster resilience investments paying off for SM City Marikina <a href="https://smsupermall.com/post/disaster-resilience-investments-paying-off-for-sm-city-marikina">https://smsupermall.com/post/disaster-resilience-investments-paying-off-for-sm-city-marikina</a></li> </ul>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<p>The Board Charter establishes the purpose, composition, authority and responsibilities of the SM Prime Holdings, Inc.'s Board.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Board Charter <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> </ul>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		

Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Company's Insider Trading Policy is intended to comply with best practices on corporate governance through the implementation of insider trading prohibitions and disclosure requirements in accordance with the Securities Regulation Code and the PSE Disclosure Rules, respectively.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Insider Trading Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Insider Trading Policy, pages 47-48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>The Company prohibits granting of loans to directors and commissioners. All employment and corresponding compensation packages of directors and executives are duly approved by the Corporate Governance Committee.</p> <p>In addition, any transaction involving directors and other covered persons are covered by the Related Party Transactions Policy, which mandates that such transactions shall be granted at arm's length basis.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec II.E. Related Party Transactions and Sec III.H. Avoiding Conflicts of Interest <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Related Party Transactions, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> </ul>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p>As indicated in the Company's Related Party Transactions Policy, all RPTs, which will meet the PhP 100Mn threshold and are classified as "not within the usual course of business", shall be reviewed by the Chief Risk Officer, endorsed by the Related Party Transactions Committee and approved by the Board of Directors.</p> <p>As of December 2018, there were no related party transactions outside the usual course of business that have breached the threshold of PhP 100Mn.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Related Party Transactions, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul> <p>The Board of Directors also reviews and approves the consolidated financial statements including the schedules attached therein.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Statement of Management's Responsibility for Financial Statements, page 58</li> </ul>	

		<p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p> <p>✓ Annual Financials, 2018 17-A Annual Report, Statement of Management's Responsibility for Financial Statements, pages 74-75  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>The Board, through the Audit Committee, also reviews and confirms the adequacy and effectiveness of Company's internal control system, which includes, among others, the approval of the results of audit services provided by the external auditor and audited financial statements.</p> <p>Reference:</p> <p>✓ 2018 Annual Report, Report of the Audit Committee, pages 59-60  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p> <p>The Board also approves the declaration of dividends, minutes of the stockholders' meeting, annual report, appointment of external auditor, appointment of the Company's key management personnel, and Board committee memberships.</p> <p>References:</p> <p>✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of April 23, 2019  <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></p> <p>✓ 2018 Annual Report, Board Committees, page 45-46  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	
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		<p>The Board also approves the Company's Manual on Corporate Governance.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 19, page 32 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul> <p>Other decisions requiring Board approval re also disclosed in the Company's 17-A Annual Report</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Part IV – Corporate Governance, Item 13 – Corporate Governance, pages 68-69 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p><b>Recommendation 3.1</b></p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>The Board has established five (5) committees to aid in the performance of its duties. Each committee has adopted a Charter, which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Annual Financials</li> </ul>	

		<p>2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, Board Committees, pages 13-14</p> <p>2018 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, Board Committees, pages 63-64</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>✓ 2018 Annual Report, Board Committees, page 45 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p> <p>✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of April 23, 2019 <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></p>	
<b>Recommendation 3.2</b>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>The Company has an Audit Committee who is responsible for the review of the Company's financial reports and subsequent recommendation to the Board for approval, as well as the review of SM Prime's internal control systems, its audit plans and auditing processes.</p> <p>As stated in the Revised Manual on Corporate Governance, it is the Audit Committee's responsibility to recommend to the Board the appointment, reappointment, removal and fees of the External Auditor.</p> <p>Based on the Audit Committee's review of the performance and qualifications of the Company's External Auditor, the Committee recommends the</p>	



		<p>re-appointment of SGV &amp; Co. as external auditors for 2019.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report</li> </ul> <p>The Audit Committee, page 46 Report of the Audit Committee, pages 59-60</p> <p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Board Committees, Audit Committee, page 13 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Audit Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-14 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The Committee is composed of three (3) non-executive directors. Two (2) of whom are independent, including the Chairman.</p> <p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Audit Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Board Committees, Audit Committee, page 13 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-14 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors: <ul style="list-style-type: none"> <li>➤ Vice-Chairman and Lead Independent Director - Jose L. Cuisia, Jr.</li> <li>➤ Independent Director - Joselito H. Sibayan</li> <li>➤ Director - Jorge T. Mendiola</li> </ul> </li> </ul> <p><a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 8-9 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
4. The Chairman of the Audit Committee is not the Chairman of	Compliant	Mr. Jose L. Cuisia, Jr. does not hold any board committee chairmanship except for the Audit Committee.	

the Board or of any other committee.		<p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Jose L. Cuisia, Jr. <a href="https://smprime.com/company/board-of-directors/jose-l-cuisia-jr">https://smprime.com/company/board-of-directors/jose-l-cuisia-jr</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Board Committees, Audit Committee, page 13 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>There were no other significant professional services rendered by the external auditor for the Year 2018.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>In compliance with the Code of Corporate Governance, the Audit Committee regularly and independently meets with the Company's External Auditor to ensure that proper checks and balances are in place within the corporation.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, Regular Meeting/s with the Company's External Auditor <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 1. Business, Enterprise Risk Management, page 4 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<p>The Audit Committee met 4 times in 2018 on the following dates: February 19, May 7, August 6 and October 22. All meetings registered 100% attendance of all members.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report</li> <li>The Audit Committee, page 46 Report of the Audit Committee, pages 59-60 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board Committees, Audit Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Audit Committee, page 63 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>Based on the Audit Committee's review of the performance and qualifications of the Company's External Auditor, the Committee recommended the re-appointment of SGV &amp; Co. as external auditors for 2019.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Report of the Audit Committee, pages 59-60 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance	Compliant	The Company's Corporate Governance Committee is tasked to ensure the Board's effectiveness and due observance of sound corporate governance principles and policies.	

<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, The Corporate Governance Committee, page 46 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board Committees, The Corporate Governance Committee, Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul> <p>Further, the Committee also performs annual evaluations to appraise the Board's performance as a body, and assess whether it possesses the right mix of backgrounds and competencies necessary to achieve the Company's objectives.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Evaluation, pages 46-47 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul> <p>The Committee also uses a Board Matrix to identify candidates for directors who possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, The Corporate Governance Committee, Board Matrix <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	
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2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<p>The Company's Corporate Governance Committee is composed of 3 independent directors, including the Chairman.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Corporate Governance Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Corporate Governance Committee, page 63 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>Mr. Joselito H. Sibayan, the Chairman of the Corporate Governance Committee, is an independent director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Joselito H. Sibayan <a href="https://smprime.com/company/board-of-directors/joselito-h-sibayan">https://smprime.com/company/board-of-directors/joselito-h-sibayan</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Corporate Governance Committee, page 63 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	The Corporate Governance Committee met thrice in 2018 with 100% attendance in all meetings.	

		<p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, The Corporate Governance Committee, page 46 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board Committees, Corporate Governance Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Audit Committee, page 63 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The Company's Board Risk Oversight Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure that there is an established effective risk management framework which promotes performance by linking strategy and business objectives to both risk and opportunity.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Board Risk Oversight Committee, Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Risk Oversight Committee, page 64 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The Board Risk Oversight Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Board Risk Oversight Committee <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Risk Oversight Committee, page 64 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<p>Mr. Gregorio U. Kilayko does not hold any board committee chairmanship except for the Board Risk Oversight Committee.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors, Gregorio U. Kilayko <a href="https://smprime.com/company/board-of-directors/gregorio-u-kilayko">https://smprime.com/company/board-of-directors/gregorio-u-kilayko</a></li> </ul>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>Mr. Gregorio U. Kilayko, Chairman of the Board Risk Oversight Committee (BROC), has relevant experience on risk management being the previous founding head of ING Baring's stockbrokerage and investment banking business in the Philippines and a</p>	



		<p>Philippine Stock Exchange Governor in 1996 and 2000.</p> <p>Further, Mr. Jose L. Cuisia, Jr., member of the BROCC, was the President and Chief Executive Officer of the Philippine American Life and General Insurance Company from 1993 to 2009. He also served as Governor of the Bangko Sentral ng Pilipinas from 1990 to 1993 and Administrator of the Social Security System from 1986 to 1990.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Profile of Board of Directors Gregorio U. Kilayko <a href="https://smprime.com/company/board-of-directors/gregorio-u-kilayko">https://smprime.com/company/board-of-directors/gregorio-u-kilayko</a></li> <li>Jose L. Cuisia, Jr. <a href="https://smprime.com/company/board-of-directors/jose-l-cuisia-jr">https://smprime.com/company/board-of-directors/jose-l-cuisia-jr</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Board of Directors, page 56 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>The Company's Related Party Transactions Committee is responsible for reviewing and approving related party transactions in accordance with the Related Party Transactions Policy.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Related Party Transactions Committee, Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a> </li> </ul>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>The Related Party Transactions Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Related Party Transactions Committee  <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a> </li> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a> </li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Committees, Related Party Transactions Committee, page 64  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<p>The Company's committee charters state each committee's (1) purpose and authority, (2) composition and meetings and (3) duties and responsibilities.</p> <p>The duties and responsibilities as listed in the charter serve as basis for evaluating the performance of the</p>	

<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>	<p>Committees. Separate evaluation forms were also established for this purpose.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Executive Committee, Charter</li> </ul> <p>Board Committees, Audit Committee, Charter</p> <p>Board Committees, Corporate Governance Committee, Charter</p> <p>Board Committees, Board Risk Oversight Committee, Charter</p> <p>Board Committees, Related Party Transactions Committee, Charter</p> <p><a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, Evaluation Forms</li> </ul> <p><a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>	<p>All Committee Charters are fully disclosed in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, Executive Committee, Charter</li> </ul> <p>Board Committees, Audit Committee, Charter</p> <p>Board Committees, Corporate Governance Committee, Charter</p>	

		<p>Board Committees, Board Risk Oversight Committee, Charter</p> <p>Board Committees, Related Party Transactions Committee, Charter</p> <p><a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></p>	
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>			
<p>Recommendation 4.1</p>			
<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Relative to the conduct of Board and Board Committee meetings, videoconference calls also encouraged for board members or key officers not physically present in the meeting. Apart from its goal to meet the required quorum, videoconferencing allows board members or key officers to actively participate, interact and make valuable contributions on the agenda of the meeting.</p> <p>All Board and Board Committee Meetings registered 100% attendance of the Board of Directors. Further, all directors have attended the 2019 Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board Committees, 2018 Attendance <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> <li>✓ 2018 Annual Report</li> </ul> <p>Board Performance and Attendance, page 43 Board Committees, pages 45-46</p> <p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	

		<ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>All meeting materials are provided to the directors at least five (5) business days before the start of actual meetings.</p> <p>Moreover, in February 2017, SM Prime's Office of the President Group, in coordination with the Information Technology Department, initiated the implementation of Sprint, an application where presentation materials and other necessary documents are uploaded in preparation for Board and Board Committee meetings. The application was installed in all board members and key officers' mobile devices. This initiative aims to have a paperless board portal enhancing productivity of Board members and key officers allowing them to have instant access to their meeting information on their devices, anywhere at any time, in a highly secure way.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.7.4, page 11 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
3. The directors ask the necessary questions or seek clarifications and	Compliant	During Board and Board Committee meetings, directors are encouraged to raise questions and/or clarifications for the reports presented.	

<p>explanations during the Board and Committee meetings.</p>		<p>During the October 2018 Corporate Governance Committee Meeting, Mr. Jeffrey Lim, SMPH President and Director, suggested to establish the Company's own requirements to best assess the Board's effectiveness. This may include among others, benchmarking on corporate governance best practices with the industry and with other publicly-listed companies.</p> <p>Further, the annual self-evaluation forms also assess the ability of directors to ask tough questions and defend their ideas in all circumstances.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Evaluation, pages 61-62  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Other Corporate Governance Related Documents, Evaluation Forms  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 4.2</b>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>Based on the Company's Revised Manual on Corporate Governance, Non-executive and independent directors may hold a maximum of five (5) board seats in publicly-listed companies simultaneously.</p> <p>Directorships of the Company's directors in listed companies are disclosed in the SEC Form 20-IS Definitive and 17-A Annual Report.</p>	

		<p>On the other hand, board directors' profile also contain their directorships in non-listed companies.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 4.2.2, page 19  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials  2018 SEC Form 20-IS Definitive, Item 5. Directors and Executive Officers of the Registrant, pages 7-9 and 12-13   2018 17-A Annual Report, Board of Directors, pages 55-57 and 62-63   <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Board of Directors  <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> </ul>	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p>The directors notify the Board during regular Board meetings all of their nominations for directorship. As a process, the concerned director shall notify the Board through the Corporate Secretary immediately upon receipt of invitation or nomination from a publicly listed company. Alternatively, the concerned director can notify the Board in the next scheduled board meeting if the time permits.</p> <p>For Year 2018, Mr. Jorge Mendiola and Mr. Henry Sy, Jr. informed the Board through the Corporate Secretary, regarding their nomination as director of</p>	

		<p>SM Retail Inc. and Vice-Chairman of the National Grid Corporation of the Philippines, respectively.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, Notification Prior Accepting Other Directorship/s <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p>SM Prime's Executive Director, Mr. Jeffrey C. Lim, does not hold directorship in other PLCs.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Director and President - Jeffrey C. Lim <a href="https://smprime.com/company/board-of-directors/jeffrey-c-lim">https://smprime.com/company/board-of-directors/jeffrey-c-lim</a></li> <li>✓ 2018 Annual Report, Board of Directors, Mr. Jeffrey C. Lim, page 6 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<p>In compliance with the Company's Revised Manual on Corporate Governance, the Company's Corporate Secretary in coordination with the Management, schedules and cascades the dates of the Board, Board Committee and Annual Stockholders' meetings before the start of the financial year.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.7.3, page 11 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	



3. Board of directors meet at least six times during the year.	Compliant	<p>The Company's Board of Directors had six (6) regular meetings in 2018 on the following dates: February 19, April 24, May 7, August 6, October 22 and December 10. All six meetings registered 100% attendance of members of the Board of Directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors, Profile per Director, Board Attendance <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ 2018 Annual Report Board Performance and Attendance, page 43 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	<p>Based on the Company's By-Laws, at least two-thirds (2/3) of the number of directors shall constitute a quorum for board decisions</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Corporate Documents, By-Laws, Section 6 - Quorum, page 9 <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	<p>The Company's Board of Directors is composed of 3 independent directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Composition, page 43 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ Board of Directors <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, page 55 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>The Company's Independent Directors possess all the qualifications and none of the disqualifications of being an ID.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.2, pages 19-20 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Board of Directors, page 6 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors: <ul style="list-style-type: none"> <li>➤ Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director</li> <li>➤ Gregorio U. Kilayko - Independent Director</li> <li>➤ Joselito H. Sibayan - Independent Director</li> </ul> </li> </ul> <p><a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></p>	
<b>Supplement to Recommendation 5.2</b>			

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and regulations.</p> <p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>Further, the Company asserts the rights of stockholders and protection of minority interests. It is the duty of directors to promote stockholder rights, remove impediments to the exercise of these rights and allow possibilities for stockholders to seek redress for violation of their rights.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ By-Laws <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> <li>✓ Revised Manual on Corporate Governance, Items 5.2.1 and 5.6, pages 19 and 22, respectively <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
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		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Rights of Shareholders, page 69  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>The Company's independent directors namely Mr. Jose L. Cuisia Jr., Mr. Gregorio U. Kilayko, and Mr. Joselito H. Sibayan, have served as IDs for 6 years as of end-2018 (reckoned from 2012).</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Board Composition, No. of Years as Director, page 43  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> </li> <li>✓ Board of Directors, Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director, No. of Years on the Board  <a href="https://smprime.com/company/board-of-directors/jose-l-cuisia-jr">https://smprime.com/company/board-of-directors/jose-l-cuisia-jr</a> </li> <li>✓ Board of Directors, Gregorio U. Kilayko - Independent Director, No. of Years on the Board  <a href="https://smprime.com/company/board-of-directors/gregorio-u-kilayko">https://smprime.com/company/board-of-directors/gregorio-u-kilayko</a> </li> <li>✓ Board of Directors, Joselito H. Sibayan - Independent Director, No. of Years on the Board  <a href="https://smprime.com/company/board-of-directors/joselito-h-sibayan">https://smprime.com/company/board-of-directors/joselito-h-sibayan</a> </li> </ul>	
2. The company bars an independent director from serving in such	Compliant	Based on the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term	

capacity after the term limit of nine years.		<p>of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.3, page 20 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>As stated in the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>The Company does not have an independent director who has served for more than 9 years (reckoned from 2012).</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.3, page 20 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ 2018 Annual Report, Board Composition, No. of Years as Director, page 43 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Board of Directors, Profile</li> </ul>	

		<a href="https://smprime.com/company/board-of-directors/jose-l-cuisia-jr">https://smprime.com/company/board-of-directors/jose-l-cuisia-jr</a>  <a href="https://smprime.com/company/board-of-directors/gregorio-u-kilayko">https://smprime.com/company/board-of-directors/gregorio-u-kilayko</a>  <a href="https://smprime.com/company/board-of-directors/joselito-h-sibayan">https://smprime.com/company/board-of-directors/joselito-h-sibayan</a>	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The Company's Chairman of the Board is Mr. Henry T. Sy, Jr. while SM Prime's Chief Executive Officer/President is Mr. Jeffrey C. Lim.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Board of Directors <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ 2018 Annual Report, Board Composition, page 43 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>The duties and responsibilities of the Chairman of the Board and Chief Executive Officer (President) are disclosed in the Company's Revised Manual on Corporate Governance.</p> <p>Mr. Henry T. Sy, Jr. and Mr. Jeffrey C. Lim are not relatives.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 2.2, pages 7-8 and Item 5.4, page 21 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
<b>Recommendation 5.5</b>			

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>The Company's Chairman of the Board is a non-executive director. And in compliance with SEC MC No. 20 Series of 2016, Mr. Jose L. Cuisia Jr. was appointed as Lead Independent Director during the Board meeting held on February 20, 2017.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.5, pages 21-22 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Board of Directors, Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director <a href="https://smprime.com/company/board-of-directors/jose-l-cuisia-jr">https://smprime.com/company/board-of-directors/jose-l-cuisia-jr</a></li> </ul>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>As stated in the Company's Revised Manual on Corporate Governance, directors with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.</p> <p>The Company's Conflict of Interest Policy and Related Party Transactions Policy prohibit directors from engaging in any transaction that might result to potential or actual conflict of interest.</p> <p>For Year 2018, there were no transactions involving material interest of any of the Company directors.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 5.6, pages 22</li> </ul>	

		<a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>  ✓ Conflict of Interest Policy Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a>  ✓ Profile per Director <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The Audit Committee annually meets with the Company's external auditor, heads of the internal audit, compliance and risk functions, without any executive directors present. Meetings are being chaired by Mr. Jose L. Cuisia Jr. as the Company's Lead Independent Director.	
2. The meetings are chaired by the lead independent director.		Reference: ✓ Audit and Risk Management Related Documents, Regular Meeting/s with the Company's External Auditor <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Mr. Hans T. Sy, non-executive director of SM Prime, has served as President of the Company until end-September 2016 only.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			



1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Through the facilitation of the Corporate Governance Committee, the Board as a whole, the Chairman of the Board, all Board Committees, and each individual member annually conducts a self-assessment of their performance.  Reference: ✓ Annual Financials, 2018 17-A Annual Report, Board Evaluation, pages 61-62 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>  ✓ Other Corporate Governance Related Documents, Evaluation Forms <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	For Year 2019, the Company will engage the services of the Institute of Corporate Directors (ICD) to facilitate the annual assessment of the Board's performance, including the performance of the Chairman, individual members, and committees.	
<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	The Board, through the Corporate Governance (CG) Committee, facilitates annual self-assessments to evaluate the performance of the Board, its committees and its members. The CG Committee uses evaluation forms to assess the performance of the aforementioned.  The result of the annual evaluation is posted in the Company website for stakeholders' reference. Stakeholders may raise their concerns or feedback on the evaluation results through any of the following channels:	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		

		<ol style="list-style-type: none"> <li>1. Contact Us page in the Company website: <a href="https://smprime.com/contact-us">https://smprime.com/contact-us</a></li> <li>2. Investor Relations Department: <a href="https://smprime.com/investor-relations-overview">https://smprime.com/investor-relations-overview</a></li> <li>3. Telephone: (632) 831-1000</li> <li>4. Email address: <a href="mailto:info@smprime.com">info@smprime.com</a></li> </ol> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Other Corporate Governance Related Documents, Evaluation Forms <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Board Evaluation, pages 61-62 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>The Company's Code of Business Conduct and Ethics states the principles that guide the Company's Directors, officers and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public. It underscores the Company's commitment to promote and protect the welfare of its employees, customers and the communities where its businesses operate.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> </ul>	

2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	<p>The Company's Human Resources Department cascades the Training Program on Code of Ethics.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, pages 70-71  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<p>SM Prime's Code of Ethics is publicly posted in the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics  <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a> </li> </ul>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p>The Company's Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy)  <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a> </li> </ul>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the	Compliant	The Company, through the Corporate Governance Department, annually cascades its Code of Ethics to all its employees.	

Code of Business Conduct and Ethics.			
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Further, the Company's directors, officers, and employees are required to comply with Code of Ethics which will aid them in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators, and the general public.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, pages 70-71  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Company commits to comply with the disclosure policies of all regulatory bodies.</p> <p>Through the Corporate Governance Department, SM Prime ensures that it complies with the PSE Listing and Disclosure Rules and to all applicable SEC memorandum circulars.</p> <p>Reports are submitted on or before the set deadline.</p> <p>The Company's disclosures may be found in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Corporate Disclosures  <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></li> <li>✓ Annual Financials</li> </ul>	

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> ✓ Quarterly Financials <a href="https://smprime.com/quarterly-financials">https://smprime.com/quarterly-financials</a>	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>The Company's 2018 annual and quarterly reports were made available to the public in the following dates:</p> <ul style="list-style-type: none"> <li>✓ 1Q 2018 (ended March 31, 2018) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted in the Company website on May 7, 2018 (37 days from end of 1Q)</li> </ul> </li> <li>✓ 2Q 2018 (ended June 30, 2018) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted in the Company website on August 7, 2018 (38 days from end of 2Q)</li> </ul> </li> <li>✓ 3Q 2018 (ended September 30, 2018) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted in the Company website on November 5, 2018 (36 days from end of 3Q)</li> </ul> </li> <li>✓ FY 2018 (ended December 31, 2018) <ul style="list-style-type: none"> <li>- Submitted to SEC and posted in the Company website on April 15, 2019 (105 days from end of year)</li> </ul> </li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Quarterly Financials  <a href="https://smprime.com/quarterly-financials">https://smprime.com/quarterly-financials</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	

2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<p>The Security Ownership of Certain Beneficial Owners and Management of the Company is disclosed in the SEC Form 17-A. Further, percentage ownership of the Company to its subsidiaries and affiliates are disclosed in the same report and in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 11 – Security Ownership of Certain Beneficial Owners and Management and Annex III - Map of Relationships of the Companies within the Group, pages 67 and 189 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Group Corporate Structure <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	SM Prime's Insider Trading Policy prohibits all directors, officers, employees and other covered persons from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>References:</p> <ul style="list-style-type: none"> <li>✓ Company Policies, Insider Trading <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ Corporate Disclosures, Statement of Changes in Beneficial Ownership of Securities <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, page 70</li> </ul>	

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>Shares held by the Company's directors, officers and controlling shareholders are disclosed in the SEC Form 17-A. Moreover, SM Prime's Conglomerate Map is also attached to 17-A Annual Report and is publicly posted in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 11 – Security Ownership of Management as of December 31, 2018, page 67 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Corporate Disclosures, List of Top 100 Stockholders as of December 31, 2018 <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></li> <li>✓ Group Corporate Structure <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Profiles of the Company's Directors are disclosed in the Company website, SEC Form 17-A, Annual Report, and Definitive Information Statement.</p> <ul style="list-style-type: none"> <li>✓ Directors' Profile <a href="https://smprime.com/board-of-directors">https://smprime.com/board-of-directors</a></li> <li>✓ Annual Financials</li> </ul> <p>2018 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, pages 55-57</p>	

		<p>2018 SEC Form 20-Is Definitive, Profiles of the Nominees for Election to the Board of Directors for 2018 – 2019, pages 5-9</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>✓ 2018 Annual Report</p> <p>Board of Directors, page 6 Board Training and Orientation, pages 44-45</p> <p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Profiles of the Company's Key Executives are disclosed in SEC Form 17-A, Annual Report and Definitive Information Statement.</p> <p>✓ Annual Financials</p> <p>2018 17-A Annual Report, Item 9, pages 58-59 2018 SEC Form 20-IS Definitive, Item 5, pages 10-11</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>✓ 2018 Annual Report, Board Training and Orientation, pages 44-45</p> <p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>The Company's policy on remuneration and the structure of its compensation package is disclosed in the Disclosure and Transparency page of the Company website.</p> <p>Reference:</p>	



2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	✓ Other Corporate Governance Related Documents, Remuneration Matters <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		<p>The Company discloses the total remuneration paid to the Executive Director and four most highly compensated executive directors. Individual remuneration is not disclosed due to security purposes of the directors.</p> <p>Reference:            ✓ Other Corporate Governance Related Documents, Remuneration Matters  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a> </p>
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>The Company's Related Party Transactions (RPT) Policy is captured in the Revised Manual on Corporate Governance and is publicly posted in the Company website and disclosed also in 17-A and in the Annual Report.</p> <p>There were no related party transactions, outside the usual course of business, that have breached the materiality threshold set by the Company.</p> <p>References:            ✓ Revised Manual on Corporate Governance, Item 3.5, page 18  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a> </p>	

		<ul style="list-style-type: none"> <li>✓ Related Party Transactions Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, page 70 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2018 Annual Report, Related Party Transactions Policy, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>In compliance with its Related Party Transactions policy, the Company discloses in its annual report the balances of its significant related party transactions.</p> <p>For Year 2018, there were no material related party transactions outside the usual course of business that have breached the threshold of PhP 100Mn.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Note 21 – Related Party Transactions, pages 57-59 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Based on the Company's Conflict of Interest Policy, 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. Further, all covered persons are required to disclose real or	

		<p>potential conflicts as they arise or at every January of each year via the Corporate Governance Portal.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Conflict of Interest Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ Annual Financials  2018 17-A Annual Report, Item 13 – Corporate Governance, page 70  2018 SEC Form 20-IS Definitive, Item 21 – Corporate Governance, pages 43-44  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2018 Annual Report, Conflict of Interest, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Board, through the Related Party Transactions (RPT) Committee, ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The same is also disclosed in SM Prime's 2018 17-A and Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	

		<ul style="list-style-type: none"> <li>✓ 2018 Annual Report, The Related Party Transactions Committee, page 46 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, page 70 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>SM Prime ensures that it complies with SEC and PSE Disclosure Rules. All required disclosure are immediately posted in the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Corporate Disclosures <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></li> </ul>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<p>For Year 2018, there were no transactions, which have required shareholders' approval. However, in 2013 and 2007, as disclosed in the annual financial statements, the Company engaged a third party appraiser to provide opinion on the fairness of transaction price on the SM Property Group's merger and acquisition of malls in China.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Notes to Consolidated Financial Statements – Item 2 – Basis of Preparation, pages 1-3 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2018 Annual Report, Notes to Consolidated Financial Statements –Item 2 – Basis of Preparation, pages 71-73</li> </ul>	

		<a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> ✓ 2013 and 2007 Annual Report, page 83 and 10, respectively <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a>	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and regulations.</p> <p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ By-Laws  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> <li>✓ Revised Manual on Corporate Governance, Item 5.2.1 &amp; 5.6, page 19 &amp; 22, respectively  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	

Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's Revised Manual on Corporate Governance contains corporate governance policies, programs and procedures. It's Manual was submitted to SEC and PSE on February 20, 2017. The same is also posted in the Company website.  Reference: ✓ Revised Manual on Corporate Governance <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Company has submitted its Revised Manual on Corporate Governance to SEC and PSE on February 20, 2017.  Reference: ✓ Revised Manual on Corporate Governance <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant	The Company's corporate objectives are disclosed in the 2018 17-A and Annual Report.  Reference:  ✓ Annual Financials, 2018 17-A Annual Report, Notes to Consolidated Financial Statements, pages 93-174	

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>  ✓ 2018 Annual Report, Management's Discussion and Analysis of Financial Condition and Results of Operations, page 54-57 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a>	
b. Financial performance indicators	Compliant	<p>The Company's key performance indicators are measured in terms of the following: (1) debt to equity; (2) net debt to equity; (3) return on equity (ROE); (4) earnings before interest expense, income taxes, depreciation and amortization (EBITDA); (5) debt to EBITDA; (6) interest coverage ratio; (7) operating income to revenues; (8) EBITDA margin and (9) net income to revenues.</p> <p>References:</p> <p>✓ Annual Financials</p> <p>2018 17-A Annual Report</p> <ul style="list-style-type: none"> <li>• Balance Sheet Accounts, Pages 39-41 and 51-53</li> <li>• Annex IV - Financial Ratios - Key Performance Indicators, page 190</li> </ul> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p> <p>✓ 2018 Annual Report</p> <ul style="list-style-type: none"> <li>• Group Performance, page 2</li> <li>• Financial Highlights, page 3</li> <li>• Performance Overview, page 4</li> </ul> <p><a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></p>	

c. Non-financial performance indicators	Compliant	<p>Non-financial indicators in terms of the following are disclosed in the 2018 17-A Annual Report</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 1 – Business and Item 2 – Properties, pages 1 to 33 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul> <p>The Annual Report also contains the following information:</p> <ul style="list-style-type: none"> <li>• For Malls: Total GFA, No. of mall tenants, average daily pedestrian count, cinema seats, parking slots, malls listing (page 19 and 22)</li> <li>• For Residences: No. of Residential Units and Residential Projects (page 23 and 28)</li> <li>• For Offices: First Certified LEED Gold building, Largest Office Building in MOA Complex (page 30)</li> <li>• For Hotels and Convention Centers: Offices and Hotels &amp; Convention Centers Listings (page 34)</li> </ul> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul> <p>In addition, non-financial indicators in relation to environmental, social and governance factors are also summarized in the Annual Report and disclosed in detail in the Company's Sustainability Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Sustainability Report Summary, pages 35-52</li> </ul>	
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		<a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> ✓ 2018 Sustainability Report <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a>	
d. Dividend Policy	Compliant	The Company targets a dividend payout of 30 to 35 percent of the previous year's net income and payable within thirty (30) days from declaration date.  Reference: ✓ Annual Financials, 2018 17-A Annual Report, Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters, pages 34-35 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	The profiles of each director are disclosed in the Item 9 of the Company's SEC Form 17-A Annual Report.  Reference: ✓ Annual Financials, 2018 17-A Annual Report, Item 9, pages 55-57 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
f. Attendance details of each director in all directors meetings held during the year	Compliant	The attendance details of each director are disclosed in the Company's SEC Form 20-IS Definitive.  Reference: ✓ Annual Financials, 2018 17-A Annual Report, Item 9, pages 55-57 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	

g. Total remuneration of each member of the board of directors	Compliant	<p>Directors only receive a fixed per diem for every board meeting attended and allowances commensurate to the responsibilities given.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 10 – Compensation of Directors and Executive Officers, page 66 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2018 Annual Report, Board Remuneration, page 46 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Other Corporate Governance Related Documents, Remuneration Matters <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>In accordance with the requirements of the SEC Revised Code of Corporate Governance, SMPH has revised its Manual on Corporate Governance to incorporate the additions and changes introduced in the new Code to increase the responsibilities of the Board, strengthen the protection of minority shareholders, and increase transparency in both financial and non-financial reporting.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, page 68 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls	Compliant	The Board, through the Audit Committee, has reviewed the internal control system of the Company based on the assessments completed	

(including operational, financial and compliance controls) and risk management systems.		and reported by internal and external auditors and found that the system is adequate and effective.  Reference: ✓ 2018 Annual Report, Report of the Audit Committee, pages 59-60 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a>	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	The Board, through the Audit Committee, has reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective.  Reference: ✓ 2018 Annual Report, Report of the Audit Committee, pages 59-60 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a>	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	The Company's key risks are disclosed in its SEC Form 17-A Report.  Reference: ✓ Annual Financials, 2018 17-A Annual Report, Item 1 – Business, Enterprise Risk Management, pages 3-4 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment,	Compliant	As stated in the Company's Revised Manual on Corporate Governance, it is the Audit Committee's responsibility for approving and recommending the	

reappointment, removal, and fees of the external auditors.		<p>appointment, reappointment, removal and fees of SM Prime's external auditor.</p> <p>The Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and the stockholders approve the Audit Committee's recommendation.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 9.1, page 24 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 54 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ 2019 ASM Minutes, Item 8 - Appointment of External Auditor, page 7 <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	<p>Based on the tabulation of votes of shares present and represented, stockholders owning 24,945,656,406 voting shares or 99.97% of the total number of voting shares represented at the meeting approved the said resolution.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes, Item 8 - Appointment of External Auditor, page 7 <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	

<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>As stated in the Company's Revised Manual on Corporate Governance, the reasons for removal or change shall be disclosed to the regulators and the public through the Company website and required disclosures.</p> <p>Covering Year 2018, the Company did not change its External Auditor. The Company complies with SRC Rule 68, Paragraph 3(b) (iv) and (ix) for the Rotation of External Auditors.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 9.1.1, page 24 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>Pursuant to SRC Rule 68, Paragraph 3(b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every five (5) years of engagement with a two-year cooling off period for the re-engagement of the same signing partner, the Company engaged Ms. Belinda T. Beng Hui of SGV &amp; Co. starting year 2011 and Mr. Sherwin V. Yason of SGV &amp; Co. starting year 2016.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 54 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<p>Recommendation 9.2</p>			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	<p>As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be implemented with integrity and independence, considering all relevant regulatory requirements.</p> <p>Reference:  ✓ Audit Committee Charter  <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant		
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	Compliant	<p>As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be</p>	

2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<p>implemented with integrity and independence, considering all relevant regulatory requirements.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit Committee Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	<p>As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report</p> <p>Covering Year 2018, there were no non-audit professional services rendered by the Company's external auditor. Tax consultancy services are secured from entities other than the external auditor.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 54 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	

<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>As stated in the Revised Manual on Corporate Governance, the Audit Committee evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ The Audit Committee Charter, Item 3.i, page 2 <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report</p> <p>Covering Year 2018, there were no significant professional services rendered by the Company's external auditor. Tax consultancy services are secured from entities other than the external auditor.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	



		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 54 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>The Company's external auditor is duly accredited by the SEC under Group A category.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Complaint	<p>The Company's External Auditor, being accredited by the Securities and Exchange Commission, is subject for SOAR Inspection.</p> <p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected- Year 2018</li> <li>2. Name of the Audit firm - SyCip Gorres Velayo and Co.</li> <li>3. Members of the engagement team inspected by the SEC.- Vanessa Camille C Laguni, Winnie S. Estrella, and Jackson C. Apostol</li> </ol> <p>Reference:</p>	

		<ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee)  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a> </li> </ul>	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>SM Prime is uniquely positioned to serve its host communities through various civic assistance, environmental education and sustainability programs. Its activities are two-pronged: to care for its customers while being a steward of the environment. SM Cares, a division of SM Foundation Inc., is the group that handles the corporate social responsibility programs of SM Prime Holdings, Inc.</p> <p>With people and the environment as its two main focal points, SM Prime aims to strengthen the fiber of growth while empowering more communities in the Philippines.</p> <p>On an annual basis, the Company releases a Sustainability Report which covers the environmental, social, economic and governance information of SM Prime in the Philippines and in China.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Sustainability Overview  <a href="https://smprime.com/sustainability-overview">https://smprime.com/sustainability-overview</a> </li> <li>✓ 2018 Annual Report, Sustainability Report, pages 35-52  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a> </li> </ul>	

		✓ 2018 Sustainability Report <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	The Company's Sustainability Report is in accordance with the GRI Sustainability Reporting Standards. It covers the environmental, social, economic, and governance information of SM Prime in the Philippines and in China for the year 2018. The scope includes SM Prime's business units including Malls, Residences, Offices, and Hotels and Convention Centers.  Reference: ✓ 2018 Sustainability Report <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a>	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	The Company discloses its quarterly and annual reports in its Company website. Analyst's / media briefings and press conferences are also conducted right after the Annual Stockholders' Meeting.  References: ✓ 2018 Quarterly Financials <a href="https://smprime.com/quarterly-financials">https://smprime.com/quarterly-financials</a>  ✓ 2018 Annual Financials <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>  ✓ Investor Relations and Program Schedule <a href="https://smprime.com/investor-relations-program-schedule">https://smprime.com/investor-relations-program-schedule</a>	

Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	Compliant	References: ✓ 2018 Quarterly Financials <a href="https://smprime.com/quarterly-financials">https://smprime.com/quarterly-financials</a>  ✓ 2018 Annual Financials <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
b. Materials provided in briefings to analysts and media	Compliant	Reference: ✓ Presentations, SM Prime Investor Kit – January 2019 <a href="https://smprime.com/investor-presentations">https://smprime.com/investor-presentations</a>	
c. Downloadable annual report	Compliant	References: ✓ 2018 Annual Financials <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>  ✓ 2018 Annual Report <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a>	
d. Notice of ASM and/or SSM	Compliant	Reference: ✓ 2019 ASM Notice of Meeting and Agenda <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
e. Minutes of ASM and/or SSM	Compliant	Reference: ✓ 2019 ASM Minutes <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
f. Company's Articles of Incorporation and By-Laws	Compliant	References: ✓ Articles of Incorporation	

		By-Laws <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	The Company complies with SEC MC No. 11 Series of 2014.  Reference: ✓ Company website <a href="https://smprime.com/">https://smprime.com/</a>	
<b>Internal Control System and Risk Management Framework</b>			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Internal controls are reviewed on annual basis for high-risk processes of key business units based on the Internal Audit Plan submitted by the Chief Audit Executive to senior management and the Board for review and approval.  Further, as stated in the Internal Audit Charter, the IA Department of SM Prime provides assurance and consulting services.  Reference: ✓ The Audit Committee, Internal Audit Charter <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	SM Prime adopts ISO 31000 and 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	

		<p>ultimately, to the monitoring and continuous improvement of the risk management process.</p> <p>The Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company. The business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. On a quarterly basis, the Board Risk Oversight Committee is updated on status of risk management and improvement plans of the Company.</p> <p>Further, the Company's key risks and the respective risk assessment, management and control are disclosed in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Enterprise Risk Management <a href="https://smprime.com/enterprise-risk-management">https://smprime.com/enterprise-risk-management</a></li> <li>✓ Audit and Risk Management Related Documents, Risk Management System <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and	Compliant	<p>The Company ensures that it complies with all relevant laws and regulations.</p> <p>For instance, SM Prime, through Enterprise Risk Management Department, has conducted annual Data Privacy Awareness Campaigns to all its employees. This includes cascade of e-Learning modules and posters/infographics.</p>	

compliance with the said issuances.		<p>Further, the Company's Human Resources Department also cascaded awareness modules in compliance with the mandatory Occupational Safety and Health programs of Department of Labor and Employment (DOLE) and the Executive Order of the President of the Philippines.</p> <p>Moreover, the Investor Relations Department is tasked with a program of proactive, uniform and appropriate communication through full disclosure in compliance with the regulatory bodies and serves as the main avenue of communication between the Company and its various stakeholders.</p> <p>The Company also strengthens the compliance risk management in compliance with external regulations particularly on the local and national level to significantly reduce the adverse effect on the Company's business operations.</p> <p>Reference:  ✓ Annual Financials, 2018 17-A Annual Report</p> <p>Item 1 – Business, Enterprise Risk Management, page 4</p> <p>Item 13 – Corporate Governance, page 70</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all	Compliant	The Board puts emphasis on prudent IT risk management. The IT Team reports to the Board the status of risk management and risk mitigation plans of the Company particularly on issues concerning availability of continuity plans, backup procedures,	

key risks are identified, managed and reported to the board.		<p>protection against damaging code and malicious activities, system and information access control, and incident management and reporting. It ensures to protect the confidentiality, integrity, and availability of all physical and electronic information assets of SM Prime to make certain that regulatory, operational, and contractual requirements are satisfied. Through risk assessments, threats to assets are identified, vulnerability to and likelihood of occurrence are evaluated and potential impact are estimated in the areas of network, operating system, application and database in production. Specifically, system vulnerability assessments, to proactively detect and address threats and vulnerabilities, are regularly implemented. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 1. Business, Enterprise Risk Management, page 3 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>The Company's Internal Audit function is in-house and is headed by Mr. Christopher S. Bautista, SM Prime's Chief Audit Executive.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ The Audit Committee, Internal Audit <a href="https://smprime.com/board-committees">https://smprime.com/board-committees</a></li> </ul>	



		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 58 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Company's Chief Audit Executive (CAE) is Mr. Christopher S. Bautista. His duties and responsibilities as CAE are laid down in the Revised Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 58 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	AS disclosed in the CAE's duties and responsibilities, Mr. Bautista is shall oversee and be responsible for the internal audit activity of the organization.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	<p>The Company's internal audit function is in-house and is headed by Mr. Christopher S. Bautista.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 58 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The Company's Enterprise Risk Management, headed by Chief Risk Officer – Mr. Marvin Perrin Pe, is responsible in identifying and prioritizing risks, assessing risk interrelationship, analyzing sources of risks, developing risk management strategies and action plans, and monitoring risks. The Enterprise Risk Management Team is continuously improving the risk management process to keep up with the changing times.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 58-59</li> </ul> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>The Company engages third party consultants in the assessment of security and safety risks of its business units and in the implementation of its Business Continuity Management System.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Enterprise Risk Management, Key Risks and Risk Management Program</li> </ul> <p><a href="https://smprime.com/enterprise-risk-management">https://smprime.com/enterprise-risk-management</a></p>	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is	Compliant	The Company's Chief Risk Officer and Head of the Enterprise Risk Management Department is Mr. Marvin Perrin L. Pe. His duties and responsibilities are	

the ultimate champion of Enterprise Risk Management (ERM).		<p>laid down in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 12.5, page 27  <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 58-59  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The Company's Chief Risk Officer, Mr. Marvin Perrin L. Pe, is currently the Vice-President for Enterprise Risk Management of SM Prime Holdings, Inc. He holds a Bachelor of Science degree in Accountancy from Centro Escolar University. He has completed his Masters in Management Degree, with distinction, from the Asian Institute of Management.</p> <p>Before joining SM Prime Holdings, Inc., Mr. Pe was a Partner of SyCip Gorres Velayo &amp; Co. (SGV), the member firm of EY in the Philippines. He had over 14 years of experience devoted mainly to Fraud Investigations and Dispute Services (FIDS) works on fraud investigation, compliance, internal audit and forensic data analytics. As a member of the Philippines FIDS team, Mr. Pe has led or has been involved in most of the firm's fraud and compliance related projects.</p> <p>Mr. Pe is a Certified Public Accountant, Certified Fraud Examiner, Certified Internal Auditor, Certified</p>	

		<p>Information Systems Auditor and has a Certification in Control Self-Assessment.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 58-59 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Audit and Risk Management Related Documents, Annual Confirmation of Internal Audit Adequacy <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The basic shareholder rights are disclosed in the Revised Manual on Corporate Governance and is also found in the Company website and 17-A Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.4, pages 28-29 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Rights of Shareholders <a href="https://smprime.com/rights-shareholders">https://smprime.com/rights-shareholders</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 69-70</li> </ul>	

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>The basic shareholder rights are also disclosed in the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Rights of Shareholders <a href="https://smprime.com/rights-shareholders">https://smprime.com/rights-shareholders</a></li> </ul>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	<p>Based on the 20-IS Definitive Statement, each common share of SMPH owned by a shareholder is entitled to one (1) vote (each, a "Voting Share/s") except in the election of directors where one share is entitled to as many votes as there are Directors to be elected.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Section B Item 4 No. 3, page 5 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>The Company only has common shares.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Section B Item 4, page 5 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>The voting procedure is disclosed in the Company's 20-IS Definitive.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, (1) Section B Item 4 No. 3 and (2) Item 19, page 5 and pages 40-41, respectively</li> </ul>	

		<a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p>Independent directors exercise objective and independent judgment on all corporate affairs specifically on issues involving the protection of minority shareholders against actions of controlling shareholders.</p> <p>The Company uses cumulative voting mechanism in the election of directors that is designed to give minority shareholders the opportunity to obtain representation in the Board of Directors. Cumulative voting is required by the Revised Manual on Corporate Governance and disclosed in the SEC Form 20-IS.</p> <p>Subject to the Securities Regulation Code, all Board-approved material related party transactions (RPTs) are subject to ratification by a vote of the majority of the minority shareholders.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Items 3.5, 5, and 13.4.1.b, pages 17, 19 and 28, respectively <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Annual Financials, 2018 SEC Form 20-IS Definitive, Items 4 and 5, pages 5 and 11-12, respectively <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
5. Board allows shareholders to call a special shareholders' meeting and	Compliant	The shareholders, in accordance with their rights disclosed in the Revised Manual on Corporate	

<p>submit a proposal for consideration or agenda item at the AGM or special meeting.</p>		<p>Governance, have 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 law, jurisprudence and best practice. These, along with their other rights as shareholders, are publicly posted in the Company website for their quick reference.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.4.4.b, page 28 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> <li>✓ Rights of Shareholders <a href="https://smprime.com/corporate-governance-overview">https://smprime.com/corporate-governance-overview</a></li> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 69-70 <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Policies on treatment of minority shareholders are disclosed in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance <ul style="list-style-type: none"> <li>• Item 2.3.1, page 8</li> <li>• Item 13.4.1.c, page 28</li> <li>• Item 13.4.4.b, page 28</li> <li>• Item 13.4.4.c, page 28</li> </ul> </li> </ul> <p><a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></p>	

		<ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 69-70  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> </ul>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>The Company's dividend policy is disclosed in the SEC Form 17-A, 20-IS Definitive and Annual Report.</p> <p>Further, the Company has declared regular cash dividends during its 2019 Annual Stockholders' Meeting held on April 23, 2019. Pay-out date is on May 22, 2019, which is 29 calendar days from the declaration date.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials  2018 17-A Annual Report, Item 5, page 34  2018 SEC Form 20-IS Definitive, Item 20, page 42  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a> </li> <li>✓ 2019 ASM Minutes, Item 6, page 5  <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a> </li> </ul>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>The Company's External Auditor, SyCip Gorres Velayo &amp; Co., has been engaged to monitor and validate the tally of votes casted during the 2019 Annual Stockholders' Meeting.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes, Item 2, page 2</li> </ul>	



		<a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The Notice of the 2018 Annual Stockholders' Meeting was released on February 28, 2019, 35 trading days before the Annual Stockholders' Meeting. The details of the meeting and the agenda items and their respective rationale were included in the material provided to all shareholders.</p> <p>The general acts of the Board of Directors and Management approved and ratified during annual stockholders' meeting may include, among others, the approval of remuneration of key officers.</p> <p>Reference:  ✓ Annual Financials, 2018 SEC Form 20-IS Preliminary, pages 2-3  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		The profiles of directors, auditors seeking re-appointment and proxy documents are disclosed in the SEC Form 20-IS Preliminary and Definitive.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>References:  ✓ Annual Financials</p> <p>2018 SEC Form 20-IS Preliminary  2018 SEC Form 20-IS Definitive</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>The rationale for the agenda items for the Annual Stockholders' Meeting are disclosed in the SEC Form 20-IS Preliminary and Definitive.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials</li> </ul> <p>2018 SEC Form 20-IS Preliminary, page 3 2018 SEC Form 20-IS Definitive, page 3</p> <p><a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<p>The minutes of the 2019 Annual Stockholders' Meeting was posted in the Company website on April 24, 2019.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes</li> </ul> <p><a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p>The minutes of the 2019 Annual Stockholders' Meeting was posted in the Company website on April 24, 2019</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2019 ASM Minutes</li> </ul> <p><a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></p>	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<p>All directors and key officers have attended the 2019 Annual Stockholders' Meeting. The Company's External Auditor was also present to validate proxies and tabulate votes.</p>	

		Reference: ✓ 2019 ASM Minutes <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a>	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.  Reference: ✓ Revised Manual on Corporate Governance, Item 13.5, page 29 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Based on the Revised Manual on Corporate Governance, it is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.  Reference: ✓ Revised Manual on Corporate Governance, Item 13.5, page 29 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a>	
Recommendation 13.5			

1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p>The Company's Investor Relations Office may be reached through the following:</p> <p>Telephone Number: (632) 862-7942 Email address: info@smprime.com</p> <p>Reference: ✓ Investor Relations <a href="https://smprime.com/investor-relations-overview">https://smprime.com/investor-relations-overview</a></p>	
2. IRO is present at every shareholder's meeting.	Compliant	<p>Mr. Alexander D. Pomento, VP for Investor Relations, has attended the recent Annual Stockholders' Meeting.</p> <p>Reference: ✓ 2019 ASM Minutes <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></p>	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<p>As stated in SM Prime's Code of Ethics, the Company complies with all applicable laws and regulations designed to protect the rights of all shareholders, including those holding minority interests. For instance, fundamental corporate acts, such as amendments to the Company's Articles of Incorporation and By-Laws, the authorization of additional shares, and the transfer of all or substantially all assets of the Company, are subject to the approval of shareholders.</p> <p>In addition, the Revised Manual on Corporate Governance mandates the Board of Directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow</p>	

		<p>shareholders the possibilities to seek redress for violation of their rights.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, page 1 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ Revised Manual on Corporate Governance, Item 13.1, page 27 <a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></li> </ul>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<p>As disclosed in the Company's Public Ownership Report as December 31, 2018, 31.64% of the outstanding capital stock is owned by the public.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Corporate Disclosures, SMPH Public ownership report as of December 31, 2018 <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></li> </ul>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<p>The Company's Investor Relations Office facilitates constant engagement with its shareholders through ongoing meetings, road shows, and conference calls. This is disclosed in the 2018 Sustainability Report and in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Sustainability Report, Putting our Stakeholders First, page 10 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> <li>✓ Investor Relations Program &amp; Schedule</li> </ul>	

		<a href="https://smprime.com/investor-relations-program-schedule">https://smprime.com/investor-relations-program-schedule</a>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p>In preparation for the 2019 Annual Stockholders' Meeting of SM Prime, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders who will not be able to personally attend the meeting but will be appointing or attending via proxies.</p> <p>The electronic voting procedure is attached in the 2018 SEC Form 20-IS Definitive.</p> <p>Reference:  ✓ Annual Financials, 2018 SEC Form 20-IS Definitive, pages 178-180  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></p>	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The Company's stakeholders are disclosed in the 2018 Sustainability Report.</p> <p>Reference:  ✓ 2018 Sustainability Report, Putting our Stakeholders First, page 10  <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	The Company has policies and programs in place to ensure fair treatment and protection of its stakeholders.	

		<p>Apart from the Revised Manual on Corporate Governance where shareholder rights are disclosed, SM Prime has also constantly been engaging with its shareholders through <b>ongoing</b> meetings, road shows, and conference calls.</p> <p>Further, the Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customers, shareholders, vendors, suppliers and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Sustainability Report, Putting our Stakeholders First, page 10 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> </ul>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>The Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customers, shareholders, vendors, suppliers and other stakeholders may accomplish an incident report on suspected or actual violations of the</p>	

		<p>Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)</li> </ul> <p><a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></p>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Revised Manual on Corporate Governance, Item 13.5, page 29</li> </ul> <p><a href="https://smprime.com/corporate-governance-manual">https://smprime.com/corporate-governance-manual</a></p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being	Compliant	<p>The Company consistently complies with corporate governance rules and regulations.</p> <p>All requirements are immediately submitted to the Securities and Exchange Commission, Philippine Stock Exchange, and other regulators. Further, disclosures are uploaded in PSE Edge and posted in the Company website.</p>	



taken to finally comply with the applicable law, rule or regulation.		<p>Further, the Code of Ethics mandates full compliance with all applicable laws and regulations. In this regard, the Company has an internal whistleblowing policy, or the Policy on Accountability, Integrity and Vigilance which effectively creates an environment where concerns and issues regarding violation of policies, law or regulation may be raised freely within the organization.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ PSE Edge, SMPH Disclosures <a href="https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=112">https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=112</a></li> <li>✓ Company Website, Disclosures <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a> <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a> <a href="https://smprime.com/annual-corporate-governance-report">https://smprime.com/annual-corporate-governance-report</a> <a href="https://smprime.com/asean-corporate-governance-scorecard">https://smprime.com/asean-corporate-governance-scorecard</a></li> <li>✓ Code of Ethics <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> </ul>	
2. Company respects intellectual property rights.	Compliant	Upon commencement of development of new projects, SM Prime generally files applications for the registration of intellectual property rights with respect to the names of certain of its real estate products, as well as for trademarks.	

		<p>There can be no assurance that such applications will be approved or that the actions SM Prime has taken will be adequate to prevent third parties from using its corporate brands and logos, or from naming brands or developments using the same brands that SM Prime will use. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the trademarks and other intellectual property rights of SM Prime.</p> <p>SM Prime believes that the reputation and track record established under its intellectual property rights such as the "SM" name (which, together with other SM trademarks and logos, is owned by SMIC and its affiliated companies) is a key to future growth, and accordingly, SM Prime's business, financial condition and results of operations may be materially and adversely affected by the infringing use of the "SM" and related brand names by third parties, or if in any way SM Prime is restricted from using such marks.</p> <p>Reference:  ✓ 2016 Corporate Disclosures, SMPH Bonds July 2016 Prospectus, pages 34-35  <a href="https://smprime.com/corporate-disclosure">https://smprime.com/corporate-disclosure</a></p>	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The Company's Customer Welfare Policy is incorporated in the Code of Ethics. Further, efforts of the Company to address issues involving its customers are also disclosed in the 2018 Sustainability Report and in the Company website.</p> <p>References:</p>	

		<ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec III.C. Customer Welfare, page 3 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ 2018 Sustainability Report, Putting out Stakeholders First, page 10 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> </ul>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>The Company has a Supplier Selection Policy, as disclosed in its Annual Report and in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ 2018 Annual Report, Supplier Selection, page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Supplier Selection Policy <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> </ul>	
<p>Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p> <p>Recommendation 15.1</p>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>The Company implements various programs involving it employees and encourage them to actively participate in the realization of the Company's objectives. This include regular dialogue through focus group discussions, monthly operations meeting and annual forums.</p> <p>Further, SM Prime provides opportunities for employees to engage and promote positive impact with the communities it serves through volunteerism</p>	

		<p>programs, which includes, among others, the following:</p> <ul style="list-style-type: none"> <li>• Grandparent's Day 2018</li> <li>• ChriSMiles 2018</li> <li>• Brigada Eskwela 2018</li> <li>• Tagaytay Highlands One Tree at a Time 2018</li> </ul> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Sustainability Report, Events, page 27  <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> </ul>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p> <p>Annual performance appraisals are conducted which allow communication between employees and their immediate heads. Feedback from</p>	

		performance appraisal review are incorporated into training and development.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>The Company's Employee Welfare Policy is incorporated in the Code of Ethics. The 2018 Sustainability Report also discloses efforts of the Company with regard to health, safety and welfare of its employees.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec III.D. Employee Welfare, page 3 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ Employee Wellness and Development Programs <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Sustainability Report, Occupational Health and Safety, page 38 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> </ul>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>Information about the training and development of employees are disclosed in the Company website. The 2018 Sustainability Report also discloses efforts of the Company for the employees' holistic development.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Employee Wellness and Development Programs <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Sustainability Report, Training and Education, page 39 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> </ul>	

Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The Company stresses full compliance with laws and adherence to ethical practices, as stated in the Code of Ethics. It also has a whistleblowing policy called Policy on Accountability, Integrity and Vigilance (PAIV), which provides for an environment where corrupt practices are reported to the appropriate level of Management for immediate action. It has also issued Guidelines on the Acceptance of Gifts and Travel Sponsored by Business Partners.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9, respectively  <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance  <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 48  <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> </ul>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	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	

		<p>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:</p> <ul style="list-style-type: none"> <li>✓ 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, and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), among others</li> <li>✓ Disclosure Survey - to disclose each employees' affiliations, interests, relationships, and/or transactions which are relevant for full disclosure of all actual, apparent or possible conflicts of interest</li> <li>✓ 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.</li> </ul> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ Annual Financials, 2018 17-A Annual Report, Item 13 – Corporate Governance, pages 70-71  <a href="https://smprime.com/annual-financials">https://smprime.com/annual-financials</a></li> </ul>	
Supplement to Recommendation 15.2			

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>The Company prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The Acceptance of Gifts and Travel Sponsored by Business Partners or Anti-Corruption Policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ 2018 Annual Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9, respectively <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> </ul>	
<p><b>Recommendation 15.3</b></p>			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>The Company's Code of Business Conduct and Ethics and Policy on Accountability, Integrity and Vigilance (PAIV), were adopted to create an environment where concerns and issues, made in good faith, may be raised freely by all personnel, including the directors, officers and employees, as well as customers, suppliers, shareholders, service providers and all other stakeholders.</p>	










		<p>Further, contact details of the Company's Investor Relations Office and VP for Corporate Governance are both disclosed in the Annual Report. In addition, the Company's website has a separate Contact Us section, which may be used by stakeholders to voice out their concerns. For corporate governance matters, email address of the Corporate Governance team is also disclosed in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec IV. Reporting Ethics Violations, page 5 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ 2018 Annual Report, Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), page 48 <a href="https://smprime.com/annual-reports">https://smprime.com/annual-reports</a></li> <li>✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) <a href="https://smprime.com/company-policies">https://smprime.com/company-policies</a></li> <li>✓ Contact Us page <a href="https://smprime.com/contact-us">https://smprime.com/contact-us</a>  <a href="https://smprime.com/corporate-governance-overview">https://smprime.com/corporate-governance-overview</a></li> </ul>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member	Compliant	<p>Based on the Company's Whistleblowing Policy, violations or suspected violations of Company policies shall be made in writing to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a></p>	

of the Board or a unit created to handle whistleblowing concerns.		The Audit and Risk Oversight Committees are also informed of all such complaints or reports and their status to be rendered by the Compliance Officer.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The Board, through the Audit and Risk Oversight Committees, are informed on all incidents reported to <a href="mailto:report.corpgov@smprime.com">report.corpgov@smprime.com</a> .	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>The Company's Corporate Social Responsibility Policy is incorporated in the Code of Ethics. Moreover, the Company, through SM Cares, conducts programs and implements projects involving its various stakeholders. These, along with the Company's environmental accomplishments, are disclosed in the 2018 Sustainability Report.</p> <p>References:</p> <ul style="list-style-type: none"> <li>✓ Code of Ethics, Sec III.E. Corporate Social Responsibility, page 3 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ 2018 Sustainability Report</li> <li>✓ Committed to Environmental Stewardship, pages 20-31</li> <li>✓ Uplifting Lives through Social Relationships, pages 32-43</li> </ul> <p><a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></p>	

Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<p>Consistent with its Mission, the Company's Environmental Sustainability Policy is incorporated in the Code of Ethics.</p> <p>Further, the Company complies with the requirements and laws of different government agencies including the Department of Environment and Natural Resources.</p> <p>Resources:</p> <ul style="list-style-type: none"> <li>✓ Mission <a href="https://smprime.com/vision-and-mission">https://smprime.com/vision-and-mission</a></li> <li>✓ Code of Ethics, Sec III.F. Environmental Sustainability, pages 3-4 <a href="https://smprime.com/code-business-conduct-and-ethics">https://smprime.com/code-business-conduct-and-ethics</a></li> <li>✓ Other Corporate Governance Related Documents, Managing Impact on the Community and the Environment <a href="https://smprime.com/disclosure-transparency">https://smprime.com/disclosure-transparency</a></li> </ul>	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<p>SM Prime serves as a catalyst for positive change in Philippine society. The Management Team and employees embrace the opportunity to do something different, something better for the Filipino people. SM Cares is not only a Program but a way of life.</p> <p>Reference:</p> <ul style="list-style-type: none"> <li>✓ 2018 Sustainability Report, Uplifting Lives through Social Relationships, pages 32-43 <a href="https://smprime.com/sustainability-report">https://smprime.com/sustainability-report</a></li> </ul>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT APPROVAL SHEET

The undersigned approves the Integrated Annual Corporate Governance Report of SM Prime Holdings, Inc.

NAME	DATE	SIGNATURE
Henry T. Sy, Jr. Board Chairman		
Jeffrey C. Lim President		
Jose L. Cuisia, Jr. Vice-Chairman / Lead Independent Director		
Gregorio U. Kilayko Independent Director		
Joselito H. Sibayan Independent Director		
John Nai Peng C. Ong Compliance Officer		
Elmer B. Serrano Corporate Secretary		

SUBSCRIBED AND SWORN to before me this MAY 06 2019 day of \_\_\_\_\_,  
20\_\_\_\_, affiant(s) exhibiting to me their Tax Identification Numbers as follows:

NAME

NO.

Jose L. Cuisia, Jr.

Gregorio U. Kilayko

Joselito H. Sibayan

Jeffrey C. Lim

John Nai Peng C. Ong

Elmer B. Serrano



Doc No. 056  
Page No. 13  
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Series of 2019

  
VINA MARIE S. VILLARROYA

Appointment No. 226 (2018-2019)

Notary Public for Pasig City

Until December 31, 2019

Attorney's Roll No. 68536

33rd Floor, The Orient Square

F. Ortigas, Jr. Road, Ortigas Center, Pasig City

PTR No. 5212718; 1.04.19; Pasig City

IBP No. 097515; 01.03.19; RSM

MCLE Compliance No. VI-0012257; 4.14.22

**SUBSCRIBED AND SWORN** to before me this MAY 17 2019 day of \_\_\_\_\_,  
20\_\_\_\_, affiant(s) exhibiting to me his Tax Identification Number as follows:

NAME

NO.

Henry T. Sy, Jr.



Doc No. 142  
Page No. 52  
Book No. 11  
Series of 2019

**VINA MARIE S. VILLARROYA**

Appointment No. 226 (2018-2019)

Notary Public for Pasig City

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MCLE Compliance No. VI-0012267; 4.14.22