



INVESTMENTS
CORPORATION

August 27, 2020

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Re: **SM Investments Corporation – Integrated Annual Corporate
Governance Report (Year Ended 2019)**

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Ladies and Gentlemen:

Please find attached the Integrated Annual Corporate Governance Report of SM Investments Corporation for the year ended 2019.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address : No. Street City / Town / Province)

Wellington L. Palmero

Contact Person

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Company Telephone Number

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Day

Fiscal Year

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FORM TYPE

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Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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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 **2019**.
2. SEC Identification Number **16342**
3. BIR Tax Identification No. **000-169-020-000**.
4. Exact name of issuer as specified in its charter **SM INVESTMENTS CORPORATION**.
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **10th Floor, One-Ecom Center, Ocean Drive**
Mall of Asia Complex, Pasay City
Address of principal office
- 1300**
Postal Code
8. **(632) 8857-0105**.
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
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.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>In accordance with the Company's Manual on Corporate Governance, the Board is composed of directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. The Board ensures that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, which enables it 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>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Board of Directors – pgs. 46-49 - http://www.sminvestments.com/annual-reports Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- 	
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		

		http://www.sminvestments.com/disclosure-transparency <ul style="list-style-type: none"> Manual on Corporate Governance – 1.5 Nomination and Election of Directors - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	<p>The Board of Directors is composed of eight (8) directors, majority of whom are non-executive directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Board of Directors – pgs. 46-49 - http://www.sminvestments.com/annual-reports Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency 	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, <i>to ensure a high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall ensure that each director shall annually attend relevant continuing education programs conducted by a</i></p>	

		<p><i>regulatory board and/or an accredited training provider.</i></p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board - 1.4.11 - http://www.sminvestments.com/corporate-governance-policies 	
2. Company has an orientation program for first time directors.	COMPLIANT	<p><i>Per the Company's Manual on Corporate Governance, to ensure a high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall ensure that each elected director shall before assumption of office, be required to attend a seminar on corporate governance conducted by a duly recognized private or governance institution; and that each director shall annually attend relevant continuing education programs conducted by a regulatory board and/or an accredited training provider. In practice, all new directors are oriented on Board procedures, business operations and corporate governance related policies and programs before assumption of office.</i></p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.10 & 1.4.11 - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management SMIC Website – Board & Management - Director/Officer Continuing Education - http://www.sminvestments.com/board-management 	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>Per the Manual on Corporate Governance, the Company values, promotes and observes a policy on diversity in the composition of the Board. In particular, provided all other qualifications are met, there should be women in the Board of Directors. The Company will strive to have at least one (1) woman independent director in its Board at all times.</p> <p>The Board is composed of eight (8) directors, two (2) of whom are female directors, namely Vice Chairperson, Ms. Teresita T. Sy-Coson and independent director, Ms. Tomasa H. Lipana.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.2 Board Diversity Statement - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> SMIC Website – Board and Management – Board Diversity Policy and Board Matrix - http://www.sminvestments.com/board-management 	
Optional: Recommendation 1.4			
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 adheres to a process of selection to ensure an appropriate mix of competent directors and officers. The Company values, promotes, and observes a policy on diversity in the composition of its Board of Directors. Provided that all other qualifications are met, the Company commits to have a diverse collection of directors, in terms of age, ethnicity, culture, skill, competence, knowledge, gender, among other qualifications.</p> <p>To monitor progress in achieving the Board's diversity objectives, the Corporate Governance Committee shall use a Board Matrix, which provides for the mix of attributes, skills, competencies, experience and affiliations, the Board currently has and is looking for to compliment its existing composition. The Board Matrix reflects the areas relevant to the Company's strategic objectives, as well as other areas of general relevance to the composition of the Board.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board and Management – Board Diversity Policy 	

		and Board Matrix - http://www.sminvestments.com/board-management	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The Board is assisted by a Corporate Secretary, Atty. Elmer B. Serrano, who is not the Compliance Officer and is not a member of the Board of Directors. The Corporate Secretary assists the Board in its duties and must possess administrative, interpersonal and legal skills. The Corporate Secretary's duties and responsibilities are provided for by the Manual on Corporate Governance.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 – Officers – pgs. 9 -11 - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance – 1.11 Corporate Secretary - http://www.sminvestments.com/corporate-governance-policies 	
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		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>On August 15, 2019, the Corporate Secretary, Atty. Elmer B. Serrano attended the half-day Annual Corporate Governance Training Program of SMIC held at the Conrad Manila, Mall of Asia Complex, Pasay City. The training was conducted by the Institute of Corporate Directors, a SEC accredited training provider.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> SMIC Website – Board & Management - Director/Officer Continuing Education - http://www.sminvestments.com/board-management 	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	<p>Pursuant to the Manual on Corporate Governance, the Corporate Secretary ensures that materials are provided to the Board at least five (5) business days in advance of the actual meetings.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Board Performance and Attendance – pgs. 51-52 http://www.sminvestments.com/annual-reports Manual on Corporate Governance – 1.11 Corporate Secretary – Duties and Responsibilities – 1.11.4- http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Board is assisted by a Chief Compliance Officer, Mr. Wellington L. Palmero, who is a Senior Vice President, and is not a member of the Board of Directors.</p> <p>Links/references are as follows:</p>	
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"> Information Statement 2020 – Officers – pgs. 9 -11 - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance – 1.12 Compliance Officer - http://www.sminvestments.com/corporate-governance-policies 	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	<p>On August 15, 2019, the Chief Compliance Officer, Mr. Wellington L. Palmero, attended the half-day Annual Corporate Governance Training Program of SMIC held at the Conrad Manila, Mall of Asia Complex, Pasay City. The training was conducted by the Institute of Corporate Directors, a SEC accredited training provider.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board & Management - Director/Officer Continuing Education - http://www.sminvestments.com/board-management 	
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.			
Recommendation 2.1			
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	Per the Company's Manual on Corporate Governance, it is the general responsibility of the Board of Directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of	

		<p>the Company, its shareholders and other stakeholders.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.3 General Responsibility of the Board http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board and Management – Summary of Board Activities - http://www.sminvestments.com/board-management 	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, a specific duty and function of the Board is to oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.</p> <p>Furthermore, the Board determines the Company's purpose, vision, mission and strategies to carry out its objectives and reviews it annually, or sooner should the need arise.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1. Board of Directors & 1.4 Specific Duties and Functions of the Board – 1.4.2 & 1.4.3 	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> SMIC Website – Board and Management – Summary of Board Activities - http://www.sminvestments.com/board-management 	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	<p>Vision: <i>To build world-class businesses that are catalysts for development in the communities we serve.</i></p> <p>Mission: <i>We will partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees and deliver sustainable returns to our shareholders, at all times upholding the highest standards of corporate governance in all our businesses.</i></p> <p>To ensure the high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall determine its purpose, vision, mission and strategies to carry out its objectives and review it annually, or sooner should the need arise.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Website – Vision and Mission - http://www.sminvestments.com/vision-and-mission 	

		<ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.2 - http://www.sminvestments.com/corporate-governance-policies 	
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>Per the Company's Manual on Corporate Governance, a specific duty and function of the Board is to oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.3 & 1.8.B Compensation Committee – Duties and Responsibilities – 1.8.B.1 http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The Company's Chairman of the Board is Mr. Jose T. Sio. Mr. Sio is also a director of China Banking Corporation, Atlas Consolidated Mining and Development Corporation and Belle Corporation. He also serves as Adviser to the Board of Directors of BDO Unibank, Inc. and Premium Leisure Corporation. Mr. Sio holds a Master's Degree in Business Administration from New York University, is a certified public accountant and was formerly a senior partner at Sycip, Gorres, Velayo & Co.	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors • 2019 Annual Report – Board of Directors – pgs. 46-49 - http://www.sminvestments.com/annual-reports • Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency • Manual on Corporate Governance – 1.9 Chairman of the Board - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, to ensure the high standard of best practice for the Company, its shareholders and other stakeholders, the Board shall ensure that an effective succession planning program for directors, key officers and management is in place, and setting the retirement age for directors and key officers at eighty (80) years of age.</p> <p>Links/references are as follows:</p>	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT		

		<ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.9 - http://www.sminvestments.com/corporate-governance-policies Manual on Corporate Governance – Corporate Governance Committee 1.8.A – 1.8.A.8 - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>The Board, through the Compensation Committee establishes a formal and transparent procedure for the development of policies on executive remuneration and fixes the remuneration packages of officers and directors; providing oversight over remuneration of Management, which ensures that compensation is consistent with the Company's culture, strategy and control environment.</p> <p>Furthermore, the Compensation Committee disallows any director to decide his/her own remuneration.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board –1.4.3 & 1.8.B Compensation Committee – Duties and Responsibilities - 	
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		

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> The Compensation Committee Charter - http://www.sminvestments.com/board-management 	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	<p>The Board, through the Compensation Committee, has established a formal and transparent procedure for determining executive remuneration and fixes and approves the remuneration packages of officers and directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board –1.4.3 & 1.8.B Compensation Committee – Duties and Responsibilities - http://www.sminvestments.com/corporate-governance-policies The Compensation Committee Charter - http://www.sminvestments.com/board-management 	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term	NON-COMPLIANT		The Company aligns employee performance with remuneration via merit-based remuneration increases and career

<p>interest, such as claw back provision and deferred bonuses.</p>			<p>advancement opportunities based on annual performance appraisals. In line with prevailing business practices in the country, bonuses are not considered major components in the remuneration of the Company's executive directors and senior executives.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board –1.4.3 & 1.8.B Compensation Committee – Duties and Responsibilities - http://www.sminvestments.com/corporate-governance-policies • The Compensation Committee Charter - http://www.sminvestments.com/board-management
Recommendation 2.6			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>Per the Company's By-Laws, nominations to the Board shall be submitted (in writing) to the Corporate Governance Committee, Board, or</p>	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<p>Corporate Secretary at least thirty (30) days before the Annual Stockholders' Meeting. This is to ensure that the Corporate Governance Committee has ample time to review and ensure that candidates to the Board meet all the qualifications and none of the disqualifications to be a director. The Corporate Governance Committee shortlists the final candidates to the Board from the pool of candidates nominated by shareholders. Based on the final list of candidates, directors are elected by shareholders individually.</p> <p>The nomination and election process is fully disclosed in the Manual on Corporate Governance. Voting procedures and rights, and pertinent data on directors are included in the information statement released to shareholders before the start of the nomination period. Furthermore, the Board identifies the quality of directors that are aligned with the strategic direction of the Company, which may be viewed in the Company's Board Diversity Policy and Board Matrix.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.5 Nomination and Election of the Board of Directors - http://www.sminvestments.com/corporate-governance-policies 	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
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		

		<ul style="list-style-type: none"> Information Statement 2020 – Nomination of Directors, pg. 8 - http://www.sminvestments.com/disclosure-transparency 2019 Annual Report – Nomination and Election of Directors, pg. 54 - http://www.sminvestments.com/annual-reports SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management SMIC Website – Board and Management – Board Diversity Policy and Board Matrix - http://www.sminvestments.com/board-management 	
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>Per the Company's Manual on Corporate Governance, the services of professional search firms or other external sources are used when searching for candidates to the Board of Directors.</p> <p>In practice, the Company has engaged the Institute of Corporate Directors (ICD) and the Good Governance Advocates and Practitioners of the Philippines (GGAPP) to provide shortlists of potential candidates to Board when there are potential vacancies. Ms. Tomasa H. Lipana was included in the</p>	

		<p>shortlist provided to the Company by the ICD in 2016. Both Ms. Lipana and Mr. Alfredo E. Pascual are fellows of the ICD.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.5 Nomination and Election of the Board of Directors – 1.5.2 - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Nomination and Election of Directors, pg. 54 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Corporate Governance Committee - http://www.sminvestments.com/board-management 	
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	Per the Company's Manual on Corporate Governance, the Board formulates and implements group-wide policies to ensure the integrity of related party transactions, particularly those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size,	COMPLIANT		

<p>structure, risk profile and complexity of operations.</p>		<p>The Board, through the Related Party Transactions Committee, reviews and approves all material RPTS and ensures that all said transactions are done at market's price and at arms' length.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.13 & 1.8.E. Related Party Transactions Committee - http://www.sminvestments.com/corporate-governance-policies • Related Party Transactions Policy - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management • SMIC Website – Information Statement and Notice of 2020 ASM Page 61-62 Note 21-Related Party Disclosures https://www.sminvestments.com/governance/disclosure-transparency 	
<p>Supplement to Recommendations 2.7</p>			

<p>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 applying the thresholds for disclosure and approval.</p>	<p>COMPLIANT</p>	<p>The Board, through the Related Party Transactions Committee, clearly defines the thresholds for disclosure and approval of RPTs and categorizes such transactions according to their qualifying details. The aggregate amount of RPTs within any twelve-month period is considered for purposes of applying the thresholds for disclosure and approval.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Related Party Transactions Policy - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management • SMIC Website – Information Statement and Notice of 2020 ASM Page 61-62 Note 21- Related Party Disclosures https://www.sminvestments.com/governance/disclosure-transparency 	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>NON-COMPLIANT</p>		<p>A voting system whereby a majority of non-related party shareholders will approve specific types of related party transactions during shareholders' meetings is being studied and will be proposed to the Related Party Transactions Committee, and</p>

			<p>subsequently to the Board for their approval.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Related Party Transactions Policy - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management
Recommendation 2.8			
<p>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).</p>	<p>COMPLIANT</p>	<p>Per the Company's By-Laws, all officers shall be elected annually by affirmative vote of a majority of all the member of the Board of Directors.</p> <p>On June 24, 2020, during the Organizational Board Meeting, the Board elected/appointed the following:</p> <ul style="list-style-type: none"> • Mr. Frederic C. DyBuncio – President/CEO • Mr. Wellington L. Palmero – Chief Risk and Compliance Officer • Mr. Anastacio C. Balubar II – Vice President, Internal Audit & Chief Audit Executive 	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC By-Laws – Article VI: Officers - http://www.sminvestments.com/disclosure-transparency • SMIC Website – Corporate Disclosures – Result of the Organizational Board of Directors Meeting - http://www.sminvestments.com/pse-and-sec-filings • Manual on Corporate Governance – 1.10 President - http://www.sminvestments.com/corporate-governance-policies 	
<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>The Company's Board conducts an annual assessment of CEO/President, representing Management. The evaluation is done through the Corporate Governance Committee. The evaluation criteria are based on the duties and responsibilities of the respective officers as provided for by SMIC's By-Laws and Manual on Corporate Governance.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.A. Corporate Governance Committee – 1.8.A.2 - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • SMIC Website – Board and Management – Compensation Committee Charter - http://www.sminvestments.com/board-management 	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Directors, officers and employees of the Company undergo annual performance assessments. Said assessments ensure that those employed by SMIC meet the performance standards set by the Company. In line with this and the Company's Manual on Corporate Governance, the Board, through the Compensation Committee provides a formal and transparent procedure on executive remuneration packages of officers and provides oversight over remuneration of Management and other key personnel, ensuring that compensation is consistent with the Company's culture, strategy and control environment.	
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	Further to this, the performance of key officers is evaluated by the Board of Directors annually. Said evaluation is conducted based on the respective officers' duties and responsibilities as provided for by the Manual on Corporate Governance.	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Board and Management – Compensation Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.B. Compensation Committee – 1.8.A.2 - http://www.sminvestments.com/corporate-governance-policies • Manual on Corporate Governance – 1.8.A. Corporate Governance Committee – 1.8.A.2 - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Evaluation of the Board – pg. 55 - http://www.sminvestments.com/annual-reports • 2019 Board Evaluation Form- http://www.sminvestments.com/board-management 	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Audit Committee is tasked to enhance the Board's oversight capability over the Company internal control system. In accordance to the Manual on Corporate Governance, the Audit Committee develops a transparent financial management system	
2. The internal control system includes a mechanism for monitoring and managing	COMPLIANT		

potential conflict of interest of the Management, members and shareholders.		<p>that ensures the integrity of internal control activities throughout the Company via step-by-step procedures and policies. The said internal control system includes a mechanism for monitoring and managing potential conflicts of interest of the Company's shareholders, Board and Management.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C. Audit Committee & 1.4.6 Duties of the Board of Directors & 1.C.5 – http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • Internal Audit Charter - http://www.sminvestments.com/board-management 	
3. Board approves the Internal Audit Charter.	COMPLIANT	<p>The Board, through the Audit Committee, approves the Internal Audit Charter.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C. Audit Committee – http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	
Recommendation 2.11			
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	Per the Company's Manual on Corporate Governance, the Board is tasked to identify and monitor key risk areas and key performance indicators and ensure that a sound Enterprise Risk Management framework is in place.	
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>The Risk Management Committee is responsible for the oversight of the Company's ERM system and ensures its functionality and effectiveness.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.7 & 1.8.D Risk Management Committee - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Enterprise Risk Management, pg. 53 - 	

		http://www.sminvestments.com/annual-reports <ul style="list-style-type: none"> SMIC Website – Enterprise Risk Management https://www.sminvestments.com/governance/enterprise-risk-management SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management 2019 Annual Report – Corporate Governance – Emergency Preparedness Program - pg. 59 http://www.sminvestments.com/annual-reports 	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	SMIC's Manual on Corporate Governance serves as the Company's Board Charter. The Manual clearly provides for the Board's roles, responsibilities and accountabilities and serves as a guide for the Company's directors in the performance of their functions. The Manual is publicly available on the Company's website. Link/reference is as follows: <ul style="list-style-type: none"> Manual on Corporate Governance – http://www.sminvestments.com/corporate-governance-policies 	
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>Directors, officers and employees are prohibited from trading in the Company's shares, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. The Company issues reminders of the "trading ban" before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Furthermore, directors and officers are required to report their dealings in Company shares with three (3) business days of the transaction.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • SMIC Website – CG Policies – Insider Trading Policy - http://www.sminvestments.com/corporate-governance-policies • Code of Ethics – II. Compliance with Laws - B & E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies 	
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	Per the Company's Code of Ethics, all business decisions and actions must be based on the best interests of the Company and the value to shareholders and should not be motivated by personal considerations or relations which may interfere with the exercise of independent judgment. Directors, officers	

		<p>and employees should only use the Company's resources to benefit the Company. This means that they must not act on their own or support any action that may run counter to the Company's ethical standards. Grants or loan arrangements extended to Directors or Officers by the Company and/or its subsidiaries and/or affiliates are prohibited unless covered by the requisite approval from the Board and are done at arms' length and at fair market rates.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Code of Ethics – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies 	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	<p>The Company's By-Laws and Manual on Corporate Governance provide for the types of decisions that require Board approval.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC By-Laws - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance — http://www.sminvestments.com/corporate-governance-policies 	

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.

Recommendation 3.1

<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>To address specific tasks and responsibilities, the Board adopted six (6) board committees, namely the Audit Committee, the Executive Committee, the Related Party Transactions Committee, the Compensation Committee, the Risk Management Committee, and the Corporate Governance Committee.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Board and Management - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8 Board Committees - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Board Committees - pg. 52 http://www.sminvestments.com/annual-reports 	
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Recommendation 3.2

<p>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.</p>	<p>COMPLIANT</p>	<p>SMIC's Audit Committee exercises the Board's oversight of the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws, rules and regulation. It is the Audit Committee's responsibility to</p>	
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		<p>recommend the appointment and removal of the Company's external auditor.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies 	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>The Audit Committee is composed of three (3) non-executive directors, majority of whom, including the Chairperson, are independent directors. The Committee members each possess relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports 	

		<ul style="list-style-type: none"> • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies 	
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>The Audit Committee members each possess relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance. The Chairperson of the Audit Committee, Ms. Tomasa H. Lipana, is a certified public accountant.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies 	

<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairperson of the Audit Committee, Ms. Tomasa H. Lipana does not serve as the Chairperson of the Board or of any other board committee.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies 	
<p>Supplement to Recommendation 3.2</p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>COMPLIANT</p>	<p>The Audit Committee approves all non-audit services conducted by the external auditor.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Audit Committee 	

		Charter - http://www.sminvestments.com/board-management	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	<p>The Audit Committee meets at least four (4) times annually. The Committee met six (6) times in 2019. The Committee may invite members of Management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee members hold separate meetings with the auditors without anyone from management present.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports 	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	<p>The Audit Committee meets at least four (4) times in last year. In 2019, the Committee met six (6) times; on Feb. 28, April 24, May 8, June 14, August 7 and November 6.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>The Audit Committee approves the appointment and removal of the Chief Audit Executive/internal auditor.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 2019 Annual Report – Report of the Audit Committee – pgs. 62 – 64 - http://www.sminvestments.com/annual-reports 	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	The Corporate Governance Committee is tasked to assist the Board in its corporate governance related responsibilities, while also performing the review and evaluation of the qualifications of all candidates nominated to the Board of Directors, and those nominated to positions that require board approval	

		<p>under the Company's By-Laws. Furthermore, the Committee undertakes the process of identifying the quality of directors aligned with the Company's strategic direction.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.A Corporate Governance Committee - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance Committee – pg. 53 - http://www.sminvestments.com/annual-reports 	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	<p>The Corporate Governance Committee is composed of three (3) members, all of whom are independent directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Corporate Governance Committee – pg. 53 - http://www.sminvestments.com/annual-reports 	

		<ul style="list-style-type: none"> • SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.A Corporate Governance Committee - http://www.sminvestments.com/corporate-governance-policies 	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	<p>The Corporate Governance Committee is composed entirely of independent directors. The current Chairman of the Committee, Mr. Alfredo E. Pascual is also the Lead Independent Director.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Corporate Governance Committee – pg. 53 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management 	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	The Corporate Governance Committee meets at least twice annually. In 2019, the Committee met on Feb. 28 and March 24.	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Corporate Governance Committee – pg. 53 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Corporate Governance Committee Charter - http://www.sminvestments.com/board-management 	
Recommendation 3.4			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>The Risk Management Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system. The Committee ensures that the ERM system is functional and effective.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Risk Management Committee – pg. 53 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.D Risk Management Committee - 	

		http://www.sminvestments.com/corporate-governance-policies	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	<p>The Risk Management Committee is composed of three (3) non-executive directors, majority of whom, including the Chairman, are independent directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Risk Management Committee – pg. 53 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management 	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>The Chairman of the Risk Management Committee, Mr. Robert G. Vergara, an independent director and does not serve as the Chairman of the Board or of any other board committee.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Risk Management Committee – pg. 53 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Risk Management 	

		Committee Charter - http://www.sminvestments.com/board-management	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>Per the Risk Management Committee's Charter, at least one (1) of its members must have relevant knowledge and experience on risk and risk management. The Committee members each possess relevant experience in risk and are well-versed in matters relating to risk management.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency 	
Recommendation 3.5			
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 Related Party Transactions (RPT) Committee reviews all material related party transactions of the Company and ensures that said transactions are conducted at arms' length.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> • 2019 Annual Report – Related Party Transactions Committee – pg. 52 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.8.E Related Party Transactions Committee - http://www.sminvestments.com/corporate-governance-policies 	
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 is composed of three (3) non-executive directors, majority of whom, including the Chairman, are independent directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Related Party Transactions Committee – pg. 52 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management 	

Recommendation 3.6

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	Each board committee has a Charter which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance. The Charters include administrative provisions on the conduct of meetings and proceedings, reportorial responsibilities and provide the standards for evaluation of the respective committee performance. The Charters are disclosed in the Company's website and may be viewed and downloaded. Links/references are as follows: <ul style="list-style-type: none">• SMIC Website – Board and Management – http://www.sminvestments.com/board-management• 2019 Annual Report – Corporate Governance – Board Committees - pg. 52 - http://www.sminvestments.com/annual-reports• Manual on Corporate Governance – 1.8. Board Committees - http://www.sminvestments.com/corporate-governance-policies	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT		

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

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, the Board is tasked to properly discharge Board functions by meeting regularly. Independent views during meetings shall be given due consideration and all such meetings are minuted. Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-video-conferencing conducted in accordance with relevant rules and regulation.</p> <p>Board and Board Committee attendance is disclosed in the Company's website and annual reports.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Corporate Governance – Board Performance and Attendance - pgs. 51-52 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Summary of Board Activities & Board Committee Attendance - http://www.sminvestments.com/board-management • Manual on Corporate Governance – 1.6. Board Meetings - http://www.sminvestments.com/corporate-governance-policies 	
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<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Per the Manual on Corporate Governance, the Corporate Secretary ensures that regular meetings are scheduled in the prior year and that the agendas, notices and materials are provided to the Board at least a week in advance of the actual meetings.</p> <p>The Company's directors review meeting materials for all Board and Committee meetings prior to the said meetings.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.11 Corporate Secretary – Duties and Responsibilities – 1.11.4- http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – Board Performance and Attendance - pg. 51 - http://www.sminvestments.com/annual-reports 	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The Company's directors review meeting materials for all Board and Committee meetings prior to the said meetings.</p> <p>However, the Company ensures that when a director seeks clarifications/explanations on certain matters during Board and/or Committee meetings, that the relevant parties are available to provide the necessary clarifications/explanations.</p>	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.11 Corporate Secretary – Duties and Responsibilities – 1.11.4- http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Summary of Board Activities - http://www.sminvestments.com/board-management 	
Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, any non-executive director that holds more than five (5) simultaneous board seats in listed companies will be temporarily disqualified to serve as a director. None of the Company's directors hold more than five (5) simultaneous board seats in listed companies.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Temporary Disqualification – g. - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Directorships in Other Reporting Companies - pg. 55 - http://www.sminvestments.com/annual-reports 	

		<ul style="list-style-type: none"> Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency 	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, it is the duty of a director to notify the Board via the Corporate Governance Committee before accepting a directorship in another company.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Duties and Responsibilities of a Director – 1.7.7. - http://www.sminvestments.com/corporate-governance-policies 	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, the CEO and other executive directors shall limit the number of corporate board they hold to a low number. This is to ensure that the number of board held do not exceed their ability to perform their duties in an appropriate fashion.</p> <p>None of the Company's executive directors serve in more than two (2) board of listed companies outside the SM Group of Companies.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> • Manual on Corporate Governance – Corporate Governance Committee - 1.8.A.10 - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Directorships in Other Reporting Companies - pg. 55 - http://www.sminvestments.com/annual-reports • Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency 	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, board meetings are scheduled a year in advance. This is to ensure maximum participation of the directors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.6 Board Meetings - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – Board Performance and Attendance - pg. 51 - http://www.sminvestments.com/annual-reports 	

3. Board of directors meet at least six times during the year.	COMPLIANT	<p>In accordance with the Company's Manual on Corporate Governance, the Board meets at least six (6) times annually.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.6 Board Meetings - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – Board Performance and Attendance - pg. 51 - http://www.sminvestments.com/annual-reports 	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	<p>Per the Company's By-Laws, 2/3 of the Board of Directors shall constitute a quorum for the transaction of business at any meeting, unless otherwise provided by the same By-Laws.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • SMIC By-Laws – Article IV – Section 5. - http://www.sminvestments.com/disclosure-transparency 	

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 Board is composed of eight (8) directors, three (3) of whom are non-executive independent directors; namely, Mr. Robert G. Vergara, Ms. Tomasa H. Lipana and Mr. Alfredo E. Pascual. Per the Manual on</p>	
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		<p>Corporate Governance, (1.1.1) <i>The Board shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.</i></p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Board of Directors - pg. 50 - http://www.sminvestments.com/annual-reports • Manual on Corporate Governance – 1.1 Board Composition - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors 	
Recommendation 5.2			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>The Company's independent directors; namely, Mr. Robert G. Vergara, Ms. Tomasa H. Lipana and Mr. Alfredo E. Pascual possess all the qualifications and none of the disqualifications necessary to serve on the Board.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.5.4 Qualifications of Directors - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors 	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	<p>The Company has no shareholder agreements, By-Laws provisions or other agreements that constrain directors from voting independently. Per the Company's Manual Corporate Governance, directors are required to exercise independent judgment.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.7 Duties and Responsibilities of a Director - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	Per the Company's Manual on Corporate Governance, any independent director that has served on the Board for a maximum cumulative term of nine (9) years shall be permanently disqualified to return as an independent director.	

		<p>None of the Company's independent directors have served for a cumulative term of nine (9) years.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Permanent Disqualification – f. - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Board of Directors - pg. 50 - http://www.sminvestments.com/annual-reports • Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15 - http://www.sminvestments.com/disclosure-transparency 	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, any independent director that has served on the Board for a maximum cumulative term of nine (9) years shall be permanently disqualified to return as an independent director.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Permanent Disqualification – f. - http://www.sminvestments.com/corporate-governance-policies 	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, any independent director that has served on the Board for a maximum cumulative term of nine (9) years shall be permanently disqualified to return as an independent director.</p> <p>The Company will abide by its Manual on Corporate Governance which sets the maximum cumulative term of independent directors at nine (9) years.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Permanent Disqualification – f. - http://www.sminvestments.com/corporate-governance-policies 	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>The Company's Chairman of the Board is Mr. Jose T. Sio, and the Company's CEO/President is Mr. Frederic C. DyBuncio.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15- http://www.sminvestments.com/disclosure-transparency 	

		<ul style="list-style-type: none"> 2019 Annual Report – Board of Directors - pg. 50 - http://www.sminvestments.com/annual-reports 	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>The Chairman of the Board and the CEO/President have clearly defined duties and responsibilities provided for by the Company's Manual on Corporate Governance and By-Laws.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.9 Chairman of the Board & 1.10 President - http://www.sminvestments.com/corporate-governance-policies SMIC By-Laws – Article VI. Officers - http://www.sminvestments.com/disclosure-transparency 	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	<p>On April 24, 2019, Mr. Alfredo E. Pascual was appointed as the Company's Lead Independent Director. He was reappointed on June 24, 2020.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Definition of Terms – Lead Independent Director & 1.6 Board Meetings - 	

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15 - http://www.sminvestments.com/disclosure-transparency SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors 	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, directors with material interest in any transaction affecting the Company should abstain from taking part in the deliberations for the same.</p> <p>Since the Company's adoption of the Code of Corporate Governance, no such incident of a director having a material interest in a transaction affecting the Company has occurred. Furthermore, the Company's Conflict of Interest policy requires any director, officer or employee involved in an actual or potential conflict of interest to immediately disclose said conflict to the Company.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.4 Specific Duties and Functions of the Board – 1.4.12 - 	

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> 2019 Annual Report – Other CG Related Policies - pg. 56 - http://www.sminvestments.com/annual-reports SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies 	
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	Mr. Alfredo E. Pascual is the Lead Independent Director. At least annually, the non-executive directors meet with the external auditor and heads of internal audit, compliance and risk, without any executive directors presents; such meetings are chaired by the Lead Independent Director.	
2. The meetings are chaired by the lead independent director.	COMPLIANT	<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Definition of Terms – Lead Independent Director & 1.6 Board Meetings - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Board Performance & Attendance – pg. 51 - http://www.sminvestments.com/annual-reports 	
Optional: Principle 5			

1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	<p>None of the Company's current directors has served as its CEO in the past two (2) years.</p> <ul style="list-style-type: none"> Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15 - http://www.sminvestments.com/disclosure-transparency SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors 	
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	<p>The Company's Board conducts an annual self-assessment of its performance as a whole, its Board Committees, individual directors, the Chairman of the Board and the CEO/President. The evaluation is done through the Corporate Governance Committee. The evaluation criteria are based on the duties and responsibilities of the Board, the Board Committee, individual directors, Chairman and President as provided for by SMIC's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.A. Corporate Governance Committee – 1.8.A.2 - 	
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		

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> 2019 Annual Report – Evaluation of the Board – pg. 55 - http://www.sminvestments.com/annual-reports Board Evaluation Form- http://www.sminvestments.com/board-management 	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, the Board's annual self-assessment should be supported by an external facilitator at least once every three (3) years. The provision was adopted in line with the Code of Corporate Governance in 2017. For the 2018 assessment, the Company engaged the services of the Good Governance Advocates and Practitioners of the Philippines (GGAPP).</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.A. Corporate Governance Committee – 1.8.A.3 - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Evaluation of the Board – pg. 55 - http://www.sminvestments.com/annual-reports 	

		<ul style="list-style-type: none"> Board Evaluation Form- http://www.sminvestments.com/board-management 	
Recommendation 6.2			
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 Company's Board conducts an annual self-assessment of its performance as a whole, its Board Committees, individual directors, the Chairman of the Board and the CEO/President. The evaluation is done through the Corporate Governance Committee. The evaluation criteria are based on the duties and responsibilities of the Board, the Board Committee, individual directors, Chairman and President as provided for by SMIC's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, it is the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board encourages the exercise of the shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.</p> <p>Furthermore, the Board has established an Investor Relations Department that ensures constant engagement with its shareholders. The Company's shareholders and various stakeholders may raise concerns, provide feedback or make recommendations to the Company, they may do so via the Investor Relations Department.</p>	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Board Evaluation Form- http://www.sminvestments.com/board-management • 2019 Annual Report – Evaluation of the Board – pg. 55 - http://www.sminvestments.com/annual-reports • Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – The Investor Relations Department – pg. 57 - http://www.sminvestments.com/annual-reports 	
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	The Company's Code of Ethics provides the backbone for its culture of corporate governance. All directors, officers and employees are required to adhere to the Code in the performance of their duties and responsibilities. The Code highlights the importance of integrity in dealings with investors, creditors, customers, contractors, suppliers, regulators, co-employees and the Company's other various stakeholders.	

		<p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – The Code of Ethics – pg. 56 - http://www.sminvestments.com/annual-reports 	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Company ensures that the Code of Ethics is properly disseminated to its Board, Management and employees and is available to the public via the Company's website.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<p>Furthermore, the Company orients all new directors, officers and employees on the Code of Ethics and its supplemental policies and ensures that they've formally acknowledged and understood the discussion.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies • Manual on Corporate Governance – 1.4 Specific Duties and Functions of the Board – 1.4.14 - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> 2019 Annual Report – The Code of Ethics – pg. 56 - http://www.sminvestments.com/annual-reports 	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	<p>Per the Company's Code of Ethics, all directors, officers and employees are required to adhere to the utmost ethical practices when dealing with the Company's various stakeholders. All conflicts of interest and other forms of corruption are required to be disclosed to the Company immediately. Likewise, the Company has policies/guidelines on solicitation and acceptance of gifts, hospitality and/or travel in any form and provides for the reporting of violations to the Code of Ethics and its supplemental policies. The Company's Policy on Accountability, Integrity and Vigilance (PAIV), serves as the Company's whistleblowing policy and is an additional layer to the Company's anti-corruption culture.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – III. Ethical Practices – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies Guidelines on Gifts and Hospitality/Entertainment - 	

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> Policy on Accountability, Integrity and Vigilance (PAIV) - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Ethics and internal policies. Monitoring of compliance with the Code of Ethics and its supplemental policies is done by the Human Resources Department, Corporate Governance and Compliance Department and Internal Auditor on a day-to-day basis. Any violations to the Code of Ethics are elevated to the Board, through Executive Committee for proper disposition.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies Manual on Corporate Governance – 1.4 Specific Duties and Functions of the Board – 1.4.14 & 5. Monitoring and Assessment- http://www.sminvestments.com/corporate-governance-policies 	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		

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

<p>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.</p>	<p>COMPLIANT</p>	<p>In accordance with its Manual on Corporate Governance, the Company ensures that its stakeholders receive timely and accurate information on all facets of its business through the utilization of its website and disclosures.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 2.1.4 Right to Information & 4. Reportorial or Disclosure System – 4.2 - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – http://www.sminvestments.com/annual-reports 	
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Supplement to Recommendations 8.1

<p>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.</p>	<p>COMPLIANT</p>	<p>All annual and quarterly consolidated reports, cash flow statements and special audit revisions are made publicly available via the Company's website.</p> <p>The Company's Audited Financial Report was released on February 28, 2020, within ninety (90) days from the end of the fiscal year. The interim financial reports were disclosed on November 14, 2019, August 14, 2019, and May 10, 2019, respectively. Said interim reports were published within forty-five (45) days from the end of their respective reporting period.</p>	
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		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 2.1.4 Right to Information & 4. Reportorial or Disclosure System – 4.2 - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Investor Relations – Financial Reports - http://www.sminvestments.com/financial-reports • SMIC Website – Investor Relations – Corporate Disclosures - http://www.sminvestments.com/pse-and-sec-filings 	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>The Company discloses in its annual definitive information statement, the principal risks associated with the identity of the Company's shareholders, the degree of ownership concentration, cross-holdings among company affiliates and other pertinent information on equity position in the Company.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • Information Statement 2020 – http://www.sminvestments.com/disclosure-transparency 	

Recommendation 8.2

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	Per the Company's Manual on Corporate Governance, directors are required to disclose any dealings in the Company's shares within three (3) business days. Likewise, the Company's Insider Trading Policy ensures that trading done by directors and officers are disclosed within three (3) days of the transaction. Reports indicate the date of the trade/s and number of shares traded and are submitted to the Company's Compliance Officer for proper reporting. Reports are then submitted to regulators as required by regulation.	
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>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Insider Trading Policy – pg. 56 - http://www.sminvestments.com/annual-reports • Manual on Corporate Governance – 1.7 Duties and Responsibilities of Directors – 1.7.6 - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Investor Relations – Corporate Disclosures - http://www.sminvestments.com/pse-and-sec-filings 	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions)	COMPLIANT	Trading done by the Company's directors, officers and controlling shareholders is regularly disclosed. The Company discloses its	

<p>and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>		<p>top shareholders and its beneficial owners owning more than 5% of its shares regularly. The Company's Conglomerate Map may also be viewed via the website.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Website – Investor Relations – Corporate Disclosures - http://www.sminvestments.com/pse-and-sec-filings • SMIC Website – Corporate Governance – Board and Management – Group Structure & Trading of Shares by Insiders- http://www.sminvestments.com/board-management 	
Recommendation 8.3			
<p>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.</p>	<p>COMPLIANT</p>	<p>All relevant and material information on individual directors are disclosed via the Company's website, Definitive Information Statement and Annual Report.</p> <p>Link/references are as follows:</p> <ul style="list-style-type: none"> • Information Statement 2020 – Profiles of the Board of Directors – Foreground and pgs. 11-15 - http://www.sminvestments.com/disclosure-transparency • 2019 Annual Report – Board of Directors - pg. 50 - 	

		http://www.sminvestments.com/annual-reports <ul style="list-style-type: none"> SMIC Website – Corporate Governance – Board and Management - http://www.sminvestments.com/board-management SMIC Website – Board of Directors - http://www.sminvestments.com/board-directors 	
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>All relevant and material information on key officers are disclosed via the Company's website, Definitive Information Statement and Annual Report.</p> <p>Link/references are as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 – pgs. 4 - 14 - http://www.sminvestments.com/disclosure-transparency 2019 Annual Report – Board of Directors - pg. 50 - http://www.sminvestments.com/annual-reports SMIC Website – Corporate Governance – Board and Management - http://www.sminvestments.com/board-management 	

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	The Board, through the Compensation Committee designates the amount of remuneration, which shall be sufficient level to attract and retain directors and officers who are needed to run the Company successfully.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.B Compensation Committee - http://www.sminvestments.com/corporate-governance-policies The Compensation Committee Charter - http://www.sminvestments.com/board-management Information Statement 2020 – Executive Compensation, pg. 13 - http://www.sminvestments.com/disclosure-transparency 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		<p>The Company discloses the per diem that Board members receive for each Board and Committee meeting.</p> <p>Likewise, the Company discloses the aggregate remuneration of CEO/President and five (5) most highly compensated executive officers. The disclosure of individual officer remuneration is being studied, however, due to</p>

			<p>security and other business considerations, the Company has yet to adopt the practice.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Board Remuneration - pg. 53 - http://www.sminvestments.com/annual-reports • Information Statement 2020 – Executive Compensation, pg. 13 - http://www.sminvestments.com/disclosure-transparency
Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	COMPLIANT	<p>The Company's Manual on Corporate Governance defines related parties and related party transactions and provides for the proper monitoring and review of said transactions. All material related party transactions are presented to the Related Party Transactions Committee in accordance with the Manual and the said Committee's Charter.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.E Related Party Transactions Committee - 	

		<p>http://www.sminvestments.com/corporate-governance-policies</p> <ul style="list-style-type: none"> • SMIC Website – Corporate Governance Policies – Related Party Transactions Policy - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Corporate Governance – Board and Management – Related Party Transactions Committee Charter - http://www.sminvestments.com/board-management • 2019 Annual Report – Related Party Transactions Policy - pg. 56 - http://www.sminvestments.com/annual-reports 	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>All material related party transactions are presented to the Related Party Transactions Committee in accordance with the Manual and the said Committee's Charter. The Company discloses the RPTs as required by prevailing standards and relevant rules, laws and regulations.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2020 Definitive Information Statements – Audited Financials – pg. 61. Related Party Disclosures http://www.sminvestments.com/disclosure-transparency 	

		<ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.E Related Party Transactions Committee - http://www.sminvestments.com/board-management SMIC Website – Board and Management – Summary of Board Activities - http://www.sminvestments.com/board-management 	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	<p>All directors are required to disclose their interests in transactions, or any other conflicts of interest to the Company in line with the Code of Ethics and Conflict of Interest Policy.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 4. Reportorial or Disclosure System - http://www.sminvestments.com/corporate-governance-policies SMIC Code of Ethics – III. Ethical Practices – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies 	
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	The Company's Manual on Corporate Governance defines related parties and related party transactions and provides for	

the proper monitoring and review of said transactions. All material related party transactions are presented to the Related Party Transactions Committee in accordance with the Manual and the said Committee's Charter. This is to ensure that the said transactions are fair and at arms' length.

Links/references are as follows:

- SMIC Website – Corporate Governance Policies – Related Party Transactions Policy - <http://www.sminvestments.com/corporate-governance-policies>
- SMIC Website – Corporate Governance – Board and Management – Related Party Transactions Committee Charter - <http://www.sminvestments.com/board-management>
- 2019 Annual Report – Related Party Transactions Policy - pg. 56 - <http://www.sminvestments.com/annual-reports>
- 2020 Definitive Information Statements – Audited Financials – pg. 61. Related Party Disclosures <http://www.sminvestments.com/disclosure-transparency>

Recommendation 8.6

<p>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.</p>	<p>COMPLIANT</p>	<p>In accordance with the Manual on Corporate Governance, all material information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders is disclosed publicly and in a timely manner. Such information should include, among others, earnings results, acquisition or disposition of assets, and related party transactions.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 4. Reportorial or Disclosure System – 4.2 - http://www.sminvestments.com/corporate-governance-policies • Information Statement 2020 – http://www.sminvestments.com/disclosure-transparency • SMIC Website – Company Releases - http://www.sminvestments.com/company-releases 	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>The Company appoints independent parties to evaluate the fairness of prices in its acquisitions and/or disposal of assets. The procedures followed in the acquisition and/or disposal of assets include due diligence, benchmarking, market dynamics, long-term sustainability of the business, synergies with the whole group, cost implications, core competency, board approval and regulatory approvals.</p>	

		<p>The independent parties vary and depend on the type of transactions being conducted. The Company deals with a host of investment banks, external auditors, third party appraisers and legal and tax consultants when it conducts such transactions.</p> <p>Link/reference are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 4. Reportorial or Disclosure System – 4.2 - http://www.sminvestments.com/corporate-governance-policies SMIC Website – Company Releases - http://www.sminvestments.com/company-releases 	
Supplement to Recommendation 8.6			
<p>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.</p>	COMPLIANT	<p>There were no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership and strategic direction of the Company in the past year.</p> <p>Links/reference is as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 – http://www.sminvestments.com/disclosure-transparency 	
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 Manual on Corporate Governance institutionalizes the principles and best practices of good corporate governance in the organization and remains a testament to the belief that good corporate governance is a critical component of sound strategic business management.	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT	<p>The Company has submitted its Manual to the SEC and PSE and ensures that all updates to the said Manual are also communicated with regulators. All governance related policies are also disclosed via the Company's website.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance - http://www.sminvestments.com/corporate-governance-policies 	
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	Pursuant to SEC Mc. No. 19, series of 2016, the Code of Corporate Governance for Publicly-Listed Companies, and SEC MC. No. 8, series of 2016, Signatories and Penalty for Non/Late Submission of the Manual on Corporate, the Company ensures that any updates to its Manual on Corporate Governance or general corporate governance practices is disclosed to the SEC and PSE. The Company submitted the latest iteration of its Manual on Corporate Governance to the SEC and PSE, respectively, on May 30, 2017.	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance - http://www.sminvestments.com/corporate-governance-policies 	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		SMIC ensures that its stakeholders receive timely and accurate information on all facets of its business through the utilization of its website and disclosures.	
a. Corporate Objectives	COMPLIANT	<p>SMIC's Annual Report discloses the Company's corporate objectives, financial and non-financial indicators, its dividend policy, the full profiles and attendance of its directors and its governance related policies and programs.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – http://www.sminvestments.com/annual-reports 	
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	NON-COMPLIANT		The Company's Annual Report discloses the per diem that Board members receive for each Board and Committee meeting but not the total remuneration of each Board member.

			<p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Board Remuneration, pg. 53 http://www.sminvestments.com/annual-reports
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>SMIC certifies that the Company, its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by its Manual on Corporate Governance.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Manual on Corporate Governance – pg. 56 - http://www.sminvestments.com/annual-reports 	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	The Audit Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements. The aforementioned statement is included in the Report of the Audit Committee in the Company's Annual Report.	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	<p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - 	

		http://www.sminvestments.com/annual-reports	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	<p>The Company discloses in the Annual Report, the key risks to which it is materially exposed to.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – Enterprise Risk Management - pg. 53 http://www.sminvestments.com/annual-reports Information Statement 2020 – Audited Financials – Financial Risk Management Objectives and Policies, pg. 71 http://www.sminvestments.com/disclosure-transparency 	
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, reappointment, removal, and fees of the external auditors.	COMPLIANT	<p>The Company's Manual on Corporate Governance and Audit Committee Charter, provide for the process of approving and recommending the appointment, reappointment, removal and fees of the external auditors.</p> <p>Per the Report of the Audit Committee, found in the Company's Annual Report, the Audit Committee recommended the</p>	
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>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>reappointment of the external auditor to the Board, and the Board approved. Said Board approval was approved by shareholders during the Company's last stockholders' meeting.</p> <p>The Company is committed to disclose to the public the removal and the reasons for removal of the external auditor. However, since the Company's first listing in 2005, the external auditor has not been removed.</p> <p>Based on the tabulation of votes from stockholders attending in person, and votes indicated in proxy, 77% of the total number of voting shares represented at the Annual Stockholders' Meeting approved the resolution to re-appoint the Company's External Auditors.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C Audit Committee & 1.13 External Auditor - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - 	
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		http://www.sminvestments.com/annual-reports <ul style="list-style-type: none"> SMIC Website – Corporate Disclosures – 2020 – Result of the Annual Stockholders' Meeting - http://www.sminvestments.com/pse-and-sec-filings 2020 ASM Minutes - http://www.sminvestments.com/disclosure-transparency 	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, the Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.13 External Auditor – 1.13.4 - http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and 	COMPLIANT	<p>The Company's Manual on Corporate Governance and Audit Committee Charter provides for the assessment of the integrity and independence of the external auditor, oversight to review and monitor the external auditor's independence and objectivity and oversight of the effectiveness of the audit process.</p>	

<p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports 	
<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>	<p>COMPLIANT</p>	<p>The Company's Manual on Corporate Governance and Audit Committee Charter provide for the responsibility of the Committee to review and monitor the external auditor's suitability and effectiveness on an annual basis.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - 	

		http://www.sminvestments.com/board-management <ul style="list-style-type: none"> 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports 	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	<p>The 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> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports 	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	The Audit Committee ensures that the external auditor has adequate quality control procedures.	

		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C Audit Committee - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management • 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports 	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>COMPLIANT</p>	<p>The Company discloses the nature of non-audit services performance by its external auditor. Fees paid to the external auditor for its non-audit services rendered in 2019 did not exceed the fees of the audit services provided for the same year.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Information Statement 2020 – ITEM 7. Independent Public Accountants, External Audit Fees and Services, pg. 14 - http://www.sminvestments.com/disclosure-transparency 	

		<ul style="list-style-type: none"> 2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports 	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	<p>Per the Company's Manual on Corporate Governance and Audit Committee Charter, the Company ensures that the external auditor shall not at the same time provide the services of an internal auditor, and that any non-audit work shall not conflict with the functions of the external auditor.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.C Audit Committee & 1.13 External Auditor - http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	<p>The Company discloses the nature of non-audit services performance by its external auditor. Fees paid to the external auditor for its non-audit services rendered in 2019 did not exceed the fees of the audit services provided for the same year.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none">Information Statement 2020 – ITEM 7. Independent Public Accountants, External Audit Fees and Services, pg. 14 - http://www.sminvestments.com/disclosure-transparency2019 Annual Report – Report of the Audit Committee – pgs. 62-64 - http://www.sminvestments.com/annual-reports	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	The Company's external auditor, SGV & Co., is duly accredited by the SEC under Group A category. The external auditor agreed to be subjected to the SOAR conducted by the SEC's OGA – November 12 – 23, 2019. The names of the members of the engagement team were provided to the SEC during the said SOAR inspection. Link/reference is as follows: <ul style="list-style-type: none">Information Statement 2020 – Audited Financials – Independent Auditor's Report (PDF pg. 69) http://www.sminvestments.com/disclosure-transparency	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT		
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

<p>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.</p>	<p>COMPLIANT</p>	<p>SMIC ensures that its stakeholders receive timely and accurate information on all facets of its business through the utilization of its website and disclosures. The Company's Annual Sustainability Report provides all the pertinent information on SM's environmental and social policies and programs.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports • SMIC Website – www.sminvestments.com 	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>The Company's Annual Sustainability Report provides all the pertinent information on SM's environmental and social policies and programs and adheres to the standards set by the Global Reporting Initiative (GRI).</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> • SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	

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	<p>The Investor Relations Department of SMIC participates in various investor fora locally and conduct regular briefings with analysts and members of the press.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Disclosure and Transparency – pg. 57 - http://www.sminvestments.com/annual-reports SMIC Website – Investor Relations – Investor Presentations - http://www.sminvestments.com/presentations 	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		<p>The Company's website includes up-to-date information on its financial statements, materials provided in briefings to analysts and media, downloadable annual reports, notices and minutes of ASMs and the Company's Articles of Incorporation and By-Laws.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC Website – www.sminvestments.com 	
a. Financial statements/reports (latest quarterly)	COMPLIANT	<ul style="list-style-type: none"> https://www.sminvestments.com/investor-relations/financial-reports 	
b. Materials provided in briefings to analysts and media	COMPLIANT	<ul style="list-style-type: none"> http://www.sminvestments.com/presentations 	

c. Downloadable annual report	COMPLIANT	<ul style="list-style-type: none">https://www.sminvestments.com/invest-or-relations/annual-reports	
d. Notice of ASM and/or SSM	COMPLIANT	<ul style="list-style-type: none">https://www.sminvestments.com/governance/disclosure-transparency	
e. Minutes of ASM and/or SSM	COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	<p>The Company fully complies with SEC MC. No. 11, series of 2014, Website Template for All Publicly-Listed Companies.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none">SMIC Website – www.sminvestments.com	
Internal Control System and Risk Management Framework			
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.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>The Company adopts the Committee of Sponsoring Organizations of the Treadway Commission or COSO framework of internal control system which has five components – control environment, risk assessment, information and communication, control activities and monitoring. COSO defines internal control as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the</p>	

		<p>achievement of objectives in the following categories:</p> <ul style="list-style-type: none"> • Effectiveness and efficiency of operations • Reliability of financial reporting • Compliance with applicable laws and regulations." <p>The Company's internal controls are reviewed continuously throughout the year by the Chief Audit Executive. Audit reports are issued to the Audit Committee upon completion of the audit. Significant findings and issues are taken up in the quarterly meetings of the Audit Committee. The directors' criteria for assessing the effectiveness of the internal control system include risks involved, materiality of the amounts, and pervasiveness of the controls as well as the cost and benefit from the exercise.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C. Audit Committee & 1.14 Internal Auditor – http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	
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		<ul style="list-style-type: none"> Internal Audit Charter - http://www.sminvestments.com/board-management 	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>The Company is fully committed to protect and preserve its ability to achieve its vision and mission by ensuring that its assets, both tangible and intangible are protected against damage and loss.</p> <p>SMIC has an enterprise risk management program that identifies, analyzes and takes control of the different risk categories which can most impact the Company's ability to pursue its approved strategy.</p> <p>The Board of Directors, through the Risk Management Committee reviewed the Company's risk management system and found the same to be effective and adequate.</p> <p>The Company adopts the Committee of Sponsoring Organizations of the Treadway Commission or COSO framework of internal control system which has five components – control environment, risk assessment, information and communication, control activities and monitoring. COSO defines internal control as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</p>	

		<ul style="list-style-type: none"> • Effectiveness and efficiency of operations • Reliability of financial reporting • Compliance with applicable laws and regulations." <p>The Company's internal controls are reviewed continuously throughout the year by the Chief Audit Executive. Audit reports are issued to the Audit Committee upon completion of the audit. Significant findings and issues are taken up in the quarterly meetings of the Audit Committee. The directors' criteria for assessing the effectiveness of the internal control system include risks involved, materiality of the amounts, and pervasiveness of the controls as well as the cost and benefit from the exercise.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.7 & 1.8.D Risk Management Committee - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Enterprise Risk Management - pg. 53 http://www.sminvestments.com/annual-reports • Internal Audit Charter - http://www.sminvestments.com/board-management 	
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		<ul style="list-style-type: none"> SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management 	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	COMPLIANT	<p>The Manual on Corporate Governance defines “internal control” as a process designed and effected by the Board, Management, and all levels of personnel to provide reasonable assurance on the achievement of the Company's objectives through efficient and effective operations; reliable, complete and timely financial and management information and compliance with applicable laws, regulations and the organization's policies and procedures. The Compliance Officer, in coordination with Chief Audit Executive, review the compliance program annually.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.12 Compliance Officer - http://www.sminvestments.com/corporate-governance-policies 	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	COMPLIANT	<p>In the Company's Annual Report, discussion on a governance process on IT issues including disruption, cyber security and disaster recovery is available.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> 2019 Annual Report – Enterprise Risk Management - pg. 53 http://www.sminvestments.com/annual-reports SMIC Website – Enterprise Risk Management https://www.sminvestments.com/governance/enterprise-risk-management 	
Recommendation 12.2			
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 provides independent and objective assurance and consulting services designed to add value and improve the Company's operations.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.C Audit Committee & 1.14 Internal Auditor - http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Mr. Anastacio C. Balubar II is the Company's Vice President, Internal Audit and Chief Audit	

<p>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.</p>	<p>COMPLIANT</p>	<p>Executive. He is a Certified Public Accountant with thirty (30) years of solid international and multi-cultural audit experience. He graduated from Pamantasan Ng Lungsod ng Maynila with a Bachelor's Degree in Business Administration, Major in Accounting and obtained key certifications in various audit subjects. Other information on Mr. Balubar is disclosed in the Company's Definitive Information Statement.</p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>In accordance with the Company's Manual on Corporate Governance, the Chief Audit Executive oversees and is responsible for the internal audit activities of the organization. The Company's internal audit function is always in-house.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 1.8.C Audit Committee & 1.14 Internal Auditor - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Report of the Audit Committee, pgs. 62 - 64 - http://www.sminvestments.com/annual-reports • SMIC Website – Board and Management – Audit Committee Charter - http://www.sminvestments.com/board-management 	

		<ul style="list-style-type: none"> Information Statement 2020 – Officers – pgs. 9 -12 - http://www.sminvestments.com/disclosure-transparency 	
Recommendation 12.4			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	COMPLIANT	<p>Per the Company's Manual on Corporate Governance, the Board is tasked to identify and monitor key risk areas and key performance indicators and ensure that a sound Enterprise Risk Management framework is in place.</p> <p>The Risk Management Committee is responsible for the oversight of the Company's ERM system and ensures its functionality and effectiveness.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.7 & 1.8.D Risk Management Committee - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Enterprise Risk Management - pg. 53 http://www.sminvestments.com/annual-reports SMIC Website – Board and Management – Risk Management Committee Charter - 	

		http://www.sminvestments.com/board-management <ul style="list-style-type: none"> SMIC Website – Enterprise Risk Management https://www.sminvestments.com/governance/enterprise-risk-management 	
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's Risk Management Committee is responsible for the oversight of the Company's ERM system and ensures its functionality and effectiveness. The Company's risk management function is in-house and headed by its Chief Risk Officer, Mr. Wellington L. Palmero.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.7 & 1.8.D Risk Management Committee - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Enterprise Risk Management - pg. 53 http://www.sminvestments.com/annual-reports SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management 	

Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	The Company's Chief Risk Officer, Mr. Wellington L. Palmero is the ultimate champion of Enterprise Risk Management. Mr. Palmero is a Senior Vice President and possesses the adequate authority, stature, resources and support to fulfill his responsibilities as Chief Risk Officer.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 1.8.D Risk Management Committee - http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board and Management – Risk Management Committee Charter - http://www.sminvestments.com/board-management Information Statement 2020 – Officers – pgs. 9 -12 - http://www.sminvestments.com/disclosure-transparency 	
Additional Recommendation to Principle 12			
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	The Company's CEO/President, Mr. Frederic C. DyBuncio and Vice President, Internal Audit and Chief Audit Executive, Mr. Anastacio C. Balubar II, have attested in writing, that a sound internal audit control and compliance system is in place and working effectively.	

		<p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC Website – Board and Management – Annual Confirmation of Internal Audit/Control Adequacy - http://www.sminvestments.com/board-management 	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<p>The Company's Manual on Corporate Governance provides for the rights and protection of stakeholders, particularly minority shareholders.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies 	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>The Board ensures that basic shareholder rights are disclosed in the Company's website. The Manual on Corporate Governance provides for the rights of shareholders and may be found in the Company's website.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 2. Shareholders' Benefit - 	

		http://www.sminvestments.com/corporate-governance-policies	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	<p>Per the Company's By-Laws, each stockholder shall have one vote for each share of stock entitled to vote.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC By-Laws – Section 8. Voting - http://www.sminvestments.com/disclosure-transparency Information Statement 2020 – (C) Voting Rights, pg. 2 - http://www.sminvestments.com/disclosure-transparency 	
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>Per the Company's By-Laws and Manual on Corporate Governance, all shareholders are treated equally with respect to voting rights, subscription rights and transfer rights. The Company has only one share class.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC By-Laws - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> Information Statement 2020 – (C) Voting Rights, pg. 2 & ITEM 19. Voting Procedures, pg. 16 - http://www.sminvestments.com/disclosure-transparency 	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>The Company has an effective, secure and efficient voting system in place.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 – (C) Voting Rights, pg. 2 & ITEM 19. Voting Procedures, pg. 16 - http://www.sminvestments.com/disclosure-transparency SMIC By-Laws - Section 8. Voting - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports 	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to	COMPLIANT	The Company's stockholders are entitled to employ cumulative voting.	

<p>protect minority shareholders against actions of controlling shareholders.</p>		<p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Information Statement 2020 – (C) Voting Rights, pg. 2 & ITEM 19. Voting Procedures, pg. 16 - http://www.sminvestments.com/disclosure-transparency • SMIC By-Laws - Section 8. Voting - http://www.sminvestments.com/disclosure-transparency • Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports 	
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 2. Shareholders' Benefit – 2.1.4 Right to 	

		<p>Information - http://www.sminvestments.com/corporate-governance-policies</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – Rights, Roles and Protection of Stakeholders – pgs. 58 - 59 - http://www.sminvestments.com/annual-reports 	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>The Company's Manual on Corporate Governance provides for the rights and protection stakeholders, particularly minority shareholders.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies 	
7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>The Company has a transparent and specific dividend policy, which may be found in the Manual on Corporate Governance.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – 2. Shareholders' Benefit – 2.1.5 Right to Dividend - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> 2019 Annual Report – Dividend Policy – pg. 59 - http://www.sminvestments.com/annual-reports 2020 ASM Minutes - http://www.sminvestments.com/disclosure-transparency 	
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 engaged its external auditor, SGV & Co. to monitor and validate the tally of votes cast during the Annual Stockholder's Meeting.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 –ITEM 19. Voting Procedures, pg. 16 - http://www.sminvestments.com/disclosure-transparency 2020 ASM Minutes - http://www.sminvestments.com/disclosure-transparency 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports 	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of	COMPLIANT	To encourage active shareholder participation in the Annual Shareholders'	

<p>Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>		<p>Meeting, the Board ensures that the Notice and agenda of the ASM are released at least twenty-eight (28) days before the meeting. The original Notice of the ASM, along with the financial statements and relevant information on the current and nominated directors and key officers were released on March 2, 2020. Due to the Coronavirus Disease (COVID), the ASM was moved to June 24, 2020. The updated Notice was released on May 19, 2020.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement & Notice of ASM 2020 – http://www.sminvestments.com/disclosure-transparency 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports 	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>		<p>The Company's Notice of Annual Shareholders' Meeting contains the full profiles of directors, auditors seeking re-appointment and proxy documents.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – The Annual 	
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>COMPLIANT</p>		

b. Auditors seeking appointment/re-appointment	COMPLIANT	Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports	
c. Proxy documents	COMPLIANT	<ul style="list-style-type: none"> Information Statement & Notice of ASM 2020 – http://www.sminvestments.com/disclosure-transparency 	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>The Company's Notice of the Annual Shareholders' Meeting includes rationales and explanations for each agenda item which requires shareholder approval.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports Information Statement & Notice of ASM 2020 – http://www.sminvestments.com/disclosure-transparency 	
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	The Company made the Results of the Annual Stockholders' Meeting and the Minutes of the ASM available on the day of the ASM. In accordance with the Company's Manual on Corporate Governance, it is the Company's practice to make the results and minutes of the ASM public immediately following the	

<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.</p>	<p>COMPLIANT</p>	<p>meeting. The ASM was held on June 24, 2020 and the results of the meeting and its minutes were posted on the same day. Votes taken during the ASM and questions/concerns of stockholders are included in the Minutes of the ASM. There were no Special Shareholders' Meetings held in 2019.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 2. Shareholders' Benefit – 2.6 - http://www.sminvestments.com/corporate-governance-policies • SMIC Website – Corporate Disclosures – 2020 – Results of the Annual Stockholders' Meeting - http://www.sminvestments.com/pse-and-sec-filings • 2020 ASM Minutes - http://www.sminvestments.com/disclosure-transparency 	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>COMPLIANT</p>	<p>The Board ensures that the external auditor and other relevant individuals are present during its Annual Shareholders' Meeting to address shareholder questions and/or concerns.</p> <p>Links/references are as follows:</p>	

		<ul style="list-style-type: none"> 2020 ASM Minutes - http://www.sminvestments.com/disclosure-transparency 2019 Annual Report – The Annual Stockholders' Meeting - pg. 58 - http://www.sminvestments.com/annual-reports SMIC Website – Corporate Disclosures – 2020 – Results of the Annual Stockholders' Meeting - http://www.sminvestments.com/pse-and-sec-filings 	
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	The Company makes available, a neutral third party to assist in the resolution of issues between the Company, stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances see fit.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	<p>Links/references are as follows:</p> <ul style="list-style-type: none"> Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.15 - http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> Alternative Dispute Resolution System – http://www.sminvestments.com/corporate-governance-policies 	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	In accordance with the Company's Manual on Corporate Governance, the Board established an Investor Relations Office to ensure constant engagement with its shareholders. The IRO is present at every shareholders' meeting.	
2. IRO is present at every shareholder's meeting.	COMPLIANT	<p>Mr. Tim Daniels, Investor Relations Officer hosts the Company's Annual Stockholders' Meeting and subsequent media/analyst briefing.</p> <p>Investor Relations Department 10/F OnE-Com Center Harbor Drive, Mall of Asia Complex Pasay City, 1300 Philippines ir@sminvestments.com T: +632 857 0100</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – The Investor Relations Department - pg. 57 - http://www.sminvestments.com/annual-reports Manual on Corporate Governance – 2. Shareholders' Benefit – 2.6 - http://www.sminvestments.com/corporate-governance-policies 	

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>The Company's stockholders are entitled to employ cumulative voting.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement 2020 – (C) Voting Rights, pg. 2 & ITEM 19. Voting Procedures, pg. 16 - http://www.sminvestments.com/disclosure-transparency SMIC By-Laws - Section 8. Voting - http://www.sminvestments.com/disclosure-transparency Manual on Corporate Governance – 2. Shareholders' Benefit - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Corporate Governance – The Annual Stockholder' Meeting – pg. 58 - http://www.sminvestments.com/annual-reports 	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	Per the PSE, SMIC's free float level is 47.48% as of second quarter 2020.	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	In accordance with the Company's Manual on Corporate Governance, the Board established an Investor Relations Office to ensure constant engagement with its	

		<p>shareholders. The IRO is present at every shareholders' meeting, arranges regular teleconferences and site visits for investors and conducts annual roadshows with stops in various locations throughout the world.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> 2019 Annual Report – Corporate Governance – The Investor Relations Department - pg. 57 - http://www.sminvestments.com/annual-reports 	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	<p>The Company adopted and implemented a secure electronic voting system for its last Annual Stockholders' Meeting held last June 24, 2020.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> Information Statement and Notice of ASM 2020, pg. 8 - http://www.sminvestments.com/disclosure-transparency 	

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	Based on its Manual on Corporate Governance, Code of Ethics and other relevant rules, laws and regulations, the Company recognizes and protects the rights and interests of its key stakeholders, namely its	
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		<p>shareholders, employees, customers, business partners, creditors, as well as the communities its operates in and the environment.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports • Manual on Corporate Governance – 2. Shareholders' Benefit & 1.4 Specific Duties and Functions of the Board – 1.4.5 – http://www.sminvestments.com/corporate-governance-policies • SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – Rights, Roles and Protection of Stakeholders – pgs. 58 - 59 - http://www.sminvestments.com/annual-reports 	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Based on its Manual on Corporate Governance, Code of Ethics and other relevant rules, laws and regulations, the Company recognizes and protects the rights and interests of its key stakeholders, namely its shareholders, employees, customers, business	

		<p>partners, creditors, as well as the communities its operates in and the environment.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – 2. Shareholders' Benefit & 1.4 Specific Duties and Functions of the Board – 1.4.5 – http://www.sminvestments.com/corporate-governance-policies • SMIC Code of Ethics – III. Ethical Practices – http://www.sminvestments.com/corporate-governance-policies • 2019 Annual Report – Corporate Governance – Rights, Roles and Protection of Stakeholders – pgs. 58 - 59 - http://www.sminvestments.com/annual-reports • SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
Recommendation 14.3			
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	In accordance with the Company's Manual on Corporate Governance, the Board established an Investor Relations Office to ensure constant engagement with its shareholders. For issues or concerns, shareholders are welcome to contact:	

		<p>Mr. Tim Daniels Investor Relations Officer Investor Relations Department 10/F OnE-Com Center Harbor Drive, Mall of Asia Complex Pasay City, 1300 Philippines ir@sminvestments.com +632 857 0100</p> <p>Other stakeholders may refer to the Company's Code of Ethics and Policy on Accountability, Integrity and Vigilance (PAIV), the Company's whistleblowing policy, to communicate with the Company any violations of their rights. For issues or concerns, stakeholders are welcome to contact:</p> <p>Mr. Noel T. Ang Governance, Risk & Compliance 10/F OneE-Com Center Ocean Drive, Mall of Asia Complex Pasay City, Philippines 1300 +632 857 0100 noel.ang@sminvestments.com</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • 2019 Annual Report – Corporate Governance – The Investor Relations Department - pg. 58 & "For issues or concerns..." pg. 59 - http://www.sminvestments.com/annual-reports 	
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		<ul style="list-style-type: none"> • SMIC Code of Ethics – http://www.sminvestments.com/corporate-governance-policies • Policy on Accountability, Integrity and Vigilance (PAIV) - http://www.sminvestments.com/corporate-governance-policies 	
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>The Company makes available, a neutral third party to assist in the resolution of issues between the Company, stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances see fit.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.15 - http://www.sminvestments.com/corporate-governance-policies • Alternative Dispute Resolution System – http://www.sminvestments.com/corporate-governance-policies 	
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	COMPLIANT	The Company has not sought any exemption from application of a law, rule or regulation, especially concerning corporate governance	

<p>corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>		<p>issues. Per the Company's Manual on Corporate Governance, the Board ensures that the Company complies with all relevant laws, regulations and codes of best business practices.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.4 - http://www.sminvestments.com/corporate-governance-policies • SMIC Code of Ethics – http://www.sminvestments.com/corporate-governance-policies 	
<p>2. Company respects intellectual property rights.</p>	<p>COMPLIANT</p>	<p>Per the Company's Manual on Corporate Governance, the Board ensures that the Company complies with all relevant laws, regulations and codes of best business practices.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • Manual on Corporate Governance – Specific Duties and Functions of the Board – 1.4.4 - http://www.sminvestments.com/corporate-governance-policies • SMIC Code of Ethics – http://www.sminvestments.com/corporate-governance-policies 	

Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	<p>Per the Company's Code of Ethics, directors, officers and employees shall be guided by fairness, professionalism, courtesy and respect when dealing with customers and shall endeavor at all times to provide excellent and diligent service.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – http://www.sminvestments.com/corporate-governance-policies SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	<p>Per the Company's Code of Ethics, directors, officers and employees shall at all times observe propriety and act with fairness and transparency in dealings with business partners (i.e., contractors, suppliers, etc.). They must adhere to the Company's principles of healthy competition, equal opportunity and fair treatment of business partners.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – http://www.sminvestments.com/corporate-governance-policies Policy for Vendor Selection and Purchase of Goods and Services – 	

		http://www.sminvestments.com/corporate-governance-policies <ul style="list-style-type: none"> SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
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 strives to be an employer of choice and provides for the health, safety and welfare of its employees.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – D. Employee Welfare– http://www.sminvestments.com/corporate-governance-policies Employee Welfare – http://www.sminvestments.com/corporate-governance-policies SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
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.	NON-COMPLIANT		Per the Company's Code of Ethics, officers and employees are selected, engaged, and compensated based on qualification and performance.

			<p>All personnel undergo annual performance assessments that are merit-based and directly correlate with employee compensation. An employee stock option plan is being studied but has yet to be adopted.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics – D. Employee Welfare– http://www.sminvestments.com/corporate-governance-policies • Employee Welfare – http://www.sminvestments.com/corporate-governance-policies
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<p>The Company strives to be an employer of choice and provides for the health, safety and welfare of its employees.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics – D. Employee Welfare– http://www.sminvestments.com/corporate-governance-policies • Employee Welfare – http://www.sminvestments.com/corporate-governance-policies 	

		<ul style="list-style-type: none"> SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>The Company strives to be an employer of choice and provides for the training and development of its employees.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – D. Employee Welfare– http://www.sminvestments.com/corporate-governance-policies SMIC Website – Board & Management - Director/Officer Continuing Education - http://www.sminvestments.com/board-management Orientations and Training – http://www.sminvestments.com/corporate-governance-policies SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
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	Per the Company's Code of Ethics, all directors, officers and employees are required to adhere to the utmost ethical practices when dealing with the Company's various stakeholders. All conflicts of interest and other forms of corruption are required to be	

		<p>disclosed to the Company immediately. Likewise, the Company has policies/guidelines on solicitation and acceptance of gifts, hospitality and/or travel in any form and provides for the reporting of violations to the Code of Ethics and its supplemental policies. The Company's Policy on Accountability, Integrity and Vigilance (PAIV), serves as the Company's whistleblowing policy and is an additional layer to the Company's anti-corruption culture.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics – III. Ethical Practices – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies • Manual on Corporate Governance – Specific Duties and Functions of the Board - http://www.sminvestments.com/corporate-governance-policies • Policy on Accountability, Integrity and Vigilance (PAIV) - http://www.sminvestments.com/corporate-governance-policies • Guidelines on Gifts and Hospitality/Entertainment - http://www.sminvestments.com/corporate-governance-policies 	
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		<ul style="list-style-type: none"> SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	<p>Awareness and understanding of the principles of good corporate governance are essential to the continued development of the Company's corporate governance culture. Through the Orientation for New Employees of SM (ONE SM), new employees are given an overview of the Company's corporate governance framework, policies and its various components. A substantial portion of the orientation is devoted to the discussion of the Company's core values and the Code of Ethics and highlights the roles that each individual plays in the overall development of the good governance culture.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> SMIC Code of Ethics – III. Ethical Practices – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies 2019 Annual Report – Corporate Governance – Training and Employee Development pg. 59 - http://www.sminvestments.com/annual-reports 	

<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>Per the Company's Code of Ethics, all directors, officers and employees are required to adhere to the utmost ethical practices when dealing with the Company's various stakeholders. All conflicts of interest and other forms of corruption are required to be disclosed to the Company immediately. Likewise, the Company has policies/guidelines on solicitation and acceptance of gifts, hospitality and/or travel in any form and provides for the reporting of violations to the Code of Ethics and its supplemental policies. The Company's Policy on Accountability, Integrity and Vigilance (PAIV), serves as the Company's whistleblowing policy and is an additional layer to the Company's anti-corruption culture.</p> <p>Links/references are as follows:</p> <ul style="list-style-type: none"> • SMIC Code of Ethics - http://www.sminvestments.com/corporate-governance-policies • Policy on Accountability, Integrity and Vigilance (PAIV) - http://www.sminvestments.com/corporate-governance-policies • Guidelines on Gifts and Hospitality/Entertainment - http://www.sminvestments.com/corporate-governance-policies 	
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		<ul style="list-style-type: none">SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	The Company's Policy on Accountability, Integrity and Vigilance (PAIV), serves as the Company's whistleblowing policy and supplements the Code of Ethics with regard to illegal and unethical practices. The PAIV contains a "no retaliation" clause to protect those that have reported violations. Further to this, the Board, through the Audit and Executive Committees receive PAIV reports and supervise the enforcement of the whistleblowing framework. No PAIV reports were elevated to the Board in 2019. Links/references are as follows: <ul style="list-style-type: none">Policy on Accountability, Integrity and Vigilance (PAIV) - http://www.sminvestments.com/corporate-governance-policiesSMIC Code of Ethics – III. Ethical Practices – E. Avoiding Conflicts of Interest - http://www.sminvestments.com/corporate-governance-policies	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT		
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			

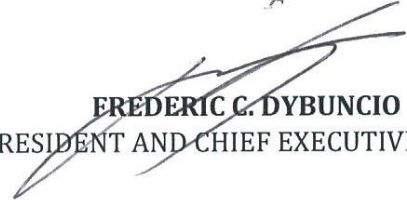
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>The Company's Annual Sustainability Report provides all the pertinent information on SM's environmental and social policies and programs.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>The Company' ensures the environmental friendliness of its operations and contributes to the overall sustainability of the physical environment where the Company operates. SMIC is committed to the protection of the environment and complies with all applicable environmental laws and regulations.</p> <p>SMIC also assesses and addresses the foreseeable environmental, health and safety-related risks associated with the delivery of the Company's goods and services and strives to avoid or, when unavoidable, mitigate them. SMIC continually seeks to improve its corporate environmental performance through its supply chain by adopting technologies, developmental practices and other related programs that encourage an environmentally friendly value-chain.</p> <p>The Company's Annual Sustainability Report provides all the pertinent information on SM's</p>	

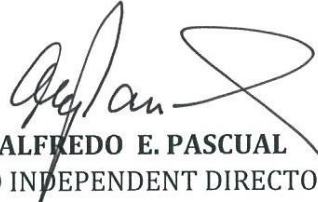
		<p>environmental and social policies and programs.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC's 2019 Sustainability Report, pg. 62 - https://www.sminvestments.com/sustainability/sustainability-reports 2019 Annual Report – Sustainability Report Highlights, pgs. 41-45 - http://www.sminvestments.com/annual-reports 	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	<p>SMIC respects relevant laws and/or regulations in the community where the Company operates. Compliance with those laws and regulations is strictly monitored to prevent any damage to the quality of life of society, surrounding communities and the environment. Furthermore, the Company keeps in close cooperation with its CSR arm, SM Foundation.</p> <p>The Company's Annual Sustainability Report provides all the pertinent information on SM's environmental and social policies and programs.</p> <p>Link/reference is as follows:</p> <ul style="list-style-type: none"> SMIC's 2019 Sustainability Report - https://www.sminvestments.com/sustainability/sustainability-reports 	


		<ul style="list-style-type: none">• 2019 Annual Report – Sustainability Report Highlights, pgs. 41-45 - http://www.sminvestments.com/annual-reports	
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Pursuant to the requirement of the Securities and Exchange Commission and the Philippine Stock Exchange, this Integrated-Annual Corporate Governance Report is signed on behalf of SM Investments Corporation, thereunto duly authorized, in the City of MAKATI CITY on AUG 20 2020.



JOSE T. SIO
CHAIRMAN OF THE BOARD


FREDERIC C. DYBUNCIO
PRESIDENT AND CHIEF EXECUTIVE OFFICER


ALFREDO E. PASCUAL
LEAD INDEPENDENT DIRECTOR


TOMASA H. LIPANA
INDEPENDENT DIRECTOR


ROBERT G. VERGARA
INDEPENDENT DIRECTOR



ATTY. ELMER B. SERRANO
CORPORATE SECRETARY


WELLINGTON L. PALMERO
CHIEF RISK AND COMPLIANCE OFFICER

SUBSCRIBED AND SWORN, to me before this AUG 20 2020 at MAKATI CITY affiants exhibited to me their competent evidence of identity, as follows:

NAME	TAX IDENTIFICATION ID NO.
1. Jose T. Sio	TIN - 103-433-285
2. Frederic C. DyBuncio	TIN - 103-192-854
3. Tomasa H. Lipana	TIN - 112-071-425
4. Alfredo E. Pascual	TIN - 148-805-249
5. Robert G. Vergara	TIN - 911-598-729
6. Elmer B. Serrano	TIN - 153-406-995
7. Wellington L. Palmero	TIN - 456-431-562

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Series of : 2020


ATTY. RENIER S. QUIAMBAO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
PTR NO. 8127724 / 01.08.20 / MAKATI CITY
BP NO. 108583 / 01.08.20 / TALLAC CITY
TIN 238-251-699 ROLL NO. 62283
EXPIRATION DATE 0025079 / 08 29 19