



SM Prime Holdings, Inc.  
10/F Mall of Asia Arena Annex Building,  
Coral Way corner J.W. Diokno Boulevard,  
Mall of Asia Complex, Pasay City 1300, Philippines

27 March 2017

JOSE VALERIANO B. ZUÑO III  
Head, Disclosures Department  
The Philippine Stock Exchange, Inc.  
The Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Re: Corporate Governance Disclosure Survey

Dear Mr. Zuño,

We hereby submit SM Prime Holdings, Inc.'s Corporate Governance Disclosure Survey Form for the year ended December 31, 2016.

Sincerely,

  
TERESA CECILIA H. REYES  
Alternate Compliance Officer



**THE PHILIPPINE STOCK  
EXCHANGE, INC.**

**Corporate Governance Guidelines  
for**

**Listed Companies**

**SM Prime Holdings, Inc.**

	COMPLY	EXPLAIN/REFERENCES
<b>Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY</b>		
1.1 Have a clearly defined vision, mission and core values.	✓	<p><b>Vision:</b> To build and manage innovative integrated property developments that are catalysts for a better quality of life.</p> <p><b>Mission:</b> We will serve the ever-changing needs and aspirations of our customers, provide opportunities for the professional growth of our employees, foster social responsibility in the communities we serve, enhance shareholder value for our investors and ensure that everything we do safeguards a healthy environment for future generations.</p> <p><b>Core Values</b> Focus, Hard Work, Innovation, Integrity and Prudence</p> <p><b>References</b></p> <ul style="list-style-type: none"> <li>• Vision, Mission and Values in the Company’s website <a href="http://www.smprime.com/vision-and-mission">http://www.smprime.com/vision-and-mission</a></li> <li>• Vision, Mission and Values are disclosed in the Company’s Annual Report <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul>
1.2 Have a well-developed business strategy.	✓	Business strategy may be found in investor roadshow materials in the Company’s website, particularly, in SM Prime’s Investor’s Kit.

		<p><b>Reference:</b>  <a href="http://www.smprime.com/presentations">http://www.smprime.com/presentations</a></p>
<p>1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.</p>	<p>√</p>	<p>Business strategies are translated into concrete targets by Management while BOD identifies the key performance indicators based on targets, as stated in the <i>Revised Manual on Corporate Governance</i>.</p> <p>SM Prime's 5-year roadmap &amp; key business strategies and financial statements can be found in the Investor's Kit Material and 17-A Annual Report, respectively.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance</i>  <i>Sec. I.5.4.1 (a), (c), page 21</i>  <i>Sec. III.12.2 (f), page 25</i>  <i>Sec. III.12.3 (b), page 26</i>  <i>Sec. III.12.4 (f), page 26</i>  <i>Sec. III.12.5 (b), page 27</i>  <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• Investor's Kit  <a href="http://www.smprime.com/presentations">http://www.smprime.com/presentations</a></li> <li>• <i>2015 17-A Annual Report, Financial Statements</i>  <a href="http://www.smprime.com/annual-financials">http://www.smprime.com/annual-financials</a></li> </ul>
<p>1.4 Have its board continually engaged in discussions of strategic business issues.</p>	<p>√</p>	<p>It is the responsibility of the Board of Directors to oversee the implementation of corporate strategies. For this purpose, it has set up an Executive Committee to closely coordinate with</p>

		<p>Management on matters relating to strategy implementation as stated in the Revised Manual on Corporate Governance. The Executive Committee meets twice every month.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec 1.3.1.3(a), page 12</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Board Duties and Responsibilities, page 39*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be provided in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p><b>Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD</b></p>		
<p>2.1. Have a board composed of directors of proven competence and integrity.</p>	<p>√</p>	<p>SM Prime has a fully functioning Board of Directors composed of 8 highly competent members who personify the Company values of integrity, hard work, innovation, teamwork and focus. They were nominated and elected based on criteria defined in the <i>Revised Corporate Governance Manual</i>.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.1, page 3</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>

		<p>Information about the Company's Board of Directors are disclosed in:</p> <ul style="list-style-type: none"> <li>• The Company's website <a href="http://www.smprime.com/board-directors">http://www.smprime.com/board-directors</a></li> <li>• Related reports submitted to the SEC, such as <i>20-1S Definitive Statement, Item 5, page 7-9</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 Annual Report, The Board of Directors, page 38*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Information about the Board of Directors will also be made available in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>2.2. Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.</p>	<p>√</p>	<p>The Chairman leads the Company's Board of Directors in the effective performance of its duties and responsibilities, as stated in the <i>Amended By-Laws</i> and the <i>Revised Manual on Corporate Governance</i></p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Amended By-Laws, Art. III, Sec. 7</i> <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></li> <li>• <i>Revised Manual on Corporate Governance Sec. 1.2.1. (b), page 6</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>

<p>2.3 Have at least three (3) or thirty percent (30%) of its directors as independent directors.</p>	<p>√</p>	<p>As adopted in the Revised Manual on Corporate Governance, the Board shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.</p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance Sec. 1.5.1, page 19</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul> <p>Three (3) out of eight (8) directors (37.5%) are independent, as disclosed in:</p> <ul style="list-style-type: none"> <li>• The Company's website <a href="http://www.smprime.com/board-directors">http://www.smprime.com/board-directors</a></li> <li>• Related reports submitted to the SEC, such as <i>SEC Form 20-IS Definitive Statement, Item 5, page 7</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 Annual Report, The Board of Directors, page 38*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Information about the Board of Directors will also be made available in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.</p>	<p>√</p>	<p>Procedures and processes adopted by the Board of Directors are disclosed in the Amended By-Laws and in relevant items in the Revised Manual on Corporate Governance.</p>

		<p>Each of the five (5) Board Committees have also adopted <i>Charters</i> that outline their proceedings and activities in the performance of their duties and responsibilities.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Amended By-Laws</i> <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></li> <li>• <i>Revised Manual on Corporate Governance</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>Board Committees' Charters</i> <a href="http://www.smprime.com/board-committees">http://www.smprime.com/board-committees</a></li> </ul>
<p>2.5 Have Audit, Risk, Governance and Nomination &amp; Election Committees of the board.</p>	<p>√</p>	<p>The Company has the ff. committees: Executive Committee, Audit Committee, Corporate Governance Committee*, Board Risk Oversight Committee and Related Party Transactions Committee. Independent directors head each of these committees, except the Executive Committee. Compliance with and proper observance of Corporate Governance principles and practices are handled by each committee as these pertain to their respective functions. Members of each committee are disclosed in the <i>SEC Form 20-IS</i>.</p> <p>Each committee is mandated to perform its respective duties and responsibilities, as stated in the <i>Revised Manual on Corporate Governance</i>.</p> <p><b>References:</b></p>



		<ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 13</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.3.1 to 1.3.5, page 12-18</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul> <p><i>*The Board approved the creation of the Corporate Governance Committee on 20 February 2017. This Committee assumed the functions of the Nomination and Remuneration Committee.</i></p>
<p>2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.</p>	<p>✓</p>	<p>The Chairman and the CEO/President are held by separate individuals who are not related to each other. The roles and responsibilities of each are clearly defined and delineated in the <i>Revised Manual on Corporate Governance</i>. The Chairman is primarily responsible on matters concerning the Board, specifically on determining the Corporation’s strategic vision, Board meetings, evaluation and trainings. On the other hand, the President is responsible for formulating long range projects, plans and programs aligned with the vision set by the Board of Directors.</p> <p>Moreover, the Corporate Governance, Audit, Board Risk Oversight and Related Party Transactions Committees are chaired by independent directors. This helps protect the rights of minority shareholders by ensuring objectivity in decision-making.</p>

		<p>This structure ensures appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.</p> <p>The Board Committee composition is presented in SEC Form 20-IS.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.2.2, page 8 and Sec. 1.5.4, page 21</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 13</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul>
<p>2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.</p>	<p>√</p>	<p>The nomination and election process of directors is disclosed in the Company’s Revised Manual on Corporate Governance.</p> <p>In addition, all shareholders are entitled to nominate and individually elect candidates to the Board of Directors based on number of shares as stated in the SEC Form 20-IS.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.2.3, page 8</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 11 and Item 19, page 38</i></li> </ul>

		<p><a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></p>
<p>2.8 Have in place a formal board and director development program.</p>	<p>√</p>	<p>In compliance with the <i>Revised Manual on Corporate Governance</i>, the Company provides general access to training courses to directors as a matter of continuous professional education and to maintain and enhance their skills as directors. The Manual also mandates the conduct of an orientation program for new directors, which focuses on the contributions that a director is expected to make, the roles and responsibilities of the Board and its committees, an overview of the Company’s business, including its Corporate Governance Framework, and other matters that will assist them in discharging their duties.</p> <p>The Company regularly engages with the Institute of Corporate Directors (ICD) to provide an exclusive training for the Company’s Board of Directors and key executives. Last August 2016, the Company again engaged ICD to conduct an exclusive training for its directors and executives, covering such topics as strategic IT governance; fraud, whistleblowing, anti-bribery and anti-corruption; and financial reporting. The Company will provide formal training programs to its directors and key officers again this year.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, The Board of Directors, page 38*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec 1.1.2, page 3</i></li> </ul>

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: SM Prime Holdings, Inc.

Date: March 27, 2017

		<p><a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></p> <p><i>*Similar disclosure on Corporate Governance will be provided in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
2.9	Have a corporate secretary.	<p>✓</p> <p>The Revised Manual on Corporate Governance provides for the appointment of a Corporate Secretary. The Company's Corporate Secretary, Atty. Elmer B. Serrano, is identified in the <i>SEC Form 20-IS</i>.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 7</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec 1.1.4, page 4-5</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	<p>✓</p> <p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in <i>Company's By-Laws</i> and the <i>Revised Manual on Corporate Governance</i> are compliant with all applicable Philippine laws and regulations.</p> <p>The <i>Revised Manual on Corporate Governance</i>, for instance, provides that independent directors are</p>

		<p>independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• By-Laws <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></li> <li>• <i>Revised Manual on Corporate Governance Sec. 1.5.2.1, page 19</i> <i>Sec. 1.5.6, page 22</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>
<p><b>Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM</b></p>		
<p>3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.</p>	<p>v</p>	<p>As required by the <i>Revised Manual on Corporate Governance</i> and disclosed in the <i>Annual Report</i>, the Company has a separate Internal Audit function headed by the Vice President for Internal Audit, who reports functionally to the Board of Directors, through the Audit Committee. The Board oversees that an appropriate control is in place and it shall approve the Internal Audit Charter.</p> <p>Information about the Vice President for Internal Audit is disclosed in SEC Form 20-IS.</p>

		<p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance Sec. I.2.1. (i), page 7</i> <i>Sec. III.12.2, page 25</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Risk Management Audit and Control Systems, page 43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 7 &amp; 10</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.</p>	<p>v</p>	<p>The Company's Code of Ethics and various corporate governance policies state the principles that guide the Company's directors, officers and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public.</p> <p>As mentioned in the <i>Revised Manual on Corporate Governance</i>, the Company's Compliance Officer has been designated to ensure the compliance of all directors, officers and employees with both internal policies and relevant external laws and regulations.</p> <p><b>Reference:</b></p>

		<ul style="list-style-type: none"> <li>• Code of Ethics <a href="http://smprime.com/code-business-conduct-and-ethics">http://smprime.com/code-business-conduct-and-ethics</a></li> <li>• Company Policies <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>Revised Manual on Corporate Governance</i> Sec. I.1.5., page 5-6 Sec. VI.18, page 31 <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>
<p>3.3 Institutionalize quality service programs for the internal audit function.</p>	<p>√</p>	<p>In accordance with the <i>Revised Manual on Corporate Governance</i>, the Audit Committee has mandated the Company’s Internal Audit function to ensure proper checks and balances through well-designed internal control procedures and processes.</p> <p><b>Reference:</b> <i>Revised Manual on Corporate Governance, Sec. I.3.2.2.(b), page 13</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></p>
<p>3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.</p>	<p>√</p>	<p>The Company implements a Policy on Accountability, Integrity and Vigilance (PAIV), also known as Whistleblowing Policy, to create an environment where concerns and issues regarding violation of policies, law or regulation may be raised freely within the organization. Under the policy, directors, employees, suppliers and other stakeholders may file an Incident Report on</p>

		<p>suspected or actual violations. Issues specifically pertaining to violations on the Company’s Anti-Corruption Policy (Policy on the Acceptance of Gifts and Travel Sponsored by Business Partners) should also be addressed in accordance with the Company’s procedures and regulations.</p> <p>The Company’s website also provides means by which anyone can report any complaint or issue they have to designated members of management thru the dedicated email address.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Communication and Compliance, page 45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• Company’s website <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a> <a href="http://www.smprime.com/contact-us">http://www.smprime.com/contact-us</a> <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>3.5 Have the 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.</p>	<p>√</p>	<p>In the Statement of Management’s Responsibility for Financial Statements, the President/CEO</p>



		<p>attests to the existence of an effective and sound internal audit, control and compliance system.</p> <p>The Audit Committee annually attests in its Report that it has reviewed and ensured adequacy and appropriateness of the Company’s internal audit, control and compliance system. The Audit Committee’s attestation is based upon the assessments completed and reported by the Chief Audit Executive and external auditor.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Statement of Management’s Responsibility, page 59*</i></li> <li>• <i>2015 Annual Report, Report of the Audit and Risk Management Committee, page 60-61*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p><b>Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS</b></p>		
<p>4.1 Have its board oversee the company’s risk management function.</p>	<p>v</p>	<p>The Board of Directors, through the Board Risk Oversight Committee, is responsible for overseeing the Company’s Enterprise Risk Management (ERM) Program.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Risk Management, Control and Audit Systems, page 42-43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul>

		<ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance Sec. 1.2.1(j), page 7 Sec. 1.3.4.1, page 16</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>Board Risk Oversight Committee Charter</i> <a href="http://www.smprime.com/board-committees">http://www.smprime.com/board-committees</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.</p>	<p>v</p>	<p>The Company has developed an Enterprise Risk Management Framework, which embodies the principles, policies and procedures to be followed in the implementation of its ERM Program. The policy is available in the Company's website and annual reports.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• Company's website <a href="http://www.smprime.com/enterprise-risk-management">http://www.smprime.com/enterprise-risk-management</a></li> <li>• <i>2015 Annual Report, Risk Management, Control and Audit Systems, page 42-43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>2016 Annual Corporate Governance Report, Sec. F</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> </ul>

		<p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.</p>	<p>√</p>	<p>SM Prime follows an 8-step Risk Management Approach, which starts from the identification and prioritization of risks, to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process. Such process is consistent with the ERM Framework of COSO and ISO 30001</p> <p>The Risk Management process is discussed in the 2015 Annual Report.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• Website <a href="http://www.smprime.com/enterprise-risk-management">http://www.smprime.com/enterprise-risk-management</a></li> <li>• 2015 Annual Report, Risk Management, Control and Audit Systems, page 42-43* <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO).</p>	<p>√</p>	<p>SM Prime has a separate Enterprise Risk Management Department, headed by a Chief Risk Officer, which functionally reports to the Board</p>

		<p>Risk Oversight Committee. The Department facilitates the review of risks and monitors the risk management activities implemented by Management.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. III.12.4-12.5, page 26-27</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2016 Annual Corporate Governance Report, Sec F.2(b)</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> </ul>
<p>4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.</p>	<p>√</p>	<p>Information about the Company’s Enterprise Risk Management Program is disclosed in:</p> <ul style="list-style-type: none"> <li>• <i>2016 Annual Corporate Governance Report, Sec. F</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> <li>• Company’s website <a href="http://www.smprime.com/enterprise-risk-management">http://www.smprime.com/enterprise-risk-management</a></li> <li>• <i>2015 Annual Report, Risk Management, Control and Audit Systems, page 42-43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p>In addition, major risks are also disclosed in the 2015 17-A Annual Report.</p>

		<ul style="list-style-type: none"> <li>• <i>2015 17-A Annual Report, Risks, page 3-5</i> <a href="http://www.smprime.com/annual-financials">http://www.smprime.com/annual-financials</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report which will be available in the website in April 2017.</i></p>
<p>4.6 Seek external technical support in risk management when such competence is not available internally.</p>	<p>√</p>	<p>The Company engages third party consultants in the assessment of security and safety risks of its business units and in the implementation of its Business Continuity Management System.* This is discussed in the 2015 Annual Report.</p> <p><b>Reference:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Risk Management, Control and Audit Systems, page 42-43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>2016 Annual Corporate Governance Report, Sec. F.3 (a)</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> </ul> <p><i>*Implementation of Business Continuity Management System, as well as similar disclosure on safety and security risks, is discussed in the 2016 Annual Report which will be available in the website in April 2017.</i></p>

<b>Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION</b>		
<p>5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.</p>	<p>✓</p>	<p>The Company's Audit Committee is responsible for reviewing and approving the external auditor's plan, scope, approach and timetable. As stated in the Audit Committee's Charter, the Committee evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Audit Committee Charter</i> <a href="http://www.smprime.com/board-committees">http://www.smprime.com/board-committees</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 7, page 16</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 Annual Report, Report of the Audit and Risk Management Committee, page 60-61*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>✓</p>	<p>The Company obtains external audit services from the best and largest auditing firms in the country.</p>

		<p>The Audit Committee reviews the performance, independence and qualifications of the external auditor in the conduct of their audit of the Company's financial statements, which necessarily includes the analysis of related party transactions.</p> <p><b>Reference:</b>  <i>2015 Annual Report, Report of the Audit and Risk Management Committee, page 60-61*</i>  <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></p> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>5.3 Ensure that the external auditor has adequate quality control procedures.</p>	<p>√</p>	<p>As stated in the <i>Independent Auditor's Report</i>, the external audit was conducted in accordance with Philippine Standards on Auditing. Those standards require that the external auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.</p> <p>In addition, through the review of the external auditor's audit plan, scope, risk-based method and timetable vis-à-vis actual performance, the Audit Committee assesses the adequacy of the external auditor's quality control procedures.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Independent Auditor's Report, page 62*</i></li> </ul>

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		<ul style="list-style-type: none"> <li>• 2015 Annual Report, The Report of the Audit and Risk Management Committee, page 60-61* <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• 2016 Annual Corporate Governance Report, Sec. E.2(b) <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>5.4 Disclose relevant information on the external auditors.</p>	<p>√</p>	<p>Information about external auditors is disclosed in the SEC Form 20-IS Definitive Statement.</p> <p><b>Reference:</b> SEC Form 20-IS Definitive Statement, Item 7, page 16 <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></p>
<p>5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.</p>	<p>√</p>	<p>Recommendation for the appointment/reappointment of the external auditor comes from the Audit Committee, after careful evaluation of the auditor’s performance, independence and qualifications</p> <p>Relevant information about the external auditor is disclosed in SEC Form 20-IS. The appointment of the external auditor is subject to the approval of shareholders.</p> <p><b>References:</b></p>



		<ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Report of the Audit and Risk Management Committee, page 60-61*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 7, page 16</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	<p>✓</p> <p>The Audit Committee meets separately with external auditors to discuss relevant matters. In 2015, the Committee discussed with SGV &amp; Co., the Company's external auditor, matters required to be discussed by prevailing Auditing Standards.</p> <p><b>Reference:</b> <i>2015 Annual Report, Report of the Audit and Risk Management Committee, page 61*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></p> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	<p>✓</p> <p>Management's Responsibility for Financial Statements was signed by the Chairman of the Board of Directors, the President and the Chief Finance Officer.</p> <p><b>Reference:</b></p>

		<p>2015 Annual Report, Statement of Management's Responsibility for Financial Statements, page 59*  <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></p> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
5.8	Have a policy of rotating the lead audit partner every five years.	<p>As disclosed in the <i>Annual Report</i> and the <i>SEC Form 20-IS</i>, the external auditor or the handling partner is rotated every five (5) years or earlier, and any non-audit work should not be in conflict with the functions of the external auditor.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• 2015 Annual Report, Risk Management, Control and Audit Systems, page 43*  <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• SEC Form 20-IS Definitive Statement, Item 7, page 16  <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p><b>Guideline No. 6:  RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS,  PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-  CONTROLLING GROUP</b></p>		
6.1	Adopt the principle of "one share, one vote."	<p>SM Prime shares are of one class, common shares, and follow the "one-share-one-vote" principle.</p>

		<p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, page 5</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 Annual Report, Voting Right, page 43*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>v</p>	<p>Since SM Prime only has one share class, all shareholders are treated equally and enjoy the same rights. Rights of shareholders are disclosed in the following:</p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Voting Right, page 43-44*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec. IV.13, page 27-29</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>6.3 Have an effective, secure and efficient voting system.</p>	<p>v</p>	<p>As required by the Company's By-Laws, shareholders may vote at the Annual Stockholders' Meeting in person or by proxy. Proxy forms are made available to shareholders along with the Notice of the Meeting and via the</p>

		<p>Company website. To ensure the integrity of the voting process, the Company engages the services of an independent party (in the 2016 Annual Stockholders’ Meeting, the Company engaged the services SGV &amp; Co.) to count and validate votes, as needed.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Amended By-Laws, Art. II Sec. 7</i> <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 19, page 38</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul>
<p>6.4 Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>√</p>	<p>Independent directors exercise objective and independent judgment on all corporate affairs specifically on issues involving the protection of minority shareholders against actions of controlling shareholders.</p> <p>The Company uses a voting mechanism in the election of directors that is designed to give minority shareholders the opportunity to obtain representation in the Board of Directors. Cumulative voting is required by the <i>Revised Manual on Corporate Governance</i> and disclosed in the <i>SEC Form 20-IS</i>.</p> <p>Subject to the Securities Regulation Code, all Board-approved material related party transactions (RPTs) are subject to ratification by a vote of the majority of the minority shareholders.</p> <p><b>References:</b></p>

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		<ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec I.5, page 19</i> <a href="http://smprime.com/corporate-governance-manual">http://smprime.com/corporate-governance-manual</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec IV.13.4.1(b), page 28 and Sec I.3.5, page 17</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, page 5 and Item 5, page 11</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul>
<p>6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.</p>	<p>√</p>	<p>The Notice of the Annual Stockholders’ Meeting was made available to all shareholders via the Company Website along with the <i>Definitive Information Statement</i> on March 13, 2017. The 2017 Annual Stockholders’ Meeting will be held on April 25, 2017.</p> <p><b>Reference:</b> Notice of Annual Stockholders’ Meeting <a href="http://www.smprime.com/sites/default/files/2017%20ASM%20Notice%20of%20Meeting%20and%20Agenda.pdf">http://www.smprime.com/sites/default/files/2017%20ASM%20Notice%20of%20Meeting%20and%20Agenda.pdf</a></p>
<p>6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.</p>	<p>√</p>	<p>Shareholders are granted the right to propose the holding of a meeting and the items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.</p> <p><b>Reference:</b></p>

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		<p><i>Revised Manual on Corporate Governance, Sec. IV.13.4.4, page 28</i>  <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></p>
6.7	Ensure that all relevant questions during the AGM are answered.	<p>√</p> <p>The Annual Stockholders’ Meeting gives SM Prime’s shareholders an opportunity to raise concerns, give suggestions and vote on relevant issues. Questions and answers raised during the meeting are disclosed in the <i>Minutes of the Meeting</i>.</p> <p><b>Reference:</b>  <i>2016 ASM Minutes</i>  <a href="http://www.smprime.com/overview-2">http://www.smprime.com/overview-2</a></p>
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	<p>√</p> <p>The Revised Manual on Corporate Governance asserts the rights of minority shareholders, as follows:</p> <ul style="list-style-type: none"> <li>• Minority shareholders are granted the right to propose the holding of a meeting, and/or items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.</li> <li>• Minority shareholders are given access to any and all information relating to matters for which the Management is accountable.</li> </ul> <p>All the rights of shareholders are provided in the Manual and disclosed in the Annual Report.</p> <p><b>References:</b></p>

		<ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. IV.13.4.4, page 28</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Manual on Corporate Governance, page 43-44*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.</p>	<p>√</p>	<p>As stated in SM Prime’s <i>Code of Ethics</i>, the Company complies with all applicable laws and regulations designed to protect the rights of all shareholders, including those holding minority interests. For instance, fundamental corporate acts, such as amendments to the Company’s Articles of Incorporation and By-Laws, the authorization of additional shares, and the transfer of all or substantially all assets of the Company, are subject to the approval of shareholders.</p> <p>In addition, the <i>Revised Manual on Corporate Governance</i> mandates the Board of Directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow shareholders the possibilities to seek redress for violation of their rights.</p> <p><b>References:</b></p>

		<ul style="list-style-type: none"> <li>• <i>Code of Ethics, page 1</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec. IV.13.1, page 27</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>
<p>6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.</p>	<p>√</p>	<p>Information about the public ownership, including beneficial owners (those holding more than 5% of the outstanding capital stock) and members of Management are disclosed in SEC Form 20-IS and regular reports on Public Ownership and List of Top 100 Stockholders.</p> <p><b>Reference:</b></p> <ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, page 6</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>Public Ownership Report List of Top 100 Stockholders</i> <a href="http://www.smprime.com/corporate-disclosures">http://www.smprime.com/corporate-disclosures</a></li> </ul>
<p>6.11 Have a communications strategy to promote effective communication with shareholders.</p>	<p>√</p>	<p>Shareholders may communicate with the Company via the <i>Contact Us</i> section in its official website or by directly contacting its Corporate Governance Office thru the dedicated corporate governance email. In addition, contact number of the Investor Relations Department is also provided in the <i>Annual Report</i>.</p>



		<p>Moreover, the Company, through the Investor Relations Department, conducts media and analyst briefings, one-on-one meetings, conference calls, non-deal roadshows, conferences and property tours and site visits.</p> <p>Lastly, material information that may impact the interest of the shareholders are also made available to the Company website</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Website</i> <a href="http://www.smprime.com/contact-us">http://www.smprime.com/contact-us</a></li> <li>• <i>2015 Annual Report, Disclosure and Transparency, page 45 &amp; 52*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Investor Relations Program and Schedule</i> <a href="http://www.smprime.com/investor-relations-program-schedule">http://www.smprime.com/investor-relations-program-schedule</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>√</p>	<p>As disclosed in the Company's <i>Public Ownership Report</i>, 31.82% of the outstanding capital stock is owned by the public.</p> <p><b>Reference:</b> <i>Public Ownership Report</i> <a href="http://www.smprime.com/sites/default/files/reports/Public%20Ownership%20Report%20as%20of%20December%2031%2C%202016.pdf">http://www.smprime.com/sites/default/files/reports/Public%20Ownership%20Report%20as%20of%20December%2031%2C%202016.pdf</a></p>

<p>6.13 Have a transparent dividend policy.</p>	<p>√</p>	<p>The Company’s Dividend Policy is disclosed in the Revised Manual on Corporate Governance and Annual Report. The Company also discloses a target dividend payout in the Information Statement.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. IV.13.4.5 (b), page 29</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Corporate Governance – Corporate Governance Policies, page 44*</i> <a href="http://smprime.com/annual-reports">http://smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 20, page 39</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p><b>Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME</b></p>		
<p>7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.</p>	<p>√</p>	<p>The Company’s Revised Manual on Corporate Governance and Code of Ethics mandate compliance with laws, rules and regulations to which the Company is subject to, including rules of PSE and SEC. Moreover, the Revised Manual on Corporate Governances sets out the policy on disclosure and transparency.</p>

		<p>The Company also regularly attends PSE and SEC provided training updates on regulations and disclosure rules.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>The Revised Manual on Corporate Governance, Sec. II, page 23</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>The Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>The Company website</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>The 2015 Annual Report, Disclosure and Transparency, page 45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Corporate Disclosures</i> <a href="http://www.smprime.com/corporate-disclosures">http://www.smprime.com/corporate-disclosures</a></li> </ul> <p><i>*Similar disclosures will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>√</p>	<p>There are no shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Company.</p>

		<p>Relevant information about the control, ownership and strategic direction of the Company are disclosed in:</p> <ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, pages 5-6</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>Public Ownership Report List of Top 100 Stockholders</i> <a href="http://smprime.com/corporate-disclosures">http://smprime.com/corporate-disclosures</a></li> <li>• <i>Annual Report</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>Briefings with investors, analysts and the media</i> <a href="http://www.smprime.com/presentations">http://www.smprime.com/presentations</a></li> </ul>
<p>7.3 Disclose its director and executive compensation policy.</p>	<p>√</p>	<p>Board remuneration is disclosed in the Annual Report. Executive compensation is presented in the Definitive Information Statement.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Board Compensation, page 41*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 6, page 15</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>

<p>7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.</p>	<p>√</p>	<p>Information about the share ownership of beneficial owners (those holding more than 5% of the outstanding capital stock) and members of Management are disclosed in the Company's <i>Definitive Information Statement and 17-A Annual Report</i>.</p> <p><b>Reference:</b></p> <ul style="list-style-type: none"> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, page 6</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 17-A Annual Report, Map of Relationships of the Companies Within the Group, page 173</i> <a href="http://smprime.com/annual-financials">http://smprime.com/annual-financials</a></li> </ul>
<p>7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.</p>	<p>√</p>	<p>The Company's consolidated financial statements are available in its Annual and Quarterly Reports submitted to the SEC. The audited financial statements for 2016 were released on February 28, 2017 along with the Preliminary Information Statement.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• Annual and Quarterly Financials <a href="http://www.smprime.com/financial-reports">http://www.smprime.com/financial-reports</a></li> <li>• <i>2016 SEC Form 20-IS Preliminary</i> <a href="http://smprime.com/annual-financials">http://smprime.com/annual-financials</a></li> </ul>

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: SM Prime Holdings, Inc.

Date: March 27, 2017

<p>7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.</p>	<p>√</p>	<p>Changes in the Company’s Manual on Corporate Governance, as well as corporate governance practices, are promptly reported to the SEC.</p> <p>In addition, the Revised Manual on Corporate Governance is disclosed in the Company website.</p> <p><b>Reference:</b></p> <ul style="list-style-type: none"> <li>• <i>Consolidated changes in ACGR</i> <a href="http://smprime.com/annual-corporate-governance-report">http://smprime.com/annual-corporate-governance-report</a></li> <li>• <i>Revised Manual on Corporate Governance</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> </ul>
<p>7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.</p>	<p>√</p>	<p>Agenda and rationale behind each item in the agenda are disclosed in the Notice of the Annual Stockholders’ Meeting.</p> <p>Other matters requiring shareholder approval are presented in corporate disclosures submitted to the SEC.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2017 ASM Notice of Meeting and Agenda</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• Corporate Disclosures <a href="http://www.smprime.com/corporate-disclosures">http://www.smprime.com/corporate-disclosures</a></li> </ul>

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: SM Prime Holdings, Inc.

Date: March 27, 2017

<p>7.8 Disclose the trading of the corporation’s shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company’s purchase of its shares from the market (e.g share buy-back program).</p>	<p>√</p>	<p>Changes in the stock ownership of directors and executive officers are reported to the SEC via SEC Form 23-B (Statement of Changes in Beneficial Ownership of Securities) within three (3) days from trading date.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Corporate Disclosures</i> <a href="http://www.smprime.com/corporate-disclosures">http://www.smprime.com/corporate-disclosures</a></li> <li>• <i>Statement of Changes in Beneficial Ownership of Securities as of Sept. 22, 2016</i> <a href="http://smprime.com/corporate-disclosures">http://smprime.com/corporate-disclosures</a></li> </ul>
<p>7.9 Disclose in its annual report the principal risks to minority shareholders 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>√</p>	<p>Principal risks to minority shareholders are disclosed in the <i>Annual Corporate Governance Report</i>.</p> <p>The identities of the Company’s controlling shareholders (beneficial owners) and their degree of ownership, as well as information about the Company’s subsidiaries and affiliates are disclosed in the Definitive Information Statement (SEC Form 20-IS) and 2015 17-A Annual Report, respectively.</p> <p>Moreover, the Board, through the Related Party Transactions Committee, approved the Related Party Transactions Policy, which aims to ensure that transactions occur at market prices, at arm’s-length basis and under conditions that protect the rights of all shareholders. For transparency, related party transactions are disclosed in the Annual Report.</p>

		<p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2016 Annual Corporate Governance Report, Sec. F.2(c)</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 4, page 6</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> <li>• <i>2015 17-A Annual Report, Map of Relationships of the Companies Within the Group, page 173</i> <a href="http://smprime.com/annual-financials">http://smprime.com/annual-financials</a></li> <li>• <i>Related Party Transactions Committee Charter</i> <a href="http://smprime.com/board-committees">http://smprime.com/board-committees</a></li> <li>• <i>Related Party Transaction Policy</i> <a href="http://smprime.com/company-policies">http://smprime.com/company-policies</a></li> <li>• <i>2015 Annual Report, Notes to Financial Statements No. 21, page 98*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p>*2016 transactions will be disclosed in the 2016 Annual Report, which will be officially published in April 2017.</p>
<p><b>Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS</b></p>		
<p>8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers &amp; customers, creditors, as well the community, environment and other key stakeholder groups.</p>	<p>v</p>	<p>The Company's commitment to various stakeholders is articulated in its Mission; to wit:</p>



		<p>“We will serve the ever-changing needs and aspirations of our customers, provide opportunities for the professional growth of our employees, foster social responsibility in the communities we serve, enhance shareholder value for our investors and ensure that everything we do safeguards a healthy environment for future generations.”</p> <p>In support of the Mission, the <i>Revised Manual on Corporate Governance</i> asserts the rights of shareholders, including minority interests, and mandates their protection.</p> <p>The <i>Code of Ethics</i> establishes the foundation for employee welfare, prohibits discrimination towards contractors, vendors, suppliers, or visitors, and promotes environmental and safety practices.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• Website <a href="http://www.smprime.com/vision-and-mission">http://www.smprime.com/vision-and-mission</a></li> <li>• <i>Revised Manual on Corporate Governance, Sec. IV, page 27-30</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> </ul>
<p>8.2 Have in place a workplace development program.</p>	<p>√</p>	<p>The Company strives to promote employee welfare through the unparalleled learning and</p>

		<p>development of its people. Through the Human Resources Department’s orientation program, new employees are given an overview of SM Prime’s corporate governance framework, policies and its various components. Also included in the orientation are the salient points of the Code of Ethics, which focuses on employee rights and obligations, as well as the promotion of good work ethics and values. Various seminars and wellness programs were also initiated by the Human Resources Department in 2016.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Communication and Compliance, page 45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• Company Policies <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> </ul> <p><i>*2016 programs will be disclosed in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>v</p>	<p>As stated in the <i>Code of Ethics</i>, all officers and employees are selected, engaged, and compensated based on qualification and performance. Once hired, opportunities for career advancement are provided based on clear performance and qualifications criteria.</p> <p><b>Reference:</b> <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></p>

<p>8.4 Have in place a community involvement program.</p>	<p>√</p>	<p>SM Prime is uniquely positioned to serve its host communities through various civic assistance, environmental education and sustainability programs. Its activities are two-pronged: to care for its customers while being a steward of the environment. SM Cares, a division of SM Foundation Inc., is the group that handles the corporate social responsibility programs of SM Prime Holdings, Inc. Details of the Company’s corporate social responsibility programs are disclosed in its Annual Sustainability Report.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• SM Prime Website <a href="http://www.smprime.com/corporate-social-responsibility">http://www.smprime.com/corporate-social-responsibility</a></li> <li>• SM Cares Website <a href="http://smcares.com.ph/newsevents/">http://smcares.com.ph/newsevents/</a></li> <li>• <i>2015 ESG Report*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*2016 programs will be presented in the 2016 ESG Report.</i></p>
<p>8.5 Have in place an environment-related program.</p>	<p>√</p>	<p>SM Prime is uniquely positioned to serve its host communities through various civic assistance, environmental education and sustainability programs. Its activities are two-pronged: to care for its customers while being a steward of the environment. SM Cares, a division of SM Foundation Inc., is the group that handles the corporate social responsibility programs of SM</p>

		<p>Prime Holdings, Inc. Details of the Company's corporate social responsibility programs are disclosed in its Annual ESG Report.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• SM Prime Website <a href="http://www.smprime.com/corporate-social-responsibility">http://www.smprime.com/corporate-social-responsibility</a></li> <li>• SM Cares Website <a href="http://smcares.com.ph/newsevents/">http://smcares.com.ph/newsevents/</a></li> <li>• 2015 Sustainability Report* <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*2016 programs will be presented in the 2016 Sustainability Report.</i></p>
<p>8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.</p>	<p>√</p>	<p>The <i>Code of Ethics</i> states the principles that guide the Company's directors, officers, and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• Company Policies <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> </ul>

Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING		
9.1 Develop and disclose a policy governing the company's transactions with related parties.	√	<p>The Company has a <i>Related Party Transactions Policy</i>, which requires full disclosure of the details, nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the SEC and PSE. Details of transactions entered into by the Company with related parties are required to be reviewed by the Related Party Transactions Committee, as required by the Committee's Charter, to ensure these are conducted at arm's length.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Related Party Transactions Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>2015 Annual Report, Corporate Governance – Related Policies and Programs, page 45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>2016 Annual Corporate Governance Report, Sec. B.4</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize 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 RPT within any	√	In accordance with the Company's <i>Related Party Transactions Policy</i> , all related party transactions which are considered usual course of business as

<p>twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>stated in the Related Party Transactions policy, regardless of amount, which are substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties are exempted from review of the Related Party Transactions Committee. However, all RPTs which are not in the usual course of business which are equal or greater than the materiality threshold of Php 100Mn, shall be subject for review by the Related Party Transactions Committee. <i>Note that the RPT Committee may, at any time, ask for a review of any of the transactions.</i> The Board of Directors reviews and approves all material RPTs endorsed by the Related Party Transactions Committee. Subject to the Securities Regulation Code, all Board-approved material RPTs are subject to ratification by a vote of the majority of the minority shareholders. Details of related party transactions are disclosed in <i>the Annual Report and the Definitive Information Statement (SEC Form 20-IS)</i>.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Related Party Transactions Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>2015 Annual Report, Notes to Financial Statements No. 21, page 97-99*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Notes to Financial Statements No. 21, page 51-54</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul>
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		<p>*2016 transactions will be disclosed in the 2016 Annual Report, which will be officially published in April 2017.</p>
<p>9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.</p>	<p>v</p>	<p>Subject to the Securities Regulation Code, all Board-approved material RPTs are be subject to ratification by a vote of the majority of the minority shareholders. In addition, during the Annual Stockholders’ Meeting, the financial statements, which includes information about related party transactions and general ratifications of all acts of the Board of Directors, Board Committees and Management including related party transactions are presented to the shareholders for approval.</p> <p><b>Reference:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.3.5, page 18</i> <a href="http://smprime.com/corporate-governance-manual">http://smprime.com/corporate-governance-manual</a></li> <li>• <i>Related Party Transactions Committee Charter</i> <a href="http://www.smprime.com/board-committees">http://www.smprime.com/board-committees</a></li> <li>• <i>Related Party Transactions Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Agenda of the Annual Stockholders’ Meeting</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul>

<p>9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.</p>	<p>√</p>	<p>The <i>Revised Corporate Governance Manual</i> prescribes the committee membership of Related Party Transaction Committee. It is currently composed of two (2) independent directors and a non-executive director. The Committee independently reviews and ensures that these transactions are conducted at arm's length basis. In addition, the Committee ensures all RPTs are subject to periodic independent review or audit process.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Related Party Transactions Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>Related Party Transactions Committee Charter</i> <a href="http://www.smprime.com/board-committees">http://www.smprime.com/board-committees</a></li> <li>• <i>2015 Annual Report, Report of the Audit and Risk Management Committee</i>, page 60-61* <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.</p>	<p>√</p>	<p>In accordance with the Related Party Transactions Policy, which mandates full disclosure of the nature, amount and details of related party transactions, relevant information on these transactions are presented in the Notes to the Company's Consolidated Financial Statement,</p>



		<p>which forms part of the Annual Report and in the Definitive Information Statement (SEC Form 20-IS)</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Notes to Financial Statements No. 21, page 97-99*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Notes to Financial Statements No. 21, page 51-54</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*2016 RPTs are disclosed accordingly in the 2016 Annual Report which will be available in the website in April 2017.</i></p>
<p>9.6 Have a clear policy in dealing with material non-public information by company insiders.</p>	<p>v</p>	<p>In accordance with the Company’s Insider Trading Policy, all directors and concerned employees are restricted from disclosing privileged information and participating in trading activities five (5) trading days before and two (2) trading days after the release of quarterly and annual financial results or any other material information. In addition, directors and beneficial owners of the Company are also required to report to the SEC and the PSE any changes in the stock ownership within three (3) business days.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Insider Trading Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>Code of Ethics, Sec II.B. and Annex 1</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> </ul>

<p>9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.</p>	<p>√</p>	<p>Transactions with affiliates of controlling shareholders, directors or management are covered by the Related Party Transactions Policy. Accordingly, details of related party transactions are disclosed in the Annual Report and the Definitive Information Statement.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Insider Trading Policy</i> <i>Related Party Transactions Policy</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>Code of Ethics, Sec II.B. and Annex 1</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>2015 Annual Report, Notes to Financial Statements No. 21, page 97-99*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Notes to Financial Statements No. 21, page 51-54</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*2016 RPTs are disclosed accordingly in the 2016 Annual Report which will be available in the website in April 2017.</i></p>
<p><b>Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, &amp; ENFORCEMENT</b></p>		
<p>10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.</p>	<p>√</p>	<p>The <i>Code of Ethics</i> reaffirms the Company's commitment to the highest standards of ethics</p>

		<p>and good corporate governance in the pursuit of SM Prime’s mission and vision to serve the best interests of its stakeholders. The Code also sets guidelines for the Company’s directors, officers and employees in the performance of their duties and responsibilities, and in the manner that they deal with investors, creditors, customers, contractors, suppliers, regulators and the public.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>2015 Annual Report, Code of Ethics, page 44*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>√</p>	<p>The <i>Code of Ethics</i> mandates full compliance with all applicable laws and regulations. The salient points of the Code of Ethics, which focus on employee rights and obligations, as well as promotion of good work ethics and values, are discussed with employees through orientation programs initiated by the Human Resources Department.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> </ul>

		<ul style="list-style-type: none"> <li>• <i>2015 Annual Report, Code of Ethics, page 44*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>10.3 Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>√</p>	<p>The Company does not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.</p> <p>The <i>Code of Ethics</i> mandates full compliance with all applicable laws and regulations. In this regard, the Company has an internal whistleblowing policy, or the <i>Policy on Accountability, Integrity and Vigilance</i> which effectively creates an environment where concerns and issues regarding violation of policies, law or regulation may be raised freely within the organization.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>Policy on Accountability, Integrity and Vigilance</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>2015 Annual Report, Corporate Governance – Communication and Compliance, page 45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>

<p>10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.</p>	<p>√</p>	<p>The Company issued <i>Guidelines on the Acceptance of Gifts and Travel Sponsored by Business Partners</i>, which prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance. Non-compliance with the said guidelines may be reported in accordance with the <i>Policy on Accountability, Integrity and Vigilance</i>.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners and Policy on Accountability, Integrity and Vigilance</i> <a href="http://www.smprime.com/company-policies">http://www.smprime.com/company-policies</a></li> <li>• <i>Code of Ethics, Annex 2</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></li> <li>• <i>2015 Annual Report, Corporate Governance – Related Policies and Programs, page 43-45*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.</p>	<p>√</p>	<p>The <i>Revised Manual on Corporate Governance</i> requires the appointment of a Compliance Officer</p>

		<p>to ensure compliance with all relevant laws, rules and regulations.</p> <p>The Company’s Compliance Officer is identified in the 2015 Annual Report and the Definitive Information Statement.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. 1.1.5, page 5-6</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Corporate Executive, page 49*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> <li>• <i>SEC Form 20-IS Definitive Statement, Item 5, page 7</i> <a href="http://smprime.com/overview-2">http://smprime.com/overview-2</a></li> </ul> <p><i>*Similar disclosure will be presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
<p>10.6 Respect intellectual property rights.</p>	<p>v</p>	<p>The provisions of the <i>Code of Ethics</i> on compliance with all laws and regulations include intellectual property rights.</p> <p><b>Reference:</b> <i>Code of Ethics</i> <a href="http://www.smprime.com/code-business-conduct-and-ethics">http://www.smprime.com/code-business-conduct-and-ethics</a></p>

<p>10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.</p>	<p>v</p>	<p>As provided in the <i>Revised Manual on Corporate Governance</i>, it is the responsibility of the Board of Directors to establish an alternate dispute resolution system to settle conflicts between the Corporation and its stockholders or other third parties, including regulatory authorities. This is also disclosed in the Annual Report.</p> <p>As such, the Board of Directors normally engages the services a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• <i>Revised Manual on Corporate Governance, Sec. IV.13.5, page 29</i> <a href="http://www.smprime.com/corporate-governance-manual">http://www.smprime.com/corporate-governance-manual</a></li> <li>• <i>2015 Annual Report, Board Duties and Responsibilities, page 39*</i> <a href="http://www.smprime.com/annual-reports">http://www.smprime.com/annual-reports</a></li> </ul>
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CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: SM Prime Holdings, Inc.

Date: March 27, 2017

		<ul style="list-style-type: none"><li>• <i>2016 Annual Corporate Governance Report, Sec. B.6</i> <a href="http://www.smprime.com/annual-corporate-governance-report">http://www.smprime.com/annual-corporate-governance-report</a></li></ul> <p><i>*Similar disclosure is presented in the 2016 Annual Report, which will be available in the website in April 2017.</i></p>
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CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY


Company Name: SM Prime Holdings, Inc.

Date: March 27, 2017

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this March 27, 2017 in Pasay City, Philippines.

  
JOSELITO H. SIBAYAN  
Independent Director

  
JEFFREY C. LIM  
President

*Handwritten mark*