

Alternative Dispute Resolution System

As stated in SM Prime's Revised Manual on Corporate Governance, it is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.

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.

For the last three (3) years, there were no issues between the Company and its stockholders, third parties and regulatory authorities.