

Regular Meeting/s with the Company's External Auditor

In compliance with the Company's Revised Manual on Corporate Governance, SM Prime's non-executive directors have met with SGV & Co., the Company's External Auditor, Chief Audit Executive (CAE), Chief Compliance Officer (CCO) and Chief Risk Officer (CRO), to ensure that proper checks and balances are in place within the corporation.

Mr. Jose L. Cuisia, Jr., being the Board's lead independent director, chaired the meeting.

The following areas were discussed during the meeting with the Company's Key Officers:

- **Audit Committee Concerns** – Independent Director, Mr. Kilayko, confirmed that he was satisfied with the information provided by the Management. Mr. Cuisia further added that out of all the Committees, the Audit Committee receives the most extensive and comprehensive report from the Management. Mr. Sibayan also mentioned that if the Audit Committee has questions, Management readily shares information with it.
- **Whistleblower Policy** – Mr. Ong, Chief Compliance Officer, addressed Mr. Cuisia's request for the Company Whistleblowing Policy and mentioned that such is contained in the Corporation's Code of Ethics uploaded in the website. Mr. Ong also assured the directors that he will handle reports of anomalies in the Corporation, if any. Mr. Bautista added that the policy explicitly provides that there will be no retaliation against the whistleblower.
- **Internal Audit Concerns** – Mr. Bautista, Chief Audit Executive, reported that Internal Audit focuses several areas to make sure that the Corporation is compliant with rules and regulations, through a fully-staffed team headed by excellent managers and through the use of technology ensuring accuracy and integrity of audits.

Mr. Bautista also cleared to the directors that the Internal Audit conducts a study of which malls are to be audited to get a representative sample and establish a trend, which results in the application of policies for all the malls. Mr. Marvin Pe, Chief Risk Officer, also added that the Corporation engages third parties to conduct certain parts of the audit, all of which are incorporated into Internal Audit's functions.

After discussing above items, the Company's Key Officers stepped out from the meeting to give way to the NEDs' separate meeting with SGV & Co. During their separate meeting, the following were discussed:

- Confirmation from External Auditor whether its team was provided sufficient access to records and information for their audit of the financial statements the Company; and
- Discussion on the SEC's approved adoption of Philippine Financial Reporting Standard 9 and 15 on Financial Instruments and Revenue from contracts with customers, respectively. SGV mentioned that the Company should conduct its assessment and impact, if any.