





Towards a **Sustainable Future**



Towards a Sustainable Future

Our 2023 annual integrated report reflects our deep commitment to progress and sustainability. Guided by the vision and ideals of Henry Sy, SM Prime has remained at the forefront of the country's development, not just in terms of infrastructure and commerce but also in fostering environmental stewardship and social responsibility.

This year's theme captures our collective journey towards creating spaces and opportunities that are economically beneficial, environmentally sensitive, and socially inclusive. "Towards a Sustainable Future" runs throughout the narratives of this year's report, which shows how our business goals intertwine with our aspirations for a healthier planet and a more equitable society.



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Who We Are

SM Prime Holdings, Inc. (SM Prime), a key subsidiary of SM Investments Corporation (SMIC), is a leading force in the Philippine real estate sector. Combining a robust market capitalization, adherence to the highest standards, and an inclusive customer base, SM Prime has gained recognition as one of Asia's premier sustainable integrated property developers and mall operators.

Our commitment to legacy developments and integrated communities is at the core of how we build. Our brand is anchored in SM Prime's dedication to social inclusion, environmental stewardship, and economic advancement in support of sustainable growth that elevates the art of living. We believe our greatest contribution to our customers is our never-ending advocacy to evolve and serve their needs, whether in the pursuit of strategic industry leadership or transformational collective action to address our generation's most critical challenges.

Our diverse portfolio of malls, residences, offices, hotels and convention centers exemplify our goal to harmonize

various real estate categories to create shared wealth and intergenerational properties.

Through our growing number of integrated developments across the Philippines and China, SM Prime strives to enhance the quality of urban life, creating spaces that resonate with the aspirations and needs of the communities we serve.

SM Prime envisions a future marked by innovation, resilience, and sustained growth. In the coming years, we expect significant growth across our business segments on the back of increased homeownership and leisure and travel spending, not only in Metro Manila but across our provincial growth hubs.

As we navigate the challenges and opportunities of an evolving real estate landscape, we remain committed to delivering exceptional value to our stakeholders, enriching communities, and contributing to overall socio-economic development.

Vision

To build and manage innovative, sustainable integrated property developments that are catalysts for a better quality of life.

Mission

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.

What We Stand For

Integrity

Hard Work

Innovation

Teamwork

Sustainability

About Our Report

Our 2023 integrated report is the outcome of a groupwide reporting process governed by SM Prime's Board of Directors, led by our Management Committee, and produced through collaboration with the Sustainability Departments and various line organizations and business units.

This report aims to provide a clear, principles-based, multi-capital view of SM Prime's performance for the year ended December 31, 2023. It covers our company's business models and strategies, outlooks, impacts, and how we create and preserve value over time through sustainable integrated property developments that uplift local businesses and communities.

Through this publication, we become one of the first companies in the Philippines to follow the IFRS recommendations for financial reporting espoused by the Philippine Securities and Exchange Commission in its preliminary guidelines. As a publicly traded company, we seek to refine our reporting process and further strengthen our market credibility through the early adoption of the IFRS standards set to take effect in the Philippines in 2025.

SM Prime has reported with references to the GRI Standards from the period of January 1, 2023 to December 31, 2023.

External Verification

Last year, the shareholders of SM Prime appointed Sycip Gorres Velayo & Co. (SGV), a member of Ernst & Young International Ltd., to examine the consolidated financial statements of the Company for the year ended December 31, 2023. SGV's Independent Auditor's Report and Audited Financial Statement are available on pages 136-147.

Furthermore, we engaged SGV to audit the Company's ESG performance data for the year 2023. SGV's Independent Limited Assurance Statement is on pages 148-153.

Statement from the Board of Directors

In adherence to our company's regulations, SM Prime's Board of Directors has reviewed the integrated report prior to its public release.. The Board assures that the report addresses all concerns that are material to the group's performance in creating value for our stakeholders.



Overview of Our Business

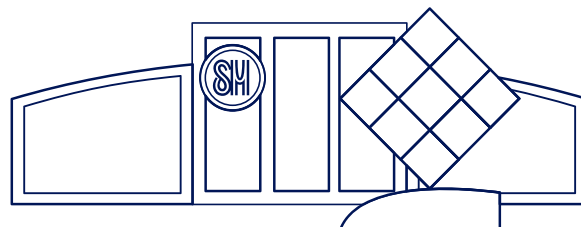
SM Prime Holdings, Inc. (SM Prime) is a leading integrated property developer known for creating innovative and sustainable integrated communities and commercial properties.

Our company's business model is multifaceted, encompassing various real estate categories and uses.

SM Prime started as a mall developer and operator in the Philippines in 1994. Over the years, we have expanded significantly to become one of the country's leading sustainable integrated property developers with an extensive portfolio of residential, lifestyle and retail, commercial, leisure, hotel, and convention center developments.



Malls



85

malls in the
Philippines

8

malls in China

10.8

million sqm total
Gross Floor Area

PHP71.9B

Revenue for the year

With strategic precision in creating engaging retail platforms, crowd-drawing events, and timely activations for unforgettable shopping and bonding experiences, The Malls group pushes the boundaries of what malls and shopping centers can offer, from retail, culinary, and entertainment options to cultural spaces, private healthcare services, and satellite government offices.

The Malls connects beloved global brands with customers while nurturing the growth of Philippine brands to bring a healthy and economically vibrant local retail industry. Each SM mall offers a range of customer options and value-for-money services catering to a wide demographic.

Beyond retail, the value of SM malls lies in community relations. No other shopping mall has interwoven itself so seamlessly into Philippine everyday life and culture as SM. Every day, SM malls assist an average of three million customers in finding what they need. SM malls transcend traditional shopping experiences by embodying the contemporary version of the Philippine plaza or central town space. They have become pivotal gathering spots where local communities celebrate milestones, engage in various types of events and group activities, and enjoy moments of leisure and socialization with family and friends.

As of the end of 2023, SM Prime has developed and operates 85 malls in the Philippines and eight in China, covering a total gross floor area of 10.8 million square meters and generating over PHP 71.9 billion in revenue. The Malls provides a platform that promotes entrepreneurship and supports opportunities for growth for 22,798 local businesses, many of them small and medium enterprises.

The Malls commitment to revitalizing local communities is clear in its continued strategic expansion into provincial areas. By opening three new malls in Bataan, San Pedro, and Sto. Tomas with a total 140,000 sqm of retail space, The Malls leverages the trend of increased travel and spending outside the National Capital Region. These expansions go beyond financial growth; they also aim to enrich local communities, celebrate Philippine culture, and foster economic development.

Post-pandemic, The Mall's rental rates returned to its pre-pandemic levels. With a 95% occupancy rate as of December 2023, up slightly from 2022, the outlook is positive. The additional malls not only boosts short-term profits but also strengthens The Malls' leading position in the Philippine retail sector, with continued significant revenue growth anticipated from 2023 to 2025.



Primary Residences



183,491

No. of units

1,345

hectares of Landbank

SM Development Corporation (SMDC) is the largest and fastest-growing residential sector developer in the Philippines. The award-winning company is committed to creating world-class, sustainable communities.

With a mission to make the cosmopolitan lifestyle accessible to more Filipinos, SMDC has been at the forefront of building vertical and horizontal residential and integrated mixed-use developments in prime locations. SMDC projects offer seamless integration to SM Malls and transport hubs, complete with hotel-like lobbies, resort-style amenities, and professional property management. Since 2003, they have launched more than 183,000 residential units across 67 developments nationwide.

Each SMDC condominium development offers resort-level leisure, health and wellness amenities, green rooftop and pocket gardens, child-friendly parks, and al fresco lounges. This comprehensive approach to modern living brings every Filipino's dream of a good life within reach.

SMDC takes its role of helping create a nation of homeowners very seriously. As the Good Guys, they're on a mission to develop sustainable, masterfully planned developments, and being a positive catalyst for substantive change and progress.

In promoting sustainability, SMDC is not just about going green; the company also focuses on the economy, and society. To achieve this integrated lifestyle, regular features at the SMDC developments include Health and Wellness caravans, the Weekend Market for fresh produce and to support local MSMEs, and a Go Green program that encourages practices on how to Reduce, Reuse and Recycle.

Leisure Homes



24

Residential Projects

508

hectares of Landbank

SM Prime's luxury and leisure estates blend seamlessly with nature and embody sound ecological and conservation practices. Seizing opportunities in the Philippines' rich tourism potential, SM Prime creates leisure homes that redefine comfort and quiet luxury in some of the country's prime tourist and leisure destinations.

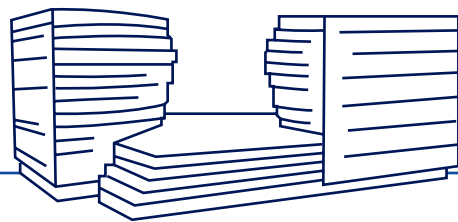
Benefiting from growing interest in residential purchases in leisure destinations outside Metro Manila, Hamilo Coast in Nasugbu, Batangas, stands out as an ideal property. This seaside haven is nestled between three major mountain peaks and thirteen coves, with three designated as Marine Protected Areas (MPAs), offering

a unique blend of natural beauty and tranquility. Similarly, Tagaytay Highlands takes full advantage of its natural surroundings and climate-friendly setting. This upscale 1,300-hectare development is set against the picturesque backdrop of Taal Lake, featuring themed residential communities with a holistic leisure environment that defines an exclusive lifestyle amid breathtaking views of nature.

Working closely with partners and local communities, both estates exemplify how SM Prime upholds its commitment to environmental stewardship and offers a luxurious and sustainable lifestyle.



Commercial



18

**Office
Buildings**

1.6

**million sqm total
Gross Floor Area**

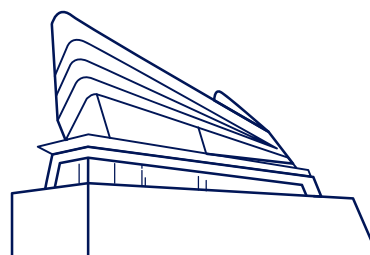
SM Prime's Commercial Properties Group (CPG) leads the development, leasing, operations, and management of SM Estates, SM Offices, and SM Warehouses.

The SM Estates' 60-hectare Mall of Asia Complex (MOAC) is a bustling entertainment and lifestyle community. It is a prime residential location and a landmark for commerce and retail. The Complex is a model of sustainable urban planning, integrating commercial, residential, and transport cores with unprecedented connectivity. The safety and well-being of the growing MOAC community are integrated into the Complex's disaster-resilient and low-carbon design.

SM Offices' portfolio consists of 18 office buildings generating a consolidated PHP6.8 billion in revenues and PHP4.4 billion in operating income for the reporting year 2023. This portfolio offers smart and convenient office solutions that promote work-life balance and support a range of industries, from traditional businesses to tech-based and business process outsourcing companies. Aside from energy and resource-efficiency, SM Offices considers all critical factors that make for a healthy and premium building standard with the LEED Certification as the basis for a holistic framework. Integral to this sustainability strategy are the E-com Centers, which are at the forefront of reducing greenhouse gas emissions, showcasing SM Offices' proactive efforts in environmental conservation. Among SM Offices' LEED gold certified buildings are the ThreeE-com and FourE-com Centers in MOAC, Mega Tower in the Ortigas CBD, Aura Tower in BGC, and North Towers in the heart of Quezon City.

Serving Fortune 500 companies and BPO and KPO firms, SM Offices continues to expand beyond its portfolio in Metro Manila. It now has offices in key provincial capitals, such as Bacolod, Davao, and Iloilo. All SM Offices sites are near public transportation networks and major thoroughfares, providing prime accessibility and convenience.

Hotels and Convention Centers



10

Hotels

2,602

Hotel rooms

6

Convention centers

2

Trade halls

The SM Hotels and Convention Centers (SMHCC) group develops and operates tourism destinations with a portfolio spanning the archipelago and totaling PHP 6.3 billion in revenue.

SMHCC has a portfolio of 2,602 rooms. These are found in the 261-room Taal Vista Hotel, a heritage hotel in scenic Tagaytay; the 400-room upscale Radisson Blu Hotel in Cebu; the 154-room Pico Sands Hotel in Hamilo Coast; the 204-room Park Inn by Radisson in Davao; the 255-room Park Inn by Radisson in Clark, Pampanga; the 348-guest room deluxe, five-star hotel, Conrad Manila in the Mall of Asia Complex; the 200-room Park Inn by Radisson in Iloilo; the 239-room Park Inn by Radisson North EDSA, the 151-room Park Inn by Radisson Bacolod, also the first international hotel brand in Bacolod City; and the 390-room Lanson Place MOA.

The SMX Convention Center, a popular venue for local and international events, caters to different gatherings, from exhibits and weddings to concerts, town hall meetings, and large-scale institutional events. SMX has successfully branched out to Taguig and areas outside Metro Manila, such as Davao, Bacolod, Olongapo, and

Pampanga. In addition, popular mall destinations such as SM Megamall and SM Seaside Cebu also have trade halls.

SMX Convention Centers is the Philippines' largest privately run exhibition and convention business. SMHCC's establishments provide quality venues for various contemporary needs and a spectrum of different experiences while giving the rest of the world access to exceptional Filipino hospitality. SMHCC's trade halls and convention centers aims to reduce and manage solid waste such as plastic and paper by recycling them with local recycling partners.

SMHCC is committed to greening the supply chain and embeds sustainability efforts and campaigns into every step of their operations. It endorses a back-to-nature approach, relying on responsible local sourcing and a closed-loop economy supported by sustainable practices in water and waste management. SMHCC believes in supporting its host communities through job creation, and helping the local economy through strategic partnerships.





Joint Message of Henry T. Sy, Jr. and Jeffrey C. Lim

Our journey at SM Prime is a testament to the power of dreaming big. It showcases the remarkable outcomes achievable when **we pursue those dreams with dedication, faith, and hard work.**



Henry T. Sy, Jr.
CHAIRPERSON



Jeffrey C. Lim
PRESIDENT

To our fellow shareholders,

SM Prime Holdings, Inc. approaches its 30th anniversary as a public company this 2024. We reflect on 2023 with a sense of gratitude and pride in the resilience and achievements of our people and our various businesses. SM Prime, despite the global economic slowdown has continued to forge a path toward expansion and innovation, resulting in substantial growth unlike any we have seen since the pandemic.

It is with honor and duty that we hold our stakeholders' trust, assets and aspirations in our hands. This responsibility drives us to adhere to the highest governance and sustainable development standards, ensuring that we not only meet but exceed their expectations.

As a result, we weathered the year's economic challenges and set new benchmarks in our business sector. We launched groundbreaking projects and enhanced customer experiences across business platforms, reinforcing our role as a pivotal contributor to the overall economic growth of our country.

Performance Overview

SM Prime's consolidated revenues saw a significant increase in 2023, underscored by the rise in retail activities and the successful launches of new malls, residential projects, and the enhancement of our commercial, leisure, and hotel properties.

We posted a PHP40.0 billion consolidated net income in 2023, 33% higher than PHP30.1 billion in 2022. Our consolidated revenues reached PHP128.1 billion, 21% greater than last year's PHP105.8 billion. Consolidated operating income grew by 24% to PHP61.3 billion from PHP49.2 billion.

SM Prime's mall business, which accounts for 56% of our consolidated revenues, posted a robust 30% growth, reaching PHP71.9 billion from PHP55.4 billion in 2022, buoyed by a 24% increase in mall rental income of PHP61.3 billion. Our retail presence now spans 85 malls in the Philippines and eight in China. SM Prime's residential business group, led by SMDC, recorded an



Creating more sustainable communities by increasing integrated property developments across the country



Leading sustainable developments and efforts by incorporating science-based targets in our growth strategy



Championing people's growth through continuous development and skill training

8% growth in revenues to PHP43.1 billion in 2023 from PHP40.1 billion in 2022. Residential group's gross profit rose by 15% to PHP25.4 billion in 2023 from PHP22.1 billion in 2022. Reservation sales stood at PHP102.1 billion in 2023. This translates to more than 21,000 residential units sold in 2023.

SM Prime's other key business companies, which include offices, hotels, and convention centers, made up the 10% of our consolidated revenues and has reported PHP13.1 billion in revenues in 2023, a 26% increase from PHP10.3 billion in 2022. Our office unit posted PHP6.8 billion in revenues, while our hotels and convention centers unit reached PHP6.3 billion in 2023.

This positive outcome is a testament to the confidence awarded to us by our communities. We have guarded optimism about our outlook into 2024 as we execute our strategic expansion initiatives across our principal business segments, notably within our mall and residential property divisions. With a vision set on a PHP100 billion capital expenditure for 2024, we will further enhance our various integrated property developments this year.

Expansion and Innovation

Our malls continue to serve as vibrant centers of community life, fostering entrepreneurship and social connections. In 2023, we opened SM City Bataan, SM Center San Pedro, and SM City Sto. Tomas, boosting our retail spaces and enriching customer experiences. We're also enhancing anchor malls like SM City North Edsa, SM City Cebu, and SM Mall of Asia, highlighting our pledge to architectural innovation and resilience against disasters.

SMDC is pioneering new concepts in our residential segment with projects like Ice Residences, which combines residential units with office spaces, a first in our Mall of Asia Complex. Moreover, our collaboration

with Federal Land on The Estate in Makati highlights our venture into luxury living, promising unmatched city vistas and privacy.

We also solidified our partnership with Radisson Hotel Group and Lanson Place Hospitality Management Limited (LPHML) to broaden our portfolio. This growth aligns with our overarching strategy to spark economic development, generate more jobs, offer premium accommodations, and cater to the increasing demand for leisure and business facilities nationwide.

Sustainability and Corporate Social Responsibility

As society increasingly looks to the private sector to tackle broader societal challenges, we continued investing in innovative technologies, infrastructure resilience, community development, and environmental sustainability.

SM Prime is dedicated to achieving Net Zero carbon emissions by 2040, emphasizing the importance of science-based targets in our growth strategy. To date, we've partnered with various renewable energy suppliers to further support the Department of Energy's goal to increase the renewable energy share to 35% by 2030. Additionally, our ongoing work with the World Wide Fund (WWF) for Nature-Philippines focuses on verifying our commitment to reducing greenhouse gas emissions.

In water efficiency, we have significant water recycling measures that recycled over 4.4 million cubic meters in 2023 alone. We also prioritize sustainable sourcing, supporting local farmers to enhance food security and promote sustainable agricultural practices. Our commitment extends to our hotels and restaurants, where we adopt practices to minimize food waste. Furthermore, we advocate for eco-friendly transportation by enhancing pedestrian and bicycle infrastructure around our commercial centers.



For its part, SM Supermalls' SM Cares and SMDC's The Good Guys continue to serve different communities through partnerships with various sectors of the society to further improve the lives of the many. Included in these activities are coastal clean-ups, donation of school buildings, fire trucks, and hosting an eco-camp for youth, which aimed to empower environmental stewards among the youth sector.

In terms of fostering an inclusive culture where everyone can find fulfillment, in 2023, SM Cares and The Good Guys hosted various advocacies including community disaster preparedness, support for senior citizens and PWDs, livelihood generation and entrepreneurship, among many others. To date, 67% of our mall tenants are micro, small, and medium entrepreneurs (MSMEs) bringing new perspective and color to the retail industry.

Our combined efforts delivered us new milestones that served as a testament to our unwavering commitment to providing efficient and friendly developments and management to people and environment. In 2023, we received the Five Golden Arrow Award from the Institute of Corporate Directors (ICD) at the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Recognition and Asia's Best Employer Brands from CMO Asia, which attest to our stronger foundation of building a trusted company. Our Company was also recognized at the Steward Leadership 25 for demonstrating resolute action to drive sustainable and profitable growth by addressing the social and environmental challenges that threaten humanity.

Strategic Focus and Future Outlook

Our achievements for 2023 would not have been possible without the dedication and excellence of our workforce. We extend our most profound appreciation to our employees for their hard work and commitment to our vision. To our customers, your loyalty inspires us to improve and innovate to meet your evolving needs

continuously. To our shareholders, your trust and support motivate us to dream bigger and work harder to create more shared values benefitting more Filipinos.

As we prepare to celebrate three decades of groundbreaking success, we pay tribute to the visionary leadership of our founder, Henry Sy, for inspiring our company to redefine the real estate landscape in the Philippines. Through his pioneering spirit, we have extended our reach beyond urban centers, facilitated inclusive economic growth, and touched more lives.

Our flagship developments, such as the Mall of Asia Complex, exemplify SM Prime's bold vision of the future. More than commercial successes, these integrated property developments embody our holistic approach to urban regeneration, where innovation and sustainability converge to enhance the quality of life.

Our journey at SM Prime is a testament to the power of dreaming big. It showcases the remarkable outcomes achievable when we pursue those dreams with dedication, faith, and hard work. This animating force for positive change is at the heart of our long-term growth strategy as we look toward the future, committed to introducing world-class developments to the Philippines with the firm belief that our best achievements are still ahead of us.

Thank you for being an invaluable part of our continuing journey.



Henry T. Sy, Jr.
CHAIRPERSON

Jeffrey C. Lim
PRESIDENT



How We Create Value

Since day one, SM Prime has understood that an **authentic and practical commitment to communal development** is vital to shareholder value, financial stability, and business growth.



Our Value Creation Model and Strategy

Pathways to Shared Value: Our Model and Approach

SM Prime's value creation model is anchored on our vision "to build and manage innovative, sustainable integrated property developments that are catalysts for a better quality of life." Our goal goes beyond constructing

strong buildings; we aim to create sustainable, integrated property legacies that will benefit future generations while securing a sustainable future for our living planet and developing society.

SUSTAINABILITY FRAMEWORK



Since its inception, SM Prime has significantly enhanced the quality of life for millions of Filipinos.

Through our expansive network of SM Supermalls, encompassing 93 shopping centers and lifestyle malls, we serve over 22,798 tenants and cater to an average of 3.9 million daily customers nationwide on a daily basis. This network not only bolsters socio-economic growth but also provides a vibrant community space for people from all walks of life.

Our commercial properties offer vital infrastructure for mid-sized to large local and multinational companies, drawing multi-millions of pesos in investments every

year. These spaces are designed to meet the dynamic needs of businesses, fostering innovation and growth within the Philippine economy.

Meanwhile, our residential developments go beyond offering safe and secure living spaces. They have played a pivotal role in establishing sustainable communities, providing families and individuals who previously lacked access to quality homes not just with residences but a foundation for a better quality of life.

Finally, our leisure residences and hotels and convention center group contribute to the diversification of our portfolio by offering premium lifestyle, tourism, and

Aiming for a future marked by sustainability, resilience, and widespread prosperity by 2030, 2040, and beyond, our strategy encompasses:

Climate Resilience

We adapt to changing environments and forecast and prepare for unforeseen events, making sure we quickly bounce back when faced with challenges. SM Prime actively invests in measures to reduce disaster risks before they occur, ensuring we are always prepared and resilient.

Prosperity for All

Our developments are catalysts for socio-economic progress that deliver tangible benefits for all. This vision includes generating quality employment opportunities, creating business prospects for suppliers, and improving the quality of life for our customers, thereby fostering an environment of prosperity for everyone.

Environmental Sustainability

We develop programs and find solutions to realize Net Zero emissions by 2040, forge pathways towards a waste free future, and champion proactive water stewardship.

business destinations. They not only cater to the leisure needs of our clients but also support the tourism industry, hosting numerous local and international events that draw visitors from around the globe.

By continuing to innovate and expand across these varied sectors, SM Prime remains committed to its mission of enhancing urban living and contributing to the nation's growth, ensuring a sustainable and prosperous future for the Philippines.

SM Prime's diverse companies generate PHP 128.1 billion in revenues, contribute over PHP 13.5 billion to the government, generate millions of jobs, and transform

2,324 (hectares of land under SM Prime) into world-class mixed-use developments. All our projects ensure environmentally sustainable, disaster-resilient, and socially inclusive communities for future generations.

Sustainability for SM Prime

Our commitment to sustainability, resilience, and prosperity is embedded in our operations, from the initial design phase to construction and management. SM Prime is not just constructing buildings; we are engineering a sustainable, resilient, and prosperous future for all.



SM Prime is dedicated to engineering a sustainable future. We develop integrated property developments that stand as legacies for future generations. Our overarching goal to contribute to sustainable development follows a multifaceted strategy.

To achieve net zero emissions by 2040, we will expand our use of renewable energy, enhance energy efficiency, and adopt sustainable construction practices. We also aim for a waste free future through waste management strategies emphasizing reduction, reuse, and recycling. Water stewardship is another cornerstone of our commitment, involving advanced water conservation technologies and practices.

In adapting to and mitigating climate impacts, our approach is twofold: minimizing damage from unforeseen events and enhancing our capacity to

adapt to challenging environmental conditions. Our investments in these areas are made with the foresight of potential calamities, ensuring that our infrastructure and communities are robust and adaptable. These include integrating resilient design and materials in our developments, risk assessment models, and disaster-risk reduction measures.

At SM Prime, we also view our developments as platforms for socioeconomic growth. This vision is realized by creating quality jobs and business opportunities for local suppliers and the enhancement of the overall well-being of our customers. Our malls, commercial properties, and residential developments are accessible and inclusive, promoting economic activity and community engagement.

SM Prime leverages the latest technological innovations to achieve all these goals and collaborates with engineers, architects, and urban planners. Our projects incorporate smart technologies, green building standards, and sustainable urban planning principles that align with global best practices.

Our commitment to sustainability, resilience, and prosperity is embedded in our operations, from the initial design phase to construction and management. Through these concerted efforts, SM Prime is not just constructing buildings; we are engineering a sustainable, resilient, and prosperous future for all.



Stakeholder Engagement

Purpose in action, meaningful dialogue, and lasting impact

We hold true to who we are and what we stand for through continued dialogue with our stakeholders. Our operations confirm the relationship we have nurtured with our communities as we endeavor to remain responsive and relevant to the concerns of the world around us.

We define stakeholders as organizations or groups reasonably expected to be affected by our operations or whose actions significantly impact our ability to achieve our business mission and sustainability targets. We identify our top stakeholders, define engagement platforms, and analyze stakeholder feedback. Our diverse stakeholder engagement methods allow us to consider all significant issues in our management's decision-making processes.

SM Prime's top stakeholders across its group of companies remain unchanged from the previous year. They are our Customers, Employees, Investors and Shareholders, Local Communities, Suppliers and Contractors, Government Partners, and Multi-sector and Sustainability Partners.

Creating Value for our Stakeholders

The future of real estate development must be sustainable. There is no other option. We are bound to the promise of advancing the right of every person to a better quality of life through heightened climate action, disaster risk reduction, biodiversity protection, and strategic corporate social responsibility programs.

Our mission to build sustainable communities rewards us in manifold ways. It helps us integrate and sharpen our strategies, guarantees our resiliency and growth, and paves the path for the longevity of our business and brand.

Using science-based strategies, coupled with less energy and water and minimal extraction of virgin materials, SM Prime grows our businesses while ensuring that future generations have the resources they need to thrive. During the year under review, here are the ways we created value for our stakeholder groups and addressed their concerns.



Customers

SM Prime will first and foremost exist for our customers and our loyal community of clients and guests.

We continue to grow with our customers, clients, and our guests. In 30 years, our business keeps evolving with the changing economic landscape and social trends, from creating spaces that entertain and celebrate family, culture, and community, to providing accessible services and the best value for all.

SM Prime honors diversity, age, and the expression of the creativity and interests of all our customers and guests through our malls, convention centers, and hotels. Our properties are top of mind as reliable venues not only for shoppers but also for professionals, guilds, and various groups that hold gatherings in specialized fields, sports competitions, or performance arts.

We cater to all demographic groups in all major geographical regions in the Philippines and some parts of China. Our commercial properties also provide growth opportunities for top multinational and local companies in financial services, information technology, telecommunications, logistics, retail, and business process outsourcing.



Employees

The well-being of our employees is essential to everything we do as a company

Our employees are the heart of our work. We believe in an environment that values an individual's contribution to the greater whole of the organization. To support their personal and professional goals, we've invested in training, infrastructure, and programs that look out for their physical health and mental well-being, providing opportunities for development and growth.

Ours is a diverse and inclusive work culture based on trust, respect, teamwork, and camaraderie. Despite the multi-generational workplace, differences in professions, and a mix of backgrounds, SM Prime takes the opportunity to transcend the gaps by opening the communication lines to address concerns immediately.

Feedback is crucial. Our human resources conduct check-ins, casual chats, and regular performance evaluations to give our employees a deeper sense of their goals. We adapt to mediums that best reach all generations, whether through mobile apps, email announcements, group messages for onboarding new employees, and get-togethers that celebrate company milestones.



Investors and Shareholders

Delivering healthy and sustainable financial returns

We protect and sustain investor capital and maintain asset integrity. Through regular investor meetings and timely responses to queries, we provide feedback and assessments that attract and retain the confidence of our investors. We also participate in selected ESG rating agency surveys and disclosures for improved transparency to boost our leadership capacity in the Philippine real estate industry.

Our method of engaging our investors and shareholders is mainly through our Annual Stockholders Meeting (ASM), which reports our yearly performance and plans. We identify growth opportunities and innovations, communicate our sustainability leadership and investment strategies, and ensure we provide various appropriate channels, such as virtual platforms.



Multi-Sector & Sustainability Partners

Strengthening our civil society and non-profit alliances

We operate in an ecosystem with complex challenges. When united with enterprises and conglomerates that have similar and interrelated goals, we can propel the country to a sustainable future.

We also know that we cannot do it alone. At SM Prime, our balanced work with non-government organizations (NGOs) and the media, as well as our joint alliances with corporate partners and industry players, have been crucial to the success of our brand and business.

We've opened our doors for dialogue and welcome everyone who embraces the development and growth of our nation, whether through events and projects that rally our fellow conglomerates to share best practices and commit to corporate alliances or rallying the youth with partner NGOs and agencies to maximize their leadership potential.



Suppliers and Contractors

Responsible sourcing and a sustainable value chain

We define suppliers as accredited companies or individuals that provide the services, materials, and products needed to complete a project under a written contract. Our valued contractors are accredited companies, organizations, or corporations undertaking or executing a project or process following an agreed contract.

From procurement to planning, we aim to be a responsible and trustworthy partner. Through regular communication, we openly discuss their concerns on process improvement and address these promptly and efficiently.

One of our most valuable engagements is with technical contractors in building our properties and infrastructure to minimize hazards, guarantee worker safety, and ensure the security and physical well-being of all our customers, tenants, guests, and the greater community. We strengthen our relationships with engineering or technical contractors in every building project to face, overcome, learn, and continually grow from each challenge.

Ultimately, we aim to strengthen our productive teamwork capabilities, nurture like-minded business partners who share our sustainability vision, and promote and hold our suppliers accountable to our environmental and worker health and safety policies.



Local Communities

Creating a ripple effect of thriving communities

We use the term community to describe the residents, organizations, sector partners, and civic organizations affected by our business operations. Our mission is to help communities thrive, especially those needing physical, financial, and social infrastructure and support.

Beyond creating sustainable integrated properties, the key to shaping an inclusive and responsive community is through access. We mobilize our resources to help local charity programs and drives, sponsor sports events like marathons for a cause, organize community clean-up activities, participate in nationwide programs led by our sustainability or government partners, and so much more.

In doing so, we create more opportunities for dialogue, whether through face-to-face events or modern avenues in social media. These channels are an excellent way for SM Prime to spotlight advocacies that lack funding or public awareness and reach out to those who need a supportive platform to raise their concerns



Government Partners

Deepening our stake in nation-building

Public-private partnerships are an effective way to create sustainable societies. SM Prime aims to collaborate across departments, agencies, local government units, and financial institutions to ensure proper compliance and achieve our desired long-term results. These concerted efforts deepen our involvement in meaningful development programs for a more robust national economy.

A Memorandum of Agreement (MOA) is the first step to formalize the engagement in all projects to align the involved parties in an appropriate framework. Whether it's a current or incoming administration, we build on relationships through our continued support of government programs. We provide opportunities for parties to come together on our shared advocacy of sustainability, resilience, and nation-building.

We make sure to conduct programs and activities that serve the public good in areas like environmental policies, health protocols, and safety regulations. These efforts ensure the wide dissemination of information through our properties and social media channels.

Issues that Matter

Our Materiality Approach

SM Prime’s materiality assessment follows a multi-stakeholder approach. It offers insights into our financial and sustainability impacts and how these impacts contribute to our businesses and matter to our stakeholders. Amid a rapidly evolving business environment, this exercise aligns our strategy and objectives with the needs of our stakeholders and operating companies to foster enduring shared value.

At SM Prime, we regularly communicate our approach to determine the most effective way to implement and deliver value to our stakeholders. Throughout our engagements with stakeholders, we identify our actual impacts based on their needs and align them with SM Prime’s capabilities and resources. We prioritize the identified needs through our internal processes, validate if the priority topics align with the company’s objectives for the upcoming year, and review the results. The diagram below illustrates this process.

Step 1: Identify

Identified 29 economic, social (employee and community), and environmental-related issues selected from EESG issues listed in national and international reporting standards (i.e., GRI Standards, SASB, and other guidelines).


Step 2: Prioritize

Prioritized the selected EESG issues through a double materiality approach. The materiality matrix is analyzed from two perspectives, as illustrated below.

MATERIALITY MATRIX

	Economy <ul style="list-style-type: none">• Business Model Resilience• Materials Sourcing and Efficiency• Product Design and Lifecycle Management• Resilient Infrastructure• Supply Chain Management• Economic Growth and Performance• Infrastructure Investment• Assistance to the Government• Disaster Response
	People <ul style="list-style-type: none">• Employee Welfare• Occupational Health and Safety• Employee Compensation• Employee Engagement, Diversity and Inclusion• Labor Practice

DOUBLE MATERIALITY

	Financial Materiality <ul style="list-style-type: none">• Focuses on information concerning the company’s financial performance and material factors that can impact financial decision-making.• Addresses matters relevant to investors, shareholders, and those involved in financial analysis.
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At SM Prime, we regularly implement and communicate our approach to determining **the most effective way to deliver value** to our stakeholders.

Step 3: Validate

Validated the EESG issues of high importance to stakeholders and our company setting our priority materiality topics.

Step 4: Review

Annually conduct assessments to enhance our current processes and implement solutions that better respond to the needs of our stakeholders based on the identified priority material topics. Moreover, publishing annual integrated reports and other sustainability communication materials related to the materiality process demonstrates our aim to be more transparent and receptive to feedback.



Environment

- Waste and Hazardous Waste Management
- GHG Emissions
- Air Quality
- Waste and Wastewater Management
- Energy Management
- Ecological Impacts
- Environmental Compliance



Community

- Human Rights and Community Relations
- Data Security
- Customer Privacy
- Selling Practices and Product
- Labeling Access and Affordability
- Product Quality and Safety
- Customer Welfare
- Property Management



Impact Materiality

- Involves information on the reporting company's impact on the economy, environment, and people.
- Benefits a broader range of stakeholders, including investors, employees, customers, suppliers, and local communities.



A Closer Look

Behind the Boardroom:

**An Interview with
SM Prime's Jeffrey C. Lim
on Respect, Hard Work,
Perseverance and Growth**

In time for SM Prime's 30th anniversary and coincidentally marking his 30th year, our President and CEO Jeffrey C. Lim, or JCL, talks about his values, his long career at SM Prime, and the lessons he continues to learn managing the country's largest real estate company.

Many things go into the making of a great leader. But for Mr. Jeffrey C. Lim, SM Prime's President and CEO, it is about committing to the massive challenges that will always lie ahead and graciously becoming part of the company's growth story.

"For me, true leadership is marked by a solid dedication to collective success. It is not a spotlight for highlighting my individual achievements," JCL says. "It's a beacon that guides the entire organization towards a shared vision of excellence and growth."

Be a Man for Others

JCL's approach is rooted in the belief that the best leaders elevate others, foster collaboration, and drive the company forward with a unified sense of purpose.

"I credit my brand of leadership to Tatang Henry Sy and his family," he says. According to JCL, the Sy family has always embodied a quiet leadership style that emphasizes vision, humility, and the welfare of others above all else.

"Henry Sy's leadership was characterized by his unassuming presence and a keen focus on balancing short-term wins with long-term ambitions," JCL says. "He was a visionary who understood the value of patience and perseverance. Despite his vast accomplishments, his ability to remain humble served as a constant reminder to me that true greatness lies in humility and service."

Under Tatang's tutelage, JCL learned the importance of being a leader who listens, supports, and empowers. This approach has not only facilitated SM Prime's positive environment but has also cultivated a loyal workforce. From four employees when SM Prime was born in 1994, the company now has 11,248 employees across the property group spanning its operations all over the Philippines.

Not only that, the company has achieved astonishing growth since then. From a portfolio of only four malls, namely in North Edsa, Sta. Mesa, Megamall, and Cebu, the company now has 85 malls in the Philippines and eight malls in China, 91 residential developments, 18 office buildings, ten hotels, six convention centers, and two trade halls.

Hard Work Always Pays Off

Like Tatang's journey, JCL's life story is characterized by an unassuming start. From his early education in Bongao, Tawi-Tawi, and Zamboanga City to overcoming financial challenges to study at the University of the East in Manila, JCL's life narrative is one of overcoming adversity through hard work.

His professional path is a testament to the rewards of diligence and resilience. Despite not being an honors graduate, he brings a commendable work ethic and a notable ability to foster collaborative relationships. “I don’t consider myself highly intelligent. I’m just a hard worker, and I think I work well with people,” JCL shared, underscoring the value of perseverance and teamwork over personal accolades.

After graduating with a degree in accountancy, he hurdled the CPA board exams and quickly landed a job at SyCip Gorres Velayo & Co., also known as SGV, the largest and most prestigious accounting firm in the Philippines.

“When I entered SGV, I was with a bunch of very talented and driven college graduates, most of whom finished summa or magna cum laude. Compared to them, I felt insecure and underqualified. But, rather than be discouraged, I used this fact to work harder and prove myself.”

His tenure at SGV, followed by international stints in Hong Kong and the U.S., illustrated the global scope of his expertise and dedication. It also laid the foundation for his future leadership roles at SM Prime, where he started as the Vice President of Finance and Administration. His reputation as a brilliant finance manager traveled far, and soon, local and international firms began calling with compensation packages too attractive to ignore.

JCL recalls: “I initially wanted to say yes to one of the more lucrative offers. But Tatang called me into his office,” he shared. Without explicitly stating it, Tatang conveyed a powerful message about advancement, loyalty, and belonging, and how much JCL meant to the SM family. The exchange differed greatly from the transactional talks with the other firms. Tatang’s unique and heartfelt way of emphasizing the importance of personal relationships and trust within the company left an indelible mark on JCL.

“I realized a deeper sense of belonging and purpose was valuable above all else,” he shared. When it came to life-changing decisions, it dawned on JCL that his future could not be measured by salary alone but by the trust and respect he had earned from the company’s leaders.

True enough, his subsequent promotions, first to Chief Information Officer, then Chief Finance Officer, then President and CEO, resulted from thinking beyond career strategies. Instead, he focused on nurturing relationships and concentrating on the work at hand. “I found my true professional home at SM. They became my second family, guiding me and always advancing my best interests.”

“I also realized throughout these years that if you work with only personal gains and money in mind, you usually end up feeling empty,” he declares. “You attain genuine happiness when you love what you do and work alongside people who respect you, are honest with you, and care for you.”

Be Patient and Persevere

JCL articulates a seemingly straightforward formula for success within SM Prime: a blend of patience, a deep concern for others, and the resilience to eschew shortcuts in favor of the rigors of hard work.

“In the long run, it’s the dedication to doing things right, rather than quickly, that sets SM Prime apart,” JCL reflects. He emphasizes the importance of savoring the journey and the things one encounters along the way — embracing challenges, striving for excellence, yet always making room for self-care. This approach, JCL suggests, is not only the key to personal fulfillment but also to fostering a nurturing and productive workplace.

“The SM family will invariably present challenges,” JCL observes, “but the outcomes are profoundly rewarding if you remain committed, engaged, and mindful of your well-being and that of your colleagues.”

Reflecting on his early career, JCL recounts his initiation into the professional world through tasks that many might deem mundane or trivial. “In my first jobs, I had to photocopy documents, make bank deliveries, conduct inventory, and even drive my boss for an important function,” he shared.

Far from viewing these tasks as beneath him, JCL saw them as integral steps in graduating from the School of Experience. “The experiences that you go through are the reasons that you are who you are today,” he

“Our journey at SM Prime demonstrates the power of dreaming big and the incredible achievements that follow when you **pursue those dreams with determination and hard work.**”

says. This perspective reveals a crucial insight into JCL's leadership principle: there are no insignificant tasks in pursuing excellence. Every responsibility, no matter how small, contributes to the larger goal and offers growth and learning opportunities. "Achieving fulfillment in your work, initiating actions on your own — these qualities demonstrate your intrinsic value and reveal your worth to your superiors and seniors," JCL shares.

Respect has to be Earned, Never Imposed

Another critical work trait for JCL is the value of being respectful of people. He says we must always strive to work with others, learn to adapt, and be flexible. "I always pay attention to how people treat their co-workers, especially being considerate to people under them," he shares.

Indeed, this trait of regarding individuals with respect and empathy has been a cornerstone of JCL's leadership and SM Prime's workplace culture. He believes that success in the corporate world doesn't just hinge on intelligence, awards, or strategic prowess but significantly on how leaders treat their people.

"In all my years with SM Prime, I've learned that leadership is less about commanding and more about listening, understanding, and empowering," JCL reflects. "It's about creating an environment where each and every employee feels valued and respected."

This philosophy of mutual respect and empathy, JCL said, is a two-way street. "I won't pretend to be an expert on many things. Up to now, it has been a continuing journey. Rather," he says. "you have to allow yourself to learn from the insights and experiences of others. What matters, in the end, is how you work with people. If you are kind and treat colleagues the right way, the rewards will be more meaningful, more special."

Never Stop Dreaming Big

As SM Prime celebrates thirty years of success, JCL attributes the spirit of dreaming big as the cornerstone of the company's achievements. Under his stewardship, SM Prime has expanded its horizons and redefined the concept of integrated property developments. By venturing into rural centers across the Philippines and

investing in sustainability, SM Prime brings inclusive economic growth to more people beyond the urban strongholds.

The creation of the MOA complex also stands as a testament to SM Prime's ambitious dreams. This blueprint for the future city encompasses more than commercial success; it represents a holistic approach to urban development. Here, innovation meets sustainability, where every structure and initiative is designed to enhance the quality of life while respecting the environment. This forward-thinking model showcases SM Prime's commitment to being at the forefront of creating spaces that are not only business-centric but also community-oriented and environmentally sustainable.

JCL's leadership has been instrumental in navigating SM Prime through expansion challenges while focusing on the company's core values. He emphasizes the importance of never losing sight of one's dreams, no matter how lofty they seem. "Our journey at SM Prime demonstrates the power of dreaming big and the incredible achievements that follow when you pursue those dreams with determination and hard work," he reflects. As SM Prime looks to the future, JCL remains committed to the company's vision of bringing world-class developments to the Philippines, driven by the belief that the best is yet to come.



JEFFREY C. LIM
SM PRIME PRESIDENT AND CEO



Prosperity with Purpose

Our commitment to developing sustainable integrated properties is matched by our efforts to **foster vibrant, inclusive communities** wherever we build.

Integrating Social and Environmental Values in Property Development

At SM Prime, we're not just developing properties. We're dreaming big for our shared future. Our vision is rooted in the belief that even as a for-profit company, we can still drive broad, positive social change through innovative business solutions addressing our most pressing challenges.

Recognizing that true prosperity transcends financial success, our commitment to developing sustainable integrated properties is matched by our efforts to foster vibrant, inclusive communities wherever we build.

This involves adopting sustainable building practices — including using clean energy, eco-friendly materials,

and energy-efficient designs — and implementing proper resource and waste management strategies. Moreover, our developments actively involve and benefit local communities, ensuring that our properties lead to tangible improvements in people's lives.

In 2023, SM Prime's strategy marks a further evolution in our approach to development and management. By optimizing our resources and collaborations in a way that infuses our understanding of commercial success with sustainability principles, we aim to create more legacy properties that weather the challenges of time and last for generations.



Integrated Property Developments

Given the pivotal role of infrastructure in driving economic growth, SM Prime has been actively involved in developing integrated property developments (IPDs) across the Philippines since 1998, when we expanded from focusing solely on malls and entered the residential development sector.

SM Prime's Integrated Property Developments (IPDs) are multifaceted and designed to foster a blend of retail, residential, commercial, and leisure spaces in an efficiently managed area. They revive our urban landscape and create new communities that serve as economic and cultural hubs.

Our IPDs are composed of at least two real estate uses that encompass the essentials of everyday living for every Filipino. As of the end of 2023, SM Prime has a portfolio of 21 IPDs across the country, addressing the urban development challenges of the Philippines. They are strategically located and accessible properties that facilitate connectivity and economic integration. They are built in growing economic centers, inspiring urban regeneration, conurbation, and the development of underserved areas.

All our IPDs, whether they are compact townships or large mixed-use developments, are characterized by their inclusivity and sensitivity to environmental protection and heritage preservation. Our IPDs are, therefore, dynamic and diverse – mirroring the needs of an inclusive array of people. They provide a range of facilities and services that cater to a broad spectrum of our population.

As a result, we incorporate green building practices, efficient transport systems, and amenities like bike lanes and walkways in line with global building standards. Our IPDs are compact and pedestrian-friendly, features that are vital in dense urban areas where traffic congestion is a persistent challenge. This focus on sustainability is critical in mitigating the environmental impact of urban sprawl in a developing country like the Philippines.

And given our geographic vulnerability to natural disasters, we incorporate disaster-resilient features into all our developments. These include elevated construction, robust water management and flood-prevention systems, and earthquake-resistant designs.

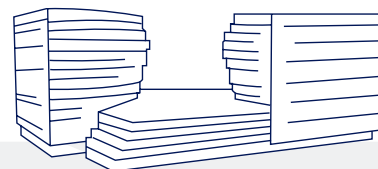
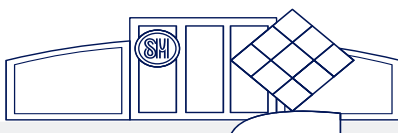
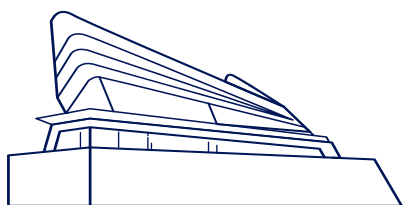
As we move into 2024, we look forward to expanding our portfolio of malls, offices, hotels and convention centers, and residences in other developing cities in the Philippines, with an emphasis on Northern Luzon, Visayas, and other progressive cities in Mindanao for SMPH malls.

IPD Design Principles

The design principles of SM Prime's IPDs aim to set a new standard for sustainable urban development. They forge a harmonious relationship between environmental sustainability, social well-being, and economic prosperity.

We believe that thoughtful planning and design can address many of the challenges faced by today's cities, from addressing congestion and pollution to biodiversity protection. Our approach is centered around creating spaces that are not only economically viable but also environmentally responsible and socially inclusive.

This involves a meticulous process of selecting locations, designing for efficiency, and incorporating green technologies and practices. By doing so, we ensure that our developments contribute positively to the surrounding communities and the planet, setting new benchmarks for what it means to be a responsible developer in the 21st century. Through these principles, we aim to shape the future of urban living in the Philippines.



Metro Manila

- Novaliches, Quezon City
- Fairview, Quezon City
- North EDSA, Quezon City
- Sta. Mesa, Quezon City
- EDSA, Mandaluyong City
- Pasay
- Taguig City
- Sucat, Parañaque City
- Bicutan
- BF Parañaque
- Las Piñas

Pursuing Net Zero



Contribute to the global transition to a zero-carbon economy by reducing greenhouse gas emissions in all sectors, especially transport and energy systems

Healthy Habitats and Places



Improve the quality and health of natural habitats within and beyond the development for the benefit of people and planet

Social Well-Being



Create safe places and effective systems which connect people and provide essential services for all

Sustainable Resource Use



Manage sustainable supply and demand of water, energy, and material resources to maintain security and a healthy environment

Disaster Resilience



Protect inhabitants and infrastructure from disasters through infrastructure, planning, design, and governance

Adaptive Management



Establish processes that track progress, celebrate successes, and learn from mistakes to enhance practices

Towards Sustainable Economies



Leverage the substantial demands of the development to prioritize and grow local businesses that provide sustainable products and services



Provincial Cities

- Olongapo, Zambales
- Clark, Pampanga
- Marilao, Bulacan
- Taytay, Rizal
- Trece Martires, Cavite
- Sta. Rosa, Laguna
- Iloilo City, Iloilo
- Bacolod City, Negros Occ.
- Seaside City, Cebu
- Cagayan de Oro, Misamis Oriental
- Davao City, Davao



A Closer Look

From Strength to Strength:

Forging the Path to Greater Resilience at SMDC

The threats of climate change to infrastructure and property development are substantial and urgent. This is why, for SMDC, addressing these challenges is non-negotiable, requiring a careful approach that integrates climate resilience into planning, management, and capital investments. Inspired and empowered by a new breed of young and future-forward leaders, SMDC has emerged as a company to watch in this field.

Going to the heart of disaster planning

According to Jessica “Jica” Sy, SMDC’s Assistant Vice President and the Project Director of its Business Development Group, “resiliency in property and community development is the cornerstone of SMDC’s sustainability efforts.”

With a Bachelor’s degree in Architecture, Jica says that her interest in disaster risk reduction (DRR) began growing up here in typhoon-battered Philippines. “None of us are spared from typhoons and natural calamities. I have friends who have lost their homes or have been stuck on the roof for days because of flooding. Also, before we were married, my husband had to swim from Antipolo to Cainta. The roads were flooded, and his Dad was stranded at home, so he swam parts of the way home along Ortigas Extension. Natural disasters affect everyone in our country, not just isolated communities.”

While working on her architecture degree in Brisbane, Australia, she realized that as a property developer, “the choices we make early on at SMDC impact the lifespan not only of our physical properties but could also dramatically enhance the quality of life of our communities.”

This is why SMDC is now integrating disaster and climate resilience right into the blueprint of every development. “We focus a lot on early concepts, value propositions, what drives a project to succeed, not just for sales, but for our communities and their welfare.”

From land acquisition and concept creation to architecture and design, Jica’s work is to discover what makes each community unique and strong and how they can tap these strengths to develop properties that elevate that community.

To some, the idea of DRR might seem removed from the shiny façade and sleek images of progress that real estate developers usually present to the public. Jica, however, explains that their work goes much deeper than that.

“Essentially, we create the backbone that will support the physical structures and the resilience of the communities that inhabit them. It’s about integrating sustainability and disaster preparedness into our core design principles,” she elaborates. This approach means considering not just the immediate impact of construction but also how buildings and spaces can adapt to and mitigate the effects of climate change and the evolution and growth

of the community over time. “We’re not just building condominiums and houses; we’re building precious homes that must stand the test of time and nature,” Jica adds.

According to Jica, a lot of information on disaster resilience is available globally, but having it translated to our local context to foster better solutions is still an emerging field. “There’s currently not a lot of regulations around what’s the best practice for DRR locally,” she says. “So as a large-scale developer, we must put ourselves at the forefront of figuring out how to serve our country best.”

For Jica, the approach to disaster resilience in the Philippines requires a nuanced understanding of the country’s diverse geographic challenges. “When I refer to the Philippines, I’m not speaking in broad strokes. We must consider the unique micro-climates and the possible strengths and risks faced by specific locations within the country,” she clarifies.

Jica underlines the importance of recognizing that while the Philippines, as a whole, is susceptible to increased disaster events, certain areas face heightened risks of landslides, flooding, or earthquakes. “The overarching challenge in DRR is strategically leveraging our resources to tailor resilience efforts to each locale, ensuring that the most vulnerable areas receive the focused attention and support they need to keep the impacts of disasters at the very minimum.”

Finding Strength in Numbers

Today, SMDC’s understanding of disaster resiliency extends beyond the drafting table and into the very fabric of the communities SMDC helps to build. “It’s about partnership,” Jica says. “One where our expertise in design and development meets the lived experience of our communities to create something truly resilient.”

By tapping global experts, local governments, other private companies, and community leaders in the planning, execution, and maintenance process, SMDC ensures that their developments meet the real needs of

the people who will live there, incorporating global best practices with the local knowledge and practices that have helped communities survive and thrive in the face of natural disasters.

“Ever since the foundation of the SM Group, we have known we could not create great change alone. We are open to various partnerships and friendships, with the public sector, other businesses, and even with our competitors. Collaboration is key in updating our knowledge,” she says. “We rely on experts from different fields and different universities, research authorities, and companies. And see how we can adapt their own vision and goals towards our sustainability vision. Also, while I am currently assigned to SMDC, I consult with members of my family and the leaders of our other subsidiaries. For example, I ask the SM Malls for their expertise, especially their engineering groups, because they carry a wealth of knowledge from decades of experience.”

“We also keep a close relationship with our barangays,” she said. “We create events and workshops for DRR. We also try to retain some oversight or ownership of property management. This makes sure everything stays up to our standards, and we can share best practices among our properties even after they have been turned over. Ultimately, it is still an SMDC product, so we want to make sure the quality product you bought years ago is still the quality product you have now.”

Helping our Weakest Members

Indeed, beyond the physical resiliency of infrastructure lies the social dimension of sustainability and resiliency, a facet that requires equal, if not more, attention.

According to Jica, “The ability of a community to bounce back from adversity is not solely dependent on the robustness of its buildings but also on the strength of its social fabric. Strengthening this social fabric involves fostering connections, mutual support, and a sense of belonging among residents. It means creating spaces encouraging interaction, collaboration, and a shared sense of purpose.

“We’re not just building condominiums and houses; we’re building precious homes that must **stand the test of time and nature.**”

By integrating community centers, green spaces, and shared amenities into their developments, SMDC aims to build not just houses but homes within a supportive and resilient community. This holistic approach ensures that resilience becomes a characteristic of the physical environment and the community ethos.

This emphasis on building stronger communities as a core aspect of disaster resilience highlights a pivotal shift in SMDC's approach to urban development. Traditional models have often prioritized physical infrastructure, but recognizing social networks as critical components of resilience represents a more comprehensive understanding of what resilience truly means. This understanding is particularly relevant in the context of climate change and natural disasters, where a community's recovery is significantly influenced by the strength of its social ties and the inclusivity of its economic structures.

"We are truly only as strong as the weakest members of our community, so when talking about resiliency, it is vital that we also talk about economic inclusivity and enriching the lives of our poorest communities," she added. "There is still such a high barrier to the entry of poor communities to home ownership in our country," said Jica.

"Our larger goal at SMDC is to have a home for every Filipino. I know we are still far from that, but we have to start now," she said. "I think we can get there through incremental steps. In the past, we considered taking them from nothing to a million – from living on the bare minimum to suddenly acquiring properties, which is such a giant or impossible leap. So I think we have to do it step by step, doing things incrementally. Rather than from point A to Z, let's make it easy from point A to B first, then dream a little bigger from B to D, and then D to G, and so forth."

Thinking Ahead and Having Big Dreams

According to Jica, at the core of SMDC's growth story is the principle of foresight — envisioning where the company aims to be a decade or two from now and

charting a course to turn those visions into reality. "One of the most important things my family taught me in business is thinking ahead and having big dreams," she said.

"I was born in the 1990s. Mall of Asia was then just a dream. My family started planning MOA in the 1980s. Back then, we had one mall, SM North EDSA. It is a testament to the power of dreaming big," she said.

But behind the idea of dreaming big lies an even bigger purpose for Jica. "In the end, what matters is dreaming big not for our own personal glory, but for God's glory and for the betterment of others, His Creation and children," she explained.

Like now, given our big audacious goal of 'Having a Home for Every Filipino.' We can't get there if we don't think big, or if we are already happy where we are now. So, constantly dreaming, and even if it seems impossible, go ahead and aim for it. It is a lesson that my father and family taught me, and I think this is the reason behind the success of SM Prime and the SM Group."

"The other thing is truly understanding people and having compassion and empathy," she said. "We are very privileged. Now we are in a beautiful room with a beautiful view. We can often forget that many people do not have the same privileges. So, being compassionate is very important. We are really the same in the end. The only difference is that I was born into a privileged position, which keeps me going to be humble, do more, work harder, and dream bigger."

JESSICA "JICA" SY
SMDC ASSISTANT VICE PRESIDENT
AND PROJECT DIRECTOR



Valuing our Natural Capital

SM Prime builds properties that inspire commercial activity and local economic growth. However, given the scale of our operations, we know we have an equally important responsibility to preserve our natural resources and protect our communities and businesses against pollution, waste, and climate change.

SM Prime's commitment to environmental stewardship is integral to our group's business model. As a sustainability leader, we aim to constantly elevate our contribution to urban renewal by using fewer resources and causing less emissions. We want to create more real estate values – for our mall customers, residents, visitors, and guests – while reducing our environmental footprint.

Starting in 2020, SM Prime has embarked on a significant transition toward clean energy sources and energy-efficient systems. We are committed to achieving net zero greenhouse gas (GHG) emissions by 2040 in alignment with the Department of Energy's program of scaling up the country's renewable energy component to

35% by 2030. To meet these targets, we have partnered with the World Wide Fund for Nature (WWF) Philippines for net zero roadmap and third-party renewable energy suppliers under the Retail Competition and Open Access (RCOA).

In 2023, total emissions across all three scopes amounted to 1,643,787.43 tonnes CO₂e, an increase of 13% percent from the previous year and 9% percent from 2021, which reflects the increase in projects that SM Prime is working on as we continue to recover from the impacts of the pandemic.

Scope 1 emissions, or direct emissions, amounted to 104,349.11 tonnes CO₂e in 2023, a slight increase of 10% percent from 2022. Scope 2 emissions, or indirect emissions due to electricity, rose by 14% percent from the previous year respectively, at 590,101.92 tonnes CO₂e. Scope 3 emissions in 2023, or value chain emissions, amounted to 864,798.87 tons CO₂e, an increase of 12% percent from the previous year.

	2023	2022	2021
Total GHG Emissions	1,643,787.43	1,454,912.23	1,509,855.91
Breakdown of per Scope (in MTCO₂e)			
Scope 1	104,349.11	95,229.24	177,773.01
Scope 2	674,639.45	590,101.92	626,011.20
Scope 3	864,798.87	769,581.06	706,032.93
2022 Restatement — new Emissions Factors to account for CH ₄ and N ₂ O emissions			

1. We utilize the GHG Protocol, a global standard from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), to determine the scope of our emissions.
2. The data includes both China malls and other internationally managed properties of SMHCC. Operational control may or may not be present in these locations.

As a result, our properties have explored and amplified our use of renewable energy. Our buildings are designed to reduce energy consumption. We have incorporated green building design for natural light and ventilation wherever possible to minimize resource use, enhance air

and ambient quality, and promote overall human health. We integrate renewable energy solutions to power our properties while decreasing overall energy consumption by promoting active electric vehicle usage through our 34 charging stations across 28 malls.

Electricity Consumption	Total (in kWh)
Total Electric Consumption	1,949,903,744.32
<u>Within the Organization</u>	
Total Electric Consumption	973,609,807.54
<u>Outside the Organization</u>	
Total Electric Consumption	976,293,936.78

Water	Total (in m ³)
Total Water Withdrawal	18,668,828
Total Water Discharge	11,400,671
Total Water Recycle	4,424,985
Total Water Consumption	7,268,157

More so, SM Prime has implemented a comprehensive stewardship program for water conservation to achieve a net-zero water discharge. All our properties are equipped with systems to manage water use efficiently. Total water consumed in 2023 amounted to 7.2 million cubic meters, while 61 percent of the consumed water was recycled.




Our commitment extends to sustainable transport options and waste management. By investing in biking, walking, and mass commuting infrastructure, we aim to ease traffic and promote eco-friendly transit options.

SM Prime leads in implementing waste reduction measures, such as recycling and composting, and various programs addressing waste. 2023 saw a total waste

generated at 165.7 million tonnes. 92.7 million tonnes were sent for proper waste disposal, of which 13 percent were recycled or reused, and 5 percent were composted.

In construction, we are committed to dedicating 10% of each property's expenditure to sustainable and resilient design, introducing catchment basins in 23 malls to prevent flooding in surrounding communities.

 Waste		Total (in t)
Total Waste Generated		165,793.38
Breakdown per Waste Type		
Biodegradable		93,831
Recyclable		10,575
Residual		48,526
Hazardous Waste		4,384.91
Others		8,476.31
Breakdown per Disposal Type		
Reused		1,540
Recycled		10,459
Composted		5,077
Sent to Landfill		74,077
Collected by Accredited Hauler		1,564

Investing in nature enables us to strike a **balance between economic development and environmental stewardship**, leading to the development of more integrated properties that serve as commercial hubs and models of sustainability.



Our Net Zero Ambition:

A Commitment Towards Science-Based Targets

SM Prime pledges to advance every person's right to a better quality of life through heightened climate action, disaster risk reduction, biodiversity protection, and our strategic corporate social responsibility programs. This commitment places climate action toward a net-zero business at the forefront of SM Prime's sustainability agenda.

With the Philippines as one of the country's most vulnerable to the effects of climate change, we stand true to advocating for the environment by striving for sustainable business practices with 1) continuous expansion of our renewable energy portfolio, 2) lowering our physical asset risks by investing in resilient design, and 3) being vigilant in limiting our overall use of virgin resources.

"We have been working with WWF-Philippines to help us establish our commitment and targets and align with the global commitment to achieve net zero by 2050. SM Prime strives to achieve net zero emissions, or the point where our generated greenhouse gas emissions balance with our emissions reduction activities. We established our near- and long-term science-based targets for 2030 and 2035, respectively. This is currently being verified by the Science-Based Targets Initiative. We commit to achieving net zero by 2040," said SM Prime President Jeffrey Lim.

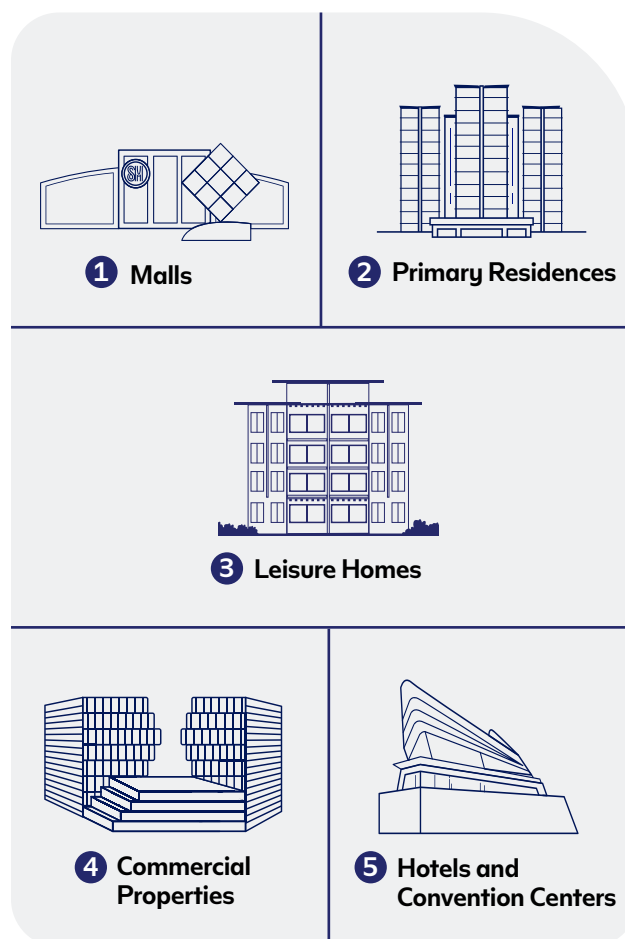
Foundations for Climate Preparedness

Our operations are directly and indirectly affected by climate-related impacts, which is why the themes of climate health, resilient design, and disaster risk reduction have played pivotal roles in our design process and construction activities over the past decade. Moreover, we continue to support the transition to renewable energy through direct sourcing and seek opportunities to reduce GHG emissions across the three GHG Protocol classifications.

Since 2021, SM Prime affirmed its commitment to climate resilience by adopting the recommendations of the former Task Force on Climate-related Financial Disclosures (TCFD).

We continue with our climate commitments through the IFRS S2 Standards published in October 2023 and take action to set carbon emission reduction targets aligned with climate science, as established by the Science-based Target Initiative (SBTi). This covers our five primary business units.

The IFRS S2 Standard for Climate-related Disclosures will continue to guide SM Prime for the 2023 report and any future reports to develop voluntary and consistent climate-related financial disclosures that investors, lenders, and insurance underwriters may tap to understand material risks. The Standard contains an



even wider set of relevant items needed on climate-related financial disclosures cutting across different industries and sectors.

Guided by these recommendations, we believe that financial disclosures must reflect (1) the ability to be adapted by all organizations, (2) material information and other climate-related financial disclosures included in mainstream financial filings, (3) decision-useful, forward-looking information on financial impacts, and (4) a strong focus on risks and opportunities related to the transition to a lower-carbon economy. Building on the TCFD framework, the IFRS S2 Standard recognizes four core elements that act as thematic areas within which organizations operate: governance, risk management, strategy, and metrics and targets.

Governance

SM Prime's Board of Directors (Board) oversees our management and overall strategy. In fulfilling this responsibility, the Board oversees our enterprise-level approach to major risks and identifies strategic opportunities.

Risk Oversight of the Board

With the assistance of our Risk Oversight Committee, the Board oversees SM Prime's policies for assessing and managing our risk exposure, periodically reviews these risks, and the risk management processes. The Board's responsibilities include reviewing our practices concerning risk assessment and management and reviewing contingent liabilities and risks that may be material to SM Prime. Our Risk Oversight Committee also reviews critical risk factors as part of its oversight. Such risk factors include the physical risk (natural catastrophes) of business continuity disruptions due to climate-related incidents and exposure to reputational and credibility concerns from climate-related considerations.

Meanwhile, our Corporate Governance Committee is responsible for compliance with the Securities and Exchange Commission's regulations, including annual integrated reports and ESG and non-financial data reporting. By extension, the committee is also responsible for sustainability matters. Our Corporate Governance Committee reviews such issues and makes recommendations to the Board. In addition, our Audit Committee oversees financial risk and other disclosures made in our annual and quarterly reports related to sustainability.

SM Prime established a Sustainability Council in 2020 that directly oversees the Company's climate change programs. Since 2021, the Council has collaborated with SM Prime's risk and finance units to establish baseline areas where all business units can identify, assess, and manage climate risks and opportunities.

SM Prime's Road to Net-Zero by 2040

In 2022, SM Prime's sustainability journey reached a milestone with the approval of our group-wide Sustainability Policy. This policy places Climate Advocacy – Mitigation and Adaptation, Resource Conservation and Efficiency, Disaster Resilience, Social Integration, and Transparent Reporting at the core of SM Prime's operations and growth strategy.

In terms of climate action, the policy vows to a) increase our use of renewable energy; b) leverage acquisitions to foster markets for sustainable technologies and environmentally preferable materials, products, and services; and c) raise employee awareness and encourage our communities to apply the concepts of sustainability to every aspect of their work in support of SM Prime's climate goals.

In addition, SM Prime committed to the global push toward achieving net-zero emissions (NZE) by 2050. We partnered with the World Wide Fund for Nature-



SM Prime Takes Great Leaps with SBTi for a Net-Zero Commitment by 2040

SM Prime Holdings, Inc. believes that taking the right climate action must be grounded in science and endeavors to transition to a net-zero economy. The country's leading integrated sustainable property developer furthers its Net Zero Commitment by 2040 by submitting its commitment to the Science-Based Targets initiative (SBTi), a recognized and highly sought-after global standard for corporates in decarbonization targets, making it one of the large conglomerates in the Philippines to do so.

"We understand the magnitude of the challenges we face to achieve our Net-Zero commitment. SM Prime is determined to take action and meet its climate commitments. This is one of our top sustainability agendas," SM Prime President Jeffrey Lim said.

The company's partnership with the World Wide Fund for Nature Philippines (WWF) ensures that its near and long-term science-based targets for 2030 and 2035 align with the global commitment to achieve net zero by 2050.

"WWF-Philippines is pleased to work with SM Prime on their decarbonization efforts. Through our Corporates for a Better Planet Initiative (CBPI) program, companies such as SM Prime are guided in identifying climate-related risks, working on a roadmap, and publicly committing to their science-based targets. As one of the founding members of the SBTi, WWF has a role in ensuring that companies set ambitious and credible goals in line with the latest climate science. SM Prime is doing the right thing by making public their significant commitments, and their leadership is a strong signal for many other businesses in the country," WWF Philippines Executive Director Katherine Custodio said.

Philippines (WWF-Philippines) through its Corporates for a Better Planet Initiative (CBPI) to push for heightened climate commitments in the Philippines.

We measured the sustainability status of all our business units to set science-based targets in line with global standards. We then examined different climate scenarios for physical and transition risks and opportunities. The goal was to provide a primary climate-related scenario analysis with top-level insights and to establish a baseline for later quantitative analysis and modeling.

Developed by the Science Based Targets Initiative (SBTi), the process provides a clearly defined set of directions for organizations to reduce greenhouse gas (GHG) emissions. The formulation of our targets and its subsequent strategies align with what is necessary to meet the goals of the Paris Agreement based on the latest climate science to limit global warming to well below 2°C and pursue efforts to limit warming to 1.5°C.

In preparation for the SBTi process, SM Prime will implement rigorous data collection across all its business

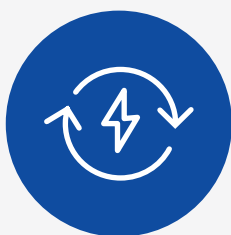
units to allow for an accurate and transparent reporting of GHG emission data. To set its targets, SM Prime implemented an inventory quality management system to better account for all material Scope 3 categories.

WWF-Philippines worked with SM Prime to develop its Decarbonization Strategy and Roadmap and to publicly commit to Science Based Targets (SBTs). The roadmap is segmented into three phases: Phase 0 (2023-2025), Near-Term (2025-2030) and Long-Term (2030-2040). The 5 Pillars dictate these phases:

The 5 Pillars and Life Cycle Approach

To achieve Net Zero by 2040, these 5 Pillars dictate where SM Prime should focus efforts in order of priority: (1) Sustainable Energy Supply, (2) Energy Efficiency & Demand-Side management, (3) Greening Construction, (4) Carbon Sequestration, and (5) End-Use Energy.

SMPH Road to Net-Zero by 2040



Sustainable Energy Supply

Producing or contracting renewable energy to power demand.



Energy Efficiency & Demand-Side Management

Efficiency energy consumption and strategic management of energy usage.



End-Use Energy

Transition of buildings and fleets from fossil fuels (diesel, LNG).



Carbon Sequestration

Addressing emissions that are impossible or highly difficult to mitigate.



Greening Construction

Procuring low-carbon concrete or steel; working with upstream stakeholders to help decarbonize.



The Sectoral Decarbonization Approach (SDA) for Buildings is a recent development within the sector guidance of SBTi that was not yet made available during the time of calculation. Therefore, baseline calculations will be updated using the sectoral approach in the next reporting cycle as an immediate next step.

Risk Management

SM Prime is well aware of the need for an innovative, science-based futures-thinking evaluation tool for assessing and managing potential transitional and physical risks. The Climate Scenario Analysis offers a lens through which climate risks are integrated into a comprehensive risk management strategy by analyzing transition risks, physical risks, and the opportunities that feed into the value and growth of the Company.

Identified Climate-related Risks and their Impacts

We assessed risk levels (low, medium, high) under the four climate scenarios based on two time periods: 2025 (short term) and 2035 (medium term).

For transition risks, we determined significant market risks through the NZE and 2DS scenarios, particularly

in both the short and medium term. Regarding the NDC scenario, it was determined that global movements across all transition risk categories similarly prompt significant transition risks in the medium term. In terms of physical risks, it was determined that across all climate scenarios, physical risks accelerate asset deterioration, shortening the useful service life of buildings and thus requiring more frequent and costly rehabilitations and increasing operations and maintenance costs. The analysis also showed that these physical risks are highly significant across the RCP 8.5 and NDC scenarios for both acute and chronic risks in the short and medium term. The climate scenario analysis revealed that substantial physical and transitional risks occur across different scenarios, from business-as-usual (BAU) to a Net-Zero scenario (NZE). Both physical and transition risks may present significant financial impacts, directly impacting revenues through carbon pricing or deteriorating physical assets.

Prior to this climate-focused analysis, SM Prime had already been aware of these high-risk scenarios for many years. This is precisely why our Company has invested in CAPEX for resilient design. Moreover, we ensure our properties are well covered by property insurance to address the physical risk scenarios cited

in the study even before the TCFD has identified these risk categories. Beyond safeguarding our manufactured assets, we have robustly invested against physical risks because we recognized the need to proactively protect our employees, tenants, mall goers, suppliers, vendors, communities, and other partners from any possible adverse impacts that may arise from these risks.

Regarding transition risks, SM Prime has already been managing the transition to a low-carbon economy and all the risks and opportunities it will bring. Our Company is fortifying our group-wide strategy to transition to renewable energy sources, building resilience across our supply chain, and even developing new services, such as car-free transportation platforms and services

and electric vehicle (EV) charging stations in our major integrated property developments.

But despite these preemptive actions, we are keenly aware that there may be a host of unforeseen risk scenarios for which our Company must prepare well in advance. To address all possible risk categories, we at SM Prime will continue to work closely with WWF-Philippines and other sustainability partners through various platforms, including deeper stakeholder engagements and stronger collaborations with the government and civil society in advocating business and financial policies that empower the private sector to do more for the climate.

SM Prime's Net-Zero Ambition Action Plan

BEFORE 2021

Significantly reduced water use and waste

Established solar-powered malls and began energy efficiency programs

Played a pivotal role in establishing and growing ARISE-Philippines, the local network of ARISE Global, the Private Sector for Disaster Resilient Societies

2021–2022

Joined the ranks of over 2,500 companies globally in affirming our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) goals and taking a major commitment towards decarbonization with our 50% renewable energy sourcing

Engaged WWF-Philippines through the Corporates for a Better Planet Initiative (CBPI).

Aligned with the SM Group of Companies' climate position statement, putting equal importance on climate mitigation and adaptation

2023

Published the SM Prime Group-wide Sustainability Policy

Developed SM Prime's near-term science-based target and verified the existing GHG inventory

Conducted a climate scenario analysis in line with the TCFD recommendations

2024

Monitor and evaluate all science-based targets and decarbonization strategies

1

2

3

4

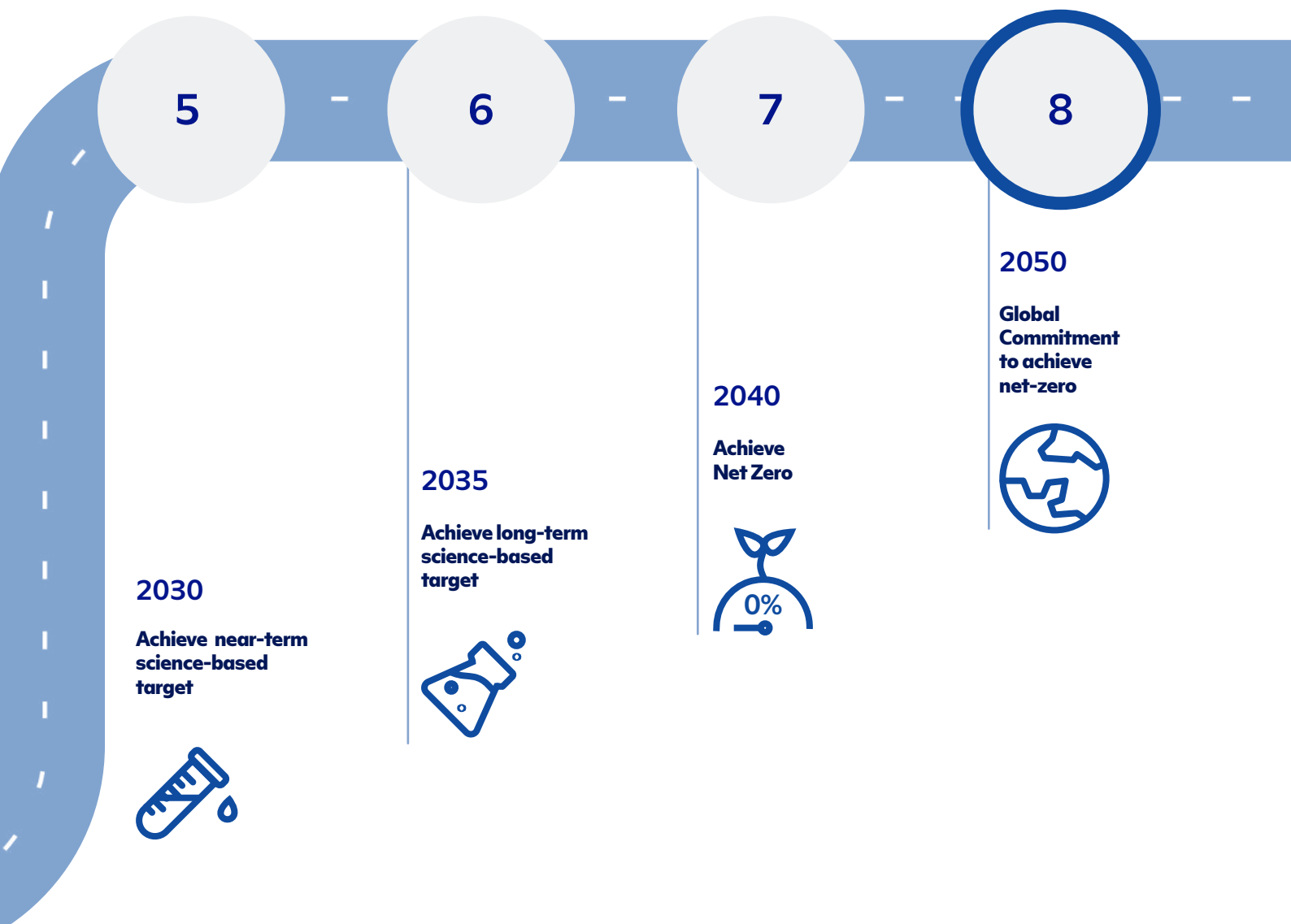
Identified Climate-related Opportunities and their Impacts

We identified SM Prime's potential climate-related opportunities indicating that ambitious climate scenarios offer more consistent positive gains across all categories. However, these may require a) maximizing existing infrastructure related to environmental matters, b) introducing new low-carbon-based technologies, including renewable energy solutions, c) strengthening monitoring and evaluation and knowledge management practices with stakeholders, and d) strengthening the general resilience across the real estate sector.

SM Prime's business units are aware of these opportunities, and we will work as one to explore more resiliency measures and ways of fortifying our developments in these identified areas.

Metrics and Targets

As of this report's publication date on April 11, 2024, metrics and targets pertinent to our climate-related financial disclosures are still going through a review process by WWF-Philippines before submission to our Board of Directors for approval. SM Prime developed its Decarbonization Strategy and Roadmap with the guidance of experts on best practices and solutions to reach our Net-Zero ambition by 2040 and subject to validation by SBTi.





A Closer Look

SM Prime and YOUth are the Future:

Making Sure Things Change for the Better

A new era of environmental stewardship has begun at SM Prime. At the launch of “YOUth are the Future,” a groundbreaking program in partnership with WWF-Philippines, SM Prime has embarked on a transformative journey empowering student leaders to take a hands-on role in climate and environmental leadership.

This initiative, led by Hans “Chico” Sy, Jr., the President of SM Engineering Design and Development Corporation (SMEDD), underscores SM Prime’s commitment to fostering environmental awareness and sustainable practices among the youth. According to Chico, they are ensuring that science-based initiatives and educational programs are at the forefront of SM Prime’s quest for sustainability.

“In today’s critical era of global warming, education and scientific thinking are our best tools,” asserts Chico. “By rooting our climate advocacy in science, we are enabling the youth to have the right framework and mindset to be engineers and architects of change. I firmly believe that when we combine science and education with a passion for the planet, we take one of the most meaningful actions for our world’s future.”

Inspiring Young Minds

YOUth are the Future brought some of Metro Manila’s best high schools together for a preliminary three-day eco camp from November 24 to 26, 2023, at the Pico de Loro Beach and Country Club. The eco-camp was the second in a three-phase program, giving students a deeper look into biodiversity, climate change, energy, and water. With insights from the country’s brightest environmental thinkers, the eco camp emphasized the urgency to act against climate change and protect our resources – a call that the young are in a perfect position to push forward.

The eco-camp affirmed a fundamental truth about climate change and the younger generation. “Climate change isn’t a distant threat; it’s a reality reshaping our everyday lives. Our youth, standing at the forefront of tomorrow, are the ones who will navigate increasingly complex environmental challenges. This program isn’t just about awareness; it’s about preparing them to face, adapt to, and mitigate these impacts with resilience and innovation,” asserts Chico Sy.

Sustainability is Non-negotiable

According to Chico, “SM Prime’s stance on sustainability is non-negotiable.” So ingrained are the organization’s efforts towards sustainability that they are tied to the Sy family’s understanding of what is good. As Chico’s father and SM Prime’s Chairman of the Executive Committee, Mr. Hans T.

Sy, Sr., said, “We do it not because there is a law that will require us, not because there would be savings, but because it is the right thing to do.”

Part of SM Prime’s efforts in promoting sustainability is reflected in the design of new SM properties across the Philippines, which now include addressing the climate-related concerns of the community, customer and employee health and safety, and creating a culture of sustainability to ensure stakeholders are always safe and secure at SM.

Chico agrees with his father’s belief that to ensure total safety, they must invest in resilience measures and reduce environmental and social vulnerability while improving efforts to protect physical assets and reduce recovery expenses.

Their efforts in terms of environmental sustainability show in SM Prime properties across the country. From achieving Gold LEED certifications for SM Aura Premier and five other malls to green designs such as rainwater catchment and storage in SM City Masinag and SM Lanang Premier, and innovative designs found in SM City Cabanatuan, SM Marikina, and SM Baguio, SM malls are now being transformed into locations vital to climate resilience, community development, and even as refuge centers during times of calamities.

The group’s sustainability beliefs do not end with mall design. They also believe that developing the correct skill set for future engineers in construction projects in the provinces is essential for the company and for developing local communities. For Chico and his group at SMEDD, working with local governments to develop and employ local talent or encourage those based in Manila to move to the provinces is vital. They also advocate for younger individuals to pursue careers in engineering, project management, and design and to practice on-site where challenges are more considerable.

SMEDD’s efforts in employee engagement also include emphasizing employee values and culture. They ensure management and employees make the right

decisions based on company values, on-the-job safety, commitment to the project, and stakeholder engagement. They also believe collaboration with external stakeholders, such as suppliers and contractors, plays a big role in value creation and development.

Real World Classroom

With so many projects to showcase, SM Prime ensured that YOUth are the Future went beyond technical lectures to allow students to see sustainability’s immense possibilities in more exciting and practical terms.

At SM MOA, students witnessed the use of solar panels for renewable energy and free electric vehicle charging stations. They also visited the sewage treatment plant in the Four ECom office building and the LED lights and energy-saving technologies used in the SM Mall of Asia Arena. Meanwhile, an earlier activity taught students about Bokashi composting and the efforts made by SM Hotels and Conventions Corp. to create a circular economy.

By showcasing these features, the walk-through reiterates the possibility of integrating sustainability principles in retail and everyday life. It demonstrates what Chico and his team mean when they say, “We are committed to making sure that things change for the better.”

SM MOA’s Solar Carpark alone is a noteworthy innovation. It is one of the most massive on-site solar projects globally. Compared to SM North Edsa’s 1.5-megawatt (MW) Solar Carpark, the one at MOA boasts 2.7 MW. With 10,426 solar panels and 40 inverters, it provides nearly 20% of MOA’s power supply. Unlike many large-scale solar projects, it does not require the displacement of farmlands or forests. Instead, the solar car park leverages a rooftop installation (a previously unused spot) and provides a “green roof” to cars. Between 2016 and 2046, the MOA Solar Carpark will offset more than 80,000 tons of CO₂ – equivalent to planting 400,000 trees.

“No effort to **create a greener, more sustainable life for Filipinos** will ever be wasted on the young as far as SM Prime is concerned.”

YOUth are the Future tapped not only SM MOA's environmental infrastructure but also SM Prime's marine protected areas as a real-world classroom. At the program's eco-camp, the students experienced all things nature with a hike of Pico de Loro's Santelmo Eco-Trail and a guided tour of Santelmo's mangrove forests – a unique opportunity offered by the program's venue, as Hamilo Coast boasts not one, not two, but 13 beautiful coves.

Established as marine protected areas for Hamilo Coast's sustainability project, these MPAs prove SM Prime's commitment to sustainable tourism and economically conscious living. The area is also famous for its Olive Ridley Sea Turtle conservation methods, making it the ideal venue for an immersive experience bridging theory with practice.

Green Manifesto

With nature's majesty as a fitting backdrop, the students culminated the second phase of YOUth are the Future by developing a Green Manifesto – a video containing a clear list of their plans for innovation – and a storybook module that they all worked on collectively. According to online marketing research, the video manifesto has made the most impact on the public, generating over 30,000 online engagements and reaching over 110,000 active users.

As more youth leaders experience the leadership program led by SM Prime Holdings and WWF-Philippines, one thing becomes clear: No effort to create a greener, more sustainable life for Filipinos will ever be wasted on the young as far as SM Prime is concerned.

As for Chico, he looks forward to working on more climate and sustainability projects as President of SMEDD. Plans are already in the pipeline to expand solar energy projects across more SM malls and integrate green building designs in future developments. These projects aim to reduce SM Prime's carbon footprint and promote renewable energy sources. He is also keen on launching a groupwide waste management program, emphasizing waste reduction and sustainable resource management. All these plans are in line with the company's overall Sustainability Roadmap.

HANS "CHICO" SY, JR.
PRESIDENT OF SMEDD



Employees and Supply Chain

Wherever we build, we aim to shape a society where people can work to their full potential, live healthy lives, and contribute meaningfully to our economy. This goal finds shape in our commitment to our employees and suppliers.

We recognize that our employees and business partners are vital in ensuring our work's positive impacts and are therefore committed to their development and growth. Purpose, Performance, and Passion are the driving forces of our work with our people.

We assign great importance to the health and safety of all our employees, including contractual workers and project-based staff. We offer an inspiring and

challenging work environment that rewards loyalty and outstanding performance with attractive compensation and lifelong opportunities.

We see our employees as embodiments of SM Prime's commitment to sustainability and social development and are therefore dedicated to maintaining an inspiring and healthy work environment. Our challenging and rewarding work culture has attracted diverse groups dedicated to the same goals. We are proud of our 12,297 employees, with 95% of our talents representing Gen X, Millennials and Gen Z and 55% women. We continue to be an equal opportunity employer and value the diversity offered by local talents in the communities we serve.

	2023	2022	2021
Total Headcount of Employees	12,297	11,329	9,854
	Male		Female
Total Headcount, by gender	5,757	7,170	
	Above 50 years old	Below 30 years old	Between 30-50 years old
Total Headcount, by age	552	5,588	6,787

* The data includes China malls and other internationally managed properties of SMHCC. Operational control may or may not be present in these locations.

In occupational health and safety, we endeavor to continuously improve our performance by closely monitoring various processes along our value chain to preempt potential hazards and closely monitor high-risk areas. Moreover, we seek to better engage with our suppliers and vendors to fully consider our operations' environmental and human impact and enhance our supply chain's resilience, especially during challenging times.

For 2023, SM Prime has been awarded various awards for our work as employers. Along with SM Supermalls and SM Development Corporation, we were recognized as one of the Philippines' Best Employers in 2024 by the *Philippine Daily Inquirer* and Statista. SM Prime was also awarded as one of Asia's Best Employer Brands 2023 for our HR practices, processes, and programs.

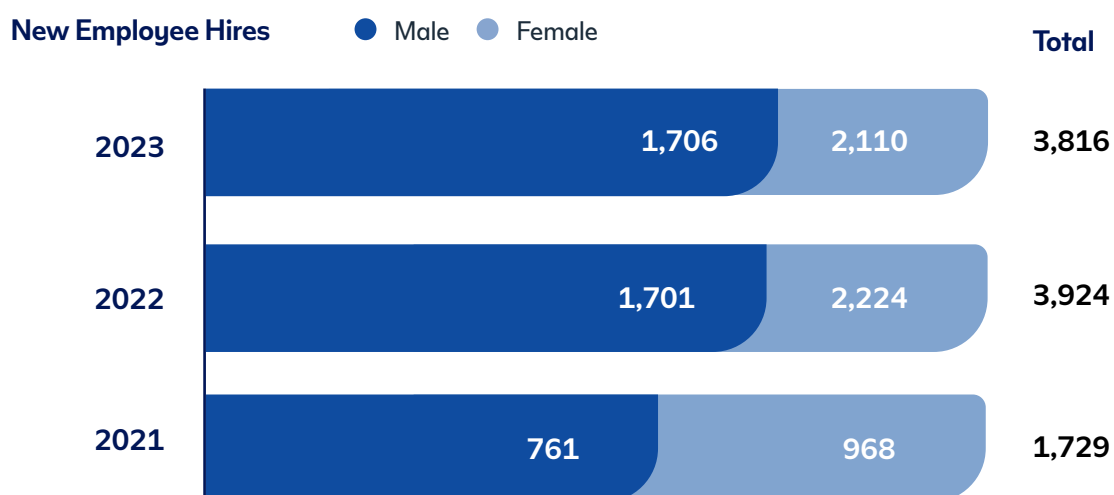
Talent Management, Acquisition and Retention

SM Prime's LIFE (Life Integration for Employees) program embodies our commitment to talent management and employee engagement, operating under the belief that talent thrives alongside the right attitude. This initiative champions a unified approach, weaving together learning, growth, and contribution to foster a community of engaged individuals.

Crucially, the success of LIFE hinges on focused management insight, directing our efforts towards nurturing purpose, performance, and passion within our workforce. Contrary to a straightforward process, LIFE

prioritizes a dynamic, cyclical approach to integrating these key elements into our organizational culture.

SM Prime's LIFE program enriches the onboarding experience by instilling the company's core values and objectives in new hires, emphasizing their vital role in our success. This initiative maintains high engagement and motivation through regular performance evaluations, feedback sessions, and coaching, aligning employees with our goals and fostering personal and team growth. This not only boosts productivity but also enhances retention by supporting our community service commitment. All our employees receive regular performance evaluation.



Total Training Hours



Our dedication to continuous learning and development is central to nurturing talent, enhancing job satisfaction, and ensuring a robust leadership pipeline. Through specialized training, employees enhance their skills and confidence, contributing to lower absenteeism and higher retention.

Recognizing and rewarding hard work is key to our strategy. Initiatives like the PRIME Excellence Awards and a competitive compensation model based on performance, the individual, and the role help keep SM Prime an attractive employer.

SM LIFE champions a comprehensive approach to wellness, covering physical, mental, financial, and spiritual health through various programs and resources. Additionally, leadership town halls keep everyone informed about the company's direction and inspire collective success. This holistic focus is fundamental to fostering a happy, mindful, and productive workforce, underpinning our business achievements.

Diversity and Inclusion

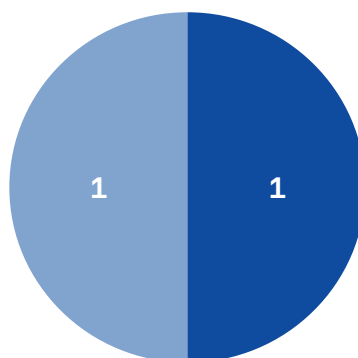
SM Prime champions a diverse and inclusive workplace, prioritizing openness and responsiveness to diverse perspectives within our multi-generational team. Our commitment to equality and the UN Women Empowerment Principles is evident as we strive to recruit from underrepresented communities and diverse backgrounds. Many of our employees, including our top management positions, are currently occupied by talented individuals hailing from Mindanao and the Visayas.

Our dedication to diversity and equality is further demonstrated by our adherence to laws supporting women and working mothers. Women play a significant role at SM Prime, making up 55% of our workforce and holding a substantial share of both managerial and senior management positions — 47% of these senior roles are filled by highly talented women. We maintain minimal salary variance between genders and actively enforce policies against discrimination and violence, supported by training and awareness campaigns.

Average Salary Ratio

Senior Management
Middle Management
Junior Management
Rank-and-file

Average Female Salary : Average Male Salary



Safety, health, and Wellness

As a company dedicated to both the economic prosperity of our nation and the welfare of our workforce, SM Prime prioritizes the safety and health of our employees. We consistently ensure that our personnel feel supported, secure, and well-informed.

Through comprehensive training sessions and webinars on various topics related to health and safety, our employees remain equipped and up-to-date to respond to the needs of our customers.

Moreover, our occupational health department plays a vital role in promoting the physical well-being of our employees. We provide regular training to keep our workforce abreast of safety standards, including disaster resilience, business continuity management,

compliance accreditation and certification, pollution control, basic occupational safety and health, and COVID-19 protocols. To reinforce these protocols, we have established communication channels focused on disaster resilience and health safety, recognizing that effective communication is essential for maintaining workplace safety and mitigating health risks. We also consistently remind our employees about environmental initiatives and emergency preparedness.

Furthermore, we ensure that our employees have access to essential benefits such as healthcare services, mobile clinics for annual physical exams, insurance coverage, vacation leave, sick leave, and maternity leave. Our clinics are staffed with trained occupational health nurses who are also accessible to provide necessary support and assistance to our employees.”

Occupation Health and Safety

	2023	2022	2021
Employees*			
No. of fatalities	2	0	1
No. of lost-time injuries	1,833	2,291	10,126
Employees total hours worked	21,786,529	22,823,280	18,359,481
Contractors**			
No. of fatalities	2	1	0
No. of lost-time injuries	266	85	4
Employees total hours worked	167,965,824	134,845,586	30,380,387

* Data coverage only includes the following subsidiaries - SMHCC, SMDC and Supermalls

** Data coverage only includes SMHCC and Supermalls

Suppliers and Value Chain

SM Prime collaborates with accredited suppliers and groups to support and enhance our operations by securing necessary resources and products through agreements and purchase orders. To provide exceptional products and services, we have developed and maintain standards that all suppliers must meet. This accreditation of suppliers guarantees trust, excellence, and transparency in our engagement with our partners. We also encourage open communication and continuous engagement to ensure quality services.

We believe it's crucial for SM Prime to offer our suppliers workshops, training, and forums about our procurement methods, sustainability efforts, and corporate guidelines.

For instance, SM Hotels makes sure its vendors, especially those handling perishable items, understand our standards for food safety, hygiene, and hotel food quality.

To facilitate clear communication, we provide our suppliers with various tools, such as email, messaging and virtual meeting apps, and official notices. Furthermore, some

of our divisions have created Vendor Portals, allowing suppliers to manage purchase orders, track invoice statuses, and access their withholding tax documents. These measures help us promptly address any questions or issues our vendors might have.





A Closer Look

Lifelong Learning:

A Workplace of Growth with SM Digi-U,
Powered by LinkedIn



In September 2023, SM Prime made waves by partnering with LinkedIn, the global powerhouse of professional networking and learning. This tie-up signals a new era of professional development, promising new and exciting learning opportunities for every member of the SM Prime team.

The SM Digi-U Program, powered by LinkedIn Learning, gives SM employees access to curated, on-demand learning courses. SM Prime Group and LinkedIn inked the partnership back-to-back with the hybrid launch of the Digi-U program.

At the event, SM Supermalls President Steven Tan described SM Digi-U as “a testament to our continuous commitment to the growth of our people and our relentless drive for innovation and excellence.” He adds, “This partnership with LinkedIn is a perfect fit for our long-standing legacy of innovation, spanning over 65

years.” LinkedIn Learning APAC Head Georgina O’Brien also graced the event and gave a talk about fostering a lifelong culture of learning.

Unstoppable Despite Uncertainty

The Digi-U program started in November 2019, when SM Supermalls shifted its entire learning and development program, or L&D, from a conventional classroom setup to a hybrid learning methodology incorporating the LinkedIn Learning platform. As 2020 began to unfold, however, the SM Group, like all organizations and enterprises worldwide, had to rethink programs and operations amid the COVID-19 outbreak.

Never one to step back from a challenge, SM Supermalls redoubled its digitalization efforts. According to Ms. Cheryll Ruth Lat-Agsaoay, Supermalls Head of Human Resources, even the state of uncertainty brought about

by the COVID-19 pandemic was not enough to dissuade SM Prime's goal of imparting skills to its workforce. Instead, the pandemic was a significant turning point for employees, allowing them to absorb relevant knowledge for growth. "A period of unprecedented disruption calls for transformation and learning agility," Ms. Cheryll maintained. At that time, she said, management also recognized the need for employees to become more agile and innovative. For her, the global pandemic was a call for all SM Prime's employees to realize the "strategic role that L&D plays in preparing our organization for the changes that lie ahead."

During the global crisis, SM Prime understood that lifelong learning would inspire personal resilience and encourage employees not to give up on their potential. Indeed, lifelong learning ensures that individuals of any age don't have to settle for less. With the right resources and guidance, everyone can stay sharp and gain a sense of achievement.

Through the Digi-U program, SM Prime's HR quickly and effectively provided our workforce with different programs as pandemic work-from-home and skeletal force setups were enforced. The online employee training site, "Learn@SM," garnered 16,900 site visits while the country was under quarantine. Not only that, SM employees tasked with spearheading and facilitating training were given access to the Digital Boot Camp for Trainers via LinkedIn Learning, which resulted in 100% course completion for the target SM Prime employees.

More importantly, LinkedIn Learning provided SM Group with trend data, resulting in key insights on top-of-mind issues. In turn, LinkedIn Learning used this data to craft

in-house webinars and help ensure SM employees that their concerns were being heard. In total, the Digi-U learning programs boosted SM employees' learning minutes by 40%, as recorded in March 2020.

In July 2023, the Digi-U program was reintroduced with a soft launch. This momentous event demonstrated our employees' thirst for knowledge and development with an activation rate of 82% in just one month. To meet this enthusiastic response, SM Prime's HR Heads provided employees access to various Learning Pathways courses specially curated for different business units during the official launch last September. SM Prime oversees the IT Functional Learning Pathway that focuses on System Development and IT Operations, with IT foundational skills, Operational Excellence, and Governance cutting across both learning streams. SM Supermalls champions the Finance, Leasing, and Mall Operations curriculum, while SM EDD supports all technical learning on Construction, Design, and Operations Management.

Empowerment from the Outset

SM Prime has always empowered its various departments and employees with the necessary technology to impart knowledge relevant to their roles and career aspirations. By giving them the gift of lifelong learning, SM also enables them to find additional satisfaction while tending to their daily duties. Indeed, the introduction to growth and development begins with the Human Resources Department's (HRD) onboarding process and orientation program. There, employees learn about SM Prime's Corporate Governance Framework and are given access to an internal portal to review the company's Code of Ethics. The latter discusses

"LinkedIn Learning serves as an effective platform, fostering ongoing learning opportunities for its users. With its diverse array of course topics, learners can explore various concepts, tools, best practices, disciplines, and domains.

The flexibility of on-demand video access allows learners to engage with courses at their convenience. I initially delved into project management foundation and requirements management courses on LinkedIn Learning. These courses reintroduced pertinent frameworks that I can apply to enhance my performance on assigned projects."

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the significance of ethical principles in business and disseminates information about the best practices for promoting good work ethics.

Every year, SM Prime's HRD also requires employees to retake the Corporate Governance program, composed of three parts. The first part, Confirmation, ensures that employees have read, understood, and agree to follow the Code of Discipline and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), Code of Ethics, and Conflict of Interest. The second part involves the Disclosure Survey, in which employees disclose their affiliations, interests, and relevant transactions or relationships in case of any actual, apparent, or possible conflicts of interest. Lastly, the program involves self-paced e-Learning Courses to ensure all employees are updated on following corporate governance principles in their respective positions.

In 2023, employees at SM Prime Group received an average of 30 hours of training each, totaling 387,786 hours — a slight uptick from the previous year — due to ongoing training initiatives. These programs covered diverse topics such as continuous improvement, functional programs, leadership, resilience, sustainability, and the future of work, as well as workplace mindfulness. Over 70 training sessions, facilitated by SM's subject-matter experts, were made accessible to employees.

Fueled by Growth and Agility

To incite a culture of learning across different departments and employees, SM Prime's partnership with LinkedIn will make information and training more

accessible, ensuring the workplace is also a venue for fulfillment. LinkedIn, which provides enrichment and allows professionals to connect on its platform, is also known for offering LinkedIn Learning, a skill-building solution designed to empower workers to advance in their careers. In this approach, learning becomes a shared responsibility, allowing both employees and companies to stay abreast of the ever-changing market.

To teach skills at scale, LinkedIn Learning offers individual courses custom-designed for in-demand know-how. With 80% of Fortune 100 companies leveraging LinkedIn's learning platform and learners who use the platform's social media features watching 30 times more hours of learning content, SM Group has undoubtedly chosen the right partner to unlock a new way of integrating employee growth into daily tasks. This drive to train employees and ensure that top-notch knowledge is within their reach is powered by SM Prime's understanding that its social and relationship capital is tied to its human capital management. To meet customers' changing needs, SM Prime understands that it must also constantly level up its strategies to optimize human capital.

Intending to become the nation's workplace of choice, SM Prime looks to train individuals, improve their daily performance, and upskill and reskill them, allowing all employees to expand competencies involving customer experience and digital transformation. Ultimately, the SM Group aims to maintain its reputation as an agile organization that adapts to various ever-changing roles and business models — a goal that it continues to realize by bolstering the skill set of its talented and eager workforce.

“During the height of the pandemic, everyone needed to **adapt, unlearn, and learn anew, to be able to move forward and bounce back.**”

Coming from Marketing Operations, I was given the opportunity to be part of the Malls Digital team in 2020 and I knew from the start that I had to prepare myself to enter a totally new universe. LinkedIn Learning under the Digi-U program of HR was the tool that helped me. I took two to three courses a day, choosing specific topics that I knew I needed to upskill. I think that is the learning innovation — the ability to upskill at your own pace, with the topics relevant to you. I remain an advocate and a student of LinkedIn Learning until today.”

TJ CUENCA
SAVP, MARKETING



Stronger Together:

SM Prime's Partnerships for Climate and Disaster Response Reach Higher Ground

There's no denying that SM Prime's properties have become synonymous with local city life. But that immersion in the lives of millions also includes a huge responsibility to face the challenges of climate change head on.

The gravity of climate risks is something no single company, no matter how big it is, can successfully deal solely on its own. This is why SM Prime has been stepping up its collaborations for sustainability in recent years.

These partnerships, like SM Prime's longstanding tie-ups with ARISE Philippines and WWF, emphasize urban resilience, eco-friendly practices, and climate education, integrating these into SM Prime's operational strategy for enhanced sustainability and heightened climate change action. In partnership with WWF-Philippines, SM Supermalls, and SM Cares, its corporate social

responsibility arm, SM Prime regularly hosts special activities that empower mall goers to be mindful of energy consumption. In March 2023, all SM Supermalls joined the hour-long Global Lights Switch Off, starting at 8:30 p.m. The same day also saw the launch of WWF's Virtual Earth Hour Run, a campaign that supports SM Supermalls' "Earth Hour, Any Hour," which encourages participants to join the run and shift to an eco-friendly lifestyle.

Ultimately, the pursuit of climate action does not end here. And yet, hope is never too far away. Thanks to its long history of progenitive partnerships that put the community and the environment at the forefront, SM Prime and its subsidiaries are poised to solidify sustainable action as a worthy cause for all sectors of society to invest and participate in.

Hans T. Sy Receives the First "Dangal ng Pilipino sa Pag-aagapay sa Ligtas na Sambayanan" Award



In the spirit of National Disaster Resilience Month (NDRM), celebrated in July, the Department of National Defense (DND) – Office of Civil Defense (OCD), together with the National Disaster Risk Reduction and Management Council (NDRRMC), wrapped up the month-long observance with a ceremony themed "Pagpupugay sa Bidang Pilipino."

The event highlighted the collaborative efforts of the DND-OCD, NDRRMC, the Department of Environment and Natural Resources (DENR), the National Resilience Council (NRC), and ARISE PH through the presentation of the "Dangal Bantayog ng Katatagan" awards. These awards recognized key figures in disaster risk reduction

(DRR) and management, from national policymakers to local community leaders and activists on the ground.

A standout moment was the awarding of Mr. Hans T. Sy with the "Dangal ng Pilipino sa Pag-Aagapay sa Ligtas na Sambayanan" Award. Mr. Sy was honored for his exceptional leadership and commitment to enhancing the country's disaster resilience, making him the first from the private sector to receive this honor. The accolade was presented by Ariel Nepomuceno, Undersecretary of the Office of Civil Defense, and Irineo Espino, Senior Undersecretary of the Department of National Defense, signifying a milestone in the public-private partnership for national disaster resilience.

ARISE Philippines: Fostering Disaster Risk Reduction and Resilience

SM Prime's strategic commitment to sustainable development and disaster resilience is a leading example of an effective private sector mobilization for societal advancement. Through its pivotal role in Arise Philippines, an initiative under the United Nations Office for Disaster Risk Reduction (UNDRR), SM Prime exemplifies impactful leadership in fostering a culture of disaster risk reduction (DRR) and resilience.

With Mr. Hans Sy as the Chairperson of ARISE Philippines, the close collaboration and partnership between SM Prime and ARISE Philippines has catalyzed a series of initiatives in 2023, aiming to drive economic growth and enabling disaster resilience and sustainability. With its 127 private sector organizations, it aims to pave the way for a resilient society where disasters cost zero lives, risk assessment is embedded in capital investments, and infrastructure can withstand all hazards. Through ARISE Philippines, SM Prime is enhancing its business resilience to disasters and climate change while positively impacting the communities it serves.

Locally and internationally, ARISE Philippines has championed activities to achieve its network's culture of resilience and sustainability. These include leveraging space science and technology in disaster resilience strategies. The "Unraveling the Synergy of Space Science in Disaster Resilience Technology and Innovations" webinar exemplifies this, bringing together a diverse array of stakeholders to utilize space science and technology in disaster resilience and disaster risk reduction and management.

Moreover, the 10th Top Leaders Forum, themed "Transforming Victims to Victors: A Multi-Sectoral Approach to Inclusive Resilience," has been a milestone event, rallying around 400 attendees from various sectors to commit to enhancing disaster resilience collaboratively. It showcased our collective resolve to address the critical food-water-energy nexus through strong private sector partnerships, essential for the sustainable management of resources and economic resilience. Moreover, it highlighted the journey toward

embracing and furthering ESG principles, stressing the need for resilience in business strategies to ensure long-term viability in a changing world.

Mr. Hans T. Sy's insight, "Resilience is not just a word, it is a way of life. It is a commitment to ensure that we act on our responsibility to care for others and that no one is left behind," underscore the forum's ethos and the broader push for resilience.

The international engagements of ARISE Philippines, particularly through knowledge-sharing sessions on the Sendai Framework for Disaster Risk Reduction in partnership with ARISE Japan and ARISE India, has been crucial in disseminating good practices and methodologies that have been successful in the three countries, offering local industries' actionable insights and tools to enhance their own disaster resilience frameworks.

Moreover, ARISE Philippines presence in international advocacies such as the high-level UN meetings, elevate the Philippine private sector's role to a crucial position in the global disaster risk reduction (DRR) landscape. This cross-border collaboration and partnership has been instrumental in sharing innovative practices and insights and in enabling the adaptation and adoption of successful DRR strategies from around the world by Philippine industries.

In 2024 onwards, ARISE Philippines is set to lead with its theme "Aligning Resilience and Innovation for Sustainable Economic Growth," aiming to interlace resilience and innovation within its strategic framework to move forward the sustainable economic progress and strengthen community resilience against global challenges. ARISE Philippines is set to catalyze the development of strategic plans and programs that will embark on science and technology, ESG principles, and local and international partnerships. It aims to address both global and local demands and challenges towards achieving the impactful and significant advancements in disaster resilience and sustainable development.



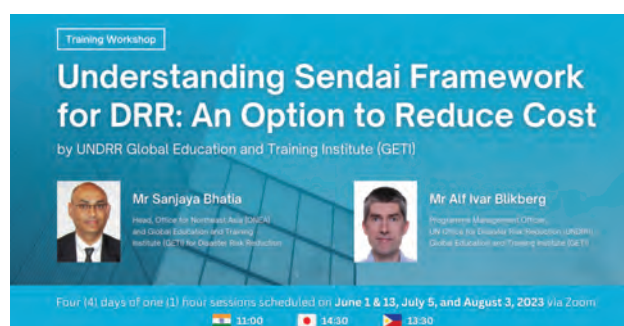
Unraveling the Synergy of Space Science in Disaster Resilience, Technology and Innovations

A webinar on the use of space science and technology in enhancing disaster resilience in the Philippines. Dr. Joel Joseph Marciano, Jr., Director General of PhilSA emphasized “Through private sector involvement and cooperation, we aim to create a productive domestic space industry and a downstream space economy.



10th Top Leaders Forum: “Transforming Victims to Victors: A Multi-stakeholder Approach to Inclusive Resilience”

An engagement of top leaders across government, the private sector, and diverse stakeholders to collectively identify strategies for fostering disaster risk management and resilience.



Tripartite Collaboration among ARISE Asia Networks

A series of webinars to promote the understanding of the Sendai Framework for DRR and good practices on business resilience.



Annual General Membership (AGM) Meeting

Highlighted the insightful presentations on the Term Report for 2020-2023, showcasing collective achievements and milestones, both on the work themes and priority focus areas of ARISE Philippines and its members.



The new ARISE Philippines Board Members, Work Theme, and Priority Area Leads for 2023-2026

The new set of elected board members from the private sector. Engr. Liza B. Silerio was appointed as Co-Chair for the Philippine network and VAdm. Alexander Pama elected to the ARISE Global Board.

National Resilience Council: Thriving in the Face of Challenges



At SM Prime, we believe that strong partnerships rely on clear and achievable goals. Our approach to working together is focused on making a real difference, aiming for results that not just sound good on paper but are felt and seen in our communities. Hence, it comes as no surprise that when choosing a partner, SM Prime's Hans T. Sy decided to align with the vision of the late Ambassador Roberto R. Romulo, a renowned statesman dedicated to national resilience and inclusive progress, in establishing the National Resilience Council (NRC) in 2017.

Since its inception seven years ago, the NRC has united the public and private sectors, leveraging science and technology to foster a harmonized front against challenges. Our collaboration is underpinned by support from leading Philippine conglomerates, making the NRC the primary vehicle for implementing the UNDRR's Alliance for Disaster Resilient Societies (ARISE) within the Philippines.

By emphasizing interdisciplinary research, training, and high-level coalition-building, the NRC, SM Prime, and partners are reshaping the landscape of disaster preparedness and sustainable development in the country.

The NRC's multifaceted approach, which includes the Resilient Local Government Units Program and the Resilience Scorecard, showcases an evidence-informed strategy for risk governance. These initiatives, coupled with the innovative Adopt-a-City Program, exemplify the council's dedication to fostering corporate and local government collaborations for resilience building. SM Prime's adoption of cities like Naga and Cagayan de Oro marks a significant milestone, demonstrating the tangible impact of private sector engagement in local resilience efforts.

Through the Adopt-a-City Initiative, similar partnerships have flourished, focusing on preparedness, prevention, and recovery planning. The formulation of Cagayan

de Oro's Local Climate Change Action Plan, with support from SM Prime and the NRC, highlights the proactive steps being taken towards sustainable community development.

Similarly, the inclusion of Baguio City into the fold represents the initiative's expanding reach and impact. With SM Prime's support, the Baguio City program aims to enhance risk governance, water sustainability, business continuity, gender equality, disability, and social inclusion (GEDSI). At the 2023 Multi-Stakeholder City Resilience Summit, Baguio initiated its resilience efforts under NRC guidance, uniting community leaders and stakeholders to bolster disaster resilience and climate adaptation.

Further illustrating the evolution of this partnership is the Philippine Resilience Awards for Women, a groundbreaking program that celebrates the resilience and leadership of women in disaster risk reduction. This initiative, along with the 10th Top Leaders Forum, underscores the significance of a multi-stakeholder approach to resilience, bringing together leaders from various sectors to champion environmental, social, and governance causes.

The journey of the National Resilience Council, in partnership with SM Prime and other stakeholders, is a testament to the power of collective action in building a more resilient Philippines.

As SM Prime's Hans T. Sy aptly puts it, embracing resilience in all endeavors is crucial for a society that survives and thrives in the face of adversity. This shared vision, underpinned by strategic partnerships and innovative initiatives, paves the way for a resilient future where our communities are empowered to overcome challenges and seize opportunities for sustainable growth.



Baguio City MOA Signing

The Resilient LGU Program for Baguio City outlines key focus areas, including enhancing risk governance capacities, water resource sustainability, business continuity, and advocating for evidence-informed Gender equality, disability, and social inclusion (GEDSI)-mainstreamed policies and programs. Through these efforts, Baguio City, together with the National Resilience Council and SM Prime Holdings, aims to develop a holistic approach to resilience that addresses the unique needs and challenges faced by the city and the Cordillera region.



Testimonial Dinner for Women Champions

Hosted by the Climate Change Commission of the Philippines, the Testimonial Dinner is a celebration of the women champions in the field of climate change adaptation and disaster risk and resilience, whose efforts reverberate at various levels – at the grassroots, in the academe, civil society, and in the government.



Philippine Resilience Awards: Women Champions for Climate Action

Highlighting the first recipients of the Philippine Resilience Award for Women, the event aimed to establish a platform for exchanging best practices in integrating gender equality and women empowerment into climate actions and disaster resilience. It facilitated networking among stakeholders committed to fostering collaboration and building a climate- and disaster-resilient future for all.



Exhibit Marketplace

In celebration of the International Day on Disaster Risk Reduction (IDRR), the NRC, alongside other sectoral representatives such as the government, embassies, and local establishments, had the opportunity to showcase its tools, frameworks, innovations, and success stories on Disaster Risk Reduction and Resilience during the 2023 Top Leaders Forum's Disaster Risk Reduction and Resilience Exhibit (Marketplace).



Panel Discussion

NRC's Executive Director, Silvestre Z. Barrameda Jr., presented the "Public-Private-People Partnerships: A Multi-stakeholder and Multi-level Co-creation Approach for Resilience", highlighting the importance of a multisectoral approach to risk and resilience. The presentation was part of the panel discussion titled Synergy for Inclusive Resilience, facilitated by Usec. Marilou Erni of the Department of Environment and Natural Resources. Other members of the panel were Mr. Gustavo Gonzalez, UN Resident and Humanitarian Coordinator of the United Nations Philippines, and VAdm. (ret.) Alexander P. Pama, Co-Chair of ARISE Philippines.

Protecting Nature at All Costs: SM Prime and WWF-Philippines



Pushing for lasting resilience means making sure every partnership is meaningful and productive. In 2022, SM Prime and WWF-Philippines worked on a local decarbonization program. This year, to solidify their efforts in creating a sustainable tomorrow, SM Prime and WWF-Philippines launched the YOUth Are the Future leadership program in October 2023 to concentrate efforts on equipping teen leaders with the tools and knowledge they need to take on climate change, environmental conservation, and sustainability.

To kick start the program, SM Prime gave student ambassadors from different high schools in Manila a discovery tour of the SM Mall of Asia Complex. This gave them a closeup of how the integrated property developer practiced disaster resiliency and continued sustainability efforts. For DENR Secretary Maria Antonia Yulo-Loyzaga, who spoke at the launch, collaborative work for a green tomorrow entails urgently future-proofing the planet in the face of risk: “Our journey is really about the race to resilience, as our climate changes, society is changing. Sustainability is our pathway to survival as a planet, and that is what resilience is really about, the ability to withstand the impacts of the hazards that we know and those that we could face in the future.”

In addition to instilling a sense of stewardship in today’s youth leaders, WWF-PH Executive Director Katherine Custodio hopes that the program paves the way for students to “learn more about what needs to be done” as well as find a more personal connection to the mission by “[discovering] where those intersect with their talents and passions.”

The eco-camp is just among many joint efforts that SM Prime and WWF-Philippines have developed. Previously, both teamed up to enhance SM Prime’s reporting by establishing science-based targets aligned with the Paris Agreement’s aim to limit global warming to 1.5 degrees Celsius. By adopting the framework established by WWF-Philippines towards creating an actionable framework that enables organizations to implement sustainable practices, SM Prime is thus paving the way for better transparency in disclosing its efforts to reach its climate goals. Under the “Corporates for a Better Planet Initiative” (CBPI), SM Prime is now better able

to track its progress in following through its sustainability initiatives and identifying its science-based targets.

SM Prime also continues to work with WWF-Philippines to protect the natural resources at Hamilo Coast, where Costa Del Hamilo Inc. (CDHI) and WWF-Philippines aim to reach sustainability goals that range from coastal resource management, environmental awareness, mangrove restoration, ridge-to-reef management, solid waste management, and the use of renewable resources.

Three of the 13 coves in Hamilo Coast are also recognized as marine protected areas (MPAs), which measure CDHI’s persistence in maintaining high standards for protecting natural resources. More significantly, these three MPAs indicate the environment’s quality of life, ensuring that surroundings remain pristine without intrusive human activities and pollution. A marine conservation approach that has been trusted and used since the 1970s, the concept behind an MPA is essential to areas where fishing is a primary source of livelihood. In the Philippine context, an MPA draws its significance from the country’s location at the Coral Triangle.

As its name implies, the Coral Triangle has numerous corals, with almost 600 species of reef-building corals. In total, more than 120 million people live in the Coral Triangle, which covers waters in Indonesia, Malaysia, Papua New Guinea, the Philippines, Solomon Islands, and Timor Leste and supports six of the seven marine turtle species globally, not to mention more than 2,000 species of reef fish. As for Hamilo Coast, the three MPAs are also evidence that while tourism thrives in the area, human activities are kept to a minimum to prevent any large-scale impacts on marine life.

Meanwhile, collaborative efforts in the metro are evident in SM Supermalls, which began its partnership with WWF-Philippines in 2008. To reduce mall carbon footprint, every SM mall leverages renewable sources for more than half of its energy consumption, with 12 malls relying on solar panels.



Partnerships and Collaborations

Connecting with partner organizations to advance our business while keeping mindful of global development issues is at the core of SM Prime's work.

SM Prime's business partnerships and collaborations encompass our valuable social connections with customers, development agencies, business partners, non-profit groups, regulatory agencies, and the wider community. We believe that a solid social and relationship capital enhances our license to operate and fosters more collaboration, leading to innovation and greater access to new ideas, technologies, and markets.

For our companies, maintaining healthy partnerships is not just about goodwill or sensitivity to public perception. It is a strategic asset that significantly

affects our ability to create and sustain value. Managed well, it opens doors to increased business opportunities, customer loyalty, and employee engagement.

At SM Prime, we also understand that embarking on global challenges such as sustainability and climate change mitigation and adaptation entails strong collaborations with partner agencies. We intentionally form numerous meaningful partnerships to elevate our sustainable goals and impacts.

In 2023, SM Prime continued to manage our social and relationships capital through numerous partnerships that balance our short-term and long-term interests to quickly adapt to changing environments while working toward lasting resilience.

Galing Pook Foundation: Enhancing Governance Through Strategic Partnerships



In 2021, SM Prime embarked on a transformative partnership with the Galing Pook Foundation (GPF) to promote innovative local governance in the Philippines. This collaboration underscores the critical role of public-private partnerships in addressing socio-economic challenges and enhancing community resilience, especially in the face of disasters and health emergencies.

The Galing Pook Foundation, established in 1998, is renowned for its Galing Pook Awards, which celebrate exceptional government initiatives. Supported by the Department of the Interior and Local Government, these awards have spotlighted groundbreaking programs in local governance.

The alliance between SM Prime and GPF has been pivotal in making the awards more impactful and relevant. In recent years, the partnership has focused on resilience in local government units (LGUs) as a cornerstone for award selection.

From 2021 to 2023, the partnership attracted 568 applications, highlighting disaster risk reduction, climate change adaptation, and innovative responses to the COVID-19 pandemic. SM Prime's input has notably led to integrating resilience as a primary award criterion, emphasizing adaptive solutions in community development.

In 2023, the Galing Pook Awards recognized Quezon City's iRISE UP and Del Carmen, Surigao del Norte's Seal of Health Governance, among others, for their outstanding contributions to disaster preparedness and health governance.

Also, it has facilitated a platform for recognizing excellence in local governance and strengthened networks between SM Prime, LGUs, and key government figures.

As SM Prime and the Galing Pook Foundation continue their partnership, their collective efforts serve as a testament to the power of collaboration in fostering

sustainable development and resilience at the grassroots level, a fitting tribute to the 30th anniversary of the Galing Pook Awards this year.

SM Prime's dedication to enhancing local governance and community resilience extends beyond mere sponsorship. The company has played a pivotal role in the Galing Pook Awards selection process, with notable figures such as VAdm Alexander Pama and Liza Silerio, SM Supermalls Vice President, serving on the National Selection Committee and the Board of Judges across various years.

Hosting the Galing Pook Awards' final presentations at the MAAX Auditorium in 2022 and 2023, SM Prime facilitated crucial interactions between corporate executives and key local government officials, fostering a collaborative environment for sustainable development. These events, attended and supported by numerous government leaders, from the President to the Cabinet and barangay officials, provided valuable opportunities for networking, information sharing, and partnership expansion.

In the awarding ceremonies for 2022, SM Prime executives showed their full support for the partnership by gracing the event in Malacañang with President Ferdinand Marcos, Jr. In 2023, another landmark moment occurred when the Philippine Senate recognized the 2022 Galing Pook Awardees, marking a historic acknowledgment of the awards' impact on local governance excellence.

As SM Prime approaches the fourth year of its collaboration with the Galing Pook Foundation (GPF), our focus remains on amplifying successful models of resilient communities. Initiatives like SM malls activations and exhibits will continue to play a crucial role in promoting the Galing Pook Awards and encouraging local government units (LGUs) to showcase their innovative projects.

Our partnership has significantly bolstered GPF's efforts

in highlighting exemplary local governance. With SM Prime's backing, the reach and impact of the Galing Pook Awardees have expanded, as evidenced by the growing engagement on the Galing Pook Facebook page from 2021 to 2023. More importantly, the awards have increasingly motivated barangays, municipalities, and LGUs to enhance the well-being of their communities, sparking a broader interest in innovative governance and people empowerment.

SM Prime President Jeffrey C. Lim reflected on the progress and growing influence of the awards, emphasizing the importance of collaboration across all sectors to achieve sustainability and resilience. "SM Prime remains committed to the Galing Pook Foundation's objectives, and as a private sector partner, we are mindful that we can only achieve sustainability and resilience when all sectors move as one," he stressed.



SM Executives led by SM Prime Holdings, Inc. President Jeffrey C. Lim, with SM Supermalls Vice-President for Corporate Compliance Engr. Liza B. Silerio and then ARISE Philippines Co-Chair and SM Prime Consultant for Disaster Resilience, VAdm. Alexander P. Pama (Ret.) join other Galing Pook partners in a photo with President Ferdinand R. Marcos, Jr. at the 2022 Galing Pook Awarding Ceremony on November 22, 2022.



SM representatives led by Senior Assistant Vice President John Jason Terrenal grace the unveiling ceremony of the Galing Pook marker of the City of Biñan, Laguna on February 3, 2023. The City of Biñan was one of the 2022 Galing Pook Awardees for its Balik-Biñan Project: Tourism Development through Heritage Conservation.



For the first time in Galing Pook history, the 2022 Galing Pook Awardees were commended by the Senate of the Philippines last March 1, 2023 with the adoption of Senate Resolution No. 45. Engr. Liza Silerio, SM Supermalls Vice-President, witnessed the occasion and joined the awardees and their representatives at the Senate.



SM also sponsored the 2023 Galing Pook Awarding Ceremony at One Esplanade in Pasay City last October 12, 2023. In the photo are SM Supermalls Vice-President Liza Silerio with Galing Pook Foundation Chairperson Mel Sarmiento, DILG Secretary Benjamin Abalos, Jr. and Mayor Joy Belmonte of Quezon City, one of the 10 Galing Pook Awardees for 2023.

SM Prime Hosted WIN DRR Excellence Awards 2023



Women leaders converged in Manila on October 13, 2023 for the Annual Women International Network on Disaster Risk Reduction (WIN DRR) Leadership Awards.

The WIN DRR Leadership Awards celebrate women's leadership and recognize the outstanding achievements of women working in disaster risk reduction across the Asia-Pacific region. The awards are part of the United Nations Office for Disaster Risk Reduction flagship women's leadership initiative and the Women's International Network for Disaster Risk Reduction (WIN DRR), which is supported by the Government of Australia.

Aside from the winners, 10 other finalists, were also recognized on stage and were given the opportunity

to present their award-winning programs in the Ignite Stage of the Top Leaders Forum (TLF). The TLF is the annual gathering of government, private sector, civil society leaders together with international organizations and members of the diplomatic corps in the Philippines – to address issues on disaster risk resilience. This is the flagship program of SM Prime and supported by UNDRR and ARISE (the Private Sector Alliance for Disaster Resilient Societies).

The newly launched WIN DRR Philippines Network is supported by SM Prime through SM CARES and powered by Asia Pacific College.



The awarding ceremony was held in SMX Convention Center, Pasay City and graced by H.E. Mami Mizutori (leftmost), Special Representative of the Secretary General on DRR and Head of the UNDRR. Also present to award the finalists and winners were H.E. HK Yu (2nd from right), Ambassador of Australia and Ms. Jessica Sy (rightmost) of SM Prime. Ms. Abia Akram (center) of Pakistan won the Rising Star Award while Ms. Shaila Shadid (2nd from left) from Bangladesh was the grand winner for the Leadership Awards sponsored by SM Prime.



SM Supermalls and BFP: Forging a Fire-Safe Future

Recently, the Bureau of Fire Protection (BFP) awarded SM Supermalls its Outstanding Partnership for Fire Safety Award 2023 and Plaque of Recognition for the malls' support for the various programs conducted by BFP to ensure fire-safe communities.

The recognition from the Bureau of Fire Protection (BFP) was due to a comprehensive year-long fire safety and protection program. This initiative kicked off with the renewal of their Memorandum of Agreement (MOA), leading to several key activities: the first SM x BFP Nationwide Simultaneous Fire Drill on March 13, 2023, the BFP National Fire Olympics at SM Seaside Cebu, and a second nationwide fire drill on July 31, 2023.

Additionally, BFP conducted various seminars and training sessions across SM malls, covering fire extinguishers and blankets, Christmas fire safety, and

a fire square roadshow for students. BFP experts also trained SM's Fire Brigade Teams, benefitting over 49,000 SM employees, agency personnel, and tenant employees.

The programs, particularly the nationwide fire drills, garnered attention from major television news programs and social media platforms and were prominently covered in 24 online and print media outlets.

This comprehensive program underscores the transformative potential of public-private partnerships in enhancing disaster resilience. By combining resources, expertise, and a shared commitment to community welfare, SM Supermalls and the BFP have raised the standard for fire safety and protection and inspired a model of cooperation that other organizations can aspire to replicate.



BFP conducted various fire square road shows in SM malls to raise the level of awareness of the youth on fire safety and prevention by simulating scenarios related to fire incidents and rescue.





Mr. Steven T. Tan, president of SM Supermalls and Fire Chief Louie S. Puracan, represented by Chief Supt. Jesus P. Fernandez Acting Deputy Chief for Administration, signed the renewal of the BFP and SM Prime Memorandum of Agreement which was started in March 2019.



The Fire Square of the BFP was showcased in the Top Leaders Forum (TLF) organized by the United Nations Office for Disaster Risk Reduction (UNDRR), ARISE, WIN DRR, NRC, DENR and SM Prime.



To prevent fire incidents, SM and BFP conduct seminars and orientation on fire prevention.

Philanthropy and Corporate Social Responsibility



SM Cares, SMDC's The Good Guys, and our many other social programs drive SM Prime's strategic philanthropy and corporate social responsibility efforts. These not-for-profit programs serve as the beating heart of SM Prime. Through these initiatives, we work for social inclusion by nurturing and caring for underserved communities where SM Prime has Integrated Property Developments (IPDs).

Every year, SM Prime invests an estimated .15% of our economic value generated in community engagement programs. We partner with community-based charities, civil society, and government bodies to support the most marginalized and vulnerable communities surrounding our IPDs and surrounding communities.

Ready to Rescue: SMDC and the Red Cross Forge Disaster-Resilient Communities

In the face of climate threats, SM Development Corporation (SMDC) has unveiled its "Ready to Rescue" initiative, a disaster preparedness training program crafted in collaboration with the Philippine Red Cross and local Disaster Risk Reduction and Management Offices (DRRMOs).

This comprehensive program marks a significant stride towards safeguarding the nation against the increasingly perilous impacts of climate change. Its pilot sessions, which took place in Iloilo and Bacolod, were a testament to SMDC's commitment to community welfare, highlighting the critical need for grassroots education on disaster management.

Ready to Rescue's curriculum, covering essential topics from fire and earthquake protocols to flood and tropical cyclone preparedness, alongside life-saving techniques such as basic first aid and life support, was met with enthusiasm by a diverse group of participants, including SMDC employees, local government members, and community volunteers.

According to local stakeholders, what sets Ready to Rescue apart is its focus on building a cohesive system for disaster response through Disaster Risk Reduction and Management (DRRM) and the Incident Command System. These frameworks aim to streamline community efforts in times of crisis, ensuring a coordinated and effective response.

SMDC's choice of Iloilo and Bacolod as pilot locations speaks volumes about the corporation's vision for regional development. These areas, which have seen recent growth spurred by SMDC's residential projects like Style Residences and Glade Residences in Iloilo, and Smile Residences and the upcoming Parkville in Bacolod, represent the expanding reach of SMDC's community-centric initiatives beyond Luzon.

Ready to Rescue highlights SMDC's role as a key player in disaster resilience and sets a precedent for private-sector involvement in climate change adaptation and mitigation efforts. The company plans to extend "Ready to Rescue" to all SMDC properties by 2024, laying the groundwork for a safer, more prepared Philippines.

#SupportingCommunities at SM Cares

SM Cares, the corporate social responsibility arm of SM Supermalls, represents one of SM Prime's strongest commitments to corporate social responsibility, offering a structured approach to address a broad spectrum of social issues and challenges facing our communities.

SM Cares' key areas of focus include supporting Persons with Disabilities, Environmental Sustainability, empowering Women and Breastfeeding Mothers, assisting Senior Citizens, nurturing Children and Youth, and Bike Friendly SM.

Through SM Cares at SM Supermalls, we are able to reach numerous communities across the country. Leveraging SM Supermalls' broad reach, we collaborate with a diverse network of partners, including various advocacy groups, community organizations, and private and public sector entities, to amplify our philanthropic impact.

In 2023, SM Cares, aligned with the United Nations Sustainable Development Goals (SDGs), made significant strides. Throughout the year, a dedicated team of employees from SM Supermalls and SM Prime, with the support of partners, engaged participants in various events nationwide.

These events spanned various advocacies, including sustainable transportation initiatives led by the Bike Friendly Committee, youth empowerment via the Global Youth Summit, environmental conservation through Earth Hour and International Coastal Cleanup, enhanced support for senior citizens and persons with disabilities, and advocacy for women and breastfeeding mothers through campaigns like Orange The Philippines and Free to Feed. These endeavors underscore SM Cares' deep commitment to social responsibility and sustainable development, impacting various SDGs from health and education to gender equality and climate action.



Promoting Bike Friendly SM

SM Cares took significant strides in promoting biking and sustainability in 2023, demonstrating a commitment to eco-friendly transportation through strategic community engagement.



National Bicycle Day Celebrations

For National Bicycle Day, SM Cares partnered with local government units and the Break the Cycle bike coalition to host “Padyak Pasay,” a city-wide bike event. Over 400 cyclists participated in a bike ride and eco-tour around SM by the BAY and the city. The eco-tour highlighted sustainable practices at SM properties, such as solid waste management and energy efficiency, educating participants on how to adopt these practices at home.



Share the Road Campaign

With the Department of Transportation (DOTr), SM Cares launched the “Share the Road” video campaign to foster a culture of mutual respect among road users. The campaign, featuring TV personality Kim Atienza, emphasizes the importance of road sharing to promote safer and more sustainable urban mobility.



World Bicycle Day with SM Cares Bike Fest 2023

For World Bicycle Day, SM organized a nationwide Bike Fest that saw 1,800 cyclists and their families participate in events across several SM malls. The festival featured community bike rides and safety clinics, notably at SM by the BAY, SM City Marikina, and SM City Fairview. These activities celebrated the joy of cycling and underscored SM’s advocacy for safe and sustainable transport.

Empowering the Youth

In 2023, SM Cares rolled out several key initiatives focused on nurturing and empowering children and the youth.



Global Youth Summit 2023

Partnering with the Global Peace Foundation, SM Cares hosted the Global Youth Summit, a series of events across SM MOA, Cagayan De Oro, Iloilo, and Baguio. Thousands of students and young leaders gathered to tackle global societal issues, with esteemed speakers guiding them. The summit concluded with a Youth Pledge, reinforcing the participants' commitment to societal progress and the UN SDGs.

Go Volunteer Expo

In collaboration with iVolunteer Philippines, the Go Volunteer Expo at SM Davao and SM Megamall attracted 13,000 visitors and garnered over 800 volunteer sign-ups. The event featured discussions, activities, and a volunteer passport to engage visitors, emphasizing the value of volunteerism among the youth.

National Children's Month

Marking the 31st National Children's Month, SM Cares celebrated with the theme "Bata, Bida Ka!" The event highlighted children's talents and supported the Makabata Helpline of the Council for the Welfare of Children, a crucial initiative for addressing children's rights and concerns.

Bears of Joy

The holiday season saw the introduction of the Bear Pop Squad, part of SM Cares' popular Bears of Joy campaign. With four new designs inspired by K-POP and P-POP fandoms, the initiative encouraged the spirit of sharing among mall clients, with the proceeds going directly to children in need.

Empowering Persons with Disabilities

SM Cares' unwavering dedication to inclusivity and support for persons with disabilities (PWDs) shone brightly in 2023 through a series of impactful initiatives. These programs not only celebrated the diversity and abilities of PWDs but also reinforced SM Supermalls' vision as a mall for everyone.



Happy Walk for Down Syndrome

Led by the Down Syndrome Association of the Philippines Inc. (DSAPI), the Happy Walk for Down Syndrome gathered over 4,738 individuals across Manila, Cebu, Cagayan de Oro, and Bacolod. This family-oriented event underscored SM Cares' solidarity for the Down Syndrome Association of the Philippines, providing fun, entertainment, and a welcoming space for everyone who shares our advocacy.



National Autism Consciousness Week

In observance of this significant week, SM Cares and Autism Society Philippines facilitated "AOK Pilipinas, Live!" — a panel discussion to foster autism inclusion. This event illuminated the challenges and opportunities for people on the autism spectrum, driving conversations toward greater understanding and support.



World Cerebral Palsy Day

SM Cares partnered with the Cerebral Palsy Epilepsy Family Awareness Support Group to commemorate World Cerebral Palsy Day. Workshops and free physical check-ups highlighted our commitment to making SM malls accessible to individuals with cerebral palsy and their families.



Rondalla on Wheels

This initiative brought the joy of music to various SM malls, showcasing the talents of musicians on wheels while celebrating the spirit of inclusivity. The event shines a spotlight on abilities, which are gifts shared during the Yuletide season.



Movies for the Blind

In an innovative move, SM Cares and SM Cinema introduced Movies for the Blind, supporting Project ADAM. This initiative provided an accessible cinema experience for visually impaired patrons, emphasizing SM's role as a pioneer in inclusive entertainment.



PWD Accessibility Recognition

On the International Day of Persons with Disabilities, SM Supermalls was honored by the Philippine Foundation for the Rehabilitation of the Disabled, Inc. for its achievements in accessibility and inclusion, showcasing its continuous efforts to build facilities and facilities that are PWD friendly. This is aligned with the main objective of being a mall for all..



Emergency Preparedness Forum for PWDs and Seniors

SM Cares equipped PWDs and senior citizens with the knowledge and tools to navigate emergencies, emphasizing resilience through its annual Emergency Preparedness Forum. The event mounted workshops and simulations aimed to enhance disaster readiness among vulnerable groups.



The Blackout Zone

This innovative exhibit offered an immersive experience into the world of the visually impaired. Participants engaged in everyday tasks without sight, fostering empathy and understanding for the blind community. This experience helps us better understand and support a more inclusive community.



Angels Walk for Autism

In partnership with the Autism Society Philippines and the National Council & Disability Affairs, SM Cares hosted Angels Walk for Autism. This event saw over 11,000 participants advocating for autism acceptance, accommodation and appreciation, highlighted by the participation of Miss Universe Philippines 2023 candidates alongside children on the autism spectrum.





Supporting and Honoring Senior Citizens

SM Cares championed the welfare of senior citizens in 2023 by highlighting their immense contributions to society while enhancing their well-being. Partnering with the National Commission of Senior Citizens, SM Cares launched various activities during Elderly Filipino Week in October, including free health services at eight SM malls and the creation of the Super Grannies Club. This club offered seniors a platform for connection and enjoyment.

SM Cares' elderly week celebration commenced with the vibrant Simba, Zumba, Sigla at Saya event in Cebu, engaging over 400 seniors in a Walk for Life that underscored the importance of active aging. Discussions on senior citizen concerns further emphasized our commitment to addressing their needs.

The week concluded with the "LEGACY: Stories of Hope and Inspiration" program, where SM Cares was recognized for its dedication to senior citizens. Launching the Philippine Plan of Action for Senior Citizens 2024-2028 marked a promising step towards sustained support for older adults.



Championing Women

In 2023, SM Cares launched various initiatives to empower women and support breastfeeding mothers, celebrating their strength and fostering a safe environment in SM Supermalls.



Orange the Philippines

In a vibrant display of solidarity, the SM MOA globe glowed orange on November 25, 2023, marking the beginning of an 18-day Campaign to End Violence Against Women. This act supported the 'Orange Your Icon' initiative of United Nations Population Fund and Philippine Commission on Women, highlighting the urgent need to end gender-based violence and engaging the community in this vital cause.



GADtimpala Awards

Celebrating the 14th Anniversary of the Magna Carta of Women, SM Supermalls partnered with the Philippine Commission on Women to host the Gender and Development Transformation and Institutionalization through Mainstreaming of Programs, Agenda, Linkages, and Advocacies (GADtimpala) Awards. This event recognized outstanding efforts to uphold women's rights and implement gender-responsive programs.



Safe Space Act Training

A groundbreaking Nationwide Orientation on the Safe Spaces Act was held in October 2023, a collaborative effort by SM Supermalls, the Philippine Commission on Women, and the Department of Labor and Employment. This initiative underscored SM's dedication to creating safe and inclusive spaces for women in our malls.



Mother's Day: Salamat, Mama

The “Salamat Mama: Portraits of Strength, Resilience and Compassion” photography contest commemorated Mother’s Day and the miraculous journeys of motherhood. This photo contest, part of the #StoriesMatter campaign, received widespread engagement, showcasing the diverse experiences of mothers across the nation.



Free to Feed

National Breastfeeding Month saw the launch of the “Free to Feed: Championing Safe Spaces for Breastfeeding at SM” photo contest and exhibit, alongside breastfeeding sensitivity training for nearly 5,800 mall front-line staff. These initiatives reinforced SM Cares’ support for breastfeeding mothers, ensuring they feel welcomed and supported within SM malls.



Women's Month: Stories Matter

During Women’s Month, SM Cares presented stories of female leaders, such as Inka Magnaye, Loren Legarda, Dang Koe, Rosemarie Rafael, and Ann Angala. This campaign celebrated women’s achievements and contributions to society, underpinning women’s diverse roles in advocating for environmental conservation, sustainable futures, motherhood, breaking barriers, and gender empowerment.



Awards and Recognition

For its numerous programs nationwide, SM Cares and SM Supermalls were recognized through prestigious awards, highlighting the impact of its initiatives across various sectors.



Apolinario Mabini Awards

SM Prime received accolades at the Apolinario Mabini Awards from the Philippine Foundation for the Rehabilitation of the Disabled Inc. for its dedication to empowering PWDs. With awards for the Empowerment of Persons with Disabilities and as a Disability-Friendly Establishment, SM showcased its commitment to creating inclusive environments. SM City Grand Central received a Gold award, with SM City Urdaneta Central and SM City Telabastagan earning Bronze. Special citations and honors recognized SM's efforts in compliance with disability-friendly regulations, underlining its leadership in accessibility and inclusivity.

Healthy Pilipinas Awards

The Department of Health honored SM Cares and SM Supermalls with Gold distinctions at the Healthy Pilipinas Awards for Partners. These awards celebrate organizations that contribute significantly to the health and well-being of their communities, recognizing SM's innovative and sustainable initiatives that empower citizens and enhance public health.



Mobility Awards 2023

The Mobility Awards recognized 13 SM Malls for their bicycle-friendly practices, affirming SM's role in promoting sustainable and accessible transportation options. SM Mall of Asia stood out, receiving a Silver award as one of the "Top 2 Most Bicycle-Friendly Large Establishments." Additional Silver and Bronze awards across various SM malls underscored our group's commitment to supporting eco-friendly mobility.



Anvil Awards

SM Supermalls and SM Cares were celebrated for their contributions to inclusion, sustainability, and a positive employee experience. Winning three awards, including a Silver Anvil for the Trash-to-Cash and Plastic Waste Collection programs and the Emergency Preparedness Forum, SM demonstrated excellence in public relations practices, showcasing our impactful and meaningful community engagements.



A Closer Look

SMHCC:
Service and Sustainability
Every Step of the Way



Engaging local farmers is crucial for the sustainability and prosperity of communities and ensuring food security for the general public. Supporting and working closely with local farmers and organizations can play a pivotal role in improving the lives of our agricultural community.

SM Hotels and Conventions Corp. (SMHCC) recognizes the pivotal role of local farmers in sustainable development. With their in-depth and first-hand knowledge of the environment, these local experts can be tapped to provide fresh organic produce and share their insight into sustainable farming practices. By collaborating with farmers, SMHCC aims to boost their livelihood, teach them sustainable skills, and ensure the growth of our country's farming communities.

Hand-in-Hand with Fishers and Farmers

To take on the task of collaborating with partner stakeholders, SMHCC proudly loops them in their sustainability engagement initiatives. Previously, in 2018, SMHCC started supporting local suppliers and MSMEs with the guidance of WWF through their Sustainable Diner Program. Moving this forward, SMHCC reached out to SM Foundation through their Kabalikat sa Kabuhayan – Sustainable Agricultural Program where the hotel group started working together with farmers who had also received training on organic farming from the foundation.

For SMHCC, it is essential to never lose sight of the complete food journey and understand that local producers of food should be supported and recognized. They are deserving to be on the main stage of the culinary scene. SMHCC also allows consumers to revel in the benefits of enjoying delicious food at different SM hotels and restaurants while celebrating local ingredients.

Undeniably, this strategy of sustaining rural economies through fair trade and preserving cultural heritage, bolsters the overall stability and cohesion of local farmers, fishermen and MSMEs.

With this support, we are helping in ensuring a steady supply of food for local and global consumption.

The Beauty of Greening the Supply Chain

Engaging local farmers fosters food security by ensuring a consistent and reliable supply of fresh produce and other agricultural goods. This direct relationship between local farmers and the community helps reduce dependence on imports and provides a safety net in the event of disruptions to global supply chains.

By greening the supply chain, the company not only considers the procurement process but attempts to innovate the local mindset when it comes to production and consumption. Chef Leah Magallanes, Vice President of Quality and Sustainability, admits that “It’s a long process.” However, she says that SMHCC is ready to tackle all challenges: “Our team is just happy to achieve significant changes. This enthusiasm was made evident with the internal campaign of the Chefs called GLOCAL, which is an acronym for Global going Local. This program highlights local ingredients prepared with high culinary standards. Our local sourcing practice empowers our partner farms and builds trust with guests on the freshness of the food served to them.”

SMHCC’s property operations boast of a comprehensive food journey that begins with local sourcing, followed by the proper receipt of produce that follows uncompromising principles in food safety, hygiene, and quality standards. Next, SMHCC chefs are trained to follow mindful production to mitigate food waste. In addition, they are taught to use cooking and plating that veers away from unnecessary garnishes that are just pushed aside. As for the last step in the food journey, all SMHCC establishments follow strict composting measures to divert food waste from landfills.

This insistence on revolutionizing the food journey and engaging farmers, fishermen and local businesses is rooted in one of SMHCC’s Seven Green goals: Sustainable Tourism. These pillars are integrated into the operations of all SMHCC properties and safeguarded by each property’s Sustainability Champions to ensure that we contribute to moving the needle for food security.

Through the stringent implementation of the multidimensional back of house operations, SMHCC has also successfully implemented more cost-prudent operations. Thanks to the composting pits at both the Pico Sands Hotel and Taal Vista Hotel, both establishments successfully produced more than a thousand kilos of vegetables from 2019-2022, proving that a circular economy truly benefits all.

A Legacy of Sustainability

Through support of corporations such as SMHCC and NGOs, farmers are empowered to improve their land and invest in sustainable practices, allowing for topnotch and updated knowledge to be passed down and thereby also allowing farmers to continue their legacy. The advantages here are twofold, as the heritage of knowledge provides a more stable income for future generations and lays down the foundation for food security in the future.

Food security is complex and multifaceted. However, it is this intricacy that lends urgency to the call to engage every individual who nurtures produce and catches seafood, as well as every guest at different hotels and convention centers, to partake in the small but crucial steps to treasure natural resources, consume sustainably sourced food, reduce food and single-plastic waste, and pass down these practices. As the future approaches, these steps will thereby not only invite everyone to partake in the task of creating sustainable food practices but also ensure that sustainability becomes a reality to uphold and celebrate.



By greening the supply chain, the company not only considers the procurement process but attempts to **innovate the local mindset when it comes to production and consumption.**

Corporate Governance

A heart that cares for its customers, communities and environment to ensure sustainable growth and progress.



SM Prime Holdings, Inc. (SM Prime or the “Company”) remains steadfast in its commitment to best practices in corporate governance (CG). Good corporate governance is critical to the Company’s long-term goals and success as it provides a solid foundation for building SM Prime’s reputation and preserving investors and stakeholders trust. In 2022, the Board of Directors (Board) of the Company approved the amendment to SM Prime’s Manual on Corporate Governance (MCG) and Board Committee Charters to align with local laws and regulations and best practices throughout the ASEAN region.

The Company’s commitment to uphold excellence in corporate governance has again been confirmed and recognized through the prestigious award it received in 2023. In particular, the Five Golden Arrow Award, the highest corporate governance distinction in the Golden Arrow Recognition organized by the Institute of Corporate Directors held on September 28, 2023.

Drawing inspiration from the various CG awards and recognitions received in the past years, SM Prime eagerly adopts policies and practices that are beyond the minimum requirements of applicable laws and regulations. Likewise, it is dedicated to sustaining good corporate governance that underscores SM Prime’s core principles of fairness, accountability and transparency. These principles constitute the foundation of SM Prime’s CG Framework and embodied by its governance structure, process, operations and dealings with various

stakeholders. SM Prime’s corporate governance policies and practices are embodied in the Company’s MCG, Integrated Report, Board Committee Charters and Code of Business Conducts and Ethics.

As a publicly-listed company (PLC) in The Philippine Stock Exchange, Inc. (PSE), the Company maintains its compliance with relevant rules of the Securities and Exchange Commission (SEC) such as the Revised Corporation Code, the PSE’s Listing and Disclosure Rules and other regulatory agencies applicable. SM Prime continues to align and adopt the policies and best practices with the ASEAN Corporate Governance Scorecard (ACGS), which espouses international CG best practices. Relevant information about SM Prime’s business, disclosures, reports, press releases, corporate policies, sustainability and financial reports, stockholders’ meeting, among others, are readily available in the Company website for stakeholders and regulators to review its performance vis-à-vis service standards. SM Prime also assures that these reports and information posted on the Company website are accurate and up-to-date.

SM Prime aims to create value at all times with the businesses it operates, marked not just by product quality and service excellence but, more importantly, a heart that cares for its customers, communities and environment to ensure sustainable growth and progress.

Governance Structure

The Board of Directors

The bedrock of SM Prime's corporate governance practices is its Board, ensuring the achievement of the Company's vision and mission in a manner that upholds the values of focus, hard work, innovation, integrity, teamwork and sustainability. The Board is composed of competent and dedicated members who possess relevant experience and knowledge in various industries and have contributed actively to steering the Company's development in the right direction. Eight (8) Board members are elected by the shareholders during SM Prime's Annual Stockholders' Meeting (ASM) and hold office for the ensuing year until the next ASM.

Board Governance

SM Prime's Board of Directors, with the Chairperson as the highest governance body in the organization is at the helm of its governance structure. The Board ensures a high standard of best practice for the Company, stockholders and other stakeholders. Its duties and responsibilities include the following:

- Formulates the long-term vision and mission;
- Leads in the establishment of the strategic framework and setting the overall strategic direction;
- Oversees the development of and approval of the business objectives and overall strategic direction, and monitors progress at least on an annual basis;
- Ensures and adopts an effective succession planning program for Directors, key officers and Management;
- Aligns the remuneration of key officers and Board members with the long-term interests of the Company;
- Discloses in the Corporate Governance Manual a formal and transparent Board nomination and election policy;
- Ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions;
- Approves the selection and assesses the performance of Management and control functions;
- Establishes an effective performance management framework that ensures that the Management and personnel's performance is at par with the standards;
- Oversees an appropriate internal control system and a sound enterprise risk management (ERM) framework is in place;
- Ensures a Board Charter is in place and is publicly available;
- Discloses within three business days any transactions related to their own SM Prime shares;
- Oversees the implementation and monitoring of the Company's policies and strategies relating to sustainability and ensure company support and alignment with industry economic, environmental, social and governance (EESG) best practices;
- Ensures oversight responsibility in Anti-Money Laundering and Countering Terrorism Financing related strategies and programs are implemented; and
- Performs other duties and responsibilities as may be assigned by relevant regulations such as issuances of the Securities and Exchange Commission (SEC).



Board Committees

The Board may create special committees of temporary or permanent nature and determine the members' term, composition, powers and responsibilities, as stated in the Company's By-Laws, Manual of Corporate Governance and Charter of the Board of Directors to effectively and efficiently implement best corporate governance practices, while simultaneously continuing its goal of enhancing corporate values, maintaining sustainable development, and delivering greater returns for our shareholders. The Board Committees are set up to assist the Board in the performance of their functions particularly with respect to audit, risk management, related party transactions and governance. The Board, through the work performed by its Committees, is of the opinion that the Group's systems of internal control and

risk management are adequate and effective in addressing key and material risks of the Company.

Board Committees are guided by its Charters that define its composition, specific duties and responsibilities exercising authority for oversight of internal control, risk management, sustainability, compliance, and performance evaluation. Continual review and amendments to the Charters are done regularly to align with corporate direction or recent updates such as passage of new laws and latest issuances by relevant regulatory authorities such as the SEC. Each Board Committee has its own charter posted in the Company website. To heighten the efficiency of Board operations, the following committees were established:

A. The Executive Committee

The Executive Committee assists the Board in overseeing the implementation of strategies and long-term goals, reviewing major issues the organization faces, monitoring the operating activities of each business group, and defining and monitoring the Company's performance improvement goals.

Regular committee meetings are held at least once a month. In accordance with the Revised Manual on Corporate Governance, actions of the Executive Committee are reported to the Board of Directors at the Board meeting immediately following such action, and are subject to revision or alteration by the Board, as necessary.

The Board, through the Executive Committee, with the assistance of the Chief Finance Officer, reviews and approves SM Prime's tax strategy. This is regularly reviewed when new tax regulations are issued or current tax regulations are amended. SM Prime also has processes in place to monitor compliance with all government requirements and keeps abreast of the latest developments in regulations concerning the real estate industry. The payment of taxes helps in sustainable development and as such, is an indispensable component of the sustainable development strategy in the Company.

Executive Committee		
Members	Designation	Directorship
Hans T. Sy	Chairperson	Non-Executive
Henry T. Sy, Jr.	Member	Non-Executive
Jeffrey C. Lim	Member	Executive
Herbert T. Sy	Member	Non-Executive
Elizabeth T. Sy	Member	Non-Director
John Nai Peng C. Ong	Member	Non-Director

B. The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities to shareholders by ensuring the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to overall corporate governance best practices. This Committee also oversees the Company's process for monitoring

compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. The Committee met four (4) times in 2023, with 100% attendance in all meetings.

Audit Committee					
Members	Designation	Attendance			
		2/20	5/8	8/7	11/6
Amando M. Tetangco, Jr. (ID)	Chairperson	✓	✓	✓	✓
Darlene Marie B. Berberabe (ID)	Member	✓	✓	✓	✓
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola (NED)	Member	✓	✓	✓	✓

C. The Board Risk Oversight Committee

The Board Risk Oversight Committee aids the Board in overseeing the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. This Committee assists the Board in ensuring an effective and

integrated risk management process is in place. The Committee had four (4) meetings in 2023, with 100% attendance in all meetings.

Board Risk Oversight Committee					
Members	Designation	Attendance			
		2/20	5/8	8/7	11/6
J. Carlitos G. Cruz (ID)	Chairperson	✓	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola (NED)	Member	✓	✓	✓	✓

D. The Corporate Governance Committee

The Corporate Governance Committee assists the Board in performing its corporate governance and compliance responsibilities, including functions that were formerly assigned to the Nomination and Compensation, and Remuneration Committees. This Committee also ensures alignment of CG Framework with local and regional best practices, reviewing and recommending changes, improvements or enhancements to the Company's policies including the Manual of Corporate Governance (MCG). The Committee believes that prudent and effective corporate governance practices constitute the foundation of the Company's strength and

long-term existence to enhance and maximize long-term shareholder's value.

This Committee is also responsible for the Company's sustainability reporting and apprise the Board of significant sustainability-related concerns of SM Prime's stakeholders and make appropriate recommendations to the Board regarding targets and strategies that will improve the Company's sustainability performance.

For the year 2023, the Committee had three (3) meetings with 100% attendance in all meetings.

Corporate Governance Committee				
Members	Designation	Attendance		
		2/20	5/8	8/7
Darlene Marie B. Berberabe (ID)	Chairperson	✓	✓	✓
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓

The Corporate Governance Committee also determines the number of directorships in publicly-listed companies

which a member of the Board may hold simultaneous to their SM Prime board seat.

Directorship in other Reporting Companies		
Director	Name of Reporting Company	Nature of Directorship
Henry T. Sy, Jr.	Synergy Grid & Development Phils., Inc.	Chairperson
	SM Investments Corporation	Vice Chairperson
Amando M. Tetangco, Jr.	SM Investments Corporation	Chairperson
	Belle Corporation	Independent Director
	Converge ICT Solutions, Inc.	Independent Director
	Shell Pilipinas Corporation	Independent Director
J. Carlitos G. Cruz	Vivant Corporation	Independent Director
Hans T. Sy	China Banking Corporation	Chairperson
	SM Investments Corporation	Adviser to the Board
Herbert T. Sy	China Banking Corporation	Director
	SM Investments Corporation	Adviser to the Board

E. The Related Party Transactions Committee

The Related Party Transactions Committee aids the Board in reviewing all material related party transactions (RPTs) of the Company. The mandate for this Committee specifically includes the evaluation of the RPTs to ensure that these are undertaken on terms not less favorable

to the Company than those offered to any unaffiliated third party under the same or similar circumstances and overseeing the implementation and regular review of the related party transactions policy. The Committee had one (1) meeting in 2023 with 100% attendance.

Related Party Transactions Committee		
Members	Designation	Attendance
		2/20
Darlene Marie B. Berberabe (ID)	Chairperson	√
Amando M. Tetangco, Jr. (ID)	Member	√
Jorge T. Mendiola (NED)	Member	√

Board Remuneration

The Corporate Governance Committee ensures that the remuneration of the directors and key officers are aligned with the long-term interests of the Company, business policies and strategy. In line with the Company's Code of Ethics, employee compensation and rewards are determined based on the individual performance and Company performance. The Board Remuneration Policy adopted by the Company outlines the process for determining the remuneration for executive director and senior management.

Members of the Board receive a reasonable per diem for each regular or special Board meeting or Board Committee meeting attended. Total compensation paid to directors for their performance of duties and functions as members of the Board of Directors is disclosed annually in the Definitive Information Statement sent to shareholders. The total amount does not exceed 10% of the total income of the Company before tax during the preceding year in accordance with SM Prime's By-laws and relevant laws and regulations. In accordance with SM Prime's MCG, no member of the Board shall participate in the determination or discussion of their own per diems or compensation.

The Company's fixed remuneration of employees is subject to annual merit increase and its variable remuneration are performance-based compensation and rewards that are determined based on the individual performance of the employee and overall Company performance designed to improve retention, enhance performance tied to the Company's long-term goals and safeguard the Company's long-term health and viability.

Board Performance and Evaluation

The members of the Board participate in an annual self-assessment exercise to assess their individual and collective performance. This exercise allows each director to appraise its performance, participation in discussion and involvement in decision making in the boardroom, to ensure the effectiveness of their governance and to identify areas for improvement. The self-assessment exercise is facilitated by the Corporate Governance Committee.

Annually, the Corporate Governance Committee facilitates the evaluation of the performance of the Board as a body, its respective Board Committees, the individual Directors, Chairperson of the Board and each Committee and the President, based on duties and responsibilities provided in SM Prime's Revised Manual on Corporate Governance and By-laws. In this respect, the evaluation is conducted every first quarter for its previous year's performance. The evaluation also serves as a venue for identifying areas for improvement in terms of training, continuing education programs, or any other forms of assistance that the Directors may need in the performance of their duties. The evaluation forms also include support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, and their accessibility to Management, the Corporate Secretary and Board advisers, among others.

Every three (3) years, the assessment is supported by an independent external facilitator in compliance with SEC's Code of Corporate Governance for Publicly-Listed Companies. In 2022, the Institute of Corporate Directors (ICD) was engaged to conduct a Third party-led Board Evaluation of the Board's performance. The scope

of the evaluation includes the Board's structure and composition, responsibilities and duties, board processes, dynamics and relationships, and corporate governance practices.

The following are the results of the evaluation conducted by ICD:

- SM Prime has a strong culture of compliance. Management ensures policies are deployed properly to the whole organization;
- The Board's Structure is well-defined and defined roles are observed in practice;
- Discussions are open on both committee and board level. Management executives are engaged in Board meetings; and
- The Board values good governance and sustainability, which is always the underlying value for each report, policy, and program.

The results of the assessment, including recommendations, were presented to the Board by the CG Committee during the 2nd Quarter Meeting. Subsequently, the Board noted the results and ICD's recommendation. The Board, through the CG Committee, monitored its progress of the recommendations and improved its performance to further strengthen its function.

Board Meetings and Attendance

Regular board meetings are held quarterly and scheduled in advance before the start of the year. Special meetings may be called as needed. In accordance with CG best practice and the Company's MCG, the Board receives the board materials and documents containing the matters to be discussed in the meeting at least five (5) days prior to the scheduled meeting.

The Board of Directors had eight (8) board meetings in 2023 on the following dates: February 20, April 25 (3), May 8, August 7, November 6 and December 4. All meetings registered 100% attendance of members of the Board of Directors, which is compliant with the SEC's attendance requirement.

Training and Continuing Education Program

In accordance with the provision of the MCG and Charter of the Board, to support the Board in its roles, a comprehensive eight-hour orientation program is given for new directors and four-hour continuing training annually for existing directors, which includes an understanding of the contributions the director is expected to make, an explanation of the Board and its committees, the Company's business, corporate governance and other matters. The Board, together with other key officers of SM group, actively attend several

training programs annually to stay up to date with new laws and regulations, updates in CG standards and relevant market trends that can affect the Company's business, CG matters, sustainability, among others.

For 2023, the annual CG trainings were conducted on May 16, August 2, October 16 and December 15 organized by SM Investments Corporation, BDO Unibank, Inc and China Banking Corporation which were facilitated by the Institute of Corporate Directors, Good Governance Advocates and Practitioners of the Philippines, and Risks, Opportunities, Assessment and Management (ROAM), Inc. covering the various relevant topics:

- Ethical Decision-Making Models
- Digital Transformation: Case Studies and Success Stories
- Global Trends in Banking: Business and Technology Generative Artificial Intelligence
- Global Economic and Geopolitical Outlook
- Business Trends and Insight
- Generative A.I. and Cybersecurity
- Corporate Governance Regulatory Updates
- 2023 Global and Regional Trends in Corporate Governance (Asia-Pacific, America and Europe)
- Corporate Sustainability/Sustainability Reporting
- RP Economic Statistics
- Global and Local Economic, Political and Other Challenges
- Impact of Artificial Intelligence on Business and Society

Board Support

All members of the Board have direct and independent access to the Corporate Secretary, the Compliance Officer and Management. Their qualifications, duties and responsibilities are stated in the MCG. The Company ensures that the Board including key officers regularly attend the annual corporate governance training.

Management

President

The President is responsible for the minimum internal control mechanisms of Management's operations and accountable for the Company's organizational and procedural controls. The President reports directly to the Board and provide the Board with timely information and interface between the Board and the employees. The President is also responsible for overseeing the operations of the Company and manage human and financial resources in accordance with the strategic plan. The President is the only Executive Director of the Company and is assisted by the Senior Management including heads of various business units.

Corporate Secretary

The Board is assisted by a Corporate Secretary who is not a member of the Board of Directors to ensure the effective discharge of its duties and responsibilities. The Corporate Secretary assists the Chairs of the Board and its Committees in the preparation of agenda for Board meetings, puts the Board on notice before every meeting and assists the Board in making business judgments in good faith. The Corporate Secretary gathers and analyzes documents, records and other information, including updates and changes to relevant rules, laws and regulations, and keeps the Board abreast on matters essential to the conduct of their duties and responsibilities. The Corporate Secretary's functions are stated in the Company's By-Laws and MCG.

Chief Compliance Officer

The Chief Compliance Officer (CCO) ensures that the organization adheres to corporate principles and best practices. The CCO monitors, reviews, evaluates, and ensures the compliance of the corporation, its officers and directors with the relevant laws, the Company's MCG, rules and regulations and all governance issuances of regulatory agencies. The Board, through the Chief Compliance Officer, reviews business units' strategies and targets and monitors their progress towards achieving the Company's strategic objectives.

Chief Audit Executive

The Chief Audit Executive (CAE) oversees and is responsible for the internal audit activity of the organization. The CAE establishes a risk-based internal audit plan, including policies and procedures,

to determine the priorities of the internal audit activity, consistent with the organization's goals. The CAE periodically reports to the Audit Committee on the internal audit's performance.

Chief Risk Officer

The Chief Risk Officer (CRO) serves as the ultimate champion of the Enterprise Risk Management and spearheads its development, implementation, maintenance and continuous improvement of ERM processes and documentation. The CRO in collaboration with the Management, updates and makes recommendations and reports to the Risk Oversight Committee, Corporate Governance Committee and Related Party Transactions Committee.

Board Diversity

As part of SM Prime's CG best practices, the Board has adopted a board diversity policy which aims to create and maintain an atmosphere of constructive challenge and debate, requiring the right balance of skills, competence, experience, and perspectives among the Directors. Other factors considered are diversity of business experience, competencies, knowledge, skills, age, ethnicity, gender, among others. The Corporate Governance Committee affirms that the Board has a proper mix needed to effectively perform its responsibilities and uses a Board Matrix to monitor progress in achieving the Board's diversity objectives.

The measurable diversity objectives of the Board are as follows:

1. At least one (1) female independent director; and
2. At least 50% of the members of the Board are with background or experience in (a) Real Estate or Engineering; (b) Business Administration or Management; and (c) Finance or Accounting.

SM Prime has one (1) female Independent Director on the Board and the Company's Executive Director does not serve on any publicly-listed company's board in the same capacity. The diversity objectives as well as the attributes, expertise, and affiliation stated in our Board Matrix are well-represented by the current Board of Directors.

Board Composition					
Director's Name	Directorship	Age	Date First Elected	No. Years as Director	Expertise
Amando M. Tetangco, Jr.	Lead Independent	71	April 2021	3	Accounting, Audit and Control, AMLA, Banking, Corporate Governance, Economics, Finance, Healthcare, Transport and Logistics, Public Policy
J. Carlitos G. Cruz	Independent	63	April 2021	3	Accounting, Audit and Control, Banking, Energy, Finance, Risk Management, Tax
Darlene Marie B. Berberabe	Independent	55	April 2021	3	Corporate Governance, Education, Energy, Finance, Investment Banking, Labor, Law, Treasury, Real Estate
Henry T. Sy, Jr.	Non-Executive	70	April 1994	30	Real Estate, Sales, Marketing, Energy
Hans T. Sy	Non-Executive	68	April 1994	30	Real Estate, Banking, Engineering, Education
Herbert T. Sy	Non-Executive	67	April 1994	30	Real Estate, Banking, Operations, Retail
Jorge T. Mendiola	Non-Executive	64	December 2012	11	Real Estate, Operations, Retail
Jeffrey C. Lim	Executive	62	April 2016	8	Real Estate, Operations, Accounting

Board Independence

SM Prime's Board is composed of a majority of Non-Executive Directors and Independent Directors. The Company has three (3) Independent Directors that possess all the necessary qualifications and none of the disqualifications to hold the position and four (4) Non-Executive Directors out of its eight (8) Board members. The Board appointed a Lead Independent Director who serves as the intermediary between the Chairperson and other directors, when necessary.

Mr. Amando M. Tetangco, Jr. serves as the Board's Lead Independent Director and the Vice Chairperson of the Board, primarily to reinforce proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place, in cases where Management has clear conflicts of interest. Directors with material interest in any transaction with the Company are also expected to abstain from deliberation of the same. There is no Independent Director that serve more than nine (9) years.

Nomination and Election of Board of Director

In accordance with SM Prime's By-Laws, Manual on Corporate Governance and company policies, any stockholders, including minority stockholder are entitled to recommend or nominate candidate for Board membership for consideration by the Corporate Governance Committee. The recommendations are sent to the Corporate Governance Committee through the office of the Corporate Secretary. The Corporate Governance Committee will prepare the final list of candidates after considering the qualifications and disqualifications set forth in the above-mentioned corporate documents.

For this purpose, the Corporate Governance Committee may engage the services of professional search firms or use other external sources of candidates. Furthermore, in accordance with SM Prime's Board Diversity policy, no director or director-nominee shall be discriminate by reason of age, ethnicity, culture, skills, competence, knowledge, gender, among others.

The profiles of the nominee directors are likewise provided in the Company's Definitive Information Statement (DIS) or the SEC Form 20-IS which is distributed to the shareholder and posted in the Company's website at least 28 days prior to the scheduled annual stockholders' meeting.

Corporate Governance Related Policies

Manual on Corporate Governance

In November 7, 2022, the Company's Board approved the latest amendments to its Manual on Corporate Governance, incorporating relevant sections in the Revised Corporation Code and various issuances from the Securities and Exchange Commission. The amendments cover sections such as the Board and Board Committees' duties and responsibilities, Permanent Disqualifications of directors, Rotation of External Auditor, and Promoting Shareholder Rights.

Through these key updates, SM Prime's Revised Manual on Corporate Governance institutionalizes the principles of good corporate governance by clearly defining the roles and responsibilities of the Board of Directors and Management, promoting disclosure and transparency, strengthening the internal control system and risk management framework and cultivating a synergic relationship with various stakeholders.

All Directors, officers and employees are expected to comply with all the provisions of the Revised Manual

on Corporate Governance. The Company's Compliance Officer is tasked to monitor compliance with the Manual and impose corresponding penalties for noncompliance. The Company is fully compliant with the Manual and thus, does not have any deviation from the SEC's Code of Corporate Governance as of the date of this report.

Code of Ethics

As outlined in SM Prime's Code of Ethics, the Company's directors, officers and employees are fully committed to doing business in accordance with the long-held values and ethical standards that have been the foundation for the growth and success of the SM Group. This Code states the principles that guide the Company's Directors, officers and employees in the performance of their duties and responsibilities including their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public. SM Prime complies with all applicable laws and regulations including those related to financial reporting, upholding fair trade and competition, environment, data privacy, insider trading, non-discrimination, conflict of interest, corporate social responsibility, among others.

ASEAN Corporate Governance Scorecard

To uphold its commitment to good corporate governance, SM Prime adheres to the corporate governance practices based on the ASEAN Corporate Governance Scorecard (ACGS), taking into consideration the principles as espoused by the Organization for Economic Cooperation and Development (OECD). The ACGS assessment, conducted by the Institute of Corporate Directors, Inc. (ICD) as well as their ASEAN counterparts, measures the performance in various focus areas such as facilitating the rights and the equitable treatment of shareholders and different stakeholders, ensuring transparency and accountability through timely disclosure of material information, and how the Board guides the Company strategically, monitors the management, and ensures the Board's accountability to the Company and the shareholders.

Integrated Annual Corporate Governance Report

The Integrated Annual Corporate Governance Report (I-ACGR) highlights the Company's corporate governance practices, policies and programs, and provides detailed information on the Board of Directors and Management. This report contains adherence to various recommendations as espoused by the SEC's CG Code for PLCs, PSE CG Guidelines for Listed Companies and practices taken from the ASEAN Corporate Governance Scorecard. This is submitted annually to SEC and may be viewed on the company website and via PSE EDGE.

Governance Policies and Practices

To complement the principles provided by the Revised Manual on Corporate Governance and Code of Ethics, SM Prime developed several policies and programs that deal with specific implementation areas:

Policy/Practices	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading in SM Prime shares, five trading days before and two trading days after the disclosure of any material, stock price-sensitive information. SM Prime issues reminders to SM Prime Property Group including its directors, key officers and covered persons on blackout periods, before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Trading done by Directors and officers are also reported within three business days of the transaction.
Related Party Transactions (RPT)	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 shall be observed at all times. Details of material related party transactions entered into by the Company are required to be reviewed by the Related Party Transactions Committee in accordance with the RPT Policy, to ensure these are conducted at arm's length. RPT Policy also adheres to the SEC Memorandum Circular on Rules on Material Related Party Transactions.
Conflict of Interest	<p>All Directors and employees are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts and entertainment, interest in businesses of suppliers, competitors or customers, participation in other organizations or activities, and close personal relationships in the Company or its affiliates and subsidiaries.</p> <p>Based on the Company's MCG, a director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same. Lead Independent Director's role is to provide leadership to the independent directors and advise the Board on matters where there may be an actual or perceived conflict of interest.</p>

Policy/Practices	Brief Description
Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy)	SM Prime prohibits the solicitation or acceptance of gifts and travel 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.
Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)	This aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any Director, officer, employee, customers, shareholders, vendors, suppliers and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation. The policy provides for a conduct of investigation of the incident report. The policy also includes provisions for non-retaliation against the filer of the incident report. Upon receipt of such report, Management conducts an investigation on its merit, subject to due process, and impose applicable penalties and sanctions thereafter.
Creditors' Rights	SM Prime shall respect agreements with creditors, manage loans according to lending objectives, ensure timely repayment of loans and interests, thoroughly honor loan conditions as agreed, and competently operate the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities.
Supplier Selection	SM Prime adheres to the principles of healthy competition, equal opportunity and fair treatment of business partners. As such, the selection of suppliers follows an open, competitive and non-discriminatory process. SM Prime implements a vendor enrollment process that screens qualifications of vendors/suppliers the Company will deal with. Such qualifications include legality of entity or business, adequacy of financial strength, compliance with SM Prime policies such as conflict of interest disclosure requirements and ethical standards, and support to SM Prime's environmental missions, health and safety culture.
Guidelines on Placement of Advertisements	This prohibits the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where SM Prime or any of its subsidiaries, director, officer or employee is one of the nominees vying for the award. The Company may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to the Company or to any of its subsidiaries, director, officer or employee.

Policy/Practices	Brief Description
Alternative Dispute Resolution System	The Company establishes 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 see fit.
Data Privacy	SM Prime collects, uses, protects or handles data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations and other issuances. A Board-appointed Data Protection Officer is tasked to oversee data privacy compliance and manage data protection risks consistent with applicable rules, regulations and issuances of the National Privacy Commission.
Non-Executive Directors' Meeting with External Auditor	Non-Executive directors shall have separate periodic meetings with the external auditor, and heads of internal audit, compliance, and risk management, without the presence of executive directors to ensure proper checks and balances are in place.
Notification of Directorship Prior Acceptance	SM Prime requires all directors to exercise due discretion in accepting and holding directorships outside of the Company. As such, directors are required to notify the Board, through the Corporate Secretary, immediately upon receipt of invitation or nomination from a publicly-listed company.
Third-Party Facilitated Board Evaluation	In line with the Company's efforts to improve Board performance and practice of good Corporate Governance principles, the Board is subject to an annual evaluation and facilitated by a third party every three years. This practice aims to address areas of improvement and monitoring of progress of recommendations.
Sustainability Reporting	The Company espouses disclosure of material and reportable non-financial and sustainability matters, using a globally-recognized framework and in accordance with SEC rules. The report emphasizes the management of economic, environmental, social, and governance issues of the business.
Succession Planning Policy	The policy provides for an effective Succession Planning program that addresses human resource requirements for mission critical positions, provide value to the Company's employee development efforts and ensures stability and continuity of the Company mission and goals through smooth organizational and operational transitioning.

These policies serve as guide to matters involving Company's directors, officers, and employees work performance, transactions with investors, creditors, dealings with employees, among others. SM Prime's policy commitments include various procedures and preventive measures to address concerns and incidents. All directors, officers and employees are expected to abide by the Company's Code of Ethics and its policies. For the year 2023, there was no reported incident of non-compliance with the Conflict of Interest Policy.

Communication and Compliance

SM Prime understands that the continuous growth and development of corporate governance culture rests on the promotion and awareness of the principles of good governance. As such, the Company continues to strengthen its training and orientation programs. Through the Human Resource Department's (HRD) orientation program, new employees are given an overview of the various components of SM Prime's Corporate Governance Framework, the Code of Ethics and related policies which are also contained in an internal portal for employees' easy access and reference.

It also covers the importance of ethics in the business, informs employees of their rights and obligations, as well as the principles and best practices in the promotion of good work ethics. Relative to this, the HRD requires all employees to complete the 3-part Corporate Governance course annually. This specifically includes the following:

- Confirmation – to confirm that employees have read and understood and agrees to comply with the Company's Code of Ethics, Code of Discipline, Insider Trading Policy, Conflict of Interest and Handling Policies, and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), among others.
- Handling Conflict of Interest Situations (E-Learning Course) – to be familiarized with the proper disposition of actual or perceived Conflict of Interest situations.
- Disclosure Survey – to disclose each employees' affiliations, interests, relationships, and/or transactions which are relevant for full disclosure of all actual, apparent or possible conflicts of interest.

SM Prime has always been committed towards sustainable and responsible business practices in all stages of its operations, its policies and to applicable laws and regulations. For the year 2023, there is no administrative case charging SM Prime for anti-competitive behavior, or for violation of anti-trust and monopoly laws. However, the Company and certain business units are parties to certain lawsuits or claims, these lawsuits and claims arise from the ordinary course

of business and not substantial or no material impact to the Company's business, operations and financial conditions.

Disclosure and Transparency

SM Prime remains committed to providing its stockholders and the public of high standards, timely and accurate disclosures. The Company always ensures that the its corporate disclosures are full, accurate and timely submitted to the regulators. The information posted in the Company's website were reviewed regularly, accurate and up-to-date. The website has a separate Corporate Governance section that features, among others, the Revised Manual on Corporate Governance, Annual Corporate Governance Report and Scorecard, Code of Ethics and other relevant policies, programs and important information.

The Company reports it quarterly and full year financial results through the SEC, PSE and PDEX to provide the shareholders the investors, and the public a balance and informed assessment of its performance, position and prospects.

SM Prime recognizes its continuing disclosure obligations under the PSE Listing and Disclosure Rules and to the SEC under the Securities and Regulation Code.

Moreover, in accordance with SM Prime's strong advocacy for good corporate governance, the Company gives importance of the regular communication with its investors. The Investor Relations Department is tasked with a program of proactive, uniform and appropriate communication through full disclosure in compliance with the regulatory bodies and serves as the main avenue of communication between the Company and its various stakeholders. Likewise, Investor Relations Team conducts regular briefings and meetings with investors, analysts and the press to keep them updated on Company's various projects, as well as its financial and operational results. The presentation materials used in these briefings, as well as the Company's SEC and PSE reports, may be viewed and downloaded from the website

Transactions of Directors and Officers

SM Prime timely submits the disclosure on the beneficial ownership of its directors and key officers to the SEC and PSE using SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities and subsequently uploaded in the company website. The Company's Insider Trading Policy requires both Directors and Key Officers to notify and report to the Compliance Officer all dealings in SMPH shares within three (3) business days from the date of trading. Further, all directors and key officers are required to certify annually that they have not violated the said policy.

The Annual Stockholders' Meeting

The Annual Stockholders' Meeting (ASM) provides stockholders with the opportunity to raise concerns, give suggestions, and vote on relevant issues. Voting methods are clearly defined and explained to stockholders before the ASM to ensure the observance of their voting rights and continued participation in the voting process. Stockholders are also entitled to cumulative voting in the election of the Board of Directors, as provided under Section 23 of the Revised Corporation Code.

The Annual Stockholders' Meeting on April 25, 2023 was conducted physically and broadcasted via livestreaming accessible to registered stockholders. The Board of Directors adopted resolutions allowing stockholders to participate in the Annual Stockholders' Meeting via remote communication, and to exercise their right to vote in *absentia*. This allows the shareholders who are unable to physically attend the ASM to participate and vote.

The notice of meeting along with the other important information were distributed through an alternative mode by publication in the newspapers of general circulation, both in print and online formats, on March 20 and 21, 2023, with sufficient and relevant information to encourage active stockholder participation.

The minutes of the annual stockholders' meeting were posted on the Company's website within 24 hours from adjournment of the meeting. It contains the matters discussed and resolutions reached, along with shareholder questions and the corresponding responses. To ensure that all stockholders' concerns are properly addressed, the Chairperson of the Board, Board of Directors, the President, Board Committee Chairpersons and Members, Management, the Corporate Secretary, Compliance Officer, Internal Auditor and the External Auditors are always present during the ASM.

Rights, Roles and Protection of Stakeholders

The Revised Manual on Corporate Governance asserts the rights of stockholders and protection of minority interests. It is the duty of Directors to promote stockholder rights, remove impediments to the exercise of these rights and allow possibilities for stockholders to seek redress for violation of their rights.

Rights of Shareholders

Voting Right - All stockholders are entitled to vote following the cumulative voting system. Stockholders, whether individual or institutional, through their representative, are encouraged to personally attend the Annual Stockholders' Meeting to exercise their voting right, thereby allowing them to individually elect candidates to the Board of Directors and vote on

matters requiring stockholder approval. Nevertheless, proxy voting is permitted and is facilitated through proxy forms available in Company's website and distributed to stockholders along with the Notice of Meeting. As authorized by the Board, stockholders may also vote through remote communication or *in absentia*. The Company ensures that there are clear guidelines for participation, appropriate requirements and procedures for *in absentia* voting by stockholders.

Right of Inspection - All stockholders are given the right to inspect corporate books and records, including but not limited to the minutes of Board meetings and stock registries at reasonable hours on business days in accordance with Revised Corporation Code of the Philippines and be furnished with copies of the Company's Annual Report and financial statements, without cost or restrictions.

Right to Information - All stockholders may request the Company to provide periodic reports about its Directors and officers, as well as matters for which Management is accountable. Moreover, 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 the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

Right to Dividends - All shareholders have the right to receive dividends subject to the discretion of the Company's Board. The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board of Directors determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. Dividends shall be paid within thirty (30) days from the date of its declaration.

Appraisal Right - In accordance with Section 80 of the Revised Corporation Code of the Philippines, shareholders may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares. Procedures for the exercise of this right are provided in the Definitive Information Statement.

Employee Welfare

All officers and employees are to be selected, engaged, and compensated based on qualification and performance. Employees are treated fairly and accorded with respect and dignity. SM Prime ensures that individual and collective rights are not violated. The Company also maintains a safe, productive and conducive workplace and complies with all applicable health, safety and environmental laws to continually safeguard their health and rights. Opportunities for career advancement are provided based on clear performance and qualifications criteria to provide equal opportunity for all employees to flourish and realize their fullest potential.

Business Continuity

SM Prime ensures that risk management and control structures and procedures are in place to safeguard its workforce, operations and customers against emergencies and natural and manmade disasters through the implementation of Business Continuity Management System (BCMS). The BCMS aims to maintain the reputation, meet the commitments, and ensure the continued operation of the organization especially the critical business functions with even greater speed, skill and confidence by effectively providing a framework for identifying the potential business threats, their impacts to the organization and implementing appropriate controls.

Training and Employee Development

Employees are provided with wide array of learning and development opportunities, designed and aligned with the Company's business objectives, aimed at honing the skills and capabilities in carrying out their duties, as well as preparing them to assume higher responsibilities as the next leaders of the organization. Training framework also includes trainings for professional growth, soft skills, leadership, functional, and topics covering compliance, Code of Ethics, Conflict of Interest, among others.



For governance-related issues or concerns, stakeholders may refer to:

Joana B. Tiangco

ASSISTANT VICE PRESIDENT

Enterprise Risk Management and Corporate Governance

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Awards and Accolades

Finance Asia 2023 Asia's Best Companies

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Performance

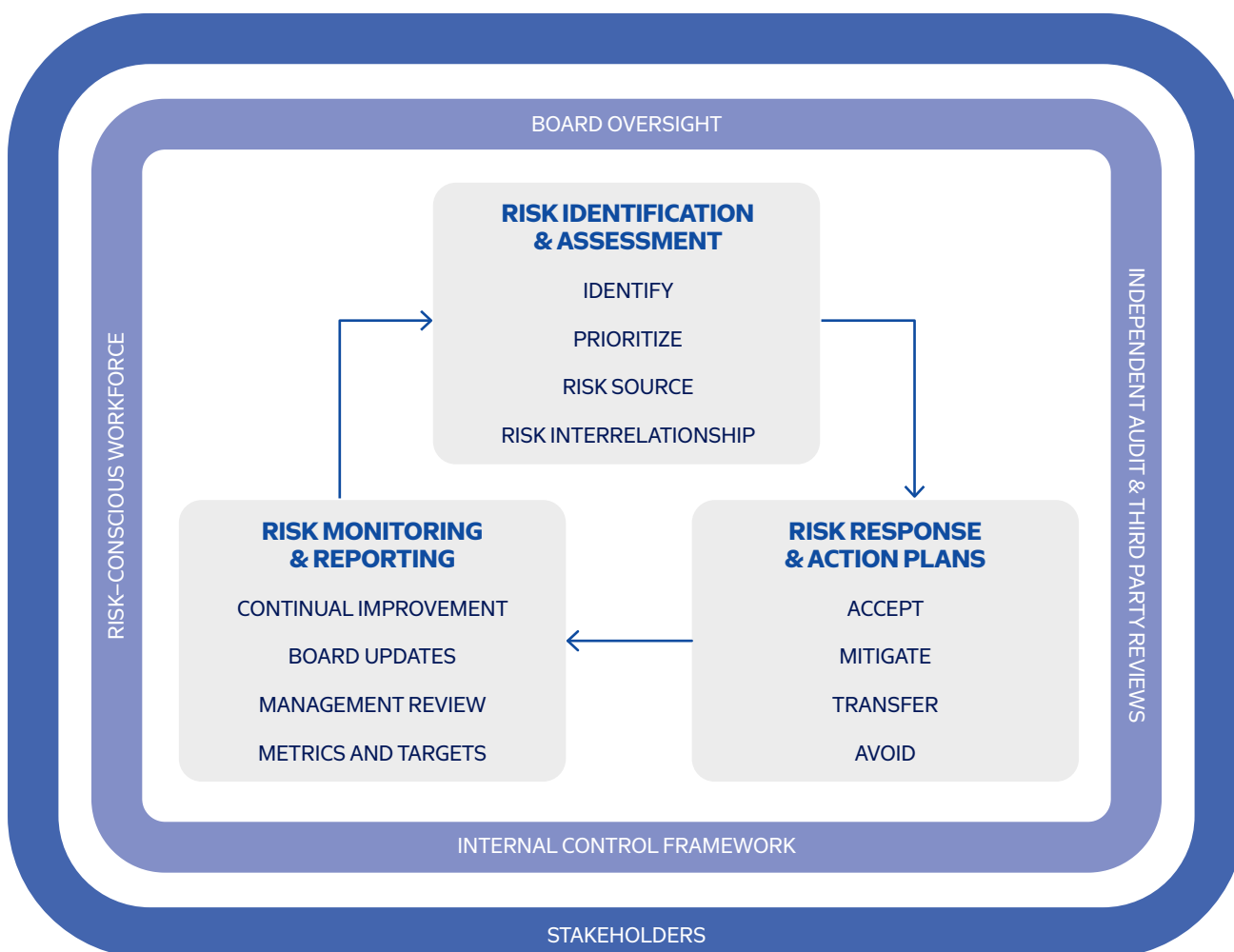




Enterprise Risk Management

SM Prime's Enterprise Risk Management augments and supports strategy selection, by being integrated from the strategic planning phase. This integration enhances structured decision making and through this, a balanced approach to the Company strategy is achieved. It also supports in the allocation of resources and ensures these are in line with the mission and vision of the Company.

The Enterprise Risk Management Framework includes Board Oversight, Independent Audit and Third-Party Reviews, and the Internal Control Framework. These are essential to the success of the risk management cycle, which is impossible without a risk-conscious workforce involved from risk identification and assessment, to responding, devising action plans, and monitoring and reporting.



Board Oversight

The Board, through its Risk Oversight Committee (ROC), is responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. At the management level, the Enterprise Risk Management (ERM) is headed by the Chief Risk Officer (CRO). The CRO is responsible for leading the formulation of risk management policies, methodologies, and metrics in alignment with the overall strategy of the Company, ensuring holistic identification, and prudent and rational assessment, management and monitoring of risks. The CRO and ERM Team facilitates risk management learning programs and promotes best practices enterprise-wide.

Executive Committee provides further oversight on the identification and assessment of risk impacts on the

strategic and long-term goals of the Company. Business Unit heads are responsible for managing operational risks by implementing designed internal controls in their respective units. On a quarterly basis, the ROC is updated on the status of risk management and risk mitigation plans of the Company based on the presented general risks and business units' specific risks. Action plans to respond to the various enterprise risks include mitigate, transfer, tolerate, and avoid or terminate. Specific action plans relating to these four (4) responses include investment in innovations or new technology, provision of further training to employees, management review and monitoring, performance of regular audits, establishment and implementation of policies, constant partnerships with various stakeholders, and designing and implementing controls, among others.

Risk-Conscious Workforce

The employees and the Company recognize that all levels of the organization are owners to various risks inherent in the processes and operations that are being executed. This makes the three lines of defense vital to support the functions of enterprise risk management. ERM is also empowered by dedicated ERM Champions who are embedded in each business units charged in enforcing ERM initiatives, as well as reporting requirements. The ERM function resides in the second line of defense, ensuring that first lines of defense are able to carry out their processes not only effectively and efficiently, but also ensuring accountability is established and attaining a risk-conscious workforce. The ERM function also serves as the bridge and facilitator between the first lines of defense and Internal Audit, which resides at the third line, in matters of risk management and control processes.

Independent Audit and Third-Party Reviews

Governance, risk management, and control systems and processes are subject to independent, objective, reasonable, systematic and disciplined evaluation by its Internal Audit Group. The Group maintains independence through its functional reporting line to the Audit Committee of the Board of Directors, with an administrative reporting line to the President. As such, the management of, appointment, removal, and remuneration of the Chief Audit Executive is the responsibility of the Audit Committee, and is provided in the Committee's Charter. External auditors are engaged to perform an independent audit and provide an objective assurance as to the fairness and presentation of the Company's financial statements. The external audit partner is rotated periodically based on applicable rules, when circumstances necessitate early change, and any non-audit work should avoid being in conflict with the functions of the external auditor.

Non-executive directors of SM Prime meet with the External Auditor at least once annually without the presence of any management personnel or executives to verify that the external auditor was provided sufficient access to records and information for the audit of the financial statements and discuss issues which the audit team raises to the attention of the non-executive directors of the Company.

Internal Control Framework

To guide the control systems and processes, the internal control framework is established as a structured guide

to the prevention, detection, and overall administration of different areas of the Company that are vital to the achievement of objectives and have inherent risks, as presented in the key enterprise risks. The internal control framework of the Company has five interrelated components, namely (a) Control Environment, (b) Risk Assessment, (c) Control Activities, (d) Information and Communication, and (e) Monitoring.

The five interrelated components are derived from the COSO Internal Control Framework, and are interrelated because the Company considers these for a truly effective internal control system. The Company's control environment has been set by its leaders and top management, and is evidenced by commitment to competence, and disseminates and designs policies and procedures for standardization, innovation, and accountability. Risk assessment is an ongoing process, and the enterprise risk management ensures this, as well as ensuring controls are commensurate to the level of risks faced. The ongoing nature of risk assessment is evidenced by the ERM Framework, highlighting the cyclic process of risk management. Control activities are present in all processes where risks are also present. When it is determined that risks in a process are higher or more than what is tolerable, risk mitigation measures are executed to address and maintain these risks at a level desirable and tolerable to the organization. Control environment, risk assessment, and control activities are ineffective without complete information and accurate communication. The Company ensures personnel across levels receive a clear message from management, and control responsibilities are taken seriously. Constant updates require timely dissemination and clear messaging, which personnel responsible for do on a consistent basis. Finally, the Company implements monitoring systems, to review and assess the quality of performance over time. The results of monitoring are provided to management and even specific teams and Committees, to whom the results can be utilized for improvement and appraisal.

The Company recognizes that effective and efficiently designed internal controls are vital to success, beyond compliance and reporting requirements. Controls contribute to sustainability of growth, and long-term success. In line with sustainability, the Company's internal controls are dynamic, and are continuously improved according to the strategies, objectives, and trends of the Company, through the internal audit and risk management functions.



Safety and Security Risk

The Company prioritizes safety and security in all its properties and requires all its Business Units to have an Emergency Response Procedures in place. The safety and security system implemented in malls properties is audited annually by Customer Relations Services and third parties. Audit covers security preparedness and responsiveness to different aspects of security such as physical, personnel, document and communication. This provides the confidence or assurance that risks addressed by such implementations are adequately mitigated, and any area that requires improvement is identified, assessed, and addressed.

With regard to safety risk management, the Company has instituted several programs aimed at promoting the health and well-being of the employees and the public. Health and safety programs include institutional annual physical exams, health bulletins, wellness talks, onsite retainer doctors and nurses, among others. To complement the presence of medical practitioners, the Customer Relations Services (CRS) introduced the SM Emergency Response Team (SMERT). The SMERT members are trained first-aiders who can assist employees and the public whenever there is an emergency. The Company regularly participates in Fire Safety and Earthquake Drills conducted by different government agencies.



Climate Risk

The Company's Board of Directors place an emphasis on mitigating Climate Risk and has instituted numerous programs to improve its climate disaster risk reduction and resiliency. The Company continued investing in disaster-resilient buildings and allocated capital expenditure for sustainable design and other disaster risk reduction-related investments. The Company aims to reduce greenhouse gas emissions by shifting its demand for electricity sources to renewable energy sources and to institute other programs by reducing energy and water consumption in its properties.

SM Prime demonstrates its commitment in its innovations on energy and carbon emission reduction. By operating with lesser use of energy, it decreases the need for fossil fuels, which lowers atmospheric carbon dioxide levels. Thus, it contributes in curbing the impact of climate change such as heat waves, droughts, rising sea levels, unusual weather patterns, and a heightened probability of natural disasters.

In compliance with RA 11285 or the "Energy Efficiency and Conservation Act, the Company has deployed measures to improve the energy efficiency and conservation of its facilities. SM Supermalls achieved an energy efficiency index below the recommended ASEAN standards for retail establishments. Through the conduct of an energy audit, this helped create baseline energy indicators and identify energy efficiency opportunities such as procurement of energy-efficient equipment and increase in the adoption of renewable energy sources.

Risk

Risk Management Programs

Climate Risk

Further, the Company integrated passive design concepts in its properties, such as infiltration protection control, and addition of plants to surrounding areas on the properties which contribute to cooling effect, and in turn, reduce the need for cooling energy produced by air-conditioning systems.

SM Prime also led in the installation of the Electric Vehicle Charging Stations (EVCS) in multiple properties, to support and align with Republic Act 11697 (Electric Vehicle Industry Development Act or EVIDA). As of 2023, malls and commercial property group have EVCS installed throughout the nation to promote the use of electric vehicles. Ultimately, this program contributes to lowering carbon emissions with the transition of traditional car users to an environmentally friendly alternative.



Operational Process Risk

The Business Process Management Team reviews business processes and initiates the creation of tools that enhance operational efficiency. The Company adopts globally recognized quality standards, which drive operational excellence through revenue and expense management. Further, there is commitment to continue improving on currently existing effective and efficient processes to ensure operational efficiency of all Business Units.

Policies are established to institutionalize best practice and ensure these are accepted by all process owners. Memoranda are also regularly issued to address any ambiguity on policies, reiterations, or adjustments when circumstances require. Improvements to processes are regularly examined and implemented by the Business Units to support and cater to the people who participate in it better. This is reflected in the various automation systems and portals to centralize, elevate efficiency, and streamline work to increase quality of life and outputs.



Economic Risk

The Company strives to maintain competitive in the industry by focusing on innovative developments and expanding market share while maintaining a customer-centric approach. Diversification of target markets to minimize exposure and building of rapport and relationship with local and national bodies are also undertaken to address market instability and uncertainty of local and national policies.

In addressing inflation, the Company's internal engineering group performs weekly construction review meeting, ensuring continuous research for new materials, technologies and methodologies, implements physical hedging for owner-supplied materials, contingency allowances, continuous strong partnership with suppliers, phasing of project developments to manage the cash flow, etc.



Financial Risk

The Company also manages credit risk in its customer transactions. This is done in line with policies and procedures established relating to the handling of credit risk. Typically, the management of credit risk involves the assessment of quality of customer's credit, and defining limits based on such assessment.

A conservative approach is applied to manage Financial Risks specifically Foreign Exchange and Interest Rates. Majority of SM Prime loans are fixed interest rate loans, which shields the Company against the effects of fluctuating interest rates. The management of foreign exchange risk is done by utilizing derivative financial instruments serving as hedge to exposures in variability in cash flows attributable to foreign currency risk in firm commitment. Similarly, the same instruments are used to hedge interest rate risks. The Company's derivative financial instruments include cross currency swaps, principal only swaps, non-deliverable forwards contracts, and interest rate swaps.



Information Security & Technology Risk

The Board stresses the importance of prudent Information Technology (IT) risk management. The CRO reports to the Board the status of risk management, risk mitigation plans and issues, if any, of the Company particularly on the implementation of its continuity plans, backup procedures, protection against damaging code and malicious activities, defined and specific system access control, information rights management, IT accounts governance, endpoint protection, incident management and reporting, among others. Through periodic risk assessments, threats to assets are identified, vulnerability to and likelihood of occurrence are evaluated, and potential impact are estimated in the areas of network, operating system, application and database in production. Specifically, system vulnerability assessments and penetration testing are performed regularly. This is critically important in proactively detecting and addressing threats and vulnerabilities, and enhancing system's defenses.

In terms of cyber security management, the Company has adopted globally accepted standards to employ a similar global approach of cyber security strategies within the organization. Moreover, Security Operations Center is in place to monitor, prevent, detect, investigate, and respond to cyber threats to various attack surfaces, which can potentially impact SM Prime. In coordination with Human Resources, risk awareness campaigns and learning programs including various information security modules, and risk management best practices are effectively communicated through various internal channels to employees.



Social Risk

Social Risks are managed by continuously engaging our customers and the community through satisfaction surveys, maximizing social media communications and demographic analysis. Through these channels of engagement, the Company has a better understanding of how to serve the community such as promotion of equal opportunities and inclusivity for persons with special needs, senior citizens, women and indigenous people. For business partners, employment practices are based on criteria that places value on quality of service, cost efficiency, moral standing and compliance with related laws.



Regulatory Compliance Risk

Compliance risk is addressed and managed by the compliance function and its component system and programs. The Company continuously strives to comply with all regulatory requirements both on the local and national level and uses a risk-based approach to monitor, evaluate and improve its ability to ensure compliance in a landscape that is subject to disruption and rapid change. Compliance functions are carried out by the Compliance Office through its various business units' lead and is headed by the Chief Compliance Officer, who is not a member of the Board of Directors. Each business segment considers the impact to operations and business risk of noncompliance. Overall enforcement is through self-regulation within the business units, and independent reviews conducted by the Compliance Office and Internal Audit.

The Corporate Compliance Group (CCG) promotes adherence to and awareness of laws, rules and regulations by electronically posting information and documents, and maintains a monitoring database that is accessible to all employees. Regular meetings are conducted to discuss the impact of new regulations and decide on the required compliance measures. Through continued liaison and dialogue with regulators, CCG ensures the prompt dissemination of new regulations and other developments affecting Company operations. Further, specialized teams are utilized to leverage on compliance risk management, showing how current teams are maximized to integrate compliance functions and promote compliance.

As a company engaged in the development of real property for sale or lease, the Company is a covered person of the Anti-Money Laundering Act (AMLA). SM Prime dutifully completed the registration process and adopted a Money Laundering and Terrorist Financing Prevention Program (MTPP) that was duly approved by the Board of Directors. In line with this, the "Capacity Building Learning Modules for Designated Non-Financial Businesses and Professions (DNFBPs)" training was conducted for front liners with key support functions to implement the program. The module includes (a) Fundamentals of Money Laundering and Terrorism Financing, (b) Risk Management System and Preventive Measures and (c) Money Laundering and Terrorism Financing Prevention Program (MTPP).

SM Prime has also established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls and technologies designed for risk reduction. The Board-appointed Data Protection Officer (DPO) oversees data privacy compliance and manages data protection risks for the organization consistent with the Data Privacy Act rules and regulations, issuances by the National Privacy Commission and other applicable laws. The Company recognizes that anti-money laundering and information risks are inherent in its operations throughout its multiple Units.



Property Damage & Business
Disruption Risk

To manage risks that arise and are inherent to managing properties and conducting business on these properties, the Company secures various types of insurance. The Company's insurance function primarily aims to ensure adequate coverage on its properties and activities, with risks to operational and financial positions. This coverage includes material damage caused by natural threats or disasters and even manmade threats. In line with the scope of insurance, the Company engages a reputable insurance broker and insurance companies duly accredited by the Insurance Commission.

The Company has implemented a Business Continuity Management System (BCMS). This system assures tenants, suppliers, and other external or internal stakeholders in two (2) areas: (a) processes are in place that aims to prevent property damage that may lead to business disruptions for the Company and the stakeholders; (b) should property damage occur and the damage results in business disruption, the Company's operations team has the required competencies to handle, respond, and continue operations in the occurrence of such disruptive events. The Company has continued to cascade and implement BCMS to all its malls to ensure it continuously meets its commitments and provide continued operation of critical business functions when circumstances necessitate it. Annually, the Company's malls undergo ISO 22301 (BCMS) Certification. The Company engages a third-party assessor, TÜV SÜD PSB Philippines, to assess the organization's compliance with the ISO 22301:2019 standard.

As of 2023, a total of seventy-seven (77) malls have been BCMS-certified. The roll out of the BCMS is consistently within the set target based on the Five-Year Roadmap, wherein the specific targets on the percentage of malls to be covered is achieved. By the end of 2024, it is projected that a total of seventy-nine (79) malls will be certified.

Business Continuity Focus: SM City Baguio

In 2023, Typhoon 'Egay' (internationally known as "Doksuri") struck northern Luzon, resulting in displacement of people and damage to homes. Baguio City, one of the affected areas, faced significant challenges. SM Prime's resident mall in the area, SM City Baguio, was not spared from the typhoon onslaught, causing severe damage to the mall's infrastructure, such as leaking, deformed, and stained ceilings. Escalators also experienced stoppage due to water from the storm permeating the mechanical and electrical components. The typhoon particularly dealt significant damage to the tensile roof, a unique and memorable part of SM City Baguio to citizens.

Interventions were immediately implemented to ensure business continuity for the mall and its tenants, including maintaining utility services, enabling essential tenants like the supermarket to operate, and providing temporary shelter to Baguio residents. SM Prime recognized the nature and need of the public for the supermarket's services that time, wherein access to essential items is a must. As the saying goes, you are always welcome here. SM City Baguio swiftly resumed full operations next day, with only minimal reduction in average foot traffic, demonstrating SM Prime's commitment supporting the community and to resilience.

Board of Directors

Henry T. Sy, Jr.
CHAIRPERSON



Amando M. Tetangco, Jr.
VICE CHAIRPERSON & LEAD INDEPENDENT DIRECTOR



J. Carlitos G. Cruz
INDEPENDENT DIRECTOR



Darlene Marie B. Berberabe
INDEPENDENT DIRECTOR



Board of Directors

Jeffrey C. Lim

EXECUTIVE DIRECTOR AND PRESIDENT



Hans T. Sy

NON-EXECUTIVE DIRECTOR



Herbert T. Sy
NON-EXECUTIVE DIRECTOR



Jorge T. Mendiola
NON-EXECUTIVE DIRECTOR



Board of Directors

Henry T. Sy, Jr. CHAIRPERSON

Henry T. Sy, Jr. has been a director of SM Prime since 1994. He was appointed as Chairperson of the Board in 2014. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation and negotiation for potential sites, as well as the input of design ideas. He is currently the Vice Chairperson of SM Investments Corporation, Chairperson and Chief Executive Officer of SM Development Corporation, Vice Chairperson of The National Grid Corporation of the Philippines and Chairperson of the Board of Synergy Grid & Development Phils., Inc. He holds a Bachelor's Degree in Management from De La Salle University.

Amando M. Tetangco, Jr. VICE CHAIRPERSON & LEAD INDEPENDENT DIRECTOR

Amando M. Tetangco, Jr. was elected as Vice Chairperson and Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently the Chairperson of SM Investments Corporation and independent director of Belle Corporation, Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorates in Manila Hotel, Toyota Motor Philippines and CIBI Information, Inc. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairperson of the Monetary Board, and served for two consecutive six-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines (the predecessor of BSP) on March 25, 1974. During his term as Governor, he held other government positions, such as the Chairperson of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in-charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked briefly at the Management Services Division of SGV & Co. in 1973 to 1974.

Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia

Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees – the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognitions by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

J. Carlitos G. Cruz INDEPENDENT DIRECTOR

J. Carlitos G. Cruz was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Solar Philippines Power Project Holdings, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp. and Cepat Kredit Financing, Inc., and MarCoPay Inc. and its subsidiaries such as MCP Finance, Inc., MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines.

Mr. Cruz joined SGV & Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairperson and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairperson and Managing Partner, he was also Chairperson and President of the SGV Foundation. He also became President of Association of Certified Public

Accountants in Public Practice or ACPAPP in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte.

Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree. He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, the latest of which is the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.

Darlene Marie B. Berberabe INDEPENDENT DIRECTOR

Darlene Marie B. Berberabe was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the University of the Philippines (UP) College of Law and holds directorates in Joy-Nostalg Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and UP Law Alumni Foundation.

She was an associate lawyer at Quisumbing Torres Law Firm with specialization in labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014.

She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

Jeffrey C. Lim EXECUTIVE DIRECTOR AND PRESIDENT

Jeffrey C. Lim was appointed President of SM Prime in October 2016 and has been reappointed since then. He is a member of the Company's Executive Committee. He was elected to the Board of Directors of SM Prime in April 2016. He concurrently holds various board and executive positions in other SMPH's subsidiaries. He is a Certified Public Accountant and holds a Bachelor's degree in Accounting from the University of the East. Prior to joining the Company in 1994, he worked for a multi-national company and for SGV & Co.

Hans T. Sy NON-EXECUTIVE DIRECTOR

Hans T. Sy is the Chairperson of the Executive Committee of SM Prime and has been a Director of the Company since 1994. He previously held the position of President of SM Prime until September 2016. He also held key positions in several companies engaged in banking, real estate development, mall operations, as well as leisure and entertainment. He is currently Adviser to the Board of SM Investments Corporation, Chairperson of China Banking Corporation, and Chairperson of National University. Mr. Sy holds a B.S. Mechanical Engineering degree from De La Salle University.

Herbert T. Sy NON-EXECUTIVE DIRECTOR

Herbert T. Sy has been a director of the SM Prime since 1994. He is also an Adviser to the Board of SM Investments Corporation and is currently the Chairperson of Supervalve Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Banking Corporation. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than 35 years. He is likewise actively involved in the SM Group's Supermarket Operations, which include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

Jorge T. Mendiola NON-EXECUTIVE DIRECTOR

Jorge T. Mendiola has been a director of SM Prime since 2012. He is also currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011. He is also currently the Vice Chairperson for Advocacy of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

Our Management

Henry Sy, Sr. (†)
CHAIRPERSON EMERITUS

Arthur A. Sy
ASSISTANT CORPORATE SECRETARY

Henry T. Sy, Jr.
CHAIRPERSON

Steven T. Tan
HEAD, MALLS

Hans T. Sy
CHAIRPERSON OF THE
EXECUTIVE COMMITTEE

Jose Mari H. Banzon
HEAD, RESIDENTIAL (PRIMARY)

Jeffrey C. Lim
PRESIDENT

Shirley C. Ong
HEAD, RESIDENTIAL (LEISURE)

John Nai Peng C. Ong
CHIEF FINANCE OFFICER AND
COMPLIANCE OFFICER

Ma. Luisa E. Angeles
HEAD, HOTELS AND
CONVENTION CENTERS

Marvin Perrin L. Pe
CHIEF AUDIT EXECUTIVE

Antonio Felix L. Ortega
HEAD, COMMERCIAL

Joana B. Tiangco
CHIEF RISK OFFICER

Glenn D. Ang
HEAD, SMART CITY

Elmer B. Serrano
CORPORATE SECRETARY



Henry T. Sy, Jr.
CHAIRPERSON



Hans T. Sy
CHAIRPERSON OF THE
EXECUTIVE COMMITTEE



Jeffrey C. Lim
PRESIDENT



Financial Reports



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SM Prime's Consolidated Net Income up by 33% in 2023 to ₱40.0 billion

Financial and Operational Highlights

(In Million Pesos, except for financial ratios and percentages)

	Twelve Months Ended December 31				
	2023	% to Revenues	2022	% to Revenues	% Change
Profit and Loss Data					
Revenues	128,098	100%	105,786	100%	21%
Costs and Expenses	66,818	52%	56,542	53%	18%
Operating Income	61,279	48%	49,243	47%	24%
Net Income	40,011	31%	30,100	28%	33%
EBITDA	74,083	58%	61,088	58%	21%
	Dec 31 2023	% to Total Assets	Dec 31 2022	% to Total Assets	
Balance Sheet Data					
Total Assets	943,328	100%	874,215	100%	
Investment Properties	545,075	58%	489,266	56%	
Total Debt	366,658	39%	352,397	40%	
Net Debt	334,841	35%	310,337	35%	
Total Equity	396,197	42%	363,201	42%	
	Dec 31 2023	Dec 31 2022			
Financial Ratios					
Current Ratio	1.26	1.53			
Acid Test Ratio	0.64	0.87			
Solvency Ratio	1.73	1.72			
Debt to Equity	0.48 : 0.52	0.49 : 0.51			
Net Debt to Equity	0.46 : 0.54	0.46 : 0.54			
Asset to Equity	2.38	2.41			
Return on Equity	0.11	0.09			
Net Income Margin	0.31	0.28			
Interest Coverage Ratio	5.31	5.33			
Debt to EBITDA	4.95	5.77			
Return on Investment Properties	0.09	0.07			

Revenues

SM Prime recorded consolidated revenues of ₱128.10 billion in 2023, an increase of 21% compared to ₱105.79 billion in the same period of 2022, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱72.11 billion in 2023, a 24% increase from ₱58.24 billion in the same period of 2022. 85% is contributed by the malls while 15% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime recorded real estate sales of ₱42.04 billion in 2023 compared to ₱39.05 billion in the same period of 2022 primarily due to higher sales take-up and construction accomplishments of various projects including Gold Residences, Mint Residences, Sands Residences, Shore Residences, Cheerful Homes 2 and South Residences. Reservation sales is at ₱102 billion in 2023.

Other Revenues

SM Prime's other revenues increased to ₱13.94 billion in 2023 from ₱8.50 billion in the same period in 2022 as the cinema, leisure and entertainment businesses reopen its doors to patrons. Other revenues include cinema ticket sales, sponsorships and advertising revenues, bowling operations and sale of food and beverages in hotels. Cinemas improved due to high ticket sales from movies shown during the year, including Insidious: The Red Door, The Little Mermaid, John Wick: Chapter 4, Avatar: The Way of Water, and Barbie. Leisure and entertainment business benefited from the new normal condition.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱66.82 billion in 2023, an increase of 18% from ₱56.54 billion in the same period in 2022, mainly from operating expenses which include depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 60% in 2023 as a result of improving cost efficiencies and tighter monitoring and control of construction cost.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased to ₱13.96 billion in 2023 compared to ₱11.47 billion in the same period in 2022 mainly due to the issuance of retail bonds in 2023 and 2022 and new bank loans availed for working capital and capital expenditure requirements, net of the capitalized interest on proceeds spent for construction and development of investment properties.

Interest, Dividend and Others - net

Interest, dividend and others - net increased to ₱2.52 billion in 2023 compared to ₱0.94 billion in the same period in 2022. This mainly consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax

SM Prime's consolidated provision for income tax increased to ₱8.98 billion in 2023 compared to ₱7.97 billion in the same period in 2022.

Net income attributable to non-controlling interests

SM Prime's consolidated net income attributable non-controlling interest increased to ₱0.85 billion in 2023 as compared to ₱0.64 billion in the same period in 2022.

Net income attributable to Parent

SM Prime's consolidated net income attributable to Parent increased by 33% to ₱40.01 billion in 2023 compared to ₱30.10 billion in the same period in 2022.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱943.33 billion and ₱874.21 billion as of December 31, 2023 and December 31, 2022, respectively.

Cash and cash equivalents decreased to ₱31.82 billion from ₱42.06 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to various capital expenditures and payments of maturing debts, net of collections from operations.

Receivables and contract assets decreased by 7% to ₱76.95 billion from ₱82.56 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to collections made for the period.

Real estate inventories increased by 10% to ₱77.89 billion from ₱70.50 billion as of December 31, 2023 and December 31, 2022, respectively, due to construction accomplishments for the period, net of cost of sold units.

Equity instruments at fair value through other comprehensive income (FVOCI) increased by 15% to ₱20.32 billion from ₱17.61 billion as of December 31, 2023 and December 31, 2022, respectively, with equivalent increase of 19% in net fair value changes of equity instruments at FVOCI to ₱16.94 billion from ₱14.23 billion as of December 31, 2023 and December 31, 2022, respectively, due to changes in fair values under this portfolio.

Derivative assets - net decreased to ₱5.25 billion from ₱7.02 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to foreign exchange and net fair value changes on swap transactions and maturities during the period. Net fair value changes on cash flow hedges decreased to ₱1.08 billion from ₱2.98 billion unrealized gain as of December 31, 2023 and December 31, 2022, respectively.

Prepaid expenses and other current assets increased by 8% to ₱27.80 billion from ₱25.77 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in prepaid taxes and input and creditable withholding taxes.

Investment properties increased by 11% to ₱545.07 billion from ₱489.27 billion as of December 31, 2023 and December 31, 2022, respectively, primarily due to landbanking, ongoing new mall projects, redevelopment of existing malls, and construction of commercial projects, net of depreciation expense for the period.

Investments in associates and joint ventures increased by 6% to ₱32.43 billion from ₱30.58 billion as of December 31, 2023 and December 31, 2022, respectively, due to equity in net earnings of associates and joint ventures.

Property and equipment increased by 11% to ₱1.55 billion from ₱1.40 billion as of December 31, 2023 and December 31, 2022, respectively, primarily due to additions, net of depreciation during the period.

Deferred tax asset - net increased to ₱1.49 billion from ₱0.93 billion as of December 31, 2023 and December 31, 2022, respectively. Deferred tax liabilities - net increased to ₱12.46 billion from ₱11.14 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Other noncurrent assets, which includes noncurrent portion of receivables from sale of real estate and bonds and deposits for real estate acquisitions, increased by 15% to ₱122.47 billion from ₱106.20 billion as of December 31, 2023 and December 31, 2022, respectively.

Loans payable decreased to ₱4.29 billion from ₱5.42 billion as of December 31, 2023 and December 31, 2022, respectively, due to payments, net of loan availments for the period.

Accounts payable and other current liabilities increased by 12% to ₱99.08 billion from ₱88.12 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to payables to contractors and suppliers related to ongoing projects, current portion of liability for purchased land and customers' deposits.

Income tax payable increased to ₱1.30 billion from ₱0.77 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to provisions, net of payments for the year.

Long-term debt increased by 4% to ₱362.37 billion from ₱346.97 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to issuance of retail bonds and new debt availments, net of payments of maturities during the period.

Tenants' and customers' deposits increased by 6% to ₱25.30 billion from ₱23.80 billion as of December 31, 2023 and December 31, 2022, respectively, mainly due to the new malls and office building tenants.

Liability for purchased land - net of current portion decreased to ₱0.54 billion from ₱1.13 billion as of December 31, 2023 and December 31, 2022, respectively, due to payments, net of additions for the year.

Other noncurrent liabilities increased to ₱38.84 billion from ₱31.39 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in deferred output VAT related to sale of residential projects and retention payable.

Cumulative translation adjustment decreased to ₱2.56 billion from ₱3.44 billion as of December 31, 2023 and December 31, 2022, respectively, as a result of foreign exchange movement between years.

Non-controlling interests increased by 38% to ₱2.69 billion from ₱1.95 billion as of December 31, 2023 and December 31, 2022, respectively, due to increase in net income for the period.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

As at December 31, 2023 and December 31, 2022, the amount of retained earnings appropriated for the continuous corporate and mall expansions amounted to ₱42.20 billion. This represents a continuing appropriation for land banking activities and planned construction projects. The appropriation is being fully utilized to cover part of the annual capital expenditure requirement of the Company.

For the year 2024, the Company is looking at ₱100 billion for its capital expenditure program. This will be funded with internally generated funds and external borrowings.

As of December 31, 2023, SM Prime's malls business unit has eighty-five shopping malls in the Philippines with 9.2 million square meters of gross floor area (GFA) and eight shopping malls in China with 1.6 million square meters of GFA. In 2023, the Company opened three new malls in the Philippines namely SM City Bataan, SM Center San Pedro and SM City Sto. Tomas and one in China namely SM City Yangzhou. These new malls, plus the expansion of the Company's existing malls, provided an addition of 0.4 million square meters of GFA.

SM Prime currently has sixty-seven residential projects, forty-seven of which are in Metro Manila and twenty are outside Metro Manila.

SM Prime's commercial business unit has eighteen office buildings with a combined GFA of almost 1.6 million square meters.

SM Prime's hotels and convention centers business unit currently has a portfolio of ten hotels with over 2,600 rooms, six convention centers, and two trade halls. In October 2023, the Company opened its 10th hotel namely Lanson Place Mall of Asia, Manila.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SM Prime Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of SM Prime Holdings, Inc. and Subsidiaries in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Henry T. Sy, Jr.
CHAIRMAN



Jeffrey C. Lim
PRESIDENT



John Nai Peng C. Ong
CHIEF FINANCE OFFICER

Signed this 19th of February, 2024

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to ensure the integrity and adequacy of the financial reporting process, the internal control system, the audit process, and compliance with pertinent laws, rules and regulations. The Committee likewise oversees special investigations as may be necessary and review its respective Charter annually.

In compliance with the Audit Charter, the Revised Manual on Corporate Governance and pertinent laws, rules and regulations, we confirm that:

- The Audit Committee is composed of four (4) members, namely, independent directors Mr. J. Carlitos G. Cruz and Atty. Darlene Marie B. Berberabe, and non-executive director Mr. Jorge T. Mendiola, and Committee Chairperson, Mr. Amando M. Tetangco, Jr., who is also an independent director.
- We met four (4) times in 2023 on the following dates: February 20, May 8, August 7 and November 6. All meetings registered 100% attendance of all members.
- Each member of the committee possesses adequate knowledge and competence in Finance and Accounting processes.

Profile/Qualifications of the Members of Audit Committee:

MR. AMANDO M. TETANGCO, JR. (Chairperson, Lead Independent Director) – Mr. Amando M. Tetangco, Jr. was elected as Vice Chairperson and Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently the Chairperson of SM Investments Corporation and independent director of Belle Corporation, Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorates in Manila Hotel, Toyota Motor Philippines and CIBI Information, Inc. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairperson of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines (the predecessor of BSP) on March 25, 1974. During his term as Governor, he held other government positions, such as the Chairperson of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in-charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked briefly at the Management Services Division of SGV & Co. in 1973 to 1974.

Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees -- the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognitions by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute Management in 2023.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

MR. J. CARLITOS G. CRUZ (Member, Independent Director) - Mr. J. Carlitos G. Cruz was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Solar Philippines Power Project Holdings, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, AFC SME Finance Inc., Global SME Loans,

Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp. and Cepat Kredit Financing, Inc., and MarCoPay Inc. and its subsidiaries such as MCP Finance, Inc., MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines.

Mr. Cruz joined SGV & Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairperson and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairperson and Managing Partner, he was also Chairperson and President of the SGV Foundation. He also became President of Association of Certified Public Accountants in Public Practice or ACPAPP in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte.

Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree. He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, the latest of which is the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history.

ATTY. DARLENE MARIE B. BERBERABE (Member, Independent Director) – Atty. Darlene Marie B. Berberabe was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. She is a lawyer, management consultant, and academic. She is the Dean of the University of the Philippines (UP) College of Law and holds directorates in Joy-Nostalg Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital and UnionDigital Bank. She is also a faculty member of the Philippine Judicial Academy. She is also elected to the Board of Trustees of The Outstanding Women in Nation Service, Philippine Heart Association and UP Law Alumni Foundation.

She was an associate lawyer in Quisumbing Torres Law Firm with specialization on labor law. Post law firm, she joined Procter & Gamble Philippines where she was a Senior Counsel and member of the Leadership Team. In 2010, she was appointed by the President of the Republic of the Philippines as the CEO of Pag-IBIG Fund. She was a recipient of a number of awards including Outstanding CEO in Asia by the ADFIAP, Outstanding CEO in the public sector by Asia CEO, one of the The Outstanding Women in Nation Service in 2013, and one of the 100 Most Influential Filipino Women in 2014.

She graduated with a degree in Philosophy from UP, summa cum laude and class valedictorian of the College of Social Sciences and Philosophy in 1989. She was the first female Philosophy instructor in the same school where she taught for 10 years, and has a Masters in Philosophy. She was a working student and graduated salutatorian of her class in UP Law in 1999.

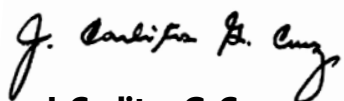
MR. JORGE T. MENDIOLA (Member, Non-Executive Director) – Mr. Jorge T. Mendiola has been a director of SM Prime since 2012. He is also currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011. He is also currently the Vice Chairperson for Advocacy of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

- We have reviewed and approved the following with regard to our independent auditor, SGV & Co., and our Internal Auditor:
 - Their respective audit plans, scope, risk-based methods and timetables;
 - Their assessment of internal controls, including controls over financial reporting; and
 - The results of their examinations and Management's action plans to address pending audit issues;
- We have received and reviewed the report of SGV & Co. on significant accounting issues, changes in accounting principles and relevant pending tax legislations, which could impact SM Prime;
- We have reviewed and approved the results of all audit services provided by SGV & Co. and related audit fees;
- We have met independently with SGV & Co. to ensure that proper checks and balances are in place within the corporation;

- We have reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective;
- We have discussed with SGV & Co. matters required to be discussed by prevailing applicable Philippine Auditing Standards, received written disclosures and the management letter from SGV & Co., as required by prevailing applicable Independence Standards, and discussed with SGV & Co. its independence;
- We have reviewed the financial statements of SM Prime Holdings, Inc. for the first quarter ended March 31, 2023, second quarter ended June 30, 2023, and third quarter ended September 30, 2023;
- After thorough review and discussion, and subject to the limitations on the Committee's roles and responsibilities, we recommended for Board approval, and the Board approved, the audited financial statements of SM Prime Holdings, Inc. for the year ended December 31, 2023; and
- We have reviewed and discussed the performance, independence and qualifications of the independent auditor, SGV & Co., in the conduct of its audit of the financial statements of SM Prime Holdings, Inc. for the year 2023. Based on the review of their performance and qualifications, the Committee also recommends the re-appointment of SGV & Co. as external auditors for 2024.



Amando M. Tetangco, Jr.
CHAIRPERSON



J. Carlitos G. Cruz
MEMBER



Darlene Marie B. Berberabe
MEMBER



Jorge T. Mendiola
MEMBER

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, Pasay City
Metro Manila, Philippines

Opinion

We have audited the consolidated financial statements of SM Prime Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue and Cost Recognition

The Company's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the output method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Company considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of the outstanding receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Company uses the output method. This method measures progress of work based on physical proportion of work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

In determining the actual costs incurred to be recognized as cost of real estate sold, the Company estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the Company capitalizes the total sales commissions due to sales agent as cost to obtain a contract and recognizes the related commissions payable. The Company uses percentage of completion (POC) method in amortizing sales commissions consistent with the Company's revenue recognition policy.

The disclosures related to the Company's revenue recognition are included in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Company's real estate revenue and cost recognition process.

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellation.

For the determination of the transaction price of real estate sale, we obtained an understanding of the Company's process in assessing whether a contract contains a financing component and whether that financing component is significant to the contract. We selected sample contracts from the sales contract database and identified their payment terms. We traced these selected contracts to the financing component calculation prepared by management, which covers the calculation on whether the financing component of the Company's contract with customers is significant. For these selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as transaction price, cash discount, payment scheme, payment amortization table, and percentage of completion to the contract provision and projected percentage of completion schedule. We evaluated the Company's application of portfolio approach in the financing component calculation by understanding the rationale and basis of the parameters used (i.e., grouping of performance obligation based on percentage of completion, grouping of contracts based on payment scheme). We test computed the financing component of each portfolio as prepared by management.

For the application of the output method in determining revenue from sale of real estate, we obtained an understanding of the Company's processes for determining the POC and performed tests of the relevant controls. We inspected the certified POC reports prepared by the third-party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sold, we obtained an understanding of the Company's cost accumulation process. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, official receipts and accomplishment reports, among others.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commissions process. For selected contracts, we agreed the basis for calculating the sales commissions capitalized and portion recognized in profit or loss, particularly (a) the percentage of commissions due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from sale of real estate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Miguel P. Machuca.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca

Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-140-2021, April 27, 2021, valid until April 26, 2024

PTR No. 10079963, January 6, 2024, Makati City

February 19, 2024

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amount in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19, 26 and 27)	₱31,816,802	₱42,060,082
Receivables and contract assets (Notes 7, 14, 19, 26 and 27)	76,952,202	82,560,354
Real estate inventories (Note 8)	77,886,781	70,500,025
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 9, 26 and 27)	747,840	534,865
Derivative assets (Notes 26 and 27)	2,247,073	585,576
Prepaid expenses and other current assets (Note 10)	27,804,930	25,767,334
Total Current Assets	217,455,628	222,008,236
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 9, 19, 26 and 27)	19,570,212	17,077,198
Investment properties (Notes 12, 17, 25 and 27)	545,074,746	489,266,042
Investments in associates and joint ventures (Note 13)	32,431,195	30,578,320
Property and equipment (Notes 11 and 25)	1,554,990	1,399,840
Deferred tax assets - net (Note 24)	1,492,359	931,366
Derivative assets - net of current portion (Notes 26 and 27)	3,276,971	6,752,744
Other noncurrent assets (Notes 7, 14, 19, 23, 26 and 27)	122,471,474	106,200,906
Total Noncurrent Assets	725,871,947	652,206,416
	₱943,327,575	₱874,214,652
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 15, 26 and 27)	₱4,288,964	₱5,422,524
Accounts payable and other current liabilities (Notes 16, 19, 26 and 27)	99,077,428	88,122,597
Current portion of long-term debt (Notes 17, 19, 26 and 27)	67,746,351	50,839,776
Derivative liabilities (Notes 26 and 27)	7,423	19,496
Income tax payable	1,295,842	765,909
Total Current Liabilities	172,416,008	145,170,302
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 19, 26 and 27)	294,622,256	296,134,836
Tenants' and customers' deposits - net of current portion (Notes 16, 25, 26 and 27)	25,301,504	23,799,162
Liability for purchased land - net of current portion (Notes 16, 26 and 27)	539,959	1,129,719
Deferred tax liabilities - net (Note 24)	12,458,096	11,140,040
Derivative liabilities - net of current portion (Notes 26 and 27)	265,013	294,403
Other noncurrent liabilities (Notes 16, 23, 26 and 27)	38,837,703	31,394,584
Total Noncurrent Liabilities	372,024,531	363,892,744
Total Liabilities	544,440,539	509,063,046

	December 31	
	2023	2022
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 18 and 28)	P33,166,300	P33,166,300
Additional paid-in capital - net (Notes 5 and 18)	38,159,900	38,124,193
Cumulative translation adjustment	2,556,139	3,435,171
Net fair value changes of equity instruments at FVOCI (Note 9)	16,938,503	14,232,514
Net fair value changes on cash flow hedges (Note 27)	1,079,094	2,984,605
Remeasurement loss on defined benefit obligation (Note 23)	(1,062,437)	(928,882)
Retained earnings (Note 18):		
Appropriated	42,200,000	42,200,000
Unappropriated	266,143,815	232,972,284
Treasury stock (Notes 18 and 28)	(2,984,695)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	396,196,619	363,201,490
Non controlling Interests	2,690,417	1,950,116
Total Equity	398,887,036	365,151,606
	P943,327,575	P874,214,652

See accompanying Notes to Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Rent (Notes 12, 19 and 25)	P72,113,957	P58,243,913	P34,694,185
Real estate sales	42,040,409	39,046,514	45,116,120
Others (Notes 19 and 20)	13,943,175	8,495,208	2,505,179
	128,097,541	105,785,635	82,315,484
COSTS AND EXPENSES (Notes 19, 21 and 23)	66,818,300	56,542,322	49,900,933
INCOME FROM OPERATIONS	61,279,241	49,243,313	32,414,551
OTHER INCOME (CHARGES)			
Interest expense (Notes 7, 15, 17, 19, 22, 26 and 27)	(13,963,271)	(11,465,787)	(9,357,616)
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	2,185,156	1,775,740	1,025,066
Others - net (Notes 12, 13, 16, 17 and 27)	338,693	(839,262)	3,651,524
	(11,439,422)	(10,529,309)	(4,681,026)
INCOME BEFORE INCOME TAX	49,839,819	38,714,004	27,733,525
PROVISION FOR INCOME TAX (Note 24)			
Current	8,211,259	6,783,913	2,816,720
Deferred	764,715	1,186,962	3,005,402
	8,975,974	7,970,875	5,822,122
NET INCOME	P40,863,845	P30,743,129	P21,911,403
Attributable to:			
Equity holders of the Parent (Notes 18 and 28)	P40,010,501	P30,099,799	P21,786,516
Non-controlling interests (Note 18)	853,344	643,330	124,887
	P40,863,845	P30,743,129	P21,911,403
Basic/Diluted earnings per share (Note 28)	P1.387	P1.043	P0.755
Dividend per share (Note 18)	P0.237	P0.097	P0.082

See accompanying Notes to Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	P40,863,845	P30,743,129	P21,911,403
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) due to changes in fair value of financial assets at fair value through other comprehensive income (Note 9)	2,705,989	(475,854)	1,247,699
Remeasurement gain (loss) on defined benefit obligation (Note 23)	(134,611)	(383,448)	38,020
	2,571,378	(859,302)	1,285,719
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	(879,032)	351,987	1,558,745
Net fair value changes on cash flow hedges (Note 27)	(1,905,511)	3,417,488	1,336,147
	(213,165)	2,910,173	4,180,611
TOTAL COMPREHENSIVE INCOME	P40,650,680	P33,653,302	P26,092,014
Attributable to:			
Equity holders of the Parent (Notes 18)	P39,798,392	P33,013,181	P25,968,260
Non controlling interests	852,288	640,121	123,754
	P40,650,680	P33,653,302	P26,092,014

See accompanying Notes to Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Thousands)

	Equity Attributable to			
	Capital Stock (Notes 18 and 28)	Additional Paid-in Capital - Net (Notes 5 and 18)	Cumulative Translation Adjustment	Net fair value changes of equity instruments at fair value through other comprehensive income (FVOCI) (Note 9)
At January 1, 2023	P33,166,300	P38,124,193	P3,435,171	P14,232,514
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	(879,032)	2,705,989
Total comprehensive income (loss) for the year	—	—	(879,032)	2,705,989
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary (Note 18)	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Additional investment of non-controlling interest (Note 2)	—	—	—	—
Sale of non-controlling interest (Note 2)	—	35,707	—	—
At December 31, 2023	P33,166,300	P38,159,900	P2,556,139	P16,938,503
At January 1, 2022, as previously presented	P33,166,300	P38,056,016	P3,083,184	P14,708,368
Effect of common control business combination (Note 5)	—	44,330	—	—
At January 1, 2022, as adjusted	33,166,300	38,100,346	3,083,184	14,708,368
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	351,987	(475,854)
Total comprehensive income (loss) for the year	—	—	351,987	(475,854)
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary (Note 18)	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Sale of non-controlling interest (Note 2)	—	23,847	—	—
At December 31, 2022	P33,166,300	P38,124,193	P3,435,171	P14,232,514
At January 1, 2021	P33,166,300	P38,022,913	P1,524,439	P13,460,669
Net income for the year	—	—	—	—
Other comprehensive income (loss)	—	—	1,558,745	1,247,699
Total comprehensive income for the year	—	—	1,558,745	1,247,699
Cash dividends (Note 18)	—	—	—	—
Cash dividends received by a subsidiary	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—
Sale of non-controlling interest (Note 2)	—	33,103	—	—
At December 31, 2021	P33,166,300	P38,056,016	P3,083,184	P14,708,368

See accompanying Notes to Consolidated Financial Statements.

Equity Holders of the Parent

Net Fair Value Changes on Cash Flow Hedges (Note 27)	Remeasurement Loss on Defined Benefit Obligation (Note 23)	Retained Earnings (Note 18)		Treasury Stock (Notes 18 and 28)	Total	Non- controlling Interests (Note 18)	Total Equity
Appropriated	Unappropriated						
P2,984,605	(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606
–	–	–	40,010,501	–	40,010,501	853,344	40,863,845
(1,905,511)	(133,555)	–	–	–	(212,109)	(1,056)	(213,165)
(1,905,511)	(133,555)	–	40,010,501	–	39,798,392	852,288	40,650,680
–	–	–	(6,844,378)	–	(6,844,378)	–	(6,844,378)
–	–	–	5,408	–	5,408	–	5,408
–	–	–	–	–	–	(324,450)	(324,450)
–	–	–	–	–	–	201,000	201,000
–	–	–	–	–	35,707	11,463	47,170
P1,079,094	(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036
(P432,883)	(P548,643)	P42,200,000	P205,671,557	(P2,984,695)	P332,919,204	P1,441,569	P334,360,773
–	–	–	–	–	44,330	3,277	47,607
(432,883)	(548,643)	42,200,000	205,671,557	(2,984,695)	332,963,534	1,444,846	334,408,380
–	–	–	30,099,799	–	30,099,799	643,330	30,743,129
3,417,488	(380,239)	–	–	–	2,913,382	(3,209)	2,910,173
3,417,488	(380,239)	–	30,099,799	–	33,013,181	640,121	33,653,302
–	–	–	(2,801,286)	–	(2,801,286)	–	(2,801,286)
–	–	–	2,214	–	2,214	–	2,214
–	–	–	–	–	–	(144,050)	(144,050)
–	–	–	–	–	23,847	9,199	33,046
P2,984,605	(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606
(P1,769,030)	(P587,796)	P42,200,000	P186,251,267	(P2,984,695)	P309,284,067	P1,433,561	P310,717,628
–	–	–	21,786,516	–	21,786,516	124,887	21,911,403
1,336,147	39,153	–	–	–	4,181,744	(1,133)	4,180,611
1,336,147	39,153	–	21,786,516	–	25,968,260	123,754	26,092,014
–	–	–	(2,368,097)	–	(2,368,097)	–	(2,368,097)
–	–	–	1,871	–	1,871	–	1,871
–	–	–	–	–	–	(129,050)	(129,050)
–	–	–	–	–	33,103	13,304	46,407
(P432,883)	(P548,643)	P42,200,000	P205,671,557	(P2,984,695)	P332,919,204	P1,441,569	P334,360,773

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P49,839,819	P38,714,004	P27,733,525
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 21 and 25)	13,656,773	12,487,763	10,816,869
Interest expense (Notes 7, 15, 17, 19 and 22)	13,963,271	11,465,787	9,357,616
Interest and dividend income (Notes 6, 7, 9, 14, 19 and 22)	(2,185,156)	(1,775,740)	(1,025,066)
Equity in net earnings of associates and joint ventures (Note 13)	(2,162,611)	(1,720,116)	(1,187,419)
Loss (gain) on:			
Disposal of property and equipment and investment properties (Notes 11 and 12)	148,140	105,701	(551,974)
Unrealized foreign exchange and fair value changes on derivatives - net	76,370	826,854	(623,782)
Operating income before working capital changes	73,336,606	60,104,253	44,519,769
Increase in:			
Receivables and contract assets	(16,337,056)	(8,760,236)	(16,304,309)
Real estate inventories	(5,437,721)	(12,462,748)	(4,696,521)
Prepaid expenses and other current assets	(2,068,144)	(762,618)	(1,639,817)
Increase (decrease) in:			
Accounts payable and other liabilities	18,539,236	1,070,155	12,048,707
Tenants' and customers' deposits	1,573,478	2,328,183	(28,558)
Cash generated from operations	69,606,399	41,516,989	33,899,271
Income tax paid	(7,665,012)	(6,583,777)	(3,232,110)
Net cash provided by operating activities	61,941,387	34,933,212	30,667,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,922,233	1,197,311	648,143
Dividends received	724,446	596,672	292,898
Proceeds from disposal of property and equipment and investment properties (Notes 11 and 12)	90,067	85,767	453,298
Additions to:			
Investment properties (Note 12)	(63,772,055)	(38,766,369)	(39,294,964)
Property and equipment (Note 11)	(341,106)	(198,012)	(168,077)
Increase in other noncurrent assets	(5,338,058)	(15,159,670)	(6,044,976)
Net cash used in investing activities	(66,714,473)	(52,244,301)	(44,113,678)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 15 and 17)	₱111,562,913	₱94,325,945	₱86,849,381
Payments of:			
Long-term debt (Note 17)	(66,701,374)	(43,863,022)	(35,336,466)
Bank loans (Note 15)	(29,563,823)	(19,994,859)	(15,959,528)
Interest	(13,782,271)	(11,029,498)	(9,837,833)
Dividends (Note 18)	(7,163,420)	(2,943,122)	(2,675,277)
Lease liabilities (Notes 16 and 25)	(160,058)	(84,292)	(47,933)
Proceeds from (payments of) matured derivatives - net	294,800	3,274,591	(368,799)
Net cash provided by (used in) financing activities	(5,513,233)	19,685,743	22,623,545
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	43,039	(90,424)	(62,790)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,243,280)	2,284,230	9,114,238
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,060,082	39,775,852	30,661,614
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱31,816,802	₱42,060,082	₱39,775,852

See accompanying Notes to Consolidated Financial Statements.



External Assurance Report

INDEPENDENT AUDITOR'S ASSURANCE REPORT

The Stockholders and Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square, Seashell Lane corner Coral Way,
Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300,
Pasay City, Metro Manila, Philippines

Scope

We have been engaged by SM Prime Holdings, Inc. (SMPH) to perform a 'limited assurance engagement,' as defined by the Philippine Standards on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], Assurance Engagements Other than Audits or Reviews of Historical Financial Information, here after referred to as the engagement, to report on SMPH's selected indicators (the "Subject Matter") detailed below, contained in SMPH's 2023 Integrated Report (the "Report") as of and for the year ended 31 December 2023.

General

1. General Disclosures
 - 2-1 (2021): Organizational details
 - 2-2 (2021): Entities included in the organization's sustainability reporting
 - 2-3 (2021): Reporting period, frequency and contact point
 - 2-4 (2021): Restatements of information
 - 2-5 (2021): External assurance
 - 2-6 (2021): Activities, value chain and other business relationships
 - 2-7 (2021): Employees (limited to SMPH-managed properties only)
 - 2-9 (2021): Governance structure and composition
 - 2-10 (2021): Nomination and selection of the highest governance body
 - 2-11 (2021): Chair of the highest governance body
 - 2-12 (2021): Role of the highest governance body in overseeing the management of impacts
 - 2-13 (2021): Delegation of responsibility for managing impacts
 - 2-14 (2021): Role of the highest governance body in sustainability reporting
 - 2-15 (2021): Conflicts of interest
 - 2-16 (2021): Communication of critical concerns
 - 2-17 (2021): Collective knowledge of the highest governance body
 - 2-18 (2021): Evaluation of the performance of the highest governance body
 - 2-19 (2021): Remuneration policies

- 2-20 (2021): Process to determine remuneration
- 2-22 (2021): Statement on sustainable development strategy
- 2-23 (2021): Policy commitments
- 2-24 (2021): Embedding policy commitments
- 2-25 (2021): Processes to remediate negative impacts
- 2-26 (2021): Mechanisms for seeking advice and raising concerns
- 2-27 (2021): Compliance with laws and regulations
- 2-28 (2021): Membership associations
- 2-29 (2021): Approach to stakeholder engagement
- 2-30 (2021): Collective bargaining agreements

Material Topic

2. Material Topic Disclosures

- 3-1 (2021): Process to determine material topics
- 3-2 (2021): List of material topics
- 3-3 (2021): Management of material topics

Economic

3. Economic Performance

- 201-1 (2016): Direct economic value generated and distributed
- 201-2 (2016): Financial implications and other risks and opportunities due to climate change

4. Indirect Economic Impacts

- 203-2 (2016): Significant indirect economic impacts

5. Anti-corruption

- 205-1 (2016): Operations assessed for risks related to corruption
- 205-2 (2016): Communication and training about anti-corruption policies and procedures
- 205-3 (2016): Confirmed incidents of corruption and actions taken

6. Anti-competitive behavior

- 206-1 (2016): Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Environmental

7. Energy

- 302-1 (2016): Energy consumption within the organization (limited to SMPH-managed properties only)
- 302-2 (2016): Energy consumption outside of the organization (limited to SMPH-managed properties only)

8. Water and effluents

- 303-2 (2018): Management of water discharge-related impacts

- 303-3 (2018): Water withdrawal
- 303-4 (2018): Water discharge
- 303-5 (2018): Water consumption (limited to SMPH-managed properties only)

9. Biodiversity

- 304-2 (2016): Significant impacts of activities, products, and services on biodiversity
- 304-3 (2016): Habitats protected or restored

10. Emissions

- 305-1 (2016): Direct (Scope 1) GHG emissions (limited to SMPH-managed properties only)
- 305-2 (2016): Energy indirect (Scope 2) GHG emissions (limited to SMPH-managed properties only)
- 305-3 (2016): Other indirect (Scope 3) GHG emissions (limited to SMPH-managed properties only)

11. Waste

- 306-1 (2020): Waste generation and significant waste-related impacts
- 306-2 (2020): Management of significant waste-related impacts

Social

12. Employment

- 401-1 (2016): New employee hires and employee turnover (limited to SMPH-managed properties only)

13. Occupational Health and Safety

- 403-1 (2018): Occupational health and safety management system
- 403-3 (2018): Occupational health services
- 403-4 (2018): Worker participation, consultation, and communication on occupational health and safety
- 403-5 (2018): Worker training on occupational health and safety
- 403-6 (2018): Promotion of worker health
- 403-7 (2018): Prevention and mitigation of occupational health and safety management system
- 403-8 (2018): Workers covered by occupational health and safety management system

14. Training and Education

- 404-1 (2016): Average hours of training per year per employee (limited to SMPH-managed properties only)
- 404-2 (2016): Programs for upgrading employee skills and transition assistance programs
- 404-3 (2016): Percentage of employees receiving regular performance and career development reviews (limited to SMPH-managed properties only)

15. Diversity and equal opportunity

- 405-1 (2016): Diversity of governance bodies and employees (limited to SMPH-managed properties only)

16. Non-discrimination

- 406-1 (2016): Incidents of discrimination and corrective actions taken

17. Security practices

- 410-1 (2016): Security personnel trained in human rights policies or procedures

18. Local communities

- 413-1 (2016): Operations with local community engagement, impact assessments, and development programs
- 413-2 (2016): Operations with significant actual and potential negative impacts on local communities

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by SMPH

In preparing the Subject Matter, SMPH applied the Global Reporting Initiative (GRI) Standards (Criteria). SMPH reported with reference to the GRI Standards.

SMPH's responsibilities

SMPH's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the PSAE 3000 (Revised), and the terms of reference for this engagement as agreed with SMPH on 6 July 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission, and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Control 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

1. Interviewed the management and relevant process owners to:
 - a. Understand the principal business operations,
 - b. Understand the key sustainability issues related to the Subject Matter, and
 - c. Understand the processes for the collection, processing, and accurate reporting of performance indicators and disclosures.
2. Checked the accuracy of calculations performed.
3. Performed analytical tests and obtained documentation to test assumptions, estimations, and computations made by management in relation to the Subject Matter in the Report.
4. Tested that the data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report.

We also performed such other procedures as we considered necessary in the circumstances.

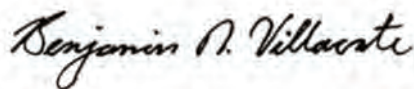
Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended 31 December 2023, in order for it to be with reference to the Criteria.

Restricted use

This report is intended solely for the information and use of SMPH and is not intended to be and should not be used by anyone other than those specified parties.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte

PARTNER

CPA Certificate No. 111562

PTR No. 10082034, January 6, 2024, Makati City

11 April 2024

GRI Content Index

Statement of use SM Prime has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023, with reference to the GRI Standards.

GRI 1 Used GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	2, 162
	2-2 Entities included in the organization's sustainability reporting	4-9
	2-3 Reporting period, frequency and contact point	3, 108, 162
	2-4 Restatements of information	38
	2-5 External assurance	149-153
	2-6 Activities, value chain and other business relationships	14-23, 30-33
	2-7 Employees	52-55
	2-8 Workers who are not employees	55
	2-9 Governance structure and composition	94-101
	2-10 Nomination and selection of the highest governance body	102
	2-11 Chair of the highest governance body	94, 101
	2-12 Role of the highest governance body in overseeing the management of impacts	94-102, 106-108
	2-13 Delegation of responsibility for managing impacts	42-43, 93-101
	2-14 Role of the highest governance body in sustainability reporting	3, 93-102
	2-15 Conflicts of interest	101-103
	2-16 Communication of critical concerns	106
	2-17 Collective knowledge of the highest governance body	99
	2-18 Evaluation of the performance of the highest governance body	98-99
	2-19 Remuneration policies	98
	2-20 Process to determine remuneration	98
	2-22 Statement on sustainable development strategy	16-47

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-23 Policy commitments	103-106
	2-24 Embedding policy commitments	103-106
	2-25 Processes to re-mediate negative impacts	43
	2-26 Mechanisms for seeking advice and raising concerns	103-106
	2-27 Compliance with laws and regulations	106
	2-28 Membership associations	61-75
	2-29 Approach to stakeholder engagement	20-23
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements	SM Prime does not have Collective Bargaining Agreement (CBA) but provides channels for employees to voice concerns about company policies and relevant matters, fostering open communication with management.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24-25
	3-2 List of material topics	24-25
	3-3 Management of material topics	24-25
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	4-9, 30-33, 128-132
	201-2 Financial implications and other risks and opportunities due to climate change	11-13, 32-33 38-40, 52-55
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	30-33, 61-87
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	There are no operations assessed for risks related to corruption.
	205-2 Communication and training about anti-corruption policies and procedures	104, 106
	205-3 Confirmed incidents of corruption and actions taken	There are no incidents of corruption.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	38-40
	302-2 Energy consumption outside of the organization	38-40

GRI Standard	Disclosure	Location
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	38-40
	303-3 Water withdrawal	38-40
	303-4 Water discharge	38-40
	303-5 Water consumption	38-40
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	67
	304-3 Habitats protected or restored	67
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	38-40
	305-2 Energy indirect (Scope 2) GHG emissions	38-40
	305-3 Other indirect (Scope 3) GHG emissions	38-40
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	38-40
	306-2 Management of significant waste-related impacts	38-40
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	52-55
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	52-55, 112
	403-3 Occupational health services	52-55, 112-113
	403-4 Worker participation, consultation, and communication on occupational health and safety	56-59, 108-113
	403-5 Worker training on occupational health and safety	52-55, 113
	403-6 Promotion of worker health	52-55, 113
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52-55, 113
	403-8 Workers covered by an occupational health and safety management system	52-55, 113
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	56-59, 108
	404-2 Programs for upgrading employee skills and transition assistance programs	56-59, 108
	404-3 Percentage of employees receiving regular performance and career development reviews	52-55, 56-59, 108

GRI Standard	Disclosure	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	52-55
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There are no incidents of discrimination and corrective actions taken.
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	All newly hired security personnel are required to attend mandatory SM Security Orientation Seminar which includes, among others, topics on basic human rights, laws on arrest, search, seizures and anti-violence against women and children. This is also supplemented with additional similar trainings in case of new regulations/ issuances.
GRI 413: Local Communities 2016	<p>413-1 Operations with local community engagement, impact assessments, and development programs</p> <p>413-2 Operations with significant actual and potential negative impacts on local communities</p>	<p>23, 61-91</p> <p>SM Prime has no significant actual or potential negative impacts on local communities. As an organization, we ensure that we create a ripple effect of thriving communities in the areas where we operate.</p>

ESG Data Tables

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (IN PHP MILLIONS)

	2023	2022	2021
Economic value generated	132,445	109,281	84,528
Operating cost	52,828	45,559	35,063
Employee wages and benefits	10,313	8,769	7,110
Payments to providers of capital	21,127	14,409	11,853
Payments to government	13,515	11,442	7,959
Community investments	198	115	122

GHG EMISSIONS (IN MTCO₂E)

	2023	2022	2021
Scope 1	104,349.11	95,229.24	177,811.78
Scope 2	674,639.45	590,101.92	626,011.20
Scope 3	864,798.87	769,581.06	706,032.93

ELECTRICITY CONSUMPTION

	TOTAL
Total Electric Consumption (in kWh)	1,949,903,744.32
Within the Organization	973,609,807.54
Outside the Organization	976,293,936.78

TOTAL FUEL CONSUMPTION (IN LITER)

	2023	2022	2021
Within the Organization	59,717,337.89	37,504,072.43	22,291,104.54
Outside the Organization	820.43	-	20,909,018.55

	2023	2022	2021
Total Refrigerant Consumption (in kg)	4,715.82	24,679.55	103,105.48

TOTAL WATER WITHDRAWAL (CUBIC METER)

	2023	2022	2021
Third-party utility providers	17,293,066.40	15,181,074.13	11,821,398.69
Deepwell	-	363,528.49	363,528.49
Seawater	95,128.00	86,143.00	41,007.00
Water hauling	1,280,633.48	-	-

TOTAL WATER DISCHARGE (CUBIC METER)

	2023	2022	2021
Third-party water utility/destination	11,187,055.65	464,163.39	1,715,723.58
Surface water	213,615.20	4,795,484.19	2,705,845.79
Groundwater	-	1,443,827.23	350,288.49
Seawater	-	442,632.41	225,003.66

	2023	2022	2021
Total Recycled Water (cubic meter)	4,424,985.03	3,578,032.48	4,420,729.51

TOTAL WASTE GENERATED (IN TONNE)

	2023	2022	2021
Biodegradable	93,831.28	76,892.17	76,561.44
Recyclable	10,574.78	16,301.20	18,914.19
Residual	48,526.10	56,772.78	59,441.09
Hazardous Waste	4,384.91	1,774.86	1,185.33
Others	8,476.31	13,787.50	9,042.88

TOTAL WASTE DISPOSAL (IN TONNE)

	2023	2022	2021
Recycled	11,998.85	2,775.86	1,152.08
Disposed	-	49,770.50	41,832.89
Collected by Accredited Hauler	75,641.21	2,474.51	78,082.94
Others	5,077.34	7,069.10	5,676.37

EMPLOYEE PROFILE

	2023	2022	2021
Total Headcount	12,927	11,329	9,654

EMPLOYEE HEADCOUNT (2023)

	BY GENDER		BY LEVEL			
	Male	Female	Rank-and-file	Junior Management	Middle Management	Senior Management
Head Office	92	173	51	78	121	15
Malls	3,279	4,587	2,855	3,362	1,626	23
SMDC	923	1,215	908	795	405	30
SMEDD	299	322	45	349	223	4
SMHCC	1,072	763	973	532	289	41
CPG	53	52	11	61	32	1
CDHI/HPI	39	58	16	32	46	3

	BY AGE		
	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	88	147	30
Malls	3,612	4,006	248
SMDC	955	1,095	88
SMEDD	337	250	34
SMHCC	537	1,163	135
CPG	34	66	5
CDHI/HPI	25	60	12

NEW HIRES (2023)

	BY GENDER		BY AGE		
	Male	Female	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	29	44	50	23	0
Malls	933	1,326	1,787	472	0
SMDC	308	319	427	193	7
SMEDD	78	98	149	26	1
SMHCC	340	288	283	320	25
CPG	8	13	10	11	0
CDHI/HPI	10	22	17	14	1

RESIGNATIONS (2023)

	BY TYPE		BY GENDER		BY AGE		
	Voluntary	Involuntary	Male	Female	Below 30 years old	Between 30-50 years old	Above 50 years old
Head Office	35	8	13	30	21	12	14
Malls	1,204	164	538	830	917	432	19
SMDC	356	40	184	212	191	199	6
SMEDD	119	14	60	73	85	41	7
SMHCC	297	15	164	148	99	190	23
CPG	21	1	13	9	11	10	1
CDHI/HPI	15	0	4	11	10	4	1

TRAINING HOURS (2023)

	BY GENDER		BY LEVEL			
	Male	Female	Rank-and-file	Junior Management	Middle Management	Senior Management
Head Office	1,585	1,279	1,345	967	402	150
Malls	96,582	119,895	49,349	130,715	36,022	390
SMDC	21,735	22,580	15,113	21,378	7,354	469
SMEDD	27,144	29,233	3,049	45,857	7,461	10
SMHCC	35,872	26,142	30,305	20,051	10,988	607
CPG	1,667	2,114	1,780	1,466	345	190
CDHI/HPI	1,121	838	1,045	534	260	120

PARENTAL LEAVES (2023)

MALE

	Employees who availed parental leaves	Employees who returned to work after parental leave	Employees who remains employed by the company 12 months after their return from parental leave*
Head Office	1	1	1
Malls	64	64	71
SMDC	33	33	29
SMEDD	7	7	6
SMHCC	25	25	21
CPG	3	3	3
CDHI/HPI	1	1	1

FEMALE

	Employees who availed parental leaves	Employees who returned to work after parental leave	Employees who remains employed by the company 12 months after their return from parental leave*
Head Office	7	6	5
Malls	302	223	187
SMDC	66	66	57
SMEDD	13	13	11
SMHCC	34	28	24
CPG	2	1	1
CDHI/HPI	1	1	1

Corporate Information

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SM Prime Holdings, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "SMPH". Inquiries regarding dividend payments, accounts status, address changes, stock certificates, and other pertinent matters may be address to the company's transfer agent:

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External Auditor

SyCip Gorres Velayo & Co.

Our complete reports can be
viewed or downloaded at:

