

COVER SHEET

AS094-000088

SEC Registration Number

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(Company's Full Name)

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Mr. John Nai Peng C. Ong

(Contact Person)

8831-1000

(Company Telephone Number)

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Month	Day		
(Calendar Period)			

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(Form Type)					

Month	Day		
(Annual Meeting)			

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number									
Document ID									

LCU

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



10/F, Mall of Asia Annex Annex Building,
Lorimar Towers / W. Bonifacio Boulevard,
Mall of Asia Complex, Pasay City 1200, Philippines

20 July 2020

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention : **Dir. Rachel Esther J. Gumbang-Remalante**
Corporate Governance and Finance Department

Dir. Vicente Graciano P. Felizmenio, Jr.
Markets and Securities Regulation Department

Re : **SM Prime Holdings, Inc.**
(Reg. No. AS094-000088)
Integrated Annual Corporate Report

Gentlemen:

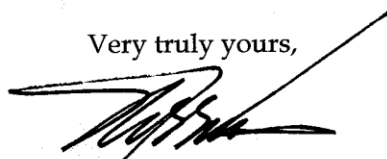
In compliance with SEC Memorandum Circular No. 15, series of 2017, we submit the Integrated Annual Corporate Governance Report (i-ACGR) of **SM Prime Holdings, Inc. (the Company)** for 2019.

Due to the limitations brought about by the COVID-19 pandemic and the community lockdown, the Company is constrained to submit its i-ACGR for 2019 with the electronic signature of one of its Independent Directors, Mr. Gregorio U. Kilayko, who is now in Canada and is unable to travel due to prevailing restrictions.

The Company shall submit a copy of the Company's i-ACGR, signed and sworn to by Mr. Kilayko, as soon as circumstances safely permit him to execute the document in the country.

We hope for your favorable consideration. Thank you.

Very truly yours,



Elmer B. Serrano
Corporate Secretary

Telephone : (02) 877-0000 • www.smpriime.com



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2019**
2. SEC Identification Number **AS094-000088** 3. BIR Tax Identification No. **003-058-789**
4. Exact name of issuer as specified in its charter ... **SM PRIME HOLDINGS, INC.**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **10th Floor Mall of Asia Arena Annex Building,
Coral Way cor. J.W. Diokno Blvd., Mall of Asia
Complex, Brgy. 76, Zone 10, CBP-1A, Pasay City,
Philippines**
Address of principal office
8. **1300**
Postal Code
9. **(632) 8831-1000**
Issuer's telephone number, including area code
10. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

SM Prime Holdings Inc.

Integrated Annual Corporate Governance Report

For the fiscal year ended **December 31, 2019**

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>The Company's Board is composed of directors who have significant experience in the real estate, retail and financial industry sectors. SM Prime's Corporate Governance Committee, through the use of a Board Matrix, also ensures that the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p> <p>The Corporate Governance Committee also ensures that all members possess all of the qualifications and none of the disqualifications as mentioned in the Revised Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Evaluation, pages 49-50 https://smprime.com/annual-reports ✓ Board of Directors https://smprime.com/board-of-directors ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7-11 	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

		https://smprime.com/annual-financials ✓ Corporate Governance Committee, Board Matrix https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Items 2.4-2.6, pages 9-11 https://smprime.com/corporate-governance-manual	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>The Board is composed of 7 non-executive directors (3 independent directors and 4 non-executive directors)</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Composition, page 46 https://smprime.com/annual-reports ✓ Board of Directors, Profile per Director https://smprime.com/board-of-directors ✓ Annual Financials 2019 SEC Form 20-IS Definitive (Updated), Profiles of the Nominees for Election to the Board of Directors for 2020 – 2021 <p>2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 51 https://smprime.com/annual-financials</p>	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate	Compliant	To allow the Board to discharge its duties and responsibilities, the Board shall obtain professional	

Governance a policy on training of directors.		<p>training and have continuing education by SEC accredited training providers.</p> <p>It is the Corporate Governance Committee's function to recommend and ensure continuing education and training programs for the Company's directors.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Training and Orientation, pages 47 https://smprime.com/annual-reports ✓ Board of Directors, Board Charter, Purpose and Authority, page 1 https://smprime.com/board-of-directors ✓ Revised Manual on Corporate Governance, Items 1.2, 2.2.1.f, 3.3.2.d, pages 3, 8 and 15 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 56 https://smprime.com/annual-financials 	
2. Company has an orientation program for first time directors.	Compliant	<p>The Company provides a comprehensive 8-hour orientation program for new directors. For term 2019-2020, no new director was elected.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Items 1.2.1, page 3 https://smprime.com/corporate-governance-manual 	
3. Company has relevant annual continuing training for all directors.	Compliant		

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 56 https://smprime.com/annual-financials <p>Further, all directors and key officers have attended the 2019 Annual Corporate Governance Training Program.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Training and Orientation, pages 47 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, page 56 https://smprime.com/annual-financials 	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>The Company uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>In pursuit of achieving gender diversity, the Company continues to endeavor to have at least one female independent director in its Board. As of the recent 2020 Annual Stockholders' Meeting, SM Prime's Board is composed of male directors.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Diversity, page 46 https://smprime.com/annual-reports 	

		<ul style="list-style-type: none"> ✓ Corporate Governance Committee, Board Matrix https://smprime.com/board-committees ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Succession Planning, pages 56-57 https://smprime.com/annual-financials 	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>The Company uses a Board Matrix to monitor its progress in achieving the Board's diversity objectives.</p> <p>As of the 2020 Annual Stockholders' Meeting, the Company is composed of male directors with diverse attributes, skills, competencies and experience, and affiliations.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Corporate Governance Committee, Board Matrix https://smprime.com/board-committees ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Succession Planning, pages 51-55 https://smprime.com/annual-financials 	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The qualifications, duties and responsibilities of the Corporate Secretary are disclosed in the Revised Manual on Corporate Governance. SM Prime's Corporate Secretary is Atty. Elmer B. Serrano.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		

3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 1.4, pages 4-5 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7 and 9-10 https://smprime.com/annual-financials ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 51, 54 and Item 13. Corporate Governance, page 65 https://smprime.com/annual-financials 	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Company's Corporate Secretary, has attended the 2019 Annual Corporate Governance Training Program.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Training and Orientation, page 47 https://smprime.com/annual-reports 	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>In compliance with SM Prime's Revised Manual on Corporate Governance, items to be discussed during the board meeting are made available to each director at least five (5) business days in advance.</p> <p>The Corporate Secretary, through the SM Prime's Office of the President Group, in coordination with the Information Technology Department, initiated</p>	

		<p>the implementation of Sprint, an application where presentation materials and other necessary documents are uploaded in preparation for Board and Board Committee meetings. The application was installed in all board members and key officers' mobile devices. This initiative aims to have a paperless board portal enhancing productivity of Board members and key officers allowing them to have instant access to their meeting information on their devices, anywhere at any time, in a highly secure way. The system allows immediate uploading of materials and acts as repository of documents for immediate access and easy reference.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.7.4, page 11 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 13. Corporate Governance, page 65 https://smprime.com/annual-financials 	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The qualifications, duties and responsibilities of the Compliance Officer are disclosed in the Revised Manual on Corporate Governance. SM Prime's Compliance Officer is Mr. John Nai Peng C. Ong who is also the Chief Finance Officer.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 1.5, pages 5-6 https://smprime.com/corporate-governance-manual 	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7 and 10 https://smprime.com/annual-financials ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, pages 51, 54 https://smprime.com/annual-financials 	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Company's Compliance Officer, has attended the 2019 Annual Corporate Governance Training Program.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Training and Orientation, page 47 https://smprime.com/annual-reports 	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>Board of Directors actively participate during regular and special Board meetings and annual stockholders' meetings.</p> <p>Further, the Chairman of the Board makes certain that the meeting agenda focuses on strategic matters in coordination with the Corporate Secretary, while taking into consideration the advice and suggestions of the Board and Management.</p>	

		<p>The directors are able to perform their duties and responsibilities through the timely provision of Board materials and easy and timely access to information or inputs for sound decision making. They are also given the chance to fully, positively and actively participate.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes https://smprime.com/disclosure-transparency ✓ Other Corporate Governance Related Documents, Summary of Board Activities https://smprime.com/disclosure-transparency 	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the strategic plan reporting, the Board, on an annual basis, reviews the business units' strategies and targets towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors https://smprime.com/board-of-directors ✓ Revised Manual on Corporate Governance, Item 2.1 and 3.1, pages 6-7 and 12-13 	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

		https://smprime.com/corporate-governance-manual ✓ Board and Executive Committee Charters https://smprime.com/board-committees https://smprime.com/board-of-directors ✓ Annual Financials, 2019 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	SM Prime's vision, mission and core values are annually reviewed by the Board of Directors. The Company's core values are focus, hard work, innovation, integrity, teamwork and sustainability. References: ✓ Vision and Mission https://smprime.com/vision-and-mission ✓ 2019 Annual Report, Vision and Mission, page 2 https://smprime.com/annual-reports	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	The Board plays a leading role in the establishment of the Company's strategic framework, setting of the overall strategic direction and reviewing and monitoring of its progress at least on an annual basis. Through the annual strategic plan reporting of the Company's business units (BUs), the Board reviews each BU's strategies and targets and monitors their progress towards achieving the Company's strategic objectives. The Executive Committee monitors the progress of the implementation on a regular basis. Further, the	

		<p>Company has a strategy team who assist the Chief Executive Officer in developing, communicating, executing, and sustaining corporate strategic initiatives.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Board of Directors https://smprime.com/board-of-directors ✓ Revised Manual on Corporate Governance, Item 2.1 and 3.1, pages 6-7 and 12-13 https://smprime.com/corporate-governance-manual ✓ Board and Executive Committee Charters https://smprime.com/board-of-directors https://smprime.com/board-committees 	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The qualifications, duties and responsibilities of the Chairman of the Board are disclosed in the Revised Manual on Corporate Governance. SM Prime's Board Chairman is Mr. Henry T. Sy, Jr.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.2, pages 7-8 https://smprime.com/corporate-governance-manual ✓ 2019 Annual Report, Board of Directors, Mr. Henry T. Sy, Jr., page 8 https://smprime.com/annual-reports ✓ Board of Directors, Henry T. Sy, Jr. 	

		https://smprime.com/company/board-of-directors/henry-t-sy-jr ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, page 7 https://smprime.com/annual-financials	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	As mentioned in the Company's Revised Manual on Corporate Governance, the Board, through the Corporate Governance Committee, ensures and adopts an effective succession planning program for directors, key officers and management. This includes adopting a retirement policy.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	References: ✓ Revised Manual on Corporate Governance, Items 2.1.c and 3.3.2.d, pages 6 and 15 https://smprime.com/corporate-governance-manual ✓ 2019 Annual Report, Pension Benefits, pages 92 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Key Officers of the Registrant, Succession Planning, pages 56-57 https://smprime.com/annual-financials	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's responsibility to align the remuneration of key officers and Board members with the long-term	

2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	interests of the Company and no directors shall participate in discussions or deliberations involving his own remuneration.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.d, page 6 https://smprime.com/corporate-governance-manual ✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers) https://smprime.com/disclosure-transparency 	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	<p>The Board of Directors, through the Corporate Governance Committee, designates the remuneration packages for executive directors and officers of the Company, as stated in the Revised Corporate Governance Manual.</p> <p>The Corporate Governance Committee determines the amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Sec I.3.3.2.d, page 15 https://smprime.com/corporate-governance-manual 	

		<ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers) https://smprime.com/disclosure-transparency 	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	<p>As stated in the Revised Manual on Corporate Governance, the Board of Directors ensures that remuneration of key officers and Board members are aligned with the long-term interests of the Company by adopting a policy specifying the relationship between remuneration and performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Sec I.2.1.d, page 6 https://smprime.com/corporate-governance-manual ✓ 2019 Annual Report, Board Remuneration, page 49 	

		https://smprime.com/annual-reports ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated) Statement, Item 6. Compensation of Directors and Executive Officers, page 15-16 https://smprime.com/annual-financials	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The Board has a formal and transparent board nomination and election policy as disclosed in the Company's Revised Manual on Corporate Governance. It emphasizes that a stockholder of record, including a minority stockholder, is entitled to vote for the election of directors.</p> <p>Further, the Manual also states the qualifications of directors to be elected which are aligned with the strategic direction of the Company.</p> <p>SM Prime also ensures that the profile of directors for election are publicly available and is posted in the Company website.</p> <p>The Corporate Governance Committee conducts a regular meeting to assess the effectivity of the Board's processes in the nomination, election or replacement of a director. The Committee also evaluates if the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p> <p>References:</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned	Compliant		

with the strategic direction of the company.		<ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Sec 2.3-2.6, pages 8-11 https://smprime.com/corporate-governance-manual ✓ Annual Financials 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7-11 2019 SEC Form 20-IS Definitive (Updated), Procedure for Nomination of Directors, pages 11 2019 17-A Annual Report, Procedure for Nomination of Directors, page 55-56 https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement, and Suspension of Directors https://smprime.com/disclosure-transparency 	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Company may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.</p> <p>As a practice of the company, it has continually been engaging services of Institute of Corporate Directors (ICD) and Good Governance Advocates & Practitioners of the Philippines (GGAPP) in sourcing candidates for directorship.</p>	

		Reference: ✓ Revised Manual on Corporate Governance, Sec 1.2.3.2, page 8 https://smprime.com/corporate-governance-manual	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Company adopts a Related Party Transactions Policy which provides the guidelines on what constitutes a related party transaction (RPT), and sets forth the requirements for the review, approval and disclosure of RPTs.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	As of December 2019, there were no related party transactions that have breached the threshold of ten percent (10%) or higher of the company's total asset based on its latest financial statement.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	References: ✓ Related Party Transactions Policy https://smprime.com/company-policies ✓ 2019 Annual Report, Related Party Transactions Policy, page 51 https://smprime.com/annual-reports ✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 https://smprime.com/corporate-governance-manual	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions	Compliant	The Company adopts the ten percent (10%) or higher of the company's total asset based on its	

<p>according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying thresholds for disclosure and approval.</p>		<p>latest financial statement materiality threshold for all related party transactions.</p> <p>Further, all business units of the Company shall implement the requirements of this Policy with respect to material RPT by:</p> <ul style="list-style-type: none"> a) disclosure of material facts as regards the related party transaction including the aggregate value of the transaction; b) proper evaluation of the transaction and its benefit to the Company; c) assessment that the proposed transaction is conducted at arm's length basis which may include the justification of proposed terms vs. comparable or benchmark accounts; and d) secure appropriate approval. <p>All material individual RPTs are referred to the Chief Risk Officer for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting.</p> <p>Identified RPTs are disclosed in the Company's annual reports, financial statements, and in its reports to the SEC, PSE and other regulatory agencies in accordance with existing laws and/or regulations.</p>	
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		<p>Further, the Company endeavors to revise its Related Party Transactions Policy to set a threshold for RPTs requiring shareholders' approval.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Related Party Transactions Policy https://smprime.com/company-policies ✓ 2019 Annual Report, Notes to 2019 Consolidated Financial Statements, Note 20 – Related Party Transactions, pages 106-107 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, page 64 and Notes to 2019 Consolidated Financial Statements, Note 20 – Related Party Transactions, pages 55-57 https://smprime.com/annual-financials 	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	<p>As disclosed in the Company's Related Party Transactions Policy, all material individual RPTs are referred to the Chief Risk Officer for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting.</p> <p>In 2019, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders who will not be able to</p>	

		<p>personally attend the meeting but will be appointing proxies.</p> <p>In 2020, the Company also established a voting <i>in absentia</i> portal whereby all stockholders including those holding scripless shares as of record date can participate to vote specific items in the agenda including related material RPT which requires stockholders' approval.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Related Party Transactions Policy https://smprime.com/company-policies ✓ Other Corporate Governance Related Documents, 2020 SM Prime Virtual ASM and Voting <i>in Absentia</i> https://smprime.com/disclosure-transparency 	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>As disclosed in the Company's Revised Manual on Corporate Governance, it is the Board's responsibility in approving the selection of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive). The Board also in its organizational meeting held annually appoint these key officers of the Company.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7 https://smprime.com/corporate-governance-manual 	

		<ul style="list-style-type: none"> ✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of June 15, 2020 https://smprime.com/corporate-disclosure ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5 Directors and Key Officers of the Registrant, page 7 https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension of Directors https://smprime.com/disclosure-transparency 	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Based on the Revised Manual on Corporate Governance, it is also the Board's responsibility in assessing the performance of the Management.</p> <p>On an annual basis, the Board, through the Company's Executive Director, assesses the performance of the Management led by the Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive.</p> <p>On the other hand, the Board, through the Company's Chairman of the Executive Committee, annually evaluates the performance of the President.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.g, pages 6-7 https://smprime.com/corporate-governance-manual 	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Board Evaluation, pages 57-58 https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, Third Party-Led Board Evaluation 2019 https://smprime.com/disclosure-transparency ✓ Other Corporate Governance Related Documents, Evaluation Forms https://smprime.com/disclosure-transparency 	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	As disclosed in the Company's Revised Manual on Corporate Governance, the Board has the responsibility to establish an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards set by the Board and Senior Management.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and	

		<p>executives are no longer connected, dismissed or resigned from the Company.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.h, page 7 https://smprime.com/corporate-governance-manual ✓ Other Corporate Governance Related Documents, Remuneration Matters (Directors and Key Officers) https://smprime.com/disclosure-transparency 	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	As disclosed in the Revised Manual on Corporate Governance, the Board, through the Audit Committee and Internal Audit Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>On an annual basis, the Audit Committee confirms that it had 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.</p> <p>SM Prime's internal control system contains the following:</p> <ul style="list-style-type: none"> ✓ audit plans, scope, risk-based methods and timetables ✓ internal controls, including controls over financial reporting ✓ results of examinations and Management's action plans to address pending audit issues 	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.i, 3.2.2.b, and 12.2.e, pages 7, 13, and 25 https://smprime.com/corporate-governance-manual ✓ 2019 Annual Report, Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports ✓ Audit And Risk Management Related Documents, Annual Confirmation of Internal Audit Adequacy https://smprime.com/disclosure-transparency 	
3. Board approves the Internal Audit Charter.	Compliant	<p>The Board-approved Internal Audit Charter is publicly posted in the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Audit Committee, Internal Audit Charter https://smprime.com/board-committees 	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	As disclosed in the Company's Revised Manual on Corporate Governance, the Board, through the Board Risk Oversight Committee (BROC), oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	On a quarterly basis, the BROC is updated on the status of risk management and risk mitigation plans of the Company. Action plans to mitigate risks include, among others, investment in technology, provision of continuous trainings to employees,	

		<p>performance of regular audits, establishment and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders.</p> <p>SM Prime continues to ensure 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 which includes the implementation of Business Continuity Management System (BCMS). SM Malls have served as safe haven of their respective communities during disaster scenarios.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.1.j and 3.4.2, pages 7 and 16-17, respectively https://smprime.com/corporate-governance-manual ✓ Enterprise Risk Management, Key Risks and Risk Management Program https://smprime.com/enterprise-risk-management ✓ Annual Financials, 2019 17-A Annual Report, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials ✓ 2019 Annual Report, Business Continuity, page 53 https://smprime.com/annual-reports ✓ 2019 Sustainability Report 	
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		Climate-Related Disclosures, page 15 ARISE Philippines Collaborative Partnerships, page 50-53 ISO 22301 Business Continuity Management System (BCMS), pages 54-55 https://smprime.com/sustainability-report	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Board Charter establishes the purpose, composition, authority and responsibilities of the SM Prime Holdings, Inc.'s Board.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Reference: ✓ Board Charter https://smprime.com/board-of-directors	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Company's Insider Trading Policy is intended to comply with best practices on corporate governance through the implementation of insider trading prohibitions and disclosure requirements in accordance with the Securities Regulation Code and the PSE Disclosure Rules, respectively. References: ✓ Insider Trading Policy https://smprime.com/company-policies ✓ 2019 Annual Report, Insider Trading Policy, pages 50-51	

		https://smprime.com/annual-reports	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>The Company prohibits granting of loans to directors and commissioners. All employment and corresponding compensation packages of directors and executives are duly approved by the Corporate Governance Committee.</p> <p>In addition, any transaction involving directors and other covered persons are covered by the Related Party Transactions Policy, which mandates that such transactions shall be granted at arm's length basis.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, Sec II.E. Related Party Transactions and Sec III.H. Avoiding Conflicts of Interest https://smprime.com/code-business-conduct-and-ethics ✓ 2019 Annual Report, Related Party Transactions, page 51 https://smprime.com/annual-reports ✓ Related Party Transactions Policy https://smprime.com/company-policies 	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p>The Company discloses the types of transactions requiring board approval but not limited to the following:</p> <ul style="list-style-type: none"> - Approval of Internal Audit Charter - Approval of group-wide / company-wide policies, manual - Constitution of Board Committees 	

		<ul style="list-style-type: none"> - Reappointment of External Auditor as endorsed by the Audit Committee prior to Stockholders' approval - Material Related Party Transactions - Allowing stockholders to notice of, to attend, to exercise their rights to vote <i>in absentia</i> - Approval of audited financial statements - Treasury matters related to opening of accounts and transactions with banks - Appointment of signatories and amendments thereof - Approval of projects and land acquisitions <p>References:</p> <ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents, Summary of Board Activities https://smprime.com/disclosure-transparency ✓ 2019 SEC Form 20-IS Definitive (Updated), Item 15: Action with Respect to Reports, page 39 https://smprime.com/annual-financials ✓ Audit Committee, Internal Audit Charter https://smprime.com/board-committees ✓ Related Party Transactions Policy https://smprime.com/company-policies <p>The Board of Directors also reviews and approves the consolidated financial statements including the schedules attached therein.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Statement of Management's Responsibility for Financial Statements, page 62 	
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		<p>The Board also approves the Company's Manual on Corporate Governance.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 19, page 32 https://smprime.com/corporate-governance-manual <p>Other decisions requiring Board approval re also disclosed in the Company's 17-A Annual Report</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Part IV – Corporate Governance, Item 13 – Corporate Governance, pages 65-67 https://smprime.com/annual-financials 	
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>The Board has established five (5) committees to aid in the performance of its duties. Each committee has adopted a Charter, which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees https://smprime.com/board-committees ✓ Annual Financials 	

		<p>2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, Board Committees, pages 13-14</p> <p>2019 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, Board Committees, pages 59-60</p> <p>https://smprime.com/annual-financials</p> <p>✓ 2019 Annual Report, Board Committees, page 48-49 https://smprime.com/annual-reports</p> <p>✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of June 15, 2020 https://smprime.com/corporate-disclosure</p>	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>The Company has an Audit Committee who is responsible for the review of the Company's financial reports and subsequent recommendation to the Board for approval, as well as the review of SM Prime's internal control systems, its audit plans and auditing processes.</p> <p>As stated in the Revised Manual on Corporate Governance, it is the Audit Committee's responsibility to recommend to the Board the appointment, reappointment, removal and fees of the External Auditor.</p> <p>Based on the Audit Committee's review of the performance and qualifications of the Company's External Auditor, the Committee recommends the</p>	

		<p>re-appointment of SGV & Co. as external auditors for 2020.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report The Audit Committee, page 48 Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Board Committees, Audit Committee, page 13 https://smprime.com/annual-financials ✓ Audit Committee https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-14 https://smprime.com/corporate-governance-manual 	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The Committee is composed of four (4) non-executive directors. Three (3) of whom are independent, including the Chairman.</p> <p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Audit Committee https://smprime.com/board-committees 	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Board Committees, Audit Committee, page 13 https://smprime.com/annual-financials ✓ Revised Manual on Corporate Governance, Item 3.2, pages 13-14 https://smprime.com/corporate-governance-manual 	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Each member of the Audit Committee has adequate understanding on the Corporation's financial management systems and environment particularly, in the areas of accounting, audit and finance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors: <ul style="list-style-type: none"> ➤ Vice-Chairman and Lead Independent Director - Jose L. Cuisia, Jr. ➤ Independent Director - Joselito H. Sibayan ➤ Independent Director – Gregorio U. Kilayko ➤ Director - Jorge T. Mendiola <p>https://smprime.com/board-of-directors</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7-9 https://smprime.com/annual-financials 	

		<ul style="list-style-type: none"> ✓ 2019 Annual Report, Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports 	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>Mr. Jose L. Cuisia, Jr. does not hold any board committee chairmanship except for the Audit Committee.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Profile of Board of Directors, Jose L. Cuisia, Jr. https://smprime.com/company/board-of-directors/jose-l-cuisia-jr ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Board Committees, page 13 https://smprime.com/annual-financials 	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>There were no other significant professional services rendered by the external auditor for the Year 2019.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 17-A Annual Report, Item 8. Information on Independent Accountant and Other Related Matter, pages 49-50 https://smprime.com/annual-financials 	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>In compliance with the Code of Corporate Governance, the Audit Committee regularly and independently meets with the Company's External Auditor to ensure that proper checks and balances are in place within the corporation.</p> <p>References:</p>	

		<ul style="list-style-type: none"> ✓ Audit and Risk Management Related Documents, Regular Meeting/s with the Company's External Auditor https://smprime.com/disclosure-transparency ✓ 2019 Annual Report, Board Performance and Attendance, page 46 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 1. Business, Enterprise Risk Management, page 5 https://smprime.com/annual-financials 	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<p>The Audit Committee met 4 times in 2019 on the following dates: February 11, May 6, July 15 and November 4. All meetings registered 100% attendance of all members.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report The Audit Committee, page 48 Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports ✓ Board Committees, Audit Committee https://smprime.com/board-committees ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Audit Committee, page 59 https://smprime.com/annual-financials 	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Based on the Audit Committee's review of the performance and qualifications of the Company's External Auditor, the Committee recommended the	

		<p>re-appointment of SGV & Co. as external auditors for 2020.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports 	
Recommendation 3.3			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	Compliant	<p>The Company's Corporate Governance Committee is tasked to ensure the Board's effectiveness and due observance of sound corporate governance principles and policies.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, The Corporate Governance Committee, page 49 https://smprime.com/annual-reports ✓ Board Committees, The Corporate Governance Committee, Charter https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16 https://smprime.com/corporate-governance-manual <p>Further, the Committee also performs annual evaluations to appraise the Board's performance as a body, and assess whether it possesses the right mix of backgrounds and competencies necessary to achieve the Company's objectives.</p> <p>Reference:</p>	

		<ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Evaluation, pages 49-50 https://smprime.com/annual-reports <p>The Committee also uses a Board Matrix to identify candidates for directors who possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Board Committees, The Corporate Governance Committee, Board Matrix https://smprime.com/board-committees 	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<p>The Company's Corporate Governance Committee is composed of 3 independent directors, including the Chairman.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Corporate Governance Committee https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.3, pages 15-16 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Corporate Governance Committee, page 59 https://smprime.com/annual-financials 	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Mr. Joselito H. Sibayan, the Chairman of the Corporate Governance Committee, is an independent director.	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors, Joselito H. Sibayan https://smprime.com/company/board-of-directors/joselito-h-sibayan ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Corporate Governance Committee, page 59 https://smprime.com/annual-financials 	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	<p>The Corporate Governance Committee met four (4) times in 2019 with 100% attendance in all meetings.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, The Corporate Governance Committee, page 49 https://smprime.com/annual-reports ✓ Board Committees, Corporate Governance Committee https://smprime.com/board-committees ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Audit Committee, page 59 https://smprime.com/annual-financials 	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	The Company's Board Risk Oversight Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure that there is an established effective risk management framework which promotes performance by linking strategy and business objectives to both risk and opportunity.	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Board Risk Oversight Committee, Charter https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Risk Oversight Committee, page 59 https://smprime.com/annual-financials 	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The Board Risk Oversight Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Board Risk Oversight Committee https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.4, pages 16-17 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Risk Oversight Committee, page 59 https://smprime.com/annual-financials 	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<p>Mr. Gregorio U. Kilayko does not hold any board committee chairmanship except for the Board Risk Oversight Committee.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Profile of Board of Directors, Gregorio U. Kilayko https://smprime.com/company/board-of-directors/gregorio-u-kilayko ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Board Committees, page 13 https://smprime.com/annual-financials 	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>Mr. Gregorio U. Kilayko, Chairman of the Board Risk Oversight Committee (BROC), has relevant experience on risk management being the previous founding head of ING Baring's stockbrokerage and investment banking business in the Philippines and a Philippine Stock Exchange Governor in 1996 and 2000.</p> <p>Further, Mr. Jose L. Cuisia, Jr., member of the BROC, was the President and Chief Executive Officer of the Philippine American Life and General Insurance Company from 1993 to 2009. He also served as Governor of the Bangko Sentral ng Pilipinas from 1990 to 1993 and Administrator of the Social Security System from 1986 to 1990.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Profile of Board of Directors Gregorio U. Kilayko https://smprime.com/company/board-of-directors/gregorio-u-kilayko <p>Jose L. Cuisia, Jr.</p>	

		https://smprime.com/company/board-of-directors/jose-l-cuisia-jr ✓ Annual Financials, 2019 17-A Annual Report, Item 9. Directors and Executive Officers of the Registrant, Board of Directors, page 51-52 https://smprime.com/annual-financials	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>The Company's Related Party Transactions Committee is responsible for reviewing and approving related party transactions in accordance with the Related Party Transactions Policy.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Related Party Transactions Committee, Charter https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 https://smprime.com/corporate-governance-manual 	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>The Related Party Transactions Committee of the Company is composed of 2 independent directors, including the Chairman, and 1 non-executive director.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Related Party Transactions Committee https://smprime.com/board-committees ✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 	

		https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Board Committees, Related Party Transactions Committee, page 60 https://smprime.com/annual-financials	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<p>The Company's committee charters state each committee's (1) purpose and authority, (2) composition and meetings and (3) duties and responsibilities.</p> <p>The duties and responsibilities as listed in the charter serve as basis for evaluating the performance of the Committees. Separate evaluation forms were also established for this purpose.</p> <p>References:</p> <p>✓ Board Committees, Executive Committee, Charter</p> <p>Board Committees, Audit Committee, Charter</p> <p>Board Committees, Corporate Governance Committee, Charter</p> <p>Board Committees, Board Risk Oversight Committee, Charter</p> <p>Board Committees, Related Party Transactions Committee, Charter</p> <p>https://smprime.com/board-committees</p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		

		<ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents, Evaluation Forms https://smprime.com/disclosure-transparency 	
3. Committee Charters were fully disclosed on the company's website.	Compliant	<p>All Committee Charters are fully disclosed in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, Executive Committee, Charter <p>Board Committees, Audit Committee, Charter</p> <p>Board Committees, Corporate Governance Committee, Charter</p> <p>Board Committees, Board Risk Oversight Committee, Charter</p> <p>Board Committees, Related Party Transactions Committee, Charter</p> <p>https://smprime.com/board-committees</p>	
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p> <p>Recommendation 4.1</p>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Relative to the conduct of Board and Board Committee meetings, videoconference calls also encouraged for board members or key officers not physically present in the meeting. Apart from its goal to meet the required quorum, videoconferencing allows board members or key officers to actively	

		<p>participate, interact and make valuable contributions on the agenda of the meeting.</p> <p>All regular and special Board and Board Committee Meetings registered 100% attendance of the Board of Directors. Further, all directors have attended the 2020 Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board Committees, 2019 Attendance https://smprime.com/board-committees ✓ 2019 Annual Report Board Performance and Attendance, page 46 Board Committees, pages 48-49 https://smprime.com/annual-reports ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes https://smprime.com/disclosure-transparency 	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>All meeting materials are provided to the directors at least five (5) business days before the start of actual meetings.</p> <p>Moreover, in February 2017, SM Prime's Office of the President Group, in coordination with the Information Technology Department, initiated the implementation of Sprint, an application where presentation materials and other necessary documents are uploaded in preparation for Board and Board Committee meetings. The application was installed in all board members and key officers' mobile devices. This initiative aims to have a paperless board portal enhancing productivity of</p>	

		<p>Board members and key officers allowing them to have instant access to their meeting information on their devices, anywhere at any time, in a highly secure way.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.7.4, page 11 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, page 65 https://smprime.com/annual-financials 	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>During Board and Board Committee meetings, directors are encouraged to raise questions and/or clarifications for the agenda items. The materials are provided at least five (5) business days before the start of actual meetings to provide them adequate time to review and ask appropriate questions during the meeting. The Corporate Secretary is tasked to properly record and document the same in the minutes of the meetings.</p> <p>Further, the annual self-evaluation forms also assess the ability of directors to ask tough questions and defend their ideas in all circumstances.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Board Evaluation, page 57 https://smprime.com/annual-financials 	

		✓ Other Corporate Governance Related Documents, Evaluation Forms https://smprime.com/disclosure-transparency	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, Non-executive and independent directors may hold a maximum of five (5) board seats in publicly-listed companies simultaneously.</p> <p>Directorships of the Company's directors in listed companies are disclosed in the SEC Form 20-IS Definitive (Updated) and 17-A Annual Report.</p> <p>On the other hand, board directors' profile also contain their directorships in non-listed companies.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 4.2.2, page 19 https://smprime.com/corporate-governance-manual ✓ Annual Financials 2019 SEC Form 20-IS Definitive (Updated), Item 5. Directors and Executive Officers of the Registrant, pages 7-8 and 13 2019 17-A Annual Report, Board of Directors, pages 51-52 and 58-59 https://smprime.com/annual-financials ✓ Board of Directors https://smprime.com/board-of-directors 	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p>The directors notify the Board during regular Board meetings all of their nominations for directorship. As a process, the concerned director shall notify the Board through the Corporate Secretary immediately upon receipt of invitation or nomination from a publicly listed company. Alternatively, the concerned director can notify the Board in the next scheduled board meeting if the time permits.</p> <p>For Year 2019, Mr. Gregorio Kilayko, Jr. informed the Board through the Corporate Secretary, regarding their nomination as director of East West Banking Corporation.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents, Notification Prior Accepting Other Directorship/s https://smprime.com/disclosure-transparency 	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p>SM Prime's Executive Director, Mr. Jeffrey C. Lim, does not hold directorship in other PLCs.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors, Director and President - Jeffrey C. Lim https://smprime.com/company/board-of-directors/jeffrey-c-lim ✓ 2019 Annual Report, Board of Directors, Mr. Jeffrey C. Lim, page 8 https://smprime.com/annual-reports 	

<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>Compliant</p>	<p>In compliance with the Company's Revised Manual on Corporate Governance, the Company's Corporate Secretary in coordination with the Management, schedules and cascades the dates of the Board, Board Committee and Annual Stockholders' meetings before the start of the financial year.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.7.3, page 11 https://smprime.com/corporate-governance-manual 	
<p>3. Board of directors meet at least six times during the year.</p>	<p>Compliant</p>	<p>The Company's Board of Directors had ten (10) regular meetings in 2019 on the following dates: February 11, April 23(Board Meeting before ASM), April 23(Organizational Meeting), May 6, July 15, September 5, October 23, November 4, November 21, and December 10. All ten meetings registered 100% attendance of members of the Board of Directors.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors, Profile per Director, Board Attendance https://smprime.com/board-of-directors ✓ 2019 Annual Report Board Performance and Attendance, page 46 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, page 51-53 https://smprime.com/annual-financials 	

4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Based on the Company's By-Laws, at least two-thirds (2/3) of the number of directors shall constitute a quorum for board decisions Reference: ✓ Corporate Documents, By-Laws, Section 6 - Quorum, page 9 https://smprime.com/disclosure-transparency	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The Company's Board of Directors is composed of 3 independent directors. References: ✓ 2019 Annual Report, Board Composition, page 46 https://smprime.com/annual-reports ✓ Board of Directors https://smprime.com/board-of-directors ✓ Annual Financials, 2019 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, page 51 https://smprime.com/annual-financials	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	The Company's Independent Directors possess all the qualifications and none of the disqualifications of being an ID. All independent directors executed an certification dated February 17, 2020 stating the same in accordance to Sec. 38 of the Securities	

		<p>Regulation Code, its Implementing Rules and Regulations and other SEC issuances.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 5.2, pages 19-20 https://smprime.com/corporate-governance-manual ✓ 2019 SEC Form 20-IS Definitive (Updated), Certification of Independent Directors Annexed to the 20-IS Definitive (Updated) https://smprime.com/annual-financials ✓ 2019 Annual Report, Board of Directors, page 8 https://smprime.com/annual-reports ✓ Board of Directors: <ul style="list-style-type: none"> ➤ Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director ➤ Gregorio U. Kilayko - Independent Director ➤ Joselito H. Sibayan - Independent Director https://smprime.com/board-of-directors 	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and</p>	

		<p>regulations.</p> <p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>Further, the Company 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.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ By-Laws https://smprime.com/disclosure-transparency ✓ Revised Manual on Corporate Governance, Items 5.2.1 and 5.6, pages 19 and 22, respectively https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Rights of Shareholders, pages 65-66 https://smprime.com/annual-financials 	
Recommendation 5.3			

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>The Company's independent directors namely Mr. Jose L. Cuisia Jr., Mr. Gregorio U. Kilayko, and Mr. Joselito H. Sibayan, have served as IDs for 8 until the term 2019-2020 (reckoned from 2012 election). The Company independent directors were re-elected during 2020 Annual Stockholders' Meeting. Messrs. Cuisia, Kilayko and Sibayan will serve their final term as independent directors of the Company in view of the term limits set forth under SEC Memorandum Circular No. 9, s. 2011.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Composition, No. of Years as Director, page 46 https://smprime.com/annual-reports ✓ Board of Directors, Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director, No. of Years on the Board https://smprime.com/company/board-of-directors/jose-l-cuisia-jr ✓ Board of Directors, Gregorio U. Kilayko - Independent Director, No. of Years on the Board https://smprime.com/company/board-of-directors/gregorio-u-kilayko ✓ Board of Directors, Joselito H. Sibayan - Independent Director, No. of Years on the Board https://smprime.com/company/board-of-directors/joselito-h-sibayan 	
<p>2. The company bars an independent director from serving in such</p>	<p>Compliant</p>	<p>Based on the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term</p>	

capacity after the term limit of nine years.		<p>of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 5.3, page 20 https://smprime.com/corporate-governance-manual 	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>As stated in the Company's Revised Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director.</p> <p>The Company does not have an independent director who has served for more than 9 years (reckoned from 2012).</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 5.3, page 20 https://smprime.com/corporate-governance-manual ✓ 2019 Annual Report, Board Composition, No. of Years as Director, page 46 https://smprime.com/annual-reports ✓ Board of Directors, Profile 	

		https://smprime.com/company/board-of-directors/jose-l-cuisia-jr https://smprime.com/company/board-of-directors/gregorio-u-kilayko https://smprime.com/company/board-of-directors/joselito-h-sibayan	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The Company's Chairman of the Board is Mr. Henry T. Sy, Jr. while SM Prime's Chief Executive Officer/President is Mr. Jeffrey C. Lim.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Board of Directors https://smprime.com/board-of-directors ✓ 2019 Annual Report, Board Composition, page 8 https://smprime.com/annual-reports 	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>The duties and responsibilities of the Chairman of the Board and Chief Executive Officer (President) are disclosed in the Company's Revised Manual on Corporate Governance.</p> <p>Mr. Henry T. Sy, Jr. and Mr. Jeffrey C. Lim are not relatives.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 2.2, pages 7-8 and Item 5.4, page 21 https://smprime.com/corporate-governance-manual 	
Recommendation 5.5			

<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p>The Company's Chairman of the Board is a non-executive director. And in compliance with SEC MC No. 20 Series of 2016, Mr. Jose L. Cuisia Jr. was appointed as Lead Independent Director during the Board meeting held on February 20, 2017.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 5.5, pages 21-22 https://smprime.com/corporate-governance-manual ✓ Board of Directors, Jose L. Cuisia, Jr. - Vice-Chairman and Lead Independent Director https://smprime.com/company/board-of-directors/jose-l-cuisia-jr 	
<p>Recommendation 5.6</p>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>As stated in the Company's Revised Manual on Corporate Governance, directors with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.</p> <p>The Company's Conflict of Interest Policy and Related Party Transactions Policy prohibit directors from engaging in any transaction that might result to potential or actual conflict of interest.</p> <p>For Year 2019, there were no transactions involving material interest of any of the Company directors.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 5.6, pages 22 	

		https://smprime.com/corporate-governance-manual ✓ Conflict of Interest Policy Related Party Transactions Policy https://smprime.com/company-policies ✓ Profile per Director https://smprime.com/board-of-directors	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The Audit Committee annually meets with the Company's external auditor, heads of the internal audit, compliance and risk functions, without any executive directors present. Meetings are being chaired by Mr. Jose L. Cuisia Jr. as the Company's Lead Independent Director.	
2. The meetings are chaired by the lead independent director.		Reference: ✓ Audit and Risk Management Related Documents, Regular Meeting/s with the Company's External Auditor https://smprime.com/disclosure-transparency	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Mr. Hans T. Sy, non-executive director of SM Prime, has served as President of the Company until end-September 2016 only.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Through the facilitation of the Corporate Governance Committee, the Board as a whole, the Chairman of the Board, all Board Committees, and	

2. The Chairman conducts a self-assessment of his performance.	Compliant	each individual member annually conducts a self-assessment of their performance.	
3. The individual members conduct a self-assessment of their performance.	Compliant	Reference: ✓ Annual Financials, 2019 17-A Annual Report, Board Evaluation, pages 57-58 https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, Evaluation Forms https://smprime.com/disclosure-transparency	
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>For Year 2019, the Company engaged the services of external party, Institute of Corporate Directors (ICD), to facilitate the annual assessment of the Board's performance, including the performance of the Chairman, individual members, and committees.</p> <p>The Third-Party Board Evaluation led by Fellows of ICD namely, Mr. Rex Drilon and Dr. Aniceto Fontanilla, aims to assess the Board's Structure and Composition, Board member's understanding of their Responsibilities and Duties, Processes that support the Board's functions, and Dynamics of the Board. This was done through questionnaires with quantitative and qualitative questions accomplished by each member of the Board. The process was also supported by individual interviews with all the members of the Board which were completed September to October 2019.</p> <p>Reference: ✓ Annual Financials, 2019 17-A Annual Report, Board Evaluation, pages 57-58 https://smprime.com/annual-financials </p>	

		<ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents <p>Third Party-Led Board Evaluation 2019</p> <p>Evaluation Forms</p> <p>https://smprime.com/disclosure-transparency</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Board Evaluation, pages 49-50 <p>https://smprime.com/annual-reports</p>	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	The Board, through the Corporate Governance (CG) Committee, facilitates annual self-assessments to evaluate the performance of the Board, its committees and its members. The CG Committee uses evaluation forms to assess the performance of the aforementioned.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p>The result of the annual evaluation is posted in the Company website for stakeholders' reference. Stakeholders may raise their concerns or feedback on the evaluation results through any of the following channels:</p> <ol style="list-style-type: none"> 1. Contact Us page in the Company website: https://smprime.com/contact-us 2. Investor Relations Department: https://smprime.com/investor-relations-overview 3. Telephone: (632) 8831-1000 4. Email address: info@smprime.com 	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Other Corporate Governance Related Documents, Evaluation Forms https://smprime.com/disclosure-transparency ✓ Annual Financials, 2019 17-A Annual Report, Board Evaluation, pages 57-58 https://smprime.com/annual-financials 	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>The Company's Code of Business Conduct and Ethics states the principles that guide the Company's Directors, officers and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public. It underscores the Company's commitment to promote and protect the welfare of its employees, customers and the communities where its businesses operate.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Code of Ethics https://smprime.com/code-business-conduct-and-ethics 	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	<p>The Company's Human Resources Department cascades the Training Program on Code of Ethics. Further, training and learning roadmap is also disclosed in the Sustainability Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, pages 67 	

		https://smprime.com/annual-financials ✓ 2019 Sustainability Report, Learning and Development and Learning Roadmap, pages 32-33 https://smprime.com/sustainability-report	
3. The Code is disclosed and made available to the public through the company website.	Compliant	SM Prime's Code of Ethics is publicly posted in the Company website. Reference: ✓ Code of Ethics https://smprime.com/code-business-conduct-and-ethics	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company's Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance. Reference: ✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) https://smprime.com/company-policies	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the	Compliant	The Company, through the Corporate Governance Department, annually cascades its Code of Ethics to all its employees.	

Code of Business Conduct and Ethics.			
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Further, the Company's directors, officers, and employees are required to comply with Code of Ethics which will aid them in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators, and the general public.</p> <p>Reference: ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, pages 67 https://smprime.com/annual-financials</p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Company commits to comply with the disclosure policies of all regulatory bodies.</p> <p>Through the Company's Investor Relations, Finance and Corporate Governance departments, SM Prime ensures that it complies with the PSE Listing and Disclosure Rules and to all applicable SEC memorandum circulars.</p> <p>Reports are submitted on or before the set deadline.</p> <p>The Company's disclosures may be found in the Company website.</p> <p>References: ✓ Corporate Disclosures https://smprime.com/corporate-disclosure</p>	

		<ul style="list-style-type: none"> ✓ Annual Financials https://smprime.com/annual-financials ✓ Quarterly Financials https://smprime.com/quarterly-financials 	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>The Company's 2019 annual and quarterly reports were made available to the public in the following dates:</p> <ul style="list-style-type: none"> ✓ 1Q 2019 (ended March 31, 2019) <ul style="list-style-type: none"> - Submitted to SEC and posted in the Company website on May 6, 2019 (36 days from end of 1Q) ✓ 2Q 2019 (ended June 30, 2019) <ul style="list-style-type: none"> - Submitted to SEC and posted in the Company website on July 31, 2019 (31 days from end of 2Q) ✓ 3Q 2019 (ended September 30, 2019) <ul style="list-style-type: none"> - Submitted to SEC and posted in the Company website on November 4, 2019 (35 days from end of 3Q) ✓ FY 2019 (ended December 31, 2019) <ul style="list-style-type: none"> - Submitted to SEC and posted in the Company website on April 13, 2019 (104 days from end of year) <p>References:</p> <ul style="list-style-type: none"> ✓ Quarterly Financials https://smprime.com/quarterly-financials ✓ Annual Financials, 2019 17-A Annual Report 	

		https://smprime.com/annual-financials	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<p>The Security Ownership of Certain Beneficial Owners and Management of the Company is disclosed in the SEC Form 17-A. Further, percentage ownership of the Company to its subsidiaries and affiliates are disclosed in the same report and in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 11 – Security Ownership of Certain Beneficial Owners and Management and Annex I - Map of Relationships of the Companies within the Group, pages 63 and 171 https://smprime.com/annual-financials ✓ Structure and Table of Organization, Group Corporate Structure https://smprime.com/disclosure-transparency 	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	SM Prime's Insider Trading Policy prohibits all directors, officers, employees and other covered persons from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>References:</p> <ul style="list-style-type: none"> ✓ Company Policies, Insider Trading https://smprime.com/company-policies ✓ Corporate Disclosures, Statement of Changes in Beneficial Ownership of Securities, pages 63-64 https://smprime.com/corporate-disclosure 	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, page 65-67 https://smprime.com/annual-financials 	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>Shares held by the Company's directors, officers and controlling shareholders are disclosed in the SEC Form 17-A. Moreover, SM Prime's Conglomerate Map is also attached to 17-A Annual Report and is publicly posted in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 11 – Security Ownership of Management as of December 31, 2019, page 63-64 https://smprime.com/annual-financials ✓ Corporate Disclosures, Statement of Changes in Beneficial Ownership of Securities https://smprime.com/corporate-disclosure 	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Profiles of the Company's Directors are disclosed in the Company website, SEC Form 17-A, Annual Report, and Definitive Information Statement (Updated).</p> <ul style="list-style-type: none"> ✓ Directors' Profile https://smprime.com/board-of-directors ✓ Annual Financials <p>2019 17-A Annual Report, Item 9 – Directors and Executive Officers of the Registrant, pages 51-53</p>	

		<p>2019 SEC Form 20-IS Definitive (Updated), Profiles of the Nominees for Election to the Board of Directors for 2019 – 2020, pages 7-9</p> <p>https://smprime.com/annual-financials</p> <p>✓ 2019 Annual Report</p> <p>Board of Directors, page 8 Board Training and Orientation, pages 47</p> <p>https://smprime.com/annual-reports</p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Profiles of the Company's Key Executives are disclosed in SEC Form 17-A, Annual Report and Definitive Information Statement (Updated).</p> <p>✓ Annual Financials</p> <p>2019 17-A Annual Report, Item 9, pages 54-55 2019 SEC Form 20-IS Definitive (Updated), Item 5, pages 9-11</p> <p>https://smprime.com/annual-financials</p> <p>✓ 2019 Annual Report, Board Training and Orientation, pages 47</p> <p>https://smprime.com/annual-reports</p>	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>The Company's policy on remuneration and the structure of its compensation package is disclosed in the Disclosure and Transparency page of the Company website.</p> <p>Reference:</p>	

2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	✓ Other Corporate Governance Related Documents, Remuneration Matters https://smprime.com/disclosure-transparency	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		The Company is cognizant of the requirement under Section 29 of the Revised Corporation Code and will comply with such within the period set forth by the Code. Reference: ✓ Other Corporate Governance Related Documents, Remuneration Matters https://smprime.com/disclosure-transparency
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	The Company's Related Party Transactions (RPT) Policy is captured in the Revised Manual on Corporate Governance and is publicly posted in the Company website and disclosed also in 17-A and in the Annual Report. There were no related party transactions that have breached the materiality threshold set by the Company. References: ✓ Revised Manual on Corporate Governance, Item 3.5, page 18 https://smprime.com/corporate-governance-manual	

		<ul style="list-style-type: none"> ✓ Related Party Transactions Policy https://smprime.com/company-policies 	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>In compliance with its Related Party Transactions policy, the Company discloses in its annual report the balances of its significant related party transactions.</p> <p>For Year 2019, there were no material related party transactions that have breached the threshold of ten percent (10%) or higher of the company's total asset based on its latest financial statement.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Notes to 2019 Consolidated Financial Statements, Note 20 – Related Party Transactions, pages 106-107 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 12. Certain Relationships and Related Transactions, page 64 and Notes to 2019 Consolidated Financial Statements, Note 20 – Related Party Transactions, pages 55-57 https://smprime.com/annual-financials 	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Based on the Company's Conflict of Interest Policy, 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. Further, all covered persons are required to disclose real or potential conflicts as they arise or at beginning January of each year via the Corporate Governance Portal.	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Conflict of Interest Policy https://smprime.com/company-policies ✓ Annual Financials 2019 17-A Annual Report, Item 13 – Corporate Governance, page 67 2019 SEC Form 20-IS Definitive (Updated), Item 21 – Corporate Governance, pages 42-43 https://smprime.com/annual-financials ✓ 2019 Annual Report, Conflict of Interest, page 51 https://smprime.com/annual-reports 	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Board, through the Related Party Transactions (RPT) Committee, ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those transactions that breach the threshold of materiality. The same is also disclosed in SM Prime's 2019 17-A and Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 3.5, pages 17-18 https://smprime.com/corporate-governance-manual ✓ Related Party Transactions Policy 	

		https://smprime.com/company-policies ✓ 2019 Annual Report, The Related Party Transactions Committee, page 49 https://smprime.com/annual-reports ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, page 67 https://smprime.com/annual-financials	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	SM Prime ensures that it complies with SEC and PSE Disclosure Rules. All required disclosure are immediately posted in the PSE Edge and Company website. Reference: ✓ Corporate Disclosures https://smprime.com/corporate-disclosure	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	For Year 2019, there were no transactions, which have required shareholders' approval. However, in 2013 and 2007, as disclosed in the annual financial statements, the Company engaged a third party appraiser to provide opinion on the fairness of transaction price on the SM Property Group's merger and acquisition of malls in China. References: ✓ Annual Financials, 2019 17-A Annual Report, Notes to Consolidated Financial Statements – Item 2 – Basis of Preparation, pages 1-3 https://smprime.com/annual-financials	

		<ul style="list-style-type: none"> ✓ 2019 Annual Report, Notes to Consolidated Financial Statements –Item 2 – Basis of Preparation, pages 75-78 https://smprime.com/annual-reports ✓ 2013 and 2007 Annual Report, page 83 and 10, respectively https://smprime.com/annual-reports 	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>The provisions in Company's By-Laws and the Revised Manual on Corporate Governance are compliant with all applicable Philippine laws and regulations.</p> <p>The Revised Manual on Corporate Governance, for instance, provides that independent directors are independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. Further, conflicted directors are required to abstain from participating in board meetings to prevent the exercise of undue influence.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ By-Laws https://smprime.com/disclosure-transparency 	

		✓ Revised Manual on Corporate Governance, Item 5.2.1 & 5.6, page 19 & 22, respectively https://smprime.com/corporate-governance-manual	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's Revised Manual on Corporate Governance contains corporate governance policies, programs and procedures. This Manual was submitted to SEC and PSE on February 20, 2017 and subsequently revised on February 11, 2019. This is available in the Company website. Reference: ✓ Revised Manual on Corporate Governance https://smprime.com/corporate-governance-manual	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The Company has submitted its Revised Manual on Corporate Governance to SEC and PSE on February 11, 2019. Reference: ✓ Revised Manual on Corporate Governance https://smprime.com/corporate-governance-manual	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant	The Company's corporate objectives are disclosed in the 2019 17-A, Sustainability Report attached to Annual Report.	

		<p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report <p>Message from the Chairman of the Board, pages 10-11</p> <p>President's Report, pages 12-15</p> <p>Management's Discussion and Analysis of Financial Condition and Results of Operations, page 58-61</p> <p>https://smprime.com/annual-reports</p> <ul style="list-style-type: none"> ✓ 2019 Sustainability Report attached to the Annual Report (dated June 15, 2020) <p>SM Prime's Patch to Sustainable Development, pages 8-9</p> <p>Economic, SM Prime Commitments, page 21</p> <p>https://smprime.com/annual-reports</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Notes to Consolidated Financial Statements, pages 91-178 <p>https://smprime.com/annual-financials</p>	
b. Financial performance indicators	Compliant	<p>The Company's key performance indicators are measured in terms of the following: (1) debt to equity; (2) net debt to equity; (3) return on equity (ROE); (4) earnings before interest expense, income taxes, depreciation and amortization (EBITDA); (5) debt to EBITDA; (6) interest coverage ratio; (7)</p>	

		<p>operating income to revenues; (8) EBITDA margin and (9) net income to revenues.</p> <p>References:</p> <p>✓ Annual Financials</p> <p>2019 17-A Annual Report</p> <ul style="list-style-type: none"> • Balance Sheet Accounts, Pages 33-38 and 47-49 • Annex IV - Financial Ratios - Key Performance Indicators, page 194 <p>https://smprime.com/annual-financials</p> <p>✓ 2019 Annual Report</p> <ul style="list-style-type: none"> • Group Performance, page 3 • Financial Highlights, page 4 • Performance Overview, page 5 <p>https://smprime.com/annual-reports</p>	
c. Non-financial performance indicators	Compliant	<p>Non-financial indicators in terms of the following are disclosed in the 2019 17-A Annual Report</p> <p>Reference:</p> <p>✓ Annual Financials, 2019 17-A Annual Report, Item 1 – Business and Item 2 – Properties, pages 1 to 31</p> <p>https://smprime.com/annual-financials</p> <p>The Annual Report also contains the following information:</p> <ul style="list-style-type: none"> • For Malls: Total GFA, No. of mall tenants, average daily pedestrian count, cinema 	

		<p>seats, parking slots, malls listing (pages 25 and 28)</p> <ul style="list-style-type: none"> • For Residences: No. of Residential Units and Residential Projects (pages 3 and 34) • For Offices, No. of properties , Total GFA, offices listing (pages 3 and 40) • For Hotels and Convention Centers: No. of properties, no. of hotel rooms (page 3) <p>Reference:</p> <p>✓ 2019 Annual Report https://smprime.com/annual-reports</p> <p>In addition, non-financial indicators in relation to environmental, social and governance factors are also summarized in the Annual Report and disclosed in detail in the Company's Sustainability Report.</p> <p>Reference:</p> <p>✓ 2019 Sustainability Report attached to Annual Report (dated June 15, 2020) https://smprime.com/annual-reports</p> <p>✓ 2019 Sustainability Report https://smprime.com/sustainability-report</p>	
d. Dividend Policy	Compliant	<p>The Company endeavors dividend payout of 30 to 35 percent of the previous year's net income and payable within thirty (30) days from declaration date.</p> <p>Reference:</p> <p>✓ Annual Financials, 2019 17-A Annual Report, Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters, page 32-33 https://smprime.com/annual-financials</p>	

e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	<p>The profiles of each director are disclosed in the Item 9 of the Company's SEC Form 17-A Annual Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 9, pages 51-53, 58-59 https://smprime.com/annual-financials 	
f. Attendance details of each director in all directors meetings held during the year	Compliant	<p>The attendance details of each director are disclosed in the Company's SEC Form 17-A Annual Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 9, pages 51-53, 59-60 https://smprime.com/annual-financials 	
g. Total remuneration of each member of the board of directors	Compliant	<p>Directors only receive a fixed per diem for every board meeting attended and allowances commensurate to the responsibilities given.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 10 – Compensation of Directors and Executive Officers, page 62 https://smprime.com/annual-financials ✓ 2019 Annual Report, Board Remuneration, page 49 https://smprime.com/annual-reports ✓ Other Corporate Governance Related Documents, Remuneration Matters https://smprime.com/disclosure-transparency 	

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>In accordance with the requirements of the SEC Revised Code of Corporate Governance, SMPH has revised its Manual on Corporate Governance to incorporate the additions and changes introduced in the new Code to increase the responsibilities of the Board, strengthen the protection of minority shareholders, and increase transparency in both financial and non-financial reporting.</p> <p>Reference: ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, page 65 https://smprime.com/annual-financials</p>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	<p>The Board, through the Audit Committee, has 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.</p> <p>Reference: ✓ 2019 Annual Report, Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports</p>	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<p>The Board, through the Audit Committee, has 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.</p> <p>Reference: ✓ 2019 Annual Report, Report of the Audit Committee, pages 63-64 https://smprime.com/annual-reports</p>	

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<p>The Company's key risks are disclosed in its SEC Form 17-A Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 1 – Business, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials 	
<p>Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p> <p>Recommendation 9.1</p>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>As stated in the Company's Revised Manual on Corporate Governance, it is the Audit Committee's responsibility for approving and recommending the appointment, reappointment, removal and fees of SM Prime's external auditor.</p> <p>The Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and the stockholders approve the Audit Committee's recommendation.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Items 9.1, page 24 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 49-50 	

		https://smprime.com/annual-financials ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes, Item 8 - Appointment of External Auditor, page 8 https://smprime.com/disclosure-transparency	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Based on the tabulation of votes of shares present and represented, 24,698,670,868 shares or 99.71% of the total number of voting shares represented at the meeting approved the said resolution. Reference: ✓ 2020 ASM Minutes, Item 8 - Appointment of External Auditor, page 8 https://smprime.com/disclosure-transparency	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	As stated in the Company's Revised Manual on Corporate Governance, the reasons for removal or change shall be disclosed to the regulators and the public through the Company website and required disclosures. Covering Year 2019, the Company did not change its External Auditor. The Company complies with SRC Rule 68, Paragraph 3(b) (iv) and (ix) for the Rotation of External Auditors. Reference: ✓ Revised Manual on Corporate Governance, Items 9.1.1, page 24 https://smprime.com/corporate-governance-manual	
Supplement to Recommendation 9.1			

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>Pursuant to SRC Rule 68, Paragraph 3(b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every five (5) years of engagement with a two-year cooling off period for the re-engagement of the same signing partner, the Company engaged Ms. Belinda T. Beng Hui of SGV & Co. starting year 2011 and Mr. Sherwin V. Yason of SGV & Co. starting year 2016.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 49-50 https://smprime.com/annual-financials 	
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>Compliant</p>	<p>As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be implemented with integrity and independence, considering all relevant regulatory requirements.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Audit Committee Charter https://smprime.com/board-committees 	

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	As part of the Audit Committee's responsibility to ensure that there is an established process in the appointment, reappointment and/or removal of the External Auditor, the Committee carefully evaluates the qualifications and performance of the auditor prior to the annual appointment/ reappointment. It ensures that all functions are / are to be implemented with integrity and independence, considering all relevant regulatory requirements. Reference: ✓ Audit Committee Charter https://smprime.com/board-committees	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report Covering Year 2019, there were no other significant professional services rendered by SGV & Co. during the period. Tax consultancy services are secured from entities other than the external auditor. References: ✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14	

		https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 49-50 https://smprime.com/annual-financials ✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) https://smprime.com/disclosure-transparency	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	As stated in the Revised Manual on Corporate Governance, the Audit Committee evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. References: ✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 https://smprime.com/corporate-governance-manual ✓ The Audit Committee Charter, Item 3.i, page 2 https://smprime.com/board-committees	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	As stated in the Company's Revised Manual on Corporate Governance, non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report	

		<p>Covering Year 2019, there were no significant professional services rendered by the Company's external auditor. Tax consultancy services are secured from entities other than the external auditor.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 3.2.2.h, page 14 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 8 - Information on Independent Accountant and Other Related Matters, page 49-50 https://smprime.com/annual-financials ✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) https://smprime.com/disclosure-transparency 	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>The Company's external auditor is duly accredited by the SEC under Group A category.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) https://smprime.com/disclosure-transparency 	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's	Complaint	The Company's External Auditor, being accredited by the Securities and Exchange Commission, is subject for SOAR Inspection.	

Office of the General Accountant (OGA).		<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected- Year 2018 2. Name of the Audit firm - SyCip Gorres Velayo and Co. 3. Members of the engagement team inspected by the SEC.- The names of the members of the engagement team were provided to the SEC during the SOAR inspection <p>Reference:</p> <ul style="list-style-type: none"> ✓ Audit and Risk Management Related Documents, External Audit (SEC Accreditation and Audit/Non-Audit Fee) https://smprime.com/disclosure-transparency 	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>SM Prime is uniquely positioned to serve its host communities through various civic assistance, environmental education and sustainability programs. Its activities are two-pronged: to care for its customers while being a steward of the environment. SM Cares, a division of SM Foundation Inc., is the group that handles the corporate social responsibility programs of SM Prime Holdings, Inc.</p> <p>With people and the environment as its two main focal points, SM Prime aims to strengthen the fiber of growth while empowering more communities in the Philippines.</p>	

		<p>On an annual basis, the Company releases a Sustainability Report which covers the environmental, social, economic and governance information of SM Prime in the Philippines and in China.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Sustainability Overview https://smprime.com/sustainability-overview ✓ 2019 Sustainability Report attached to Annual Report (dated June 15, 2020) https://smprime.com/annual-reports ✓ 2019 Sustainability Report https://smprime.com/sustainability-report 	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p>The Company's Sustainability Report is in accordance with the GRI Sustainability Reporting Standards. It covers the environmental, social, economic, and governance information of SM Prime in the Philippines and in China for the year 2019. The scope includes SM Prime's business units including Malls, Residences, Offices, and Hotels and Convention Centers.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ 2019 Sustainability Report attached to Annual Report (dated June 15, 2020) https://smprime.com/annual-reports ✓ 2019 Sustainability Report https://smprime.com/sustainability-report 	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The Company discloses its quarterly and annual reports in its Company website. Analyst's / media briefings and press conferences are also conducted right after the Annual Stockholders' Meeting.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Quarterly Financials https://smprime.com/quarterly-financials ✓ 2019 Annual Financials https://smprime.com/annual-financials ✓ Investor Relations and Program Schedule https://smprime.com/investor-relations-program-schedule 	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	Compliant	<p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Quarterly Financials https://smprime.com/quarterly-financials ✓ 2019 Annual Financials https://smprime.com/annual-financials 	
b. Materials provided in briefings to analysts and media	Compliant	<p>Reference:</p> <ul style="list-style-type: none"> ✓ Presentations, SM Prime Investor Kit – 2019- 2020 https://smprime.com/investor-presentations 	
c. Downloadable annual report	Compliant	References:	

		<ul style="list-style-type: none"> ✓ 2019 Annual Financials https://smprime.com/annual-financials ✓ 2019 Annual Report https://smprime.com/annual-reports 	
d. Notice of ASM and/or SSM	Compliant	Reference: <ul style="list-style-type: none"> ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Notice of Meeting and Agenda https://smprime.com/disclosure-transparency 	
e. Minutes of ASM and/or SSM	Compliant	Reference: <ul style="list-style-type: none"> ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes https://smprime.com/disclosure-transparency 	
f. Company's Articles of Incorporation and By-Laws	Compliant	References: <ul style="list-style-type: none"> ✓ Corporate Documents Articles of Incorporation By-Laws https://smprime.com/disclosure-transparency 	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	The Company complies with SEC MC No. 11 Series of 2014. Reference: <ul style="list-style-type: none"> ✓ Company website https://smprime.com/ 	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>Internal controls are reviewed on annual basis for high-risk processes of key business units based on the Internal Audit Plan submitted by the Chief Audit Executive to senior management and the Board for review and approval.</p> <p>Further, as stated in the Internal Audit Charter, the IA Department of SM Prime provides assurance and consulting services.</p> <p>Reference: ✓ The Audit Committee, Internal Audit Charter https://smprime.com/board-committees</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>SM Prime adopts ISO 31000 and follows an 8-step Risk Management Approach, which starts from the identification and prioritization of risks, to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process.</p> <p>The Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company. The business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. On a quarterly basis, the Board Risk Oversight Committee is updated on status of risk management and improvement plans of the Company.</p> <p>Further, the Company's key risks and the respective risk assessment, management and control are disclosed in the Company website.</p>	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Enterprise Risk Management https://smprime.com/enterprise-risk-management ✓ Audit and Risk Management Related Documents, Risk Management System https://smprime.com/disclosure-transparency 	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p>The Company ensures that it complies with all relevant laws and regulations.</p> <p>For instance, SM Prime, through Enterprise Risk Management Department, has conducted annual Data Privacy Awareness Campaigns to all its employees. This includes cascade of e-Learning modules and posters/infographics. The Company has put in place functional e-Learning programs related to various compliance rules and issuances for self-paced learning accessible to all employees. This may also be supplemented by classroom training conducted by either internal or external facilitators.</p> <p>Further, the Company's Human Resources Department also cascaded awareness modules in compliance with the mandatory Occupational Safety and Health programs of Department of Labor and Employment (DOLE) and the Executive Order of the President of the Philippines.</p> <p>Moreover, the Investor Relations Department is tasked with a program of proactive, uniform and appropriate communication through full disclosure</p>	

		<p>in compliance with the regulatory bodies and serves as the main avenue of communication between the Company and its various stakeholders.</p> <p>The Company also strengthens the compliance risk management in compliance with external regulations particularly on the local and national level to significantly reduce the adverse effect on the Company's business operations.</p> <p>Reference: ✓ Annual Financials, 2019 17-A Annual Report</p> <p>Item 1 – Business, Enterprise Risk Management, pages 3-5</p> <p>Governmental regulations and environmental laws, page 6</p> <p>Item 13 – Corporate Governance, page 65</p> <p>https://smprime.com/annual-financials</p>	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	<p>The Board puts emphasis on prudent IT risk management. The CRO and the IT Team reports to the Board the status of risk management and risk mitigation plans of the Company particularly on issues concerning availability of continuity plans, backup procedures, protection against damaging code and malicious activities, system and information access control, and incident management and reporting. It ensures to protect the confidentiality, integrity, and availability of all physical and electronic information assets of SM Prime to make certain that regulatory, operational,</p>	

		<p>and contractual requirements are satisfied. Through 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, to proactively detect and address threats and vulnerabilities, are regularly implemented. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 1. Business, Enterprise Risk Management, page 3-5 https://smprime.com/annual-financials 	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>The Company's Internal Audit function is in-house and is headed by Mr. Christopher S. Bautista, SM Prime's Chief Audit Executive.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ The Audit Committee, Internal Audit https://smprime.com/board-committees ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 51 https://smprime.com/annual-financials 	
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Company's Chief Audit Executive (CAE) is Mr. Christopher S. Bautista. His duties and responsibilities as CAE are laid down in the Revised Manual on Corporate Governance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 51 https://smprime.com/annual-financials ✓ Corporate Disclosures, SEC FORM 17-C: Results of BOD Meeting as of June 15, 2020 https://smprime.com/corporate-disclosure 	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	<p>As disclosed in the CAE's duties and responsibilities, Mr. Bautista shall oversee and be responsible for the internal audit activity of the organization.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 https://smprime.com/corporate-governance-manual 	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the	Compliant	<p>The Company's internal audit function is in-house and is headed by Mr. Christopher S. Bautista.</p> <p>Reference:</p>	

fully outsourced internal audit activity.		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Christopher S. Bautista, page 54 https://smprime.com/annual-financials ✓ Revised Manual on Corporate Governance, Item 12.3, pages 25-26 https://smprime.com/corporate-governance-manual 	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The Enterprise Risk Management (ERM) is headed by the Chief Risk Officer (CRO), Mr. Marvin Perrin L. Pe. The CRO is responsible in leading the formulation of risk management policies, methodologies, and metrics in alignment with the overall business strategy of the Company, ensuring that risks are prudently and rationally undertaken. The CRO and the ERM team facilitate risk management learning programs and promote best practices on an enterprise-wide basis.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, pages 54 https://smprime.com/annual-financials 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>The Company engages third party consultants in the assessment of security and safety risks of its business units and in the implementation of its Business Continuity Management System.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Enterprise Risk Management, Key Risks and Risk Management Program 	

		https://smprime.com/enterprise-risk-management ✓ Annual Financials, 2019 17-A Annual Report, Item 1 – Business, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<p>The Company's Chief Risk Officer and Head of the Enterprise Risk Management Department is Mr. Marvin Perrin L. Pe. His duties and responsibilities are laid down in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 12.5, page 27 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, page 54 https://smprime.com/annual-financials 	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The Company's Chief Risk Officer, Mr. Marvin Perrin L. Pe, is currently the Vice-President for Enterprise Risk Management of SM Prime Holdings, Inc. He holds a Bachelor of Science degree in Accountancy from Centro Escolar University. He has completed his Masters in Management Degree, with distinction, from the Asian Institute of Management.</p> <p>Before joining SM Prime Holdings, Inc., Mr. Pe was a Partner of SyCip Gorres Velayo & Co. (SGV), the</p>	

		<p>member firm of EY in the Philippines. He had over 15 years of experience devoted mainly to Fraud Investigations and Dispute Services (FIDS) works on fraud investigation, compliance, internal audit and forensic data analytics. As a member of the Philippines FIDS team, Mr. Pe has led or has been involved in most of the firm's fraud and compliance related projects.</p> <p>Mr. Pe is a Certified Public Accountant, Certified Fraud Examiner, Certified Internal Auditor, Certified Information Systems Auditor and has a Certification in Control Self-Assessment.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Executive Officers, Marvin Perrin L. Pe, page 54 https://smprime.com/annual-financials 	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p>The Company's CEO and CAE executed on January 27, 2020 an attestation that a sound internal audit, control and compliance system is in place and working effectively.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Audit and Risk Management Related Documents, Annual Confirmation of Internal Audit Adequacy https://smprime.com/disclosure-transparency 	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The basic shareholder rights are disclosed in the Revised Manual on Corporate Governance and is also found in the Company website and 17-A Annual Report.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 13.4, pages 28-29 https://smprime.com/corporate-governance-manual ✓ Rights of Shareholders https://smprime.com/rights-shareholders ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 65-66 https://smprime.com/annual-financials 	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>The basic shareholder rights are also disclosed in the Company website.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Rights of Shareholders https://smprime.com/rights-shareholders 	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<p>Based on the 20-IS Definitive Statement (Updated), each common share of SMPH owned by a shareholder is entitled to one (1) vote (each, a "Voting Share/s") except in the election of directors where one share is entitled to as many votes as there are Directors to be elected.</p> <p>Reference:</p>	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Section B Item 4 No. 3, page 5 https://smprime.com/annual-financials 	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>The Company only has common shares.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Section B Item 4, page 5 https://smprime.com/annual-financials 	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>The voting procedure is disclosed in the Company's 20-IS Definitive (Updated).</p> <p>In 2019, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders who will not be able to personally attend the meeting but will be appointing proxies.</p> <p>In 2020, the Company also established a voting <i>in absentia</i> portal whereby all stockholders including those holding scripless shares as of record date can participate to vote specific items in the agenda including related material RPT which requires stockholders' approval.</p> <p>Sycip Gorres Velayo & Company or SGV has been engaged as third party tabulator of votes cast during the Annual Stockholders' Meeting including the independent check on the security of the registration and online voting portals.</p> <p>Reference:</p>	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), (1) Section B Item 4 No. 3 and (2) Item 19, page 5 and pages 40-41, respectively https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, 2020 SM Prime Virtual ASM and Voting in Absentia https://smprime.com/disclosure-transparency 	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p>Independent directors exercise objective and independent judgment on all corporate affairs specifically on issues involving the protection of minority shareholders against actions of controlling shareholders.</p> <p>The Company uses cumulative voting mechanism in the election of directors that is designed to give minority shareholders the opportunity to obtain representation in the Board of Directors. Cumulative voting is required by the Revised Manual on Corporate Governance and disclosed in the SEC Form 20-IS.</p> <p>All material individual RPTs are referred to the Chief Risk Officer for review and endorsement to Related Party Committee prior to approval by at least two-thirds (2/3) vote of the Board of Directors with at least a majority of the independent directors. In case that majority vote of the independent directors' approval is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock in the Annual Stockholders' Meeting.</p>	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Items 3.5, 5, and 13.4.1.b, pages 17, 19 and 28, respectively https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), Items 4 and 5, pages 5 and 11-12, respectively https://smprime.com/annual-financials 	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>The shareholders, in accordance with their rights disclosed in the Revised Manual on Corporate Governance, have 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. These, along with their other rights as shareholders, are publicly posted in the Company website for their quick reference.</p> <p>Also, the Company acknowledges the SEC MC No. 14 s.2020 where hareholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of a publicly-listed company (PLC) shall have the right to include items on the agenda prior to the regular/special stockholders' meeting.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Revised Manual on Corporate Governance, Item 13.4.4.b, page 28 	

		https://smprime.com/corporate-governance-manual ✓ Rights of Shareholders https://smprime.com/corporate-governance-overview ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 65-66 https://smprime.com/annual-financials	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Policies on treatment of minority shareholders are disclosed in the Revised Manual on Corporate Governance. Reference: ✓ Revised Manual on Corporate Governance <ul style="list-style-type: none"> • Item 2.3.1, page 8 • Item 13.4.1.c, page 28 • Item 13.4.4.b, page 28 • Item 13.4.4.c, page 28 https://smprime.com/corporate-governance-manual ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, Rights of Shareholders, pages 65-66 https://smprime.com/annual-financials	
7. Company has a transparent and specific dividend policy.	Compliant	The Company's dividend policy is disclosed in the SEC Form 17-A, 20-IS Definitive (Updated) and Annual Report. Further, the Company has declared regular cash dividends during its 2020 Annual Stockholders'	

		<p>Meeting held on June 15, 2020. Pay-out date is on July 14, 2019, which is 29 calendar days from the declaration date.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials <p>2019 17-A Annual Report, Item 5, page 32</p> <p>2019 SEC Form 20-IS Definitive (Updated), Item 20, page 41</p> <p>https://smprime.com/annual-financials</p> <ul style="list-style-type: none"> ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes, Item 5, page 6 <p>https://smprime.com/disclosure-transparency</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>The Company's External Auditor, SyCip Gorres Velayo & Co., has been engaged to monitor and validate the tally of votes casted during the 2020 Annual Stockholders' Meeting.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes, Item 2, page 3 <p>https://smprime.com/disclosure-transparency</p>	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with	Compliant	The Amended Notice of the 2020 Annual Stockholders' Meeting was released on PSE Edge and Company website on May 14, 2020, 32 days before the Annual Stockholders' Meeting. The details of the meeting and the agenda items and	

sufficient and relevant information at least 28 days before the meeting.		<p>their respective rationale were included in the material provided to all shareholders.</p> <p>Due to the COVID outbreak, the Commission allows alternative distribution of the written notices to all stockholders as of record date. The notice of meeting was also published 29 days before the meeting in the following newspapers of general circulation both in print and online formats:</p> <ul style="list-style-type: none"> • On May 17, 2020, at the Business Sections of Manila Bulletin and Philippine Star. • And on May 18, 2020, at the Business Section of Philippine Daily Inquirer and at the Banking & Finance Section of Business World. <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS (Updated), pages 2-3 https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, 2020 SM Prime Virtual ASM and Voting in Absentia, https://smprime.com/disclosure-transparency 	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		The profiles of directors, auditors seeking re-appointment and proxy documents are disclosed in the SEC Form 20-IS Preliminary and Definitive (Updated).	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>References:</p> <ul style="list-style-type: none"> ✓ Annual Financials <p>2019 SEC Form 20-IS Definitive (Updated)</p>	

		https://smprime.com/annual-financials	
b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>The rationale for the agenda items for the Annual Stockholders' Meeting are disclosed in the SEC Form 20-IS Preliminary and Definitive (Updated).</p> <p>References:</p> <ul style="list-style-type: none">✓ Annual Financials <p>2019 SEC Form 20-IS Definitive (Updated), page 3</p> <p>https://smprime.com/annual-financials</p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<p>The minutes of the 2020 Annual Stockholders' Meeting was posted in the Company website on June 15, 2020.</p> <p>Reference:</p> <ul style="list-style-type: none">✓ 2020 ASM Minutes <p>https://smprime.com/disclosure-transparency</p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p>The minutes of the 2020 Annual Stockholders' Meeting was posted in the Company website on June 15, 2020.</p> <p>Reference:</p> <ul style="list-style-type: none">✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes <p>https://smprime.com/disclosure-transparency</p>	

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<p>All directors and key officers have attended the 2020 Annual Stockholders' Meeting. Several directors and key officers joined remotely through Zoom. The Company's External Auditor, SGV & Co. was also engaged to tabulate votes.</p> <p>Reference: ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes https://smprime.com/disclosure-transparency</p>	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Reference: ✓ Revised Manual on Corporate Governance, Item 13.5, page 29 https://smprime.com/corporate-governance-manual</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>Based on the Revised Manual on Corporate Governance, it is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.</p>	

		Reference: ✓ Revised Manual on Corporate Governance, Item 13.5, page 29 https://smprime.com/corporate-governance-manual	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company's Investor Relations Office may be reached through the following: Telephone Number: (632) 8862-7942 Email address: info@smprime.com Reference: ✓ Investor Relations https://smprime.com/investor-relations-overview	
2. IRO is present at every shareholder's meeting.	Compliant	Mr. Alexander D. Pomento, VP for Investor Relations, has attended the recent Annual Stockholders' Meeting. Reference: ✓ ASM Notice of Meeting, Agenda and Minutes, 2020 ASM Minutes https://smprime.com/disclosure-transparency	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	As stated in SM Prime's Code of Ethics, the Company complies with all applicable laws and regulations designed to protect the rights of all shareholders, including those holding minority interests. For instance, fundamental corporate acts, such as amendments to the Company's Articles of Incorporation and By-Laws, the authorization of additional shares, and the transfer	

		<p>of all or substantially all assets of the Company, are subject to the approval of shareholders.</p> <p>In addition, the Revised Manual on Corporate Governance mandates the Board of Directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow shareholders the possibilities to seek redress for violation of their rights.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, page 1 https://smprime.com/code-business-conduct-and-ethics ✓ Revised Manual on Corporate Governance, Item 13.1, page 27 https://smprime.com/corporate-governance-manual 	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<p>As disclosed in the Company's Public Ownership Report as of March 31, 2020, 35.89% of the outstanding capital stock is owned by the public.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Corporate Disclosures, SMPH Public ownership report as of March 31, 2020 https://smprime.com/corporate-disclosure 	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	The Company's Investor Relations Office facilitates constant engagement with its shareholders through ongoing briefings and meetings, road shows, and conference calls. This is disclosed in the Company website.	

		<p>Further, stockholders may also refer any governance-related issues or concerns to corpgovernance@smprime.com.</p> <p>Moreover, any stakeholders including the directors, officers and employees, as well as customers, suppliers, stockholders, service providers and all other stakeholders, can report any violation or suspected violation of Company policies, procedures and applicable laws and regulations shall be made in writing to report.corpgov@smprime.com.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Investor Relations Program & Schedule https://smprime.com/investor-relations-program-schedule ✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) https://smprime.com/company-policies 	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p>In 2019, the Company has introduced an online voting portal which allows casting of votes for certificated stockholders who will not be able to personally attend the meeting but will be appointing proxies.</p> <p>In 2020, the Company also established a voting <i>in absentia</i> portal whereby all stockholders including those holding scripless shares as of record date can participate to vote specific items in the agenda.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 SEC Form 20-IS Definitive (Updated), pages 179-181 	

		https://smprime.com/annual-financials ✓ Other Corporate Governance Related Documents, 2020 SM Prime Virtual ASM and Voting in Absentia https://smprime.com/disclosure-transparency	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company's stakeholders are disclosed in the 2019 Sustainability Report. Reference: ✓ 2019 Sustainability Report, Putting our Stakeholders First, page 18 https://smprime.com/sustainability-report	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	The Company has policies and programs in place to ensure fair treatment and protection of its stakeholders. Apart from the Revised Manual on Corporate Governance where shareholder rights are disclosed, SM Prime has also constantly been engaging with its stockholders through ongoing meetings, road shows, and conference calls. Further, the Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), aims to create an environment where concerns and issues, made in good faith, may be raised freely	

		<p>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 to report.corpgov@smprime.com.</p> <p>Further, stockholders may also refer any governance-related issues or concerns to corpgovernance@smprime.com.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Investor Relations Program & Schedule https://smprime.com/investor-relations-program-schedule ✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) https://smprime.com/company-policies 	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>The Company's Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), 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 to report.corpgov@smprime.com.</p> <p>Reference:</p>	

		✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) https://smprime.com/company-policies	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p>Based on the Company's Revised Manual on Corporate Governance, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Reference: ✓ Revised Manual on Corporate Governance, Item 13.5, page 29 https://smprime.com/corporate-governance-manual </p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	<p>The Company consistently complies with corporate governance rules and regulations.</p> <p>All requirements are immediately submitted to the Securities and Exchange Commission, Philippine Stock Exchange, and other regulators. Further, disclosures are uploaded in PSE Edge and posted in the Company website.</p> <p>Further, the Code of Ethics mandates full compliance with all applicable laws and regulations. In this regard, the Company has an internal whistleblowing policy, or the Policy on</p>	

		<p>Accountability, Integrity and Vigilance which effectively creates an environment where concerns and issues regarding violation of policies, law or regulation may be raised freely within the organization.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ PSE Edge, SMPH Disclosures https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=112 ✓ Company Website, Disclosures https://smprime.com/corporate-disclosure https://smprime.com/disclosure-transparency https://smprime.com/annual-corporate-governance-report https://smprime.com/asean-corporate-governance-scorecard ✓ Code of Ethics https://smprime.com/code-business-conduct-and-ethics ✓ Policy on Accountability, Integrity and Vigilance https://smprime.com/company-policies 	
2. Company respects intellectual property rights.	Compliant	<p>Upon commencement of development of new projects, SM Prime generally files applications for the registration of intellectual property rights with respect to the names of certain of its real estate products, as well as for trademarks.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Intellectual Property page 5 	

		https://smprime.com/annual-financials	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The Company's Customer Welfare Policy is incorporated in the Code of Ethics. Further, efforts of the Company to address issues involving its customers are also disclosed in the 2019 Sustainability Report and in the Company website.</p> <p>SM Prime prioritizes safety and security in all its properties and requires all its Business Units to have Emergency Response Procedures in place. The safety and security system implemented in its malls properties is audited annually by third parties. This gives the Company confidence that risks and impact related thereto are minimized, and necessary improvements in the system are identified and addressed.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, Sec III.C. Customer Welfare, page 3 https://smprime.com/code-business-conduct-and-ethics ✓ Annual Financials, 2019 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials ✓ Enterprise Risk Management, Key Risks and Risk Management Program https://smprime.com/enterprise-risk-management 	

		<ul style="list-style-type: none"> ✓ 2019 Sustainability Report, Putting out Stakeholders First, page 18 https://smprime.com/sustainability-report 	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>The Company has a Supplier Selection Policy, as disclosed in its Annual Report and in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ 2019 Annual Report, Supplier Selection, page 51 https://smprime.com/annual-reports ✓ Supplier Selection Policy https://smprime.com/company-policies 	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>The Company implements various programs involving it employees and encourage them to actively participate in the realization of the Company's objectives. This include regular dialogue through focus group discussions, employee engagement survey, meetings and annual forums.</p> <p>SM Prime promotes the dynamic growth and sustained wellness of its workforce with developmental programs and activities. The invaluable contribution of the employees extends to the relationships within and beyond the Company. As the Company grows, so does the employee who adheres to proper principles.</p> <p>Further, SM Prime provides opportunities for employees to engage and promote positive impact</p>	

		<p>with the communities it serves through volunteerism programs, which includes, among others, the following:</p> <ul style="list-style-type: none"> • Happy Walk for Down Syndrome • Green Film Festival • Pink Ribbon Day for Breast Cancer • International Coastal Clean-Up • Overseas Filipino Worker Family Day <p>Reference:</p> <p>✓ 2019 Sustainability Report</p> <p>Our Four Sustainability Pillars, People, page 16</p> <p>Diversity and Equality, Inclusivity in the Workplace, Learning and Development, Career Advancement, Learning Roadmap, page 30-33</p> <p>Events, page 36-37</p> <p>https://smprime.com/sustainability-report</p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance. The Company offers Long Term Incentive Plan (LTIP) designed to improve retention of certain employees and executives and enhance their performance by providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by</p>	

		<p>paying the LTIP over a period of several years. The proportionate deferred portion of the LTIP is forfeited when employees and executives are no longer connected, dismissed or resigned from the Company.</p> <p>Annual performance appraisals are regularly conducted which allow communication between employees and their immediate heads. Feedback from performance appraisal review are also incorporated into training and development.</p>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>The Company's Employee Welfare Policy is incorporated in the Code of Ethics. The 2019 Sustainability Report also discloses efforts of the Company with regard to health, safety and welfare of its employees.</p> <p>Further, the Company engages third party provider to perform safety and security audit to its properties to ensure customer welfare including its employees.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, Sec III.D. Employee Welfare, page 3 https://smprime.com/code-business-conduct-and-ethics ✓ Employee Wellness and Development Programs https://smprime.com/company-policies ✓ 2019 Sustainability Report, Learning Roadmap, page 33 https://smprime.com/sustainability-report 	

		<ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 1. Business, Enterprise Risk Management, pages 3-5 https://smprime.com/annual-financials ✓ Enterprise Risk Management, Key Risks and Risk Management Program https://smprime.com/enterprise-risk-management 	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>Information about the training and development of employees are disclosed in the Company website. The 2019 Sustainability Report also discloses efforts of the Company for the employees' holistic development.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Employee Wellness and Development Programs https://smprime.com/company-policies ✓ 2019 Sustainability Report, Learning and Development and Learning Roadmap, pages 32-33 https://smprime.com/sustainability-report 	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Company stresses full compliance with laws and adherence to ethical practices, as stated in the Code of Ethics. It also has a whistleblowing policy called Policy on Accountability, Integrity and Vigilance (PAIV), which provides for an environment where corrupt practices are reported to the appropriate level of Management for immediate action. It has also issued Guidelines on the Acceptance of Gifts and Travel Sponsored by Business Partners.	

		<p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9, respectively https://smprime.com/code-business-conduct-and-ethics ✓ Policy on Accountability, Integrity and Vigilance https://smprime.com/company-policies ✓ 2019 Annual Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 51 https://smprime.com/annual-reports 	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p>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, on an annual basis, requires all employees to re-take the 3-part Corporate Governance program. This specifically includes the following:</p> <ul style="list-style-type: none"> ✓ Confirmation – to confirm that employees have read and understood and agrees to comply with the Company's Code of Ethics, 	

		<p>Insider Trading Policy, Conflict of Interest Policy, and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), among others</p> <ul style="list-style-type: none"> ✓ 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 ✓ e-Learning Courses (self-paced learning) - to be familiarized with the provisions of the Code of Ethics and other specific policies in upholding corporate governance in the workplace. <p>Further, training and learning roadmap is also disclosed in the Sustainability Report.</p> <p>Reference:</p> <ul style="list-style-type: none"> ✓ Annual Financials, 2019 17-A Annual Report, Item 13 – Corporate Governance, pages 67 https://smprime.com/annual-financials ✓ 2019 Sustainability Report, Learning and Development and Learning Roadmap, pages 32-33 https://smprime.com/sustainability-report 	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee	Compliant	The Company prohibits the solicitation or acceptance of gifts in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The Acceptance of	

involvement in offering, paying and receiving bribes.		<p>Gifts and Travel Sponsored by Business Partners or Anti-Corruption Policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) https://smprime.com/company-policies ✓ 2019 Annual Report, Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), page 51 https://smprime.com/annual-reports ✓ Code of Ethics - Sec II. Compliance with Laws and Sec III. Ethical Practices - Guidelines on Acceptance of Gifts (Annex 2) - Guidelines on Travel Sponsored by Business Partners (Annex 3), pages 2-3, 8 and 9, respectively https://smprime.com/code-business-conduct-and-ethics 	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>The Company's Code of Business Conduct and Ethics and Policy on Accountability, Integrity and Vigilance (PAIV), were adopted to create an environment where concerns and issues, made in good faith, may be raised freely by all personnel, including the directors, officers and employees, as well as customers, suppliers, shareholders, service providers and all other stakeholders.</p> <p>Further, contact details of the Company's Investor Relations Office and VP for Corporate Governance are both disclosed in the Annual Report. In</p>	

		<p>addition, the Company's website has a separate Contact Us section, which may be used by stakeholders to voice out their concerns. For corporate governance matters, email address of the Corporate Governance team is also disclosed in the Company website.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, Sec IV. Reporting Ethics Violations, page 5 https://smprime.com/code-business-conduct-and-ethics ✓ 2019 Annual Report, Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy), page 51 https://smprime.com/annual-reports ✓ Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy) https://smprime.com/company-policies ✓ Contact Us page https://smprime.com/contact-us https://smprime.com/corporate-governance-overview 	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Based on the Company's Whistleblowing Policy, violations or suspected violations of Company policies shall be made in writing to report.corpgov@smprime.com.</p> <p>The Audit and Risk Oversight Committees are also informed of all such complaints or reports and their status to be rendered by the Compliance Officer.</p>	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The Board, through the Audit and Risk Oversight Committees, are informed on all incidents reported to report.corpgov@smprime.com .	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>The Company's Corporate Social Responsibility Policy is incorporated in the Code of Ethics. Moreover, the Company, through SM Cares, conducts programs and implements projects involving its various stakeholders. These, along with the Company's environmental accomplishments, are disclosed in the 2019 Sustainability Report.</p> <p>References:</p> <ul style="list-style-type: none"> ✓ Code of Ethics, Sec III.E. Corporate Social Responsibility, page 3 https://smprime.com/code-business-conduct-and-ethics ✓ 2019 Sustainability Report <p>SM Prime's Path to Sustainable Development, pages 8-9</p> <p>Community Engagement Programs, pages 38-39</p> <p>Sustainable Development Goals, page 40-41</p> <p>https://smprime.com/sustainability-report</p>	
Optional: Principle 16			


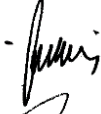
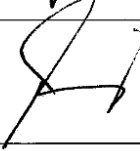
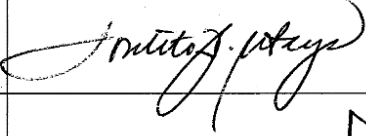

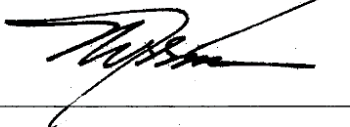
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>Consistent with its Mission, the Company's Environmental Sustainability Policy is incorporated in the Code of Ethics and in the Sustainability Report.</p> <p>Further, the Company complies with the requirements and laws of different government agencies including the Department of Environment and Natural Resources.</p> <p>Resources:</p> <ul style="list-style-type: none"> ✓ Mission https://smprime.com/vision-and-mission ✓ Code of Ethics, Sec III.F. Environmental Sustainability, pages 3-4 https://smprime.com/code-business-conduct-and-ethics ✓ Other Corporate Governance Related Documents, Managing Impact on the Community and the Environment https://smprime.com/disclosure-transparency ✓ 2019 Sustainability Report <p>SM Prime's Path to Sustainable Development, pages 8-9</p> <p>Beyond the Business, 25 Years of Sustainability, pages 10-13</p> <p>Environment, pages 25-28</p> <p>Sustainable Development Goals, page 40-41</p> <p>https://smprime.com/sustainability-report</p>	
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2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<p>SM Prime serves as a catalyst for positive change in Philippine society. The Management Team and employees embrace the opportunity to do something different, something better for the Filipino people. SM Cares is not only a Program but a way of life.</p> <p>As a responsible corporate entity, SM Prime remains committed to its role as a catalyst for economic growth by enriching the quality of life of millions of Filipinos. As an environmental steward, SM Prime ensures that its core business strategy hinges on four sustainability pillars that are ingrained in its sustainable investments</p>	

		<p>and operations.</p> <p>Reference:</p> <ul style="list-style-type: none">✓ 2019 Sustainability Report <p>SM Prime's Path to Sustainable Development, pages 8-9</p> <p>Sustainable Development Goals, page 40-41</p> <p>Community Engagement Programs, pages 38-39</p> <p>https://smprime.com/sustainability-report</p>	
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT APPROVAL SHEET


The undersigned approves the Integrated Annual Corporate Governance Report of SM Prime Holdings, Inc.

NAME	SIGNATURE
Henry T. Sy, Jr. Board Chairman	
Jeffrey C. Lim President	
Jose L. Cuisia, Jr. Vice-Chairman / Lead Independent Director	
Joselito H. Sibayan Independent Director	
John Nai Peng C. Ong Compliance Officer	
Elmer B. Serrano Corporate Secretary	

SUBSCRIBED AND SWORN to before me this JUL 27 2020 at Pasig City affiants exhibiting to me their Tax Identification Numbers as follows:

Name	TIN
Henry T. Sy, Jr.	106-215-722
Jeffrey C. Lim	168-468-061
Jose L. Cuisia, Jr.	135-912-030
Joselito H. Sibayan	900-379-833
John Nai Peng C. Ong	102-093-301
Elmer B. Serrano	153-406-995

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Series of 2020.


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Pasig City, Pateros and San Juan
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IBP Receipt No. 089191; 01.02.20; RSM
MCLE Compliance No. VI-0015029; 04.14.22

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT APPROVAL SHEET

The undersigned approves the Integrated Annual Corporate Governance Report of SM Prime Holdings, Inc.

NAME	SIGNATURE
Gregorio U. Kilayko Independent Director	