

2023 SMPH Non-Executive Directors' Regular Meeting

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

Mr. Amando M. Tetangco, Jr., being the Board's lead independent director, chaired the meeting last December 4, 2023.

1. Meeting with the Company's External Auditor, SyCip Gorres Velayo & Co. (SGV)

Members of the SGV present:

Juan Miguel P. Machuca, Audit Signing Partner

Belinda T. Beng-Hui, Audit Partner

Mary Claire D. Pogeyed, Senior Director – Assurance

SGV reported that the interim audit per audit plan is ongoing. SGV also reported that they are set to complete the audit by early January 2024. SGV then discussed the summary of audit differences.

SGV confirmed that there are no issues with Management or Internal Audit which they would like to bring to the attention of the Non-Executive Directors. SGV confirmed that there are no issues as regards to communication and cooperation.

After the discussion, SGV left the meeting to allow the meeting of non-executive directors with the Management.

2. Meeting with Chief Audit Executive, Chief Finance Officer, and Chief Compliance Officer/Chief Risk Officer

At this point, the Chief Audit Executive, Chief Finance Officer/Chief Compliance Officer and Chief Risk Officer joined the meeting.

The Chief Audit Executive updated the non-executive directors that there will be a new set of Global Internal Audit Standards to be released in the 1st quarter of 2024, for compliance a year after its publication. He then discussed the changes under the revised standards. These changes will require adopting changes in the internal audit processes of the Company through incorporation to the internal audit manual. Compliance to the new set of Global Internal Audit Standards is voluntary. The non-executive directors noted that the adoption of the Global Internal Audit Standards should be presented to the Board for approval, and requested the circulation of the draft Global Internal Audit Standards.

The Chief Finance Officer then discussed the previous audit findings on electricity charges and the approach to conduct a detailed billing process for tenants. The CFO also reported on the update on sales reservation in relation to the financial statements of the Company.

The Chief Risk Officer also discussed the draft Revised Money Laundering and Terrorism Financing Prevention Program – Core Policy of SM Prime Property, update highlights and basis of the proposed changes. The Compliance Team aim to release the draft for Board approval early of 2024.