EMBRACING SUSTAINABILITY FOR A BETTER TOMORROW

SUSTAINABILITY REPORT 2016
SM Investments Corporation (SM), the country’s largest publicly listed company, holds a group of sustainable businesses which thrive on leadership, innovation and the synergistic operations of its retail, banking and property holdings. Underpinning its sustainability and value creation is an integrated framework that aims to achieve inclusive growth and development in its host communities and the rest of the country. SM takes the lead in the integration of environmental, social and governance practices in the operations of its various businesses, resulting in enhanced economic value for all its stakeholders.

In retail, SM maintains a strong brand franchise in its department store, THE SM STORE. It offers diverse product lines at reasonable price points, excellent customer service and continuous innovation to meet the ever-changing needs and aspirations of its customers.

SM Markets, the company’s food retail business, includes SM Supermarket, SM Hypermarket, Savemore, WalterMart and Alfamart. Through SM Markets, the company is able to facilitate formal avenues for retailing particularly in the provincial areas. SM Markets promotes the participation and engagement of micro, small and medium scale enterprises (MSMEs) in its supply chain, particularly through SM Bonus, its in-house brand.

In banking, SM has effective interests in BDO Unibank, Inc. (BDO), the country’s leading bank, and China Banking Corporation (China Bank), one of the oldest banks in the country. BDO promotes sustainability through its Sustainable Energy Finance Program and by expanding its loan portfolio to finance green projects - specifically in renewable energy and energy efficiency projects. In partnership with the Japan Bank for International Cooperation (JBIC), BDO opened the first JBIC Green Facility in the country.

In property, SM Prime Holdings, Inc. (SM Prime) is one of the largest integrated property developers in Southeast Asia. It develops malls, residences, commercial buildings and offices, and tourism developments - integrating each development to create sustainable lifestyle cities. SM Prime takes the lead in sustainable practices through its environmental awareness programs, its undertakings in the conservation and preservation of biodiversity, its responsible consumption in daily operations and its proactive stance on disaster risk reduction and resilience. SM Prime also has its property-based community programs that promote the welfare of persons with special needs, the elderly, nursing mothers and the families of overseas Filipino workers.

SM facilitates social and economic development wherever it is present. Through its various foundations, it makes targeted social investments in education, health, farmers’ training, disaster response and rehabilitation, and social inclusion.

SM is an active corporate citizen through its membership in a number of associations both locally and internationally. The company advocates industry best practices, knowledge transfer and innovation for business continuity and sustainable growth.
OUR VISION
is to build world-class businesses that are catalysts for development in the communities we serve.

OUR MISSION
We will partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees and deliver sustainable returns to our shareholders, at all times upholding the highest standards of corporate governance in all our businesses.

EMBRACING SUSTAINABILITY FOR A BETTER TOMORROW
This is the third group-wide annual sustainability report of SM Investments Corporation covering the period of January - December 2016. It highlights its environmental, social and governance (ESG) and economic performance. It also features the group’s sustainable practices which are aligned to the United Nations Sustainable Development Goals 2030 and the principles of the UN Global Impact.

The companies highlighted in this report are SM Retail, Inc. (SM Retail), SM Prime Holdings, Inc. (SM Prime), BDO Unibank, Inc. (BDO) and China Banking Corporation (China Bank). This report is a testament to the company’s commitment to sustainability and is in accordance to the GRI Core Standards.
To Our Valued Stakeholders,

Every day our operations and activities impact the lives of millions across the country. Wherever we operate, we help create jobs, provide opportunities for micro, small and medium enterprises (MSMEs) to participate in our supply chain, provide financial access through innovative banking services and weave sustainability into the fabric of our business.

For this year, I am pleased to report that we have achieved milestones in our sustainability efforts that serve as a platform to create long-term positive change. Allow us to share these efforts with you in this report, our third group-wide sustainability report which highlights our environmental, social and governance (ESG) and economic performance.

**Areas of Focus**

We continue to seek alignment of our CSR and sustainability programs with the 17 Sustainable Development Goals (SDGs) set by the United Nations. We focus our efforts in four areas, namely education, health and wellness, zero hunger through farmers’ training and environmental sustainability. These will serve as our drivers in delivering results and creating impact to the rest of the SDGs.

**Facilitating Green Banking**

In March, BDO renewed its partnership with the International Finance Corporation for the continued implementation of the Sustainable Energy Finance (SEF) Program which focuses on capacity building for renewable energy and energy efficiency projects. To date, over Php9 billion has been released to finance the construction of hydropower plants, bio-mass power plants, wind power projects and other renewable energy projects which have substantially contributed in the reduction of Greenhouse Gas (GHG) emissions.

In partnership with the Japan Bank for International Cooperation (JBIC), BDO set up the JBIC Green Facility, the first relending credit facility of JBIC
with a Philippine commercial bank, focusing on renewable energy, energy efficiency and green building projects.

BDO also launched the BDO Environmental, Social and Governance (ESG) Fund, the country’s first Unit Investment Trust Fund (UITF), which incorporates ESG criteria in its portfolio selection.

Building Resilient Cities and Communities
SM Prime continued to integrate disaster resilient features into the design of its developments. It also continued to take a leadership role in making disaster resilience a top priority for both the private and public sectors through multi-sectoral dialogues and partnerships at the UNISDR’s Private Sector Alliance for Disaster Resilient Societies (UN ARISE).

SM Cares, a division of SM Foundation, has completed the turnover of 1,000 disaster resilient homes to four communities severely affected by typhoon Yolanda (Haiyan) in Cebu, Iloilo, Tacloban and Ormoc. Beyond the houses, a holistic community development program is in place which includes livelihood, values formation and skills training.

Promoting Inclusive Supply Chains
In SM Markets, we enable micro, small and medium enterprises (MSMEs) to participate in our supply chain through SM Bonus, our in-house brand. We also source locally produced items to offer diversity in our product lines as well as to support regional manufacturers in distributing their products. In line with national agriculture targets, SM supports the campaign led by the Department of Agriculture to support local farmers. Through product labeling and marketing communications, we encourage our shoppers to support local farmers by purchasing these products.

Creating Better Opportunities
Through our foundations, SM continues to make social investments in education, health care, farmers’ training and disaster response and rehabilitation. This year, SM Foundation achieved a milestone in its scholarship program by providing 1,073 scholarship grants for technical-vocational courses on top of the 1,236 college scholarship grants. SM sees technical-vocational education and training (TVET) as a viable option for the youth to develop skills that match market demands, making them readily employable.

Embracing Sustainability for a Better Tomorrow
SM was founded by Henry Sy, Sr. on the notion that business and social progress go hand in hand. We carry on the same principle by embracing sustainability in various aspects of our businesses and by aligning our efforts to national and global priorities to effect large scale change. As the SM group aligns with the new SDGs and challenges, it continues to embrace sustainability and work for a better tomorrow for our employees and our host communities.

Harley T. Sy
President
Sustainability Framework

10 Engaging Our Stakeholders

12 Transforming Markets
The company’s Sustainability Framework highlights its economic impact while adhering to environmental, social and governance (ESG) global standards.

A group-wide steering committee has been formed and is tasked with overseeing the group’s sustainability road map and progress, while a technical working group is tasked to implement, monitor and report the impact of the company’s initiatives. As the company’s footprint grows, SM will revisit its current framework to meet the evolving needs of its stakeholders and to effect positive impact in greater scale.

The SM Board of Directors approved guiding principles that embrace global standards. The company supports:

1. Corporate Governance
2. Climate-friendly solutions and opportunities for business
3. Access to clean, renewable and reliable energy sources and services
4. The adoption of instruments that help quantify, manage and report on the carbon footprints of its businesses
5. The responsibility to protect the dignity of every person and uphold human rights
6. The recognition of the role of women in achieving economic growth and poverty reduction
7. The elimination of all forms of forced and compulsory labor and child labor
As a group, SM continually seeks alignment of its sustainability programs with the 17 United Nations Sustainable Development Goals.

Impact to date

15,389 farmers trained from 2,315 barangays in 616 municipalities

3,637 college scholars

128 public health centers and medical facilities renovated by SM Foundation

27 rural health centers renovated by BDO Foundation

1,238 medical missions conducted nationwide

1,644 technical-vocational scholars

80 school buildings donated by SM Foundation

30 school buildings donated by BDO Foundation

33.2% of water used is recycled

Php9.7B funding for clean energy through BDO Sustainable Energy Finance Program

23,938 solar panels in SM Malls

70% of women in its workforce

created more than 300,000 direct and indirect job opportunities

develops disaster resilient integrated lifestyle cities
27,000 participants raised awareness for autism, Down syndrome and people with disabilities

1,000 disaster resilient new homes for victims of typhoon Yolanda (Haiyan)

3 marine protected areas

10 hectares of mangroves protected

536,479 trees planted

more than Php47M paid out value in exchange for recyclable trash

takes the lead in the UN ARISE for integrating disaster resilience in its businesses

reduced average of 179,049 tons of GHG emissions per year through BDO SEF funded projects

Corporate Governance Awards

SM is committed to do its share in creating a sustainable future
SM creates value for all its stakeholders. The company engages with its stakeholders through formal and informal methods to better understand the issues that each stakeholder group considers to have the greatest impact to them.

**Materiality**
The issues deemed most relevant and material for the company are focused on economic performance, market presence, community involvement, and labor and management relations, which are discussed in this report. These are very similar to the issues identified by the company’s stakeholders for last year’s report and is consistent with the company’s focus areas for its group-wide sustainability initiatives.
<table>
<thead>
<tr>
<th>STAKEHOLDER GROUP</th>
<th>RELEVANT ISSUES</th>
<th>OUR COMMITMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Partners</td>
<td>SM’s business partners identify economic issues such as economic performance and market share to be most relevant followed by social issues focused on labor management.</td>
<td>SM builds long-term relationships with its business partners by keeping open communication lines, ensuring mutual growth and development and adhering to ethical business practices. SM also engages its business partners in activities that promote corporate responsibility.</td>
</tr>
<tr>
<td>Community</td>
<td>The company’s host communities identify community involvement and labor and management relations to be its areas of concern.</td>
<td>SM is committed to support the communities wherever it is present by targeting its social investments on education, health and wellness, farmers’ training, housing and social inclusion programs. SM also protects the environment through its responsible consumption of resources, promotion of renewable sources of energy and recycling.</td>
</tr>
<tr>
<td>Customers</td>
<td>This group highlights market presence, economic performance and community involvement as their top concerns.</td>
<td>SM thrives on efficiency and innovation to continually meet the evolving needs of its customers.</td>
</tr>
<tr>
<td>Employees</td>
<td>SM’s employees identify social issues to be its concerns such as employee training and development, occupational health and safety as well as community involvement.</td>
<td>SM recognizes the invaluable contribution of its employees to its growth and sustainability. It promotes equal opportunity and provides opportunities for long-term talent and career development. Through its foundations and corporate social responsibility activities, SM provides a platform for its employees to serve their communities and create a positive impact wherever SM operates.</td>
</tr>
<tr>
<td>Investors/Shareholders</td>
<td>The company’s investors highlight economic performance, market presence and labor and management relations as most critical to its sustainability.</td>
<td>The company ensures the rights of its shareholders such as the right to vote, access to timely and accurate information, right to inspect, share of dividends and the right to appraise. The company’s Investor Relations Department regularly engages with investors, analysts and global agencies focusing on ESG, financial performance and strategic plans.</td>
</tr>
<tr>
<td>Media</td>
<td>The business media identifies financial performance, corporate policies, economic issues, labor and management relations and community involvement as the most relevant topics for the company to provide more information and for the media to report on.</td>
<td>SM ensures that all its stakeholders and the general public receive timely and accurate information on all facets of its business through company websites, social media sites, press releases, press conferences and other public relations activities.</td>
</tr>
<tr>
<td>Socio-Civic Partners</td>
<td>Government and Non-Government Organizations identify governance related issues such as Anti-Corruption, Compliance and Corporate Policies to be most relevant followed by the company’s community involvement.</td>
<td>The company ensures transparency and accountability in all its dealings which are reported in its audited financial statements. SM upholds highest ethics in corporate governance through the regular review and improvement of its policies and the continued adoption of global best practices.</td>
</tr>
</tbody>
</table>
Transforming Markets
Data as of end December 2016

### Retail

- **Php276.5bn**
  - SM Retail, Inc.
  - Consolidated Gross Revenues **8.4%**
- **2.6 million sqm**
  - Retail Footprint
- **24%**
  - Contribution to SM’s Net Income
- **2,303**
  - Total Number of Stores

### Property

- **Php79.8bn**
  - SM Prime Holdings, Inc.
  - Consolidated Gross Revenues **11.6%**
- **9.0 million sqm**
  - Total Mall GFA (PH & China)
- **60**
  - Malls in PH
- **7**
  - Malls in China
- **39%**
  - Contribution to SM’s Net Income
- **43**
  - Residential Projects
- **6**
  - Office Buildings
- **6**
  - Hotels
- **4**
  - Convention Centers
- **3**
  - Trade Halls

### Banking

- **Php129.0bn**
  - Gross Operating Income
  - BDO Unibank, Inc.
  - & China Banking Corporation **18.9%**
- **1,645**
  - Total Number of Branches
  - BDO & China Bank
- **4,460**
  - Total Number of ATMs
  - BDO & China Bank
- **1,104**
  - BDO Branches
- **541**
  - China Bank Branches
- **3,655**
  - BDO ATM Network
- **805**
  - China Bank ATM Network

24% contribution to SM’s Net Income

39% contribution to SM’s Net Income

37% contribution to SM’s Net Income

Data as of end December 2016
## Economic Value Table

### SM INVESTMENTS CORPORATION

<table>
<thead>
<tr>
<th></th>
<th>2016 (PHP MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT ECONOMIC VALUE GENERATED</td>
<td>367,205</td>
</tr>
<tr>
<td>DIRECT ECONOMIC VALUE DISTRIBUTED</td>
<td>333,789</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>269,510</td>
</tr>
<tr>
<td>Total Wages and Benefits</td>
<td>18,838</td>
</tr>
<tr>
<td>Total Payments to Providers of Capital</td>
<td>26,170</td>
</tr>
<tr>
<td>Payment to Government</td>
<td>18,857</td>
</tr>
<tr>
<td>Community Investments</td>
<td>414</td>
</tr>
<tr>
<td>ECONOMIC VALUE RETAINED (ECONOMIC VALUE GENERATED — ECONOMIC VALUE DISTRIBUTED)</td>
<td>33,416</td>
</tr>
</tbody>
</table>

### SM PRIME HOLDINGS, INC.

<table>
<thead>
<tr>
<th></th>
<th>Philippines</th>
<th>China</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT ECONOMIC VALUE GENERATED</td>
<td>76,877</td>
<td>4,525</td>
<td>81,402</td>
</tr>
<tr>
<td>DIRECT ECONOMIC VALUE DISTRIBUTED</td>
<td>58,510</td>
<td>4,881</td>
<td>63,391</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>34,307</td>
<td>1,783</td>
<td>36,090</td>
</tr>
<tr>
<td>Total Wages and Benefits</td>
<td>5,233</td>
<td>732</td>
<td>5,965</td>
</tr>
<tr>
<td>Total Payments to Providers of Capital</td>
<td>10,036</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment to Government</td>
<td>8,788</td>
<td>1,350</td>
<td>10,138</td>
</tr>
<tr>
<td>Community Investments</td>
<td>146</td>
<td>-</td>
<td>146</td>
</tr>
<tr>
<td>ECONOMIC VALUE RETAINED</td>
<td>18,367</td>
<td>(356)</td>
<td>18,011</td>
</tr>
</tbody>
</table>

### BDO UNIBANK, INC.

<table>
<thead>
<tr>
<th></th>
<th>2016 (PHP MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT ECONOMIC VALUE GENERATED</td>
<td>107,244</td>
</tr>
<tr>
<td>DIRECT ECONOMIC VALUE DISTRIBUTED</td>
<td>85,466</td>
</tr>
<tr>
<td>Provisions</td>
<td>3,815</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>45,388</td>
</tr>
<tr>
<td>Total Wages and Benefits</td>
<td>24,698</td>
</tr>
<tr>
<td>Total Payments to Providers of Capital</td>
<td>4,715</td>
</tr>
<tr>
<td>Payment to Government</td>
<td>6,797</td>
</tr>
<tr>
<td>Community Investments</td>
<td>53</td>
</tr>
<tr>
<td>ECONOMIC VALUE RETAINED (ECONOMIC VALUE GENERATED — ECONOMIC VALUE DISTRIBUTED)</td>
<td>21,778</td>
</tr>
</tbody>
</table>
Caring for Our Natural Environment

15 Sustainable Operations

19 Caring for the Environment: Serving as a Voice for Nature

20 Special Report: UN ARISE Highlights
Sustainable Operations

Within the SM group, SM Prime takes the lead in taking systematic measures in reducing the group’s carbon footprint given its material impact on the environment as a property developer. Included in this reporting scope are the properties under SM Prime’s Business Units (BUs) namely the malls, residences, commercial properties and hotels and convention centers.

The nature of SM Prime’s business focuses mainly on mall development and management, selling of affordable condominium units, leasing of office buildings and the operations and management of other land holdings and properties.

This year’s report integrates comprehensive data to present the total consumption in energy and water and its corresponding Greenhouse Gas (GHG) emissions.

SM Prime guarantees its commitment in protecting the environment by implementing effective and efficient resource utilization in its operations.

Energy Efficiency

SM Prime optimizes operational efficiency by investing in new technologies and strategies as well as creating partnerships with government agencies, local and international institutions and consultants. It is expected that these innovations and strategies will lead to ongoing savings for new and existing business units in the long-term.

SM Prime’s energy saving initiatives being implemented include:

- the conversion from Compact Fluorescent Lamp (CFL) to Light Emitting Diode (LED) lighting
- integration of vestibules and glass panes in mall entrance design to let cool air in and hot air out
- alternating lighting fixtures in hallways
- installation of automatic lighting sensors in mail rooms in specific buildings, among others

The initiatives have contributed to the significant reduction of energy consumption.

In addition, SM Prime has continued its partnership with Tropical Focus Philippines Inc. (TFPI) specifically in its real-time monitoring and control of air-conditioning management systems of SM malls. This involved the installation of air-handling units and chilled water pumps with variable speed drives to control the fan speed for the air handling units and water flow, thus enabling it to control AC equipment remotely and centrally.

Direct Energy Consumption

SM Supermalls pioneered a partnership with Solar Philippines to generate renewable energy with the installation of 23,938 solar panels, of which 5,760 are in SM North EDSA and 10,426 are in SM Mall of Asia. Another 7,752 solar panels were installed in SM Xiamen and SM Jinjiang in China. Costa del Hamilo Inc., a resort arm of SM Prime, also installed eight (8) solar panels to light its perimeter lamp posts. These installations comprise 1% of the total direct energy consumed in 2016 with a total GJ generated at 21,010.48.

<table>
<thead>
<tr>
<th>Total Direct Energy Consumption</th>
<th>12,089.90 GJ Philippines</th>
<th>8,920.58 GJ China</th>
</tr>
</thead>
</table>

1% | 21,010.48 GJ

Total Indirect Energy Consumption (By Country)
Indirect Energy Consumption
Indirect energy, on the other hand, accounts for 99% of the Total Energy Consumption of SM Prime, especially with the development of six (6) new malls, which resulted in an 8% increase in net floor area of the malls. Electricity is followed by diesel, refrigerant, Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), and Gasoline with 3.24%, 1.00%, 0.60%, 0.28% and 0.07% energy consumed respectively. CNG is mainly used in the operations of SM Chongqing.

Other Indirect Consumption
Other indirect consumption is the energy consumed by the tenants in malls and residences. Tenant electricity accounts for 40% while Liquefied Petroleum Gas (LPG) is 60%. Most of the LPG is consumed by the malls’ food court tenants. In 2016, there were a total of 18,000 tenants across SM malls in the Philippines and China.

Greenhouse Gas Emission
Scope 1 emissions correspond to only 0.70% of total emissions. The diesel consumption of generator sets and vehicles is the main emission contributor at 0.53% followed by CNG consumption at 0.10%. Diesel consumption in generator sets and vehicles are usually used for load testing, conducted every month and the “libre sakay” (free transportation) activities across the malls.

Scope 2 emissions account for 37.40% or 509,708 metric tons of CO2. 87.97% of these emissions are from the energy consumption of the malls which catered to an average daily foot traffic of 3.5 million people in 2016.

Scope 3 emissions are the largest component of total GHG emissions at 61.90%. Of this, tenants’ electricity and LPG consumption are the biggest contributors comprising 31.79% and 29.96% respectively. SM malls represent the highest electricity with 92.49%. Residences account for only 0.86% of the total Scope 3 emissions which represent the residential tenant occupancy.
Water Management
Recognizing the water crisis threatening the country and cost-efficiency in operations, SM Prime implements a water recycling system through Sewage Treatment Plants (STPs). The system recycles used potable water to become water for the business units’ non-potable source of water for cooling towers, water closet flushing, grounds keeping and irrigation. Unrecycled water is then discharged to bodies of water within the allowed standards set by the Department of the Environment and Natural Resources’ (DENR) existing laws and regulations.

In 2016, the potable water consumption of SM Prime totaled 14,200,385 m³. Of this, 4,707,466 m³ or 33.2% was recycled, which is equivalent to 1,882 Olympic-sized swimming pools.

Solid Waste Management
SM Prime highlights waste management in its operations by continuous monitoring of waste generation and waste disposal pursuant to the Philippine Republic Act no. 9003 ‘Solid Waste Management Act’ and the Philippine Republic Act no. 6969 ‘Hazardous Waste Management Act’.

There are various programs being implemented by the BUs such as the tenant solid waste management program and the “Trash to Cash” program. Trash to Cash is the recycling market held in all SM Supermalls nationwide every first Friday and Saturday of the month. This program encourages the tenants, customers and community members to exchange their recyclables for cash.

Hamilo Coast implements vermicomposting of biodegradable waste in which the composts are used for the landscaping of the resort.

SM Prime is committed to the 3Rs (reduce, reuse and recycle) in waste management. For 2016, 87% of the total waste generated was recycled, followed by 7% that was composted. The other 5% of waste was brought to appropriate municipality sanitary landfills.

87% waste recycled
7% composting
5% waste was brought to appropriate municipality sanitary landfills through DENR’s accredited third party haulers
1% onsite storage

18,452 Year-Old Trees
BDO energy efficiency programs

- Reduced air-conditioning requirements from 4,500 tons down to 3,600 tons with the use of low-heat absorbing and high efficiency curtain walls.
- Installed LED lighting throughout the building interior fit-out and signage which improved lighting density to 2.2 watts per square meter (sqm) from the traditional 16 watts/sqm.

BANKING
Both BDO and China Bank have incorporated sustainability into their businesses.

BDO incorporated energy efficiency programs in the design of its Corporate Center in Ortigas, with low-heat absorbing and high-efficiency curtain walls installed to increase natural sunlight inflow into the building. It has also reduced air-conditioning requirements from 4,500 tons to 3,600 tons. The installation of LED lighting throughout the building interior fit-out and signage improved lighting density to 2.2 watts per square meter (sqm) from the traditional 16 watts/sqm. Occupancy sensors are installed in meeting rooms, pantries, washrooms and other common areas. Waterless urinals and low water requirement water closets are installed in the corporate offices. Specific to the Corporate Center in Ortigas, a dual piping system and sewage treatment plant is in place which allows the use of recycled water, resulting in reduced water requirements for water closets.

China Bank implemented sustainability initiatives by converting its signages to LED and its air-conditioning units to inverter types. It also launched its “Going Green” campaign to raise awareness to ‘reduce, reuse and recycle’ paper in its banking transactions and office use, among other efforts.

Both banks have made disaster resilience a priority. BDO incorporated disaster resilient features in the structural re-certification of the BDO Corporate Center Makati. Seismographs are installed in both its North and South towers to gather advanced and critical data on earthquakes. Regular emergency preparedness trainings and drills are conducted, along with first aid and life support workshops.

China Bank has taken a stand on disaster resilience by signing up to the commitment of UN ARISE - Alliance for Disaster Resilient Societies, the private sector alliance of the UN Office for Disaster Risk Reduction (UNISDR).

SM INVESTMENTS CORPORATION (Holding Company)
SM’s holding company, SM Investments Corporation, also takes initiatives to reduce electricity and water consumption. For this year, the company took the initial step to gather baseline data from which annual progress may be tracked.

<table>
<thead>
<tr>
<th>SMIC Consumption Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,118,902 Kwhrs</td>
</tr>
<tr>
<td>1,180.66 Cu.M</td>
</tr>
</tbody>
</table>

Energy Consumption | Water Consumption
Serving as a Voice for Nature

Protecting the Delicate Balance of Nature with WWF

In partnership with World Wide Fund for Nature (WWF) Philippines, BDO engages its bank customers to take part in protecting the balance of nature by donating through its ATM network nationwide. Programs identified are primarily for ocean conservation, climate solutions and species protection such as the Donsol Whale Shark Program, Tubbataha Reefs Conservation Program, Saving the Manta Rays and Whale Sharks at Ticao Pass and Sustainable Handline Tuna Fishing.

SM also works in partnership with WWF and the local government in the protection of coral reefs in Hamilo Coast, SM’s premier resort in Batangas. The company has been instrumental in identifying four areas to be declared as marine protected areas (MPAs) which are now regularly monitored. In May, a reef check training was held to promote community-based reef monitoring and facilitate marine protection and collaboration among stakeholders.

The Hour for Mother Earth

Every year, the SM group, including SM Supermalls, THE SM STORE, SM Markets, BDO and SM offices, participates in Earth Hour by turning off its lights for an hour to raise awareness on the pressing issues the environment is facing. SM Markets invites Ms. Philippines - Earth candidates to visit select stores during Earth Hour and engage with shoppers through activities like pledge sharing, face painting and other fun events.
Trash to Cash
SM Supermalls engages its customers to bring their recyclable trash in exchange for cash. This ongoing campaign has a total cash out value of Php47 million since its inception.

Green Retail Agenda
SM Supermalls continues to engage its tenants in sustainable operating practices through the Green Retail Agenda. Through regular dialogue, environmentally friendly processes are discussed and innovations are adapted.

SPECIAL FEATURE:
UN ARISE 2017 HIGHLIGHTS

Integrating Disaster Resilience in Business Models
SM Prime continued to take the lead in raising awareness and incorporating disaster resilience in its business model. SM Prime Director, Mr. Hans Sy, who serves as the only Filipino international board member of the UNISDR Private Sector Alliance for Disaster Resilient Societies (ARISE), echoed this call to action as he renewed his commitment at the meeting in Washington DC this year.

SM Prime’s commitment to disaster resiliency has always been at the core of its business. It is committed to find ways to innovate in order to be more responsive to the needs and demands of the communities it serves. UNISDR continued to call on business leaders to assess the risks posed by both natural and man-made hazards and to put this at the center of their investment choices in order to curb disaster-related economic impact worldwide.

For 2016, 100 private sector representatives from different industries reviewed ongoing projects to build resilience and identify gaps to reach the goals itemized in the Sendai Framework for Disaster Risk Reduction. Within the SM group, SM Investments Corporation, China Bank and BDO joined SM Prime in promoting the agenda of disaster resilience among the private sector.
Cultivating Talent for Sustainable Growth

Promoting Diversity and Inclusion 22

Developing the Culture of Excellence and Service 23

Supporting Wellness at Work 25
Promoting Diversity and Inclusion

As a company holding diverse businesses, SM maintains its market position by keeping abreast of trends and offering a wide range of product lines to match the evolving needs of its customers. SM aspires the same principle when it comes to its people in order to reflect the diversity of its customers. As the company harnesses the full potential and talents of its people coming from different backgrounds, it is better equipped to understand the unique needs and distinct characteristics of its customers and its other stakeholders.

In all its businesses, SM nurtures the culture of inclusion - providing equal opportunities regardless of gender, sexual orientation, age, religion or ethnicity. Women represent more than half of the company’s senior leadership and executive roles. Remuneration policies are standard regardless of gender. SM recognizes that its talent pipeline is a critical aspect of the company’s sustainability. It is committed to maintain gender balance, diversity and inclusion in its talent pool as it pursues innovative ideas and new solutions to overcome challenges and thrive into the future.

* Definition of Group-Wide is limited to SMIC, THE SM STORE, SM Markets, SM Prime, BDO and China Bank - regular and probationary employees numbering to 84,354.
Recruitment. SM nurtures a prepared environment which promotes inclusiveness, open communication, teamwork, progressive thinking, innovation and the culture of excellence. It all begins with attaining the right talent mix that can contribute to the sustainable growth of the company. Beyond competencies, SM places emphasis on its core values such as hard work, integrity, innovation and accountability. Among the SM companies, BDO Unibank, Inc. and SM Investments Corporation were among the top 10 companies Filipinos aspire to work for, according to Jobstreet’s Employer of Choice in their 2015 and 2016 surveys.

Driving Excellence. With diverse businesses that require varied roles, SM provides extensive training opportunities to develop its talent - from multi-faceted learning for branch management to task specific skills development for line work; from customer service training for front liners to crisis management for area managers; and on-boarding orientation and training to teamwork and management training for succession planning. All SM companies conduct a yearly employee assessment, in which open dialogue between supervisor and subordinate is encouraged. Throughout its businesses about 80% - 86% of its employees were assessed last year.

Recognizing Achievements. As SM celebrates company milestones, it recognizes the feats of work teams as well as those of individuals.

SM Markets annually awards its top performing stores for excellent performance in both sales and service delivery. To promote the value of community responsibility, it also recognizes stores that received awards from their communities, such as the Gold DTI Bagwis Seal of Service Excellence awards. It also gives periodic recognitions for attaining sales targets, perfect attendance and similar achievements. To promote individual excellence, SM Markets awards employees for years of service, outstanding monthly performance and superb customer service.

THE SM STORE recognizes its frontline service providers who consistently deliver exceptional shopping experience through its Customer Service Rewards Program. For this year, there were 157 branch winners nationwide.

<table>
<thead>
<tr>
<th>Training Hours</th>
<th>Percentage of Employees in Bargaining Agreement per Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SM Markets</strong></td>
<td>BDO</td>
</tr>
<tr>
<td>83,438 Total Training Hours</td>
<td>46.2%</td>
</tr>
</tbody>
</table>
In banking, BDO recognizes the branches that excelled in specific product lines through their Product Excellence Awards as well as branches that attained or performed beyond targets through their Branch of the Year Awards and Area of the Year Awards. BDO also recognizes individual achievements through its Smart Frontliners Awards.

**Succession Planning.** Over time, SM has molded senior leaders who serve as role models and continue to raise the bar of excellence for the company’s future succession. Across its businesses, retention rate ranges from 80% - 93% with BDO being the highest. SM also equips senior employees as they transition to retirement by providing workshops on entrepreneurship, fund management and other relevant topics to help them continue to live fulfilled lives.

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**STORY OF GROWTH IN SM**

**A Nurtured Career**

Rose de Guzman was just in her second year in college when she joined SM Supermarket in 1991. She was in need of a job to earn money to fund her education and continue her studies. Being a part-time cashier was the perfect match for her needs. After completing her Bachelor’s Degree in Science major in Civil Engineering at the University of Manila, she transitioned to full-time employment which ushered in her blooming career. She learned every facet of the operations and soon after was promoted from being a cashier to a front-end officer, then to a supervisor, an assistant manager and a store manager. Today, Rose is the Assistant Vice President for Operations and shares her vast experience and hands-on knowledge with those who are starting to carve their career paths in the dynamic world of SM.
SM creates positive impact in the lives of millions of people every day - and it begins in the workplace. The company aspires to create a consistently inspiring environment that promotes fulfillment at work and well-being in daily living. It provides various avenues to promote work-life balance for its employees.

**OCCUPATIONAL HEALTH AND SAFETY.**
SM places the health and safety of its employees as top priority. SM meets the standards with both the General Labor Standards (GLS) and the Occupational Health and Safety Standards. Employees go through annual medical exams in accredited medical service providers and hospitals. The company has dedicated clinics in the head offices as well as the branches to service the immediate medical concerns of its employees. SM conducts regular fire drills and participates in the annual Metro-Wide Shake Drill for orderly and safe evacuation in case of earthquakes.

**BENEFITS AND WELFARE.** SM complies with the regulations set by the Department of Labor and Employment (DOLE). The company provides all mandatory benefits such as vacation and sick leaves, health and medical plans and thirteenth month pay-bonus. The company also extends benefits beyond what is required by law and provides additional incentives and recognitions commensurate to the company's overall performance.

**SM L.I.F.E.** As a testament to THE SM STORE’s commitment to the wellness of its employees, it launched SM L.I.F.E (Lifestyle Improvement For Employees), a company-wide wellness program. Each branch has been tasked to create a committee to organize exciting activities tailored to their respective branch. Beyond the unique branch programs, there are activities that are celebrated company-wide such as the Sports Festival where 14,000 employees recently gathered, the SM Run where 2,900 participants ran for the 5-kilometer race and the Passport to Wellness program wherein 1,900 employees signed up for Health Risk Assessment monitoring.

**COMMUNITY VOLUNTEERISM.** The spirit of volunteerism is alive among the SM group of companies, consistent with the company’s core value of service. BDO employees raised funds and volunteered their personal time to build BDO Multi-Purpose Community Centers in communities hit by natural disasters. Thousands of SM Prime and SM Markets employees helped clean and repair public school buildings in time for the start of the school year through the Department of Education’s annual “Brigada Eskwela” Campaign.
User-friendly Human Resource Information System

At the core of SM is superb customer service and this value begins at home. The Human Resources Team of the SM Investments Corporation launched its Human Resource Information System (HRIS) to help its employees improve their productivity by automating administrative tasks. Processing time was greatly reduced together with dependencies on paper files and storage, resulting in better collaboration throughout the organization and improved employee information tracking.

ATLAS SYSTEM
(Attendance, Timekeeping and Leaves Administration System)

- 2011
  1. Launch of ATLAS (Attendance, Timekeeping and Leaves Administration System)
  2. Online Leave Applications and Approvals
  3. Automated Daily Time Records
  4. Self Service Daily Time Records for Payroll Processing

- 2012
  1. Online Leaves Audit
  2. Self Service Online Overtime Applications and Approvals
  3. Online Booking of Meeting Rooms

- 2013
  Mobile Leave Approvals

iHRIS
(Integrated Human Resources Information System)

- 2013
  Launch of Recruitment Module

- 2015
  Online request for calling cards

- 2016
  1. Employee Clearance Online System (ECOS)
  2. E-Payslips
<table>
<thead>
<tr>
<th>Supporting Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities for a Better Tomorrow</td>
</tr>
<tr>
<td>Technical-Vocational Education: A Viable Option</td>
</tr>
<tr>
<td>SM Cares Housing Program: Homes with Colors of Hope</td>
</tr>
<tr>
<td>BDO Foundation: Rebuilding to Stand Stronger</td>
</tr>
</tbody>
</table>
Opportunities for a Better Tomorrow

SM helps create opportunities for underserved members of its host communities through its foundations, namely SM Foundation, BDO Foundation and the social development programs directly initiated by its businesses. Its programs are aligned to the first four sustainable development goals (SDGs) — (1) no poverty, (2) zero hunger, (3) health and well-being and (4) quality education. SM Cares, the division of SM Foundation is focused on the SDG goal of reducing inequalities.

## SM Foundation

<table>
<thead>
<tr>
<th>IMPACT TO DATE</th>
<th>PROGRAM</th>
<th>2016 IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,637 college scholars supported</td>
<td>EDUCATION</td>
<td>225 scholar-graduates</td>
</tr>
<tr>
<td>nationwide</td>
<td>28 school buildings repaired</td>
<td>1,236 college scholars in 91 partner schools</td>
</tr>
<tr>
<td>1,644 technical-vocational</td>
<td>with 76 classrooms equipped</td>
<td>1073 technical-vocational scholars in 32 partner</td>
</tr>
<tr>
<td>scholars supported nationwide</td>
<td>with 248 classrooms</td>
<td>schools</td>
</tr>
<tr>
<td>80 school buildings with 248</td>
<td>12,450 student desks</td>
<td>5 school buildings with 20 classrooms donated</td>
</tr>
<tr>
<td>classrooms donated</td>
<td>498 blackboards</td>
<td></td>
</tr>
<tr>
<td></td>
<td>248 wall clocks</td>
<td>13 school buildings repaired with 30 classrooms</td>
</tr>
<tr>
<td></td>
<td>248 wall fans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>128 health and medical</td>
<td>13 health centers completed</td>
</tr>
<tr>
<td>facilities completed</td>
<td>medical missions conducted for</td>
<td>107 medical missions conducted for 97,249 patients</td>
</tr>
<tr>
<td>937,562 patients</td>
<td>1,238</td>
<td></td>
</tr>
<tr>
<td></td>
<td>257,155 families served</td>
<td>21,163 distributed relief packs to 75 barangays</td>
</tr>
<tr>
<td></td>
<td></td>
<td>from 28 municipalities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100,000 individuals and more benefitted from</td>
</tr>
<tr>
<td></td>
<td></td>
<td>relief goods</td>
</tr>
<tr>
<td>124 KSK farmers’ training</td>
<td>OPERATION TULONG EXPRESS</td>
<td>24 KSK farmers’ training conducted, trained</td>
</tr>
<tr>
<td>conducted for</td>
<td>(Disaster Relief)</td>
<td>2,636 farmers from 175 barangays in 60</td>
</tr>
<tr>
<td>15,389 farmers from</td>
<td></td>
<td>municipalities</td>
</tr>
<tr>
<td></td>
<td>FARMERS’ TRAINING</td>
<td>1,054 participants trained on urban farming</td>
</tr>
<tr>
<td></td>
<td>GROW A MILLION TREES</td>
<td>40,000 trees in 4 sites turned over to the care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of people’s organizations</td>
</tr>
<tr>
<td>536,479 trees have been planted to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## BDO Foundation

<table>
<thead>
<tr>
<th>Disaster Relief (Natural and Man-Made)</th>
<th>Rural Health Centers Rehabilitated</th>
<th>Houses Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,604 families supported</td>
<td>18 centers of which 7 are currently under reconstruction benefitting 1,281,231 people</td>
<td>100 houses under construction for a community of persons with disability, the first of its kind in the country</td>
</tr>
<tr>
<td>12 school buildings with 48 classrooms constructed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## SM Cares

<table>
<thead>
<tr>
<th>Persons with Disability</th>
<th>Mothers and Children</th>
<th>Senior Citizens</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,000 participated in Angels’ Walk</td>
<td>550,000 mothers served by 59 Breastfeeding stations</td>
<td>5,000 participated in Elderpreneurship</td>
</tr>
<tr>
<td>3,000 participated in Happy Walk</td>
<td>77,000 in 94 public elementary schools have access to clean water</td>
<td>11,000 participated in Walk for Life</td>
</tr>
<tr>
<td>9,000 joined movies for Deaf and Blind</td>
<td></td>
<td>7,500 joined Oldies but Techies</td>
</tr>
</tbody>
</table>

| SM Global Pinoy* | 694,749 OFWs served across 40 Global Pinoy Centers | 9,688 new Global Pinoy members |
| Overseas Filipino Workers | |

*Pinoy is an informal term referring to the Filipino people, its culture as well as to the Filipinos overseas.

## SM Markets

<table>
<thead>
<tr>
<th>AutiSM at Work</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12 number of participants at</td>
<td>3 branches</td>
</tr>
</tbody>
</table>

In partnership with the Autism Society of the Philippines, SM Markets launched 'AutiSM at Work,' a pilot immersion program designed to give persons on the autism spectrum an opportunity to work in SM, enabling them to be productive and empowered. Aligned to SM’s culture of inclusion, this program will be implemented in more stores nationwide.
SM Foundation

SM Foundation focuses on providing access to basic needs to help provide a strong foundation for communities to develop.

Quality Education
In support to the Department of Education’s campaign to provide quality public education, SM Foundation continues to mobilize its resources and leverages on its network to build public school buildings nationwide. The typical design is a two-storey four-classroom school building which comes fully furnished with 200 student armchairs of which 20 are for left-handed students, 4 teacher’s desk sets, 8 blackboards, 16 wall fans and fully functioning water closets.

The foundation also provides scholarship grants for both college and technical-vocational education. Its objective is to provide education that would lead to gainful employment in SM, its industry partners or abroad. By educating one member of an underprivileged family, the multiplier effect spreads to their immediate family, relatives and their respective communities.

Good Health and Well-Being
Access to health care remains a focus area nationally and globally. SM Foundation provides immediate medical care through its medical missions, which includes diagnostic services through its mobile clinics. To enable more strategic and sustainable medical intervention, the foundation renovates and refurbishes public medical facilities and health centers to meet the accreditation standards of the Philippine Health Insurance Corporation (PhilHealth). This fills the gap in the universal health care system instituted by the Department of Health.

Zero Hunger
Hunger and undernourishment remain a challenge in both rural and urban poor areas. SM Foundation provides a 12-week farmers’ training program for both rural farming and backyard urban farming. This promotes food sufficiency and proper food nutrition in the communities wherever SM is present.
**Operation Tulong Express**
In partnership with SM Markets, SM Foundation serves as one of the first responders during natural calamities. Leveraging its vast footprint, with stores strategically located nationwide, it is able to deliver uncontaminated relief goods in a timely manner.

**Technical-Vocational Education: A Viable Option**

SM Foundation designates a significant amount of its social investments in education by building public school buildings and providing scholarships for college education and technical-vocational education. SM Foundation sees technical-vocational education as a practical alternative to college education for the youth to acquire skills and find livelihood sooner to help lift their families out of poverty. In 2016, it exponentially expanded its efforts in technical-vocational education (TVET) by providing 1,000 technical-vocational education scholarship grants to its partner schools.

**A Closer Look at Technical-Vocational Training**
Don Bosco Technical Institute, one of the 32 school partners of SM Foundation, was the first to set up technical-vocational schools in the country in 1954. Father Jose Dindo Vitug SDB, Technical Director of the Don Bosco Technical Institute, identified that only about 30% of the youth who start out in Grade 1 will likely make it to college education. Of these, about 10% will enter TVET. Apart from being unable to afford college education, many youth also cannot afford to devote four years to studying rather than earning.

**Demographic Sweet Spot**
According to United Nations data, the Philippines just entered a “demographic sweet spot,” a period when the majority of the country’s population is of working age. This creates the conditions for accelerated economic growth.

In 2010, the median age of the Philippines was 22.5 and by 2030 will be about 28. This means that the dependency ratio is dropping. The critical requirement to take advantage of this period is to develop the youth to be productive citizens.

**The Future of Technical-Vocational Education**
In the Philippines, TVET still has not garnered equal recognition with college education. With support coming from both the private and public sectors, it has carved its path as a viable option to acquire the skills set that match market needs and serve as a platform to a better future. Key future success factors include funding, proper accreditation and developing partnerships with industry.
SM Cares focuses on promoting social inclusion and reducing inequalities.

**Persons with Disabilities**
SM Cares holds the annual Happy Walk for Down syndrome and Angels Walk for Autism Awareness. In 2016, 18,000 people participated in both events. It also promotes disaster preparedness for persons with disabilities through various conferences.

**Senior Citizens**
SM promotes activities that encourage participation among senior citizens through its Casual Employment for Senior Citizens program, Elderpreneurship, Oldies but Techies, Walk for Life and other activities.

**Women and Children**
Through its partnership with the United Nations Children’s Emergency Fund (UNICEF), SM Cares continues to promote children’s health, particularly the first 1,000 days of a child. It also promotes women’s care through Breast Cancer Awareness activities and Breast Feeding Awareness Campaigns.

**Global Pinoy**
SM provides services to overseas Filipino workers and their families, such as processing of remittances, conducting seminars for financial literacy and entrepreneurship, through its SM Global Pinoy Centers.
After super typhoon Yolanda (Haiyan) swept the Visayas region in the Philippines in November 2013, displaced survivors were desperate to rise up from the horrible devastation. Some sought shelter in evacuation centers while others were left to fend for themselves for many nights.

SM witnessed and understood the dire living conditions that thousands of Filipino families had to endure in make-shift shelters. As such, it immediately mobilized its companies, its foundations and its partners to help start rebuilding. As part of SM’s commitment to serve and support the communities wherever it is present, SM Cares, the CSR arm of SM Prime, embarked on a dedicated task to build 1,000 disaster-resilient homes for families affected by the super typhoon.

The project is fully privately-funded with donations coming from SM Prime’s tenants, business partners, lot donors, employees and the community. It demonstrated the positive impact a collective effort can accomplish.

The houses are made with concrete ceilings and walls to accelerate the conventional building method and it is also equipped with proper ventilation. It can withstand severe weather conditions without major damage and are designed beyond mandated government standards on safety. Each village is complete with basic amenities such as street lights, electricity, water, basketball courts and open areas. The villages are also fenced and gated for security.

SM Cares works with partner organizations to promote community spirit and development in each of the villages. The home partners are engaged in various activities and programs such as livelihood and values formation seminars, membership to their local cooperative, tree planting activities, rehabilitation assistance of their local establishments and waste segregation schemes.

The land which was once covered with devastation and hopelessness is now filled with homes with colors of hope. The faces that were once cast-down now exude healing, joy and hope for a much better future.
BDO Foundation

BDO Foundation, the corporate social responsibility arm of BDO Unibank, serves marginalized members of society through its disaster response advocacy implemented through relief, rehabilitation and reconstruction interventions in Luzon, the Visayas and Mindanao, particularly in areas affected by natural or man-made disasters.

Education, Health Care, Shelter and Livelihood

Beyond conducting immediate disaster response in calamity-stricken communities, BDO Foundation provides beneficiaries access to quality education, improved healthcare services, shelter and livelihood support through targeted and long-term social interventions.

In partnership with local and international organizations, the foundation provides resettlement homes for families displaced by disasters. In 2016, the foundation provided disaster relief to 34,604 families and constructed 100 homes for a community of persons with disability. It also helps community members pursue livelihood opportunities by building a multi-purpose hall funded by donations from BDO officers and staff.

In disaster-hit provinces, the foundation constructs school buildings and rehabilitates rural health units to address the need for more classrooms in the country and help improve the delivery of healthcare services. For this year, the foundation built 12 school buildings and rehabilitated 18 rural health centers.

A distinctive program of BDO Foundation is its housing resettlement project in Sta. Fe, Leyte for disadvantaged families who each have a member who is a person with disability. The foundation provides these families with livelihood opportunities by supporting their cooperatives. These cooperatives produce school furniture, which the foundation purchases for its school building projects all over the country.
BDO Foundation: Rebuilding to Stand Stronger | A Feature

Rebuilding to Stand Stronger

BDO Foundation’s disaster response advocacy benefits not only the underprivileged, it also makes a profound impact on the lives of persons with disability (PWDs). Its rehabilitation programs promote inclusion and economic self-sufficiency for a Typhoon Yolanda (Haiyan)-stricken community of PWDs in Sta. Fe, Leyte.

In the wake of the super typhoon, families of PWDs in Leyte were left homeless as they struggled to earn a living. Their predicament was made more challenging given their condition and the fact that Yolanda relief operations were not specifically directed at them.

Working with the Foundation for These-Abled Persons Inc. (FTI), a non-stock, non-profit organization that promotes the employment of PWDs, BDO Foundation pursued a rehabilitation program in Leyte that involved livelihood support, the development of a housing resettlement site and the construction of a multi-purpose hall.

FTI provides PWDs livelihood opportunities by supporting their cooperatives, which manufacture school furniture such as desks and chairs. BDO Foundation procures these items for its school building projects all over the country.

BDO Foundation is also building resettlement homes for a community of 100 households, each with a member who has a disability, in Sta. Fe, Leyte. The foundation has already completed the construction of a BDO Foundation Multi-Purpose Hall in the municipality, a project funded by donations from BDO officers and staff. Spurred by a strong spirit of volunteerism, employees from BDO branches helped construct the multi-purpose hall together with the beneficiaries.

Through its rehabilitation program for PWDs, BDO Foundation helps alleviate the plight of disabled individuals who are otherwise marginalized and deprived of employment due to their condition.

Finding Light Amidst Darkness

Eduardo Moramion lost his eyesight 13 years ago in a tragic accident. The father of seven children had no choice but to continue earning a living despite his condition. Typhoon Yolanda, which destroyed his home, made his struggles more daunting.

Through BDO Foundation’s rehabilitation program for persons with disability, Eduardo found hope and an opportunity to rebuild his life. He currently lives in the community being built by the foundation and participates in various livelihood trainings and seminars. He now tends his own organic vegetable garden as his source of livelihood.

Like Eduardo, persons with disability are being empowered by the corporate citizenship programs of BDO Foundation. They are finding ways to become productive and economically independent.
Building on Solid Foundations

37 Corporate Governance
Corporate Governance

SM Investments Corporation (SMIC) is the holding company of the SM group of companies. It is one of the largest diversified conglomerates in the Philippines, with interests in retail, banking and property development. Hand-in-hand with the Group’s sustained drive for growth and profitability is its commitment to the principles of corporate governance. This commitment is most evident in the company’s treatment of its shareholders, business partners, creditors, customers, employees and other stakeholders, and in the progressive manner by which SMIC has developed its corporate governance culture.

The Board of Directors
SMIC’s culture of good governance emanates from its Board of Directors, which remains fully committed to the principles of corporate governance and ensures that the long term financial success of the business is built on fairness, accountability and transparency. The Board sets the “tone at the top” and upholds the highest standard of excellence and integrity that permeates throughout the organization. In line with this, the Board of Directors initiated several measures that would strengthen SMIC’s corporate governance culture in 2016.

In accordance with the company’s board diversity policy, Ms. Tomasa H. Lipana was elected to the Board of Directors during SMIC’s last Annual Stockholders’ Meeting. She joins Mr. Ah Doo Lim, a former investment banker and seasoned corporate executive from Singapore, and Mr. Joseph R. Higdon, an American with a lifetime of experience in investments and fund management, to form a diverse and well-rounded collection of independent directors on the board of SMIC. Ms. Lipana, a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers, brings with her a wealth of knowledge and experience in accounting, auditing, risk management and corporate governance. Based on her expertise, Ms. Lipana was appointed the Chairperson of the Audit Committee. From the former Audit and Risk Management Committee, the Board created two separate committees (Audit Committee and Risk Management Committee) with distinct chairpersons to focus and enhance the performance of the Board.

SMIC also established a Related Party Transactions Committee, tasked to review material related party transactions of the company and to ensure that all of SMIC’s transactions are done at fair market prices. Further to this, the Board created a Corporate Governance Committee, composed entirely of independent directors, which is tasked to assist the Board in its corporate governance related responsibilities, while also absorbing the work and functions of the former Nomination Committee.

SMIC’s Board Committees, namely the Audit Committee, Corporate Governance Committee, Compensation Committee, Risk Management Committee and Related Party Transactions Committee, are each guided by their respective Board Committee Charters, which outline the committees’ purposes, compositions and duties and responsibilities. The Board Committee Charters are reviewed annually.

The company conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum performance. Through the evaluation process, directors identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, their accessibility to management, the Corporate Secretary and Board Advisors as well as other forms of assistance that they may need in the performance of their duties. The Board reviews the evaluation results and agrees on clear action plans to address any issues raised.

SMIC’s board evaluation also asks directors to identify topics for corporate governance related training/continuing education. The company recognizes the importance of awareness and understanding of the principles of good
Corporate Governance

governance and ensures that the Board and key officers of SMIC are kept abreast of governance related developments through regular continuing education programs. In August 2016, SMIC facilitated a training program focused on cybersecurity and boards in crisis for its Board and officers, as well as the directors and officers of its subsidiaries. The training activity was conducted by the Institute of Corporate Directors, a training provider duly accredited by the Securities and Exchange Commission.

Policies and Programs

The importance that SMIC gives to the practice of good governance may also be found in its various corporate governance related policies and programs. SMIC’s Manual on Corporate Governance contains the company’s policies on disclosures and transparency, the communication and training programs related to corporate governance and the rights and protection of its stakeholders. The Manual is reviewed regularly and may be viewed and downloaded via the Company’s website.

Furthermore, SMIC ensures that its directors, officers and employees are familiar with and adhere to its Code of Ethics. The Code highlights the importance of integrity in the company’s dealings with investors, creditors, customers, contractors, suppliers, regulators, employees and SMIC’s other various stakeholders. It also provides the company’s duties with regard to its employees, shareholders and the communities it operates in. Such practices include, but are not limited to, the following:

**Environmentally Friendly Value-Chain**

The company ensures the environmental friendliness of its operations and contributes to the overall sustainability of the physical environment where the company operates. The company is committed to the protection of the environment and complies with all applicable environmental laws and regulations.

The company also assesses and addresses the foreseeable environmental, health and safety-related risks associated with the delivery of the company’s goods and services and strives to avoid or, when unavoidable, mitigate them.

The company continually seeks to improve its corporate environmental performance through its supply chain by adopting technologies, developmental practices and other related programs that encourage an environmentally friendly value-chain.

**Community Interaction**

The company respects relevant laws and/or regulations in the communities where the company operates. Compliance with those laws and regulations is strictly monitored to prevent any damage to the quality of life of society, surrounding communities and the environment. Furthermore, the company keeps in close cooperation with its CSR arm, SM Foundation.

**Customer Welfare**

The company provides its customers with quality care and service in the provision of goods and services under terms and conditions that are fair and satisfactory. All customers are given fair and proper treatment and are provided with complete, correct and actual information.
Supplier/Contractor Selection
The company also ensures that the goods and services it provides meet all agreed upon and/or legally required standards for consumer health and safety, including those pertaining to health warnings and safety information. Furthermore, the company strives to meet the needs of its vulnerable and/or disadvantaged customers.

The company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the company). The company adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners. The company has a bidding committee to screen, review and approve major contracts with contractors and suppliers to ensure that it is conducted on an arm’s length basis.

In accordance with the Manual on Corporate Governance and the Code of Ethics are SMIC’s other corporate governance related policies, such as the Conflict of Interest Policy, which requires SMIC personnel to clearly disclose any actual or potential conflict of interest to the company, and the Insider Trading Policy that prohibits directors, officers and/or employees from trading the company’s shares five (5) days before and two (2) trading days after the disclosure of any material stock price-sensitive information. Other existing governance related policies include the Guidelines on Acceptance of Gifts, Guidelines on Placement of Advertisements and the Policy on Accountability, Integrity and Vigilance, which is SMIC’s whistleblowing policy, to name a few. SMIC’s corporate governance related policies are regularly disseminated throughout the organization and are made public via the company’s website.

SMIC also ensures that its stakeholders receive timely and accurate information on all facets of its business through the utilization of its website and disclosures. SMIC’s website has a separate corporate governance section that features subsections on its policies, programs and other relevant developments. Furthermore, SMIC ensures that its shareholders are provided with periodic reports that include relevant information on its directors and officers and their shareholdings and dealings with the company.

Investor Relations
The Investor Relations (IR) Department of SMIC is the main avenue of communication between the company and its various stakeholders. The IR Department arranges regular teleconferences and site visits for investors, and conducts annual roadshows with stop in various locations throughout the world. They also coordinate with the investor relations departments of the company’s subsidiaries and affiliates, as well as participate in various investor fora locally and conduct regular briefings with analysts and members of the press. Should SMIC’s shareholders or other various stakeholders require further information or details on the company, its operations, directors and/or officers, or would like to provide feedback and/or make other relevant suggestions/recommendations to the company, they may contact the following:

Investor Relations Department
10/F OneE-Com Center
Harbor Drive, Mall of Asia Complex
Pasay City, 1300 Philippines
ir@sminvestments.com

Moving Forward
The practice of corporate governance is an integral part of SMIC’s business operations. The company will continue to support the governance related initiatives of regulators and advocacy groups in the development of corporate governance, while strengthening its own sustainability practices and fostering its corporate governance culture. In this way, SMIC hopes to keep stride with the continuous development of domestic, regional and global best practices, while also directing its efforts to making a positive impact on the environment and the communities it serves.
Creating a Better Tomorrow

41 SM’s Path to Sustainable Growth

42 SM Supermalls: Sustainable by Design

43 BDO: Finding Ways through Innovative Banking

46 SM Markets: Enabling Micro, Small and Medium Enterprises

47 SM Bonus: Giving Customers an Alternative
SM’s Path to Sustainable Growth
Energizing Local Economies

SM serves as a catalyst for development in the communities it serves.
SM Megamall, situated along Metro Manila's main thoroughfare, remains at the heart of the mall revolution even after 25 years since it opened its doors to the public. As SM’s third mall, SM Megamall has evolved into one of SM’s most versatile developments, poised to redefine the shopping landscape with its continuous expansions.

Through the years, it has undergone a number of expansions and enhancements to cater to a highly dynamic market. To date, the mall has expanded to a total of 474,225 square meters from its initial floor plan of 311,898 square meters, making it one of the largest malls in the country, showcasing premium brands, spacious car park buildings, new office spaces and a transportation terminal that caters to 1,850 buses a day or an average of 142 buses per hour.

Creating Positive Impact

Beyond its offerings, SM Megamall has created a positive domino effect in its surrounding communities. From the initial zonal value of Php1,800 to Php2,000 per square meter, the land market value in the area has soared to approximately Php200,000 per square meter. SM Prime remains to be one of the top taxpayers in the municipality where SM Megamall sits and contributes to job creation through direct employment and through its tenants.

The mall has made inroads in incorporating sustainable features in its design. The mall maximizes natural light by having high ceilings, sky lights and bigger glass windows using double glazed Low-E panels to conserve energy. It also uses a ceiling finish that is made from recycled paper waste. It has also migrated to the use of LED lights that can reduce energy consumption by 50% - 60% and last around 60,000 burning hours.

Through its integrated bus terminal, SM Megamall helped reduce greenhouse gas emissions by requiring transport operators to submit certification for emission tests. With the implementation of its Business Continuity Management System, SM Megamall has been certified by the International Organization for Standardization (ISO), affirming SM’s commitment to continue to be in business especially during or immediately after a calamity.

SM Megamall also promotes social development and inclusion through the programs of SM Foundation and its division, SM Cares. SM Cares implements social programs inside the mall to cater to SM’s customers with special needs while SM Foundation promotes social development in the surrounding communities where SM malls are located.

In SM Megamall, SM Cares offers free movie screening specially edited for the deaf and the blind. It promotes the active participation of senior citizens through its programs like Elderpreneurship and Oldies but Techies. It also supports the needs of mothers through its breast feeding stations in the mall. SM Foundation provides social development programs in the communities surrounding SM Megamall. The foundation refurbished the Pediatric Out-Patient Department of the Rizal Medical Center in Pasig City to help provide better access to quality health care for infants. It also promotes access to quality education by providing scholarship grants to qualified students from the surrounding communities. It currently supports a total of 33 scholars of which 30 are technical-vocational scholars at the Don Bosco Technical College and 3 are college scholars at the Jose Rizal University and Rizal Technological University.

Listening closely to its markets, SM Megamall continues in the next phase of its development to better serve its millions of customers and its host communities in the area.
BDO: Finding Ways through Innovative Banking

BDO by the Numbers

<table>
<thead>
<tr>
<th>Operating Branches</th>
<th>Automated Teller Machines</th>
<th>Hours Extending Banking Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,104</td>
<td>3,655</td>
<td>9</td>
</tr>
<tr>
<td>international offices</td>
<td>19 remittance offices</td>
<td>26</td>
</tr>
<tr>
<td>6 representative offices</td>
<td>1 full-service bank in HK</td>
<td>26</td>
</tr>
<tr>
<td>9 mall-based branches open 7 days a week</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We Find Ways.

This service philosophy has led BDO to creating unequalled customer convenience and unparalleled access to bank products and services. By year-end 2016, the bank has achieved the largest geographic reach in the country. Extending beyond domestic borders, BDO international lending desks service the needs of foreign clients in various industries.

Promote Financial Inclusion
BDO acquired One Network Bank (ONB) to provide financial access to the underserved and unbanked segment of society. To date, it has provided over 60% of the teachers in Mindanao with salary loans. It plans to extend client coverage to Luzon and Visayas as well as to expand into providing financial services to micro-small and medium enterprises and home industries.

Promote ESG in Trusts and Investments
The bank launched the BDO ESG Equity Fund which is the country’s first Unit Investment Trust Fund (UITF) which incorporates environmental, social and governance (ESG) criteria in portfolio selection. Clients may now have the option to put their investments in accordance to certain principles or practices they would like a company to exhibit.

Finance Sustainable Energy
BDO renewed its partnership with the International Finance Corporation (IFC) for the continued implementation of the Sustainable Energy Finance (SEF) Program which aims to promote funding renewable energy and energy efficiency projects.

Sustainable Energy Finance

- 18 accounts with a total of Php9.7Bn loan portfolio
- 175,049 tons of GHG emissions reduced in a year through BDO SEF projects equivalent to reduction of 33,544 vehicles on the road a year or carbon sequestered by 4,115,530 tree seedlings grown for 10 years

Green Facility with Japan Bank for International Cooperation

- JBIC Green Facility, first relending credit facility of JBIC with a Philippine commercial bank
- US$50M relending credit for Renewable Energy, Energy Efficiency and Green Projects

https://www.epa.gov/ for GHG equivalent calculations for illustrational
BDO Sustainable Energy Finance (SEF) Projects Nationwide

- Wind Power Plant 15MW (Burgos, Ilocos Norte)
- Biomass Power Plant 20 MW e Ricehusk-fired Power Plant (Alta, Isabela)
- Energy Efficiency Project Cold Storage (Nueva Ecija)
- Energy Efficiency Project Hospital (Lucena, Quezon)
- Energy Efficiency Project Movie Theater (Bacolod, Negros Occidental)
- Energy Efficiency Project Commercial Building (Makati)
- Energy Efficiency Project Shopping Center/ Mall (Alabang)
- Solar Rooftop 0.30 MW (Ortigas)
- Energy Efficiency Project Manufacturing (Paranaque)
- Biomass Power Plant 12 MW e Ricehusk-fired Power Plant (San Jose, Nueva Ecija)
- Biomass Power Plant 0.32 MW e Ricehusk-fired Cogen Power Plant (Sta. Maria, Bulacan)
- Energy Efficiency Project Lime Production (Panglao, Bohol)
- Energy Efficiency Project Rice Milling (Gapan, Nueva Ecija)
- Energy Efficiency Project Rice Milling Plant (San Ildefonso, Nueva Ecija)
- Energy Efficiency Project Rice Milling Plant (Bacoor, Cavite)
- Energy Efficiency Project Rice Milling Plant (Mariveles, Bataan)
- Energy Efficiency Project Rice Milling Plant (Taytay, Rizal)
- Energy Efficiency Project Rice Milling Plant (Laguna, Laguna)
- Energy Efficiency Project Rice Milling Plant (Antipolo, Rizal)
- Energy Efficiency Project Rice Milling Plant (Las Piñas, Muntinlupa)
- Energy Efficiency Project Rice Milling Plant (San Pablo, Laguna)
- Energy Efficiency Project Rice Milling Plant (San Juan, Rizal)
- Energy Efficiency Project Rice Milling Plant (Cainta, Rizal)
- Energy Efficiency Project Rice Milling Plant (Cubao, Quezon)
- Energy Efficiency Project Rice Milling Plant (Dasmariñas, Cavite)
- Energy Efficiency Project Rice Milling Plant (Mandaue, Cebu)
- Energy Efficiency Project Rice Milling Plant (Cagayan de Oro, Misamis Oriental)
- Energy Efficiency Project Rice Milling Plant (Dumaguete, Negros Oriental)
- Energy Efficiency Project Rice Milling Plant (Tagum, Davao del Norte)
- Energy Efficiency Project Rice Milling Plant (Pampanga, Pampanga)
- Energy Efficiency Project Rice Milling Plant (Valenzuela, Metro Manila)
- Energy Efficiency Project Rice Milling Plant (Imus, Cavite)
- Energy Efficiency Project Rice Milling Plant (San Mateo, Rizal)
- Energy Efficiency Project Rice Milling Plant (San Fernando, Pampanga)
- Energy Efficiency Project Rice Milling Plant (Laguna, Laguna)
Financing a Husk-Fired and Grid-Connected Power Plant

The Project — A 20MW rice husk-fired and grid-connected power plant in Northern Luzon, the largest island and top rice producer in the Philippines. The power plant runs on 100% rice husk as operating fuel and utilizes 204,000 tons of rice husk in a year to generate an average of 153.60 GWhr or at least 138.2 GWhr.

Factors for Success
Regulation. The biomass power plant is intended to be sold under the Renewable Energy Payment (REPA) and Biomass Feed-In-Tariff (FIT) consistent with the pertinent provisions of Philippine Republic Act Number 9513 or the “Renewable Energy Act of 2008,” an act promoting the development, utilization and commercialization of renewable energy sources and for other purposes. The passage of both the Act and the Feed-In-Tariff heightened investors’ confidence in the project. With the infusion of equity by other stockholders and the project financing by BDO under its Sustainable Energy Finance Program, the project was completed and funding properly allocated.

Environmental and Social Benefits

<table>
<thead>
<tr>
<th>Reduced GHG emissions by 116,200 tons CO₂ per year equivalent to removing 21,782 passenger vehicles off the road per year or to the carbon sequestered by 2,664,038 tree seedlings grown for 10 years</th>
<th>Increase in local taxes</th>
<th>Reliable Source of Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing. Under the Sustainable Energy Finance Program, BDO has an existing structure that supports Green Banking. Through its partnership with the International Finance Corporation (IFC), it is able to provide technical advisory services in the evaluation and assessment of renewable energy and energy efficiency projects. BDO financed Php1.8 billion of the Php2.299 billion of the project with an 80:20 debt-to-equity ratio based on the total investment cost.</td>
<td>60 new jobs in the power plant and 60 through sub-contractors</td>
<td></td>
</tr>
<tr>
<td>Replicable Model</td>
<td>500 jobs during construction</td>
<td></td>
</tr>
</tbody>
</table>

With the Philippines being a rice producing country, the project may be replicated in other areas where there is abundant source of rice husk. Top rice producing regions include Central Luzon with seven provinces, Western Visayas with six provinces, Cagayan Valley with five provinces and the Ilocos Region with four provinces.

For the province of Isabela, which is also the highest producer of corn in the country, it has the potential to replicate the project using corn instead of rice husks.
SM Markets:
Enabling Micro, Small and Medium Enterprises (MSMEs)

SM Markets by the Numbers

- LTH Food Industries supplies milk products reported an increase of 227% since supplying SM in April 2015
- Memer Food Dealer supplying nuts reported 111% growth in 2016 alone
- YaYammy Ace Best Merchandise supplying native delicacies has enjoyed 93.54% growth
- Kalnisan Chemicals Corporation has increased its business with SM to 100%

SM Markets upholds the highest standards of ethics in all its transactions including in the manner it chooses its suppliers, that is, in accordance with their capabilities to meet the logistical, financial and supply volume requirements of SM Markets. SM implements a rigorous accreditation process to ensure that its suppliers operate in accordance with the law and that their products are safe for consumption and are of good quality.

About 65% of the items sold at SM Markets come from multinationals and big local manufacturing or distributing companies. The remaining 35% come from a mix of local manufacturing companies, regional manufacturers and micro, small and medium enterprises (MSMEs).

SM Markets deliberately takes steps to support MSMEs not only to support the sector but also to add variety and uniqueness to SM’s offerings that help meet the distinct needs of its customers. Through the years, a number of MSMEs have grown with SM.

Weekend Bazaar. SM Markets hosts a weekly weekend bazaar where small and medium enterprises are invited to sell in SM stores, rent-free with only a percentage of sales as royalty. A total of 65 bazaars are held nationwide. A number of bazaar vendors like Neri Mars, Sitsirya and Engseng Tower Yema have transitioned from bazaar participants to regular SM Markets suppliers.

Native Products. SM sources items locally to help regional manufacturers to enter into formal retailing as well as to address the diverse tastes and preferences of its customers. Most of the fresh items offered in SM Markets are also sourced locally to ensure freshness and quality.

Kabalikat sa Kabuhayan. In partnership with SM Foundation, SM Markets help uplift the standards of living of small scale Filipino farmers by providing trainings on effective ways of producing high yielding fruits and crops. SM Markets invites fruit and vegetable suppliers to connect with the farmers as an option for their product sourcing.

Partnership with the Department of Agriculture. SM Markets supports the government’s campaign to empower local farmers by ordering approximately 120 tons of onions from Nueva Ecija. Aside from onions, there are other produce in the pipeline under the same initiative.
SM Bonus

Giving Customers an Alternative

SM Markets is committed to meet the needs of the Filipino household, helping provide access to the best products at reasonable price points. As such, SM developed its own in-house brand, SM BONUS. Its product line is anchored on quality and affordability, wide product range and access and an inclusive supply chain.

Quality and Affordability
SM Bonus products are the alternative for the budget but quality conscious buyers. On average, SM Bonus items produce a savings of 30-50% compared to established global and local brands. A number of SM Bonus products are awarded in the “Top Choice Awards,” the annual recognition night for all suppliers that are voted customers’ favorite items.

Wide Product Range and Access
SM Bonus has over 1,000 products in 82 categories. Ninety percent of its products are grocery items like canned goods, bread, cold cuts, sauces, ingredients, rice and others. Other categories include pet food, personal care, baby accessories, household cleaning materials, storage organizers and kitchen items. The products are available in all the 249 stores of SM Markets nationwide which includes 48 SM Supermarkets, 44 SM Hypermarkets and 157 SaveMore stores.

Inclusive Supply Chain
SM enables micro, small and medium enterprises to participate as regular suppliers for SM BONUS. To help MSMEs be competitive, SM provides business advice particularly on pricing, packaging and advertising. It also helps boost the brand awareness of MSME’s products through in-store visibility and promotional campaigns. As such, a number of businesses have grown as suppliers of the in-house brand. JFP Industries, focusing on condiments and dry goods, have grown by 56% since 2012 with 85% of its business coming from SM Bonus. Crown Prime Asia which supplies baking products, which also has about 85% of its business coming from SM Bonus, has grown by 89% while Narigin Foods which supplies bottled fruit preserves has grown its business by 110% with 100% of its business coming from SM Bonus.
The Report

49 Awards and Citations

51 GRI Index
Awards & Citations

**SM Investments Corporation**

Corporate Governance Asia
6th Asian Excellence Awards
Asia’s Best CSR
Asia’s Best CFO (Investor Relations)
Jose T. Sio, Executive Vice President and CFO

Best Investor Relations Professional
Corazon P. Guidote, Senior Vice President for Investor Relations

12th Best of Asia Awards
Icon on Corporate Governance - SM Investments Corp.

Asian Corporate Director
Recognition Award, Harley T. Sy

The Asset Corporate Awards 2016
Platinum Award (2009 - 2016)
Excellence in Governance, CSR and Investor Relations

Alpha Southeast Asia
6th Annual Corporate Awards
Most Organized Investor Relations
Best Senior Management IR support
Strongest Adherence to Corporate Governance
Best CFO in the Philippines, Jose T. Sio

Public Relations Society of the Philippines
52nd Anvil Awards
Gold Anvil
2015 SMC Environmental, Social and Governance Report
Silver Anvil
2015 SMC Annual Report
SMIC Website Design

Asia Pacific Entrepreneurship Awards 2016
Lifetime Achievement Award for Mr. Henry Sy, Sr.

Fortune Times
Asia Top Entrepreneur Award - Philippines 2016
Teresita Sy-Coson

Management Association of the Philippines
Management Man of the Year
Teresita Sy-Coson

Global CSR and Good Governance Awards
Best Corporate Communications and Investor Relations (Silver)
Best Governed and Most Transparent Company (Bronze)

**SM Prime Holdings, Inc.**

Corporate Governance Asia
6th Asian Excellence Awards
Best Investor Relations Company
Asia’s Best CEO (Investor Relations)
Hans T. Sy, Chairman
Asia’s Best CFO (Investor Relations)
Jeffrey C. Lim, President

12th Best of Asia Awards
Icon on Corporate Governance (6th Year)

The Asset Corporate Awards 2016
Platinum Award
Excellence in Governance, CSR and Investor Relations

IR Magazine Awards 2016
South East Asia
Best in Real Estate Sector

Investors Forum 2016
One of the Institutional Investor Governance Awardees

**SM Retail, Inc.**

Philippine Retailers Association
PRA Outstanding Filipino Retailers
Gold Award, SM Retail, Inc.

Bangko Sentral ng Pilipinas
BSP Stakeholders Awards Outstanding Enterprise Partner - Demonetization Program, SM Retail, Inc.

Retail Asia
Retail Asia-Pacific Top 500 Award
Philippines Gold, SM Retail, Inc.

Sun Star Cebu
Best Department Store
THE SM STORE Cebu - June 2016

Sun Star Best of Cebu 2016
SM Turon with Langka

Top Taxpayer Awards by the LGUs
Savemore Tacloban
Savemore San Jose
Savemore Bayombong
Savemore Santiago 1
Savemore Santiago 2
Savemore Laoag
Savemore Sta. Maria Ilocos
Savemore Morong
SM Hypermarket Bicutan

DTI Gold Bagwis Awards
SM Supermarket Aura
SM Supermarket Davao
SM Supermarket BF
SM Hypermarket Bicutan
SM Hypermarket Sun
SM Hypermarket Adriatico

SM Foundation, Inc.

 Philippine Retailers Association
SM Hypermarket-Hall of Fame
Best Supermarkets 2015
SM Supermarket and SM Markets

**BDO Unibank, Inc.**

Alpha Southeast Asia
10th Annual Best FI Awards 2016
Best Bank: BDO (2010-2016)
Best Cash Management Bank
Best FX Bank for Corporate & FIs: BDO (2011-2016)

Asian Banking & Finance
Asian Banking & Finance - Wholesale Banking
Philippine Domestic Cash Management Bank of the Year

Asian Banking & Finance - Retail Banking
Automotive Lending Initiative of the Year
Mortgage & Home Loan Product of the Year
Online Banking Initiative of the Year - Philippines
Corporate Social Responsibility Program of the Year - Silver
Asian Investor
Asian Investor Asset Management Awards
Fund House of the Year in the Philippines

Asiamoney / Global Capital
2016 Asiamoney Cash Management Poll Results
Best Local Cash Management Bank as voted by Corporates

2016 Global Capital / New Year Awards
2015 BDO Corporate Governance Poll - Best for Disclosure & Transparency in the Philippines

Asiamoney / Global Capital Best Domestic Bank Awards 2016
Best Domestic Bank in the Philippines (2014-2016)

Charlton EastColes Corporate Performance Report
Corporate Performance Award
BDO Unibank Inc - Top 15, Philippine Bank of the Year 2016

Corporate Governance Asia
6th Asian Excellence Award 2016
One of the recipients of the 6th Asian Excellence Award 2015 - BDO Unibank
Best CSR
Best Environmental Responsibility
Best IR Company (Philippines)
One of the recipients of Asia’s Best CEO (Investor Relations)
Teresita T. Sy-Coson, Chairperson
One of the recipients of Asia’s Best CEO (Investor Relations)
Nestor V. Tan, Pres. & CEO
One of the recipients of Best Investor Relations Professional (Philippines)
Luis S. Reyes, Jr., SVP and Head of IR and Corp. Planning

Global Finance
Global Finance The World’s Best Trade Finance Provider

Global Finance The World’s Best Foreign Exchange Provider
Best Foreign Exchange Provider in the Philippines (2011, 2016)

Global Finance Best Bank Awards
Best Bank in the Philippines (2014-2016)

Project Finance
PFI Awards
Asia Pacific Power Deal of the Year (San Buenaventura’s Php42.15bn Financing) Transport Deal of the Year (Mactan Cebu International)

The Asian Banker
The International Excellence in Retail FS Awards 2016
Best Retail Bank in the Philippines

The Asian Banker Transaction Banking Awards
Best Transaction Bank in the Philippines
Best Cash Management Bank in the Philippines

The Asian Banker Country Awards
Best Deposit Initiative in the Philippines
Best Social Media Initiative - BDO Project Kiss Campaign
Best Mobile Payment Initiative

The Asset
The Asset Triple A Treasury, Trade and Risk Management Awards 2016
Best in Treasury and Working Capital - SMEs, Philippines

The Asset Triple A Servicing Fund Management & Investors Awards
Asset Management Company of the Year for the Philippines Market Impact Investor of the Year Award

The Asset Corporate Awards 2016
BDO - one of the Platinum award winners (2010-2016)

The Asset Triple A Country Awards 2016
Best Domestic Bank, Philippines (2013-2016)
Best Corporate Institutional Bank in the Philippines
Best Corporate Liability Management, Philippines

World Finance
Investment Management Awards
Best Investment Management Company, Philippines

China Banking Corporation
Philippine Stock Exchange 2016 PSE Bell Award for Corporate Governance
One of the Top 5 Listed Companies

The Asset Magazine
2016 Triple A Asia Infrastructure Awards
Php31.97 B San Miguel Brewery Project Financing Deal, Most Innovative Deal - Philippines

The Asset Magazine
2015 B San Buenaventura Power Project Financing Deal - Best Power Deal - Philippines

Triple A Regional Investment Awards
“Local Currency Bonds” for the P33.3 Bn San Miguel Brewery bond issue

Triple A Best Bond House - Domestic, Philippines

Corporate Governance Asia
The 6th Asian Excellence Awards
Best Investor Relations Company (Philippines) - China Bank

Asia’s Best CEO (Investor Relations)
Ricardo R. Chua, President and CEO

Best Investor Relations Professional (Philippines)
Alexander C. Escucha, SVP for Investor and Corporate Relations

12th Best of Asia Awards
Outstanding on Corporate Governance
China Bank

Asian Corporate Director Recognition Award
Mr. Hans T. Sy

Finance Monthly
The 7th Finance Monthly Global Awards
Banking & Finance Firm of the Year — Philippines

Social Security System
Best Collection Partner
Best Collecting Commercial Bank

Capital Finance International
Capital Finance International Awards
Best Bank Governance 2016

Asia Pacific Entrepreneurship Awards (APEA)
Asia Pacific Entrepreneurship Awards 2016 Philippines

BNY Mellon
“BNY Mellon STP Award” for the Bank’s outstanding straight-through processing rate

Philippine Dealing System (PDS)
11th Philippine Dealing System Awards
“Top Corporate Issue Manager / Arranger Bank Category” besting foreign banks, ING, Standard Chartered & HSBC

Global Banking and Finance
Best Bank for Domestic Debt Capital Markets Philippines
Best Investor Relations Bank

CFA Society Philippines
Best Managed Fund for Bond Long-Term Dollar Category

Public Relations Society of the Philippines
52nd Anvil Awards
Best PR Tools
China Bank 2015 Annual Report
# GRI Standards General Disclosures

<table>
<thead>
<tr>
<th>Organizational Profile</th>
<th>Page number</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-1 Name of the organization</td>
<td>cover, back cover</td>
</tr>
<tr>
<td>102-2 Activities, brands, products and services</td>
<td>2</td>
</tr>
<tr>
<td>102-4 Location of headquarters</td>
<td>back cover</td>
</tr>
<tr>
<td>102-4 Location of operations</td>
<td>12, 13</td>
</tr>
<tr>
<td>102-5 Ownership and legal form</td>
<td>2</td>
</tr>
<tr>
<td>102-6 Markets served</td>
<td>2, 12, 13</td>
</tr>
<tr>
<td>102-7 Scale of the organization</td>
<td>2, 12, 13</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>22</td>
</tr>
<tr>
<td>102-9 Supply Chain</td>
<td>5, 38, 41, 46, 47</td>
</tr>
<tr>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>NA</td>
</tr>
<tr>
<td>102-11 Precautionary Principle or approach</td>
<td>5, 39, 46, 47</td>
</tr>
<tr>
<td>102-12 External initiatives</td>
<td>8, 9, 20</td>
</tr>
<tr>
<td>102-13 Membership of associations</td>
<td>53</td>
</tr>
</tbody>
</table>

## Strategy

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Page number</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-14 Statement from senior decision-maker</td>
<td>4, 5</td>
</tr>
<tr>
<td>102-15 Key impacts, risks and opportunities</td>
<td>4, 5</td>
</tr>
</tbody>
</table>

## Ethics and Integrity

<table>
<thead>
<tr>
<th>Ethics and Integrity</th>
<th>Page number</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-16 Values, principles, standards, and norms of behavior</td>
<td>39</td>
</tr>
<tr>
<td>102-17 Mechanisms for advice and concerns about ethics</td>
<td>39</td>
</tr>
</tbody>
</table>

## Governance

<table>
<thead>
<tr>
<th>Governance</th>
<th>Page number</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-18 Governance structure</td>
<td>37</td>
</tr>
<tr>
<td>102-19 Delegating authority</td>
<td>37</td>
</tr>
<tr>
<td>102-20 Executive-level responsibility for economic, environmental and social topics</td>
<td>7</td>
</tr>
<tr>
<td>102-21 Consulting stakeholders on economic, environmental and social topics</td>
<td>10, 11</td>
</tr>
<tr>
<td>102-22 Composition of the highest governance body and its committees</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-23 Chair of the highest governance body</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-24 Nominating and selecting the highest governance body</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-25 Conflicts of interest</td>
<td>37-39</td>
</tr>
<tr>
<td>102-26 Role of highest governance body in setting purpose, values and strategy</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-27 Collective knowledge of highest governance body</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-28 Evaluating the highest governance body’s performance</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-29 Identifying and managing economic, environmental and social impacts</td>
<td>7</td>
</tr>
<tr>
<td>102-30 Effectiveness of risk management processes</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-31 Review of economic, environmental and social topics</td>
<td>7</td>
</tr>
<tr>
<td>102-32 Highest governance body’s role in sustainability reporting</td>
<td>7</td>
</tr>
<tr>
<td>102-33 Communicating critical concerns</td>
<td>37, 38</td>
</tr>
<tr>
<td>102-34 Nature and total number of critical concerns</td>
<td>There were no PAIV reports in 2016</td>
</tr>
</tbody>
</table>
The Company discloses the remuneration of the President and top four (4) members of management (based on remuneration). Shareholders approve remuneration via ratification of Board acts during the Annual Stockholders’ Meeting.

<table>
<thead>
<tr>
<th>Stakeholder Engagement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>102-40 List of stakeholder groups</td>
<td>11</td>
</tr>
<tr>
<td>102-41 Collective bargaining agreements</td>
<td>23</td>
</tr>
<tr>
<td>102-42 Identifying and selecting stakeholders</td>
<td>11</td>
</tr>
<tr>
<td>102-43 Approach to stakeholder engagement</td>
<td>10, 11</td>
</tr>
<tr>
<td>102-44 Key topics and concerns raised</td>
<td>10, 11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Topics</th>
<th>200 Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Disclosure Approach</td>
<td></td>
</tr>
<tr>
<td>201-1 Direct economic value generated and distributed</td>
<td>13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Topics</th>
<th>300 Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Disclosure Approach</td>
<td></td>
</tr>
<tr>
<td>302-1 Energy consumption within the organization</td>
<td>15, 16, 18</td>
</tr>
<tr>
<td>302-3 Energy intensity</td>
<td>15, 16, 18</td>
</tr>
<tr>
<td>303-1 Water withdrawal by source</td>
<td>17</td>
</tr>
<tr>
<td>303-3 Water recycled and reused</td>
<td>17</td>
</tr>
<tr>
<td>304-3 Habitats protected and restored</td>
<td>19</td>
</tr>
<tr>
<td>305-1 Direct GHG emissions (Scope 1)</td>
<td>16</td>
</tr>
<tr>
<td>305-2 Energy indirect GHG emissions (Scope 2)</td>
<td>16</td>
</tr>
<tr>
<td>305-3 Other indirect GHG emissions (Scope 3)</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Topics</th>
<th>400 Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Approach Disclosures</td>
<td></td>
</tr>
<tr>
<td>401-2 Benefits provided to full-time employees</td>
<td>25</td>
</tr>
<tr>
<td>404-2 Programs for upgrading employee skills and transition assistance program</td>
<td>23</td>
</tr>
<tr>
<td>404-3 Percentage of employees receiving regular performance and career development reviews</td>
<td>23, 24</td>
</tr>
<tr>
<td>405-2 Ratio of basic salary and remuneration of women to men</td>
<td>22</td>
</tr>
<tr>
<td>406-1 Incidents of discrimination and corrective actions taken</td>
<td>No incidents</td>
</tr>
<tr>
<td>411-1 Incidents of violations involving rights of indigenous peoples</td>
<td>No incidents</td>
</tr>
<tr>
<td>413-1 Operations with local community engagement, impact, assessments and development programs</td>
<td>28-35</td>
</tr>
</tbody>
</table>
Corporate Information

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10th Floor, One E-Com Center
Harbor Drive, Mall of Asia Complex
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External Auditor
SyCip Gorres Velayo & Co.

Stockholder Inquiries
SM Investments Corporation’s common stock is listed and traded in the Philippine Stock Exchange under the symbol ‘SM.'

For inquiries regarding dividend payments, account status, address changes, stock certificates, and other pertinent matters may be addressed to the company’s transfer agent:

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Tel. No. +63 2 878-4052 to 54; 878-4963; 878-4740; 878-4829

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