



INVESTMENTS
CORPORATION

CREATING A SUSTAINABLE FUTURE





INVESTMENTS
CORPORATION

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.

ABOUT THIS REPORT

Creating a Sustainable Future is the second group-wide annual Environmental, Social and Governance (ESG) Report of SM Investments Corporation (SM), covering the period of January – December 2015. There is no significant change in the reporting period. Following its maiden annual ESG Report in 2014, SM pursued a more comprehensive consultation among its business units in consolidating and measuring its data.

The companies highlighted in this report are SM Retail Incorporated (SM Retail), SM Prime Holdings Incorporated (SM Prime) focusing on SM Supermalls, BDO Unibank Incorporated (BDO) and China Banking Corporation (China Bank). Among the SM group, SM Prime has consistently completed the Application Level Service of the Global Reporting Initiative (GRI) for three years and has sought External Assurance.

In accordance to the GRI-G4 core guidelines, this report aims to provide an illustration of SM's commitment to sustainability, following its ESG Framework. Its ESG initiatives are also guided by the principles of the United Nations Global Compact and the United Nations Sustainable Development Goals 2030. SM aims to complete the GRI Application Level Service for its subsequent reports.

3 CORPORATE PROFILE
 About SM Investments Corporation
 President’s Message

6 CREATING SHARED VALUE
 ESG Principles and Framework
 Stakeholder Engagement
 Materiality

11 FOSTERING A CULTURE OF GOOD GOVERNANCE
 Board of Directors
 Corporate Governance
 Related Policies

25 SUSTAINABLE OPERATIONS
 Property, Retail and Banking
 Feature: Building Sustainable
 Cities and Communities
 Feature: Sustainable Tourism

35 PARTNERSHIPS ON CLIMATE CHANGE ADAPTATION
 UNISDR | UN ARISE Partnership
 Partnerships on Solar Energy
 and Automated Weather Stations
 IFC Partnership | Sustainable Energy Finance
 Partnerships on Environmental
 Awareness Campaigns



17 CREATING ECONOMIC VALUE
 Impact
 Supporting Economic Growth

22 HARNESSING HUMAN POTENTIAL
 Employee Profile
 Employee Training and Assessment
 Employee Welfare
 Employee Wellbeing
 and Engagement

39 IMPROVING LIVES, SUPPORTING COMMUNITIES
 SM Foundation
 SM Cares
 BDO Foundation
 SM Retail Community Involvement Programs

52 THE REPORT
 SM Awards and Accolades
 GRI Index
 Contact Information

ABOUT SM INVESTMENTS CORPORATION

PORTFOLIO HIGHLIGHTS

EFFECTIVE INTEREST

SM Investments Corporation (SM), founded by entrepreneur Henry Sy, Sr., is the country's largest publicly listed company with a sustainable group of businesses that thrives on leadership, innovation and the synergies of its banking, property and retail operations.

Its core businesses enjoy market leadership in the Philippines, mainly in Metro Manila and with a growing share in Luzon and the Visayas-Mindanao regions. Outside of the Philippines, SM has malls in China and a growing international banking presence through BDO Unibank, Inc. (BDO) with a bank branch in Hong Kong and representative offices in China, Taiwan, Korea, Southeast Asia, Europe, Middle East and North America.

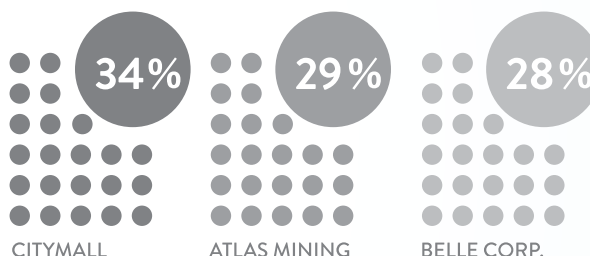
With its origins in retail, through SM Retail Inc., SM is a market leader with an extensive network of both food and non-food stores. Under its food retail business are SM Supermarket, SM Hypermarket, Savemore, Waltermart and Alfamart stores. Under the non-food business are THE SM STORE department stores, as well as foreign brands. Tracing its roots back to the late 1950s, the retail businesses have offered diversity, comfort, convenience, reliability and a high level of service while innovating to cater to the evolving needs and aspirations of its millions of Filipino customers.

SM Prime Holdings, Inc., the property group of SM, is one of the largest integrated property developers in Southeast Asia with interests in malls, residences, commercial buildings/offices, hotels, convention centers, leisure and tourism development. SM Prime is proactive in creating awareness about environmental issues, in undertaking conservation and preservation and is taking the lead in disaster risk reduction and resilience.

In banking, SM's interests are in BDO, the country's leading bank, and China Banking Corporation (China Bank), the seventh largest. These two banks have a combined network of over 1,000 branches nationwide.



OTHER INVESTMENTS



In terms of social development, BDO Foundation focuses its efforts on disaster response from relief, rehabilitation and reconstruction.

SM is a member of a number of associations in the Philippines and Asia that foster industry best practices, knowledge transfer and certain advocacies (please see a full list of SM's corporate memberships on page 58).

SM has taken the lead in improving the quality of life of its host communities. It provides access to resources and opportunities through its businesses via the SM Foundation and mall-based social programs. It also makes targeted social investments in education, healthcare, livelihood and shelter to help underserved Filipinos and promotes initiatives to protect and enhance the Philippines' unique and diverse ecological heritage.

SM continues to find ways to provide Filipinos with various opportunities for growth. Equally important is our impact on the environment and the company's thrust to becoming a progressive leader in sustainable business practices in the country.

-HARLEY T. SY



PRESIDENT'S MESSAGE

TO OUR VALUED STAKEHOLDERS:

Since the release of our initial group-wide Environmental, Social and Governance (ESG) report last year, SM has taken steps towards aligning its reporting structure with global standards recognized by various investor rating agencies and to further improving its ESG practices. These confirm SM's commitment to doing its part to create a sustainable future and to continually move toward achieving its vision and mission.

Our progressive leadership style enables ideas and principles to spread fluidly throughout the organization. The heads of all of our business units have been comprehensively oriented on ESG matters relevant to their operations to ensure group-wide alignment of goals and objectives. As a result, the concept and practice of sustainable development has cascaded from director to management to rank and file.

We've also bolstered relationships with our various stakeholders by fostering a culture of openness and transparency, founded on timely and accurate dissemination of information, the regular conduct of forums and briefings and the undertaking of stakeholder surveys. These initiatives aim to strengthen our relationships

with our customers, business partners and other stakeholders and allow us to better serve the communities in which we operate.

As a market leader, SM is aware of the substantial impact that it has on the lives of the Filipino people. Creating lasting positive change for all of its stakeholders remains its mission, which is evident in its various social programs. Each of its business units contribute in a different way. From the malls' community development, environmental and disaster resiliency programs to the health and education programs handled by SM Foundation, SM continues to find ways to provide Filipinos with various opportunities for growth. Equally important is our impact on the environment and the company's thrust to becoming a progressive leader in sustainable business practices in the country. With programs tailored to conserve our precious resources, SM continues to safeguard the environment for future generations.

This report is a continuation of SM's journey towards promoting global sustainability. Join us on this journey so that together we can make a difference.


HARLEY T. SY
President



—
**CREATING
SHARED
VALUE**



ESG PRINCIPLES AND FRAMEWORK

STAKEHOLDER ENGAGEMENT

MATERIALITY

SM'S ESG FRAMEWORK PORTRAYS HOW THE COMPANY SYSTEMATICALLY INTEGRATES ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES INTO ITS BUSINESS MODEL.

17 PARTNERSHIPS FOR THE GOALS



ESG PRINCIPLES AND FRAMEWORK

The SM Board of Directors reviewed and approved the SM ESG Principles that encompass 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; and
7. The elimination of all forms of forced and compulsory labor and child labor.

SM's ESG Framework portrays how the Company systematically integrates environmental, social and governance initiatives into its business model. It is anchored on the commitment of its Board of Directors, which has tasked the oversight responsibility of its ESG initiatives to the ESG Steering Committee which is composed of high ranking officers from across the SM



group's businesses. This committee is charged with the creation and realization of the ESG Roadmap. A technical group composed of representatives from SM's business units has been identified, while a group-wide coordinator is appointed at SM Investments Corporation.





The Company's ESG Framework gives an overview of the aspects vital to SM: implementing innovative and sustainable business models, creating opportunities for inclusive growth, observing the practice of good governance, engaging its business partners toward sustainable practices and harnessing the potential of its human capital with real and measurable results.




CREATING SHARED VALUE








STAKEHOLDER ENGAGEMENT

From its maiden ESG Report in 2014, SM methodically engaged its stakeholders, particularly its minority investors and various ESG rating agencies. The technical group gathered feedback with regard to SM's ESG efforts and future strategies. SM continues to utilize its existing formal avenues for its shareholders, employees and customers while it engages informal dialogue with its other stakeholders such as its host communities, the media and non-government organizations. The issues raised were mostly focused on economic impact, business operations, community involvement, compliance and policies in governance. The Company's response to these concerns are incorporated in this report.

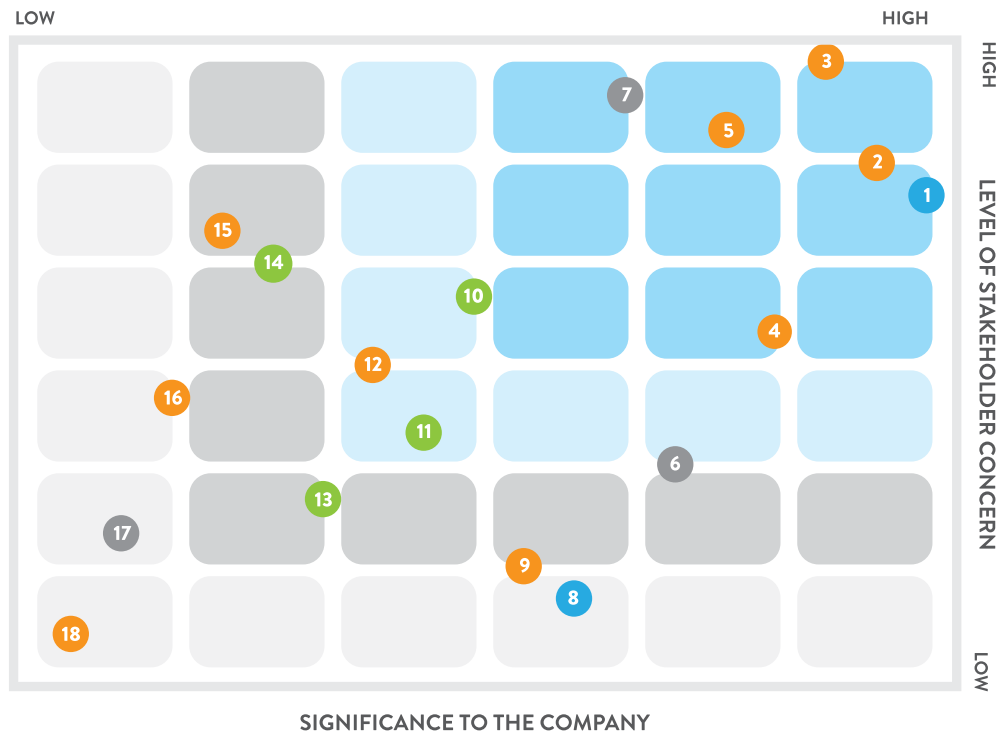
SM recognizes the importance of its stakeholders' support, feedback and contributions to the realization of its sustainability goals. Through engagement mechanisms such as surveys, forums and dialogues, the Company is able to acknowledge and adequately address stakeholder issues and concerns. SM has taken notable steps toward a more evolved Stakeholder Relations Management and it continues to explore more systematic ways of engaging its stakeholders.

STAKEHOLDER GROUP	DESCRIPTION
 <p>CUSTOMERS</p>	Through its long held values and ethical standards, the Company has earned the loyalty and confidence of its millions of customers. Everyone in the organization understands that public trust and confidence are anchored on how corporate governance is manifested in the operations of the business. Customers are engaged using customer satisfaction surveys, as well as through email and the use of social media applications (Facebook, Twitter, etc.). The Company strives to address customers' welfare through its various programs and activities and continues to evolve its business along with its customers' needs.
 <p>EMPLOYEES</p>	SM strives to be an employer of choice and provides for the health, safety and welfare of its employees. SM maintains open communications with its employees through its various Human Resource activities, its Policy on Accountability, Integrity and Vigilance (whistleblowing policy), its intranet portals and periodic meetings and forums. The Company also employs an appraisal system that allows for personal growth and feedback between and among the members of its personnel.
 <p>BUSINESS PARTNERS</p>	SM enjoys good working relationships with its business partners and credits this to the premium it places on fairness, accountability and transparency in its business dealings. To ensure that these working relationships exist within the bounds of good governance, existing and potential vendors and suppliers are required to conform to the Company's Code of Ethics as a pre-requisite for the accreditation process. Vendor selection policies, as well as regular dialogues with suppliers, contractors, banks and other related parties ensure that the Company's business partners are engaged and protected. Furthermore, policies on Acceptance of Gifts and Travel have been adopted by the Company as anti-corruption measures.
 <p>COMMUNITIES</p>	The Company owes its success to the communities in which it operates. SM engages its host communities through informal dialogues and meetings to develop a comprehensive understanding of their challenges and gaps in social services. To support community growth, SM provides direct temporary and permanent employment in the various businesses of the whole group. Through SM Foundation and SM Cares, SM implements a community impact template that focuses its social investments in education, healthcare, food security, livelihood opportunities, disaster response and rehabilitation and programs in social inclusiveness. Through these actions SM demonstrates its commitment to the principle that a healthy community is the foundation for a better quality of life.

SHAREHOLDERS 	<p>It is the Company's responsibility to ensure that the rights of its shareholders are protected. In line with SM's Manual on Corporate Governance, the Company upholds and protects the rights of its shareholders through its various shareholder engagement activities. The Company also employs its Investor Relations department to ensure that there is an open avenue for communication with all shareholders.</p>
SOCIO-CIVIC PARTNERS, DONORS AND VOLUNTEERS 	<p>SM partners with the public and private sector in creating a cycle for positive change in its host communities. Alongside its donors, volunteers and other partners, SM is able to provide community investments focused on public school buildings, multi-purpose halls, public health centers and shelter. Through partnerships, SM is also able to provide scholarship grants, livelihood opportunities, skills trainings, sustainable agriculture trainings and other social programs in greater scale.</p>
GENERAL PUBLIC 	<p>SM ensures that its stakeholders receive timely and accurate information on all facets of its business. This is done through the use of its websites, email system and disclosures and by conducting regular briefings and meetings with investors, analysts and the media, as well as through an ongoing public relations program.</p>

STAKEHOLDER GROUP	OUR COMMITMENT	OVERVIEW
CUSTOMERS 	<p>The Company strives to address customer welfare through its various programs and activities and continues to evolve its business alongside its customers' needs.</p>	<p>Customer needs addressed through:</p> <ol style="list-style-type: none"> customer satisfaction surveys open avenues for communication (social media, customer helpdesks, etc.)
EMPLOYEES 	<p>The Company has established policies and programs that promote a safe and healthy work environment that caters to all cultures and creeds and encourages employee development and growth.</p>	<p>Employee welfare includes:</p> <ol style="list-style-type: none"> health and safety training and continuing education opportunities career advancement/growth equality/diversity policies fair treatment/compensation
BUSINESS PARTNERS 	<p>The Company fosters a progressive working relationship with its business partners through highly principled and disciplined business dealings, open dialogue, continuing education and workshops.</p>	<p>Relationships with business partners enhanced through:</p> <ol style="list-style-type: none"> bidding and procurement practices dialogues with business partners Policy on Accountability, Integrity and Vigilance (PAIV) – whistleblowing policy
COMMUNITIES 	<p>The Company strives to maintain and further enhance its community involvement activities, which continue to positively impact its host communities as well as its other stakeholders.</p>	<p>Community involvement:</p> <ol style="list-style-type: none"> engagement and activities through SM Foundation, BDO Foundation and SM Cares engagement and community consultation by the company
SHAREHOLDERS 	<p>The Company protects the rights and interests of its shareholders, such as the appraisal right, right to vote, right to inspect corporate books and records and gain access to material information and right to receive an equitable share of the Company's profits.</p>	<p>General rights and services provided to shareholders and investors:</p> <ol style="list-style-type: none"> right to vote access to information right to inspect share of dividends right to appraise
SOCIO-CIVIC PARTNERS, DONORS AND VOLUNTEERS 	<p>The Company ensures transparency and accountability to its partners and donors by providing project reports and audited financial statements. It also recognizes the valuable contribution of its partners, donors and volunteers and continues to strengthen the relationships created with them.</p>	<p>The Company provides timely and accurate information to its partners:</p> <ol style="list-style-type: none"> Project Progress and Completion Report Public Recognition of the partnership Transparent Fund Utilization Report
GENERAL PUBLIC 	<p>The Company ensures that its stakeholders receive timely and accurate information on all facets of its business through public relations efforts that utilize website, social media sites and its timely disclosures through press releases and official reports and filings. Furthermore, the Company conducts regular briefings, press conferences and meetings to provide updates on the Company's various projects, and its financial and operational results.</p>	<p>Timely and accurate information on the Company are provided through the following:</p> <ol style="list-style-type: none"> websites disclosures media/analysts briefings investor roadshows social media investor relations

CREATING SHARED VALUE



MATERIALITY MIX



ECONOMIC



ENVIRONMENTAL



SOCIAL



GOVERNANCE

- 1. Economic Performance
- 2. Community Involvement
- 3. Customer Health and Safety
- 4. Security
- 5. Labor and Management Relations
- 6. Compliance
- 7. Anti-Corruption

- 8. Market Presence
- 9. Occupational Health and Safety
- 10. Emissions, Effluents and Waste Management
- 11. Energy
- 12. Employee Training and Development
- 13. Biodiversity

- 14. Water
- 15. Compulsory and Child Labor
- 16. Diversity, Non-Discrimination and Equal Opportunity
- 17. Corporate Policies
- 18. Product and Service Labeling

Materiality

The materiality mix of this report is formed to address the issues identified by the Company's stakeholders through surveys and other forms of engagement. The top five priorities that are common to both SM's stakeholders and the Company are economic performance, community involvement, customer health and safety, security and labor and management relations. These topics are extensively discussed in this report.



FOSTERING A CULTURE OF GOOD GOVERNANCE



THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE
RELATED POLICIES



FOSTERING A CULTURE OF GOOD GOVERNANCE

SM recognizes the vital role that the practice of sound governance plays in the creation of a sustainable future. As such, the Company continues to strengthen its corporate governance culture through the regular review and improvement of its governance related policies and programs and the continued adoption of global best practices in the operation of its business.

THE BOARD OF DIRECTORS

The Company's corporate governance culture emanates from its Board of Directors. The Board sets the tone from the top, ensuring that standards of excellence and integrity are fostered and cascaded throughout the organization. The Board is likewise responsible for ensuring the long term financial success of the business in a manner that upholds the principles of fairness, accountability and transparency, and protect the interests of the Company and its various stakeholders.

The Chairman and President

The roles of the Chairman of the Board and the President are held by separate individuals. Their functions and responsibilities are clearly defined in the Company's By-Laws and Manual on Corporate Governance.

Board Independence

The Board is composed of eight (8) directors, three (3) of whom are non-executive independent directors. Under SM's Manual on Corporate Governance, an independent director must possess all of the qualifications and none

of the disqualifications of a regular director. He must also be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment.

SM's independent directors provide balance at the board level by ensuring impartial discussions during meetings. They likewise monitor the performance of Management and safeguard the interests of the Company's stakeholders, among their other duties as directors. Also of note is the Company's practice that its non-executive directors meet at least once a year, without any executive directors or representatives of Management present.

SM INVESTMENT CORPORATION BOARD OF DIRECTORS

Henry Sy, Sr.	Chairman of the Board (Non-Executive Director)
Teresita Sy-Coson	Vice Chairperson (Non-Executive Director)
Henry T. Sy, Jr.	Vice Chairman (Non-Executive Director)
Harley T. Sy	President (Executive Director)
Jose T. Sio	Director (Executive Director)
Vicente S. Perez, Jr.	Independent Director
Ah Doo Lim	Independent Director
Joseph R. Higdon	Independent Director

Board Committees

To address specific tasks and responsibilities, the Board adopted four (4) committees, namely the Audit and Risk Management Committee, the Nomination Committee, the Executive Committee and the Compensation and Remuneration Committee. Each committee has adopted a Charter which defines its composition, roles and responsibilities based on the provisions found in the Manual on Corporate Governance. Furthermore, the Charters include administrative provisions on the conduct of meetings and proceedings and reporting to the Board and Committee Advisors.

The Audit and Risk Management Committee

The Audit and Risk Management Committee directly interfaces with the internal and external auditors in the conduct of their duties and responsibilities. The Committee's mandate includes the review of the Company's financial reports and subsequent recommendation to the Board for approval. Furthermore, the Committee reviews SM's internal control system, its audit plans, auditing processes and related party transactions. Under its amended Charter, the Committee also reviews and assesses the effectiveness of SM's risk management system in the mitigation of financial and non-financial risks.

The Nomination Committee

The Nomination Committee is tasked with the review and evaluation of the qualifications of candidates nominated to the Board of Directors, and those nominated to positions that require Board approval under SM's By-Laws. It is the Nomination Committee that ensures that all nominated directors meet all the qualifications and none of the disqualifications to be a director.

The Executive Committee

The Executive Committee is composed of non-executive and executive directors and acts on behalf of the Board during the interim periods between Board meetings.

The Compensation and Remuneration Committee

The Compensation and Remuneration Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement.

Board Performance

Regular meetings of the Board are held quarterly, but special meetings may be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors. A director's absence or non-participation for whatever reason in more than 50% of all meetings, both regular and special, in a year is a ground for temporary disqualification in the succeeding election.

Evaluation of the Board and President

SM's Board of Directors annually conduct a self-evaluation and rate the performance of the Board as a whole, themselves as directors, the Board Committees and the Company's President. The performance evaluation is based on the duties and responsibilities of individuals as outlined in SM's Manual on Corporate Governance and By-Laws.

Directors are also asked to identify areas for improvement, such as training/continuing education programs or any other forms of assistance that they may need in the performance of their duties. The evaluation

FOSTERING A CULTURE OF GOOD GOVERNANCE

forms also include items on support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to Management, the Corporate Secretary and Board Advisors. The Board then reviews and evaluates the results of the evaluation, discussing possible changes that will enhance the performance of the individual directors, the support services given and the Board as a collective body.

CORPORATE GOVERNANCE RELATED POLICIES

To ensure the continued development of its corporate governance culture, SM periodically reviews and enhances its Manual on Corporate Governance, Code of Ethics and other corporate governance related policies.

The Manual on Corporate Governance

SM's Manual on Corporate Governance institutionalizes the principles of good corporate governance, defines the Company's compliance system and identifies the responsibilities of the

Board of Directors in relation to good corporate governance. It also states the Company's policies on disclosure and transparency and mandates the conduct of communication and training programs on corporate governance. The Manual further provides for the rights of all shareholders and the protection of the interests of minority stockholders. It likewise sets the penalties for non-compliance with the Manual.

The Code of Ethics

SM's Code of Ethics serves as a guidepost for the Company's directors, officers and employees in the performance of their duties and responsibilities and in the manner that they deal with the Company's various stakeholders. The Code embodies the Company's values and principles and stresses the importance of integrity in relationships and dealings with business partners, as well as highlighting the Company's duties regarding employee welfare. Furthermore, the Code describes the Company's measures aimed towards the mitigation of bribery, corruption, conflicts of interest and other unethical business practices.

OTHER CG RELATED POLICIES

BRIEF DESCRIPTIONS

Insider Trading Policy



Directors, officers and employees are prohibited from trading in the Company's shares, five (5) trading days before and two (2) trading days after the disclosure of any material stock price-sensitive information. SM issues reminders of the "trading ban" before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Trading done by directors and officers are reported to the appropriate regulators in a timely fashion.

THE IMPORTANCE OF INTEGRITY IN RELATIONS AND DEALINGS WITH BUSINESS PARTNERS

Related Party Transactions



SM discloses in detail the nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). Management regularly presents the details of transactions entered into by SM with related parties at the meetings of the Audit and Risk Management Committee. This is to ensure that SM conducts all related-party transactions at an arms' length basis.

Conflict of Interest Policy



SM's Conflict of Interest policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose said conflict to the Company.

Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption)



Based on the provisions of the Code of Ethics, SM's directors, officers and employees are prohibited from soliciting or accepting gifts in any form from any business partner. The term "gift" covers anything of value such as, but not limited to, cash or cash equivalent. The guidelines provide exceptions such as corporate giveaways, tokens or promotional items of nominal value. When it is deemed improper to refuse a gift, the issue is elevated to Management for proper disposition.

In the same manner, travel sponsored by any current or prospective business partner is prohibited under the *Guidelines on Travel Sponsored by Business Partners*.

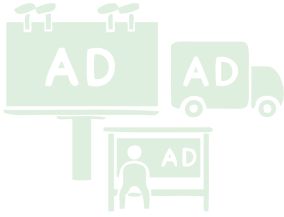
Anti-Money Laundering Guidelines



SM issued Anti-Money Laundering Guidelines for its property group. The guidelines lay down rules on acceptance of payment for real property projects and stress the importance of know-your-client procedures. The guidelines are compliant with the provisions of the Anti-Money Laundering Law and its implementing rules and regulations.

FOSTERING A CULTURE OF GOOD GOVERNANCE

Guidelines on Placement of Advertisements



SM issued a policy to prohibit the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where an SM company or director, officer or employee is one of the nominees vying for the award. SM may consider placing advertisements in such publications as part of its over-all marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.

Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)

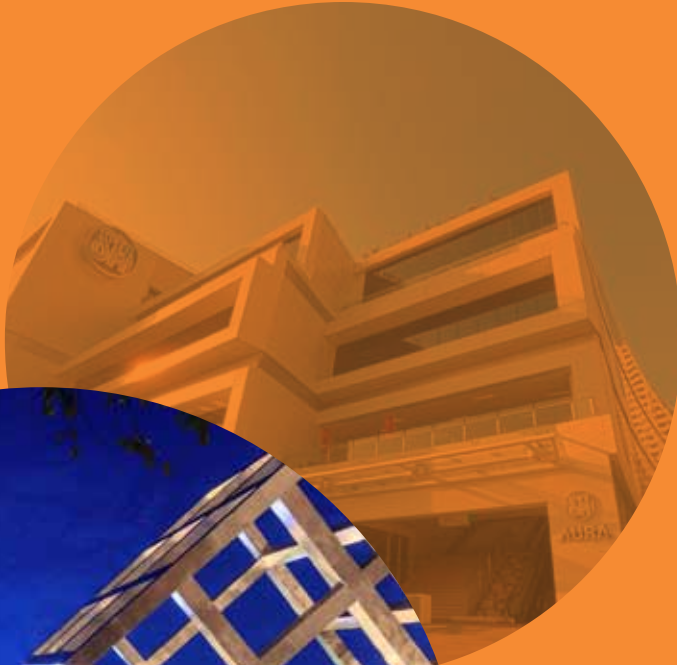


SM's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues made in good faith may be raised freely within the organization. Under the policy, any SM director, officer or employee may instigate an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable law or regulation. Upon receipt of an incident report, Management conducts an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. A compilation of concluded reports is periodically presented to the Audit and Risk Management Committee.

Policy for Vendor Selection and Purchase of Goods and Services



Existing and potential vendors and suppliers are required to conform to the Company's Code of Ethics as a pre-requisite for the accreditation process.



—
**CREATING
ECONOMIC
VALUE**



IMPACT

SUPPORTING
ECONOMIC GROWTH

IMPACT

RETAIL

THE SM STORE

PHP
82.0bn
REVENUES

PHP
2.3bn
EARNINGS

53
STORES

710,997sqm
GROSS SELLING AREA

BANKING

BDO

PHP
2,031.3bn
RESOURCES

PHP
25.0bn
NET INCOME

1,028
DOMESTIC
BRANCHES

PROPERTY

SM PRIME HOLDINGS

PHP
71.5bn
REVENUES

PHP
28.3bn
NET INCOME



SM MARKETS (HYPERMARKETS, SUPERMARKETS, SAVEMORE, WALTERMART)

PHP
127.3bn
REVENUES

PHP
4.1bn
EARNINGS

257
STORES

1,194,600sqm
GROSS SELLING AREA

CHINA BANK

PHP
526.8bn
RESOURCES

PHP
5.6bn
NET INCOME

517
BRANCHES

27 RESIDENTIAL
PROJECTS

7.3Msqm
GROSS FLOOR AREA (PHILIPPINES)

5 OFFICE
BUILDINGS

0.9Msqm
GROSS FLOOR AREA (CHINA)

56 PHILIPPINE + **6** CHINA = **62** MALLS

IMPACT

SM INVESTMENTS CORPORATION

PHP

295.9bn

CONSOLIDATED
REVENUES



PHP

28.4bn

CONSOLIDATED
NET INCOME

SM INVESTMENTS CORPORATION ECONOMIC VALUE TABLE

ECONOMIC VALUE (IN PHP, MILLIONS, AT THE PARENT COMPANY - SM INVESTMENTS CORPORATION)	
Direct Economic Value Generated	299,033.49
Direct Economic Value Distributed	270,919.04
Total Operating Cost	219,091.66
Total Wages & Benefits	13,897.87
Payments to Providers of Capital	22,677.57
Payment to Government	14,596.40
Community Investments	655.54*
Economic Value Retained (Economic Value Generated – Economic Value Distributed)	28,114.45

SUPPORTING ECONOMIC GROWTH

Job Opportunities

SM supports inclusive growth by creating economic opportunities for the communities it serves. As such, SM hires 60% - 80% of its employees within the locality of its malls, bank branches, retail stores and markets. The rest of the jobs which require special skills, training and experience are hired from other parts of the country or abroad.

Supply Chain

Whenever possible, SM promotes upcoming entrepreneurs in its supply chain. SM Markets aids small and medium enterprises (SMEs) to penetrate the market through various programs that bring their products closer to the consumers. SM Bonus, the in-house brand of SM Markets, offers over 2,000 quality and affordable products that are sourced from small or budding

businesses. It introduced the Pasalubong Aisle, where local delicacies from different parts of the country are featured. It also offers a Weekend Bazaar which offers free selling space to small and medium scale enterprises.

SM conducts a rigorous accreditation process for its suppliers which are in compliance with local laws. Vendors and suppliers are also engaged in numerous ESG initiatives, especially in its property group. In banking, BDO only transacts with contractors that are Department of Environment and Natural Resources (DENR) accredited and practice DENR-approved procedures to dispose Data Linear Tape Open (DLTO) cartridges, fluorescent tubes and used oil to ensure that no harmful elements affect the environment.

Community Investments

Beyond profits, SM makes social investments in the community which are managed primarily by its foundations. In 2015, community investments in infrastructure through BDO Foundation and SM Foundation include public health centers, public community multi-purpose halls and public school buildings.



HARNESSING HUMAN POTENTIAL

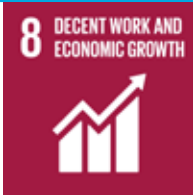


EMPLOYEE PROFILE

EMPLOYEE TRAINING
AND ASSESSMENT

EMPLOYEE WELFARE

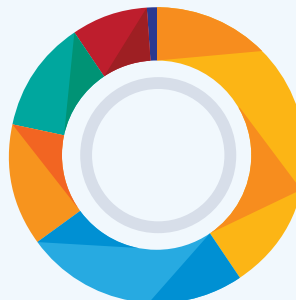
EMPLOYEE WELLBEING
AND ENGAGEMENT



EMPLOYEE PROFILE

SM places high regard on the value generated by its employees. It strives to be an employer of choice that gives importance to the overall development and wellbeing of its people. It promotes equal opportunities and proper compensation regardless of age, gender, religion or race. SM operates all over the country with more than 50% of its employees coming from the National Capital Region, followed by Luzon, Visayas and Mindanao respectively. In this reporting period, the group had no incidents of discrimination nor incidents against indigenous people's rights and human rights.

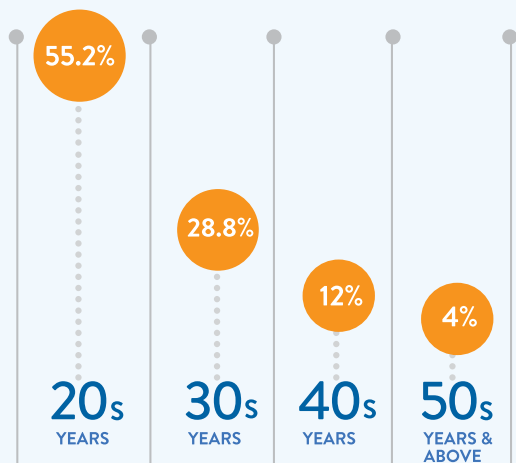
GROUP WIDE EMPLOYEE PROFILE BY COMPANY



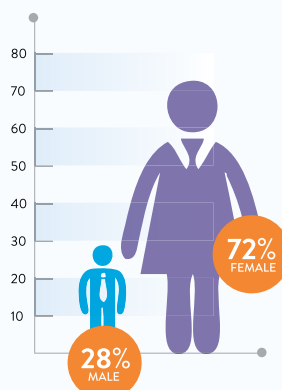
SMIC	0.9%
CHINA BANK	8.4%
SM PRIME	12.1%
FOOD RETAIL	13.4%
NON-FOOD RETAIL	24.4%
BDO	40.8%

65,349*
TOTAL NO. OF EMPLOYEES

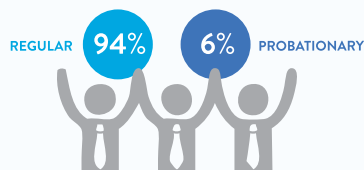
GROUP WIDE EMPLOYEE PROFILE BY AGE



GROUP WIDE EMPLOYEE PROFILE BY GENDER



GROUP WIDE EMPLOYEE PROFILE BY TYPE



*All employee profiles pertain to regular and probationary employees only

HARNESSING HUMAN POTENTIAL

EMPLOYEE TRAINING AND ASSESSMENT

SM provides numerous trainings to help employees develop multiple skillsets which allows them to have broader roles in the future. Training sessions are generally focused on on-boarding programs, specific skills training, management and leadership development and team building. Every year, all regular employees receive an annual appraisal which allows constructive discussions between supervisor and employee. In SM's parent company, SM Investments Corporation, about 10% were promoted. The group presents a range of 87% - 92% retention rate, with BDO being the highest.

EMPLOYEE WELFARE

SM complies with all the regulations defined by the Department of Labor and Employment (DOLE). Benefits provided to regular employees include vacation, parental and sick leaves, health and medical plan, gratuity pay, merit increases and bereavement assistance among others. It is compliant with both General Labor Standards (GLS) and the Occupational Health and Safety Standards (OSHS).

As a general practice, there is no collective bargaining agreement in SM with the exception of BDO, China Bank and SM Mart. All companies have strong relationships with duly recognized unions and work together to meet common objectives.

SM remains an apolitical and non-partisan organization. It engages with both the private and public sectors in relation to stakeholder consultation, community involvement and development, and environmental projects.

SM EMPLOYEE TRAINING AT THE PARENT COMPANY



1,274

TOTAL NUMBER OF EMPLOYEES TRAINED

768

TOTAL NUMBER OF TRAINING HOURS

EMPLOYEE WELLBEING AND ENGAGEMENT

In support of a healthy work-life balance, SM offers many opportunities to achieve total wellness, such as fun runs, health and fitness programs, sportsfests and various community volunteer activities. Regular communications to employees are made to facilitate dissemination of relevant information through various avenues, such as internal newsletters, intranet facilities, bulletin boards and other group meetings.

The retail group, primarily THE SM STORE launched SM L.I.F.E. (Lifestyle Improvement For Employees), a company-wide wellness program, in July 2015. It aims to engage and equip employees to lead a life of wellness at work. Promoting work-life balance, its programs are geared to help develop a sound mind and body with activities that create a more fun and satisfying work environment.



SUSTAINABLE OPERATIONS



PROPERTY | RETAIL | BANKING
SUSTAINABLE OPERATIONS

FEATURE: BUILDING SUSTAINABLE
CITIES AND COMMUNITIES

FEATURE: SUSTAINABLE TOURISM

SUSTAINABLE OPERATIONS



PROPERTY GROUP SUSTAINABLE OPERATIONS

As SM's footprint grows, the ability to efficiently manage resources becomes a top priority. It affects both the performance of the Company and the environment from which resources are extracted. Among the SM group, SM Supermalls has taken the lead in systematically implementing mitigation measures and tracking metrics on a regular basis. The significant environmental aspects of its operations are energy, water, waste and emissions.





SM Supermalls places emphasis on infrastructure resiliency as part of its integrated approach to environmental sustainability and business continuity. Malls located in vulnerable areas like SM City Marikina, SM City Masinag, SM BF Paranaque, SM Center Muntinlupa and SM Mall of Asia are designed to have higher elevations and water catchments. SM Seaside Cebu is designed to withstand seismic and climate-related risks. SM Aura Premier aims to be one of the first civic centers in the country to obtain Gold certification under the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) program.

SM Aura adheres to practices that reduce its environmental impact, from construction to subsequent mall operations. It uses materials that comply with standards for volatile organic compound (VOC) limits. By constructing covered parking spaces and having high albedo and vegetated roofs, the mall is able to use 35% less water than the standard water consumption baseline calculated for such a building. Tenants are also given design and construction guidelines to help them design and build sustainable interiors and adopt green building practices. Tenants are also provided with an easily accessible, dedicated area for recycling.

SM Supermalls follows national environmental laws and regulations and secures permits prior to project implementation. None of the malls are located in protected areas nor have significant effects on biodiversity and endangered species. No spills of any materials from the facilities have occurred in the previous year. For this reporting period, SM Supermalls had no significant fines or non-monetary sanctions that directly impacted the environment.

Energy Efficiency

With the opening of 5 new malls, there is an increased energy intensity due to more fuel consumed in 2015 particularly in the use of renewable compressed natural gas (CNG) for powering some of the mall operations in SM Yubei instead of relying on electricity from the grid. SM Supermalls consumed a monthly average of 48.29 MJ per square meter, higher than that of 2014.

NON-RENEWABLE		RENEWABLE	
			
ENERGY CONSUMPTION WITHIN THE ORGANIZATION			
Category	2014	2015	
Electricity (Mall Consumption)	1,926,898	2,132,756	
Non-Renewable	72,208	55,228	
Diesel	71,463	54,283	
Gasoline	745	945	
Renewable	2,413	293,395	
CNG	2,413	293,395	
Total (GJ)	2,001,519	2,481,379	

ENERGY INTENSITY		
	2014	2015
Monthly Energy Intensity (MJ/sqm)	44.96	48.29
Monthly Electricity Intensity (MJ/sqm)	43.28	41.51



REDUCTION OF ENERGY CONSUMPTION		
Savings	2014 ¹	2015 ¹
Electricity Consumption (KWH/year)	189,197,673	192,023,595
Peso (Million PHP/year)	1,589,622,088	1,463,783,079

In terms of electricity use and electricity intensity, SM Supermalls consumed a monthly average of 41.51 MJ/sqm in 2015, lower than the 2014 monthly average of 43.28 MJ/sqm, showing that efficiencies in electricity use were maintained.

To achieve efficiencies, the Company regularly observes and audits resource consumption in daily operations in order to identify areas for reform or improvement. Through consistent observation followed by acts of conservation, the Company actively establishes its commitment to the environment. The Company maintains partnerships with private and public sectors such as Tropical Focus Philippines, Inc. (TFPI), which helped in the management of air conditioning systems. The efficient management of these systems garnered savings in electricity consumption equal to about Php1.46 billion in 2015. Continuous innovation and improvement has led to substantial savings for new and existing malls.

There has also been an increase in savings from Energy Cost Avoidance (ECA), from the management and servicing of air conditioning systems. Through the partnership with TFPI, SM Supermalls implemented energy efficiency

activities such as having air handling units and chilled water pumps installed with variable speed drives that control fan speeds and water flow which help ensure that the units operate based on temperature conditions. The malls also partner with Energy Service Companies for solutions on real-time temperature monitoring and control, and controlling air conditioning equipment remotely and centrally rather than at pre-determined schedules, allowing easier and more efficient management over these systems.

Water



¹ Does not include savings of SMX.

^{*}Per capita consumption is 250 liters/day. Source: NSCB Compendium of Philippine Environment Statistics 2008.

SUSTAINABLE OPERATIONS

SM Supermalls treats and recycles water to help avoid additional withdrawal of water from the environment. It also makes use of sewage treatment plants to treat its waste water. Treated water becomes part of the non-potable water supply for mall operations used for cooling towers, comfort room flushing and grounds-keeping. Unconsumed treated water is discharged into the public sewer. The Company has been recognized for excellent compliance by the Laguna Lake Development Authority's Diwa ng Lawa Award.

WATER CONSUMPTION BY SOURCE

Source	2014	%	2015	%
Water Provider	10,708,583	91%	11,590,270	88%
Deep well	889,213	8%	871,056	7%
Water Hauler	122,752	1%	673,520	5%
Total (m³)	11,720,548	100%	13,134,846	100%

WATER CONSUMPTION BY USER

USER	2014	%	2015	%
Tenant	6,011,709	51%	7,314,668	56%
Mall	5,708,839	49%	5,820,178	44%
Total (m³)	11,720,548	100%	13,134,846	100%

Solid Waste

SM Supermalls monitors its waste generation as well as the implementation of policies on proper disposal. In 2015, about 4.4 million kg of waste was generated by the SM Supermalls of which approximately 38% was reused and recycled. Cardboard and paper materials accounted for majority of the total waste, including those that were sent for recycling or reuse.



13.1M

CUBIC METERS OF WATER WERE CONSUMED BY SM SUPERMALLS IN 2015

PERCENTAGE OF TOTAL VOLUME OF WATER RECYCLED AND REUSED

	2014	2015
Total Consumption (m ³)	11,720,548	13,134,846
Total Reused (m ³)	3,590,606	3,860,939
% Reused	31%	29%

TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION

	2014	2015
Total Wastewater Generated (m ³ /year)	4,389,502	7,335,839
Total Organic Matter (kg COD/year)	2,113,460	3,392,250

38%



OF WASTE GENERATED BY THE SM MALLS IN 2015 WAS REUSED AND RECYCLED



TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD		
Waste Destination	Amount	%
Reused/Recycled	1,652,059	37.6%
Composted	15,789	0.4%
Deep Well Injected	21,337	0.5%
Landfilled	2,523,796	57.5%
On-site Storage	175,495	4.0%
Total (kg)	4,388,476	100.0%



GREENHOUSE GAS EMISSIONS (SCOPE 1,2,3)			
Scope	Source	2014 ¹	2015
1	Diesel	5,354	4,036
	Gasoline	59	66
	CNG	771	58,650
	Refrigerant	12,956	19,147
	Wastewater Treatment	10,567	16,961
2	Mall Electricity	326,984	360,917
3 ²	Tenant Electricity	372,971	390,515
	LPG	88,596	19,935
Total (tonnes CO_{2e})		818,258	870,227

In 2015, about 870 thousand tonnes of CO_{2e} were emitted by the SM malls. Majority of this was from electricity consumption of mall operations and mall tenants. Emissions from electricity use is dependent upon the fuel mix of the energy grid. With electricity use contributing 81% to overall GHG emissions, SM Supermalls focused on energy efficiencies and the management of air conditioning systems which prevented emissions of about 110 thousand tonnes of CO_{2e}.

Greenhouse Gas Emissions

Greenhouse Gas (GHG) emissions are broken down into 3 scopes: direct emissions within the malls arising from activities controlled by the Company (Scope 1), indirect emissions from purchased electricity (Scope 2) and all other indirect emissions arising from mall operations including activities of tenants not directly controlled by the Company (Scope 3).

GREENHOUSE GAS EMISSIONS INTENSITY		
	2014	2015
Monthly Emissions Intensity (kg CO _{2e} /sqm)	8.26	9.80

For more information on SM Supermalls' sustainability programs, please refer to SM Prime's 2015 ESG Report at www.smpriime.com.

¹ Restated due to differences in emission factors used from previous report.

² Does not include emissions by Mall Logistics Program as data has not yet been finalized as of this report.

SUSTAINABLE OPERATIONS

RETAIL GROUP SUSTAINABLE OPERATIONS

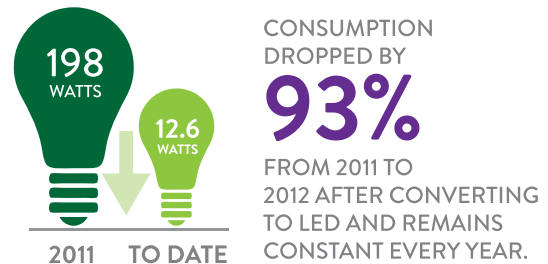
The SM Retail group has also implemented efforts to conserve energy by shifting its lighting to LED lights. For its mall-based stores, SM Markets participates in the solid waste management program of the malls focusing on waste segregation, recycling programs and proper disposal. For stand-alone stores, SM Markets segregates their waste, following local ordinances for proper disposal, while recyclable items like paper, newspapers, cartons and glass are picked up by recycling partners.



BANKING: BDO SUSTAINABLE OPERATIONS

To conserve energy, BDO installed LED lights and signages, and inverter-type air conditioning in all its new branches and is progressively replacing conventional lights, signages and air-conditioning in older branches. Its BDO Corporate Center Ortigas has conformed to the Leader in Energy and Environment Design (LEED) requirements. With the use of low-heat absorbing and high-efficiency curtain walls, it has reduced its air conditioning requirements by an estimated 20%. Its use of high efficiency chillers improved the building energy requirement by an estimated 11% as measured by Coefficient of Performance (COP).

BANK SIGNAGE ENERGY CONSUMPTION



WATER CONSUMPTION DROPPED BY 11%

FROM 2010-2011 AFTER WATERLESS URINALS CONVERSION IN ITS MAKATI CORPORATE CENTER AND REMAINS CONSTANT THEREAFTER.



FEATURE

BUILDING SUSTAINABLE CITIES AND COMMUNITIES



The imminent effects of climate change present constant perils to SM's businesses and the communities it operates in. Beyond the global concern to the impact of changing weather patterns, SM recognizes the vulnerability of the Philippines, due to its location and topography. Facing an average of 20 typhoons a year and affecting about 3.5 million people, the Philippines is classified as the 4th most disaster-ridden country in the world. The negative impact to the economy registers an average of over US\$239 million worth of damages per year.

SM is attentive to the risks that climate change poses on its developments. SM's property group, SM Prime Holdings, takes a proactive stance in disaster risk reduction and resilience. In support of its strategy to build integrated lifestyle cities, SM systematically integrates disaster resilient features in its development to ensure its sustainability and the safety of its populations.

BUILDING ON SOLID FOUNDATION

The SM Mall of Asia (MOA) is situated at the center of the SM MOA Complex, a premier integrated lifestyle city development of SM, built on 1,727,000 square meters of reclaimed land. From its conceptualization stage, SM strategically studied its environs, carefully calculating its risks and devising schemes to mitigate risks.

The design of the seawall required an excavation to create a foundation area. Although this methodology required more investments, it provides a greater degree of protection against liquefaction and strength against seismic events. The seawall also features a wave return and a drainage channel.

Its main road was constructed +3.00 meters from the Mean Lower Low Water (MLLW). Its ground floor was constructed 1.5 meters above

* The Mean Lower Low Water is the average of the lower low water height of each tidal day as defined by the Center of Operational Oceanographic Products and Services.

FEATURE

the road level making the final mall structure 4.5 meters from the MLLW. Given its proximity to the ocean, the foundation for the mall was reinforced by pilings that were driven down to improve its soil bearing capacity. Special considerations were taken to minimize the effects of flooding during a storm or extreme tides and in anticipation of soil consolidation.

AFFORDABLE QUALITY LIVING

The SM MOA Complex also includes commercial properties, hotels and residential buildings. SM Development Corporation (SMDC), SM's residential property group, promotes inclusive growth by developing residential condominium buildings at affordable price points. With an understanding of the aspirations of the emerging new middle class, SM offers a new lifestyle of achievable luxury and convenience. By offering ready-for-occupancy units at deferred down payment schemes, SM is able to offer typical Filipinos access to home ownership, cumulatively contributing to meeting the gap of the country's housing backlog.

PROMOTING SAFE AND HEALTHY LIVING

SM gives high regard to safety of both its residents and transient populace. Providing access to energy efficient public transportation is complementary to SM's strategy to develop resilient cities. Energy efficient hybrid buses called "Green Frog" cover the SM MOA Complex to the Makati Central Business District as their daily route. The "Green Frog" buses run simultaneously on electricity and diesel generating 80% less exhaust gasses. For pedestrians, elevated and well-lit walkways provide convenience and safety.



The SM MOA Complex also promotes an active lifestyle by closing a portion of its roads to motorists before 8am for the exclusive use of cyclists and runners. Multiple marathons and fun runs are held not only for health reasons but also to raise awareness for various causes.

INCLUSIVE GROWTH

The SM MOA Complex helps promote economic growth through job and business opportunities. The mall alone provides more than 13,000 direct and indirect jobs. Land value has also increased tremendously from its initial zonal value.

POSITIVE OUTCOMES OF DISASTER RESILIENCE

With its deliberate approach to build disaster resilient lifestyle cities, the SM MOA Complex has been flood-free and able to withstand strong winds during typhoons and earthquakes. It has evaded storm surges of recent typhoons. Over the past 10 years, the SM MOA Complex has experienced almost 50 typhoons and 4 earthquakes. It has been spared from 2 incidents of massive flooding in surrounding areas due to monsoons. Through its conscious effort to remain adaptable to climate change and its effects, SM has taken ample steps to help ensure the safety of its inhabitants and promote business continuity.

FEATURE

SUSTAINABLE TOURISM



Two hotels under SM Hotels and Conventions Corp. have undergone assessment by EarthCheck. EarthCheck is a benchmarking, certification and advisory group that focuses on travel and tourism. They are known for encouraging sound environmental and social business practices, as well as providing leisure properties with guideposts towards efficient operations. Radisson Blu Cebu is EarthCheck certified, while Pico Sands Hotel, Nasugbu, Batangas has met the requirements to be recognized as an EarthCheck Benchmarked Accommodation-Vacation Hotel.

RADISSON BLU

Radisson Blu Cebu has been able to drastically improve the efficiency of its business operations, while lessening its impact on the environment through the adoption of numerous resource

conservation programs. This includes the hotel's participation in Earth Hour (March 2015), wherein select lighting and air conditioning mechanisms were shut down which translated to a savings of 86.35kWh. Radisson Blu also updated/replaced several of its heavy-duty equipment, such as its chiller which translates to a projected energy savings of Php500,000-700,000 a month and replaced a thousand (1000) ordinary fluorescent tubes with LED fluorescent tubes – reducing a regular monthly consumption bill of around Php145,000 to just Php64,000 for a projected savings of around Php80,000 and a payback of one (1) year.

To do its part in water conservation, Radisson Blu replaced all of its landscape plants with tropical plants that need less water, resulting in 6% lower irrigation water consumption in a

RADISSON BLU CEBU

Scope	EarthCheck		+/-	Translation
	2014 Scores	2015 Scores		
Energy Consumption	186.24	230.84	+44.6	Excellent
Greenhouse Gas Emissions (Scope 1 and Scope 2)	22.56	27.14	+4.58	Excellent
Potable Water Consumption	652.05	701.88	+49.83	Well Done



ten (10) month period. The hotel also installed Rain Water Collecting Tanks that produce water for irrigation use, cleaning and the flushing of the hotel's grease trap vault. Furthermore, water saving aerators were installed in all guestroom shower heads and hand wash taps to lessen water consumption by 40%.

Other environmentally friendly measures adopted by Radisson Blu include the organization of mangrove planting in industrial areas in Naga, Cebu in 2014 and Danao City in 2015. Radisson Blu is also the first hotel in the Cebu area to adopt paperless check-in/out with e-signers that save close to 23% on paper consumption. The hotel has also adopted a Zero Waste Management system which promotes the recycling of all types of waste.

HAMILO, NASUGBU, BATANGAS

One of SM's prime examples of Environmental, Social and Governance (ESG) programs is the Company's Hamilo development on a 5,600 hectare property in Nasugbu, Batangas. Its mission is to be a sustainable resort operation which not only provides quality experience and service but also preserves the environment and supports its host communities.

Hamilo as a community has been able to meet or surpass Best Practice levels in five (5) of the assessed EarthCheck indicators, namely, a) Energy Consumption, b) Potable Water Consumption, c) Waste Recycling Rating, d) Water Samples Passed and e) Green Space.

Apart from the measures adopted to satisfy EarthCheck, SM's commitment to protecting the environment and promoting environmental

sustainability may be seen in its other progressive programs and activities. One such activity is the conservation of ten (10) hectares of mangroves along the shoreline of one of Hamilo's coves. The area is regularly monitored to ensure its survival and is expected to host to an abundance of sea creatures and plants that will contribute to the overall health of Nasugbu's marine life.

Hamilo has also adopted vermicomposting, which is the process of using worms to transform organic waste products into nutrient-rich organic fertilizer and/or soil conditioner as a measure to promote eco-waste management. Another method that Hamilo has adopted to transform organic waste into useful by-products is its charcoal briquette program. This program relies on transforming solid waste from landscaping projects into charcoal briquettes that are safer for the user as well as the environment. These briquettes burn more efficiently than commercial charcoal briquettes and are utilized throughout Hamilo.

Pico Sands Hotel is included in Hamilo's leisure property. The hotel has been able to maintain Best Practice levels in six (6) of EarthCheck's indicators, namely, a) Energy Consumption, b) Greenhouse Gas Emissions (Scope 1 and Scope 2), c) Potable Water Consumption, d) Waste Sent to Landfill, e) Cleaning Products Rating and f) Pesticide Products Rating.

SM's leisure properties will continue to improve their business practices in accordance with EarthCheck indicators not only to help the environment but also to improve their operational costs.

HAMILO'S ENVIRONMENT PROTECTION AND CONSERVATION PROGRAM





PARTNERSHIPS ON CLIMATE CHANGE ADAPTATION

UNISDR | UN ARISE PARTNERSHIP

SOLAR ENERGY | AUTOMATED WEATHER STATIONS PARTNERSHIPS

IFC PARTNERSHIP | SUSTAINABLE ENERGY FINANCE

ENVIRONMENTAL AWARENESS CAMPAIGNS



PARTNERSHIPS ON CLIMATE CHANGE ADAPTATION



UNISDR | UN ARISE

SM takes a leadership role in spearheading the UN Private Sector Alliance for Disaster Resilient Societies (ARISE) initiative in the Philippines. It invited at least 100 companies to make disaster resilience part of its business models. The companies signed a commitment to help raise awareness and to implement projects in disaster risk reduction.

Mr. Hans T. Sy, President of SM Prime Holdings, serves as one of the UN ARISE Board Members for 2015 – 2017. The UN ARISE is part of the United Nations Office for Disaster Risk Reduction (UNISDR), with the mission to create risk-resilient societies by energizing the private sector to collaborate with the private sector to achieve the outcome and goals of the Sendai Framework.

SM Investments Corporation and its subsidiaries signed the commitment this year during the Top Leaders Forum at the SMX Convention Center in the SM MOA Complex.

SOLAR ENERGY AND AUTOMATED WEATHER STATIONS

SM partners with various organizations to adapt to climate change.

In partnership with the Weather Philippines Foundation, SM promotes disaster risk reduction by installing Automated Weather Stations (AWS) in each mall. To date, 54 AWS have been installed. Each serves as the most accurate real-time tool for communities to determine and forecast future weather conditions in order to be as proactive as possible in avoiding natural calamities.

To offset potential energy shortages, SM Prime partnered with Solar Philippines to put up solar panels on the rooftop of SM North EDSA which generate 1.5 megawatts of electricity. In China, SM installed solar panels in SM Xiamen and SM Jinjiang as well.



SUSTAINABLE ENERGY FINANCE

BDO and China Bank have been implementing their Sustainable Energy Finance (SEF) Programs in cooperation with International Finance Corporation (IFC), the private sector arm of the World Bank Group. SEF focuses on building the Bank's Energy Efficiency (EE) and Renewable Energy (RE) portfolio by providing training to bank staff, delivering technical assistance assessments to clients and raising market awareness initiatives to promote greener investments.

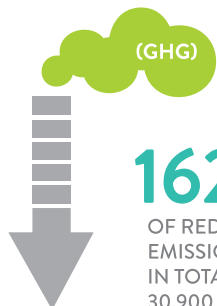


BDO has achieved great milestones on this front. Throughout its implementation, BDO gained market recognition for sustainable energy financing, particularly in financing renewable energy, specifically biomass and mini-hydro. BDO and IFC jointly received an international award during the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties 19, held in Warsaw, Poland. BDO SEF was one of the six (6) Momentum for Change Lighthouse Activities recognized for inspiring climate action in the financing for climate-friendly investments category.



PHP7bn

TOTAL FUNDS LOANED BY BDO IN SEF PROGRAM



162,000 tonnes

OF REDUCED GREENHOUSE GAS EMISSIONS FROM FINANCED PROJECTS IN TOTAL EQUIVALENT TO REMOVING 30,900 CARS OFF THE ROAD

9,355 MWH/YEAR

OF ENERGY SAVINGS THROUGH FINANCED ENERGY EFFICIENCY PROJECTS

243,550 MWH/YEAR

ENERGY GENERATED THROUGH RENEWABLE ENERGY PROJECTS FINANCED

PARTNERSHIPS ON CLIMATE CHANGE ADAPTATION



ENVIRONMENTAL AWARENESS CAMPAIGNS

Throughout the SM group, various environmental awareness campaigns are conducted to its employees and its customers. In the property group, it educates its mall tenants, suppliers and vendors on pressing environmental issues through its annual Green Retail Agenda. It also invites students to free screenings of environmentally-themed films during the annual Green Film Festival. In partnership with World Wildlife Fund (WWF) Philippines, all SM malls shut their lights off for an hour, while SM Markets shuts off 50% of its lights in participation of Earth Hour. It also invites its customers to bring their trash in exchange of cash under its Trash to Cash program. Since its inception, this Trash to Cash program has already paid out Php47 million worth of recycled goods to the participating public.

The Retail group has also implemented its awareness programs through its MyOwnBag (M.O.B.) Campaign by promoting the use of re-usable shopping bags among its customers. It has also promoted tree planting to all SM businesses and volunteers through its Grow A Million Trees Program, in partnership with SM Foundation. To date, 536,479 saplings have been planted.

In banking, BDO launched its BDO Greening Campaign to raise awareness on environmental issues, promote good environmental practices in the workplace and mobilize its employees to conservation initiatives. Awarded a Corporate Partner of the Year Award by WWF Philippines, BDO has been supporting programs on climate change, food security and environmental conservation. BDO also raised funds through its ATM network nationwide in support of WWF programs.



IMPROVING LIVES,
SUPPORTING
COMMUNITIES

SM FOUNDATION

SM CARES

BDO FOUNDATION

SM RETAIL GROUP COMMUNITY
INVOLVEMENT PROGRAMS



WHEREVER SM OPERATES, IT WORKS WITH THE COMMUNITIES TO IDENTIFY THEIR NEEDS. AFTER YEARS OF CONSULTATION AND ENGAGEMENT, THE GROUP HAS IDENTIFIED KEY AREAS THAT ARE COMMON IN ALL ITS HOST COMMUNITIES.



COMMUNITY INVOLVEMENT

Wherever SM operates, it works with the communities to identify their needs. After years of consultation and engagement, the group has identified key areas that are common in all its host communities. These pertain to basic needs such as education, healthcare and food security which are part of the United Nations Sustainable Development Goals 2030. Committed to create inclusive growth, SM developed a community impact template to illustrate the various areas in which it provides direct support to its host communities. The SM group works in collaboration with SM Foundation, SM Cares and BDO Foundation for its social development programs.



SM FOUNDATION

TOTAL IMPACT TO DATE

3,660 
COLLEGE
SCHOLARS
SUPPORTED

75 SCHOOL
BUILDINGS WITH
227 CLASSROOMS
BUILT

467
TECHNICAL-
VOCATIONAL
SCHOLARS
SUPPORTED

24 SCHOOL
BUILDINGS WITH
58 CLASSROOMS
REPAIRED

1,131
MEDICAL
MISSIONS
CONDUCTED



840,313
PATIENTS
BENEFITTED IN
MEDICAL MISSIONS

115
HEALTH CENTERS
RENOVATED AND
REFURBISHED



12,750
FARMERS
TRAINED FROM

100 KSK
FARMERS'
TRAININGS
CONDUCTED

2,123
BARANGAYS IN
551
MUNICIPALITIES



536,479
SAPLINGS PLANTED
BY EMPLOYEES,
AFFILIATES AND
PARTNERS

IMPACT IN 2015

EDUCATION



1,500 COLLEGE
SCHOLARS SUPPORTED IN
84 PARTNERS SCHOOLS
148 TECHNICAL-VOCATIONAL
SCHOLARS SUPPORTED
8 SCHOOL BUILDINGS WITH
32 CLASSROOMS BUILT
6 SCHOOL BUILDINGS WITH
16 CLASSROOMS REPAIRED

HEALTH



114 MEDICAL MISSIONS CONDUCTED
90,932 PATIENTS BENEFITTED
IN MEDICAL MISSIONS
14 HEALTH CENTERS RENOVATED AND
REFURBISHED
321,300 ML OF BLOOD
COLLECTED FROM
714 EMPLOYEE-DONORS
FOR THE SM EMPLOYEES BLOOD BANK

FOOD SECURITY & LIVELIHOOD



20 KSK FARMERS'
TRAININGS CONDUCTED
2,670 FARMERS TRAINED FROM
337 BARANGAYS
IN **72** MUNICIPALITIES

RELIEF OPERATIONS



17,100 FAMILIES
SERVED THROUGH
OPERATION TULONG EXPRESS

ENVIRONMENT



99,273 SAPLINGS
PLANTED BY EMPLOYEES,
AFFILIATES AND PARTNERS

IMPROVING LIVES, SUPPORTING COMMUNITIES

ACCESS TO INCLUSIVE AND EQUITABLE QUALITY EDUCATION

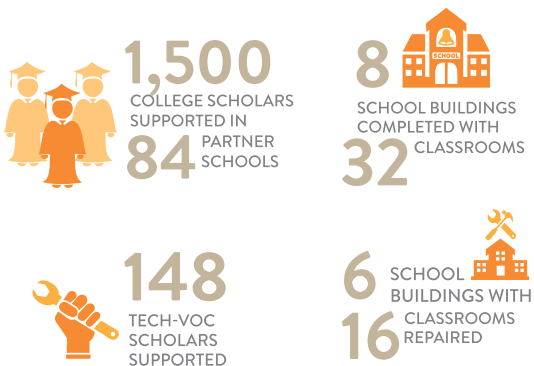
Aligned to the UN Global Goals 2030, SM invests most of its social investments to provide access to quality education. Its approach is two-pronged: (1) to improve the quality of public education by providing proper infrastructure and facilities, and (2) harnessing the potential of the youth to be productive citizens by providing college and technical-vocational scholarships.

The disparity between private and public school education has widened due to lack of facilities and quality teaching methods among other reasons. To narrow this gap, SM Foundation builds, donates and covers the cost of maintenance of public school buildings. The buildings are furnished with arm chairs, wall fans, blackboards, teacher's desk sets and toilets. By providing a conducive environment for learning there has been a reported increase in attendance, improvement in test scores, improvement in quality of teaching for the teachers and an over-all increase in morale and motivation among the community.



SM Foundation also invests a large part of its resources in the scholarship program for college and technical-vocational education. The scholarship program provides full tuition and a monthly stipend. The SM college scholars are also offered on-the-job internships and full time jobs in the SM group upon graduation. The graduates are under no obligation to join SM and are encouraged to pursue the best opportunities available to them. In support to the transition to K-12 education system in the Philippines, SM Foundation will increase its number of technical-vocational scholars to 1,000 a year starting in school year 2016 – 2017.

IMPACT IN 2015



ACCESS TO HEALTH AND WELLNESS

Also aligned to the UN Global Goals, SM Foundation supports the health and wellbeing of its host communities by providing access to universal healthcare with a two-pronged approach: (1) providing immediate medical care through its medical missions, and (2) facilitating quality healthcare by upgrading public health centers to be accredited by the Philippine Health Insurance Corporation (PhilHealth).

To create an immediate intervention in the overall health of its host communities, SM Foundation conducts medical and dental missions with laboratory tests, diagnostics and complete cycle of antibiotic treatment required. In 2015, SM partnered with the Philippine Business for Social Progress (PBSP), through a USAID program, to help identify tuberculosis patients and combat the disease by referring them to a full TB-DOTS program. It provides full-cycle treatment as well as other laboratory services.

On a more systemic approach, the gap in universal healthcare is because most public health centers in rural areas do not meet PhilHealth accreditation due to inadequate facilities. This, in turn, leave many members unable to utilize their benefits. By refurbishing and upgrading public health centers in the country, SM Foundation is able to help fill the gap in the challenge of providing universal healthcare.



ACCESS TO FOOD SECURITY THROUGH SUSTAINABLE AGRICULTURE

The UN Global Goals identify food security to be a global challenge accelerated with the declining support in agriculture and the effects of climate change. Long before this was recognized as a global concern, SM Foundation has been training farmers through its Kabalikat sa Kabuhayan (KSK) Farmers' Training Program – a 12-week program which trains farmers on sustainable agricultural techniques to attain food security as well as to help provide livelihood. In 2015, a step-up measure that the SM Foundation launched is the Urban Vegetable and Fruit Gardening training under the KSK umbrella program this time to address food security in urban areas.

IMPACT IN 2015



14

HEALTH CENTERS RENOVATED AND REFURBISHED



114 MEDICAL MISSIONS CONDUCTED

90,932

PATIENTS BENEFITTED IN MEDICAL MISSIONS



321,300ML

TOTAL BLOOD COLLECTED FROM

714 EMPLOYEE-DONORS FOR SM EMPLOYEES BLOOD BANK



IMPROVING LIVES, SUPPORTING COMMUNITIES

IMPACT IN 2015

20 

KSK FARMERS'
TRAININGS
CONDUCTED

2,670 FARMERS
TRAINED
FROM

337 BARANGAYS IN
72 MUNICIPALITIES



ACCESS TO LIVELIHOOD AND ALL FORMS OF DECENT WORK



SM Foundation provides skills and on the job training and opens doors of opportunity for worthwhile employment. In line with SM's strategy to employ local talent, SM Foundation goes a step further by developing the skills required by SM from members of the local communities. For instance, SM Foundation provides hospitality training for hotel and resort employment to residents of communities surrounding the Hamilo property.



OTHER PROGRAMS

SM Foundation provides immediate relief for victims of calamities. In 2015, a total of 17,100 relief packs were distributed.

In partnership with SM Retail, SM Foundation implements the Grow A Million Trees Program. In 2015 alone, 99,273 saplings were planted. To date, a total 536,479 saplings have been planted.

SM CARES

In 2015, SM Cares, a division of SM Foundation, has achieved another landmark year in managing the Corporate Social Responsibility (CSR) programs of SM Prime for Children and Youth, Women and Breastfeeding Mothers, Persons with Disabilities (PWDs), Senior Citizens, Overseas Filipino Workers (OFW) and Environment and Sustainability. It gained international and local recognitions as a catalyst for change, especially for its programs for persons with disabilities (PWDs).

PROGRAM FOR PERSONS WITH DISABILITIES

All malls are designed to meet the needs of PWDs such as dedicated areas for parking and disembarking, special restrooms, ramps, braille signages, designated seats in the theaters and dining rooms, as well as utilities within accessible height like pay phones and wash room sinks. Mall personnel are also trained to respond to the unique needs of PWDs.

Topping its initiatives for the PWDs and the elderly, SM Cares organized its first Earthquake Resilience Conference for Persons with Disabilities and Senior Citizens, in partnership with the National Council for Disability Affairs (NCDA) and other agencies.

It also conducted its annual special screening for the deaf and the blind, simultaneously in 31 malls, with a 775% increase in participation. More participants also joined the annual Angels Walk for autism awareness and Happy Walk for Down Syndrome awareness. It also held a special concert for the benefit of PWDs.



PROGRAM FOR SENIOR CITIZENS

SM Cares has always championed the causes of senior citizens. Aside from providing them with services for leisure and ease, SM also gives senior citizens opportunities to help them rediscover their self-worth in society. For these initiatives, various Local Government Units (LGUs) have recognized SM as a “senior citizen-friendly” shopping mall.

In partnership with various organizations, SM implements programs in selected malls throughout the year to encourage the active participation of senior citizens in the community such as Casual Employment for Senior Citizens, Elderpreneurship where products made by senior citizens are sold in the mall and many other activities.



1,332
SENIOR CITIZENS
EMPLOYED
TO DATE

4,000
SENIOR CITIZENS
BENEFITTED IN THE
ELDERPRENEURSHIP
WORKSHOP

1,000
SENIOR CITIZENS LEARNED
FROM OLDIES BUT TECHIES
WORKSHOP

IMPROVING LIVES, SUPPORTING COMMUNITIES

20,000

PARTICIPANTS JOINED
THE KGBC WALK AND RUN



400,000

MOTHERS AND BABIES HAVE
BEEN SERVED BY THESE
BREASTFEEDING STATIONS.



PROGRAM FOR WOMEN AND BREASTFEEDING MOTHERS

In partnership with United Nations Children's Emergency Fund (UNICEF), SM Cares promotes breastfeeding by installing breastfeeding stations in the malls serving about 400,000 mothers and babies. It also raises awareness on breast cancer by joining Avon's "Kiss Goodbye to Breast Cancer" (KGBC) Walk and Run. About 20,000 participants attended the annual event at the SM Mall of Asia Open Grounds under the theme "I Share the Fight Against Breast Cancer".



PROGRAM FOR OVERSEAS FILIPINO WORKERS

SM Global Pinoy aims to give back to the country's 2.4 million OFWs through the SM Global Pinoy Center, special programs, seminars, and workshops that will aid and enrich the entrepreneurial skills and perspectives of the Global Pinoy and their families. Through the SM Global Pinoy Centers, OFWs and their families are able to avail services such as processing of international remittances, long distance calls and other various exclusive services.

In partnership with the Philippine Overseas Employment Agency (POEA), the Overseas Workers Welfare Administration (OWWA), Social Security Services (SSS) and PhilHealth, OFWs are able to secure the Overseas Employment Certificates (OEC). In partnership with Marina, seamen may receive their seaman's book inside the seafarer's center at the SM Global Pinoy Center.

SM Cares also conducts other various activities such as Financial Literacy Seminars and Global Negosyo Roadshow to help manage their hard earned savings as well as a yearly *Pamaskong Handog Para sa OFW* wherein they are treated to performances, raffle draws and sales.



1.5M

OFWS AND FAMILIES
VISITED 38 SM GLOBAL
PINOY CENTERS



120,000

SEAMEN RECEIVED
THEIR SEAMAN'S BOOK

PHP100M

WORTH OF INTERNAL
REMITTANCES PROCESSED

260,000

OFWS RECEIVED THEIR
OVERSEAS EMPLOYMENT
CERTIFICATES (OECs)

SM is also participating in a nationwide ANAK OFW Film Fest spearheaded by the IMPACT Creative Organization for Development & Empowerment (IMPACT CODE) Inc. The activity aims to reach out to and empower the children of OFWs to inspire and create awareness on the realities of migration and its impact to the families left behind.

PROGRAM FOR CHILDREN AND YOUTH

In partnership with UNICEF, SM Cares launched the Drink for 2 Campaign, wherein a portion of the proceeds of the SM bottled water goes to UNICEF for the installation of safe drinking water systems in urban poor areas and remote provinces in the Philippines including Masbate, Capiz, Northern Samar, Puerto Princesa and Pasay City. It also participated in the Heroes for Children Run to raise funds for UNICEF's 1,000 Days campaign which aims to promote access to essential nutrition and health services during the first 1,000 days of life – from conception up to the first two years, which is identified to be the critical window of opportunity in providing the proper foundation to shape a child's growth and development following the framework of Early Childhood Care and Development (ECCD).

In partnership with the Department of Social Welfare and Development (DSWD), it launched the Adoption Consciousness Week to raise awareness on the joys of adopting abandoned children. It also promotes road safety for children through its National Safe Kids Month in partnership with Safe Kids Philippines. Also in partnership with DSWD, SM Cares launched Zumbata to raise awareness on child protection through various activities even dancing Zumba.

 **113,000**
CHILDREN GIVEN ACCESS TO CLEAN WATER

1,000 
ATTENDEES FOR THE NATIONAL SAFE KIDS MONTH

To improve literacy, SM Cares implements the National Children's Book Reading Day in various malls in the Philippines and in China. In August 2015, more than a thousand participants gathered at the SM North EDSA Skydome for International Youth Day.



BDO FOUNDATION

BDO FOUNDATION PURSUES ITS DISASTER RESPONSE ADVOCACY WITH RELIEF, REHABILITATION AND RECONSTRUCTION AS ITS MAIN INTERVENTIONS.



BDO Foundation aims to help marginalized members of society affected by natural or man-made disasters cope with their condition through a full-cycle disaster response program. From immediate relief efforts to medium and long-term rehabilitation projects, the foundation helps uplift people's lives.

DISASTER RESPONSE

In response to calamities, BDO Foundation mobilizes volunteers from BDO branches to mount relief operations with the support of SM stores and local government.


ACCESS TO EDUCATION, HEALTHCARE AND SHELTER

BDO Foundation constructs school buildings in areas devastated by calamities and contributes to youth development through various skills training programs. It participates in the government's Adopt-A-School Program by building fully furnished classrooms in public schools.

The foundation rehabilitates rural health centers to help improve the delivery of healthcare services especially to vulnerable members of the community such as infants, children, pregnant and nursing mothers and the elderly.



61,170
FAMILIES SERVED IN
RELIEF OPERATIONS



9 SCHOOL BUILDINGS
CONSTRUCTED WITH
32 CLASSROOMS
BENEFITTING
12,980
STUDENTS

469
HOUSES BUILT FOR
FAMILIES DISPLACED
BY DISASTERS




8 HEALTH CENTERS
REHABILITATED
BENEFITTING
547,974
INDIVIDUALS

FINANCIAL INCLUSION

As part of its long-term rehabilitation program, the foundation builds houses and multi-purpose halls for calamity-stricken communities. The goal is to provide community members the social capital they need to help rebuild their lives. BDO Foundation Multi-Purpose Halls are fully funded by donations from BDO employees and officers.

BDO Foundation supported the homeowners associations of calamity-stricken communities in Capiz and Iloilo in aid of the Post-Yolanda Support for Safer Homes and Settlements project of the United Nations Human Settlements Programme (UN-Habitat). It facilitated the transfer of US\$3 million from the Japanese government and the Department of Social Welfare and Development (DSWD) to help build 660 houses. Furthermore, BDO volunteers trained community leaders on opening bank accounts and managing transactions to help them finance the construction of their homes.

 **US\$3M**
FUNDS MANAGED FOR
COMMUNITIES IN CAPIZ
AND ILOILO TO SUPPORT
THE POST-YOLANDA SUPPORT
FOR SAFER HOMES AND
SETTLEMENTS PROJECT
OF UN-HABITAT

 **660**
HOMES BUILT IN
PARTNERSHIP WITH
THE GOVERNMENT OF
JAPAN AND DSWD



410 

FAMILIES WITH DISABLED MEMBERS
(PWDs) PROVIDED WITH LIVELIHOOD

4 

PWD COOPERATIVES
GIVEN LIVELIHOOD
SUPPORT TO PRODUCE

1,400


CHAIRS AND

112 

TEACHER'S DESK AND
CHAIR SETS FOR BDO
FOUNDATION SCHOOL
BUILDING PROJECTS

ACCESS TO LIVELIHOOD

BDO Foundation helps people affected by calamities, including Persons with Disabilities (PWDs), to rebuild their lives by providing skills training, livelihood opportunities and sources of income. Specifically, the foundation procures school furniture from cooperatives of PWDs affiliated with the Foundation for These-Abled Persons Inc.

NURTURING THE ENVIRONMENT

BDO Foundation participates in the Grow A Million Trees Program, an environmental initiative led by the SM group of companies through SM Foundation. Volunteers from BDO branches and various departments planted 10,000 saplings on 20 hectares of land in Antipolo for the benefit of the local community and the environment in general.



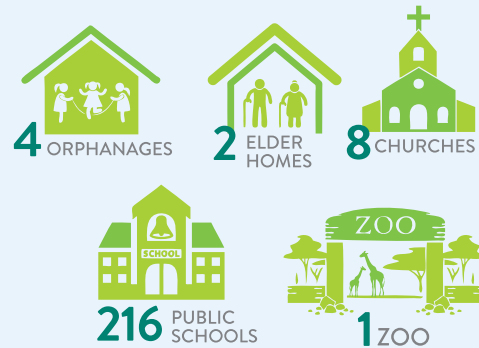
SM RETAIL GROUP

COMMUNITY INVOLVEMENT PROGRAMS



BARYANIHAN

The SM Retail group invites customers annually to support its host communities by simply donating their loose change. Collectively, the funds are donated to help schools, elderly homes and orphanages. Through this program, which lasts for 6 months every year, SM and its stakeholders help improve the quality of lives of the vulnerable members of its host communities.



THE GRAND-GREETERS PROGRAM

The SM Food Retail group provides avenues for senior citizens to be productive members in the community by employing them on a part-time basis as greeters. The program is held twice a year, once in September for Grandparents’ Day, and in December for the holiday season. It also promotes the Filipino culture of “extended family” by having shoppers and senior citizens engage more actively. Since its launch, 1,944 senior citizens have signed up for the program.

PARTNERSHIPS WITH SM FOUNDATION

The SM Food Retail group is a partner of SM Foundation in the areas of farmers’ training, health and disaster response. It has taken the lead in training farmers on sustainable agriculture to attain both food security and livelihood. The program likewise encourages some farmers to enter the supply chain by becoming subcontractors or suppliers of fresh vegetables to SM Markets.

The SM Food Retail group also supports the medical missions program of SM Foundation by sending volunteers to assist. During calamities, it also serves as the principal partner of SM Foundation’s relief operations. Having a wide network of suppliers and distribution centers nationwide, SM Retail has the capacity and resources to efficiently and immediately pack and distribute relief goods at no extra cost and free from contamination.





THE REPORT

AWARDS & ACCOLADES

GRI INDEX



AWARDS AND ACCOLADES

SMIC

The Asset Corporate Awards

Platinum Awardee (2009-2015)
For All Around Excellence in:
Management
Financial Performance
Corporate Governance
Investor Relations
Social Responsibility

Alpha Southeast Asia 5th Institutional Investor Awards

Most Organized Investor Relations
Best Senior Management
IR Support
Most Consistent Dividend Policy
Best Strategic Corporate
Social Responsibility
Jose T. Sio
Best CFO in the Philippines

Corporate Governance Asia 5th Asian Excellence Recognition

Awards 2015
Best CSR
Jose T. Sio
Best CFO (Investor Relations)
Best IR Company (Philippines)
Corazon P. Guidote
Best IR Professional (Philippines)
Best Environmental Responsibility
Best Corporate Communications Team

Finance Asia Magazine

Ms. Teresita Sy-Coson - cited among the
Top 25 Women in Asia Pacific Finance

Finance Asia Best Managed Companies Poll

Best Managed Company (4th)
Best Corporate Governance (7th)

Yazhou Zhoukan

The Global Chinese Business 1000
Awards - Outstanding Performance

Philippine Trust Index 2015 (EON)

SM – One of the Most Trusted Companies
in the Philippines

BizNews Asia

Ms. Teresita Sy-Coson
– Visionary Management Excellence Award

Anvil Awards

Silver Anvil: PR Tools,
Unified Annual Report 2014
Gold Anvil: PR Tools, SMIC ESG Report 2014

Jobstreet 2015 Top Companies Report

SM Investments Corporation -
One of the Ten Most Aspired
Companies in the Philippines

SM PRIME

The Asset Corporate Awards

Platinum Awardee (2010-2015)
For All Around Excellence in:
Management
Financial Performance
Corporate Governance
Investor Relations
Social Responsibility

Corporate Governance Asia 5th Asian Excellence Recognition Awards 2015

Hans T. Sy
Best CEO (Investor Relations)
Best CSR
Jeffrey C. Lim
Best CFO (Investor Relations)
Best IR Company (Philippines)
Best Environmental Responsibility

ASEAN Corporate Governance Award

One of the Top 50 Publicly Listed Companies
in the ASEAN Region

Euromoney Real Estate Poll

Best Real Estate Developer (Retail)
in the Philippines

Southeast Asia Property Awards

Highly Commended Best Developer
- SM Prime Holdings, Inc.
Best Retail Architectural Design
- SM Mega Fashion Hall (SM Supermalls)
Highly Commended Best Landscape
Architectural Design
- Shell Residences (SMDC)

Philippine Property Awards

Best Developer – SM Prime Holdings, Inc.
Best Retail Development and
Best Retail Architectural Design
– Mega Fashion Hall (SM Supermalls)
Best Landscape Architectural Design
- Shell Residences (SMDC)
Best Affordable Condo
Development (Metro Manila)
- Mezza II Residences (SMDC)

Reader's Digest 17th Annual Trusted Brands Survey

Platinum Trusted Brand Award in
the Shopping Center Category
– SM Supermalls

Mall China Golden Mall Awards

SM City Xiamen/SM Lifestyle Center
Mr. Steven Tan
International Professional
Leader Award

People Asia's People of the Year Award

Hans T. Sy
SM Prime Holdings, Inc. President

City Government of Bacolod

SM Prime Holdings, Inc. – cited as one
of the Top Corporate Taxpayers

25th SKAL International Tourism Personality Award

Mr. Hans T. Sy – recipient of Integrated
Tourism Enterprises Award

Apolinario Mabini Awards

SM Cares Program on Disability Affairs
– first ever Hall of Fame Award

Sustainable Business Awards

Hamilo Coast - EarthCheck Bronze Certified

ASEAN Corporate Governance Award

by ASEAN Capital Markets Forum
(ACMF) and its partners
SM Prime Holdings, Inc.

Apolinario Mabini Awards

(Philippine Foundation for the
Rehabilitation of the Disabled)
Hall of Fame Award for SM Cares Program
on persons with Disabilities (PFRD)
SM Aura Premier (Silver)
SM City Clark (Bronze)
SM City Pampanga (Special Award)

2015 Don Emilio Abello Energy Efficiency Award

Hall of Fame

SM City Lipa
SM City Lucena
SM City Batangas
SM City Iloilo

Outstanding Awards

SM City Clark
SM City Baliwag

THE REPORT

SM City Bacoor
SM City Lipa
SM City Lucena
SM City Batangas
SM City Iloilo
SM City Bacolod
SM City Consolacion

Special Awards
SM City Rosales
SM City Pampanga
SM City Valenzuela
SM City Novaliches
SM City Manila
SM City San Lazaro
SM City Marikina
SM City Taytay
SM City Bicutan
SM Center Las Piñas
SM City Molino
SM City Sta. Rosa
SM Center Muntinlupa
SM City Cagayan de Oro

Citation Award

SM North EDSA (Annex)
SM Mall of Asia
SM City Cebu

2015 ASEAN Best Practice for Energy Management in Buildings and Industries

SM Lanang Premier
SM Aura Premiere
SM City Clark
SM City Fairview
Two E-Com Center

Business Continuity Management System Certification 22301-2012 - TUV SUD Singapore

SM Megamall

EarthCheck

Costa del Hamilo, Inc. (Bronze Benchmark)

SM RETAIL

Bacolod City Government

The SM Store – cited as one of the Top Corporate Taxpayers in the City of Bacolod

Retail Asia-Pacific Top 500 Awards 2015

Gold Award as the Philippines' Top Retailer

Top Tax Payer Awards

SM Store Megamall - Top 10 Taxpayer Award
SM Store Iloilo - Top 5 Corporate Business Taxpayer
SM Store Delgado - Top 12 Corporate Business Taxpayer

SM Store Bacolod - Top 5 Corporate Business Taxpayer
SM Store San Pablo – Top 5 Business Establishment
SM Store Tarlac – Top 5 Taxpayer Corporation
SM Store Olongapo – 2015 Most Outstanding Business Taxpayer in Olongapo City
SM Store Naga – 3rd Net Income Award

Apolinario Mabini Awards

Disabled-Friendly Establishment of the Year (DS Category) – Bronze Award

SM FOOD RETAIL

Philippine Retailers Association 18th Outstanding Filipino Retailers and Shopping Centers of the Year 2015

SM Supermarket and SM Hypermarket – Best Supermarket and Hypermarket

Sun Star Cebu

Savemore Market – Best Supermarket Chain in Cebu

Department of Trade and Industry Corporate Gold Bagwis Award

SM Hypermarket
Two SM Supermarket Stores
27 Savemore Stores

Top Taxpayer Awards

SM Supermarket branches – Olongapo, Pampanga, Makati, Mandurriao, Naga, Delgado, Sta. Rosa, Baguio and Tanay

BDO UNIBANK

Alpha Southeast Asia's

9th Best Financial Institution Award 2015

Best Bank: BDO
(6 Consecutive Years)
Best Cash Management Bank
Best FX Bank for Corporate & FIs: BDO Unibank
(5 Consecutive Years)

ASEAN Corporate Governance

BDO Unibank - One of the winners of the TOP 50 ASEAN PLCs in Corporate Governance

Asiamoney Summer Awards 2015

Best Domestic Bank
Best Domestic Provider of FX Products & Services in the Philippines (as voted by corporates)
Overall Best Managed Company in the Philippines - Large Cap
Nestor V. Tan, President & CEO, BDO Unibank
Best Executive in the Philippines

Asian Banking & Finance Wholesale Banking

Philippine Domestic Cash Management Bank of the Year

Philippine Domestic Trade Finance Bank of the Year
Philippine Domestic Project Finance Bank of the Year (First Successful airport PPP Project)

Retail Banking

Online Banking Initiative of the Year (Philippines)
Corporate Social Responsibility Program of the Year (Silver)

Colloquy's 2015 Top Loyalty Marketing Initiatives

BDO Unibank, one of the fifteen global companies recognized by Colloquy

Corporate Governance Asia 5th Asian Excellence Award 2014 & 12th Anniversary of Corporate Governance Asia

One of the recipients of the 5th Asian Excellence Award 2015 - BDO Unibank
Teresita Sy-Coson, Chairman
Best CEO - Investor Relations
Best CSR
Best IR Company (Philippines)
Pedro M. Florescio III
Best CFO - Investor Relations
Best IR Professional (Philippines) - Luis S. Reyes, Jr.
Best Environmental Responsibility
Best Corporate Communications Team

11th Recognition Awards 2015 - The Best of Asia

BDO - Recipient of Corporate Governance Asia Recognition Awards for 11 consecutive years
Asian Corporate Director of the Year (Teresita T. Sy-Coson, Chairperson)

Euromoney

Private Banking Survey 2015

BDO Private Bank : Best Private Bank for Asset Management in the Philippines
BDO Private Bank : Best Private Bank for Net-worth-specific Services in the Philippines; High Net Worth clients (US\$5M - US\$ 30M)

Awards for Excellence 2015

Best Bank in the Philippines (3 Consecutive Years, 2013-2014)

Real Estate Awards 2015

Best Bank for Real Estate Services, Overall - Philippines
Best Bank for Real Estate Loan Finance, Overall - Philippines

FinanceAsia

FinanceAsia- Asia's Best Companies in Asia Poll 2015

Best Managed Public Companies (7th)
Best Corporate Governance (7th)
Best Investor Relations (8th)

FinanceAsia Country Awards 2015

Best Bank (6 consecutive years)
Best Foreign Exchange Bank

Global Finance The World's Best Emerging Markets Banks

Best Bank in the Philippines

Philippine Property Awards 2015

Best Commercial Development (Philippines - BDO Corporate Center Ortigas)
Best Office Development
- BDO Corporate Center Ortigas
Best Office Architectural Design
- BDO Corporate Tower Ortigas

Southeast Asia Property Awards 2015

Highly Commended Awards for Best Commercial Development (South East Asia)
- BDO Corporate Center Ortigas
Best Office Architectural Design (South East Asia) - BDO Corporate Center Ortigas

Reader's Digest Trusted Brand 2015

One of the Philippines Most Trusted Brands in the Bank category (2010-2015)
One of the Philippines Most Trusted Brands in the Credit Card category
One of the Philippines Most Trusted Brands in the Credit Card category

The Asset

Triple A Treasury, Trade and Risk Management Awards 2015

Best Trade Finance Bank in the Philippines

Triple A Asset Servicing, Investor and Fund Management Awards 2015

Best Fund Administrator
- Retail, Philippines-Rising Star

Benchmark Research Awards

House: Top Investment House in Asian G3 Bonds for 2015, Bank, Rank 1
House: Top Investment House in Asian Local Currency Bonds for 2015, Philippines, Rank 5

Triple A Country Awards 2015

Best Domestic Bank, Philippines (2013-2015)
Best Corporate Institutional Bank in the Philippines

Corporate Awards 2015

BDO - one of the Platinum Award winners (2010-2015)

The Asian Banker

Transaction Banking Awards

Best Cash Management Bank in the Philippines

The Asian Banker Excellence in Retail Financial Service Awards 2015

Best Deposit Product in the Philippines
Best Internet Banking in the Philippines

The Banker

Top 500 Global Brands

Top Bank in the Philippines (ranked 207 from 258 in 2014)

Top 1000 World Bank

Top Bank in the Philippines (ranked 255)

CHINABANK

Corporate Governance Asia 5th Asian Excellence Recognition Awards 2015

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

Corporate Governance Asia 2015 Best of Asia Awards (2nd year)

Outstanding Company on Corporate Governance in the Philippines

Philippine Stock Exchange (4th Year)

PSE Bell Award for Good Corporate Governance

The Asset Magazine 2015 Triple A Infrastructure Awards,

Best Power Deal in the Philippines
Php22.22B Pagbilao Power Plant Financing Deal

Project Finance International

Asia Pacific's Power Deal of the Year
Php42.15B San Buenaventura Power Project Finance

SM FOUNDATION

Bulong Pulungan

Outstanding Exemplar in the Private Sector
SM Foundation's Programs on Education, Health and Wellness and Livelihood

Department of Health-Philippine Blood Center

Jose Rizal Award (4th consecutive year)
SM Employees Blood Bank

City Government of Tagbilaran

Outstanding Community Service Award for the Renovation of the Tagbilaran City Health Office
SM Foundation Health and Wellness Programs

SM CARES

Philippine Foundation for the Rehabilitation of the Disabled, Inc.

Apolinario Mabini Awards (Hall of Fame Award, 9 PWD-Friendly Establishment Award and 1 Special Award)
SM Cares' Program for Persons with Disabilities (Hall of Fame)
SM Aura Premier (Silver)
SM City Bacolod Department Store (Bronze)
SM City BF Parañaque Department Store (Bronze)
SM City Cauayan Department Store (Bronze)
SM City North EDSA Department Store (Bronze)
SM Mezza Savemore (Bronze)
SM City Clark Supermall (Bronze)
SM Makati Supermarkets (Bronze)
SM Tarlac Supermarkets (Bronze)
SM City Pampanga (Special Award)

7th Global CSR Summit

Best Community Program Award and Program Citations
SM Cares (Best Community Program)
Cited were SM Cares' Programs Movies for the Deaf and Blind; Children with Autism; Casual Employment for Senior Citizens; and Housing Project for Yolanda Victims

5th OFW Gawad Parangal OFW Award

SM Cares' Program for Overseas Filipino Workers (Global Pinoy)

Kapisanan ng mga Kamag-Anak ng Migranteng Mangagawang Pilipino Inc., (KAKAMMPI)

Outstanding Specialized and Exclusive Services for Global Filipinos
SM Cares' Program for Overseas Filipino Workers (Global Pinoy)

ASEAN Corporate Sustainability Summit & Awards 2015

Special Recognition Award
SM Cares Program for Persons with Disabilities

People Management Association of the Philippines (PMAP) Foundation

CSR Excellence Award
SM Cares' Program for Persons with Disabilities

THE REPORT

GRI INDEX

This Report was written following the GRI-G4 Core Guidelines format covering indicators below. Aspects of this report pertaining to SM Prime Holdings, Inc. have undergone external assurance. For more details, please refer to SM Prime 2015 ESG/Sustainability Report. SM aims to complete the GRI G4- Core Guidelines Application Level Service for its subsequent reports.

GENERAL STANDARD DISCLOSURES		PAGE NUMBER
Strategy & Analysis		
G4-1	Statement from the senior decision maker of the organization	5
G4-2	Description of key impacts, risks and opportunities	5, 7
Organizational Profile		
G4-3	Name of the Organization	3
G4-4	Primary Brands, Products and/or Services	3
G4-5	Location of Organization's Headquarters	58
G4-6	Number of countries of operations	3
G4-7	Nature of ownership and legal form	3
G4-8	Markets Served	3
G4-9	Scale of Reporting Organization	3
G4-10	Number of Employees by employment contract	23
G4-11	Percentage of Employees under collective bargaining	24
G4-12	Describe Organization's Supply Chain	21
G4-13	Report any significant changes in reporting period	1
G4-14	Report precautionary approach principle by organization	1
G4-15	Externally developed EES charter and principles	NA
G4-16	List of memberships in associations/industry associations	3, 58
Identified Material Aspects and Boundaries		
G4-17	List of entities included in the organization's financial statement	3, 20
G4-18	Explain process of defining report content & aspect boundaries	8-10
G4-19	List all identified material aspects in process of defining content	8-10
G4-20	For each material aspect, report aspect boundary (within)	8-10
G4-21	For each material aspect, report aspect boundary (outside)	8-10
G4-22	Any statements from previous report that has been restated & reason	29
G4-23	Significant changes in scope & aspect boundaries from previous reporting	8-10
Stakeholder Engagement		
G4-24	List all stakeholder groups engaged by the organization	8-10
G4-25	Report basis for identification and selection of stakeholder	8-10
G4-26	Organization's approach to stakeholder engagement	8-10
G4-27	Key topics & concerns raised through stakeholder management	8-10
Report Profile		
G4-28	Reporting Period of Information Provided	1
G4-29	Date of most previous report	1
G4-30	Reporting Cycle	1
G4-31	Contact points for questions	58
G4-32	GRI Content Index Sheet	56-57
G4-33	Policy and practice of External Assurance	1, 56-57

Governance		
G4-34	Governance Structure of the Organization Committees	12-13
G4-39	Report whether chair of highest governance body is also executive officer	12
G4-40	Nomination & Selection process for highest governance body & its committees	13
G4-41	Process in place to avoid conflict of interest at workplace	14-16
G4-44	Process for evaluation of highest governance body performance and actions taken in response to evaluation	13
G4-45	Role of highest governance body in identifying EES risks, impacts and opportunities	7, 12-13
G4-46	Role of highest governance body in reviewing effectiveness of risk management process of EES	7, 12-13
Ethics and Integrity		
G4-56	Organization's values, principles, standards and norms	14-16

ASPECT SPECIFIC DISCLOSURES		PAGE NUMBER
Economic Performance		
DMA	Disclosure of general management approach	18-21
EC1	Direct economic values generated, distributed revenues	18-21
Environmental Performance		
DMA	Sustainable Operations	26, 30
EN3 Energy	Energy Consumption within the organization	26
EN5	Energy Intensity	27
EN6	Reduction of Energy Consumption	27
EN8 Water	Total water withdrawal by source	28
EN10	Percentage of total volume of water recycled and reused	28
EN11 - Biodiversity	Location and Size of land owned, adjacent to protected areas/high biodiversity	26
EN15 - Emissions	Direct GHG Emissions by Weight (Scope 1)	29
EN16	Energy indirect GHG Emissions by Weight (Scope 2)	29
EN17	Other indirect GHG Emissions (Scope 3)	29
EN18	GHG Emission Intensity	29
EN19	Reductions of GHG Emissions	29
EN22 - Effluents & Waste	Total Water discharge by Quality and Destination	28-29
EN23	Total Weight of waste by type and disposal method	28-29
EN24	Total number & volume of significant spills	26
EN29 - Compliance	Monetary value of significant fines due to non-compliance with environmental laws and regulations	26
Labor Practices		
DMA	Disclosure of general management practices	24
LA2 - Employment	Benefits provided to full time employees	24
LA3	Return to work & Retention Rates	24
LA9 - Training	Average hours of training per year per employee	24
LA11	Percentage of employees receiving regular performance review	24
LA12 - Equal Opportunity	Composition of governance bodies and employees according to gender, age group, minority group or other diversity indicators	23
LA13 - Equal Remuneration	Ratio of basic salary of men to women by employee category	23
Human Rights		
HR3 - Non Discrimination	Total number of incidents of discrimination and actions taken	23
HR8- Indigenous Rights	Total number of incidents of violations involving rights of indigenous people	23
Society		
S01 Local Communities	Percentage of operations with implemented local community engagement, impact, assessments and development programs	39-51
S02	Operations with significant actual and negative impact on local community	39-51

CORPORATE INFORMATION

Company Headquarters

10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
Pasay City 1300, Philippines

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:

BDO Unibank, Inc. Trust and Investments Group

15th Floor, South Tower
BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Tel.: (632) 840-7000 loc. 6975
to 6978; 878-4052 to 54;
878-4963; 878-4740

Investor Relations

Tel.: (632) 857-0100
Email: ir@sminvestments.com
www.sminvestments.com

SMIC List of Member Associations

- ASEAN Business Advisory Council
- East Asia Business Council
- Asia Business Council
- Asia Society Philippine Foundation, Inc.
- Philippine Trade Foundation Inc.
- Canadian Chamber of Commerce of the Philippines
- Makati Business Club
- Philippine Chamber of Commerce and Industry (PCCI)
- Management Association of the Philippines
- Financial Executives Institute of the Philippines (FINEX)
- Good Governance Advocates and Practitioners of the Philippines (GGAPP)
- Institute of Corporate Directors Inc.
- People Management Association of the Philippines (PMAP)
- Philippine Association of Management Accountants (PAMA)
- Tax Management Association of the Philippines (TMAP)

SM Investments Corporation's reports, presentations and publications can be viewed or downloaded at www.sminvestments.com.



Follow us on Twitter
[@sm_investments](https://twitter.com/sm_investments)



Like us on Facebook
[@sminvestments.ir](https://www.facebook.com/sminvestments.ir)

OF ASIA





INVESTMENTS
CORPORATION

10th Floor, OneE-Com Center, Harbor Drive
Mall of Asia Complex, Pasay City 1300 Philippines
e-mail: ir@sminvestments.com
www.sminvestments.com