



SUSTAINABILITY REPORT 2018



About this Report (102-46,47,49,50,51,54)

SM Prime Holdings, Inc. presents the 11th annual Sustainability Report and the 7th edition following the Global Reporting Initiative (GRI). This Sustainability Report features highlights from the Company's material topics on:

ECONOMIC

Economic Performance
Indirect Economic Impacts
Anti-Corruption
Anti-competitive Behavior

ENVIRONMENTAL

Energy
Water
Emissions
Effluents and Waste
Biodiversity
Environmental Compliance

SOCIAL

Employment
Occupational Health and Safety
Training and Education
Diversity and Equal Opportunities
Non-discrimination
Security Practices
Human Rights Assessment
Local Communities
Socio-economic Compliance

The sustainability information contained herein covers reporting from January to December 2018 and will discuss SM Prime's assets where the business has organizational boundary. This report has been prepared in accordance with the GRI Standards: Core option.

The 2018 SM Prime Sustainability Report must be read in conjunction with the 2018 SM Prime Annual Report. The online versions of both reports are available at the SM Prime website (www.smpriime.com).



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Who We Are (102-2,7,9)

SM Prime Holdings, Inc. (SMPH) is the real estate property development arm of the Philippines' leading company in retail, banking, and property – the SM Group of Companies. The SM Group which started in 1958 celebrated its 60th founding anniversary in 2018. SM's success story emanated from the vision of its founder Henry Sy, Sr. to provide a pair of shoes for every Filipino so he opened a shoe store called Shoemart in downtown Manila. The success of the shoe store led to its expansion as a full line store and thereby paving the way for the first SM Department Store in 1972. The natural progression of a department store to a mall happened in 1983 when SM City North EDSA, the 1st SM Supermall, opened in Quezon City. From then on, SM Supermalls dominated the mall business in the country.

In 1994, SM Prime Holdings, Inc. was incorporated in the Philippines and became a Publicly Listed Company (PLC) in the Philippine Stock Exchange (PSE) in the same year. SM Prime which started as the developer and operator of SM Supermalls has grown to become one of the largest integrated property developers in Southeast Asia. The Company's real estate development offers innovative and sustainable Lifestyle Cities that is anchored on its malls' development and operations. SM Prime is also the biggest retail shopping center developer and operator with 72 malls in the Philippines and seven (7) shopping malls in China. The mall's entertainment component include cinemas, bowling centers, ice skating rinks, and park rides.

SM Prime's Philippine mall business is complemented by its real estate subsidiaries. The residential business component comes from SM Development Corporation (SMDC) that provides the need for primary homes by offering luxuriously affordable condominium units. Highlands Prime Inc. (HPI) and the Costa Del Hamilo Incorporated (CDHI) cater to the leisure homes market. The commercial business unit, Commercial Property Group (CPG), engages in the development and leasing of office buildings, as well as the operations and management of buildings and other land holdings such as the Mall of Asia Complex. SM Hotels and Conventions Corp. (SMHCC) develops and manages various hotels and convention centers across the country.

As a responsible corporate citizen, SM Prime remains committed to its role as a catalyst for economic growth by delivering innovative and sustainable lifestyle cities thereby enriching the quality of life of millions of Filipinos. True to its commitment as an environmental steward, SM Prime ensures that its core business strategy is hinged on its four sustainability pillars that are ingrained in its sustainable investments and operations.

For a more detailed report on SMPH key business strategies, operations, and financial performance, please refer to the 2018 SM Prime Annual Report found in www.smprime.com.

Vision

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

Mission

We will serve the ever-changing needs and aspirations of our customers, provide opportunities for the professional growth of our employees, foster social responsibility in the communities we serve, enhance shareholder value for our investors, and ensure that everything we do safeguards a healthy environment for future generations.

Group Performance

KEY HIGHLIGHTS

(Amounts are in Philippine Peso)



1,033.88bn

Market Capitalization

604.13bn

Total Assets

293.57bn

Total Investment Properties

104.08bn

Total Revenue

32.11

Price/Earnings Ratio

35.80

Share Price

12%

Total Shareholder Returns

1.12

Earnings per Share



MALLS

72 Malls in the Philippines

7 Malls in China

9.5 million sqm total Gross Floor Area

147,364 Cinema Seats

Total Revenue
PHP59.3 billion

Operating Income
PHP32.2 billion

Total Assets
PHP366.3 billion



RESIDENCES

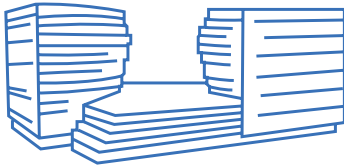
63 Residential Projects

122,652 Residential Units (since 2003)

Total Revenue
PHP36.5 billion

Operating Income
PHP12.3 billion

Total Assets
PHP186.1 billion



OFFICES

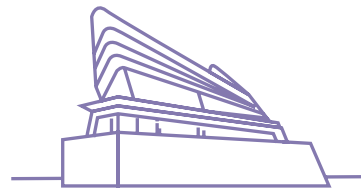
11 Office Buildings

622,611 sqm total Gross Floor Area

Total Revenue
PHP3.6 billion

Operating Income
PHP2.9 billion

Total Assets
PHP40.3 billion



HOTELS AND CONVENTION CENTERS

6 Hotels

1,510 Hotel Rooms

4 Convention Centers

3 Trade Halls

Total Revenue
PHP4.9 billion

Operating Income
PHP1.1 billion

Total Assets
PHP12.3 billion

President's Message (102-14)



“ We acknowledge that our businesses impact the environment and society in a significant way. We therefore continuously uphold our commitment to operate sustainably not only for our interests but also for the benefit of our stakeholders, the environment, and society”

To our valued stakeholders,

I am pleased to share with you SM Prime Holdings, Inc.'s 2018 Sustainability Report. The Company is one of the pioneers in sustainability reporting in the country and has produced this Sustainability Report for 11 years now. We have also adhered to the Global Reporting Initiative (GRI) Standards for seven (7) years already.

Our Sustainability Commitment

With 72 malls in the Philippines and seven (7) in China, 44 residential projects, 11 office buildings, and six (6) hotels spread throughout the Philippines, we acknowledge that our businesses impact the environment and society in a significant way. We therefore continuously uphold our commitment to operate sustainably not only for our interests but also for the benefit of our stakeholders, the environment, and society

Our sustainability strategy is anchored on four pillars covering all the dimensions of sustainability: People, Economic, Environment, and Community. This means that sustainability complements our strategy to deliver financial performance which is above industry standards, create positive socio-economic impacts, leave favorable footprint on the community and be environmentally responsible in our operations while we build innovative and sustainable lifestyle cities.

SM Prime's sustainability programs are also designed to support the 17 United Nations Sustainable Development Goals (UN SDGs) and the Sendai Framework for Disaster Risk Reduction (SFDRR) of the United Nations Office for Disaster Risk Reduction (UNISDR). These programs seek to address the challenges imposed by poverty, inequality, climate change, and disaster risks. Thus, this report also presents and measures our contributions to the SDGs and what we have done in support of the Sendai Framework.

Moving Forward

SM Prime continues to expand in key provinces all over the Philippines and China. As we grow our business, we also grow in our roles in sustainable development. Investing in sustainability is the key moving forward. Finding ways to improve our current initiatives and avenues to adopt new sustainability programs that cut across all areas of operations is a continuing process for SM Prime.

As I end, I would like to extend my sincerest gratitude to SM Prime's stakeholders – investors, employees, customers, shareholders, business partners, civil society, and the public for the continuous support throughout the 60-year history of the SM Group. We would not have come this far if we did not live the values instilled in us by our beloved founder, Mr. Henry Sy, Sr.

For over 60 years, his values of hard work, determination, integrity and optimism have guided our purpose and will continue to propel SM Prime to greater heights in the years to come. Tatang was the best teacher we all had as he exemplified what hard work can do – transform SM from a simple shoe store in Manila to one of the biggest conglomerates in Southeast Asia.

As we continue to make a difference in the lives of the Filipino people by making this world a better place to live in, the legacy of Mr. Henry Sy, Sr. lives on.



JEFFREY C. LIM
President

President's Report

The year 2018 was another banner year for SM Prime Holdings, Inc. As we continue to make waves in the integrated property development, we have also made significant progress in ensuring that we work

efficiently and make our organization resilient. This is our report on the efforts made in advancing our sustainability goals.



SUSTAINABLE OPERATIONS:

We are constantly enhancing our operations to deliver world-class service to all. The Company creates value for our stakeholders by delivering strong financial, environmental, and social performance. SM Prime makes this possible by introducing innovations in technology that increase efficiency and build resilience inside the organization and in the communities where we do business.



ENVIRONMENTAL STEWARDSHIP:

As we take the high road on sustainability, we have invested in various innovations and technological advancements for the protection and/or conservation of natural habitats which include the soil, water, air, and living organisms, thereby reducing the environmental impact of our business operations. Our business units have adopted the innovative green practices that the company first implemented in its mall operations.



SUSTAINABILITY AND PARTNERSHIPS:

Integral to our sustainability initiative is building partnerships with several organizations that value and care for sustainability the same way we do. One of these partnerships is with the United Nations Office for Disaster Risk Reduction Private Sector Alliance for Disaster Resilient Societies (UNISDR ARISE). Mr. Hans T. Sy, SM Prime's Chairman of the Executive Committee, heads ARISE Philippines while SM Prime is the Secretariat for the ARISE Philippines Network. This partnership has made significant contributions to disaster resiliency in the country particularly in addressing the increasing threats of climate change, calamities, and other emergencies.

To stay true to our commitment on environmental protection, we also partnered with the World Wide Fund for Nature (WWF) Philippines. This partnership enabled our SM Hotels and Convention Centers to integrate the best green practices in eco-tourism and hotel industry. The partnership also helped Hamilo Coast to develop programs in preserving its natural surroundings.

While the Company continues to expand and conquer new markets, we stay steadfast to uphold our mission as environmental stewards of the natural resources of the country - for the sake of our children, and the future generations of Filipinos.



COLLABORATION WITH STAKEHOLDERS:

Sustainability of our operations is a priority. To excel in this initiative we have collaborated with our key stakeholders. It is crucial for the Company to continue this engagement as we move forward in our sustainability journey. SM Prime remains committed to regularly engage with them to improve and enhance our sustainability performance.

In producing this Report, we have consulted various stakeholders to know which disclosures are relevant and have significant impacts to them. We listen not only to discuss the needs of the stakeholders but also to create a shared sustainability direction.



S'Maison at the Conrad Manila

Sustainability Approach

SM Prime's sustainability approach is at the core of the company's business strategy. The company ensures that it works within the four sustainability pillars to achieve operational goals and address the needs of its stakeholders.

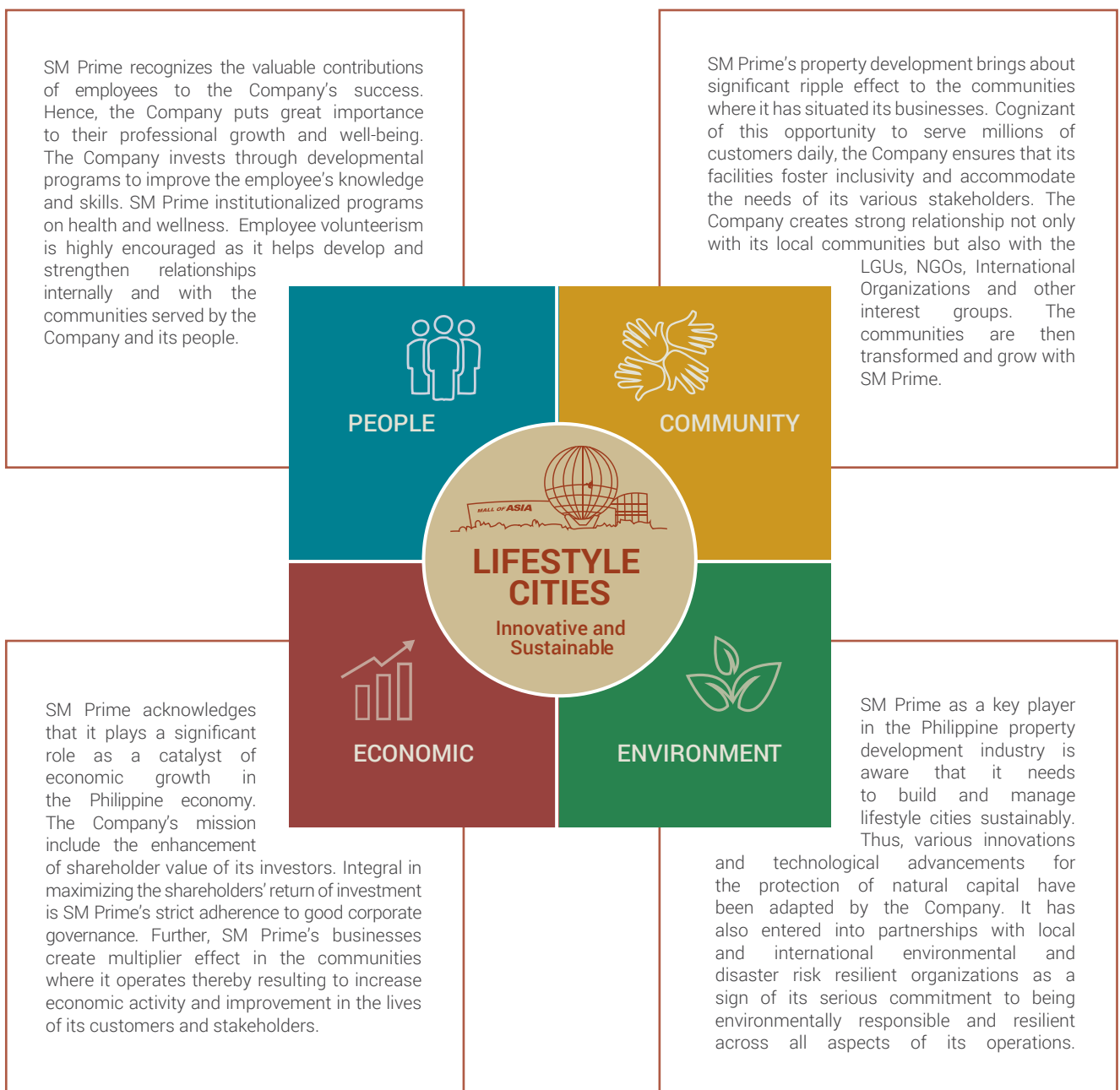
Four Sustainability Pillars ⁽¹⁰²⁻¹⁶⁾

Over the years, SM Prime has managed to show financial strength and steady growth through the development of its world-class malls. Driven by its vision, passion for innovation, and commitment to serve its customers, the Company has enabled itself to transform the malls from mere shopping locations to premier destinations and now as the center in the development of the Company's Lifestyle Cities.

SM Prime's Lifestyle Cities are integrated property developments with world-class malls and luxuriously

affordable residential and leisure home projects. Strategically located office properties, hotels and convention centers complement them. The world-renowned Filipino hospitality is in the heart of its operations. As a result, the Company offers total lifestyle experience to various stakeholders.

In achieving this, SM Prime ensures that Lifestyle Cities are anchored on the core foundation of its four sustainability pillars: ECONOMIC, PEOPLE, ENVIRONMENT and COMMUNITY.



Our Reporting Process

SM Prime adheres to a 4-Step Sustainability Reporting Process which is in accordance with the GRI Standards. The company is driven to deliver results by focusing on: (1) Capability Building, (2) Materiality Assessment, (3) Data Gathering, and (4) Management Review. The

University of Asia and the Pacific – Center for Social Responsibility (UA&P-CSR) were consulted for all the mentioned reporting stages in order to ensure the validity and credibility of the sustainability report.



1. Capability Building

An integral part SM Prime's Capability Building is the conduct of the Stakeholder Identification and Prioritization, a practice refreshed every two years to capture which among the stakeholders significantly affect the company. For this year, SM Prime decided to incorporate business units to ensure alignment throughout the company. As a result, specific stakeholders were identified and added to the company's previous stakeholder list.

2. Materiality Assessment

This Sustainability Report covers the entire SM Prime Group composed of malls, residences, offices, hotels and convention centers, and HO. Since this is a group-wide report, SM Prime's Technical Working Group (TWG), as well as its newly-identified stakeholders, answered a materiality survey that identified the Company's material topics.

3. Data Gathering

The information collected and disclosed in this report was based on what is material to the stakeholders of SM Prime. The data was primarily collected through stakeholder consultations, survey questionnaires and interviews.

4. Management Review

SM Prime's Sustainability Report was validated and reviewed by Management. Results of the materiality test were taken into consideration as basis for the setting of objectives in the Company's sustainability journey.

Putting our Stakeholders First (102-6,9,40,42,43)

SM Prime ensures that its stakeholders are involved in all aspects of its operations. The stakeholders have been engaged in the production of the Sustainability Report since the first one was produced in 2007. For this year's Sustainability Report, a group-wide survey was conducted to make certain that a wider scope of stakeholders are involved in the sustainability direction

setting of the Company. The identified stakeholders and SM Prime's Technical Working Group answered an online survey that resulted in a list of indicators they considered as important, relevant and have an impact on the company. As a result, more stakeholders were identified compared to last year.

	Shareholders Group	Malls	Residences	Offices	Hotels & Convention Centers
	Shareholders				
	1) Investor	✓ ✓	✓	✓	✓
	Company				
	2) Employees	✓ ✓	✓ ✓	✓ ✓	✓ ✓
	3) Management	✓ ✓	✓	✓	✓
	4) Principals	✓	✓	✓	✓
	Business Partners				
	5) Third-Part Service Providers	✓	✓	✓	✓
	6) Sellers/Brokers		✓	✓	
	7) Contractors		✓		
	8) Ride Partners	✓			
	Clients/Customers				
	9) Clients/Customers	✓ ✓	✓ ✓	✓ ✓	✓ ✓
	10) Unit Owners		✓		
	11) Tenants	✓		✓	
	Community/NGO				
	12) Communities	✓	✓	✓	✓
	13) Condominium Corporations		✓		
	14) Sector Partners	✓ ✓	✓		✓
	Government Sector				
	15) Local Government Units	✓	✓	✓	✓
	16) Government Agencies	✓	✓	✓	✓

Legend: ✓ = 2018 New Stakeholders

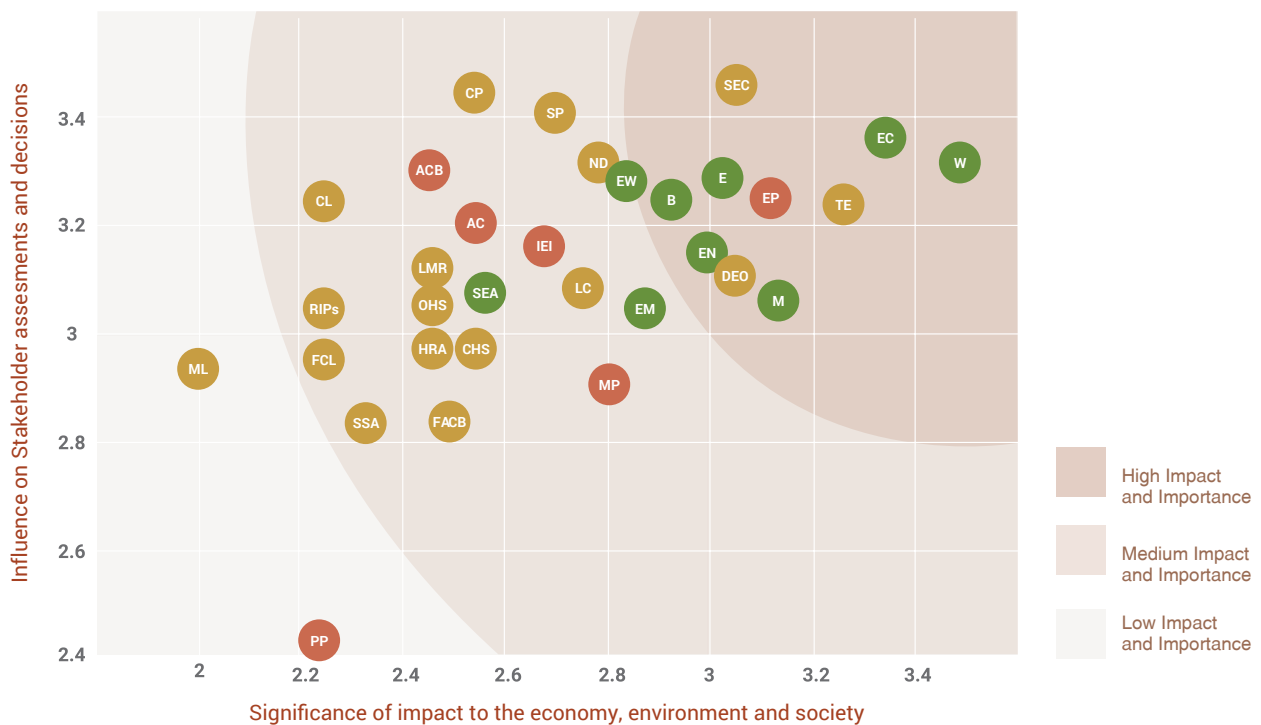
✓ ✓ = 2017 and 2018 Stakeholders

Materiality Matrix (102-44)

Response to Stakeholders

Out of the 33 topics indicated by the GRI Standards, 19 were deemed material by SM Prime's stakeholders. The materiality matrix is formed with the utmost urgency to address and determine the internal and external context issues such as employee development, environmental care, profitability, and concern for the community. A statistical-based approach was developed by UA&P-CSR to analyze the results of the stakeholder consultation. From the matrix, the readers of this report can have a glimpse

of what topics are very important to the stakeholders. The top five topics for this year are: Water, Economic Performance, Employment, Environmental and Social Compliance, and Training and Education. Compared to last year, most of the topics remained except for Emissions, Effluents, and Waste which was replaced by Training and Education. On the other hand, SM Prime's stakeholders did not consider Public Policy and Marketing and Labeling as material to them for this year.



Economic	Environmental	Social
EP- Economic Performance (201)	M- Materials (301)	E- Employment (401)
MP- Market Presence (202)	EN- Energy (302)	LMR - Labor Management Relations (402)
IEI - Indirect Economic Impact (203)	W - Water and Effluents (303)	OHS- Occupational Health and Safety (403)
PP- Procurement Practices (204)	B- Biodiversity (304)	TE - Training and Education (404)
AC- Anti-Corruption (205)	EM- Emissions (305)	DEO - Diversity and Equal Opportunity (405)
ACB - Anti-Competitive Behavior (206)	EW - Effluents and Waste (306)	ND- Non- Discrimination (406)
	EC- Environmental Compliance (307)	FACB- Freedom of Association and Collective Bargaining (407)
	SEA - Supplier Environmental Assessment (308)	CL - Child Labor (408)
		FCL- Forced of Compulsory Labor (409)
		SP- Security Practices (410)
		RIPs- Rights of Indigenous peoples (411)
		HRA - Human Rights Assessment (412)
		LC - Local Communities (413)
		SSA - Supplier Social Assessment (414)
		CHS - Customer Health and Safety (416)
		ML - Marketing and Labeling (417)
		CP- Customer Privacy (418)
		SEC- Socio-Economic Compliance (419)

Supporting the UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) is a collection of 17 goals that address global challenges related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

SM Prime adheres to the UN SDGs in ensuring a better and sustainable future for the company, its stakeholders and the Filipino people.

The Company is the Secretariat of the ARISE Philippines Network of UNISDR ARISE. As such, it supports the SFDRR which address SDG 1, 11, and 13.

SM Prime puts an active effort in involving stakeholders to contribute to the company's goals in achieving the SDGs. The company's view of sustainability is about ensuring that its initiatives are geared towards a better and sustainable tomorrow.

1 NO POVERTY



13,385 3rd party service providers i.e. Janitor, Security Guards were hired from the localities where SM Prime's businesses are located

2 ZERO HUNGER



1,410 beneficiaries of four Feeding Programs spearheaded by the Customer Relations Services Division in 18 malls nationwide

6,000 estimated breastfeeding mothers, together with their children and family members, participated at the Hakab Na! Breastfeeding month celebration

3 GOOD HEALTH AND WELL-BEING



1,000 women joined in the Pink Ribbon Day and Power in Pink advocacy events for Breast Cancer

500 seafarers present during the Seafarer's Mental Health Awareness celebration

70+ retainer doctors **70+** company-owned clinics

11,000+ employees with health insurance

0 incident of employee intoxication and substance abuse

NO smoking policy implemented in all business units

Free Annual Physical Exam for all employees

Random Drug Testing conducted yearly

4 QUALITY EDUCATION



92 public school buildings and

296 classrooms with complete facilities and fixtures donated by SM Prime

482 employees and tenants underwent Company sponsored training for Pollution Control Officer (PCO)

2,748 beneficiaries of educational campaigns on environmental protection and waste management by Hamilo Coast in partnership with World Wide Fund for Nature (WWF) Philippines



2 companies have female Presidents

55% women in managerial and executive positions.

Policies on gender equality are in place and reported cases of discrimination/harassment, if any, are acted upon



9.245 Total MW capacity of solar energy generated from solar panels installed in malls in Philippines and China



4.2M daily mall goers provided with free Wi-Fi access

2 Malls: SM Aura Premier and S Maison LEED® Gold Certified Buildings



1,000 housing donated to Yolanda (Typhoon Haiyan) victims

600 PWD participated in Emergency Preparedness Forum

8 malls have disaster resilient features such as water catchment, built on stilts

All SM Prime establishments with specially designed ramps and comfort rooms for PWDs and Senior Citizens

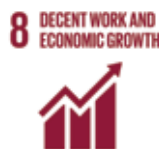


PhP 3.5M donated to UNICEF Healthier Kids in School: Scaling Up WASH in Public Elementary Schools in the Philippines

77,000 elementary school children beneficiaries of UNICEF Healthier Kids in School Program

35% wastewater treated equivalent to **2,044** Olympic-sized pool

4.2M mall goers have access to hand-washing facilities in SM Prime establishments



1,704 Senior Citizens involved in the Community Service Program for Senior Citizens

5,572 Small and Medium Enterprises (SMEs) are doing business in the malls

236 interns hired

284 employees underwent OSHS/BOSH Training



60% female: 40% male employees

100% rank and file employees receiving minimum or above minimum wage

2,643 elderly recipients of Serve More Love for the Elderly Program

24,021 participated in Angels Walk for Autism

5,000 participated in Happy Walk for Down Syndrome



166,549 seven-year old trees saved while **9,500** employees, community residents participated in Trash to Cash Program

20,421 students participated in the Green Film Festival quarterly film showing

19 out of 21 SMDC Residences are completely fitted with LED lighting in all common areas



234 tenants oriented on SM Business Continuity Planning (SM BCP)

50 Managers attended the Incident Command System (ICS) for disaster preparedness and response

8 Local Government Units partnered with NRC for Resilience Leadership Program



7,000 participants collected **572,254.14 kgs** of waste during Coastal Clean-Up in SM By the Bay

100 participants collected **298 kgs** of trash during Hamilo Coast coastal and underwater clean up

3 Marine Protected Areas (MPAs) in Hamilo Coast regularly patrolled to prevent illegal fishing



139,924 various tree species planted by SM Supermalls employees in Cordillera Administrative Region (CAR), Central Luzon, and CALABARZON Regions

400 trees planted by SMDC employees at La Mesa Dam Ecopark

100 participants planted 200 propagules in Pico de Loro mangrove area



Philippine secretariat of the UNISDR ARISE.

64 ARISE Philippine members

SM Prime partners with various organizations:

- United Nations Children's Fund (UNICEF)
- World Wide Fund for Nature (WWF) Philippines
- National Resilience Council (NRC)
- UN Global Compact (UNGC)



0 reported cases of bribery and discrimination

Aligning Our Operations with Global Goals: The UNISDR Sendai Framework and UN SDGs

SM Prime recognizes the State's primary role in disaster risk reduction and resiliency. The Company as a responsible corporate citizen is in earnest pursuit to assist the Philippine Government in its disaster risk reduction agenda. Further, it aligns its operations to the SFDRR and supports the UN SDGs. As such, it heeds the call-to-action to make the world a safer place to live in by mitigating risks, reducing hazards, and improving lives, livelihood, and health of all its stakeholders and the communities where its businesses are situated.

It is therefore imperative that the company's plans related to infrastructure and strategic development put a premium on disaster risk reduction and resiliency. As the company links its operations to the Sendai Framework and UN SDGs, it is serious in its commitment to contribute to the attainment of the seven targets of the Sendai framework.



SENDAI FRAMEWORK FOR DISASTER RISK REDUCTION



TARGET 1

REDUCE
GLOBAL
DISASTER
MORTALITY



TARGET 2

REDUCE
THE NUMBER
OF AFFECTED
PEOPLE



TARGET 3

REDUCE
DIRECT
ECONOMIC
LOSSES IN
RELATION
TO GLOBAL
GDP



TARGET 4

REDUCE
DISASTER
DAMAGE TO
CRITICAL
INFRASTRUCTURE
AND DISRUPTION
OF BASIC
SERVICES



TARGET 5

INCREASE
THE NUMBER
OF COUNTRIES
WITH
DISASTER
RISK
REDUCTION
STRATEGIES



TARGET 6

ENHANCE
INTERNATIONAL
COOPERATION
TO DEVELOPING
COUNTRIES



TARGET 7

INCREASE
ACCESS TO
MULTI-HAZARD
EARLY WARNING
SYSTEMS AND
DISASTER RISK
INFORMATION

Source:* United Nations International Strategy for Disaster Reduction (UNISDR)



SM Aura Premier

Generating Value for the Future

SM Prime recognizes its significant contribution in shaping the Philippine Development Plan (PDP). The company places economic growth in the center of its operations and ensures that its businesses are globally competitive and resilient in order to create long-term value for all its stakeholders.

Economic Performance (103-1,2,3; 201-1)

SM Prime registered an increase in consolidated revenues by 14% from PHP90.9 billion in 2017 to PHP104.1 billion in 2018.

The increase in revenue was due to the growing contribution of tenant rentals from new and expanded malls that were launched mostly in the developing provincial areas of the Philippines in 2018. On the residential business, reservations and unit sales have contributed to the growth. The Commercial Properties

and the Hotels and Convention Centers business segments' increase is attributed to the opening of Three E-com Center, Five E-com Center and Conrad Manila.

Economic Value retained amounted to PHP23.1 million, an increase of 12% compared to 2017. The translated Economic Value Distributed increased by 16% versus year ago. The amount reached PHP84.1 and was distributed to the following segments:

Economic Value (Value in Millions of Pesos)		
	2017	2018
Direct Economic Value Generated	93,243	107,207
Revenues	93,243	107,207
Economic Value Distributed	72,536	84,083
Operating Costs	40,282	44,964
Employees Wages and Benefits	6,983	7,722
Payments to Providers of Capital	13,183	17,848
Payments to Government (PH)	9,926	11,159
Payments to Government (CN)	2,013	2,165
Economic Value Retained	20,707	23,124
Community Investments	149	225

SM Prime Commitments

(103-1,2,3)

Establish strong brand equity

Lead integrated real estate platform with a strong track record across a full suite of asset classes

Build world-class mall business which will anchor future city lifestyle projects

Leverage significant growth opportunities from landbank optimization and future acquisitions

Maintain a solid balance sheet supported by strong recurring income

Expanding Equitable Access to Education (103-1,2,3; 203-2)

Education is one of the most important aspects of a child's development. SM Prime believes that education is a right and not a privilege, and it should be made more accessible especially for those located in rural areas.

To make education more accessible, SM Prime has been constructing and repairing school buildings since 2002. In a span of 16 years, the company has donated a total of 92 public school buildings and 296 classrooms all over the Philippines.

For 2018 alone, SM Prime was able to construct five school buildings for CARIG Elementary School in Tuguegarao, Balatong Elementary School in Bulacan, Bitano Elementary School in Albay, Telabastagan Integrated School in Pampanga, and East Central Integrated School in Pangasinan. Each school also received 4 new classrooms, 4 toilets, 200 student desks including 20 left-handed chairs, 4 sets of teacher table and chair, 8 blackboards, 16 electric fans, 4 wall clocks, 1 PWD ramp, and 1 PWD toilet.



East Central Integrated School in Pangasinan



CARIG Elementary School in Tuguegarao

SM Prime Donated Schools and Fixtures (203-1)

Total Number as of end 2018



92

School Buildings Constructed

296

Classrooms Built



14,800

Students Desks



518

Teachers Table/Chair Sets



Telabastagan Integrated School in Pampanga



Bitano Elementary School in Albay

By constructing and repairing school buildings, SM Prime not only makes education more accessible but also creates a more conducive environment for learning. As SM Prime plans to construct more school buildings and classrooms in the future, the company looks forward to providing more children with access to education and help them develop to their full potential.

Helping our People Help their Families (203-2)

Charlotte Badidles is a second-generation SM employee. Her parents both worked for the SM Group before their retirement. His father was a key custodian of SM Supermalls who served the company for 28 years while her mother was a sales assistant in SM Department Store for 35 years.

According to Charlotte, SM played a significant role in enabling her parents to send her and her four (4) siblings to school. Before her father reached the mandatory age of retirement, all four of them except for the youngest were able to graduate from college. She was even lucky that she was already considered to be part of SM Supermalls Head Office staff before her father's last day of office. It was like a Badidles substitution: "one Badidles retired"; "another Badidles hired." Working for SM was like a homecoming for her as she followed the footsteps not only of her parents to the doors of SM but also those of her older sister and brother who also worked for the SM Group.



Charlotte talking to a constructing tenant representative regarding the tenant's electrical plans



As a Building Administration Officer (BAO), Charlotte performs regular checking of the company's facilities.



Mr. and Mrs. Badidles during the 50th year Anniversary of SM.

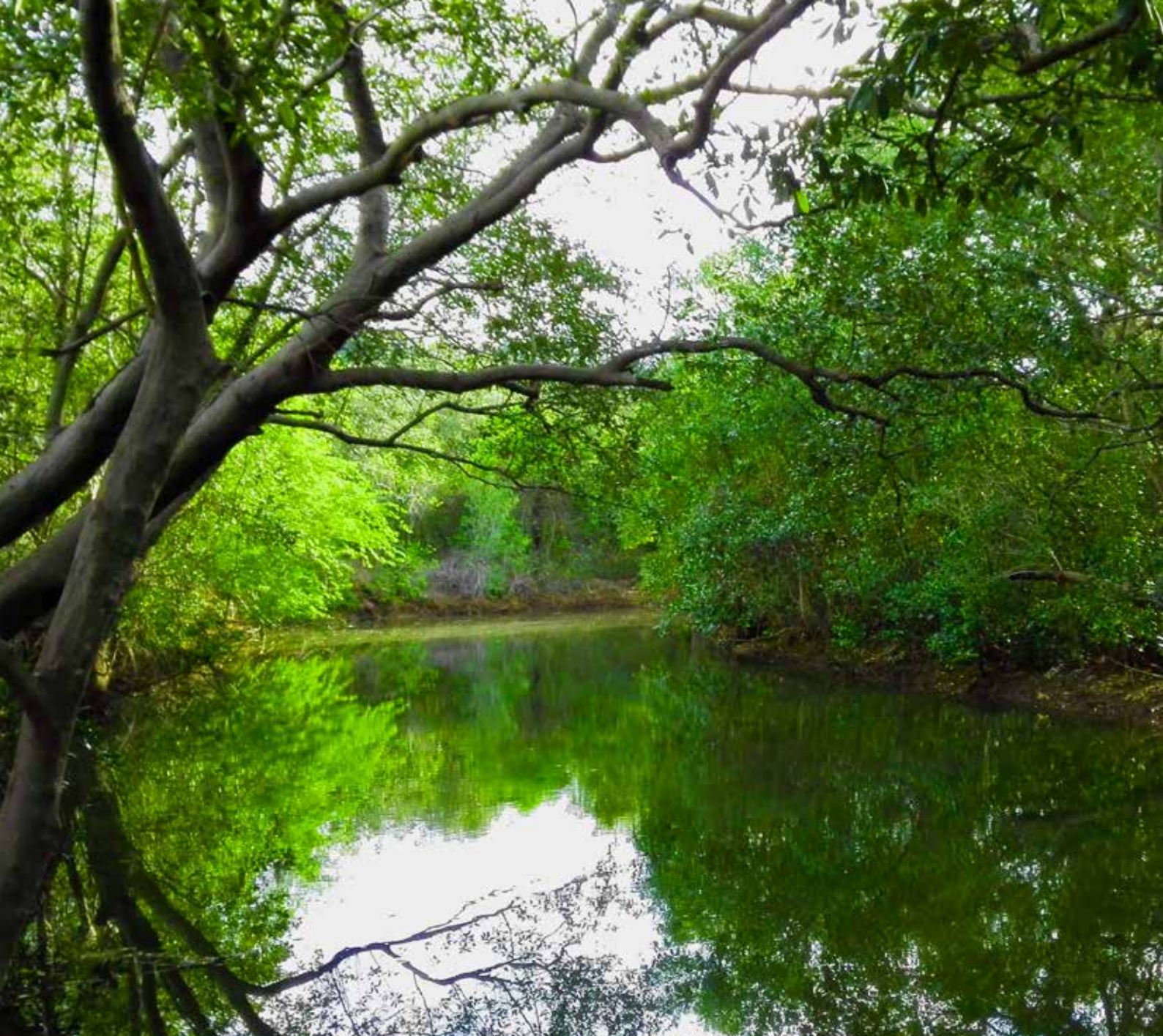


The Badidles family was honored as one of the generations of families working for SM during its 50th year Anniversary.

Charlotte recognizes SM as one of the drivers of her growth — before, as a student and now, as an adult. She started as an operations assistant and is currently a building administration officer. In her nearly five (5) years of working in SM Supermalls, she had moved two ranks higher than her initial entry position and is already the same rank as her father was when he retired.

Charlotte notes that it is now her turn to give back to her parents since they are now Senior Citizens and no longer working. She and her older siblings are financially supporting their household by helping to put food on their table and providing financial assistance for their youngest sibling to finish college.

Indeed, the circle of family members helping each other which is a shared value in the Filipino family is pretty much evident in the Badidles household and SM is an integral part of that helping circle.



Mangrove at Pico de Loro

Committed to Environmental Stewardship

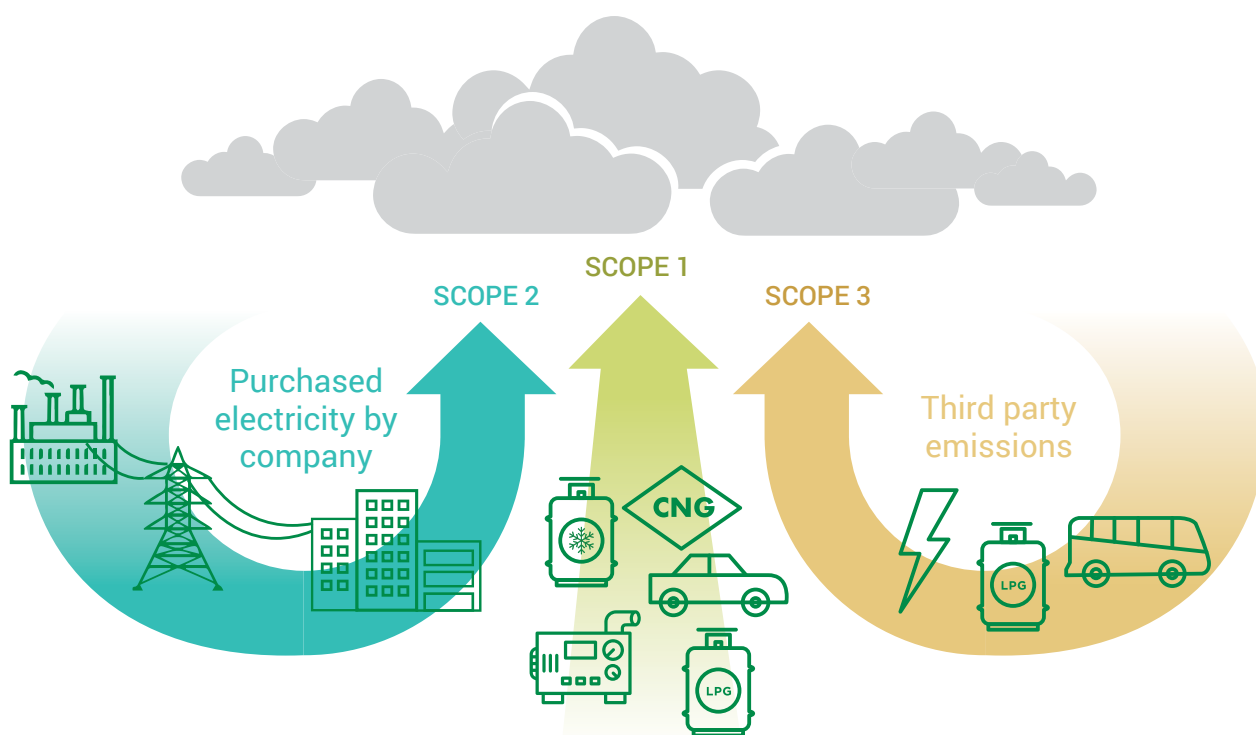
SM Prime upholds its commitment to environmental stewardship by supporting the global targets of the UN Sustainable Development Goals and the UNISDR Sendai Framework. Innovations and advancement in technologies are introduced to optimize its operations and contribute to sustainable use of natural resources.

Emissions (103-1,2,3)

Scope and Definition

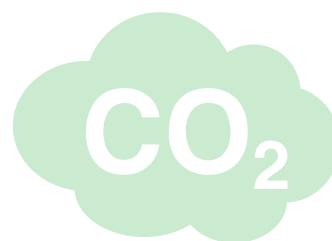
SM Prime is aware that its emissions contribute to the increasing effects of climate change. In this regard, greenhouse gas (GHG) emissions which are significant contributors to climate change is included in this Sustainability Report. The company ensures that there are no over consumptions in its energy and chemical resources to avoid unnecessary GHG emissions. GHG

emissions are divided into three categories: scope 1, scope 2, and scope 3. These scopes classify GHG emissions according to their respective sources and are based on the 'GHG Protocol' developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).



SCOPE 2	SCOPE 1	SCOPE 3
INDIRECT	DIRECT	OTHER INDIRECT
Indirect emissions from the generation of purchased energy	Direct emissions from owned or controlled sources	Emissions from sources not owned or directly controlled by the company but related to Agency activities.
<ul style="list-style-type: none"> Electricity purchased from off-site resources 	<ul style="list-style-type: none"> Fuel consumed by company vehicles and generation of electricity on site Refrigerants Compressed Natural Gas (CNG) in China malls Liquefied Petroleum Gas (LPG) consumption from Hotels and Convention Centers 	<ul style="list-style-type: none"> Tenant's Electricity Liquefied Petroleum Gas (LPG) consumption from food tenants

Total GHG Emissions (305-1,2,3)



SM Prime's total emissions increased by 2.96% from last year. The increase was brought about by the opening of five new malls: SM City Urdaneta, SM City Telebastagan, SM Center Imus, SM City Legaspi, and SM Center Ormoc.

SCOPE 1

There was a 9.33% increase in the overall Scope 1 emissions, direct emissions from owned or controlled sources. The most significant increase in Scope 1 emissions came from increased consumption of compressed natural gas by SM Prime's China malls.

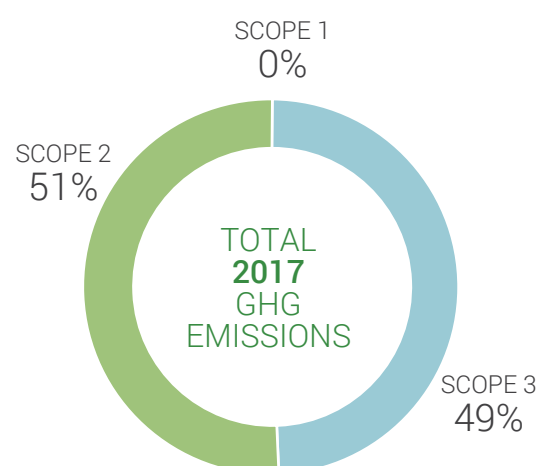
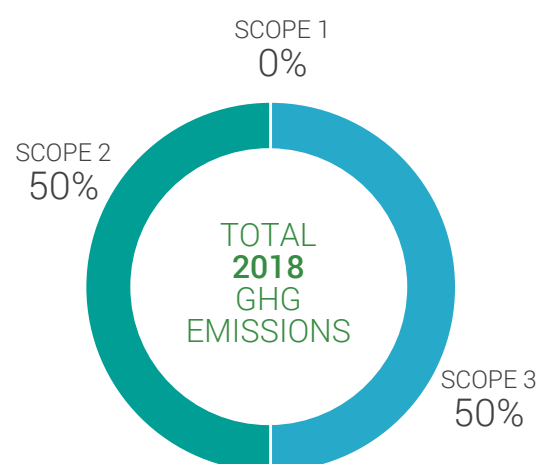
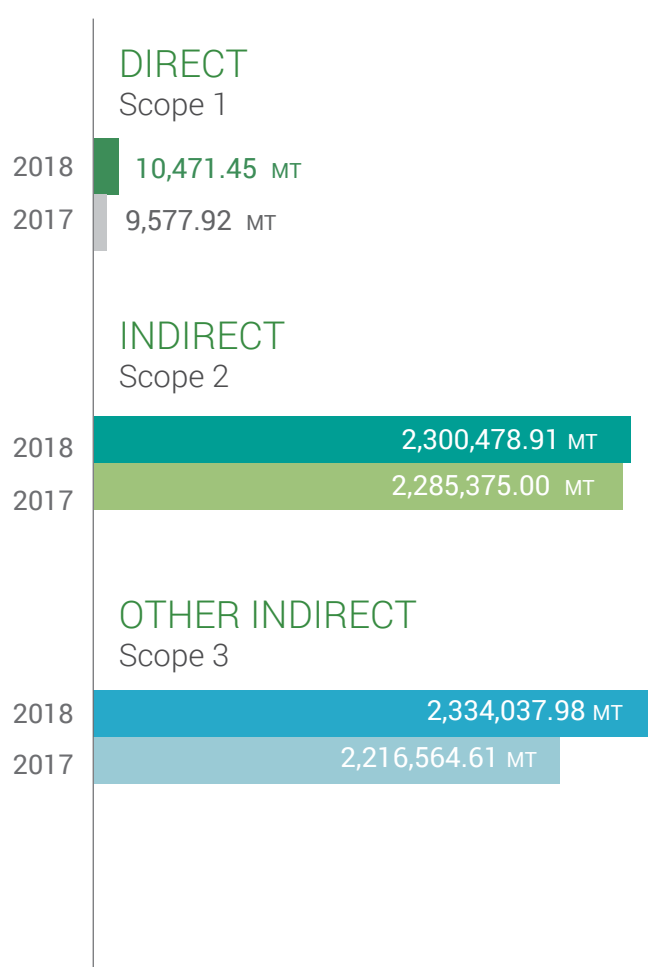
More than half of SM Prime's Scope 1 emissions came from the diesel fuel for generation of electricity (genset) during a power emergency. On the other hand, there was a significant decrease in the usage of diesel and gasoline by company vehicles.

SCOPES 2 and 3

SM Prime's Scope 2 emissions are electricity purchased from power utility companies and used by SM Prime while Scope 3 emissions are from Tenant's consumption of Electricity and Liquefied Petroleum Gas (LPG) usage of food tenants. Scope 2 increased by 0.66% from 2017 while Scope 3 increased by 5.3%.

The cumulative total of the GHG emissions generated by SM Prime, inclusive of all the scopes 1, 2 and 3 from all China and Philippines based facilities, equated to a total of 4,645,052.71 Metric tons of CO₂.

The Company in its pursuit of the highest level of operational efficiency invested in the latest innovations in sustainable and efficient energy technology and procedures. With this, GHG emissions and operating costs from electricity consumption were minimized.



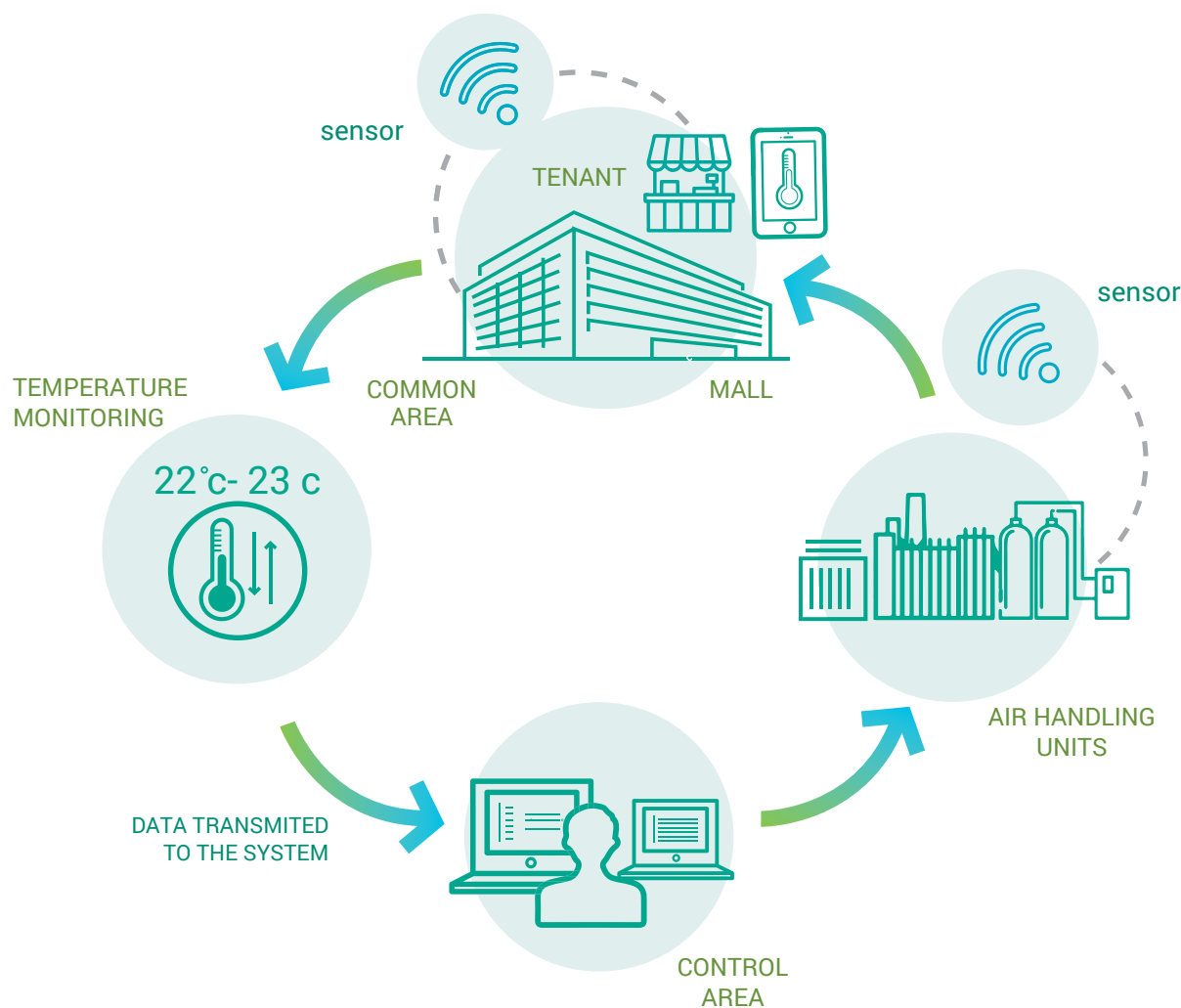
Energy Efficient Malls (103-1,2,3; 201-2; 302-2,4)

Operational efficiency is of paramount importance to the Company. One area that is crucial in its operations is the use of energy, specifically electricity, which powers most of the economic activities in its establishments. It is therefore imperative that efficient energy use is part of SM Prime’s strategy in lowering energy consumption as this will result to lesser in cost and reduction of its greenhouse gas emission.

SM Prime engaged an energy savings company (ESCO) to optimize the operation of the Company’s Building Management System (BMS). ESCO introduced Focus

EBAS™, a BMS enhancement, that provides monitoring and control capabilities to operate and optimize the components of the Air Conditioning System remotely. This technology also enabled SM Prime to have the ability to dynamically control the performance of all its equipment ensuring that they are energy efficient 24/7. The comfort of mall-goers, tenants and customers are thereby assured.

The energy efficiency brought about by this technology enabled SM Prime to have 10.21% savings on electric consumption.



Energy consumption within the organization (302-1)

Energy consumed by SM Prime comes from electricity usage of the company managed areas or common areas and areas that are leased by SM Prime to its customers. Likewise, the Company also uses diesel

and Liquefied Petroleum Gas (LPG) for its generator sets. Diesel, gasoline, and Compressed Natural Gas (CNG) for its company-owned vehicles.

Electricity Intensity ⁽²⁰¹⁻²⁾

SM Prime's conscious effort on energy efficiency resulted in an electricity intensity at an average of 150 kWh/sqm. This is 39% more efficient than the benchmark of 247 kWh/ sqm, set by the International Council of Shopping Centres (ICSC) for an enclosed area with tenant usage.

SOLAR POWER

SM Prime is promoting renewable energy for its operations to be more environmentally sound and sustainable. In 2014 the first Solar Rooftop Project was launched in SM North EDSA, the first mall in the country to become solar-powered. It was followed by SM Mall of Asia which has twice the capacity of the first one.

To date, SM Prime Holdings Inc. has ten malls (7 in the Philippines, 3 in China) that have solar panels in their rooftop. The SM solar panels have a total capacity of 9.245 Megawatts which is enough to power 83,205 refrigerators running @ 24hrs/day.

Philippines

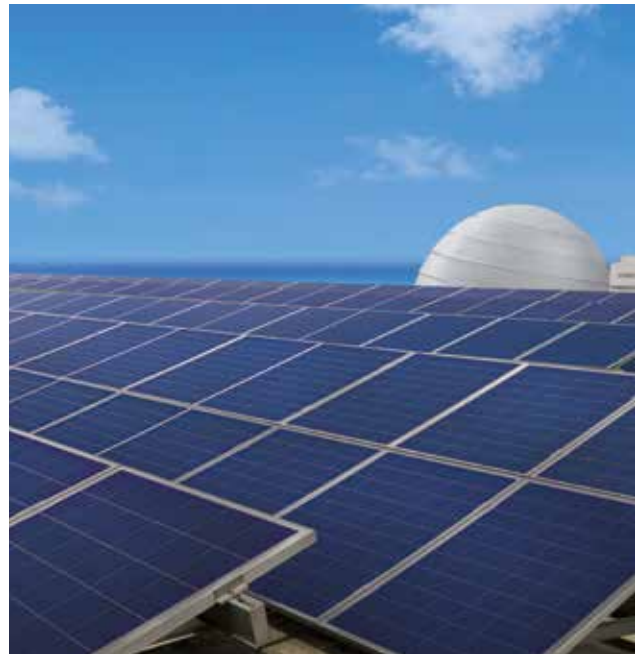
1. SM City North EDSA
2. SM Mall of Asia
3. SM City Cauayan
4. SM City Cabanatuan
5. SM City Iloilo
6. SM Tuguegarao
7. SM Trece Martires

China

1. SM City Xiamen
2. SM Lifestyle Center
3. SM City Jinjiang



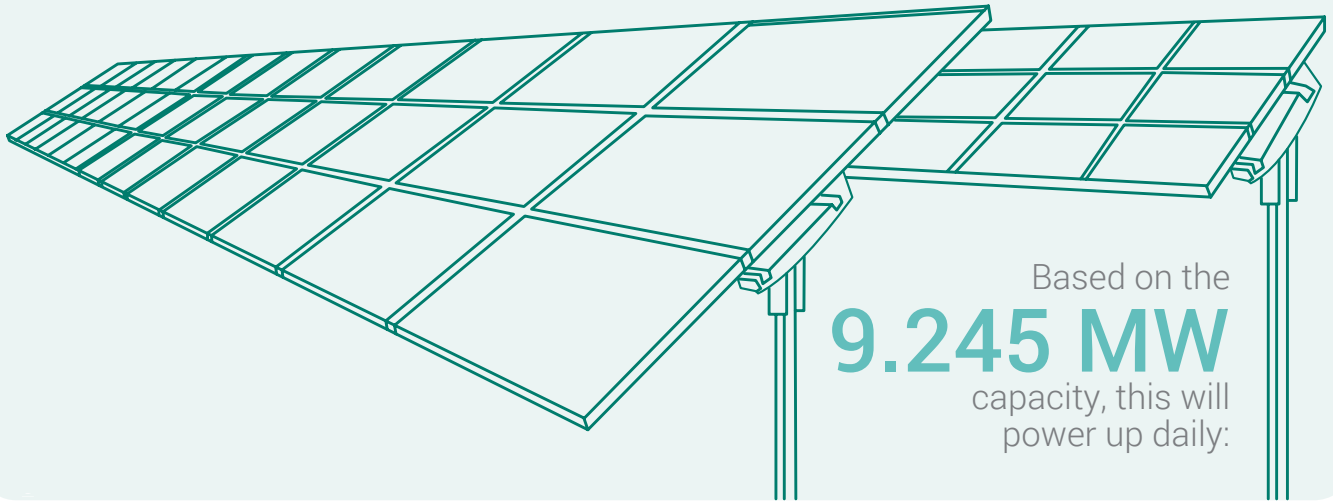
SM City North EDSA



SM Mall of Asia



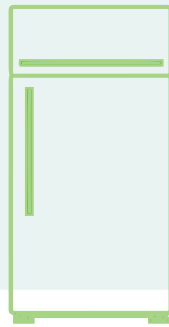
SM City Cabanatuan



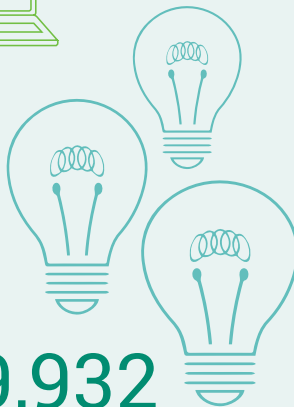
838,000
microwave oven
running @ 1hr/day



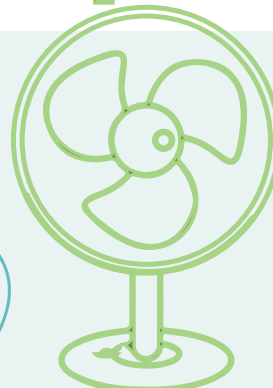
83,205
refrigerator running @
24hrs/day



116,902 65-watt
laptop running
@ 4 hrs/day



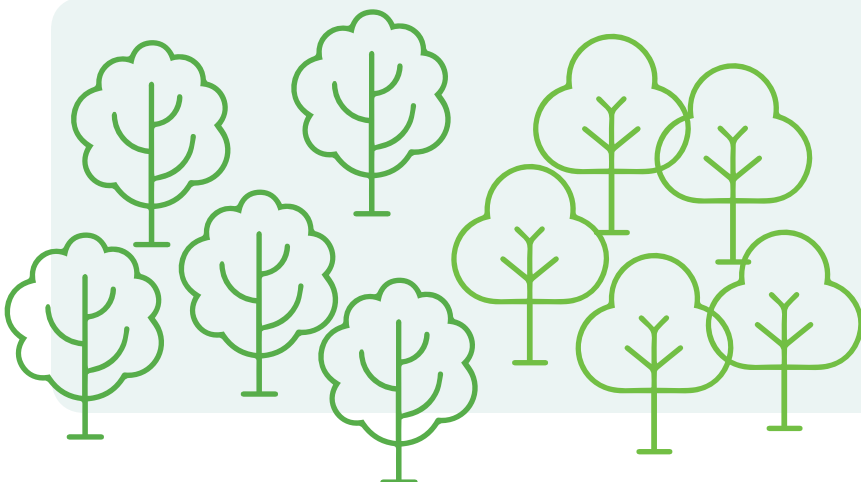
379,932
10-watt bulb running
@ 8hrs/day



126,644 30-watt electric fan
running @ 8 hrs/day



1.5 Million
fully charged cellphones

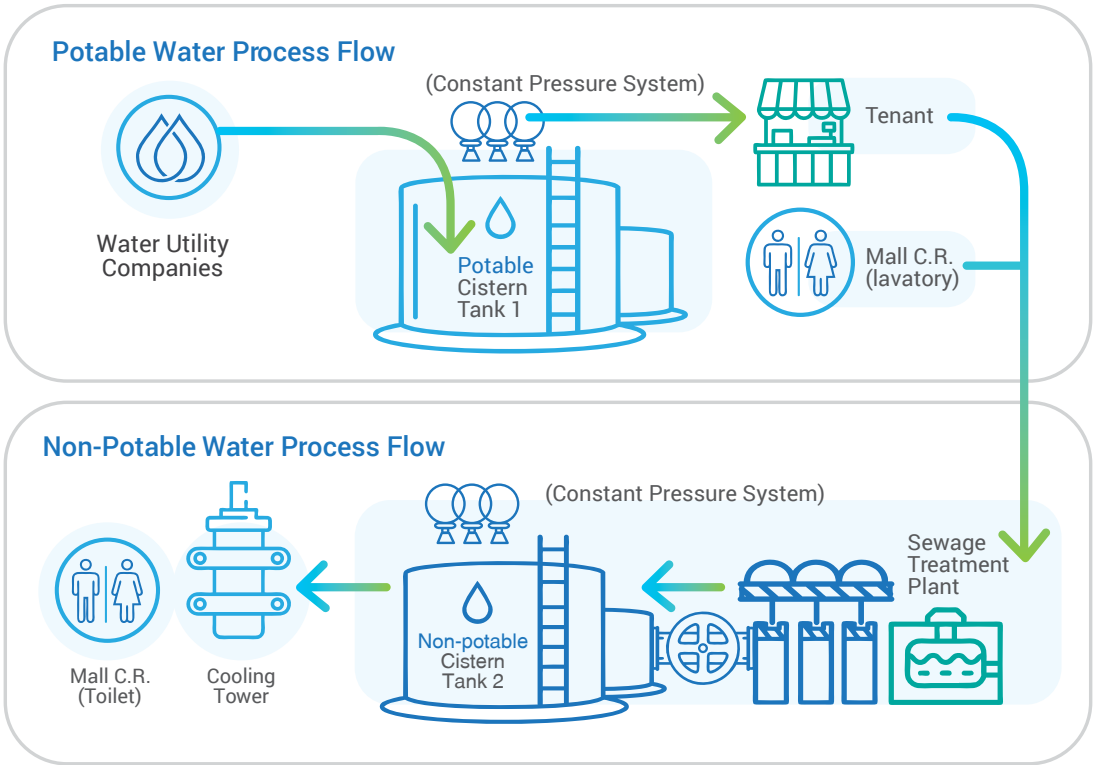


7,400 tons of CO₂ or
equivalent to planting
37,000 trees

Opportunities in Water Conservation (103-1,2,3; 303-1)

SM Prime acknowledges that the company's operations affect water as a shared resource and water-discharge related impacts. In line with this, SM Prime ensured that all malls are provided with Sewage Treatment Plants in compliance with the Philippine Clean Water Act (RA 9275). The Sewage Treatment Plants allows wastewater produced by the malls to be recycled and used for cooling towers and toilet flushing.

SM Prime is able to reduce its potable water consumption through this practice. For 2018 alone, the company saved a total of 5,940,187 cubic meter of recycled water from its mall operations which is equivalent to 2,376 Olympic-sized Swimming pools. Equally important is SM Prime's monetary savings, which is estimated to be PHP 545,130,960.99.



Water consumption

The entire Company increased its water consumption in 2018 by 5%.

Water withdrawal

SM Prime uses water drawn from various sources:

Water Utility Companies	*Beach	Water Hauling
96%	1%	3%
* Water drawn from Pico de Loro Beach undergoes desalination process.		

Effluents and Waste (103-1,2,3; 303-3,306-2,4)

With the continuous and rapid growth of the company, SM Prime reaffirms its commitment to environmental stewardship in terms of sustainable operations. SM Prime’s approach to ensuring operational effectiveness and efficiency of its various businesses is through the constant monitoring of resource consumption.

Sewage Treatment Plants (STPs)

SM Prime Holdings Inc. continues to innovate in water utilization to conserve the resource without compromising the needs of its business operations and of its customers/clientele. The Company’s properties are equipped with Sewage Treatment Plants

(STPs) that recycle water from its own operations and that of its tenants. The treated water is then reused for comfort room flushing, cooling towers and grounds keeping. The STPs are designed as sequential batch reactors which consume low energy in the treatment of wastewater. In strict adherence to Republic Act 9275 (Philippine Clean Water Act), SM Prime follows proper protocol in treating sewage water before discharge to the public sewer lines to preserve marine resources. The Company ensures that its effluents are within the effluent quality parameters set by the Department of Environment and Natural Resources (DENR).

Total Recycled Water (%)



Solid and Hazardous Wastes (306-2,4)

Waste by type and disposal method

	Composted	Recycled	Sent to Landfill
Compostable 	5,589		
Recyclable 		9,929,847	
Residual 			214,571

All figures are in kilograms

Trash-To-Cash Program

SM Prime has introduced a recycling activity which promotes the Reduce-Reuse-Recycle practice. The company has been inviting the community to implement proper waste disposal and management at the household level. The Trash-to-Cash program is SM Prime’s way of showing its compliance to the government’s implementation of RA 9003 (Ecological Solid Waste Management Act of 2000). Through this program, SM Prime was also able to inform its stakeholders of the available solutions in solving solid waste issues or concerns.

Trash to Cash (TTC) Breakdown

Year	Paper	Plastic	Glass	Metals	Others
2018	9,796,915.12	90,450.44	4,243.50	135,195.93	117,264.30
2017	1,150,451.07	105,794.27	2,880.26	120,972.08	61,241.32
TOTAL	2018 10,144,069.29	2017 1,441,339.00			

All figures are in kilograms

Hazardous Waste



Understanding the Linkage between SM Prime's Operations and Biodiversity (103-1,2,3; 304-4)




SM Prime is committed to assisting the Government in solving the problems of congestion and shortage of adequate housing in the metro. As such, the Company is developing smart and sustainable living hubs outside the metropolis. In planning for its land developments, SM Prime takes into account the importance of preserving the biodiversity of the area.

It acknowledges the significant role of biodiversity conservation as a critical element in climate change adaptation.

One such development is SM Prime's Hamilo Coast Project. It is envisioned to become the premier sustainable beach resort town of the Philippines. Hamilo Coast is a sprawling seaside sanctuary that is

bounded by the West Philippine Sea on the west and misty cloud-covered mountain ranges in the east. The property encompasses three major mountain peaks and thirteen coves, three of which are Marine Protected Areas (MPAs). Hamilo has about 111 species of fauna and 47 flora. Eight (8) fauna and four (4) flora are in the IUCN Red List of Threatened Species.

Since 2007, Hamilo Coast has partnered with the World Wide Fund for Nature (WWF) Philippines on environmental programs aimed at preserving the quality of its natural surroundings. The partnership is beneficial in the preservation of the IUCN Red List of Threatened Species with habitats within the areas of the Company's operations.

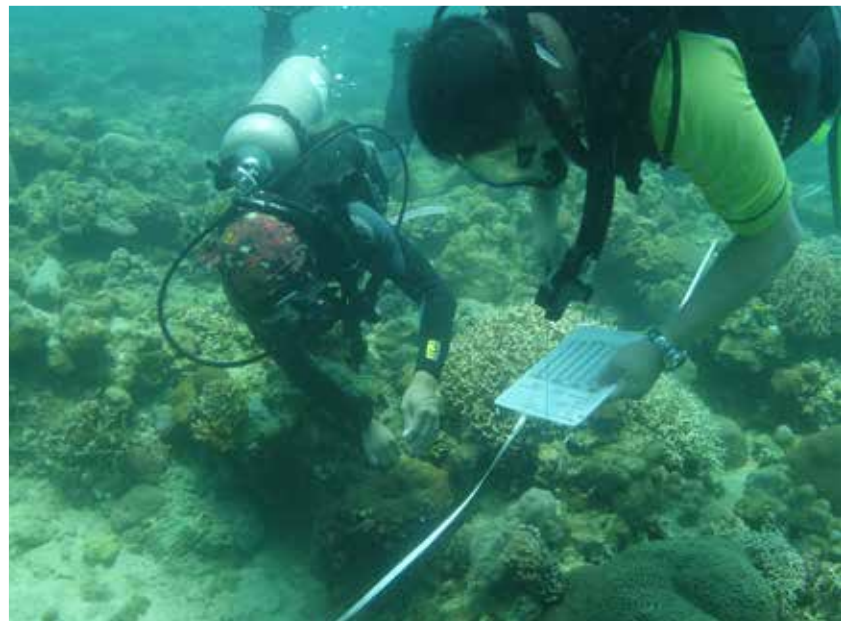
FAUNA	Endangered	Vulnerable	Near Threatened
Mammal 		Philippine warty pig (<i>Sus philippinensis</i>)	Long-tailed macaque (<i>Macaca fascicularis</i>)
Amphibians 			Giant Philippine Frog (<i>Limnonectes macrocephalus</i>)
Snakes 			Asiatic cobra (<i>Naja cf. naja</i>)
Birds 	Java Sparrow (<i>Lonchura oryzivora</i>)	Ashy Ground Thrush (<i>Geokichla cinerea</i>)	
		Philippine Duck (<i>Anas luzonica</i>)	
		Philippine Eagle Owl (<i>Bubo philippinensis</i>)	
FLORA	Endangered	Critically Endangered	Vulnerable
Kahoy Dalaga (<i>Mussaenda philippica</i>)			
Philippine Teak (<i>Tectona philippinensis</i>)			
Bagawak Morado (<i>Clerodendrum quadriloculare</i>)			
Tindalo (<i>Azelia rhomboidea</i>)			

SM Prime is further committed to addressing issues related to biodiversity conservation by conducting activities to ensure that existing natural habitats of flora and fauna are well-cared for.

COASTAL CLEAN UP

MANGROVE PLANTING

MARINE PROTECTED AREA MONITORING



FEATURE STORY

SM Hotels and Convention Corp. Best Practices and Eco-Tourism

SM Prime is proud to be part of the 12.2% contribution of tourism to the Philippines' Gross Domestic Product. Being in this sector enables the company to support initiatives in nation building and create "multiplier effects" through generation of employment, tax contributions, and domestic purchases of local goods, among others.

As SM Prime significantly contribute in the economic growth of the Philippines, the company acknowledges that some of its business activities may pose an impact to the environment. This gives SM Prime the opportunity to be environmentally responsible and promote sustainable operations.



Sustainable Agriculture

Organic farming

Adopt-a-farm/ Community farming initiatives

The programs under the Sustainable Agriculture focus on achieving development that is inclusive and sustainable in the rural sector. This provides additional income for host communities, especially among the small-scale farmers. Programs in 2018 were the Organic Farming and Adopt-a-farm community farming initiatives.

The Company practices thinking long-term and knowing that one wrong decision may be irreversible and have negative impact on the future generations. All things considered, the Company places utmost consideration to the stakeholder groups affected by its operations. One of the Business Units, SM Hotels and Convention Centers (SMHCC) led the industry by sharing the best practices and eco-tourism initiatives that were implemented in 2018 in the areas of Sustainable Agriculture, Sustainable Operations, and Sustainable Solutions. These efforts help mitigate the environmental concerns emanating from its various operations.



Organic herb and vegetable gardens for use in the properties' restaurants



Sustainable Operations

Specific programs were designed to help minimize the environmental footprint thereby making operations more sustainable. For instance, Pico Sands Hotel replaced plastic bottles in all guest rooms with refillable glass water vessels, and filtered water dispensing stations were made available in all guest floors for a refill. This initiative will prevent over 113,700 plastic bottles from being disposed into the ocean.



- "Low carbon footprint" menu
- Serving healthy dishes
- Using local and natural ingredients
- Minimizing the use of plastics
- Reducing food and overall waste
- Conserving electricity and water
- Linen-less meeting set-up
- Paperless reservation processing

Food Waste Data Gathering and Reporting



Segregation and Weighing and Reporting of Food Waste: Pre and Post Service Waste



Actual Weighing and Reporting of Food Waste

WWF's Sustainable Diner Project in the Philippines.

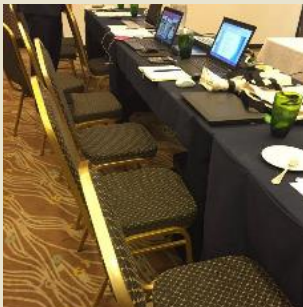
WWF-Philippines aims to lessen food wastage and contribute to the improvement of the implementation of sustainable consumption and production processes in the foodservice sector. The Sustainable Diner Project aims to engage various stakeholders in promoting sustainable dining practices, making The Philippines' foodservice industry more environmentally friendly. The program was piloted in Taal Vista Hotel and Pico Sands Hotel at Pico de Loro Beach and Country Club.



A Key Ingredient For Sustainable Tourism



SM Hotels launched their respective campaign drives on food sustainability.



ENVIRONMEET

Sustainable meeting package

- Linen-less set up
- Paper station instead of individual set up
- No plastic water bottles
- Locally-sourced ingredients for the menu items (less carbon footprint)
- Higher setting of aircon (less use of energy)
- Full use of daylight



Sustainable Solutions

- Coastal Cleanup 2018
- e-Jeeps in Pico de Loro
- From plastic straws to paper straws
- From plastic coffee stirrers to wooden stirrers
- From plastic, Styrofoam and laminated boxes to starch-based biodegradable takeout food containers
- From laminated tags to dust-free chalk board buffet tags
- Single-serve portions in buffets



The Coastal Cleanup 2018 activity held at Pico de Loro Cove was the Launchpad for the "Ayoko ng Plastik" movement initiated by WWF.



Wooden coffee stirrers replaced plastic coffee stirrers



biodegradable takeout food containers



Dust-free chalk board buffet tags instead of laminated tags



Single-serve portions were introduced in the buffet to reduce food waste.



SM City BF Parañaque

Uplifting Lives through Social Relationships

SMPrimeservesasacatalystforpositivechangeinPhilippine society. The Management Team and employees embrace the opportunity to do something different, something better for the Filipino people. SM Cares is not only a Program but a way of life.

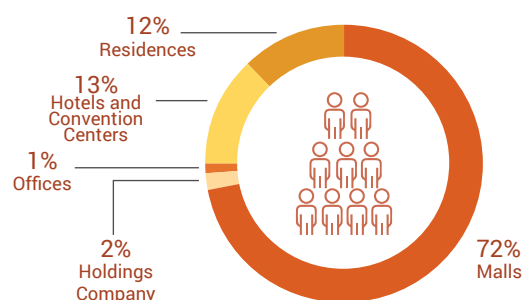
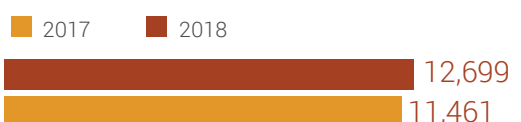
Organic Employment (103-1,2,3)

Side by side with the growth and expansion of SM Prime is the need to hire new employees and retain existing workforce. In so doing, the Company ensures that Labor Laws are complied with and the workplace is a safe haven for employees.

In 2018 there were 12,699 organic hired employees or a 10.8% increase from last year. Rank and file employees total 5694 or 45% of the population. Women composed 60% of the workforce.

Meanwhile, eighty-eight percent (88%) of the workforce are regular while 12% are on probationary status. SM Prime engaged the services of 28 consultants in 2018.

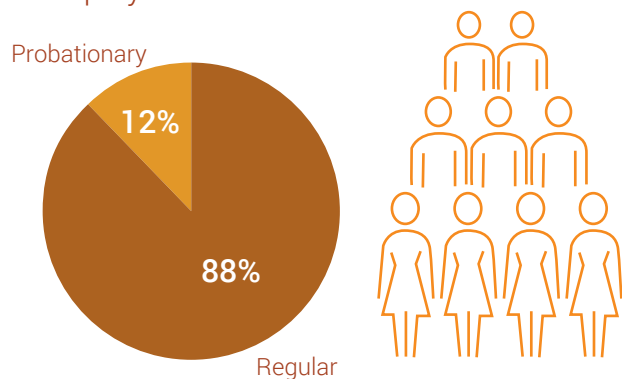
Workforce Headcount



Business Units include:

Malls	SCMC, EDD, SMLI, FECI
Holdings Company	SM Prime HO
Hotels and Convention Centers	Park Inn, Conrad, Pico Sands, PDLBCC, Taal Vista, SMX, Megatrade, Cebu Trade, Skyhall
Offices	Commercial Property Group
Residences	SMDC, GPMC, SHDC, SM Synergy, CDHI, HPI

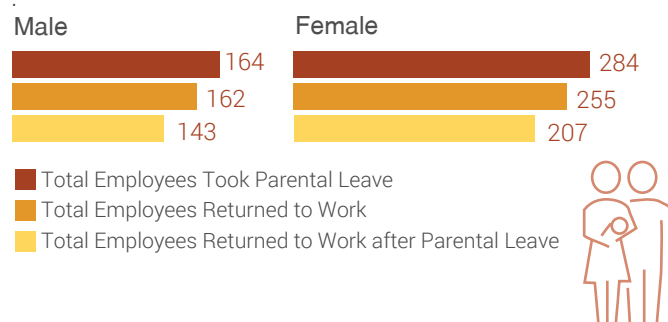
Employment Status



Parental Leave (401-3)

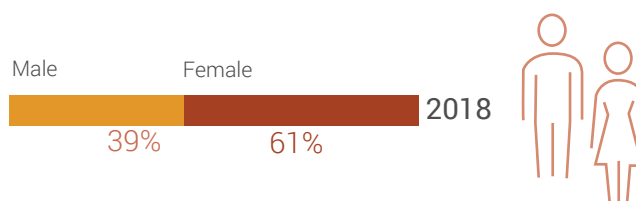
Parental Leaves (Maternity, Paternity, Solo Parent Leaves) are given to all qualified employees without affecting their employment, rank, and tenure.

Of all female employees entitled to parental leave, only 4% availed it in 2018, of which 89% returned to work after parental leave period, and 72.9% are still employed 12 months after their return to work.



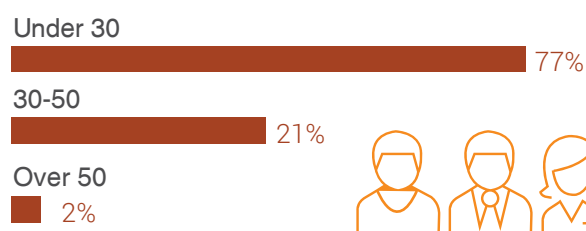
New Employee Hires (401-1)

SM Prime as a dynamic company attracts young people to join the organization. Of the 3,573 newly hired employees in 2018, 83% were under 30 years old and in terms of gender, 61% were female. In terms of employment by region, 78% of 2018 employees are based in Luzon with the National Capital Region (NCR) contributing 47%.



While a good number of employees were hired, 3,008 left. 77% of those who are no longer employed are under 30 years old, 64% are female, and 50% were from NCR. Annual Turn-over rate is 12.4%

Age Distribution



SM Cares

SM Prime has encouraged and empowered people to value and promote inclusivity. Employees and Executives of the Company take part in the activities and programs of local communities and vulnerable groups.



Happy Walk

Happy Walk for Down Syndrome is an annual event held in celebration of Down Syndrome Consciousness Week. It is organized by the Down Syndrome Association of the Philippines and SM Cares. Employees and Executives from SMPHI make it a point to join this event to help spread awareness and provide support for the families of people with Down Syndrome. In the photo are Mr. Hans T. Sy and US Ambassador Kim Sung leading the Happy Walk 2018.



Angel's Walk for Autism

Angels Walk for Autism is organized by the Autism Society Philippines and SM Cares. It is an annual event and held every January in observance of National Autism Consciousness Week. The activity promotes acceptance, accommodation and inclusion of people with autism. SM Prime employees and members of Management join and support the advocacy walk.



Coastal Cleanup

The Manila Bay coastal clean-up of the area fronting SM by the Bay has been conducted by SM Prime since September 2015. The cleanup is in partnership with the local government, various organizations and community members.



Serve More Love for the Elderly

"Serve More Love for the Elderly" is an activity of SMPH every September which aims to provide an opportunity for the employees to spend time with the elderlies and help make a difference in their lives. The program has already provided love and happiness to 2,643 elderlies through the help of 1,167 employee volunteers.



Brigada Eskwela

Brigada Eskwela is a program spearheaded by the Department of Education, where public school facilities are repaired and cleaned in preparation for the new school year. This activity is being participated annually by over 3,000 employees of SM Prime.



ChriSMiles

ChriSMiles is an initiative by HR and SM cares of extending the joy of Christmas to the underprivileged kids every December. Presents and activities are prepared by 1,340 employee volunteers of SM Prime. As of December 2018, ChriSMiles has already brought smiles to 3,987 less fortunate children.

FEATURE STORY

Be PRIME

As one of the largest integrated developers in Southeast Asia, SM Prime is committed to its role as a catalyst for economic growth by delivering lifestyle cities that enrich the quality of life for millions of people. Living up to this vision, the PRIME values were crafted as an articulation of the positive behaviors that fuel the core of the organization. The Be PRIME internal campaign was launched in 2018 and was further intensified through various employee programs and communication vehicles. Be PRIME is positioned to be a unifying and sustainable thread that synergizes the talent communities across the various business units within the SM Property Group.

To encourage employees to Be PRIME, the company provides a work environment that enables individuals to find pride in their purpose by having clear goals and Key Performance Indicators (KPIs), by creating pathways for one's competence and passion, and by harnessing the power of winning together to solve real-world challenges faced by the local markets.



SM Prime's aspirations include:

Developing & Engaging World-Class Talents

- Develop talents who possess and demonstrate the right competencies, agility, corporate values, and exceptional results.
- Provide a workplace with learning and developmental opportunities for talents to grow professionally and unleash their highest potential.

Delivering World-Class Business Outcomes

- Consistent delivery of quality work reflected through the innovative and sustainable integrated property developments that uplift our customers

Being PRIME means living the SM LIFE

As values shape the way we work and deliver our services, cultivating the Be PRIME values supports how employees live the SM LIFE. Spearheaded by Mr. Hans T. Sy, the SM Life Integration for Employees (LIFE) is a culture-building program that espouses a life of purpose, productivity, and passion achieved by working together with a happy heart. The Be PRIME values enrich the SM LIFE for when people are bound by a common set of values, individuals' actions and intentions meld to cultivate a sustainable culture of working together.

Diversity and Equality (103-1,2,3; 405-1)

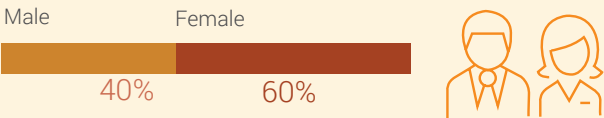
The management of SM Prime has embraced a diversity policy which aims to create and maintain an atmosphere of constructive challenge and debate, requiring the right balance of skills, competence, experience, and perspectives among the directors, members of Management Committee, Executives and employees.

In the Management Teams, competency regardless of age and sex is the basis for hiring and promotion.

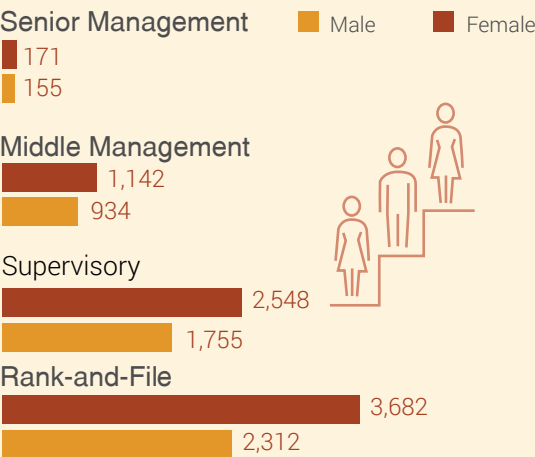
As of 2018, there are two (2) female Presidents in the organization and women outnumber men in Executive and Managerial levels.

SM Group also puts value in the contribution of women. In the 60th year Anniversary celebration, 60 AweSM women were honored by the organization for their contribution, leadership, and dedication to SM.

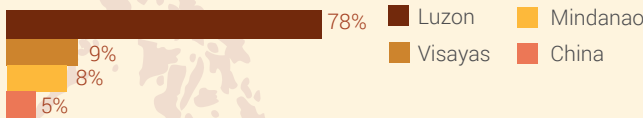
Gender Distribution



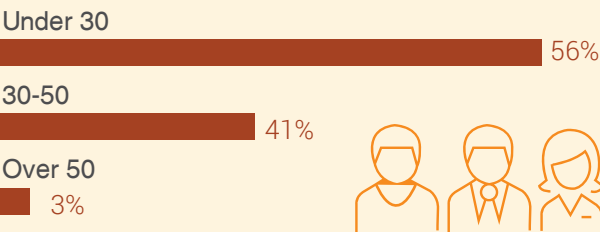
Rank Distribution



Regional Distribution



Age Distribution



Honoring 60 AweSM Women during the 60th Anniversary of the SM Group

Occupational Health and Safety (103-1,2,3; 403-3)

SM Prime is committed to maintaining the workplace as a haven for its employees. The employees are not involved in occupational activities that have a high incidence or high risk of specific diseases. Still, safety measures are in place to guarantee that those employed by the company are physically fit and able to do their jobs, remain healthy and medically assisted whenever needed.

The Medical Services and the Human Resources Divisions have instituted several programs aimed at promoting the health and well-being of the employees and the public. Health Bulletins and wellness talks and sports activities complement the institutional implementation of Annual Physical Exams, random drug testing and no smoking in the office. To attend to the everyday medical needs of employees, the Company has more than 70 retainer doctors in its more than 70 clinics. Full-time employed nurses staff the clinics.

Newly-hired employees have to pass a medical exam prior to hiring. Health insurance is provided upon regularization and employees who get sick need to go to the clinic to get a fit to work clearance to ensure that they have fully recovered and not a threat for communicable diseases to their co-employees and the public they deal with. As a result, there were no reported cases of epidemic, drug abuse nor intoxication in the workplace.

To complement the presence of medical practitioners, the Customer Relations Services (CRS) introduced the SM Emergency Response Team (SMERT). The SMERT members are trained first-aiders who can assist employees and the public whenever there is an emergency.

The Company regularly participates in Fire Safety and Earthquake Drills conducted by different government agencies.



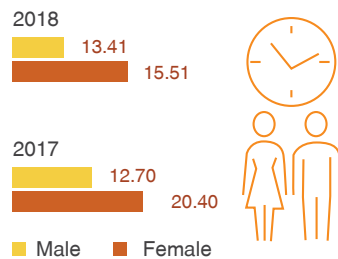
Training and Education (103-1,2,3; 401-1; 404-3)

SM's learning journey is anchored on a holistic and continuing approach to ensure that its employees are competent at what they do so that they can grow professionally and support the overall goals of the organization. Its various training programs provide opportunities to enhance skills and knowledge, engage participants and immediately apply learnings on the job. As such, each program is designed to be experiential and benchmarked with best practices to ultimately drive desired business results.

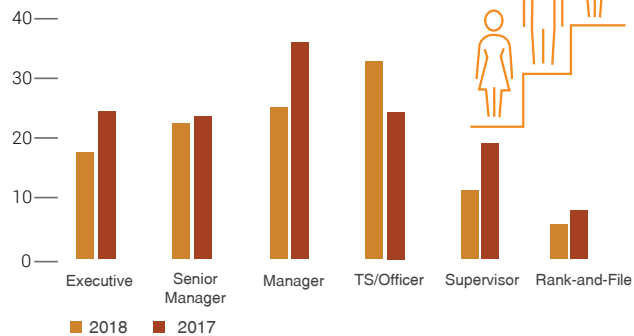
The core programs of SM are meant to guide its employees throughout their employment from knowing essential company information to performing their functional, leadership and customer interfacing roles. The learning programs are categorized as follows:

- New Employee Orientation
- Functional Training Programs
- School of Leadership
- Customer Centric Culture
- Resiliency and Risk Management Training Program
- Certification, Accreditation & Compliance Initiatives

Average Training Hours by Gender

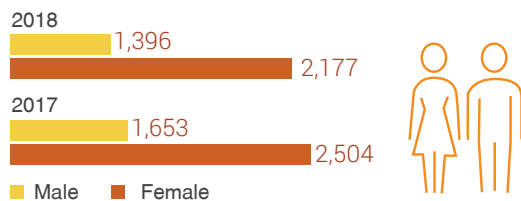


Average Training Hours by Rank

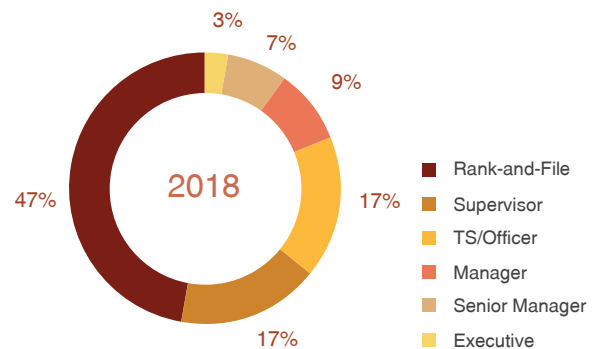


Number of Eligible Employees by Gender

Employees received Formal Performance Assessment



Number of Eligible Employees by Rank



Non-Discrimination (103-1,2,3; 406-1)

SM Prime ensures compliance with anti-discrimination policies throughout the company's operations whether in the selection of its employees, contractors, suppliers and even treatment of customers and Persons with Disabilities (PWDs) and other marginalized sectors.

Selection of suppliers follows an open, competitive, and non-discriminatory process. The company implemented a vendor enrolment process that screens the qualifications of vendors and suppliers the company will deal with.

The Philippines is rank 3rd by the World Risk Index 2018 in terms of vulnerability from natural hazards and calamities. It is therefore imperative that during emergencies and disasters no one must be left behind including Persons with Disabilities (PWDs). SM Cares, the Corporate Social Responsibility arm of SM Prime, organized in July 2018 the Emergency Preparedness Forum for Persons with Disabilities. It was the third time that SM mounted the forum as part of its commitment to help the Philippine Government in its disaster risk reduction efforts. The Metro Manila Development Authority (MMDA) supported the Program and lent their Earthquake Simulator Machine. An estimated 600 PWDs and their guardians were able to practice the "Duck, Cover, Hold" technique. It was a first for so many of the young people who were either

blind, deaf, with physical/orthopedic impairments, with Down syndrome, and with Autism to participate in a simulated earthquake drill.

UNICEF Philippines Country Representative Ms. Lotta Sylwander also graced the event and delivered a message of support for the initiative.

With its effort of inclusivity and non-discriminatory practices, SM Prime is proud to report that there are zero complaints of discrimination and inequality within the Company.



Human Rights Assessment (103-1,2,3; 412-2)

SM Prime holds programs on human rights for its employees because it offers insights into the company's capacity to implement its human rights policies and procedures in business operations including supply and outsourcing networks. It also helps the company measure the extent to which its commitment on human rights are integrated with the company's economic decisions especially if the company operates within or ventures in areas where the protection of human rights is of significant concern.

SM Prime prioritizes human rights, and this reflects in the implementation of policies and procedures in business operations including supply and outsourcing networks. The company makes sure that its commitment to upholding human rights is integrated in its economic decisions as well.

Firm with its Policy on Accountability, Integrity, and Vigilance (PAIV), SMPH aims to provide an environment where concerns are voiced out and where violation of Code of Ethics, corporate policies, and law or regulation may be raised freely within the organization.

SM Prime Wins Apolinario Mabini Awards



Engr. Bien C. Mateo, Program Director of PWD Committee of SM Cares receiving the award on behalf of Mr. Hans T. Sy.



The Apolinario Mabini plaques awarded to SM establishments with the Mabini Presidential Recognition Award for Mr. Hans T. Sy.



11th World Autism Awareness Day in SM Mall of Asia with the MOA Globe lighted with the advocacy on inclusiveness of PWDs.



SM Supermalls is the venue of PWD activities and celebrations like the One Heart One Voice: 14th Women with Disabilities Day Celebration in SM North EDSA.

Change for the better is the only way to go and SM Prime is always on a quest to deliver world-class service to its millions of customer and meet their ever-changing needs and aspirations.

Ever since the eye-opening 2004 incident in SM Megamall where a child with autism went missing then found after a couple of hours, the Company has never wavered in its advocacy and support for the inclusion and promotion of wider recognition of Persons with Disabilities (PWDs).

With the leadership of Mr. Hans T. Sy, Chairman of the Executive Committee of SM Prime, SM establishments became PWD friendly. Its facilities were built with the needs of PWDs in mind while its Corporate Social Responsibility (CSR) arm, the SM Cares, have launched several programs in partnership with the various PWD Organizations to raise more awareness of PWDs as self-respecting, self-reliant and productive members of society.

In recognition of the said efforts and unwavering support, SM was conferred 15 Apolinario Mabini Awards on December 3, 2018.

The Apolinario Mabini Awards, named after one of the heroes of the Philippines - Apolinario Mabini also known as the "sublime paralytic" - are given to professionals and organizations that have distinguished themselves in their chosen fields of endeavor, or have rendered outstanding services to people with disabilities.

SM's PWD Friendly Establishment Awards were given to: SM Seaside Cebu (silver); bronze for SM City Cabanatuan, SM City Clark, SM City Cauayan, SM City BF Paranaque, SM Stores in Sucat, Cabanatuan, San Jose Del Monte, East Ortigas, Trece Martires, and SM Supermarket in SM Seaside Cebu. Special Awards were also given to SM City San Lazaro, SM City Rosario, and SM Store in Makati.

Mr. Hans T. Sy, Chairman of the Executive Committee of SM Prime Holdings, was also given the Mabini Presidential Recognition Award for his passion and dedication in promoting awareness and inclusion of PWDs in the SM Malls.

Security Practices (103-1,2,3; 410-1)

SM Prime is committed in providing quality security practices to demonstrate the extent to which its management systems pertaining to human rights are implemented in the company. Through its security policies and risk management, it can measure the proportion of the security force that protects human rights. Having multiple sites means that the company needs to provide equal quality of security, and this is achieved through training of security personnel and maintenance of facilities. Department personnel are also trained to respond to safety and security

incidents, as well as respond to emergency situations and deal with customers with special needs. Further, SMPH ensures proper maintenance of facilities to minimize the impact of physical security risks which may affect its operations.

In ensuring customer safety, SM Prime launched the SM Emergency Response Team or SMERT. Under SMERT, security personnel are trained in first aid and basic rescue skills.



Local Communities (103-1,2,3)

One of the Missions of SM Prime is to foster social responsibilities in the communities it serve. With this, SM Prime together with its employees committed to be catalysts of change by ensuring that it gives back to the local communities and manage the environmental footprints of the organization.

SM Prime has institutionalized various programs designed to forge long-lasting relationships and positive impact with the local communities. These programs focus on environmental protection and sustainability; disaster risk reduction and resiliency; providing quality education for public school children; inclusiveness of PWDs, Women, Seniors, Children and Youth and other marginalized groups, among others.

The Company is hopeful that with the efforts extended in taking care of its host communities and helping in their growth it is contributing to a more progressive and resilient Philippines.

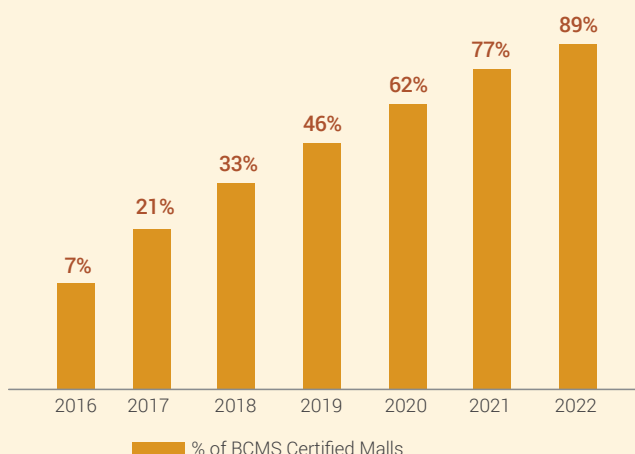


FEATURE STORY

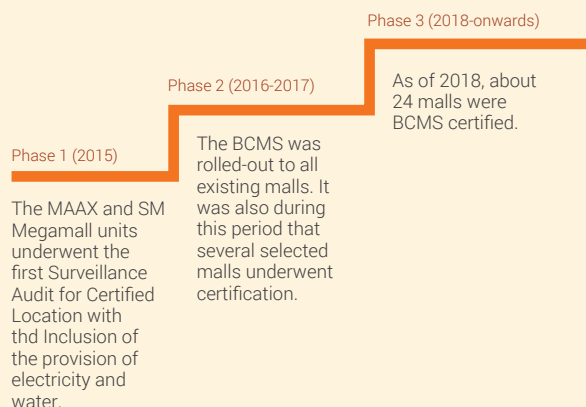
Business Continuity Management System (BCMS)

Addressing risks is an integral part of SM Prime's management and governance. Thus, the company implemented a Business Continuity Management System (BCMS) to business continuity risks that may happen during operations. This system assures tenants, suppliers, and other stakeholders that the company is competent to handle, respond, and continue operations in the occurrence of a disruptive event.

SM Prime developed a Five-Year Roadmap with specific targets on the number of malls that will be certified for the BCMS. By 2022, it is projected that 89% of SM Prime's existing malls are BCMS certified.

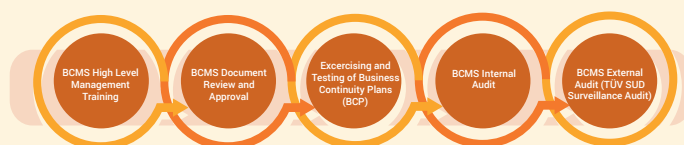


SM Prime is already in Phase 3 of the BCMS project implementation. As of 2018, about 24 malls are already BCMS certified. The list of the malls and the year of its certifications are indicated in the table below.



The Process

The process of the certification is composed of five major steps. All of SM Prime's 24 certified malls underwent this process.



The first step to acquire the certification is the BCMS high-level management training where the basic and important concepts of Business Continuity Management are introduced to the Mall. It is also in this step that the importance of risk reduction is emphasized.

Then, the assigned personnel shall submit documents which are subject to management review and approval.

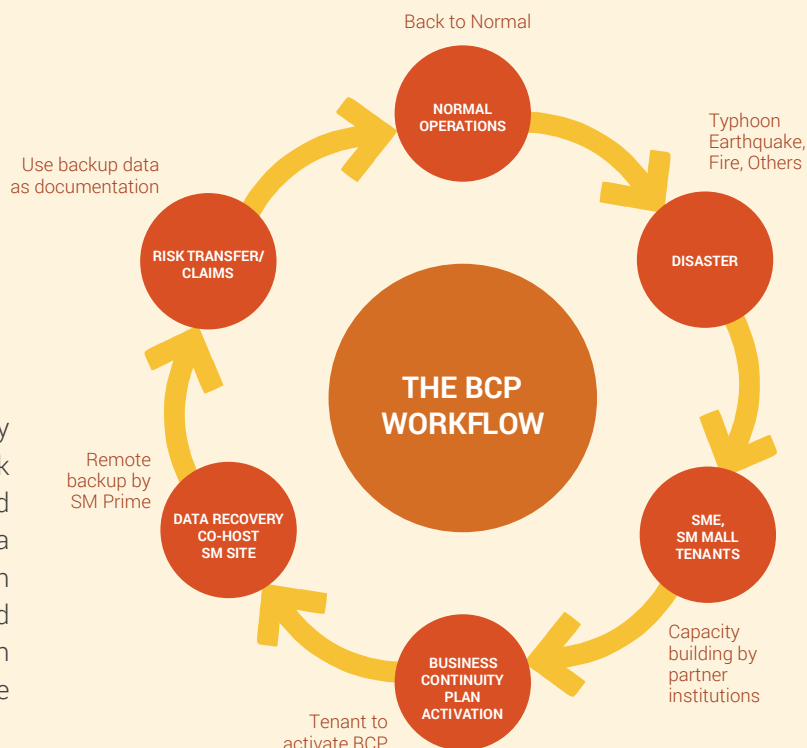
In a regular interval or when changes to the plan documents have been made, business continuity plans are tested through simulations to assess relevance, suitability, and effectiveness.

Subsequently, the internal audit is conducted to assess Mall compliance to the requirements of the management system, internal policies and procedures of SM Supermalls relative to BCMS and the applicable legal and regulatory requirements.

Lastly, the external audit is performed by an external party on the basis of assessing the organization's compliance to the ISO 22301, and whether the management system is effective in supporting the organization's business continuity objectives.

SM Business Continuity Program (SMBCP) for Small and Medium Enterprises (SMEs)

SM Prime launched its Business Continuity Program (BCP) as part of its Disaster Risk Reduction (DRR) initiatives for its Small and Medium Enterprises (SMEs). The BCP is a free service for mall tenants with the provision of 5GB data storage for insurance and operational documents that SMEs can use in their disaster recovery efforts after occurrence of a disaster.



SMBCP Facility

The SMBCP Facility will serve as venue for capacity building for its internal and external stakeholders i.e. BCMS teams, SMEs.



Conference Room



Receiving Area



Lobby



Huddle Room



Monitoring Center

FEATURE STORY

Public Private Partnership on Disaster Risk Reduction and Resilience^(102-12,13)



The National Resilience Council (NRC) champions the advancement of the objectives of UNISDR's Science and Technology Advisory Group, Asia Science Technology and Academia Advisory Group, and the Private Sector Alliance for Disaster Resilient Societies

(ARISE). It highlights the critical role of the private sector, not only in reducing risks but in preventing new risks from NRC follows an evidence-based resilience model applicable to the Philippine context. It involves establishing and strengthening local resilience councils to achieve development continuity. Local Government Units (LGUs) undergo a three-year program consisting of leadership and governance training, and science and technology knowledge development.

For the first phase of its Resiliency Leadership Program, NRC has been working with the following LGUs: (1) Bataan Province, (2) Cagayan de Oro City, (3) Iloilo City, (4) Iriga City, (5) Naga City, (6) Ormoc City, (7) Valenzuela City, and (8) Zamboanga City.



“Resilience is sustainability in uncertain times. Under the leadership of Mr. Hans Sy, SM Prime is confronting the complex challenges of climate change and disaster resilience by engaging partners from the national and local government, the private sector, academe, and civil society in the National Resilience Council or NRC.

Hosted by the Carlos P. Romulo Foundation, the NRC builds local government's capacity for evidence-informed risk governance through science and technology-based public-private partnerships.

NRC's internationally recognized Resilient LGU Systems Program, its Resilience Scorecard, and its multi-stakeholder organization ensures both the co-ownership of the challenges and co-creation of solutions to the dynamic landscape of disaster risk in the Philippines.”

Antonia Yulo Loyzaga
President
National Resilience Council

ARISE Philippines Collaborative Partnerships (102-12)

“ARISE Philippines and the National Resilience Council (NRC) are a shining example of public-private partnerships hailed as a good practice and deserve to be replicated in other countries.”

MS. MAMI MIZUTORI
UN Special Representative of the Secretary-General
for Disaster Risk Reduction



DISASTER RISK

MANAGEMENT STRATEGIES

Building partnerships with and between the public and private sector to assess their disaster risks and develop appropriate disaster risk management strategies and plans.

EDUCATION AND TRAINING

Collaborating with leading universities, training institutions, professional associations, and educational outreach programs in all regions to introduce or improve disaster risk management into the curricula of education and training services.

URBAN RISK AND RESILIENCE

Supporting local business communities and governments to increase awareness of and understanding for improving disaster resilience in the urban and built environment, and will inter alia address critical infrastructure and basic service delivery, transportation, energy and utilities services, and information and communications technology.

SOURCE:

United Nations Office for Disaster Risk Reduction. (2015) Private Sector Alliance for Disaster Resilient Societies.



1. 7th Top leaders Forum - "Changing The Game: Building A Culture of resilience Through Public-Private Partnership", Nov. 2018
2. Launch of the NRC Resilient Local Government Systems Scorecard at the Resilience Marketplace for Innovation Forum of the Department of Interior and Local Government's (DILG) Local Government Academy (LGA). Both DILG and LGA are partners of NRC.
3. Training on the Climate and Disaster Risk Assessment for the NRC Resilient LGU Program, organized in collaboration with NRC partners Manila Observatory (MO) and Ateneo de Manila University (ADMU).
4. Students of the Master of Disaster Risk and Resilience (MDRR), a program by ADMU, MO and the Ateneo Innovation Center.
5. Forum on Understanding Risk and Resilience organized by ARISE Philippines, SM Prime and NRC.
6. MDRR student at the Forum on Understanding Risk and Resilience at SMX Aura, Taguig City.
7. Signing of the NRC Pledge of Partnership for Resilience with the National Economic and Development Authority and Department of Foreign Affairs, attended by NRC Governor Ambassador Roberto R. Romulo of the Carlos P. Romulo Foundation and NRC Co-Chairs Mr. Hans Sy of SM Prime and Defense Secretary Delfin Lorenzana.
8. Strengthening Strategies On Disaster Resilience Thru Partnerships, Aug 2018

FEATURE STORY

Top ASEAN Corporate Governance Scorecard Awardee



Good Corporate Governance is a necessary component in SM Prime

As one of the country's biggest property development companies, SM Prime assures that it continuously go beyond mere compliance of good corporate governance measures within the organization. This is anchored on the company's corporate governance standards, which serve as the framework upon which all the policies and activities of the organization are built upon.

Board Diversity

In ensuring a diverse Board, SM Prime's Corporate Governance Committee has established a Board Matrix which will be the basis in assessing if the Board has an appropriate mix of directors to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. The Company's Board Matrix is aligned with SM Prime's strategic objectives, namely: (1) Promoting Sustainable Developments, (2) Expanding the Mall Experience, (3) Building world-class developments, (4) Delivering trailblazing architecture that meets global standards, (5) Building new growth businesses, (6) Caring for the Environment, and (7) Adopting responsible social, environmental, and governance practices.

Succession Planning

In selecting qualified leaders, the Corporate Governance Committee follows an established framework in succession planning, which involves

linking of strategic goals and workforce requirements, analysis of continuity issues and gaps in the long-term, identification of talent pools, and development, implementation and monitoring of succession strategies based on the considerations identified.

Apart from the adoption of the policies mentioned above, SM Prime also established an evaluation system to assess the Board, Board Committees, and individual directors' performance, and whether the Board possesses the right mix of backgrounds and competencies. It is the Corporate Governance Committee who facilitates the annual self-assessment, and they evaluate in consideration of the following criteria: Individual characteristics as a Board member, Collective Board Committee rating, and Chairperson's role.

Communication Across the Organization

SM Prime understands that the continuous growth and development of its corporate governance culture rests on the promotion and awareness of this initiative among its employees. As such, the company continues to strengthen its training and orientation programs. Through the Human Resource Department's (HRD) orientation program, new employees are given an overview of the various components of SM Prime's Corporate Governance Framework and the Code of Ethics and related policies which are also contained in an internal portal for employees' easy access and reference. It also covers the importance of ethics in the business, informs employees of their rights and obligations, as well as the principles and best practices in the promotion of good working ethics.

Various Participation for Governance Improvement

With SM Prime's participation in the Alliance for Disaster Resilient Societies (ARISE) project of the United Nations Office for Disaster Risk Reduction (UNISDR), it is able to present and share its efforts on building resiliency by promoting business continuity planning, resilient investments, and education and training about disaster risk management.

SM Prime's good corporate governance practices have helped establish SM as a strong brand trusted by customers, investors, business partners, and other stakeholders. We believe that corporate governance standards help shape a sustainable future for the company's stakeholders.



Corporate Governance

SM Prime commits to leadership excellence from its Board down to its employees. The company goes beyond compliance by fostering a culture of integrity, transparency, and fairness that is at the heart of its corporate values.

Corporate Governance (102-10)

SM Prime Holdings, Inc. believes that good governance is essential to the continued success of its business, and is dedicated to foster a culture of fairness, accountability and transparency at all levels within the organization. These principles constitute the foundation of SM Prime's Corporate Governance Framework, and are embedded in every aspect of the Company's operations and its dealings with various stakeholders.

The Company's good corporate governance practices has helped established SM as a strong brand which customers, investors, business partners and other stakeholders trust. The Company and its business units have consistently won recognitions and awards from various bodies as a testament to this. This certainly helped sustaining the Company's competitive advantage as demonstrated by, among others, incoming global brands' preference to locate in SM properties, as well as foreign investments flowing into the Company.

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

The Board of Directors

SM Prime's Board of Directors is at the helm of its governance structure. It is the Board's responsibility to formulate and ensure the achievement of the Company's vision and mission in a manner that upholds the values of focus, hard work, innovation, integrity, teamwork and sustainability.

The Board also plays a leading role in the establishment of the Company's strategic framework, setting the overall strategic direction and reviewing and monitoring its progress at least on an annual basis. Through the Company's Strategy Team, the Board reviews business units' strategies and targets and monitors their progress towards achieving the Company's strategic objectives

SM Prime's Revised Manual on Corporate Governance specifies the duties and responsibilities of the Board of Directors, and delineates the roles of the Chairman of the Board and the President. This separation of roles ensures appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board conducts itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Formulates the Company's long-term vision and mission;
- Oversees the development of and approve the Company's business objectives and strategy, and monitors their implementation;
- Ensures and adopts an effective succession planning program for directors, key officers and management;
- Aligns the remuneration of key officers and Board members with the long-term interests of the Company;
- Discloses in the Corporate Governance Manual a formal and transparent board nomination and election policy;
- Ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions;
- Approves the selection and assessing the performance of the Management and control functions;
- Establishes an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards;
- Oversees that an appropriate internal control system and a sound enterprise risk management (ERM) framework is in place;
- Ensures a Board Charter is in place and is publicly available;
- Discloses within three business days any transactions related to their own SM Prime shares; and
- Performs other duties and responsibilities as may be assigned by the Securities and Exchange Commission (SEC).

Board Committees are set up to assist the Board in the performance of their functions particularly, with respect to audit, risk management, related party transactions and governance. The Board, through the work performed by its Committees, is of the opinion that the Group's systems of internal control and risk management are adequate and effective to address the financial, operational and compliance risks. The composition, duties and responsibilities of all committees are publicly available in the corporate website.

The Board is also assisted by a Corporate Secretary to ensure the effective discharge of its duties and responsibilities. The Corporate Secretary assists the Chairs of the Board and its Committees in the preparation of agenda for Board meetings, puts the Board on notice before every meeting and assists the Board in making business judgments in good faith. The Corporate Secretary gathers and analyzes documents, records and other information, including updates and changes to relevant rules, laws and regulations, and keeps the Board abreast on matters essential to the conduct of their duties and responsibilities.

BOARD COMPOSITION (102-18)

Director's Name	Directorship	Age	Date First Elected	Elected When (Annual/Special Meeting)	No. of Years as Director
Henry Sy, Sr. (†)	Chairman Emeritus	94	April 1994	Annual	25
Jose L. Cuisia, Jr.	Lead Independent	75	April 1994	Annual	25
Gregorio U. Kilayko	Independent	64	April 2008	Annual	11
Joselito H. Sibayan	Independent	60	April 2011	Annual	8
Henry T. Sy, Jr.	Non-Executive	65	April 1994	Annual	25
Hans T. Sy	Non-Executive	63	April 1994	Annual	25
Herbert T. Sy	Non-Executive	62	April 1994	Annual	25
Jorge T. Mendiola	Non-Executive	60	December 2012	Annual	6
Jeffrey C. Lim	Executive	57	April 2016	Annual	3

To monitor progress in achieving the Board's diversity objectives, the Company's Corporate Governance Committee uses a Board Matrix, which sets out the mix of attributes, skills, competencies and experience, affiliations the Board currently has and is looking for to complement its existing composition. Its structure reflects the areas relevant to the Company's strategic objectives, as well as other areas of general relevance to the composition of the Board.

Board Performance and Attendance

Regular board meetings are held quarterly and scheduled in advance during the previous year. Special meetings may also be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors.

As provided in the Revised Manual on Corporate Governance, the Chairman of the Board makes certain that the meeting agenda focuses on strategic matters in coordination with the Corporate Secretary, while taking into consideration the advice and suggestions of the Board and Management. Board papers are made available to all directors at least five (5) business days before the regular/special board meeting to give ample time to all Board members to study items for discussion and decision-making.

The Board of Directors had six (6) regular meetings in 2018 on the following dates: February 19, April 24, May 7, August 6, October 22 and December 10. All six meetings registered 100% attendance of members of the Board of Directors. Apart from these meetings, non-executive and independent directors met separately during the year without the presence of Management.

Board Training and Orientation

SM Prime ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory, foreign or local demands and growing complexity of business. Orientation programs are conducted for first-time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes overview of the Company's operations, Code of Conduct, Corporate Governance framework and other relevant topics essential in the performance of their functions.

As a matter of continuous professional education, the Corporate Governance Committee facilitates the training opportunities provided by accredited or duly recognized institutions to update and refresh the Board's knowledge and skills. Annual Corporate Governance Training Programs were conducted by various accredited training providers namely: Institute of Corporate Directors (August 8 and November 7), McKinsey and Company (September 19), and Good Governance Advocates and Practitioners of the Philippines (October 11). Each director and key officer has attended at least one training session. The 4-hour annual CG training conducted by the aforementioned providers covered the following topics:

- Financial Technology (Fintech)
- Sustainability
- Blockchain Technology
- Data Privacy
- Technological innovation affecting businesses and industries
- Responding to cyber-security risks

Corporate Governance

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Henry T. Sy, Jr.	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Hans T. Sy	November 7, 2018	Annual Corporate Governance and AML Training Program	Institute of Corporate Directors
Herbert T. Sy	November 7, 2018	Annual Corporate Governance and AML Training Program	Institute of Corporate Directors
Gregorio U. Kilayko	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Joselito H. Sibayan	October 11, 2018	6th Annual Forum on Good Governance, Ethics and Compliance	Good Governance Advocates and Practitioners of the Philippines
Jose L. Cuisia, Jr.	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jorge T. Mendiola	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jeffrey C. Lim	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Elizabeth T. Sy	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Teresita Sy-Coson	September 19, 2018	Fintech Corporate Governance Seminar of BDO Unibank, Inc.	McKinsey & Company
Elmer B. Serrano	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Arthur A. Sy	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
John Nai Peng C. Ong	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Marvin Perrin L. Pe	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Teresa Cecilia H. Reyes	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Alexander D. Pomento	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Christopher S. Bautista	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Anna Maria S. Garcia	October 11, 2018	6th Annual Forum on Good Governance, Ethics and Compliance	Good Governance Advocates and Practitioners of the Philippines
Steven T. Tan	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jose Mari H. Banzon	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Shirley C. Ong	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Ma. Luisa E. Angeles	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors
Russell T. Sy	August 8, 2018	Annual Corporate Governance Training Program	Institute of Corporate Directors

Board Committees

The Board has established five (5) committees to aid in the performance of its duties. Each committee has adopted a Charter, which defines its composition, roles and responsibilities based on the provisions found in the Revised Manual on Corporate

Governance. Furthermore, the Charters include administrative provisions on the conduct of meetings and proceedings, reporting to the Board, structures and other relevant information.

BOARD COMMITTEES		
EXECUTIVE COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP
Hans T. Sy	Chairman	Non-Executive
Henry T. Sy, Jr.	Member	Non-Executive
Herbert T. Sy	Member	Non-Executive
Elizabeth T. Sy	Member	Non-Director
Jeffrey C. Lim	Member	Executive
John Nai Peng C. Ong	Member	Non-Director

AUDIT COMMITTEE			BOARD RISK OVERSIGHT COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP	MEMBERS	DESIGNATION	DIRECTORSHIP
Jose L. Cuisia, Jr.	Chairman	Independent	Gregorio U. Kilayko	Chairman	Independent
Joselito H. Sibayan	Member	Independent	Jose L. Cuisia, Jr.	Member	Independent
Jorge T. Mendiola	Member	Non-Executive	Jorge T. Mendiola	Member	Non-Executive

CORPORATE GOVERNANCE COMMITTEE			RELATED PARTY TRANSACTIONS COMMITTEE		
MEMBERS	DESIGNATION	DIRECTORSHIP	MEMBERS	DESIGNATION	DIRECTORSHIP
Joselito H. Sibayan	Chairman	Independent	Joselito H. Sibayan	Chairman	Independent
Gregorio U. Kilayko	Member	Independent	Gregorio U. Kilayko	Member	Independent
Jose L. Cuisia, Jr.	Member	Independent	Jorge T. Mendiola	Member	Non-Executive

Nomination and Election of Board of Directors (102-24)

As provided in the Revised Manual on Corporate Governance, the complete process of the nomination and election of Board of Directors are found in Section I:2.3 on page 8 or as references in this weblink: www.smprime.com under Corporate Governance tab of the Corporate Governance Manual <https://www.smprime.com/corporate-governance-manual>.

A. The Executive Committee

The Executive Committee functions when the Board of Directors is not in session. Generally, the committee is responsible for assisting the Board in overseeing the implementation of strategies and long-term goals, reviewing major issues facing the organization, monitoring the operating activities of each business group, and defining and monitoring the Company's performance improvement goals.

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

B. The Audit Committee

The Audit Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. The committee met four (4) times in 2018, with 100% attendance in all meetings.

C. The Risk Oversight Committee

The Risk Oversight Committee oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. This Committee assists the Board in ensuring that there is an effective and integrated risk management process in place. The Committee had four (4) meetings in 2018, with 100% attendance in all meetings.

D. The Corporate Governance Committee

The Corporate Governance Committee assists the Board in the performance of its corporate governance responsibilities, including functions that were formerly assigned to the Nomination and Compensation and Remuneration Committees. The Committee believes that prudent and effective corporate governance practices constitute the foundation of the Company's strength and long-term existence to enhance and maximize long-term shareholder's value. The Committee met thrice in 2018 with 100% attendance in all meetings.

E. The Related Party Transactions Committee

The Related Party Transactions Committee reviews all material related party transactions (RPTs) of the Company. The mandate for this Committee specifically includes the evaluation of the RPTs to ensure that these are undertaken upon terms not less favorable to the Company than those offered to any unaffiliated third party under the same or similar circumstances and overseeing the implementation and regular review of the related party policy. The Committee met once in 2018, with 100% attendance.

Board Remuneration

Members of the Board of Directors receive a per diem of PHP10,000 (PHP20,000 for the Chairman and Vice Chairman) for each regular or special Board meeting or Board Committee meeting attended. The amount of the per diem is openly discussed during the Annual Stockholders' Meeting and approved by SM Prime's stockholders. Total compensation paid to directors is disclosed annually in the annual report filed with the Securities and Exchange Commission.

Board Evaluation (102-28)

Annually, the Corporate Governance Committee facilitates the evaluation of the performance of the Board as a whole, its respective Board Committees, the individual directors and the President, based on duties and responsibilities provided in SM Prime's Revised Manual on Corporate Governance and By-Laws. Specifically, the evaluation covers, among others, the following:

Chairperson's Role

- Leadership
- Commitment with the well-functioning of the Committee
- Independence and ability to align interest to reach consensus

- Constructive relationship with members and guidance to CEO
- Considers stakeholders' interests
- Ability to coordinate group discussions and dynamic

Board and Board Committee Meetings

- Fulfilment of duties and responsibilities as embodied in each respective charter
- Accessibility to information necessary to perform its functions
- Meeting agenda covered as planned
- Full, positive and balanced participation of directors during meetings

Individual Directors

- Strategic vision
- Ability to work in a team
- Time availability and commitment
- Knowledge and alignment to the Company's values and culture
- Intellectual independence
- Communication abilities
- Continuous self-education and development

President

- Determination, formulation and implementation of the strategic plan of the business
- Directing, evaluating and guiding the work of the key officers of the Corporation
- Building the corporate culture and motivating employees
- Managing the Corporation's resources prudently and ensuring a proper balance of the same

The annual evaluation also serves as a venue for identifying areas for improvement in terms of trainings, continuing education programs or any other forms of assistance that the directors may need in the performance of their duties. The evaluation forms also include support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to Management, the Corporate Secretary and Board advisors. Every three years, the board evaluation is supported by an external facilitator.

The Board reviews and evaluates the results of the evaluation, and discusses possible changes that will enhance the performance of the individual directors and the Board as a collective body. The results of the review are then considered by the Corporate Governance Committee in the assessment of potential candidates for the next election of the Board of Directors.

Corporate Governance Related Policies

Manual on Corporate Governance (103-1,2,3; 419-1)

SM Prime's Revised Manual on Corporate Governance, which was adopted on 20 February 2017, institutionalizes the principles of good corporate governance by clearly defining the roles and responsibilities of the Board of Directors and Management, promoting disclosure and transparency, strengthening the internal control system and risk management framework and cultivating a synergic relationship with various stakeholders.

All directors, officers and employees are expected to comply with all the provisions of the Revised Manual on Corporate Governance. The Company's Compliance Officer is tasked to monitor compliance with the Manual and impose corresponding penalties for non-compliance.

Code of Ethics

The Code of Ethics states the principles that guide the Company's directors, officers and employees in the performance of their duties and responsibilities, and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public. The Code requires full compliance with all applicable laws and regulations.

In line with SM Prime's mission, the Code of Ethics underscores the Company's commitment to promote and protect the welfare of its employees, customers and the communities where its businesses operate. The Code likewise emphasizes the need to protect, sustain and enhance the environmental, social and economic resources needed to deliver long-term growth.

Related Policies and Programs

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

Insider Trading Policy

All directors, officers, employees and other covered persons as defined in the Insider Trading Policy are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts, interest in businesses of competitors, participation in other organization or activities and close personal relationships in the Company or its affiliates and subsidiaries. Conflicted directors are required to inhibit themselves from participating in board meetings and are specifically identified in the Company's Definitive Information Statement submitted to the SEC.

Corporate Governance

Related Party Transactions

Full disclosure of the details, nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports to the SEC and PSE shall be observed at all times. Details of transactions entered into by the Company with related parties are required to be reviewed by independent directors in accordance with the RPT Policy, to ensure these are conducted at arms' length.

Conflict of Interest (103-1,2,3)

All directors and employees are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts, interest in businesses of competitors, participation in other organization or activities and close personal relationships in the Company or its affiliates and subsidiaries. Conflicted directors are required to inhibit themselves from participating in board meetings and are specifically identified in the Company's Definitive Information Statement submitted to the SEC.

Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy) (103-1,2,3; 205-1)

The Company prohibits the solicitation or acceptance of gifts and travel in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.

Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)

The Company aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customer, shareholder, vendor, supplier and other stakeholder may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable policy, law or regulation. The policy provides for a conduct of investigation of the incident report. The policy also includes provisions for non-retaliation against filer of the incident report. Upon receipt of the incident report, Management conducts an investigation on its merit, subject to due process, and impose applicable penalties and sanctions thereafter.

Creditors' Rights

The Company shall respect agreements with creditors, manage loans according to lending objectives, ensure timely repayment of loans and interests, thoroughly honor loan conditions as agreed, and competently operate the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities.

Supplier Selection (103-1,2,3; 308-1)

The Company adheres to the principles of healthy competition, equal opportunity and fair treatment of business partners. As such, selection of suppliers follows an open, competitive and non-discriminatory process. SM Prime implements a vendor enrolment process that screens qualifications of vendors/suppliers the Company will deal with. Such qualifications include legality of entity or business, adequacy of financial strength, compliance with SM Prime policies such as conflict of interest disclosure requirements and ethical standards, and support to SM Prime's environmental missions, health and safety culture.

Guidelines on Placement of Advertisements

The Company prohibits the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where SM Prime or any of its subsidiaries, director, officer or employee is one of the nominees vying for the award. The Company may consider placing advertisements in such publications as part of its 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 the Company or to any of its subsidiaries, director, officer or employee.

Alternative Dispute Resolution System

The Company establishes an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.

Privacy Policy (102-11)

The Company collects, uses, protects or otherwise handles its data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations (collectively, the "Data Privacy Act").

Enterprise Risk Management (102-30)

SM Prime follows an 8-step Risk Management Approach (102-30), which starts from the identification and prioritization of risks, to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process.

The Board, through its Risk Oversight Committee (ROC), is responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. On a quarterly basis, the ROC is updated on the status of risk management and risk mitigation plans of the Company. Action plans to mitigate risks include investment in technology, provision of continuous trainings to employees, performance of regular audits, establishment and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders.

The Board puts emphasis on prudent IT risk management. It ensures adequate control measures are in place to protect the confidentiality, integrity, and availability of all physical and electronic information assets of the Company to make certain that regulatory, operational, and contractual requirements are satisfied. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.

Disclosure and Transparency (102-33)

SM Prime is committed to providing its stockholders and the public, timely and accurate information about the Company and its business. In accordance with this, SM Prime regularly updates its website and practices full and prompt disclosure of all material information. The website has a separate Corporate Governance section that features, among others, the Revised Manual on Corporate Governance, Annual Corporate Governance Report and Scorecard, Code of Ethics and other relevant policies, programs and important information. SM Prime

also publishes a separate Sustainability Report, which highlights its policies and programs on corporate governance, social responsibility and environmental sustainability, among others.

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

Rights, Roles and Protection of Stakeholders

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

Rights of Shareholders

Voting Right - All stockholders are entitled to vote following the one-share-one-vote system. Stockholders, whether individual or institutional, through their representative, are encouraged to personally attend the Annual Stockholders' Meeting to exercise their voting right, thereby allowing them to individually elect candidates to the Board of Directors and vote on matters requiring stockholder approval. Nevertheless, proxy voting is permitted and is facilitated through proxy forms available in the Company's website and distributed to stockholders along with the Notice of Meeting. For Year 2019, the Company has introduced electronic voting which may be utilized by the Company's certificated stockholders enabling them to exercise their right to vote in a quick and convenient manner.

Inspection Right and Access to Information - All stockholders are given the right to inspect corporate books and records at reasonable hours on business days in accordance with the Corporation Code of the Philippines and be furnished with copies of the Company's Annual Report and financial statements. Stockholders may also

Corporate Governance

request the Company to provide periodic reports about its directors and officers, as well as matters for which Management is accountable. Moreover, minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

Right to Dividend - The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. The Company's dividend policy is to declare annual cash dividends equivalent to 30%-35% of prior year earnings and will endeavor to continue doing so while ensuring financial flexibility. Dividends shall be paid within thirty (30) days from the date of declaration.

Appraisal Right - Stockholders may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares pursuant to Section 81 of Corporation Code of the Philippines. Procedures for the exercise of this right are provided in Notice of Meeting.

Employee Welfare

All officers and employees are to be selected, engaged, and compensated based on qualification and performance. Employees are treated fairly and accorded with respect and dignity. The Company ensures that individual and

collective rights are not violated. The Company also maintains a safe, productive and conducive workplace and comply with all applicable health, safety and environmental laws. In this regard, company employees are covered by rules against the use of prohibited drugs and working under the influence of liquor. Opportunities for career advancement are provided based on clear performance and qualifications criteria.

Business Continuity

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

Training and Employee Development

The Company provides learning and development opportunities regularly for professional growth, covering topics such as Supervisory Development Skills, Coaching for Performance, Code of Ethics, and other values and leadership related programs.

Board of Directors

Leadership Excellence



Sitting (L-R) :

Jeffrey C. Lim, Henry T. Sy, Jr., Hans T. Sy

Standing (L-R):

Herbert T. Sy, Jorge T. Mendiola, Jose L. Cuisia, Jr.,
Gregorio U. Kilayko, Joselito H. Sibayan

MR. JEFFREY C. LIM**Director**

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

MR. HENRY T. SY, JR.**Chairman**

Mr. Henry T. Sy, Jr. has been a director of SMPH since 1994. He was appointed as Chairman of the Board in 2014. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation and negotiation for potential sites, as well as the input of design ideas. He is currently the Vice Chairman of SMIC, Chairman and Chief Executive Officer of SMDC, Chairman of Pico de Loro Beach and Country Club Inc., and Vice Chairman of The National Grid Corporation of the Philippines. He holds a Bachelor's Degree in Management from De La Salle University.

MR. HANS T. SY**Director**

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

MR. HERBERT T. SY**Director**

Mr. Herbert T. Sy has been a director of the Company since 1994. He is an Adviser to the Board of SMIC and is currently the Chairman of Supervalu Inc., Super Shopping Market Inc. and Sanford Marketing Corporation and Director of Alfamart Trading Philippines Inc. and China Banking Corporation. He also holds board positions in several companies within the SM Group. He has worked with SM Group Companies for more than 30 Years, engaged in food retailing. He is actively involved in the SM Group's Supermarket Operations, which

include acquisition, evaluation and negotiation for potential sites. He holds a Bachelor's degree in Management from De La Salle University.

MR. JORGE T. MENDIOLA**Director**

Mr. Jorge T. Mendiola has been a director of SM Prime since 2012. He is currently a Director of SM Retail, Inc. He started his career with The SM Store as a Special Assistant to the Senior Branch Manager in 1989 and rose to become its President in 2011. He is also currently the Vice Chairman for Advocacy of the Philippine Retailers Association. He received his Masters in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

MR. JOSE L. CUISIA, JR.**Vice Chairman and Lead Independent Director**

Mr. Jose L. Cuisia, Jr. has served as Vice Chairman and Independent Director of the Board of Directors of SM Prime since 1994. He was first appointed Lead Independent Director of the Company in February 2017 and has been reappointed as such the following year. He served as the Ambassador of the Republic of the Philippines to the United States of America from April 2, 2011 until June 2016. Mr. Cuisia was also the Vice Chairman of Philam Life after having served the company as its President and Chief Executive Officer for 16 years. He was also Chairman of the Board for BPI-Philam Life Assurance Co., the Philam Foundation and Tower Club, Inc. Mr. Cuisia was also the Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of its Monetary Board from 1990-1993. He was also Governor for the Philippines to the International Monetary Fund and Alternate Governor to the World Bank. Prior to joining the BSP, he was Administrator and CEO of the Philippine Social Security System from 1986-1990. Mr. Cuisia is also a Non-Executive Director of Bacnotan Consolidated Industries (now PHINMA Corporation); Independent Director of Century Properties Group & Manila Water Company, Inc. (all of which are publicly listed companies). Likewise, he is also Chairman of the Board of The Covenant Car Company, Inc., and holds directorates in PHINMA, Inc. In 2018, he was appointed Chairman of the Board of FWD Insurance and elected as Chairman of the Ramon Magsaysay Awards Foundation. Ambassador Cuisia was active in educational institutions, having been Chairman of the Board of Trustees of the Asian Institute of Management, a previous Trustee of the University of Asia & the Pacific and Chairman of De La Salle University Board of Trustees. He was the CV Starr Chairman of Corporate Governance for the Asian Institute of Management. He is also a Convenor-Trustee of the Philippine Business for Education (PBEd). Mr. Cuisia is an alumnus of De La Salle University, where he graduated in 1967 with degrees in Bachelor of Arts in Social Science and Bachelor

of Science in Commerce (magna cum laude), Major in Accountancy. He finished his Masters in Business Administration-Finance at The Wharton School, University of Pennsylvania in 1970 as a University Scholar. Mr. Cuisia is a recipient of numerous awards and accolades including 2017 Signum Meriti for exemplary public service from De La Salle University; 2006 Distinguished La Sallian Award; Ten Outstanding Filipino (TOFIL) awardee on December 2016 by the JCI Senate and ANZA Foundation; the Order of the Sikatuna with the rank of Grand Cross by President Benigno Aquino III in 2016; Lifetime Contributor Award (public sector) by the Asia CEO Forum in 2015; "Joseph Wharton Award for Lifetime Achievement" by the prestigious Wharton Club of Washington, DC in May 2011; Management Association of the Philippines' Management Man of the Year for 2007; Manuel L. Quezon Award for Exemplary Governance in 2006; Raul Locsin CEO of the Year Award in 2004; and Ten Outstanding Young Men (TOYM) Award for Domestic Banking in 1982.

MR. GREGORIO U. KILAYKO**Independent Director**

Mr. Gregorio U. Kilayko has been an Independent Director of SM Prime since 2008. He is the former Chairman of ABN Amro's banking operations in the Philippines. He was the founding head of ING Baring's stockbrokerage and investment banking business in the Philippines and a Philippine Stock Exchange Governor in 1996 and 2000. He was a director of the Philippine Stock Exchange in 2003. He is currently an Independent Director in Belle Corporation and Philequity Fund. He took his Masters in Business Administration at the Wharton School of the University of Pennsylvania.

MR. JOSELITO H. SIBAYAN**Independent Director**

Mr. Joselito H. Sibayan has been an Independent Director of the Company since 2011. He has spent the past 31 years of his career in investment banking. From 1987 to 1994, and after taking his Master of Business Administration from University of California in Los Angeles, he served as Head of International Fixed Income Sales at Deutsche Bank in New York and later moved to Natwest Markets to set up its International Fixed Income and Derivatives Sales/Trading operations. He then moved to London in 1995 to run Natwest Market's International Fixed Income Sales Team. He is currently the President and CEO of Mabuhay Capital Corporation (MC2), an independent financial advisory firm. Prior to forming MC2 in 2005, he was Vice Chairman, Investment Banking - Philippines and Country Manager for Credit Suisse First Boston (CSFB). He helped establish CSFB's Manila representative office in 1998, and later oversaw the transition of the office to branch status.

Awards and Citations

SM PRIME HOLDINGS, INC.

Top 3 in ASEAN Corporate Governance Scorecard in the Philippines, PLCs Category
ASEAN Corporate Governance

Top 10 ASEAN Publicly Listed Company PLCs Category
ASEAN Corporate Governance

Philippines Property Development Growth Excellence Leadership Award
Frost & Sullivan

Asia's Icon of Corporate Governance
Corporate Governance Asia

Top Ten Successful ASEAN Enterprises Entering China
China-ASEAN Business Council

Outstanding Contributors for Promoting ASEAN-China Economic and Trade Cooperation
Henry Sy, Sr.
China-ASEAN Economic and Trade Cooperation Award Selection

Asian Corporate Director Recognition Award
Jeffrey C. Lim
Corporate Governance Asia

2018 Personality of the Year
Jeffrey C. Lim
Lamudi

Mabini Presidential Recognition Award
Hans T. Sy
Apolinario Mabini Awards

SM SUPERMALLS

Marketing Company of the Year
Agora Awards
SM Supermalls

Shopping Center of the Year
Ph Best Brand Awards
SM Supermalls

2018 Gold Award for Marketing Excellence –Emerging / Digital Technology
ICSC Asia Pacific Shopping Center Awards
SM Xiamen and SM Lifestyle Center
Xiamen, China

2018 Excellent Brand
7th China Finance Summit
SM China

2018 Excellence Business Management Company
Mall China Golden Mall Awards 2018
SM City Chengdu Co., Ltd

Award of Merit
Philippine Quill Awards
SM Supermalls

- Social Media Program Category
- Digital Communications Category
- Marketing, Advertising and Brand Communication Category
- Special Events Category (2)

PWD Friendly Establishment of the Year
Apolinario Mabini Awards
SM Seaside Cebu
SM City BF Parañaque
SM City Cabanatuan
SM City Clark
SM City Cauayan
SM City San Lazaro
SM City Rosario

Gold Stevie Awards
Asia-Pacific Stevie Awards
SM City Pampanga's Biggest Lantern of Hope 2018
SM City Marilao's E-LuminArt

Silver Stevie Awards
Asia-Pacific Stevie Awards
SM North Edsa's Art Carnival
SM North Edsa's Tsum-tacular Christmas
SM Mall of Asia's Philippine International Pyromusical Competition
Castaway Music Festival 4

Bronze Stevie Award
Asia-Pacific Stevie Awards
SM's Everyday is Play Day (2 categories)
SM Mall of Asia's Happiness Day (2 categories)
SM East Ortigas' Urban Playground and Kid Conference
SM Fairview's Q Art
SM Taytay's Pet Park
Frozen Factory (Manila and San Lazaro)
SM Clark's Pyro Fest
SM South Luzon's Dinos in the Mall Food Fest (Marilao, Baliwag, Valenzuela, and Sangandaan)
SM Marilao's EnterToyment Fest
SM Mall of Asia's Philippine International Pyromusical

Most Outstanding Feature or Prop
VM & Display Awards
SM Aura Premier's A Christmas Under the Sea

Shopping Centers, Town Centers, and Airports
VM & Display Awards
SM Aura Premier's A Christmas Under the Sea

Platinum Award
Strategic Communications | Communications / Public Relations
Everyday is Playday
MARCOM Awards

Platinum Award
Strategic Communications | Marketing / Promotion Campaign
South Luzon Pet Party
MARCOM Awards

Platinum Award
Strategic Communications | Marketing / Promotion Campaign
South Luzon Dinos in the Mall
MARCOM Awards

Best Brand Building/ Awareness Campaign
Best Campaign by Country
Best Use of PR
Dragons of Asia
SM Moments

Gold Award
Strategic Communications | Marketing / Promotion Campaign
Color Gram
MARCOM Awards

Gold Award
Strategic Communications | Marketing / Promotion Campaign
Festivals in South Luzon
MARCOM Awards

Gold Award
Strategic Communications | Communications / Public Relations
Grand Magical Christmas Parade
MARCOM Awards

Gold Anvil for Public Relations Tools: Multimedia – Social Media
53rd Anvil Awards
SM Supermalls- "SM Moments" Digital Campaign

Gold Anvil for Public Relations Tools: Multimedia/Digital – Online Video
53rd Anvil Awards
SM Supermalls- "Daddy's Girl" with Tribal Worldwide Philippines

Silver Anvil for Public Relations Programs Directed at Specific Stakeholders – Overseas Filipino Workers
53rd Anvil Awards
SM Supermalls- "Pamaskong Handog Para sa Global Pinoys"

Silver Anvil for Public Relations Programs Directed at Specific Stakeholders –
53rd Anvil Awards
SM Supermalls- "#NationalSuperMomsDay"

SM SUPERMALLS

2018 Key Study and Demonstration Project
Mall China Community Shopping Center
Awards
SM City Chongqing

Innovative Management
Golden Light Awards
SM China

Innovation Excellence
Golden Light Awards
SM Lifestyle Center

Excellent Shopping Center Executives
Johanna Melissa N. Rupisan
2018 CCFA Golden Lily Award

Outstanding Industry Leader
Johanna Melissa N. Rupisan
Mall China Golden Mall Awards 2018

Outstanding Person of Marketing Management
Vivian Chen
Golden Light Awards

2018 Popular Project Model
SM Tianjin
Winshang Awards

OFFICES

Best Mixed-Use Development of the Year
Mall of Asia Complex
Outlook by Lamudi

HOTELS

ASEAN Green Hotel Award
Conrad Manila

ASEAN Mice Hotel
Conrad Manila

Continent Winner: Luxury Banquet/Event Hotel
Conrad Manila
World Luxury Hotel Awards

Continent Winner: Luxury Gourmet Hotel
Conrad Manila
World Luxury Hotel Awards

Best Luxury Wellness Spa in the Philippines
Conrad Spa Manila
2018 World Luxury Spa Awards

Best Luxury Hotel Spa in Southern Asia
Conrad Spa Manila
2018 World Luxury Spa Awards

Continent Winner: Most Luxurious Ambience
Conrad Manila, China Blue by Jereme Leung
2018 World Luxury Restaurant Awards

Regional Winner: Best Chinese Cuisine
Conrad Manila, China Blue by Jereme Leung
2018 World Luxury Restaurant Awards

Philippine's Best Hotel Spa 2018
Conrad Manila
2018 World Spa Awards

Best Mice Hotel in Asia,
Conrad Manila
2018 Haute Grandeur Awards

Best Luxury Hotel in the Philippines
Conrad Manila
2018 Haute Grandeur Awards

Best Function Venue Hotel in the Philippines
Conrad Manila
2018 Haute Grandeur Awards

Best Convention Hotel in Asia
Conrad Manila
2018 Haute Grandeur Awards

TTG Travel Awards
Conrad Manila

2018 Top 20 Best Restaurants Philippine Tatler
Conrad Manila, China Blue by Jereme Leung

2018 World Luxury Restaurant Awards
Conrad Manila, China Blue by Jereme Leung

Best Chinese Cuisine in the Philippines
Conrad Manila, China Blue by Jereme Leung
2018 Haute Grandeur Awards

Best Restaurant Ambience in the Philippines
Conrad Manila, China Blue by Jereme Leung
2018 Haute Grandeur Awards

Best Hotel Restaurant in the Philippines
Conrad Manila, China Blue by Jereme Leung
2018 Haute Grandeur Awards

ASEAN MICE Venue Standard Award in a Hotel Category Setting (AMVS)
Radisson Blu Cebu

2018 Philippines Best Restaurants Philippine Tatler
Radisson Blu Cebu, Feria Taal Vista Hotel, Taza Fresh Table

Safehotels Alliance AB: Executive Level Certificate (2nd consecutive year)
Radisson Blu Cebu

Gold Medal National Food Showdown
Taal Vista Hotel

Gold Circle Award 2018 Agoda
Taal Vista Hotel
Park Inn by Radisson Davao

2018 Customer Review Award
Radisson Blu Cebu
Park Inn by Radisson Davao
Agoda

Booking.com Guest Review Awards 2018
Park Inn by Radisson Davao

Loved by Guests Award Hotels.com
Radisson Blu Cebu
Pico Sands Hotel

Travelers' Choice Awards 2018 - Top 25 Best Luxury Hotels in the Philippines (Top 11)
Radisson Blu Cebu
TripAdvisor

Certificate of Excellence TripAdvisor
Park Inn by Radisson Davao

GRI Content Index⁽¹⁰²⁻⁵⁵⁾

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard	Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational Profile		
	102-1	Name of the organization	SM Prime Holdings, Inc.
	102-2	Activities, brands, products, and services	pp. 2-3
	102-3	Location of headquarters	10th Floor, Mall of Asia Arena Annex Building, J.W. Diokno Boulevard cor. Coral Way, Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1A Pasay City 1300 Philippines
	102-4	Location of operations	Philippines and China
	102-5	Ownership and legal form	p. 65
	102-6	Markets served	p. 10
	102-7	Scale of the organization	pp. 2-3
	102-8	Information on employees and other workers	p. 33
	102-9	Supply chain	pp. 2-3; p. 10
	102-10	Significant changes to the organization and its supply chain	pp. 50-56
	102-11	Precautionary Principle or approach	p. 57
	102-12	External initiatives	pp. 46-47
	102-13	Membership of associations	p. 14; p.46
	Strategy		
	102-14	Statement from senior decision-maker	p. 4-6
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	p. 8
	Governance		
	102-18	Governance structure	pp. 51-55
	102-24	Nominating and selecting the highest governance body	p. 54
	102-28	Evaluating the highest governance body's performance	p. 54
	102-30	Effectiveness of risk management processes	p. 57
	Stakeholder engagement		
	102-40	List of stakeholder groups	p. 10
	102-41	Collective bargaining agreements	SM Prime does not have collective bargaining agreements, but provides avenues for employees to raise their concern on company policies and other relevant matters.
	102-42	Identifying and selecting stakeholders	p. 10
	102-43	Approach to stakeholder engagement	p. 10
	102-44	Key topics and concerns raised	p. 11
	Reporting practice		
	102-45	Entities included in the consolidated financial statements	SM Prime Holdings, Inc.
	102-46	Defining report content and topic Boundaries	Inside Front Cover
	102-47	List of material topics	Inside Front Cover
	102-48	Restatements of information	There are no restatements of information in this report.
	102-49	Changes in reporting	Inside Front Cover
	102-50	Reporting period	Inside Front Cover
	102-51	Date of most recent report	Inside Front Cover
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	p. 65
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI Content Index	p. 63-64
	102-56	External Assurance	This report is not externally assured
Material Topics			
Economic Category			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 17
	103-2	The management approach and its components	p. 17
	103-3	Evaluation of the management approach	p. 17
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distribute	p. 17
	201-2	Financial implications and other risks due to climate change	p. 23
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 17
	103-2	The management approach and its components	p. 17
	103-3	Evaluation of the management approach	p. 17
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	p. 18
	203-2	Significant indirect economic impacts	pp. 17-19
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 56
	103-2	The management approach and its components	p. 56
	103-3	Evaluation of the management approach	p. 56
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	SM Prime has assessed all operations for risks related to corruption.
Anti-competitive Behavior			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 56
	103-2	The management approach and its components	p. 56
	103-3	Evaluation of the management approach	p. 56
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no legal actions involving this matter.

GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
Environmental Category				
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 23	
	103-2	The management approach and its components	p. 23	
	103-3	Evaluation of the management approach	p. 23	
GRI 302: Energy 2016	302-1	Energy consumption with the organization	p. 23	
	302-3	Energy intensity	p. 24	
	302-4	Reduction of energy consumption	pp. 23-24	
Water				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 26	
	103-2	The management approach and its components	p. 26	
	103-3	Evaluation of the management approach	p. 26	
GRI 303: Water 2016	303-1	Water withdrawal	p. 26	
	303-3	Water recycled and reused	p. 27	
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 28	
	103-2	The management approach and its components	p. 28	
	103-3	Evaluation of the management approach	p. 28	
GRI 304: Biodiversity 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p. 28	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 21	
	103-2	The management approach and its components	p. 21	
	103-3	Evaluation of the management approach	p. 21	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 22	
	305-2	Energy indirect (Scope 2) GHG emissions	p. 22	
	305-3	Other indirect energy (Scope 2) GHG emissions	p. 22	
Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 27	
	103-2	The management approach and its components	p. 27	
	103-3	Evaluation of the management approach	p. 27	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	p. 27	
	306-4	Transport of hazardous waste	p. 27	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 55	
	103-2	The management approach and its components	p. 55	
	103-3	Evaluation of the management approach	p. 55	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations.	There are no significant finds and non-monetary sanction on the environmental area.	
Social Category				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 33	
	103-2	The management approach and its components	p. 33	
	103-3	Evaluation of the management approach	p. 33	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p. 33	
	401-3	Parental leave	p. 33	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p.38	
	103-2	The management approach and its components	p.38	
	103-3	Evaluation of the management approach	p.38	
GRI 403: Occupational Health and Safety 2016	403-3	Workers with high incidence or high risk of diseases related to their occupation	p.38	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 39	
	103-2	The management approach and its components	p. 39	
	103-3	Evaluation of the management approach	p. 39	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 39	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 39	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p.37	
	103-2	The management approach and its components	p.37	
	103-3	Evaluation of the management approach	p.37	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p.37	
Non-Discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 40	
	103-2	The management approach and its components	p. 40	
	103-3	Evaluation of the management approach	p. 40	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	p. 40	
Security Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 42	
	103-2	The management approach and its components	p. 42	
	103-3	Evaluation of the management approach	p. 42	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	p. 42	
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 40	
	103-2	The management approach and its components	p. 40	
	103-3	Evaluation of the management approach	p. 40	
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	p. 40	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our investment agreements and contracts have undergone human rights screening.	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 43	
	103-2	The management approach and its components	p. 43	
	103-3	Evaluation of the management approach	p. 43	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	All of our operations have implemented local community engagement and development programs.	
Socio-economic Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 55	
	103-2	The management approach and its components	p. 55	
	103-3	Evaluation of the management approach	p. 55	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There are no significant finds and non-monetary sanction on the social and economics area.	

Corporate Information

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SM Prime Holdings, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "SMPH". Inquiries regarding dividend payments, accounts status, address changes, stock certificates, and other pertinent matters may be address to the company's transfer agent:



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