SM INVESTMENTS

2022 INTEGRATED REPORT

Serving Communities

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Our Vision and Commitment

Sustainability is at the heart of our vision—to build an ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

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

What We Do

Our core business is in retailing, banking, and developing properties into integrated lifestyle cities to benefit millions of Filipinos nationwide. Across all its entities, the group acts as a catalyst for responsible development in communities nationwide.

Retailing is at the heart of SM. The SM Store is our anchor department store on top of more than 30 other retail brands that have a leading presence in most retail categories. SM is also a partner of choice of foreign brands that have established their presence in the Philippines.

In grocery retailing, SM operates a range of different sized formats, ranging from stand-alone hypermarkets and large supermarkets in malls, to mid-sized stores in neighborhoods and small local minimarts.

We deliver a full range of banking services to corporate enterprises and small- and medium-sized businesses. We also serve entrepreneurs, family-run businesses, and individuals. We have also dedicated ourselves to bringing financial inclusion to the majority of Filipinos who have yet to open bank accounts.

In property development, we manage and build integrated developments that consist of a mix of retail, office and entertainment buildings, condominiums, hotels, convention centers, and entertainment facilities that are centered on our network of malls.

SM also invests in key sectors in the Philippines with high growth potential, including logistics, bakeshops, urban dormitories, leisure, mining, and geothermal energy.

The businesses of SM all work together as an ecosystem with high synergies that also support its many thousands of partners.

deliver sustained returns to our shareholders, and practice good governance in everything we do. We take pride in helping other businesses achieve their own success as leaders.

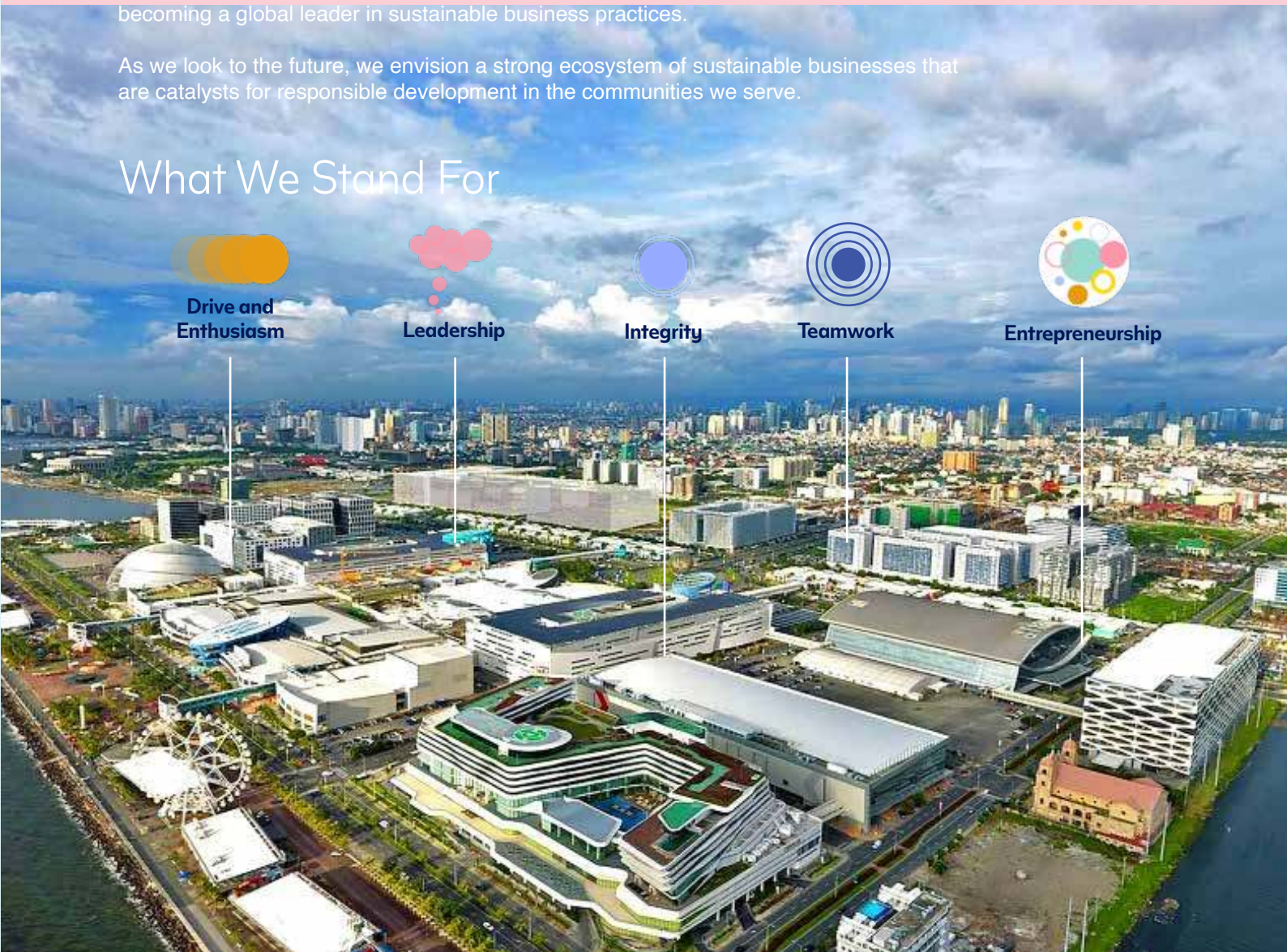
Since our beginnings more than 60 years ago, we have remained anchored on values of drive and enthusiasm, leadership, integrity, teamwork, and entrepreneurship.

We are one of the country's largest employers with more than 140,000 people in our organization. We enjoy working with a shared sense of purpose, committed to improving the quality of life for our communities, constantly finding ways to provide opportunities for personal and social growth. In this manner, we help address the needs of millions of Filipinos, creating shared value, and driving national development.

It's not just about business. We are also aware of our impact on the planet. We strive for transparency and accountability across all areas of our business, and are focused on becoming a global leader in sustainable business practices.

As we look to the future, we envision a strong ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

What We Stand For



Our Board's Report

To our Stakeholders

At SM, we are one of the leading players in a growing, rapidly developing country with many communities to serve. We understand the important role we play in serving and helping build communities across the Philippines. As such, our businesses aim to act as catalysts for their growth.

As we grow too, we are aware of the many thousands of business partners and individuals who depend upon us for their livelihood, and the millions of Filipino customers who trust and rely on SM for access to modern retailing, banking, property and our other services. We have a responsibility to them, our stakeholders, and to the unique natural environment in which we operate.

In 2022, the pandemic was largely behind us and we were focused on serving Filipinos and helping lead responsible development across the regions as the country returned to normality.

In doing so, our businesses delivered record financial results last year. This came from a rapid return to normal economic activity, employment and spending by Filipino consumers. We also benefited from the deliberate actions we took during the difficult times to strengthen our businesses, support our stakeholders and acquire new assets in high growth sectors. These priorities have begun to pay off. SM is a stronger, more dynamic and more responsible ecosystem today.

We would like to thank our leadership and people for their dedicated efforts, our private and public sector partners for their continued support, and our customers for their ongoing loyalty. We would also like to thank our Board members for their service and our shareholders for their confidence in us.

Jose T. Sio
Chairman

Teresita T. Sy
Vice Chairperson

Despite the continuation of global uncertainties, the Philippines remains a bright spot, and SM remains a strong player with a growth mindset and many opportunities ahead.

We look forward to serving more Filipinos in the future.

Jose T. Sio / Chairman

Teresita T. Sy / Vice Chairperson

Henry T. Sy, Jr. / Vice Chairman

We are a leading player in a growing, rapidly developing country with many communities to serve

A stronger, more dynamic and more responsible ecosystem today

SM remains a strong player with a growth mindset towards many opportunities ahead

Henry T. Sy, Jr.
Vice Chairman

Our President's Report

Frederic C. DyBuncio
President and CEO

To our Stakeholders

I am very pleased to report that 2022 was an exceptional year for the SM group. It was a year of remarkable growth, benefits to our communities, impact towards our key advocacies, and record results.

Behind this was the resurgence of economic activity that came following the removal of COVID era restrictions and which enabled us to open up and perform for our stakeholders. Philippine GDP grew by 7.6%, remittances by overseas Filipino workers grew by 3.6% and unemployment fell to 4.3%. This created an environment of economic activity, active growth and consumer confidence.

All of our businesses participated in this. We were conscious of inflationary risks and adapted our business operations and customer offerings accordingly. As a result, all our businesses delivered good growth.

Our banks started the year from a position of strength, having already recovered from the pandemic in 2021. In 2022, they showed revenue growth across their core activities, with lower non-performing loans (NPLs) than provided for and strong balance sheets in place. Rising interest rates helped improve margins and positive business sentiment helped deliver profit growth.

Normalized movement and social activity resumed from the second quarter onwards and resulted in strong growth in our retailing businesses, particularly in non-food formats. Our wide portfolio of brands experienced both pent up 'revenge spending' as consumers resumed shopping and going out, and also sustained spending as they returned to higher earnings and daily social activity.

The optimism of consumers in turn enabled our malls to return to full rental arrangements with their tenants by the mid-year. With high tenant occupancy and foot traffic above pre-pandemic levels, our property arm, SM Prime, also delivered strong growth.

Additionally, we were able to improve operating margins across our businesses due to the rigorous review of efficiencies and cost saving actions taken over the last two years.

Overall SM grew consolidated revenues by 28% to PHP554 billion and earnings by 53% to PHP62 billion in 2022. This exceeded pre-pandemic performance.

Business Expansion

At the same time, we returned to our pre-pandemic strategy of expanding our footprint nationwide, opening new stores, malls, residences and bank branches, allowing us to reach and serve more Filipinos. As economic growth strengthens in the provinces, we opened 348 retail stores, added 300,000 square meters of mall floor area and over 100 new bank branches outside Metro Manila in 2022.

PHP554bn
Consolidated Revenues

348
retail stores opened in 2022

over 100
new bank branches

Heading into 2023, we remain optimistic as a group. Opportunities for growth in the Philippines remain high. Our businesses are well-positioned and have clear strategies to participate in this.

New Businesses

As a strategy to participate in emerging high growth sectors we have invested in several related businesses in recent years, identifying where we can add value to our partners from synergies within the SM ecosystem. In 2022, we increased our involvement in the logistics sector, bringing our stake in Airspeed to 51%, and in geothermal steam for renewable energy generation, acquiring 100% of Philippine Geothermal Production Company (PGPC). Meanwhile 2GO, our end-to-end logistics partner, delivered turnaround profits last year, and our other partner businesses continued to innovate and grow. We are particularly optimistic about these opportunities.

All of the companies active in our portfolio investments are currently profitable. Indeed, they collectively contributed 11% of consolidated earnings last year and we expect this to increase over time.

Community Impact

As we grow, we work to ensure that we create and share value with our partners and our communities, helping build strong social foundations. Last year, we carried on with our programs providing access to food security through farmer training, quality education with our school building and scholar programs, and healthcare with our facilities building and medical missions.

SM Supermalls was the biggest private sector partner of the government to vaccinate Filipinos in the country as it administered more than 10.5 million doses of COVID-19 vaccines nationwide by the end of 2022 using its nationwide mall network as vaccination centers.

We also continue to champion inclusive societies. Within our own workplace, we recently appointed our first Group Diversity Officer to develop and ensure a group-wide approach in promoting diversity, equity, inclusion and belonging among our people. This mirrors the same inclusivity we offer to our customers and other stakeholders.

Climate Advocacy

We partnered with WWF to host a conference for private and public sector action towards climate change last year and to launch a private sector climate alliance. The Philippines' unique exposure as one of the most at-risk countries to climate change calls for concerted efforts, both towards reducing emissions and also towards critical adaptation efforts, where SM remains a leading advocate. We took actions on both fronts.

SM Investments published its Climate Position this year (see p.95) and the group made a number of moves towards using, funding and driving renewable energy growth in the Philippines. SM Prime notably achieved at least 50% of its energy use coming from renewable sources last year. BDO meanwhile issued the first private sector Blue Bond in South East Asia, providing financing for projects to preserve clean water resources, help prevent marine pollution and support the country's climate goals.

We continued to plant trees and have so far planted and maintained over 2.6 million seedlings and trees through SM Foundation, Belle, Hamilo Coast and Carmen Copper. We also launched our Grow Trees Community through SM Foundation and with our partner, Fast Retailing Foundation. The program focuses on the development of long-term reforestation by involving an ecosystem of partners to care for the trees, especially after they are planted as seedlings.

Recognitions

It was gratifying to be recognized by leading awards bodies for our efforts in a number of these areas. I am particularly proud that SM Investments was Top Rated by Sustainalytics ESG rating agency in two categories last year—top among diversified financial companies globally, and top among all companies in Asia Pacific. Additionally, Forbes Magazine included SM among its World's Best Employers. Meanwhile, 6 companies within the group were highly recognized by the ASEAN Corporate Governance Scorecard awards.

On behalf of the SM group, I'd like to thank our customers, our people, our partners in both business and in the public sector, and our many stakeholders across the country for continuing to trust in us and support us in our ambitions to grow and help serve our communities nationwide. We are inspired by the people we work with and motivated to do more.

Heading into 2023, we remain optimistic as a group. Opportunities for growth in the Philippines remain high. Our businesses are well-positioned and have clear strategies to participate in this. We are focused on expansion around the country and on ensuring that our ecosystem of businesses work together to create shared value for all our stakeholders.

Thank you.

Frederic C. DyBuncio
President and CEO

Our Business Footprint

SM Retail

77.3%
Effective Interest

PHP378.2bn
Revenues

72
The SM Store

215
Savemore

1,611
Brand Affiliates

1,412
Alfamart

65
SM Supermarket

54
SM Hypermarket

82
Waltermart

1
MindPro

BDO Unibank, Inc.

45.3%
Effective Interest

PHP149.2bn
Net Interest Income

PHP57.1bn
Net Income

1,650
Branches in the Philippines

4,655
ATMs

2
Foreign Branches

China Banking Corporation

22.5%
Effective Interest

PHP45.6bn
Net Interest Income

PHP19.1bn
Net Income

640
Branches

1,044
ATMs

SM Prime Holdings

49.7%
Effective Interest

PHP105.8bn
Consolidated Revenues

22
Integrated Lifestyle Cities

82
Malls in the Philippines

7
Malls in China

64
Residential Projects

18
Office Buildings

9
Hotels

6
Convention Centers

2
Trade Halls

Portfolio Investments

26.6%
Belle Corp.

52.9%
2GO Group

34.1%
Atlas Mining

71.3%
PULS

95%
NEO Subsidiaries

34%
NEO Associates

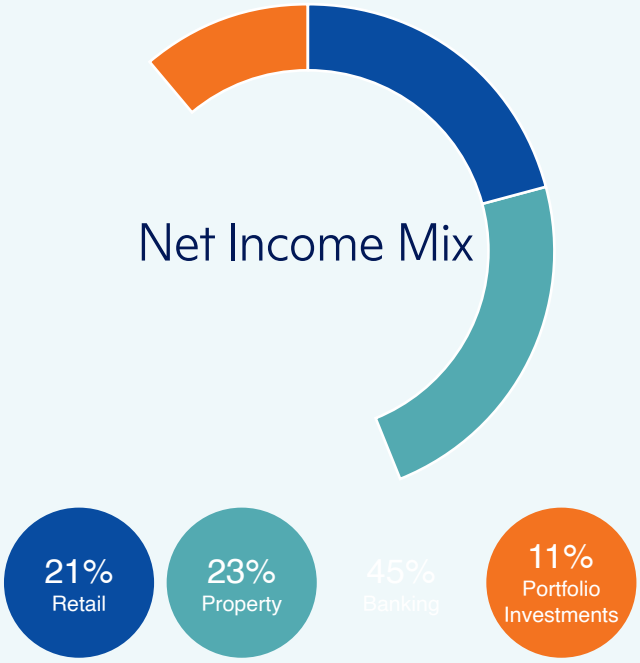
34%
CityMall

74.1%
Goldilocks

51%
Airspeed

Effective Interest

Our Financial Highlights



Financial Performance at a Glance

PHP61.7bn
Net Income

PHP553.8bn
Revenue

Performance Review

in PHP billions

Core Businesses

FY 2022 Performance

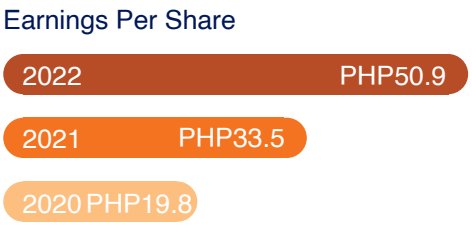
	Revenues	% Chg	Net Income	% Chg
SM Retail	PHP378.2bn	24%	PHP17.9bn	86%
SM Prime	PHP105.8bn	29%	PHP30.1bn	38%
BDO	*PHP149.2bn	14%	PHP57.1bn	33%
China Bank	*PHP45.6bn	17%	PHP19.1bn	27%

Note: *Net Interest Income

Financial Position (PHP bn)	2022	2021	2020
Revenues	553.8	432.4	397.1
Consolidated Income	61.7	40.4	23.9
Total Assets	1,481.9	1,362.8	1,242.9
Total Liabilities	789.7	739.2	669.6
Stockholders' Equity	692.2	623.6	573.3
Financial Ratios			
Current Ratios	1.2	1.2	1.1
Return on Equity	13%	9%	6%
Debt-Equity Ratio (Net)	35:65	38:62	37:63
Dividend Payout Ratio (based on SMIC Parent's net income)	41%	85%	50%
Per Share Data (PHP)			
Earnings per Share	50.9	33.5	19.8
Book Value per Share	406.6	371.6	342.4
Price Earnings Ratio	17.7	28.1	52.9
EBITDA	141.2	99.9	77.9

Share Performance

As of December 31, 2022



PHP1.5tn
Assets

PHP1.1tn
Market Capitalization

PHP141.2bn
EBITDA

Awards

Sustainalytics
ESG Industry Top Rated Company
ESG Regional Top Rated Company (Asia Pacific)

Listed among Forbes 2022 World's Best Employers

The Asset ESG Corporate Awards
Platinum Award

ASEAN Corporate Governance Scorecard (ACGS)
ASEAN Asset Class Award

6 SM companies (SM Investments, SM Prime, BDO, China Bank, 2GO, Belle Corp.) were recognized among the top-performing companies as part of the ASEAN Asset Class

Golden Arrow Awards

SM Companies received the Golden Arrow recognition from the Institute of Corporate Directors (ICD) for performing well in the ASEAN Corporate Governance Scorecard

- **China Bank** – *5 Arrows*
- **SM Investments, SM Prime, BDO and Belle Corp.** – *4 Arrows*
- **2GO Group and APC Group** – *3 Arrows*
- **Premium Leisure Corp.** – *2 Arrows*
- **Atlas Consolidated Mining** – *1 Arrow*

Alpha Southeast Asia
12th Institutional Investor
Corporate Awards

Most Organized Investor Relations
Best Senior Management IR Support
Strong Adherence to Corporate Governance
Most Consistent Dividend Policy

Corporate Governance Asia
12th Asian Excellence Awards

Asia's Best Corporate Social Responsibility
Best Corporate Communications
Best Investor Relations Company
Mr. Frederic DyBuncio (President and CEO), *Asia's Best CEO*
Mr. Erwin Pato (EVP and Treasurer) and
Mr. Franklin Gomez (SVP for Finance) – *Co-Awardees, Asia's Best CFO*

Asia Responsible Enterprise Awards (AREA)

Hall of Famer in the Corporate Governance Category

IR Magazine Southeast Asia Awards

Best Crisis Management

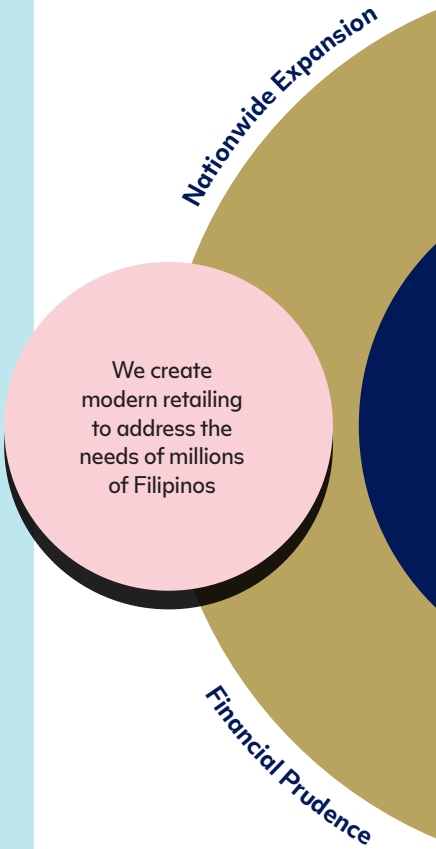
How We Create Shared Value

How We Create Shared Value

Our Valued Resources

Our ability to operate is based on our access to several capitals that provide our financial, non-financial and critical relationship assets.

- Our Brand
- Our Connection to Our Customers
- Our Empowered People
- Our Integrated Developments
- Our Relationship with Our Communities
- Our Inclusive Supply Chain Network
- Our Natural Resources
- Our Financial Resources



What We Do

These enable our businesses to work together as an ecosystem of related activities to achieve their collective goals. This makes us quite unique.

How we operate

As a retail centered group, our customer focus is key to our operations. In a high growth market, it's also important we remain focused on our expansion to serve more Filipinos. As a long-term thinking group, financial prudence and good governance are also essential for us to stay the course.

We develop integrated properties centered on our malls as community centers

Responsible Development

We invest in new and related sectors that help capture high growth opportunities

We build our **ecosystem** by **developing synergies** across our businesses

Good Governance

We deliver a full range of banking services to corporates, SMEs and individuals, enabling growth and financial inclusion

We keep an eye on the future

Identifying Risks and Opportunities

- Trends that Shape Changing Demographics
- Climate Related and Geopolitical Risks
- Limitation in Resources
- Shift in Human Capital Skills
- Underlying Technological Innovation

Why we're here

- Ecosystem that serves as a growth driver in provinces
- Real Impact for Communities
- Stewardship of the Environment
- Empowered Teams that Deliver

For us, good governance means

- Sustainable Business Vision from Principals and Board
- Capable and Innovative Management Teams Ensuring Delivery
- Clear, Communicated and Measurable Objectives
- Customer-Focus, Service-Driven Culture

What's Important

Operating this way means we can pursue impact in important and material areas.

What We Delivered

Towards these ends, we progressed on the following this year.

Driving Innovation to Meet Ever-Evolving Customer Aspirations	• **Customer Rights and Data Privacy** • **Engagement of Our Customer in Social Development and Environmental Sustainability Programs** • **Visibility, Accessibility and Reliability of the SM Brand** • **Access to Sustainable Products and Services**
Promoting Equal Opportunity through Diversity and Inclusion	• **Labor Rights of Our People** • **Diversity, Inclusiveness, Equity and Belonging** • **Women Empowerment and Leadership Development**
Managing Environmental Impacts and Finding Practical Solutions	• **Waste Management** • **Water Recycling and Management** • **Shift to Renewable Energy Sources** • **Shift to Electric Vehicles and Green Mobility** • **Climate Risk Management and Accounting of GHG**
Accelerating Inclusive Economic Activities and Partnerships	• **We build SM's business resiliency to serve as a platform for our supply chain network's resiliency** • **We provide growth opportunities for our MSME partners alongside our banks and malls** • **We build the capacity of our MSME partners to mainstream retailing** • **We provide access to basic services for the communities we serve**
Identifying Businesses to Enhance Our Unique Ecosystem Value	• **Business mix that delivers sustained results and serves as a catalyst for development** • **Operating Efficiency, Cost Avoidance and Savings** • **Alignment with Global Social Development and Environmental Responsibility Standards and Initiatives as a seal of sustainable business practices**

+ Our Impact

And we think we are having a real impact on our important stakeholders in the following areas.

We Create Socio-Economic Opportunities

Jobs Created

Mall Tenants that are MSMEs

Loans Released to MSMEs

Diversity

Women

We Create Positive Community Impact

Scholars to date

Health Centers and Medical Facilities built and renovated to date

Patients served in Medical Missions

vaccine doses administered in SM Malls

We Facilitate Responsible Urbanization and Development

Marine Protected Areas

Total Water Recycled

Renewable Projects Funded with Capacity

at least of SMPH Energy use from Renewable sources

We Advocate for National Growth and Partnerships

CapEx for Disaster Resiliency & Sustainability

SMDC Residential Units

Office Buildings

Total Integrated Lifestyle Cities Nationwide

We Promote Natural Habitats and Environmental Stewardship

Payment to the government

BDO financing for national projects

x Climate Summit for Climate Alliance

signatory

over seedlings and trees planted and maintained

We Generate Sustained Returns

Net Income

Total dividends paid in 2022

Awarded by Sustainalytics

SM companies awarded by ASEAN CG Awards

FREE
FREE
Vegetable
Services
SM SUPERMARKET
Solo
Papaya
Improves
digestion
SOLO
PAPAYA
Darito

SM
PRIME
BITANO

Our Communities

At SM, we embrace our communities with a common objective: to create sustainable development through the creation of shared value. We do this by helping develop local economies through providing inclusive economic opportunities, while creating positive social impact.

Our Business

Unique Ecosystem of Businesses

The businesses of SM all work together as a unique ecosystem with high synergies that also support its many thousands of partners.

SM INVESTMENTS

Our business continues to grow to reach more Filipinos around the country.

RETAIL

Serving the community

In the post-war Philippines, our founder Henry Sy, Sr. saw the need for every Filipino to have a decent pair of shoes. This gave birth to the first Shoemart that opened as a humble shoe store in 1958 in Manila.

Today, we operate in a variety of retail formats - 72 Department Stores, 1,611 Food and Non-Food Brand Affiliates, 65 Supermarkets, 54 Hypermarkets, 1,412 Minimarts and e-commerce formats.

Through our nationwide reach, our retail business continues to provide not only a decent pair of shoes but a more complete offering for the needs of our customers.

PROPERTIES

Building for the needs of the community

Already a visionary, Mr. Sy defied the odds when he opened SM North EDSA in 1985 in the middle of a swampland during one of the most turbulent times in Philippine history. He saw the opportunity to serve the needs of the community by providing a place where special moments for family and friends happen.

Today, we are going beyond developments as we develop integrated and sustainable cities with malls, banking, commercial, residential, and leisure properties.

BANKING

Helping fuel the development of partners

In the 1970s, Mr. Sy saw an opportunity to buy a small bank to reach out to more industries and help his suppliers get loans to expand their businesses.

Through our banking investments, we continue to serve the banking needs of the Filipinos especially small businesses as we aim to help grow the Philippine MSME sector. Today, BDO is the biggest bank in the country with the largest distribution network while China Bank continues to be successful in providing financial assistance to growing businesses.

PORTFOLIO INVESTMENTS

Investing in the emerging needs of the community

Anchored on our founder's belief that our communities should grow as we grow, we invest in key sectors in the Philippines with high growth potential that will create value for them.

The country's dynamic economy needs to grow across the country, thus we invest in products and services that elevate the standards of our consumers ranging from logistics through 2GO and Airspeed, geothermal energy through Philippine Geothermal Production Company, food through Goldilocks, urban living solutions through MyTown, leisure destinations through Belle Corporation and responsible mining through Atlas Mining.

#143SM
Also available at
The SM Store

Our Retail Businesses

Retailing is at the heart of SM. The SM Store is our anchor department store on top of more than 30 other retail brands that have a leading presence in most retail categories. SM is also a partner of choice of foreign brands that have established their presence in the Philippines.

In grocery retailing, SM operates different sized formats, ranging from stand-alone hypermarkets and large supermarkets in malls, to mid-sized stores in neighborhoods and small local minimarts.

SM RETAIL
We've Got It All for Every Filipino

We're deeply aware of how our customers choose to shop, dine, and enjoy life and how this has evolved throughout the years. Our retail business has always been deeply committed to growing with them by bringing them high-quality yet affordable choices for all their needs.

We also continue to expand their experiences and deliver continuous innovation together with our local partner enterprises and our global brands.

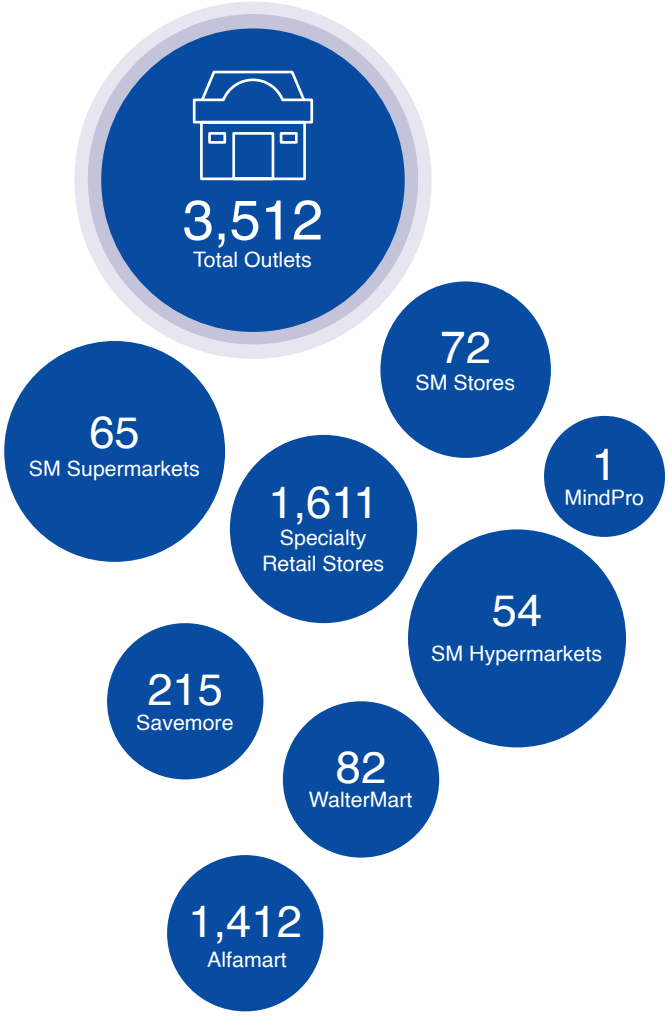
The retail businesses, which consist of food and non-food business, showed a strong performance last year as it reported a 24% increase in revenues to PHP378.2 billion from PHP304 billion.

This pushed our net income to an 86% growth to PHP17.9 billion from PHP9.6 billion, driven by non-food sales. These numbers are stronger than our pre-pandemic record.

Meanwhile, we continued to expand our retail footprint as The SM Store welcomed four new stores in Roxas, Tanza, Sorsogon, and Tuguegarao. The food group, which includes SM Supermarket, SM Hypermarket, Savemore, Alfamart, and Waltermart added 231 new stores in 2022.

We ended the year with an additional 348 new stores across the entire portfolio of department stores, groceries and specialty retail brands for a total of 3,512 outlets.

Looking ahead, we'll continue to find innovative ways to cater to our customers' needs and reach them wherever they are.



77.3%
Effective Interest

PHP378.2bn
Revenues

PHP17.9bn
Net Income

SM Green Finds

Where Filipinos Find Sustainable Living

Filipinos prefer to live greener. According to a study by Kantar World, 75% of Filipinos want to support environment-friendly options, but 55% of them find sustainable items too expensive or inaccessible.

SM Green Finds addresses this discrepancy through unique and accessible ecologically responsible product offerings.

The Rise of the Green Find Badge

We have joined our customers in their journey toward greener living. Taking a closer look at our retail products, we discovered that many of our products meet the demands of the eco-conscious customer.

Together with our supplier partners, we introduced Green Finds, a curation of everyday items that are made of natural ingredients, have eco-friendly properties, and that support local communities.

Each Green Finds item is accompanied by a 'Green Finds' badge. The badge allowed our customers to easily spot green products, and find out why these items are good for local communities and the environment. The Green Finds badge also puts the spotlight on our partner suppliers who are taking steps towards green practices.

Along with the SM Store, our retail affiliates such as Watsons, The Body Shop, Kultura, ACE Hardware, Baby Company, Sports Central, Levi's, and Pet Express also helped bring Green Finds to our customers.

From fashion pieces, personal care items, home improvement solutions, and even pet care—the Green Find badge makes shopping for green choices easier for our customers and their ever-evolving needs.

To bring Green Finds closer to our customers, the first Green Finds Flex Area opened in SM Mall of Asia, bringing together our curated Green Finds items in one stop shop. This was followed by SM Makati, SM North EDSA, SM Aura, SM Megamall, SM Store Estancia, and SM Lanang.

We are working with our retail brands and partners to bring Green Finds to more SM stores nationwide.

Celebrating Filipino Ingenuity

Proving Filipino Pride

Micro, Small, and Medium-scale Enterprises are the backbone of the Philippines' economy. But MSMEs still face everyday challenges in reaching customers in the mainstream retail sector.

At Kultura, we give our partner MSMEs a marketplace to showcase their products and reach a wider market. Kultura carries a wide range of handmade souvenirs, eco-friendly apparel and homeware, artisanal snacks, and unique textiles that celebrate our heritage—while supporting communities and helping grow small businesses.

These local finds are not just proudly made in the Philippines. Big or small, each item carries a part of our rich heritage and culture—a testament that there are many reasons to be proud to be Filipino.

The First Filipino Design Studio

Kultura aims to elevate Filipino designers and artisans, creating a space of inspiration and community.

Last September, the Kultura store at The Podium transformed into the Filipino Design Studio, a curated collection of over 50 homegrown brands and guest exhibitors in celebration of Pinoy craftsmanship and creativity.

The Filipino Design Studio served as a powerful platform for designers, artisans, and crafters to reach a wider market and expand their customer base.

Filipino Christmas Market

With the pandemic dampening holiday festivities over the past two years—in a nation famous for having one of the longest Christmas seasons in the world—Kultura aimed to bring back the true spirit of Filipino Christmas.

The Kultura Christmas Market featured partnerships with local brands to showcase decor, gifts, and more, all in-store at all Kultura outlets nationwide.

The market boasted of a proud selection of products; everything you need for a Uniquely Filipino Christmas, all under one roof, such as decor handmade in Bicol, Cebu and other provinces, table napkins hand painted by artisans, local liquor, coffee and teas to artisanal bean-to-bar Davao chocolates, statement jewelry, and more.

Our customers also enjoyed services such as customized gifts and special gift wrapping with sustainable Filipino packaging.

Crafts for a Cause

We partnered with several foundations for Crafts for a Cause, a special product line that brings together products made through development programs all over the Philippines.

The collection gathers upcycled products crafted by underserved communities with the aim of providing sustainable livelihood, empowering them with new skills and resources to improve their quality of life.

Helping Build Communities

Always Handy to Help Communities

The pandemic years saw Filipino homes transformed: suddenly, our homes also served as schools, offices, gyms, and entertainment spaces. More and more Filipinos found fulfillment in home improvement and development.

Accordingly, we saw our customers' needs shift from small fix-ups to updating their living and working spaces. We saw their growing interest in green living through adapting energy and water-saving fixtures, or enhancing their own green spaces at home.

Helping elevate spaces is what we do at ACE Hardware–from being a one stop shop for lifestyle improvements to supporting community building wherever we are.

Help is Always Here

In 2022, we launched a "We Can Help" campaign, a program that encompassed all the aspects of being of assistance—from taking care of our people, customers, and the communities that we serve.

We continued to find new ways to reach and serve our customers face-to-face and online. We continued to ramp up our digital presence to deliver not just products, but a host of content that featured lifestyle solutions. We also opened ten new ACE stores in 2022, nine of which are located outside Metro Manila.

For our efforts to adapt and respond to the unique challenges faced by the retail sector due to the COVID-19 Pandemic, ACE Hardware was hailed "Hardware Retailer of the Year" at the 2022 Retail Asia Awards.

Help that Makes Communities Thrive

In 2022, we took a more active role in elevating communities through various partnerships. Volunteer employees helped build better homes and safer learning environments for school children.

Through Brigada Eskwela, ACE Hardware participated in the rehabilitation of over 200 public schools and donated sanitation and virus protection products to help minimize the spread of COVID.

We also teamed up with Habitat for Humanity for the home improvement of two four-storey structures that serve as a home for at least 120 families in Pasig 1. The structures used our eco-friendly and sustainable painting products to give new life to their surroundings.

Ushering in a Healthier Future

Today's Filipino deeply understands the importance of accessible, affordable healthcare. At Watsons, we are committed to serve their needs, wherever they may be.

In 2022, we continued to expand our store network, reaching over 1,000 stores nationwide. We also improved our delivery and online services, expanding our Watsons Express Delivery Service to Visayas and Mindanao, covering Cagayan de Oro, Cebu, and Davao.

Our Click & Collect feature on the Watsons App also gave our customers the welcome option to order products and collect them in the store within 30 minutes of placing an order.

We also partnered with leading telemedicine service platform, KonsultaMD in order to provide complimentary consultations to customers for a minimum purchase made in our stores.

Healthier Communities

Our efforts under the Alagang Pangkalusugan program continued to give more Filipinos access to health services and healthcare.

With the help of our employee volunteers, suppliers, and healthcare professionals we conducted medical missions in Las Piñas, Villar, Sipag, and Calamba, Laguna where we gave medical consultations and free medicines to over 800 beneficiaries.

Our partnership with Operation Smile allowed us to perform cleft palate procedures in Isabela, Cebu, and Naga. Last year, our Operation Smile initiative in Cebu became the fourth in the world to have an all-female international surgical and educational team on a mission.

Healthier Planet

We went beyond the health of the individual and the community to address the health of the environment. In partnership with Communities Organized for Resource Allocation (CORA), we held our first coastal cleanup drive in the Las Piñas-Parañaque Critical Habitat and Ecotourism Area (LPPCHEA).

LPPCHEA's mangroves provide food for about 5,000 birds per day, making it a critical habitat. Together with 200 volunteers from employers and our partner-suppliers, we collected more than 1,000 kilos of waste for turning over to CORA's facility for recycling.

800
beneficiaries for doctors' consultations and free medicines

A Light in the Neighborhood

The neighborhood of Sta. Rita is one among 14 barangays in Guiguinto, Bulacan. Bustling during the day, its commercial activities are shuttered for the night, leaving many of its residents' needs unserved.

Our advocacy for community development pushed us to bring the Alfamart shopping experience to the people of Santa Rita.

Sta. Rita residents today say that having an Alfamart in the area has brought new life to their community. Our reassuring presence has turned out not only to be a sound financial investment, but a catalyst for economic activity.

"Having an Alfamart near my place is a great improvement, as it lit up the area, which was otherwise too dark for comfort," said Ms. Cecila Ventura, a resident and one of Alfamart's community partners.

"Alfamart continues to save the community time and fuel, especially when prices of different commodities are spiking," she added.

Serving More Communities

In our commitment to making everyday grocery runs convenient, accessible, and complete, we also opened our first Alfamart store in Quezon Province. With the new branch in Pagbilao, we went beyond our initial target of expansion in 2022 and added over 200 additional stores, to reach a store count of 1,412 by year end.

All of these stores are supported by an unhampered supply chain through our distribution channels in Cavite, Bulacan and Pampanga.

The warm welcome we receive wherever a new Alfamart is opened affirms our mission to help boost local employment and create opportunities for local MSMEs—new life for the neighborhoods we serve.

SM MARKETS

Galvanizing Communities into Regional Centers

We reach out to more communities through expansion. As we expand, we help galvanize communities to develop into high growth regional centers.

Our forerunner and more agile brand, Savemore, is the first national brand that enters new territories such as fourth class municipalities. We see the potential in these communities that continue to grow at a fast pace. This initial foray ushers in the entry of bigger industry players, therefore providing more investment opportunities and further development for the community.

When we enter a community, we expand and create new markets. We complement existing markets, allow shoppers to experience the highest level of operational standards including food safety and customer service, and urge them to patronize our developments.

In the past year, we opened the doors to new grocery locations in Marilao, Tanza, San Jose Del Monte, Sorsogon, Tuguegarao, and Taytay, on top of already existing branches expanding our food retail presence in the area.

Considered as the "big brother" in the locality, we help spur more economic activity. Each time we open a new store, we generate jobs providing livelihood opportunities to those we employ and their families. As we generate revenues and enhance trade, the development of the municipalities as regional hubs follows.

Our food tenants and suppliers, which are largely MSMEs, continue to grow with us. By doing business with us, we helped transform their lives. We extended a hand in expanding their products' reach, as well as their development and promotion.

As these municipalities and cities grow into city centers, the needs of the local community also expand. Our SM Markets brands, SM Supermarket, SM Hypermarket and Savemore ensure that we are well positioned to answer their evolving needs; that we have everything they need; that they can get it in a convenient way and according to their shopping preference.

This fosters an ecosystem where quality, fresh food and other essential items are accessible whenever and wherever our customers are, sustaining the economy and the needs of the communities.

Our Property Business

In property development, we manage and build integrated developments that consist of a mix of retail, office and entertainment buildings, condominiums, hotels, convention centers, and entertainment facilities that are centered on our network of malls.

Creating Meaningful Communities

With the post-pandemic new normal came a deeply evolved relationship with our communities.

Today, our developments create spaces and services that serve Filipinos from all walks of life, building thriving communities with meaningful connections.

We build innovative and sustainable developments that cater to the ever-changing needs of our customers.

SM Sorsogon

SM Prime's consolidated net income grew to PHP30.1 billion in 2022, 38% higher than the PHP21.8 billion income registered in 2021, brought about by the performance of our mall business.

We expanded some of our malls and opened new ones outside Metro Manila: SM City Roxas in Capiz, SM City Tanza in Cavite, SM City Sorsogon in Bicol, and SM City Tuguegarao in Cagayan.

This brings our total to 82 malls in the Philippines, with 58 malls in the provincial areas, and 24 malls in Metro Manila. We boosted our renewable energy consumption to at least 50% in our malls in support of the National Renewable Energy Program.

We continued to bring new spaces for Filipino homeowners of all life stages. In 2022, we launched three new residential developments in different provincial cities in the Philippines: Vail Residences in Cagayan de Oro, Now Residences in Pampanga, and Zeal Residences in General Trias, Cavite.

We also opened FourE-Com Center in MOA Complex, Pasay City. Additionally, we welcomed new developments in Pampanga through the SMX Clark Convention Center, which is nestled alongside SM City Clark and Park Inn Radisson Clark.

From our malls and residential developments to hotels, office buildings, and convention centers, we remain committed to making life innovative, conveniently connected and sustainable.

PHP30.1bn
Consolidated Net Income

82
Malls in the Philippines

Sustainable, World-Class Communities for More Filipinos

A sprawling oasis, Vine Residences promotes green and healthy living in all aspects.

Regardless if you're a young professional, a start-up family, or a seasoned property investor—homebuyers nowadays share the same priorities: proximity to key places of interest, easy access to major thoroughfares and public transportation, a nearby place to unwind and enjoy, and green spaces to take a breather.

Steadfast in addressing the ever-evolving needs of Filipino homebuyers, SM Development Corporation (SMDC) has long been at the forefront of sustainable development. A builder of award-winning communities with flawlessly-integrated

residential and commercial spaces in key economic corridors across the country, SMDC curates a lifestyle desired by all—that is attainable to all.

At the core of their vision is to make the Philippines a nation of homeowners, with homes that are convenient, accessible, community-centric, with five-star hotel and resort-themed amenities, and yet, still affordable.

Within the SM City Novaliches complex is Vine Residences that exemplifies SMDC's commitment to promoting environmental stewardship and social connectedness. For one, the development was engineered for disaster risk reduction and social resilience.

Various health and wellness amenities are strewn around Vine Residences for residents to build meaningful relationships—from a jogging trail, to a multi-purpose court, and even their very own camp hill site.

To prevent and manage natural catastrophes, the development dedicates 52% of its total land area to greenery. Likewise, a water detention tank and stilts that suspend portions of the structure from the site's soil grade both preserve the trees in the community, and act as a natural defense against flooding.

Primed for an investment evolution, Vine Residences is poised to benefit from the soon-to-be-completed MRT Line 7, and Novaliches' emergence as a well-connected district.

Together with internationally renowned designers and master-planners, SMDC is resolute in providing homebuyers the best value for their hard-earned money—now venturing into township projects that further elevate quality of life.

Gold City, SMDC's first township development, holds an exceptional spot in Paranaque city.

SM HOTELS AND CONVENTIONS

Elevating Filipino Hospitality

We take pride in how we elevate our guests' experiences through Filipino warmth and hospitality.

Our guests get a taste of the best of the Philippines through the food we serve. We draw inspiration from local delicacies and ingredients and incorporate them in our menu wherever we are.

We promote Filipino culture and heritage by bringing them closer to our guests from all walks of life by making a fusion of global culinary standards and tapping local gems that make each dish unique.
We give our guests an experience to remember as we empower our workforce to become world class hoteliers.

At least 80% of our workforce are locally-employed. We opened our doors to community members by giving them employment opportunities in the hospitality industry.

We create opportunities to upskill and expand our workforce through talent engagement programs, and coach them to be empowered leaders in the workforce. This allows them to continuously expand their knowledge from entry-level roles to become hoteliers and culinary experts.

We also pave the way for equal opportunities for everyone. At least 49% of our workforce are women in various fields—including engineering, IT, culinary, and in our senior leadership team.

We understand the value of real world experience for our young hoteliers. We work with partner universities wherever we are to train young students to become experienced hoteliers. We trained 1,900 students across our 9 hotels and 6 Convention Centers.

Green Development

Efficient, Sustainable, Visionary

SM plays an active role in every community it serves in keeping our business ecosystem efficient and sustainable. Through energy, waste, and water management measures and solutions, we have deeply integrated sustainability into the way we work and do business, and the way we serve Filipinos.

Consuming Less, Providing More

Our malls and offices are designed for optimal light ventilation through the use of clerestory windows and skylight to reduce energy use and carbon emission. Prime examples are SM Aura Premier, The Podium Complex, and SM North Towers. These LEED Gold Certified facilities and their efficient LED lighting systems have made major contributions to savings and the reduction of carbon emission.

Managing Plastic Wastes In Our Community

We are committed to providing additional solutions on how we manage our wastes within our communities. For 2022, our Trash to Cash program across the country collected 1,185,528.43 kilograms of waste compared to over 700,000 kilograms in 2021.

Water Recycled
in million cubic meters

Protecting the community, recycling the water

An average of 20 typhoons hit the country annually, making seasonal flooding a nationwide problem. By retrofitting our malls with safety measures such as installing Rainwater Catchment Basins, just like SM City Cabanatuan for example, we play a large role in protecting our communities.

We have also employed water conservation measures. Processed water from our sewage treatment plants are recycled for water closet flushing, landscape maintenance and to supply water to the cooling towers which are primarily used by the building air conditioning system.

Our Banking Businesses

We deliver a full range of banking services to corporate enterprises and small- and medium-sized businesses. We also serve entrepreneurs, family-run businesses, and individuals. We have dedicated ourselves to bringing financial inclusion to the majority of Filipinos who have yet to open bank accounts.

BDO's support and financial inclusion

We Go Where We Are Needed

MSMEs are gradually recovering from the impact of the pandemic and are now back to normal operations, thanks to BDO Network Bank's support through the MSME Kabuhayan Loan.

Cash Agad has **10,429** partner-agents nationwide

Over 34 million adult Filipinos are still unserved and do not have bank accounts, while others, including businesses, remain underserved or lack access to other financial services, especially those in rural areas.

Access to financial solutions uplifts lives and livelihoods. Banks providing access to financial services can help unserved and underserved communities save for the future, invest in business opportunities, manage risks and build financial strength. This, in turn, can facilitate economic development, thus, alleviating poverty.

Fully recognizing the requirement to serve these communities, BDO Unibank steered BDO Network Bank to reach them wherever they are to deliver the financial solutions they need and deserve.

"We go where we are needed," says BDO Network Bank president Jesus Antonio S. Itchon on their service philosophy. "We have over 470 branches and loan offices and will continue expanding."

He said one of the critical ways of serving unserved and underserved communities is to be accessible, especially for areas where infrastructure is still a challenge and connectivity is insufficient.

For this reason, BDO Network Bank carries out inventive ways of serving individuals and businesses by having tellers and account officers go to their places of work and homes, even if this requires traveling long distances.

"Micro-entrepreneurs, for example, cannot just leave their businesses to go to the bank to do their transactions. So we go to them and even bring along point-of-sale (PoS) terminals to enable deposits and withdrawals," Itchon notes.

Reality continues to bite, though, as there are more areas in the country that banks cannot yet reach and penetrate. So it's a good thing the Bangko Sentral ng Pilipinas paved the way to introduce agency banking to make bank services physically accessible to more clients.

These agents are retail outlets in the community (e.g., accredited convenience stores, pharmacies, pawnshops, tailors and barber shops) where one can avail of banking services such as cash deposit and withdrawal, fund transfer, and bills payment.

Cash Agad, the agency banking service of BDO Unibank, has been doing precisely that since 2014, accommodating all ATM card holders.

"BDO started Cash Agad with a vision in mind: How can we deliver banking to more Filipinos who don't have access, particularly in low-income and rural areas? So we deployed PoS machines to our partners, mostly micro businesses with established community operations," explains Jaime M. Nasol, BDO senior vice president and head of agency banking.

As of the end of 2022, there are 10,429 Cash Agad partner agents nationwide.

"100% of the 82 provinces have Cash Agad, and we have covered 90% of the total 1,500 municipalities in the country," shares Nasol.

Cash Agad will continue to expand its coverage through more agent partnerships, and add more services such as cash-in and bills payment, to make banking accessible to more Filipinos. ATM or access to money is, after all, the very mission of agency banking.

Financial Performance

BDO's strong performance in 2022 supports further expansion in service of more rural areas. It reported its net income grew 33% to PHP57.1 billion in 2022. Gross customer loans went up by 9% year-on-year on broad-based growth due to the economic re-opening. Total deposits rose by 14%, with net interest income growing by 14% to PHP149.2 billion.

PHP57.1bn
Net Income

9%
growth of Gross Customer Loans

PHP149.2bn
Net Interest Income

Sustainable Energy

BDO recognizes that the banking industry plays a critical role in the Philippines' committed transition to a low-carbon economy with access to affordable, reliable, sustainable, and clean energy.

To further drive sustainable development for the country through sustainable finance, BDO publicly announced its approach to energy transition finance, particularly coal financing and divestment. BDO ceased lending to new coal-fired power plant capacity since 2019. The Bank commits to reduce its coal exposure by 50% by 2033, while ensuring that its coal exposure does not exceed 2% of its total loan portfolio by 2033. BDO believes that the transition is a journey that requires adopting a balanced approach, between national economic development that depends on affordable and reliable energy, and the relentless pursuit of the broader goal of climate sustainability. To view the full BDO Energy Transition Finance statement, see https://www.bdo.com.ph/bdo-energy-transition-finance-statement at www.bdo.com.ph.

Blue Bond

As a pioneer in sustainable finance in the Philippines, BDO continues to find ways to protect the environment and identify financing instruments that can contribute to sustaining the availability of natural resources.

In May 2022, BDO issued its first Blue Bond amounting to US$100 million, through an investment from the International Finance Corporation (IFC).

This issuance will expand financing for projects that preserve clean water resources and help prevent marine pollution, while supporting the country's climate goals. The Blue Bond is the first in South East Asia and the first to use the IFC's Blue Finance Guidelines.

BDO has refinanced four key businesses that provide water and waste water services, bulk water and operations management, waste and wastewater treatment solutions, and bulk water and distribution facilities benefit from the Blue Bond proceeds.

BDO Foundation Disaster Response and Reconstruction

The Philippines has one of the highest disaster risk levels in the world. In 2022, BDO Foundation provided 70,960 families with food packs, rice, and drinking water to families displaced by typhoons or tropical storms, flooding, landslides, earthquakes, volcanic eruptions and fire-related incidents. The disaster response efforts were made possible by volunteers from partner parishes, diocesan social action centers, non-governmental organizations, local government units, the military and the police.

BDO Foundation provides access to consultations, outpatient care, and medicines for disaster-prone areas by rehabilitating rural health units (RHUs), with 131 RHUs rehabilitated in 2022 for 6.9 million Filipinos.

BDO Foundation also built 60 classrooms for elementary students, 60 classrooms for high school students and 4 technical-vocational training facilities. BDO also supports improving literacy and numeracy by providing financial literacy sessions and supporting the public schools in the Philippines, and scaled this to online and in-person financial education sessions with 1 million employees of the Bureau of Fire Protection, Civil Service Commission, Bureau of Fisheries and Aquatic Resources, Department of Education, and the Overseas Workers Welfare Administration.

70,960
Families provided with food packs

124
Classrooms built

131
RHUs rehabilitated

Moving Forward With Our Stakeholders

PHP19.1bn
Net Income

PHP1.3tn
Total Assets

15.1%
Return on Equity

The year 2022 was another banner year for China Bank. We continued to deliver on our strategic priorities and to help our clients and other stakeholders recover and move successfully forward.

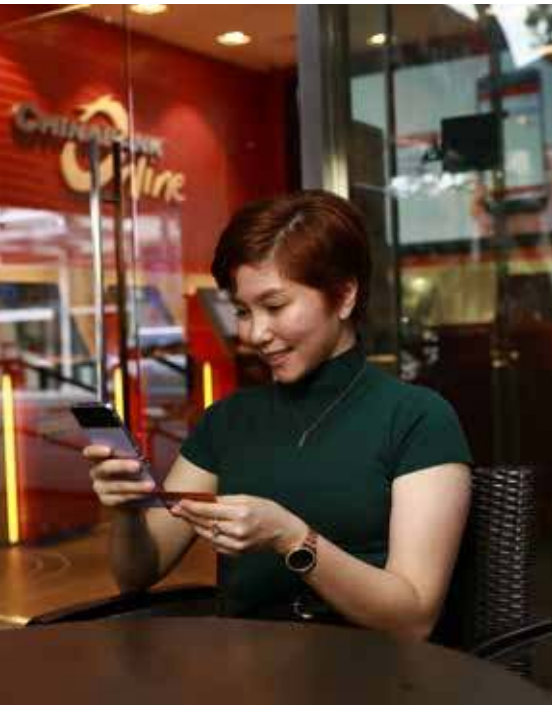
We recorded better-than-expected financial results in 2022. China Bank's net income reached an all-time high of PHP19.1 billion, up 27%. Our return on equity of 15.1% was the highest among the major domestic universal banks in the country. We maintained our position as the fourth largest private domestic bank with total assets of PHP1.3 trillion, up 20%.

As we pursued growth, we continued to work towards governance excellence, digitalization, and sustainability.

We are driven to do what's right and to do right by our stakeholders, and in 2022, our commitment to high governance standards was again recognized. The ASEAN Capital Markets Forum named China Bank as among the Top 20 Publicly Listed Companies in ASEAN and among the Top 3 in the Philippines. The Bank was also distinguished as an ASEAN Asset Class. The Institute of Corporate Directors conferred its highest governance recognition to China Bank, the Five-Golden Arrow Award, making us the only bank in the country with such an honor.

Boosting Financial Inclusion

To make it easy and affordable for more Filipinos to open a bank account, we launched our



online account opening mobile app China Bank START. We also actively promote digital payments to drive financial inclusion. China Bank was among the first banks to be part of PesoNet, InstaPay, QRPH person-to-person (QRPH P2P), and QRPH person-to-merchant (QRPH P2M).

To serve customers' cash and other banking needs, we also beefed up our ATM network to 1,044 nationwide. In remote areas where deploying and servicing an ATM is difficult, we provide POS Cashout Service, enabling customers to withdraw from their debit or ATM accounts via a POS terminal. In the aftermath of Typhoon Paeng in October 2022, our POS Cashout Service in Maguindanao helped affected families in the province and nearby towns, which lacked ATM and cash out facilities, with their cash needs.

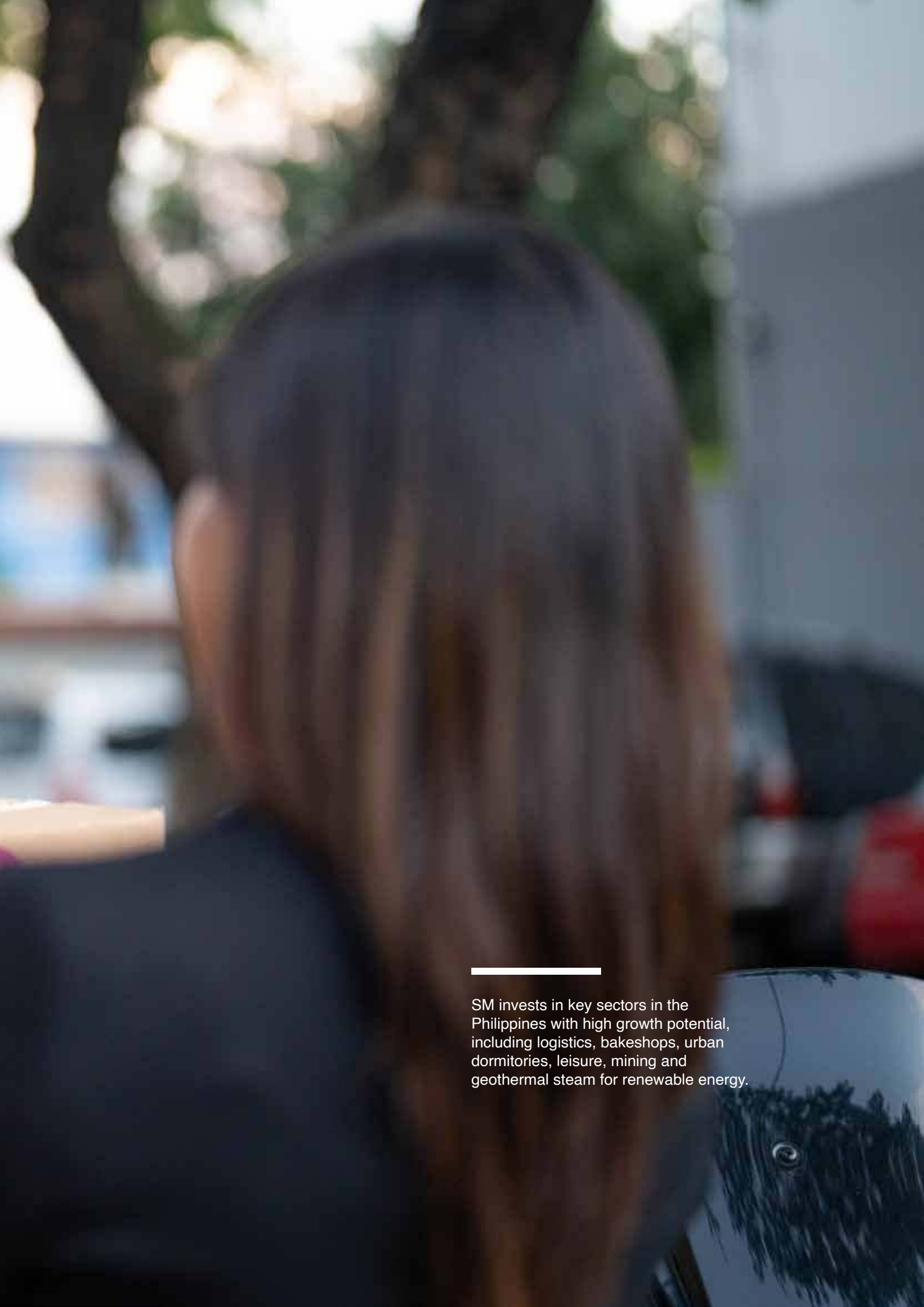
To further embed sustainability in the way we do business, we redefined our sustainability strategy and created a Sustainability Oversight Committee.

In 2022, we deployed nearly PHP19 billion in loans to MSMEs and over PHP36 billion in loans for energy access and renewable energy projects. In addition, our investment banking subsidiary, China Bank Capital, raised over PHP43 billion in sustainability-related financing.

These developments support our continuing mission to be a catalyst of wealth and value creation for our stakeholders. Through our products and services, we help our customers achieve their financial and business goals. And by conducting our business ethically and responsibly, we contribute to a sustainable future for all.

We are committed to doing everything we can to be worthy of our stakeholders' trust and to making a positive impact on the environment and on the lives of the people we serve.

Portfolio Investments



SM invests in key sectors in the Philippines with high growth potential, including logistics, bakeshops, urban dormitories, leisure, mining and geothermal steam for renewable energy.

2GO Connecting the Nation

As consumer demand rose over the past year, 2GO ensured secure, on-time delivery of goods across the nation—whether they were in 40-foot containers or small parcels.

Our shipping arm, 2GO Sea Solutions, moved more than 200,000 Twelve Foot Equivalent Unit (TEUs) of cargo in 2022, reaching as far as Davao within 3 days. Scanasia filled the shelves of more than 4,000 stores with over 1 million cases of products. Its special container unit transported almost 17,000 TEUs of refrigerated and frozen products as well as almost 85,000 liters of special liquids that required special handling. 2GO fulfilled 60,000 e-commerce orders on average per day through its express business during the year, peaking at 110,000 during the holiday season.

2GO Travel continues to provide travelers a relaxed, safe and affordable way to experience the Philippines. The resurgence of tourism saw us welcoming travelers with upgraded vessel amenities and an enhanced onboarding experience. In 2022, 2GO Travel carried more than 700,000 passengers, a two-fold increase, to 15 local destinations.

The strong rebound in Philippine economic activity, combined with 2GO's campaign to improve its operations, resulted in a financial turnaround for the business in 2022. The company registered earnings of PHP312 million on the back of robust revenues that increased 25% to PHP19.3 billion.

2GO continues its commitment to help the country reach its development goals by shaping and modernizing Philippine logistics through capital investments. 2GO Sea Solutions aims to expand its vessel fleet and port equipment to improve cargo volume throughput. Ongoing IT upgrades already seamlessly synchronize our various business units. We also continue to enhance the 2GO customer experience by loading more services onto our newly launched 2GO App.

More Power to the Filipino

The global shift to green energy has highlighted the importance of geothermal resources as a significant energy source in the Philippines.

The Philippines has the world's third-largest geothermal capacity after Indonesia and the United States. As baseload energy supplied to the national grid, our geothermal power is always on 24/7, a reliable source of electricity.

In 1971, PGPC transformed a 2.5 kilowatt experiment into the first commercial geothermal power project in the Philippines—and in Southeast Asia. As the country's pioneer geothermal power producer, we remain strongly committed to deliver clean, reliable and renewable geothermal energy in service of the national need for power.

Today, the Tiwi and Mak-Ban steam fields generate enough geothermal steam to produce approximately 300 megawatts of electricity. Drilling of wells for the past two to three years also provided additional equivalent capacity for PGPC. This helps increase the renewable energy mix in the Philippines at prices aligned with the Wholesale Electricity Spot Market, increasing supply and less dependency on higher cost energy.

Commitment to National and Global Goals

In 2022, PGPC was fully brought into the SM Group, reflecting SM's deep understanding of our environmental challenges, as well as our deepening commitment to national and global goals.

We are aware that the sustainable development and use of renewable energy will improve many aspects of Filipino life, including energy security, environmental sustainability, the economy, mechanical manufacturing, construction, and transportation. Renewable energy will also help create new jobs.

We are an energetic advocate of education. PGPC offers college scholarships to outstanding but financially challenged students in communities in Albay and Laguna-Batangas provinces. We continue to reach out to our host communities for post-disaster school building repairs and builds. Recently, we reached out to Northern Samar for post-Yolanda actions by partnering in school building programs needed in the area.

Towards Climate Change Action

We take an active part in climate change action, enhancing the town of Tiwi's disaster preparedness and adaptation capabilities by training local emergency teams and planting over 1,000 trees which will serve as natural barriers for strong typhoons and surges. We also help develop Tiwi's coastal eco-tourism potential by strengthening coastal protection and creating more jobs and opportunities for local communities and businesses.

For the Mount Makiling Forest Reserve, we help protect and conserve the mountain by implementing an entire cycle of tree planting and adopting a community-based approach to natural resource management.

About 78% of our employment contracts are sourced from local communities outside of the National Capital Region. We nurture homegrown talents and enrich their careers, giving them paths to leadership.

Celebrating Filipino Moments

Every Filipino celebration is centered on food: enjoyed in the spirit of both every day moments and milestones celebrations shared among loved ones. Goldilocks is every Filipino's partner in making every occasion a celebration.

As we continue to nurture and sustain Filipino celebrations, we always find ways to innovate our food and our services, including the ways we bring Goldilocks closer to every customer.

Three new cake launches were introduced last year—limited-edition cakes on special occasions: Salted Caramel Popcorn for Father's Day and Candy Pop Cake for Children's Month, and the Coffee Caramel Cake, which is now a regular in our chillers. Infusing creativity and innovation in our flavor offerings is our approach in meeting our customer's evolving taste preference.

We also strengthened our presence in non-mall locations in provincial areas including Pangasinan, Iloilo, South Cotabato, and Rizal.

Our VisMin stores grew by 7%, while stores in outskirt provinces in Luzon grew by 6%. On average, Goldilocks opened at least 8 stores per month starting in the second quarter of 2022. In total, we have over 900 stores by the end of the year nationwide. This supports our ambition of making Goldilocks the most accessible bakeshop brand for every kind of Filipino celebration.

Our innovations went well beyond our food and our service, as we also aspire to improve our footprints in the communities where we operate in.

Our shift to Mondomix tanks last year reduced our water consumption, allowing the water to be reused for other purposes, saving our production plants 2,500 liters per day. We also began our shift to solar powered lights, helping reduce electricity consumption by at least 16kW for every 12 hours of operation.

As we reach more and more Filipinos and help them celebrate their everyday moments, we also want to make sure that we're also doing our share in looking after our shared future.

Full Speed Growth

Many local enterprises greatly depend on logistics solutions to reach their customers. At Airspeed, we understand the challenges of end-to-end logistics and are committed to bridging every gap in the journey.

In 2022, we continued to grow our network of pick-up and drop-off locations nationwide. Apart from our kiosks in SM Supermalls and standalone branches, we grew our networks through partnerships with M Lhuillier and other provincial service agents.

We launched Speedgifts, UnboxMe, and Pinaspeed,digital platforms that allowed our customers to order and send items safely to their loved ones, and gave enterprises access to new markets.

We also enhanced our e-fulfillment services, a customized solution for e-commerce companies. These services help ensure that items ordered online are stored safely, reach the buyer on a guaranteed timetable, and in cases of returns, are smoothly sent back to the seller for item replacement.

Looking ahead, we will be launching PopBox, a service that gives our customers a contactless delivery option. This does not only enhance our customer experience, but also reduces our overall carbon footprint, ensuring a sustainable way forward.

Our Valued Resources

Following our value creation framework, we mobilize our capitals—our most valued resources—to work together to achieve sustainable business objectives and deliver long-term value for all our stakeholders.
Our Brand
Our Connection to Our Customers
Our Empowered People
Our Integrated Developments
Our Relationship with Our Communities
Our Inclusive Supply Chain Network
Our Natural Resources
Our Financial Resources

INTELLECTUAL CAPITAL

What the SM Brand Means to Our Consumers

Our brand has been around for nearly 65 years. During that time it has remained vibrant, current, and relevant to our consumers. Our constant innovation allows us to move with the times, maintaining our high level of recognition and customer loyalty.

Given recent rapid changes in society, technology and communications, we initiated our latest brand refresh to reenergize our appeal to a new generation of consumers, while still retaining our loyal customer base.

The roll out of the brand refresh in the last twelve months has allowed our consumers to recognize and interact with our brand with a consistency across all our companies and formats. It has also resulted in a clearer digital presence and experience.

Hello

By putting our brand at the heart of every SM experience, we evolve with our consumers while still respecting our past. This has allowed us to express a more dynamic brand personality and attitude.

The refreshed SM master brand is dynamic, yet consistent and familiar. We created our own unique color, called “electric blue,” and developed our own unique typeface called Henry Sans.

Across the entire SM Brand Architecture, our refreshed brand stands out with its very own dynamic and vibrant design language.

Scan QR code to watch the Brand video

SOCIAL CAPITAL

Our Connection With Our Consumers

We have always strived to answer the needs of our customers—not just with our products and services, but the ways in which we deliver them.

As the world becomes more digital, we need to adapt to be more integrated across all our channels and touchpoints. This includes our stores and malls, our online websites, our mobile apps, and in social media, where we want to provide a consistent and seamless experience.

The pandemic period provided us opportunities to leverage our omni-channel strategy. During the pandemic, the share of online sales for SM Stores peaked at 13% of total sales. As our customers came back to enjoy physical shopping, in-store sales recovered, leveling digital sales at 9%.

Our omni-channel approach allows us to create a personalized and convenient shopping experience. Customers now have the option to enjoy shopping in our physical stores, or they can browse products online and order them from the comfort of their homes. They can pick up the items in-store, or have them delivered at their doorstep. Our malls can even collect delivery orders from different stores for added convenience.

We understand that our customers online have a 'saving mindset'. As they focus on the best deals and savings, we improved our digital offerings through the ShopSM App.

We offered stackable vouchers, omni-channel order routing and store fulfillment, SMAC Account linking and earning of SMAC points in all purchases made through the ShopSM App. We also made sure that our customers have consistent cross-platform experiences from the ShopSM website to its app.

These efforts grew our online customer base to 48% vs 2021, with 21% additional new ShopSM users. Average order value of users also increased to PHP1,600, which is significantly higher compared to leading eCommerce platforms.

Another way we addressed evolving customer expectations is through the online experience of our SM Supermalls. The SM Malls Online App allows access in 73 malls through ShopSM and

SM Markets, while users have access to full services from food, Cyberzone, and our other stores in our 12 malls in Metro Manila and Cavite. The integration of ShopSM and SM Markets enables our customers to shop for groceries and get nationwide deliveries.

We also enabled prepayment through cashless transactions, tapping millions of e-wallet users.

In 2022, we reached one million online shoppers with over a million products delivered from more than 500,000 tenant orders. This coincided with the introduction of our Shipmate App, our runner and rider pick-up and delivery app that makes for an even more seamless customer experience.

Far from digital shopping taking customers away from our malls and stores, our omni-channel approach is bringing us closer to Filipinos by giving them added flexibility and ways to engage with us. In turn they use SM in all the ways they've grown used to. As we offer them more options, we stay close to them, we understand them and can serve them even better.

SM Malls Online Product Innovations for 2022

Shipmate App

Our runner and rider app—built in-house—allows partner riders and runners to track assigned orders for pickup and delivery.

ShopSM, SM Markets Integration

Enabling all customers to shop for groceries and get nationwide delivery through the app by integrating ShopSM and SM Markets inventories.

All Malls Expansion

We expanded our reach by having ShopSM and SM Markets accessible by anyone in the country.

e-Wallet Integration

We enabled e-wallet payments to allow customers to go cashless for their orders, harnessing millions of e-wallet users.

Hyperlocal Deeplinking

Not even the biggest e-commerce app could do hyperlocal deeplinking, but we slowly allowed customers to shop from an ad to their preferred mall and store in click.

SOCIAL CAPITAL

Our Relationship With Our Communities

Our communities are our hosts and our aim is to ensure that our developments, in turn, develop them.

Through our facilities we provide not only access to modern goods and services, but we create employment, social hubs, income, taxes, infrastructure and help with urban development. In addition, through our Foundations, SM invests in local education, healthcare and food security.

As we look ahead at the long term risks we face we do so for our neighbors too—we plan ahead for community resilience and relief where needed in the face of potential climate and other disasters.

As a signatory of the UN Global Compact and a supporter of the UN Sustainable Development Goals, we are committed to promote and protect basic universal human rights. These rights begin with having access to basic services that make for a decent quality of life.

During the tail end of the pandemic, we became a major channel for delivering the COVID-19 vaccination needs of the country. We became a main point of distribution for vaccines by transforming our malls into accessible and convenient venues for local governments to conduct national vaccination programs.

SM Supermalls was the biggest private sector partner of the government to vaccinate Filipinos. A total of 10,581,635 doses of COVID-19 vaccines were administered nationwide across 77 mall vaccination sites by the end of 2022.

Quality Education for Every Filipino

Every Filipino has the right to education. We do our share in delivering this right by closing gaps in the quality of public-school education and helping develop Filipino talent wherever and whenever we can.

Our School and Classroom Building Program and our grant programs for continuing studies through our College and Technical Vocational Scholarship Programs are examples of how we take our role in developing the Filipino seriously.

School and Classroom Building Program

342
School buildings built and refurbished

1,110
Classrooms built and refurbished

Scholarship Program

1,750
Scholars in 2022

10,000
Scholar graduates to date

11,750
Scholars supported to date

Proper Medical Care

By working with the Department of Health, we also help every Filipino claim their right to quality healthcare. Through the renovation of public health centers to meet PhilHealth Accreditation standards, we allow an increase in PhilHealth utilization, helping decongest city hospitals and minimizing the spread of communicable diseases. We also increase the chances to mitigate critical illnesses at an earlier stage. These efforts also result in increased capitalization funds for local governments.

Healthcare

317
Health centers and medical facilities built and renovated

1,847
Medical missions conducted

1,239,642
Patients served (Medical Missions)

5,153,575
Patients served (Wellness Centers)

6,393,217
Patients served (Medical Missions + Wellness Centers)

Freedom from Hunger

We help families free themselves from hunger and malnutrition by providing backyard farmer training to families in vulnerable communities. Through proper skills and education, parents can provide more nutritious yet cheaper choices for their children—supporting their nutritional growth requirements.

Food Security through Farmers' Training

28,550
Farmers trained

266
Farmers' training sessions

Resilient Communities

Through SM Foundation's Operation Tulong Express, we are quick to respond whenever there is a need for food and basic goods in the aftermath of typhoons, earthquakes and other calamities.

Through SM Prime, we have taken a leadership role in UN ARISE Philippines through SM Prime's Executive Committee Chairman, Hans T. Sy.

As a leader in the local network of ARISE Global, the Private Sector Alliance for Disaster Resilient Societies, we have been advocating to make resiliency a key part of business and local government planning.

We also partner with the government through the Adopt-a-City Program, focused on building more climate-resilient communities in the country. Additionally, we are supportive of the Galing Pook awards, which recognize innovative local government programs that exhibit exemplary service to Filipino communities.

Disaster Response*

819,024
Kalinga packs distributed to date

663
Operation Tulong Express conducted

**Updated figures as of end 2022*

Our Network of Supply Chain Partners

We understand the importance of adopting Environmental, Social, and Governance (ESG) practices in all our businesses, and we are committed to help our supply chain partners on their own journey towards responsible ESG practices.

The adoption of sustainable business practices allows our partners to reduce their environmental footprint, improve the working conditions of their employees, and adopt ethical business practices.

Green Procurement

SM Hotels partnered with the Philippine Center for Environmental Protection and Sustainable Development Inc. for a Green Procurement Workshop. We invited 100 top suppliers of Taal Vista Hotel, Pico Sands Hotel, Pico de Loro Club, Tagaytay Highlands, SM Investments Corporation procurement group, and SM Retail for a discussion on sustainability in procurement. This workshop allowed us to take a closer look at the health, environmental, and social impacts of our supplier choices throughout the entire supply chain.

This Green Procurement Workshop also helped our procurement staff and suppliers make informed and empowered decisions on how to adopt ESG practices. For example, we set sustainable product specifications for paper materials used in both goods and packaging, as well as green cleaning products for housekeeping.

We also implemented an e-ordering system to reduce the environmental impact of printing and transporting paper documents. We choose our suppliers based on their solid credentials for sustainability, and replace those who use harmful materials in their products.

Green Finds

We highlight our sustainable supplier partners through our Green Finds program. Green Finds is a curation of everyday items that are sustainable, support local communities, and are made of natural ingredients.

SM Retail promotes them, giving customers affordable and easy to find choices. In doing so, we help customers make the informed choices they tell us they want, and as customers to buy more green products. Our supply chain partners are recognized and encouraged to develop more of their own green offerings.

Elevating Filipino Cuisine with Green Sourcing

Each SM Hotel brings together the best resources that our locations offer. They work with local producers to help lessen their carbon footprint. They also tap local farming communities for fresh produce, strengthening the sustainability of our food chain.

We also empower our partners and team members to make greener decisions. Our green procurement process helps our partners and staff adopt sustainable practices in vetting products and suppliers.

Rice Cake Mochi Balls with Tres Leches Sauce

Taza Restaurant in Taal Vista Hotel's Duck Confit using local duck from Laguna.

Batuan Ice Cream with Piaya Cookies at Park Inn by Radisson in Iloilo

This enables us to source the freshest ingredients and incorporate seasonal ingredients in every one of our locations, making our customers' experience uniquely and profoundly Filipino.

Going Glocal

Our 'Glocal Cuisine' elevates Filipino cuisine by staying true to global standards while using local ingredients to make each dining experience unforgettable for our guests.

Some of our exciting offerings made possible by green procurement are our Pico Lobsters at Pico Sands, using lobsters sourced from Fortune Island, Batangas, and our Batuan Ice Cream with Piaya Cookies at Park Inn by Radisson in Iloilo, a creation that brings together the unique flavors of Batuan fruit and local delicacy, piaya.

Connecting with Our People by Recognizing the Importance of Diversity, Equity, Inclusion and Belonging

We recognize the importance of Diversity, Equity, Inclusion, and Belonging (DEIB) in ensuring a thriving workplace culture.

DEIB principles guide the development of our social capital, helping provide an inclusive workplace by providing a sense of belonging among all individuals.

Building social capital in this way requires special efforts to foster connections and to cultivate a sense of community among employees from diverse backgrounds. By doing so, we tap the full potential of our workforce and create a culture of inclusion and empowerment.

SM Life

The employee demographics of the SM group is continuously evolving. With 80% of our people categorized as Millennials and Gen Zs, there has been a need to reintroduce the refreshed SM Life values to all our team members.

As the company with the largest number of employees within the SM Group, SM Retail took the first step with its SM Life Values Cascade last year.

DELITE in Action

The SM Life Values Cascade begins with the identification of SM Life Culture Champions—people who share the values of SM. They embody our values of Drive and Enthusiasm, Leadership, Integrity, Teamwork, and Entrepreneurship (DELITE).

In over two months, 24,275 employees across 600 batches, were successfully reached by 116 Culture Champions across SM Retail for workshops on SM's Values. This represents an overall attendance of 95%. On top of this, over 2,000 newly hired employees also joined sessions.

Nationwide, more than 500 sessions were conducted by SM Store branches and Retail Affiliates, with 50 sessions at the SM Retail HQ, four sessions at the warehouse, and more than 20 sessions conducted virtually.

SM Employees Are Living Green and Feeling Good

With a better understanding of the core values of the company, employees are now actively participating in activities that are initiated by the SM Life team.

Feel Good programs are a particular set of initiatives which encourage and support the mental health and well-being of our employees. This includes webinars that teach our members new ways to be present, and new ways to better experience happiness and gratitude. Among the Feel Good moments are surprise pop-up stations that distributed fruit cups and smoothies for employees.

The SM Retail Values Cascade is paving the way for an outstanding employee experience for every SM team member. The SM Life employee experience at SM Retail is just the beginning.

Elizabeth Anne "Lizanne" C. Uychaco as our first Group Diversity Officer

Our First Group Diversity Officer

Diversity recognizes the uniqueness and variety of different groups and societies. This can include differences in age, gender, sexuality, disability, race, ethnicity, origin, religion, economic or other status. Social inclusion is the process by which efforts are made to ensure equal opportunities for all—that everyone, regardless of their background, can achieve their full potential in life.

SM Investments appointed Ms. Elizabeth Anne "Lizanne" C. Uychaco as its first Group Diversity Officer, tasked to work with the different companies of the SM group in advancing gender equality and championing inclusion.

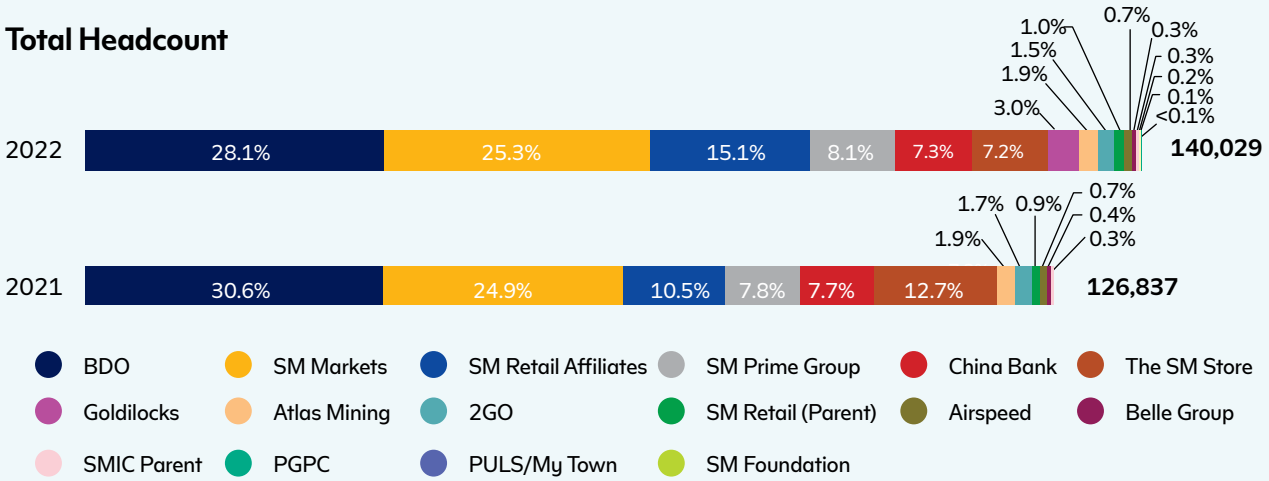
UN Women Empowerment Principles

The SM group has proven itself exemplary in women empowerment. Women comprise 62% of its workforce, and 57% in senior leadership roles.

SM Investments signed on as a supporter of the United Nations Global Compact Women Empowerment Principles (WEPs), joining over 3,000 other business leaders around the world. Established by UN Global Compact and UN Women, the WEPs are a set of principles offering guidance to businesses on how to promote gender equality and the empowerment of women in the workplace, marketplace, and community.

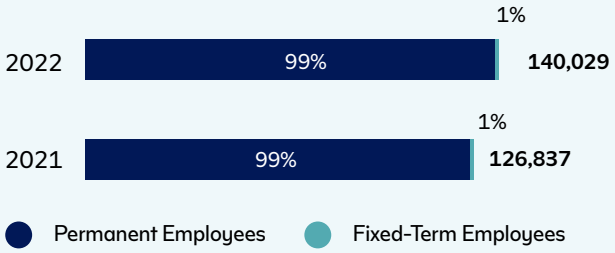
Our Sustainability Performance

Total Headcount



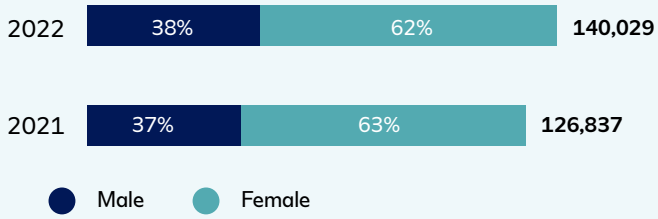
Additional Scope for 2022 includes Goldilocks, PGPC, and PULS/MyTown

By Contract

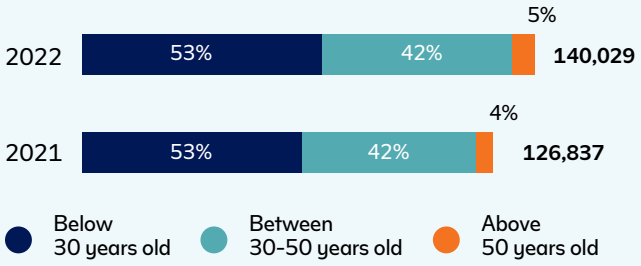


Permanent employees include regular and probationary status
Fixed-Term employees include project-based and seasonal contract status

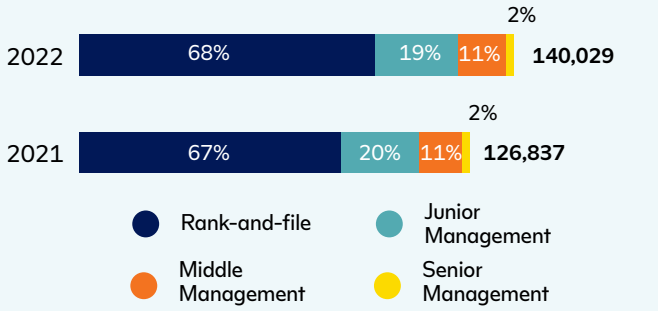
By Gender



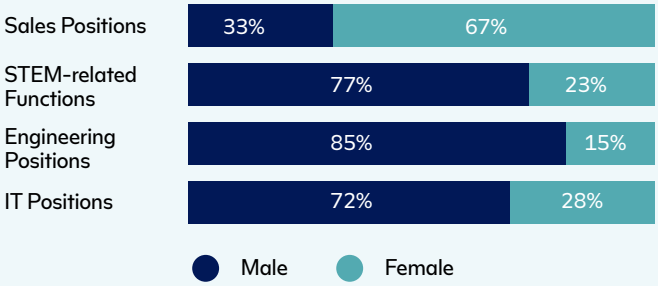
By Age Group



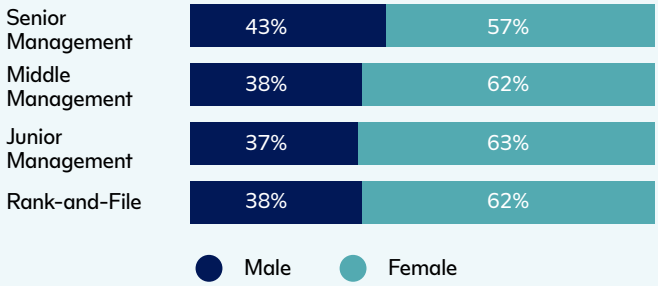
By Level



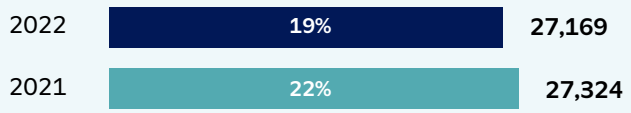
By Job Function and Gender (2022)



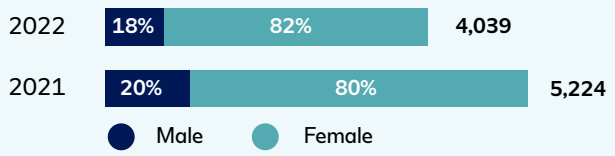
By Level and Gender (2022)



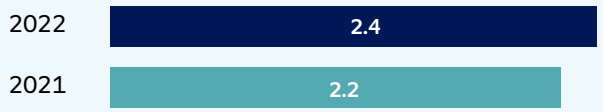
Employees Covered by Collective Bargaining Agreement



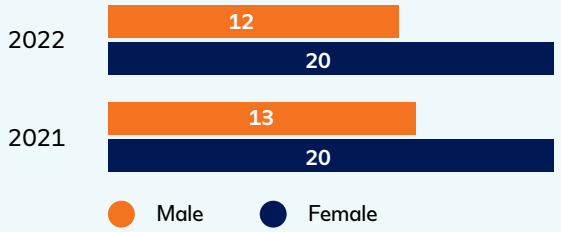
Availment of Parental Leaves



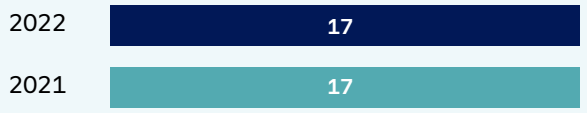
Training Hours
in million hours



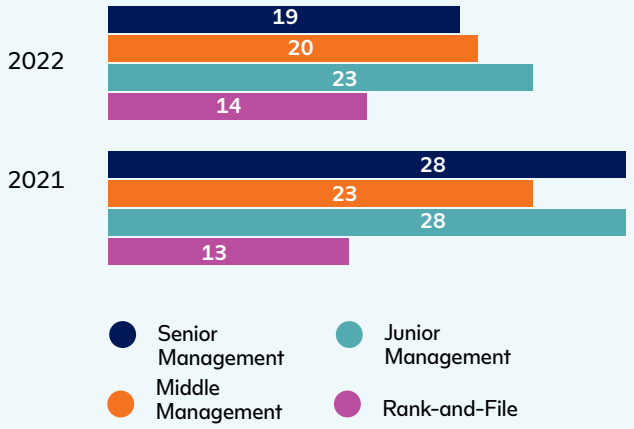
Average Training Hours by Gender



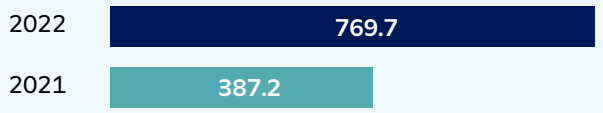
Average Training Hours per Employee



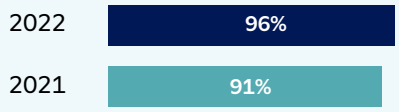
Average Training Hours by Level



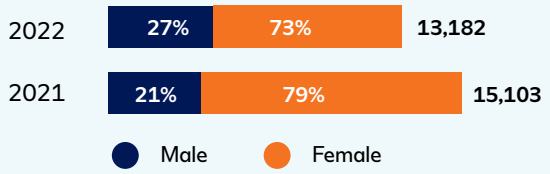
Average Amount Spent per Employee on Training
in PHP



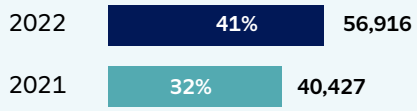
Appraisal Rate



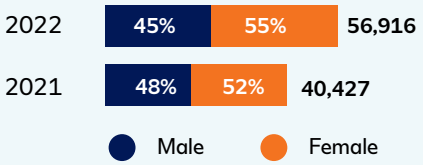
Promotion



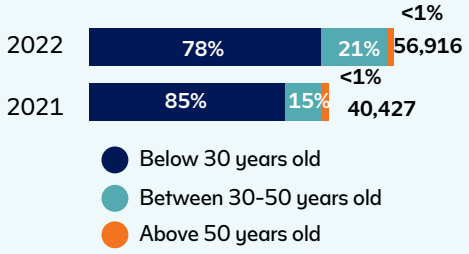
Hiring Rate



Hiring Rate by Gender



Hiring Rate by Age Group



MANUFACTURED CAPITAL

Our Developments

We understand that our developments play a crucial role in creating sustainable spaces for all—places where people can gather and communities can thrive. We strive to build integrated developments that improve the quality of life, while also being climate-resilient to protect both our assets and the communities that host us.

Our developments aim to provide an integrated lifestyle. Many of our malls have evolved into city centers, around which are gathered residences, commercial buildings, social infrastructure and open leisure spaces, serving multigenerational populations.

Sustaining Integrated Lifestyles

We support integrated lifestyles through our developments. By creating developments with malls, residences, and office spaces together, we help create a well-balanced lifestyle for our people.

Having a mall nearby provides easy access to shopping, entertainment, and dining experiences. By having residences and offices located in the same development, we reduce commuting time and help Filipinos achieve a better work-life balance.

We also add open green spaces that provide opportunities for recreation, exercise, and relaxation, which promote physical and mental well-being.

In addition, our integrated building developments enhance social interactions and create a sense of community. When people live, work, and play in the same area, they are more likely to engage with each other and form meaningful connections.

Our developments are also accessible for all through accessible transport links and pedestrian-friendly design to make it easier for people to move around the area.

Spaces that Nurture Connections

We Develop Spaces that are Good for People, Communities, and the Planet.

Our developments are designed to address the evolving needs of people and communities by adding amenities for them to enjoy, adapting technologies to help with climate resiliency, and finding ways to mitigate our environmental impact.

Reaching More Communities

Our team of engineering experts ensure that we design our developments to respond to communities' most pressing needs and add value to their way of life. In the provinces, our developments are tailored to unique local needs, such as providing social amenities, helping create inclusion, and developing employment as well as facilities for disaster resilience.

NATURAL CAPITAL

Developing Responsibly

We have a unique and highly diverse natural capital in the Philippines, both on land and underwater. Our natural capital strategy aims to preserve and enhance these natural resources, operating as stewards and driving responsible economic and social development. We also aim to promote a more circular economy, towards a more resilient and sustainable future.

Sustainable Solutions

By focusing on sustainable building development through the efficient management of water, waste, and energy, we help create crucial solutions that reduce the environmental impact of buildings and promote a more sustainable future.

Water Management

Rainwater catchment basins are currently installed in 23 SM malls. They not only help control the flooding in the communities around them, but also create significant water savings through recycling. The collected rainwater is used for greening irrigation, cleaning sidewalks and driveways, and cooling air conditioning systems.

Waste Management

We recognize our duty to responsibly manage our waste and identify programs to reduce plastic waste in landfills. Our malls have become venues for the community to participate in the circular economy via recycling. To date, our program has helped divert almost 20,000kg of post-consumer plastics, equivalent to 32,330kg of carbon dioxide (CO2), from landfills, oceans and rivers.

Energy Management

Designing buildings with energy-efficient features such as proper insulation, efficient HVAC systems, and energy-efficient lighting greatly helps reduce energy consumption. Installing renewable energy systems such as solar panels also allows buildings to generate their own energy.

We continue our transition to embrace clean energy. At least 50% of SM Prime's energy use today is sourced from renewable sources. Our bank, BDO Unibank, currently funds 58 renewable energy projects and our parent, SM Investments recently acquired 100% of geothermal steam producer for renewable energy, Philippine Geothermal Production Company (PGPC).

Integrated Approach

Implementing an integrated approach to building design and management ensures that water, waste, and energy systems work together to optimize efficiency and reduce environmental impact. This includes using building automation systems to monitor and optimize energy use, as well as implementing green building certification programs such as LEED.

Sustainable building development requires a holistic approach integrating water, waste, and energy management.

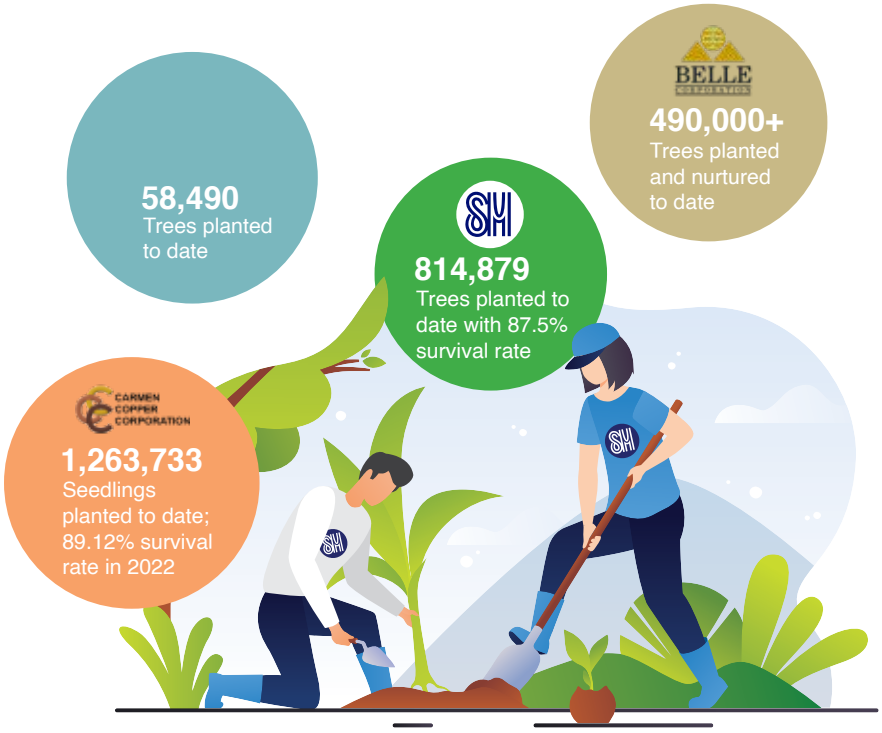
Building Forests of the Future

Planting trees is a highly effective way of restoring and conserving natural capital. Trees provide a wide range of ecosystem services that benefit both humans and the environment. They also act as carbon sinks and help combat climate change.

We have several different approaches to facilitate tree planting within the SM group, including reforestation, afforestation, and agroforestry.

Grow Trees Community

In support of the SM Green Movement, we launched our Grow Trees Community (GTC) through the SM Foundation and our partner, Fast Retailing Foundation. This program focuses on the development of long-term reforestation by involving an ecosystem of partners to care for the trees, especially after they are planted as seedlings.



Creating More Powerful Opportunities

We go beyond just planting trees. We also look after the seedlings and identify opportunities for the local residents to benefit from the growing trees. By working closely with community organizations, we create more jobs. Tourism, community-based training on crop production, coffee processing, and bamboo crafting are examples of new areas of livelihood.

The Grow Trees Community in Tuba, Benguet provided training to the Nagawa, Manganese, Liw-Liw, Saddle Agroforestry Association Inc. (NAMALISA) People's Organization on bamboo crafting.

The Grow Trees Community in Macabebe, Pampanga provided livelihood kits composed of chicken and hog feed, sari-sari store/rice dealership livelihood kits, and fishing nets.

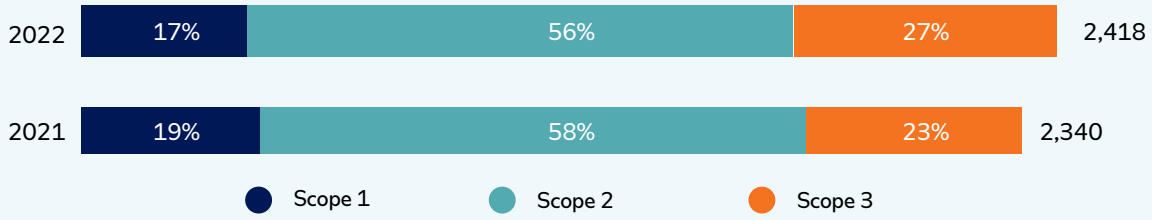
At Carmen Copper, foresters and people's organizations are also tapped to plant and help the trees grow.

Grow Trees Community

	No. of Trees	Survival rate
Nasugbu, Batangas	8,400	93%
Macabebe, Pampanga	200,000	86%
Tuba, Benguet	10,000	85%

Our Sustainability Performance

Greenhouse Gas (GHG) Emissions
in '000 MT CO_2e



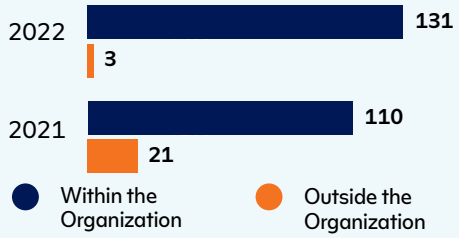
Scope 1 - Emissions arising from the use of diesel, gasoline, liquefied petroleum and compressed natural gas in facilities fully owned and controlled by the company including generator sets and company-owned vehicles

Scope 2 - Emissions arising from our use of purchased electricity in facilities that are fully controlled and operated by the company (21% of Scope 2 total emissions are from renewable energy sources)

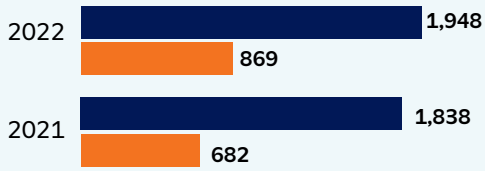
Scope 3 - Emissions arising from sources that are neither owned nor controlled by the company such as fuel and energy-related activities not included in Scope 1 or Scope 2

Calculated following the operational approach of the Greenhouse Gas Protocol. Scope 2 emissions were computed using the 2015-2017 National Grid Emission Factors provided by the Department of Energy.

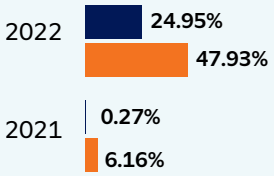
Fuel Consumption
in million liters



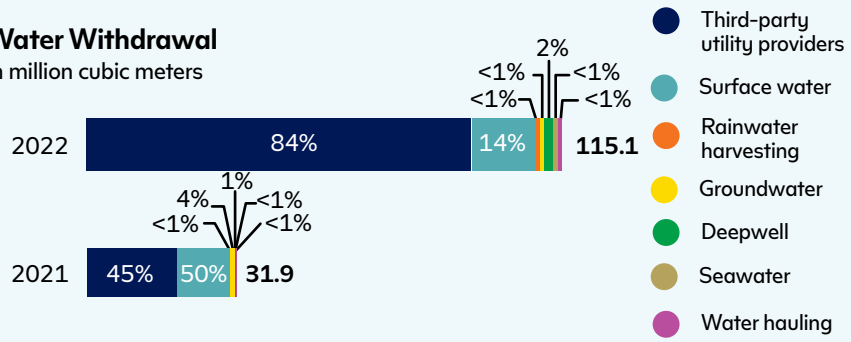
Electricity Consumption
in million kWh



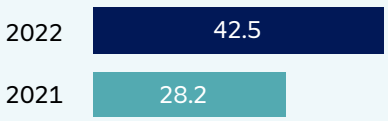
Percentage of Electricity Consumption from Renewable Energy Sources
in million kWh



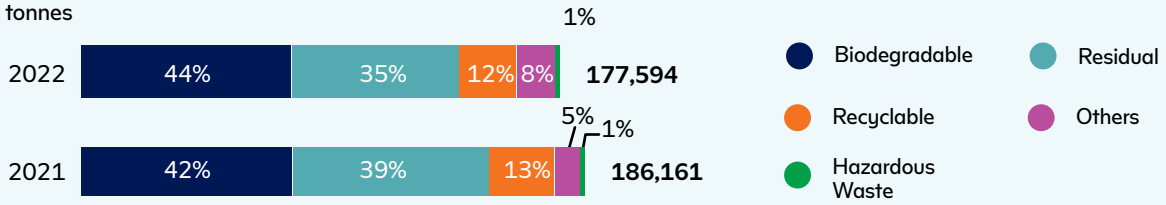
Water Withdrawal
in million cubic meters



Water Recycled
in million cubic meters



Waste Generated
in tonnes



FINANCIAL CAPITAL

Our Approach

At SM, we employ financial strategies that are aligned with our values. We take a long-term view and exercise prudence in how we use our capital to ensure our success and the success of the businesses within our ecosystem.

SM Investments Corporation and Subsidiaries
Economic Value Table (in PHP millions)

	2022	2021 As Restated	2020 As Restated
Direct Economic Value Generated	557,251	435,390	399,922
Economic Value Distributed	484,941	389,702	373,664
Operating costs	399,050	320,401	302,106
Employee wages and benefits	28,257	24,140	26,153
Payments to providers of capital	34,261	28,792	28,574
Payments to government	22,691	15,889	15,792
Community investments	682	480	1,039
Economic Value Retained	72,310	45,688	26,258
% of community investments over economic value retained	*0.9%*	*1.1%*	*4.0%*

Because each business is different, we implement financial strategies that are tailored to their unique needs. For example, our retail business utilizes a capital light model allowing it to have a low capital structure and be nimble in responding to ever-changing consumer needs. Meanwhile, our capital-intensive property and banking businesses reinvest a significant portion of their earnings to fund their growth internally. While the financial strategies of these businesses differ, their goals are the same: to be catalysts for responsible development in the communities they serve.

All of our businesses operate independently, managing their respective finances. The parent company coordinates these efforts, helping maximize operating synergies between businesses and ensuring efficient capital-raising activities.

Through the pandemic years, we continued to invest and expand across all sectors that we operate in. As the economy reopened in 2022, our businesses performed exceptionally well. Group revenues rose 28% to PHP553 billion while net income grew 53% to PHP62 billion.

We continued to expand our portfolio investments by increasing our stake in Airspeed to 51% and acquiring 100% of Philippine Geothermal Production Company (PGPC) last year. Both companies are high growth businesses and leaders in their respective sectors. They have existing and future potential synergies with our other businesses. For example, PGPC allowed our property arm to meet its objective of utilizing at least 50% renewable energy by end of 2022. Today, this portfolio of investments contributes 11% to our consolidated earnings and each business in the portfolio was profitable in 2022.

Our balance sheet strengthened in 2022. Total assets grew 9% while maintaining our consolidated Net Debt to Total Equity ratio at 35:65. This ratio reflects our conservative approach of keeping assets booked at their historical costs on our balance sheet.

Our prudent and responsible financial management practices lead to strong economic results over time and the creation of value across our stakeholder groups, as shown in our Economic Value table above.

We will continue to cultivate synergies between our businesses. We will maintain our collective financial strength. We will continue to grow to address the enormous potential of the Philippines. This will enable us to add value to all our stakeholders and uplift the lives of the communities we serve.

Our Reports

We’re not just about profits. We are also aware of our impact on the planet. We strive for transparency and accountability across all areas of our business, and are focused on becoming a global leader in sustainable business practices.

Reporting on the Principles of the United Nations Global Compact

UN Principles	SM Policies and Guidelines
Principles 1-2 Human Rights	**Human Rights Policy** SMIC's Human Rights Policy aligns with our Code of Ethics, Business, and Environmental policies covering diversity, environment, health and safety and employee relations. We are committed to the principles that all persons should be treated with respect.
Principles 3-6 Labor Rights	Human Rights Policy **Child Labor** SMIC will not employ child labor, consistent with the provisions of the labor laws of the Philippines. **Freedom of Association and Speech** We promote open communication and forums that allow our employees to bring concerns, suggestions, and ideas forward to produce and facilitate improved methods and efficiencies. **Forced Labor and Human Trafficking** The company will not use slavery or involuntary labor, whether bonded, prison, military, compulsory labor, including debt servitude or human trafficking with respect to any aspect of its operations. **Discrimination and Harassment** SMIC believes that every employee has the right to be treated fairly and deserves a comfortable and safe working environment. SMIC prohibits discrimination based on age, race, color, religion, sex, nationality, marital status, disability, citizenship, sexual orientation, gender identity or expression, or other-protected characteristic. Everyone has the right to work without fear or intimidation. SMIC does not accept abusive conduct or harassment—a policy made clear from the first day of employees' orientation. Employees are expected to report situations that compromise their ability to do their jobs. Formal channels are available for employees who seek advice or a solution, and our policies strictly prohibit retaliation against employees who express concerns. We manage our business operations so that employees feel they are being treated fairly and respectfully.
Principles 7-9 Environment	Sustainability Policy SMIC aims to create shared value through environmental responsibility by pursuing: Environmental initiatives • Participating in efforts to improve environmental protection and understanding, and adherence to water conservation initiatives (e.g., implementing the use of waterless urinal facilities, reduce carbon emissions); • Ensuring the responsible use of energy throughout the organization (e.g., using energy efficiently, increasing the use of renewable energy, where feasible producing renewable energy such as through the use of solar panels); • Conserving natural resources by reusing and recycling waste materials (i.e., prevent pollution and promote zero waste); • Evaluating climate change risks and vulnerabilities and adopting measures to mitigate its impact on the short-term and long-term effects on the Company's operations; • Being an environmentally responsible entity in our communities (i.e., where responsibility is assigned, shared and understood by all levels of the organization); • Using, in our own operations, processes that do not adversely affect the environment (e.g., utilizing biodegradable plastic bags in our operations);
Principle 10 Anti-Corruption	Anti-Bribery and Anti-Corruption Policy SMIC is committed to conducting business in an ethical and honest manner and implementing and enforcing systems that ensure bribery is prevented. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.

Reporting on the UN Sustainable Development Goals

We identified focus SDGs where our group can create the greatest impact among all our businesses and foundations.

Focus SDG	Program or Initiative	2022	2021	2020
8 DECENT WORK AND ECONOMIC GROWTH	Employee wages and benefits	**PHP28.3bn**	PHP24.1bn	PHP26.2bn
	BDO and China Bank outstanding SME/MSME loans	**PHP62.72bn**	PHP61bn	PHP63.4bn
	% of Mall tenants that are MSMEs	**68%**	>66%	> 65%
	Partner agents under BDO's Cash Agad	**10,429**	9,530	8,872
11 SUSTAINABLE CITIES AND COMMUNITIES	CapEx allocated to incorporate disaster-resilient features	**10%**	10%	10%
	SM Malls certified with Business Continuity Management System (ISO 22301) to date	**75**	71	53
	Gold-Certified LEED Buildings	**6, 1 pre-certified**	3, 2 pre-certified	3, 1 pre-certified
13 CLIMATE ACTION	Malls with water catchment facilities to date	**23**	20	20
	Mangroves protected	**10ha**	10ha	10ha
	Marine protected areas	**3**	3	3
	Capacity of solar panels installed in SM Supermalls	**12.67MWp**	10.6MWp	9.2MWp
	Renewable energy projects funded by BDO	**58**	54	50
	Recycled water	**42.5mn m^3** [1]	28.2mn m^3 [2]	29.3mn m^3 [2]
4 QUALITY EDUCATION	College, high school, technical vocational scholars supported to date	**11,750**	11,266	10,392
	Schools built and refurbished to date	**342**	282	272
	Scholar graduates to date	**10,000**	9,434	8,898
3 GOOD HEALTH AND WELL-BEING	Medical missions conducted to date	**1,847**	1,535	1,516
	Number of rehabilitated public health and medical facilities to date	**317**	305	277
	Group-wide COVID response for the year	**N/A**	PHP21.6bn	PHP30.4bn
17 PARTNERSHIPS FOR THE GOALS	Payments to government for year	**PHP22.7bn**	PHP15.9bn [3]	PHP15.8bn [3]
	Loans disbursed by BDO to date for national projects, airports and road networks	**PHP56.7bn**	PHP39.5bn [3]	PHP32.9bn [3]
	Budget allocated for public and private partnerships of SM Prime (SM Cares, ARISE and NRC only)	**PHP33.8mn**	PHP49.6mn	PHP45.5mn

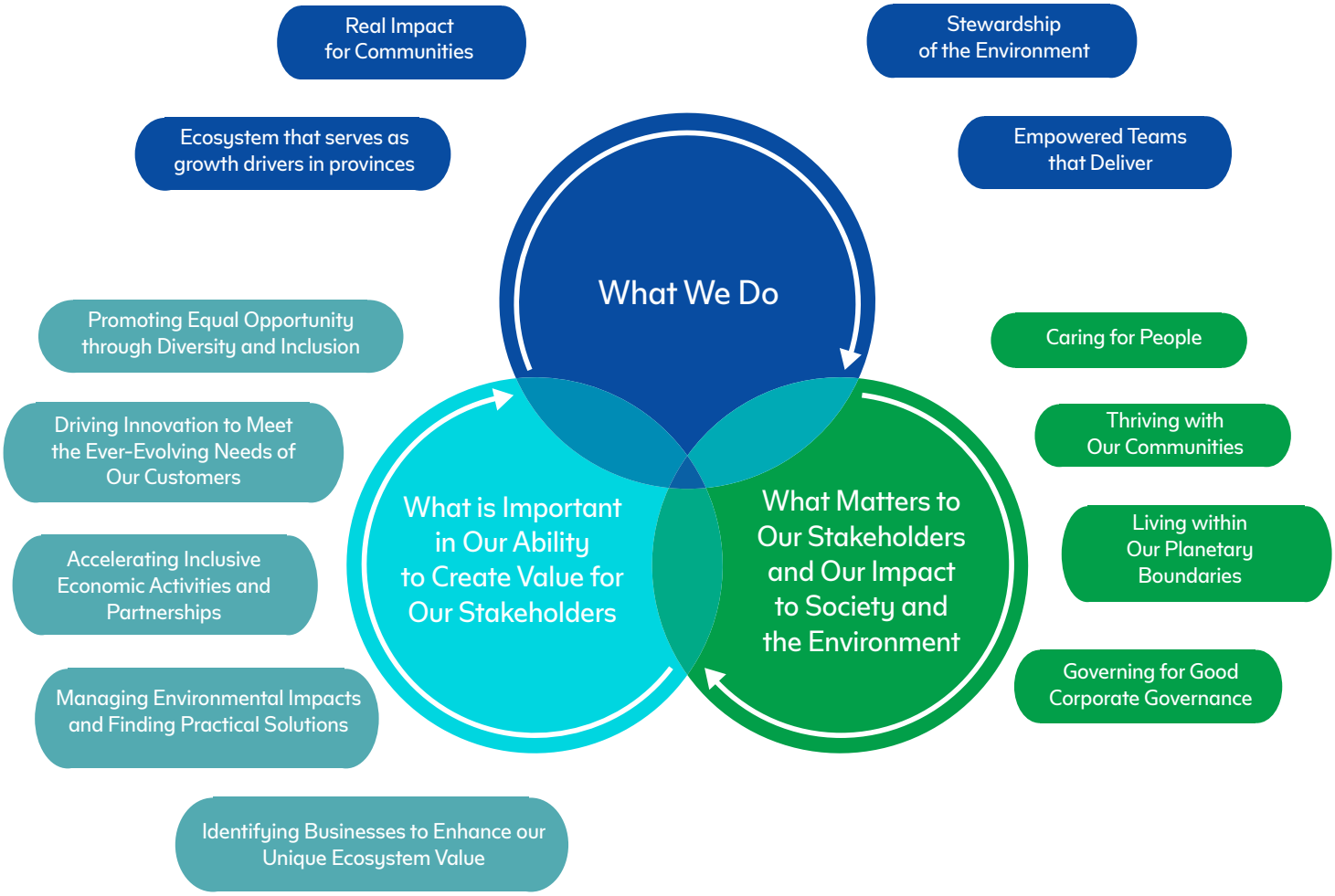
[1] 2022 Includes SM Retail HQ, SM Prime, BDO, Tagaytay Highlands, Atlas Mining, NEO Group, Goldilocks
[2] 2020 and 2021 data updated to reflect updated recycled water from SM Prime; also includes data from Atlas Mining and BDO
[3] 2020 and 2021 data updated

MATERIALITY

What Matters to Us and Our Stakeholders

Our Approach

We have outlined below the most material topics that drive our long-term value creation. These span economic, environmental and social topics, and are key drivers for our long-term business performance. We regularly undertake a materiality analysis of these topics which we think are the most important issues that drive long-term value creation and assess how these contribute to our overall corporate standing.



Our Process

We came up with an effective materiality matrix by collaborating with our key stakeholders. We conducted materiality assessment surveys and discussions to identify the latest issues that are most important to our stakeholders and those that impact our business. These discussions considered and explored both internal and external factors, such as the United Nations Sustainable Development Goals (SDGs) that affect the material topics.

We reassessed our material topics for 2022 and to ensure that our materiality matrix is balanced, we ensured that there is sufficient representation of our different stakeholders in our materiality assessment process. We involved employees from across ranks and different business units and we invited external stakeholders to participate. The result is a better determination of our company's issues and areas of concern that affect our operations and our stakeholders. The Executive Committee and the Board concurred and confirmed the materiality of the identified topics.

Our Inputs

- Our Board Strategy
- Our Stakeholder Expectations
- Our Operating Context
- Our Risk Assessment

1

Identification
We review our businesses and identify the topics that matter most to our governance and operation in the context of economic, social and environment.

2

Scope and Review
We review our material topics annually by closely taking a look at our operations, engaging our stakeholders and identifying areas where we can continue contributing to a more sustainable society.

3

Approval
Our Board deliberates on our identified material topics and integrates them into the development of our business strategy and sustainability program objectives.

Our Stakeholders

We engage our stakeholders as they are our partners in value creation.

Our Co-workers
We are a team of diverse, creative and dedicated employees

Our Customers
We interface with individual customers as well as MSMEs and B2B customers

Our Supply Chain Partners
We serve as the community, partner and marketplace of diverse local and international partners

Our Community Partners
We operate in various locations nationwide where we deal with communities that include LGUs, educational institutions and local residents

Our Investors, Shareholders and Providers of Capital
Some of our business units are listed in the PSE making us a company that has a big shareholder base

Our Sustainable Development and NGO Partners
We drive community development where we engage partnerships with NGOs and other civil society

Our Regulators
Our businesses require partnerships and compliance with various agencies from local to national which include close coordination with the SEC and other external regulatory bodies

Our Media Partners
We deal with the media that include journalists, publishers in print and TV, and other online social media to communicate our business goals and aspirations

What Matters to Our Stakeholders and How We Impact the Environment and Society

These are the most material issues that have the greatest impact on our business and the generation of long-term value: Employee Development; Employee Well-being, Health & Safety; Customer Welfare; Ethical Practices and Anti-Corruption; Human and Labor Rights; Climate Change; Protection of Biodiversity and Natural Resources; and Environmental Resources Management.

Caring for People

1. Employee Development
2. Employee Well-being, Health and Safety
3. Customer Welfare
4. Human and Labor Rights
5. Diversity, Equality and Inclusion
6. Inclusive Supply Chain Practices

Thriving with Our Communities

7. Economic Value Generated and Shared
8. Economic Opportunities for MSMEs
9. Disaster Risk Reduction (DRR) and Resilience
10. Financial Inclusion
11. Community Development
12. Public Sector Engagement

Living within Our Planetary Boundaries

13. Climate Change
14. Emissions Management
15. Protection of Biodiversity and Natural Resources
16. Environmental Resources Management

Governing for Good Corporate Governance

17. Board Leadership in Integrated Thinking
18. Risk Management with ESG lens
19. Ethical Practices and Anti-Corruption

The pandemic crisis has led to a permanent change in priorities and in the way we operate—focus on the well-being of our customers and employees in particular. In response, we improved on customer touchpoints by making available various innovative customer channels. This strong focus on customer experience helps ensure loyalty and market growth. Our employees continue to be critical stakeholders in our business. Their development and well-being are highly material in providing service to our customers and to making our products and services accessible.

What's Important for Us to Create Shared Value

The purpose of our businesses is to serve as catalyst for development in the communities we serve through the synergy generated by our unique ecosystem of sustainable businesses. We identified what are critical for us in order to create consistent value that can be shared by our stakeholders, aligned to what matters to them. We work on these issues at all levels of leadership from our strategy to day-to-day delivery of our products and services—exhibiting the values that the SM brand represents.

		Our Commitment	Our Progress
Promoting Equal Opportunity through Diversity and Inclusion	Labor Rights of Our People	As signatory of the UNGC, we adhere to all human and labor rights	• Policy Issued Specific to Human Rights
	Diversity, Inclusiveness, Equity and Belonging	As signatory of the UN WEPs and advocate of inclusive workplace, we will launch a group-wide approach to DEIB	• Appointment of Group Diversity Officer (DEIB)
	Women Empowerment and Leadership Development	To be exemplary in women leadership empowerment in the workplace at all leadership levels	• Signatory of UN Women Empowerment Program
Driving Innovation to Meet the Ever-Evolving Needs of Our customers	Customer Rights & Data Privacy	Conduct Surveys on Customer Feedback	• SMAC Data Privacy
	Engagement of Our Customer in Social Development and Environmental Sustainability Programs	We develop programs that encourage our customers to do their share for communities and the planet	• SM Cares people programs • Trash to Cash
	Visibility, Accessibility and Reliability of the SM Brand	SM provides timely news, creates events to engage our customers nationwide	• Incorporated brand refresh through digital platforms to evolve with the trends of new generations
	Access to Sustainable Products and Services	SM supports customers in their shift to greener lifestyle choices	• Launched SM Green Finds
Accelerating Inclusive Economic Activities and Partnerships	Building Business Resiliency	We build SM's business resiliency to serve as platform for our supply chain network's resiliency	• MSME Resiliency Center • BCP Systems in SM Malls
	Business and Financing Opportunities for MSMEs	We provide growth opportunities for our MSME partners alongside our banks and malls	• **PHP62.72bn** SME/MSME loans by BDO and China Bank
	Training and Development Opportunities for MSMEs	We build the capacity of our MSME partners to mainstream retailing	• SM for MSME program and workshops • SM Green Finds Opportunities
	Creating Private and Public Sector Partnerships for Growth	We provide access to basic services for the communities we serve	• **PHP682mn** Community Investments in 2022

		Our Commitment	Our Progress
Managing Environmental Impacts and Finding Practical Solutions	Waste Management	All SM companies will focus on recycling and reducing waste sent to landfill	• Obliged Entities working on the EPR compliance
	Water Recycling and Management	All SM companies will implement water efficiency programs – reduction, recycling and treatment	• **42.5mn** m3 total water recycled
	Shift to Renewable Energy Sources	Whenever possible, SM will promote the use of RE	• At least **50%** of SMPH Energy Use from RE Sources • **PHP88.82bn** loans disbursed through BDO SEF Funding
	Shift to Electric Vehicles & Green Mobility	Whenever possible, SM will promote the use of EV	• **16** malls have EV chargers • 2GO uses Electric Forklifts
	Climate Risk Management and Accounting of GHGs	SM is committed to manage, measure and reduce its GHGs	• TCFD signatory • WWF partnership for decarbonization
Identifying Businesses to Enhance our Unique Ecosystem Value	Business Mix that Delivers Sustained Results and Serves as a Catalyst for Development	We aim to maintain leadership position in all the businesses that we are invested in and create synergy among our businesses to propel responsible development in communities we serve	• We have leadership position in our core businesses: retail, property and banking • We achieved **PHP61.7bn** net income
	Operational Efficiency, Cost Avoidance and Savings	We align with global industry specific standards on operational efficiencies and ESG practices	• Awarded Industry Top Rated and Regional Top Rated by Sustainalytics • SM businesses received awards in ASEAN good governance
	Align with Global Social Development and Environmental Responsibility Standards and Initiatives as Seal of Sustainable Business Practices	Follow Global ESG, Sustainability Reporting Standards + Climate Related Frameworks	• Signatory of TCFD, Phase 1 Completed, Initiated Phase 2 • Created a Group-Wide Climate Task Force • Hosted WWF x SM Climate Summit, setting up Climate Alliance • All listed companies issue Reports aligned to SEC requirements

Task Force on Climate-Related Financial Disclosures

As a group, we touch the lives of millions of Filipinos every day. We are a leader in providing modern retailing, residential developments, community mall spaces and social amenities, as well as their banking needs and many other services.

We exist in and for the Philippines, earning the trust of our communities that we will look after their welfare and the environment we live in. As a group our risks and our opportunities are aligned with those of our country.

Our country has been identified as one of the top 3 most vulnerable countries to the impact of climate change and we are committed to do our share in helping build resilience as a community and as a business by taking the lead in incorporating disaster resiliency and sustainability in the way we work. Moreover, we have taken further steps to further understand how climate change will potentially affect our communities and are always seeking ways to mitigate those risks.

A realistic and adaptive climate action

With climate change comes a wide range of challenges that adversely affect the way we do business and our bottom line. It comes with the territory, being in a part of the world where our exposure to extreme weather conditions amplifies our risks due to the changing climate. And as such, the need to take the first great step in acknowledging our risks and studying their impact becomes even more apparent. This way, we can chart our way forward to find ways to protect our assets.

Our commitment to TFCD remains and is demonstrated in our official climate statement (see page 95) describing a position that is both local and realistic for the SM group. A reduction in emissions and an emphasis on adaptation and resilience toward physical and transitional risks are key policies that must be incorporated into our business strategy and weaved into the SM business ecosystem.

We also rally other corporates to take the same stand by supporting WWF-Philippines with the formation of an alliance among the business sector (see related story, page 98).

How do we do this?

Mobilizing all our subsidiaries to follow the lead of our group climate position is a priority. We expect all subsidiaries to actively create their own climate solutions with the group climate stand as guide, integrating their respective industry regulatory inputs as well as the assessment of their own climate risks opportunities. In doing so, they mobilize their own commitment.

As every business unit is unique, so will their respective climate action be diverse, according to their respective levels of risks and exposure to the adverse effects of climate change.

Our Climate Position

At SM we support the TCFD approach to climate change, which is an urgent global priority. We appreciate the non-prescriptive nature of the TCFD framework that allows us to design our climate action plan according to our material business needs and our Philippine context.

We will do our best part towards decarbonization, measuring and reporting our carbon footprint and mitigating it as technology and practical opportunities allow. We will use a science-based approach to understanding and addressing our unique physical and transition risks. We will also look for opportunities created by local climate change needs, for example in renewable energy and energy efficiency.

Of critical importance to us is the need to prioritize climate resilience. The Philippines is one of the smallest contributors to global carbon emissions but one of the most impacted by the effects of climate change. These include worsening typhoons, higher temperatures and rising sea levels that impact our communities and business continuity. Adaptation strategies by our businesses for all our stakeholder groups are of primary importance in our climate change action plan.

What actions are we taking?

In 2022 key actions taken by the SM group of companies included the following:

	Initiatives	Details
Resource Efficiency	Compliance to RA 11285	Energy efficiency improvement targets in key areas. Various energy-efficiency measures across business units. Preference for affordable equipment that have low emission scores. These are deployed in various energy conservation measures that focus on cooling equipment and efficient lighting in each of our subsidiaries.
	Compliance to RA 11697	Green vehicle pilots in 2GO, AirSpeed and Goldilocks as an initiative to lower their emissions and to comply with the new law that requires logistics companies to have 5% of their fleet be electric vehicles within the timeframe provided in the comprehensive roadmap.
	Tech Innovations	2GO's implementation of Fareye, a platform that optimizes logistics operations and makes seamless and better deliveries, thereby saving fuel and reducing carbon emission and use of route optimization software for better vehicle traffic planning and efficient deliveries.
Resilience	Disaster-resilient Designs	We actively discuss sustainability and climate considerations to ensure resiliency of designs and the communities surrounding our facilities. We also subscribe to WELL Building Standards for our newest SM Retail Headquarters ensuring both physical and mental resiliency of building occupants.
	Capacity Building through UN-ARISE	We support programs that support adaptation ("managing the unavoidable") which improve the resilience of our operations, supply chains, and communities in the face of climate-related changes.
	Building Resilience Index	NEO has received an A+ rating for one of its buildings from the Building Resilience Index (BRI), a web-based hazard mapping and resilience assessment framework developed by the International Finance Corporation. NEO as well as SMPH will be using BRI to assess wind, fire, water, geological and other climate-related risks for their future developments.
Renewables	Green Energy Shift	Our real estate business, SM Prime, increased the share of renewable energy in electricity consumption to at least 50% across its various business segments by end 2022. Other businesses are considering RCOA and GEOP for alternative energy sourcing for power requirements.
	Solar Rooftops	Atlas is optimizing its operations through a green energy shift starting with solar rooftops implementation in its subsidiary Carmen Copper Corporation (CCC). CCC recently committed to the TSM (Towards Sustainable Mining) Standards being championed by the Philippine Chamber of Mines and mandated by the Mines and Geoscience Bureau. This brings forth the creation of an operational checklist that tackles environment, social, governance and positive legacies indicators which include the company response to climate change and GHG management.
	RE Business Acquisition	Acquired geothermal energy development pioneer in South East Asia Philippine Geothermal Production Company (PGPC) in 2022 as part of our portfolio investments. PGPC's product is the fuel that runs the only baseload form of renewable energy thus directly contributing to the country's climate change initiatives. SMIC will continue to support PGPC in its efforts to explore and develop greenfield concession areas in order to provide additional capacity for clean, renewable and reliable energy.

Our Climate Roadmap

A year after we formalized our commitment to the Task Force for Climate-related Financial Disclosures (TCFD), which developed voluntary financial disclosures for companies to measure climate risks and opportunities, SM has made considerable progress against the commitments we made:

	What We Committed in the Short-Term (1-2 years)	Our Practical Actions Taken Last Year
Governance		
Board's oversight of climate-related risks and opportunities Management's role in assessing and managing climate-related risks and opportunities	We will establish a Climate Change Working Group with senior management and technical staff, which presents recommendations to the Board. The Group will establish a practical roadmap and physical and transition risk strategies.	Formed a Climate Change Steering Committee (CCSC), which serves as a corporate umbrella for the advocacy and support initiatives on climate resilience of the whole SM group. CCSC provided the leadership, strategic direction, and guidance on the implementation, monitoring and evaluation of each SMIC subsidiary's climate initiatives. CCSC is comprised of SMIC leaders coming from Risk, Finance, Audit, Sustainability and business unit representatives of all companies.
Strategy		
Climate-related risks and opportunities Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning Resiliency strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	We will be conducting a comprehensive scenario analysis across our physical assets nationwide, identifying climate risks and opportunities. We will be incorporating climate-related issues in our Enterprise Risk Management and financial planning process.	Engaged WWF-Philippines, through their Corporates for a Better Planet Initiative (CBPI), to help assess our climate-related vulnerabilities and opportunities and recommend ways on how to consider these in our overall strategic planning. Partnership provided an actionable framework for organizations to operate sustainably within the paradigm of the climate crisis. Work entailed measuring where each SMIC subsidiary is situated in terms of climate action and helping them set a science-based targets (SBTi) in line with global climate goals.
Risk Management		
Processes for identifying and assessing climate-related risks Processes for managing climate-related risks Processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management	We take an interdisciplinary approach to Enterprise Risk Management (ERM) with climate issues as part of the ERM agenda.	Implemented a Business Continuity System to improve organizational resilience through the protection of critical business functions. Long-term strategies allowed us to look at the potential business impact of climate risks/opportunities and create the mitigating actions and/or act on opportunities as required. Considered new regulatory policies to guide our energy-related GHG emission reduction in our long-term outlook for energy. This served as our foundation in determining our business environment, strategies and investments.
Metrics and Targets		
Metrics used to assess climate-related risk and opportunities in line with its strategy and risk management process Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG), and the related risks Targets to manage climate-related risks and opportunities and performance against targets	We will expand our disclosure by providing methodologies and look into new climate metrics such as the Climate Action 100+ Benchmark Framework.	Reviewed baselines as target-setting requires efficiency and securing the integrity of our GHG data management. Upgraded our in-house Sustainability Data Tool that gathers information from the various business units. Initiated internal SBTi per business unit and, while not yet externally verified, we are actively considering options within the medium term. Conducted trainings for GHG calculation and undertook BU roadshows for climate change issues awareness among executives and operations staff group-wide to further understand GHG Protocols, SBTs, TCFD and other climate-related guidance documents.

SUSTAINABILITY FORUM PH

WWF Philippines with the SM Group launched the Philippine Alliance for Climate Action (Phil ACA) for Philippine corporations in the annual SM-sponsored SustainabilityPH Forum held in November 2022.

This year's theme is United for Climate. The call is for businesses and non-state actors to rally together and deliver the country's climate goals and also take ambitious actions on mitigation, adaptation and disaster risk reduction.

The alliance mirrors SM's stand to take urgent action that delivers both climate mitigation and adaptation. The Philippine ACA will register to be part of the global Alliances for Climate Action and represent Philippine concerns at the global climate conferences as a non-delegation member.

"I urge those present here today to not only look to energy efficiency—the shifts to renewable energy and resource efficiency, and establishing your process and product contributions to the circular economy—but to internalize the role of nature in adapting to climate change and its critical importance to disaster risk reduction.

I believe it is high time for the private sector to come together as an alliance to ensure that the ecological and economic gains as individual companies and organizations are leveraged and magnified for the good of our people, our country, and our planet."

- **Hon. Antonia Yulo-Loyzaga**, Secretary
  Department of Environment and Natural Resources

"As we build the resilience of our cities, we do not leave behind the resilience of the most vulnerable members of our communities. We equip senior citizens, persons with disabilities, women, and children, with disaster preparedness, making them ADAPT BETTER TO CLIMATE CHANGE. These include the construction of climate-resilient school buildings and health centers; as well as training communities with farming techniques for food security."

- **Hans Sy, Jr.**, President
  SM Engineering Design and Development

"Amidst these challenges, the Philippines rallies behind the Paris Agreement with an ambitious commitment to reduce the country's GHG emission by 70%. In support of this commitment, SM devised a climate mitigating roadmap by signing up to the Task Force on Climate-Related Financial Disclosures or TCFD, assessing our risks and taking practical steps to reduce our impact by shifting to renewable energy sources to power our operations among other actions."

- **Frederic C. DyBuncio**
  President and CEO
  SM Investments

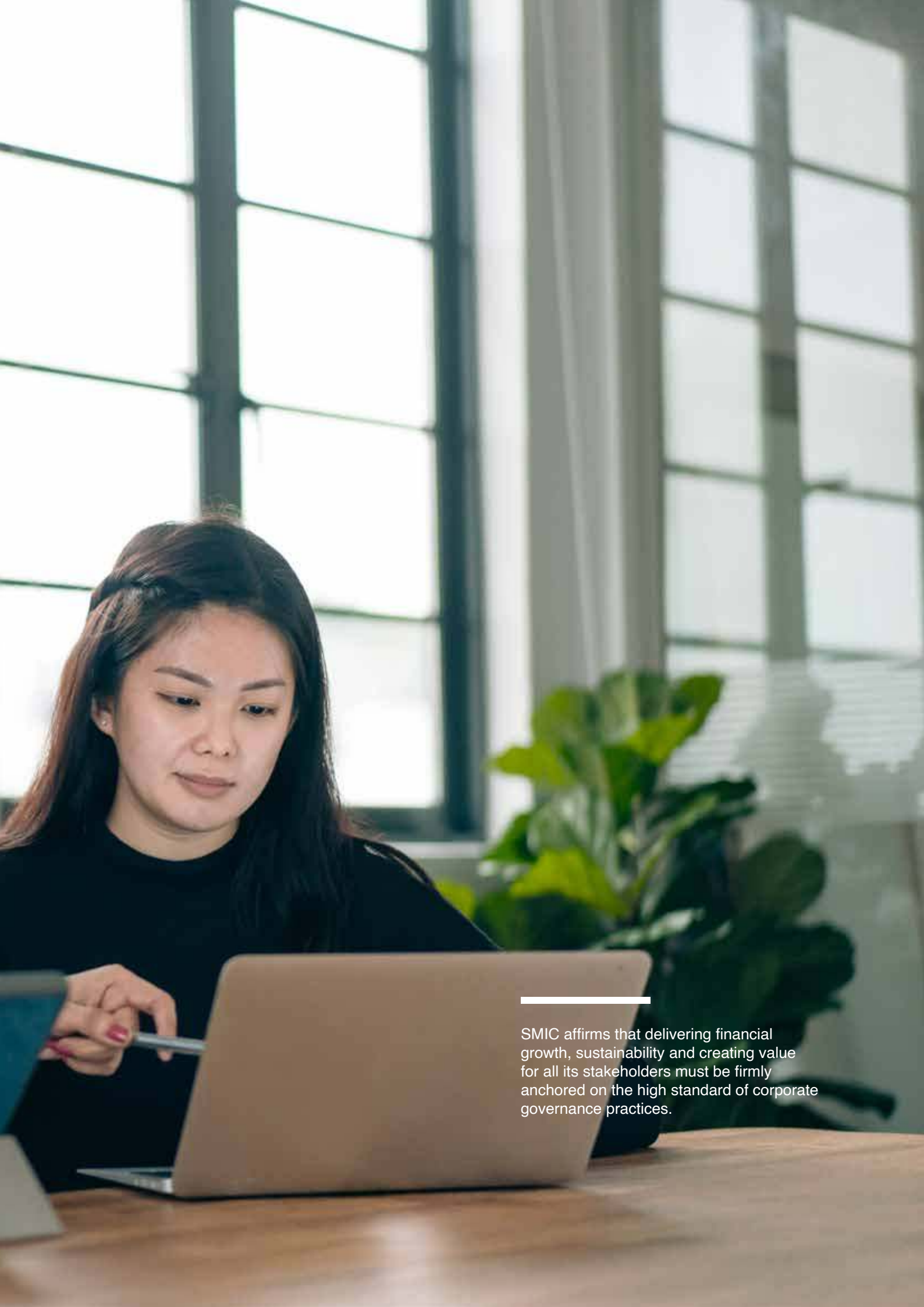
"Everything is connected to everything else. We remembered it together when we consciously took a breath. We have to be all in this realignment together or none of it would really matter. Thank you so much to the leaders of the SM Group for carving this space for us and this chance for the great shift for corporates."

- **Maria Isabel Garcia**
  Chairperson
  WWF-Philippines

"Our commitment as WWF would be to help Philippine companies set science-based targets through our Corporates for a Better Planet initiative and we're privileged already to have NEO and SM Prime work with us on this."

- **Trin Custodio**
  Executive Director
  WWF-Philippines

Our Corporate Governance



SMIC affirms that delivering financial growth, sustainability and creating value for all its stakeholders must be firmly anchored on the high standard of corporate governance practices.

Our Leadership Team

Jose T. Sio is the Chairman of the Board of SMIC. He is also a Director of China Banking Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, and Ortigas Land Corporation, Trustee of Far Eastern University, Incorporated, and Adviser to the Board of BDO Unibank, Inc. Belle Corp. and Premium Leisure Corporation.

Mr. Sio holds a master's degree in Business Administration (MBA) from New York University, is a certified public accountant, and is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted CFO of the Year in 2009 by the Financial Executives of the Philippines. He was also awarded as Best CFO (Philippines) in various years by several Hong Kong-based publications. In 2022, he received the Parangal San Mateo Award from the Philippine Institute of Certified Public Accountants (PICPA) Foundation, Inc.

Teresita T. Sy is the Vice Chairperson of SMIC and Adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson of SM Retail Inc. She also holds board positions in several companies within the SM Group. She is also the Chairperson of BDO Unibank, Inc. ("BDO") and serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc. and BDO Foundation, Inc. She also serves as Adviser to the Board of One Network Bank, Inc. (A Rural Bank of BDO).

A graduate of Assumption College with a Bachelor of Arts and Science degree in Commerce major in Management, she brings to the board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.

Henry T. Sy, Jr. is the Vice Chairman of SMIC and Chairman of SM Prime Holdings, Inc. and Synergy Grid & Development Phils., Inc. He is also the Chairman and Chief Executive Officer (CEO) of SM Development Corporation and Vice Chairman of National Grid Corporation of the Philippines.

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 graduated with a Management degree from De La Salle University.

Harley T. Sy is the Executive Director of SMIC. He is a Director of China Banking Corporation and other companies within the SM Group, and Adviser to the Board of Directors of BDO Private Bank. He is the Co-Vice Chairman and Treasurer of SM Retail Inc. He holds a degree in Bachelor of Science in Commerce, Major in Finance from De La Salle University.

Frederic C. DyBuncio is the President and Chief Executive Officer of SMIC and 2GO Group, Inc. He is the Vice Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila.

He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at the Asian Institute of Management.

Tomasa H. Lipana is the Lead Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an Independent Director and Audit Committee Chairperson of Flexo Manufacturing Corporation. Previously, she was an Independent Director of Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines. She was also an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency), a government-owned and controlled corporation for the last 5 years. She is a Fellow and Trustee of the Institute of Corporate Directors. She is also a Trustee of the Shareholders' Association of the Philippines, Inc., among other non-profit organizations.

Ms. Lipana took up Executive Education/Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She received the Outstanding CPA in the Public Practice Award from the Philippine Institute of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated Cum Laude. She is also a CPA Board placer.

Robert G. Vergara is an Independent Director of SMIC. He also sits as an Independent Director of Metro Pacific Health, Inc and STI Education Systems Holdings. Inc. He is currently the President of Vergara Advisory Management, Inc. founded in May 2018. From September 2010 to October 2016, he served as the President and General Manager and Vice-Chairman of the Board of Trustees of the Government Service Insurance System (GSIS). As President and General Manager of GSIS, Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines, Manila Hotel Corporation, and Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council. Before that, he was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. From 2002 to 2006, he was a Director of Lionhart (Hong Kong) Ltd. He was a Principal in Morgan Stanley Asia Ltd. from 1997-2001 and served as the Managing Director of IFM Asia Ltd. from 1990 to 1997.

He obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated magna cum laude from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Ramon M. Lopez is an Independent Director of SMIC. He currently serves as Independent Director of AIC Group of Companies Holding Corporation. He is also a Trustee and Vice-Chairman of the Valenzuela City Polytechnic College. He was the former Secretary of the Philippine Department of Trade and Industry (DTI). He has served for the full term of the administration of former President Rodrigo Roa Duterte. He chaired during his term the DTI institutions such as the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, Philippine International Trading Corp., CITEM, and the Halal Board. He also supervised attached agencies such as the Intellectual Property Office of the Philippines, Technical Education and Skills Development Authority, and the Cooperative Development Authority, among others.

He also received several awards such as the 2016 Nation Builders Award for Government Service and the Philippine Innovation Man of the Year Award in 2017. In 2018, he received from former President Duterte the Presidential Award, Order of Sikatuna, with a rank of Datu, one of the senior honors one can receive in the Philippines. He was also named by People Asia as one of the 2020 People of the Year, for the re-opening of the economy during the pandemic. In June 2022, he was also awarded the Presidential Medal of Merit for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also recently received The Asia CEO Awards 2022 “Lifetime Contributor of the Year Award”.

Mr. Lopez has a Master’s Degree in Development Economics class at Williams College, Massachusetts USA and an AB Degree in Economics from the University of the Philippines School of Economics.

Advisers to the Board

Corporate Governance

SM Investments Corporation (SMIC) practices good corporate governance in all its dealings with all stakeholders investors, business partners, creditors, customers and employees because SMIC believes that good corporate governance will provide the long-term growth, sustainability and success to the Company. SMIC's good corporate governance practices is part of the company's core values that anchored on the principles of fairness, accountability and transparency.

Our Company is recognized for practicing good corporate governance through the ASEAN Corporate Governance Scorecard and was recently cited as a Hall of Famer in the Corporate Governance category of the Asia Responsible Enterprise Awards (AREA) in 2022. We aim to create value in all our businesses we operated in, not just with our customers but as well as communities and the environment to ensure sustainable growth and development.

THE BOARD OF DIRECTORS

SMIC's Board of Directors is at the helm of our governance structure. The Company's directors possess the necessary qualifications, competencies and skills to effectively participate and help secure the achievement of the Company's vision and mission. The Company adheres to a board diversity policy that ensures a diverse composition of Board of Directors which assists in advancing SMIC's strategic objectives. By virtue of the said policy, the Company commits to having a diverse board of directors, in terms of age, competency, experience, business background, ethnicity, culture, skill, knowledge and gender, among others. To monitor progress in achieving the Board's diversity, the relevant board committee utilizes a board matrix, which provides for the mix of attributes, skills, competencies, experience and affiliations the members of the Board currently possess vis-a-vis the needs to complement its existing composition. Both the board diversity policy and board matrix may be found in the Company's website.

Our Board is composed of eight (8) highly qualified directors, three (3) of whom are independent directors. In accordance with the Company's Manual on Corporate Governance, the Board shall always have at least three (3) independent directors. Independent directors are directors that are free from management responsibilities, substantial shareholdings and material relations which could be perceived to impede the performance of independent judgment. Independent directors are tasked to encourage impartial discussions at board meetings, monitor and provide feedback on Management's performance, and safeguard the interests of the Company's various stakeholders.

SM Investments Corporation's Board of Directors

Director	Designation	Directorship	Age	Year first Elected	No. of Years served as director
Jose T. Sio	Chairman of the Board	Non-Executive Director	83	May 2005	18
Teresita T. Sy	Vice Chairperson	Non-Executive Director	72	May 1979	44
Henry T. Sy Jr.	Vice Chairman	Non-Executive Director	69	May 1979	44
Frederic C. DyBuncio	President/CEO	Executive Director	63	April 2017	6
Harley T. Sy	Executive Director	Executive Director	63	May 1993	30
Tomasa H. Lipana	Lead Independent Director	Independent Director	74	April 2016	7
Ramon M. Lopez	Independent Director	Independent Director	63	August 2022	1
Robert G. Vergara	Independent Director	Independent Director	62	April 2019	4

In addition to fostering the Company's culture of corporate governance, the Board is tasked to do the following:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Company's purpose, vision, mission and strategies to carry out its objectives and review it annually, or sooner should the need arise.
- Oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.
- Ensure that the Company complies with all relevant laws, rules and regulations and adopt industry best practices.
- Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investors relations program.
- Adopt a system of internal checks and balances.
- Identify and monitor key risk areas and key performance indicators, and ensure that a sound Enterprise Risk Management framework is in place.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Ensure that an effective succession planning program for directors, key officers and management is in place.
- Ensure that each elected director, before assumption of office, be required to attend a seminar on corporate governance conducted by a duly recognized private or governance institution.
- Ensure that each director annually attend continuing education programs conducted by an accredited training provider of relevant government agencies.
- Ensure that directors with material interest in any transaction affecting the Company abstain from taking part in the deliberations for the same.
- Formulate and implement group-wide policies to ensure the integrity of related party transactions, especially those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- Ensure that the Company's Code of Ethics, which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company's website.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or other third parties, including regulatory authorities.

Board Performance and Attendance

Per our Manual on Corporate Governance, the Board should meet at least six (6) times annually. For the year 2022, there were eight (8) meetings conducted of which 100% attendance was achieved. The Board meetings are scheduled a year in advance to encourage higher participation. Special board meetings may be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors. A director's absence or non-participation for whatever reason in more than 50% of all meetings, both regular and special, in a year may be a ground for temporary disqualification in the succeeding election. Furthermore, non-executive directors meet at least once annually, without any executive directors or representatives of Management present. Board papers and other materials to be used during Board meetings are distributed to the relevant parties at least five (5) business days before the actual meeting.

2022 Meetings & Attendance									
Director	Special (1) 1/19	Regular (2) 2/28	Special (3) 4/1	Organizational /Regular (4) 4/27	Special (5) 5/11	Regular (6) 8/3	Regular (7) 8/24	Special (8) 11/9	%
Jose T. Sio	√	√	√	√	√	√	√	√	100
Teresita T. Sy	√	√	√	√	√	√	√	√	100
Henry T. Sy, Jr.	√	√	√	√	√	√	√	√	100
Harley T. Sy	√	√	√	√	√	√	√	√	100
Frederic C. DyBuncio	√	√	√	√	√	√	√	√	100
Tomasa H. Lipana	√	√	√	√	√	√	√	√	100
Alfredo E. Pascual*	√	√	√	√	√	-	-	-	100
Robert G. Vergara	√	√	√	√	√	√	√	√	100
Ramon M. Lopez*	-	-	-	-	-	√	√	√	100

** Mr. Pascual has resigned as Independent Director effective June 30, 2022 and Mr. Ramon M. Lopez was elected as Independent Director on August 3, 2022 to serve the unexpired term of Mr. Pascual.*

BOARD COMMITTEES

To address specific tasks and responsibilities, the Board adopted six (6) board committees, namely the Executive Committee, the Audit Committee, the Related Party Transactions Committee, the Compensation Committee, the Risk Management Committee, and the Corporate Governance Committee.

Each committee has a Charter which defines its composition, roles and responsibilities in line with the provisions found in the Manual on Corporate Governance. The Charters include administrative provisions on the conduct of meetings and proceedings, reportorial responsibilities and provide the standards for evaluation of the respective committee performance. The Charters are disclosed on the Company's website.

The Executive Committee

The Executive Committee is composed of both executive and non-executive directors and acts on behalf of the Board during the interim periods between Board meetings. The Committee meets at least on a monthly basis to assist the Board in overseeing the implementation of strategies, set and monitor the Company's performance goals and foster the sharing and dissemination of best practices in all areas of the business group. The Executive Committee also defines the group-wide policies and action, relating to sustainable development, including environment, health and safety, internal communications, innovation and research and technology and purchasing.

Office	Name
Chairperson (NED)	Teresita T. Sy-Coson
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio
Adviser (NED)	Jose T. Sio

The Audit Committee

The Audit Committee exercises the Board's oversight of the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws, rules and regulation. The Committee is composed of three (3) non-executive directors, including the Chairperson. The Committee members each possess relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance. The Chairperson of the Audit Committee, Ms. Tomasa H. Lipana, is a certified public accountant and does not serve as the chairperson of any of the other board committees. (Please see the Audit Committee Report for more information on the Committee's roles and activities.)

Office	Name	2022 Meetings and Attendance				
		2/24	4/25	5/11	8/1	11/4
Chairperson (ID)	Tomasa H. Lipana					
Member (ID)	Alfredo E. Pascual*				–	–
Member (ID)	Ramon M. Lopez*	–	–	–	–	
Member (NED)	Jose T. Sio					

**Mr. Pascual has resigned as Independent Director effective June 30, 2022 and Mr. Ramon M. Lopez was elected as Independent Director and member of the Audit Committee on August 3, 2022.*

The Related Party Transactions Committee

The Related Party Transactions Committee reviews all material related party transactions of the Company and ensures that said transactions are conducted reasonably and at arms' length. The Committee is composed of three (3) non-executive directors, including the Chairman wherein two (2) are independent directors.

Office	Name	2022 Meetings and Attendance	
		3/31	11/4
Chairperson (ID)	Alfredo E. Pascual*		–
Chairperson (ID)	Ramon M. Lopez*	–	
Member (ID)	Robert G. Vergara		
Member (NED)	Jose T. Sio		

**Mr. Pascual has resigned effective June 30, 2022. Mr. Ramon M. Lopez was elected as Independent Director and Chairman of the Related Party Transactions Committee on August 03, 2022.*

The Compensation Committee

The Compensation Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee is composed of three (3) directors, one (1) of whom is an independent director.

Office	Name	2022 Meetings and Attendance	
		4/27	11/4
Chairperson (NED)	Teresita T. Sy-Coson		
Member (ID)	Alfredo E. Pascual*		–
Member (ID)	Ramon M. Lopez*	–	
Member (NED)	Jose T. Sio		

**Mr. Pascual has resigned effective June 30, 2022 and Mr. Ramon M. Lopez was elected as Independent Director and member of the Compensation Committee on August 3, 2022.*

Board Remuneration

The annual compensation paid to each director is disclosed annually in the Definitive Information Statement sent to shareholders, together with the Notice of the Annual Stockholders' Meeting. For compensation as Director, each member of the Board received PHP5,400,000 annually except for the outgoing and newly elected Director whose remuneration is prorated.

The Risk Management Committee

The Risk Management Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system. The Committee is composed of three (3) non-executive directors, majority of whom, including the Chairman, are independent directors. Per the Committee's charter, at least one (1) of its members must have relevant knowledge and experience on risk and risk management. The Committee Chairman, Mr. Robert G. Vergara does not serve as the chairman of any of the other board committees.

Office	Name	2022 Meetings and Attendance	
		8/1	11/4
Chairperson (ID)	Robert G. Vergara		
Member (ID)	Ramon M. Lopez*	–	
Member (NED)	Jose T. Sio		

** Mr. Ramon M. Lopez was elected as Independent Director and member of the Risk Management Committee on August 03, 2022*

Enterprise Risk Management (ERM)

SMIC's ERM approach begins with the identification and prioritization of risks, followed by the assessment of risk interrelationships and analysis of risk sources. This is followed by the development of risk management strategies and action plans, and ultimately, the monitoring and continuous improvement of the risk management process.

SMIC's business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. The Risk Management Committee is regularly updated on the Company's risk management systems, as well as on improvement plans of SMIC, while the Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company.

Actions adopted to mitigate the Company's risks include investments in technology, the provision of continuous training to personnel, the performance of regular audits, the establishment and implementation of policies for strong information technology (IT) governance, and continued partnerships with the Company's various stakeholders. Technological risks are addressed via continuous risk assessments, wherein potential threats to assets, vulnerabilities and likelihood of occurrence are evaluated and possible impacts are estimated in the areas of networks, operating systems, applications and databases in production. Specifically, system vulnerability assessments and penetration testing are regularly conducted to proactively detect and address threats.

The Company's approach to other risks, like environmental risk starts with an assessment of the potential impact to the community where it operates. There is a regular reporting of the group's sustainability road map and progress. The Company is committed to protect the environment by implementing effective and efficient resource utilization measures in its daily operations.

The Company is registered with the Anti-Money Laundering Council (AMLC) as Designated Non-Financial Business and Profession on December 1, 2021. As such, the Company is committed to strictly adhere to the Anti-Money Laundering and Counter Terrorism Financing rules, laws and regulations of the AMLC and ensures that it will not be used as a conduit for the proceeds of an unlawful activity to help prevent the country from being used as a money laundering/ terrorism financing site.

The Corporate Governance Committee

The Corporate Governance Committee is tasked to assist the Board in its corporate governance related responsibilities, such as but not limited to, climate change, anti-money laundering act, information technology. Risk and social impacts in terms of sustainability reporting. The committee also performed the review and evaluation of the qualifications of all candidates nominated to the Board of Directors, and those nominated to positions that require Board approval under the Company's By-Laws. The Committee is composed entirely of independent directors.

Office	Name	2022 Meetings and Attendance	
		3/14	8/01
Chairperson (ID)	Alfredo E. Pascual*		–
Chairperson (ID)	Ramon M. Lopez*	–	–
Member (ID)	Tomasa H. Lipana		
Member (ID)	Robert G. Vergara		

**Mr. Pascual has resigned effective June 30, 2022 and Mr. Ramon M. Lopez was elected as Independent Director and Chairperson of Corporate Governance Committee on August 3, 2022*

Nomination and Election of Directors

SMIC sets a reasonable period of time for the submission of nominations of candidates for election to its Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within the said nomination period are considered valid. Any shareholder of record may be nominated as a board of director. All shareholders are, including a minority shareholder, entitled to be notified of the schedule and other details of the Annual Stockholders' Meeting for the election of board of directors and is entitled to vote as such. When searching for candidates for the Board of Directors, the Company engages the services of professional search firms and/or other external sources, such as director databases set up by director or shareholder bodies.

The Corporate Governance Committee meets to screen and check the qualifications of all persons nominated to be a board of director from the pool of candidates submitted by the nominating shareholders. The Manual on Corporate Governance prescribes the following qualifications to be a director of the Company:

- Holder of at least one (1) share of stock of the Corporation;
- Shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- Shall be at least twenty-one (21) years old;
- Shall be proven to possess integrity and probity;
- Shall be diligent, hardworking and reputable;
- Shall be proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company; and
- In addition to the qualifications for membership in the Board required in relevant laws, the Board may provide for additional qualifications which may include practical understanding of the Company's business, membership in good standing in relevant industry, business or professional organizations, and previous business experiences.

In addition to the aforementioned qualifications, the Corporate Governance Committee also identifies qualities of directors that are aligned with the Company's strategic direction. Likewise, the Committee ensures that those nominated to the Board possess none of the disqualifications enumerated in the Manual on Corporate Governance. Further to this, the Committee ensures that nominees have attended an orientation or training related to corporate governance before taking office. The committee also recommends continuing education/ training programs for directors and key officers with training providers that is duly accredited by the Securities and Exchange Commission (SEC). For 2022, the Company joined and partnered an in-house corporate governance training with BDO Universal Bank Inc. with all members of the board and key officers. The training provided by BDO Universal Bank Inc. was duly approved by the SEC.

Notable Continuing Education/Training of the Board of Directors

Director	Date of Training	Program	Training Partner
Jose T. Sio	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Teresita T. Sy	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Henry T. Sy, Jr.	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Frederic C. DyBuncio	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Harley T. Sy	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Ramon M. Lopez	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Tomasa H. Lipana	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.
Robert G. Vergara	7/20/2022	Annual Corporate Governance Seminar	BDO Unibank, Inc.

The Corporate Governance Committee also determines the number of directorships which a member of the Board may hold simultaneously to their SMIC board seats.

Directorship in Other Reporting Companies

Directors	Name of Reporting Company	Nature of Directorship
Jose T. Sio	China Banking Corporation	Non-Executive Director
	Atlas Consolidated Mining and Development Corp.	Non-Executive Director
	Far Eastern University Incorporated	Independent Trustee
Teresita T. Sy	BDO Unibank, Inc.	Chairperson of the Board
Henry T. Sy Jr.	SM Prime Holdings, Inc.	Chairman of the Board
	Synergy Grid & Development Phils., Inc.	Chairman of the Board
Frederic C. DyBuncio	2GO Group, Inc.	Chairman/President/CEO
	Atlas Consolidated Mining and Development Corp.	Vice Chairman of the Board
Harley T. Sy	China Banking Corporation	Non-Executive Director
Roberto G. Vergara	STI Education Systems Holdings Inc,	Independent Director

Evaluation of the Board

Through the Corporate Governance Committee, the Board conducts an annual performance evaluation of the collective Board, Board Committees, individual directors, the Company's Chairman of the Board, President and selected officers. The evaluation criteria are based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors, Chairman of the Board, President and the heads of the control functions (Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer) as provided for by SMIC's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Directors are asked to rate the annual performance of the respective bodies and individuals, as well as identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, their accessibility to Management, the Corporate Secretary and Board Advisors as well as training/continuing education programs or any other forms of assistance that they may need in the performance of their duties. The Board then reviews the results of the evaluation and agree on action plans to address the issues raised. The forms used for the evaluation may be viewed via the Company's website.

Every three (3) years, the annual board evaluation is conducted by a third-party facilitator. SMIC engaged the services of Institute of Corporate Directors (ICD), an accredited provider, to facilitate our board evaluation in 2021.

CORPORATE GOVERNANCE RELATED POLICIES

SMIC regularly reviews and enhances its Manual on Corporate Governance, Code of Ethics, and other corporate governance related policies and programs to promote the continued development of its corporate governance culture. All corporate governance related policies and information are available to the public through the Company's website at www.sminvestments.com.

The Manual on Corporate Governance

The Manual on Corporate Governance institutionalizes the principles and best practices of good corporate governance in the organization and remains a testament to the belief that good corporate governance is a critical component of sound strategic business management. In addition to the provisions relating to the Board of Directors and Management, the Manual also contains the Company's policies on disclosure and transparency, and mandates the conduct of communication, and training programs on corporate governance. It also outlines the rights of all stakeholders, and the protection of the interests of minority stockholders. There have been no deviations from the Manual since it was adopted. SMIC certifies that the Company, its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual.

The Code of Ethics

SMIC's Code of Ethics provides the Company with the backbone for its culture of corporate governance. All directors, officers and employees are required to adhere to the Code in the performance of their duties and responsibilities. The Code highlights the importance of integrity in all the dealings with investors, creditors, customers, contractors, suppliers, regulators, co-employees, and the Company's other various stakeholders. It also highlights the Company's duties to its employees, shareholders, and the importance of corporate social responsibility.

The Sustainability Policy

SMIC is committed and complies with all applicable laws and regulations in all aspects of its operations pertaining to human and labor rights and environmental responsibility. It also aims to minimize the Company's risks and impacts through the development of a robust and documented system of implementation, measurement, monitoring, dissemination and evaluation of globally accepted standards of social development and environmental sustainability performance both within its scope of operations and to the broader community.

Other CG Related Policies	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading in the Company's shares during the period within which a material non-public information is obtained, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. SMIC issues reminders of the "trading ban," before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. All directors, officers and employees are required to report their dealings in company shares within three (3) business days of the transaction. Reports indicate the date of the trade/s and number of shares traded, at least, and should be submitted to the Company's Compliance Officer.
Related Party Transactions Policy	SMIC discloses in detail the nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports. The Company ensures that its related party transactions are conducted at fair market prices and at arms' length. The full policy may be found in SMIC's website and describes the process by which the Company handles its related party transactions, particularly those that cross the Company's materiality threshold.
Conflict of Interest Policy	SMIC's Conflict of Interest Policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him/her from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose annually said conflict to the Company.
Guidelines on Gifts/ Hospitality and Entertainment	SMIC's Conflict of Interest Policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him/her from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose annually said conflict to the Company.
Guidelines on Placement of Advertisements	SMIC issued a policy to prohibit the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where an SM company or director, officer or employee is one of the nominees vying for the award. SMIC may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.

Policy on Accountability, Integrity, and Vigilance (Whistleblowing Policy)	SMIC's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any SMIC director, officer or employee 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 law or regulation. Upon receipt of an incident report, Management investigates on its merit, subject to due process and applicable penalties and sanctions thereafter. Furthermore, the policy invokes a "No Retaliation" section for those that have reported in good faith.
Policy for Vendor Selection and Purchase of Goods and Services	Existing and potential vendors and suppliers are required to conform to the Company's Code of Ethics as a pre-requisite for the accreditation process.
Alternative Dispute Resolution System	Ensures that the Company maintains an alternative dispute resolution system to settle conflicts between the Company and its stockholders or other third parties, including regulatory authorities.
Human Rights Policy	SMIC respects and promotes human rights in accordance with the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. We are committed to the principles that all persons should be treated with respect.
Anti-Bribery and Anti-Corruption Policy	SMIC is committed to conducting business in an ethical and honest manner. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.
Anti-Discrimination and Anti-Harassment Policy	SMIC is committed to providing a working environment that is safe and free from harassment (including sexual harassment) for all its employees and will not tolerate any form of behavior that is based upon an individual's sex, sexual orientation, race, ethnicity, national origin, age and religion.
Operational Health and Safety Policy	SMIC is committed to the protection of health, safety and wellbeing of all members of the organization including its subsidiaries. The Company strives to promote a strong and sustainable culture that will facilitate the awareness of risk and the prevention of injury and illness.
Privacy Policy	Our Company collects, uses, protects or otherwise handles our data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations and other issuances (collectively known as "Data Privacy Act").

DISCLOSURE AND TRANSPARENCY

SMIC ensures that its stakeholders receive timely and accurate information on all facets of its business through its website and disclosures. SMIC's website has a separate corporate governance section that has subsections where its policies, programs and other relevant developments may be found. The Company also ensures that shareholders are provided with periodic reports that include relevant information on its directors and officers and their shareholdings and dealings with the Company.

SMIC regularly discloses its top shareholders and its beneficial owners who own more than 5% of its shares. Shareholdings of directors and senior management are disclosed in the Definitive Information Statement sent to shareholders prior to the Annual Stockholders' Meeting.

The Investor Relations Department

The Investor Relations (IR) Department of SMIC is the main avenue of communication between the Company and its various stakeholders. The IR Department arranges regular teleconferences and site visits for investors, participates in investor conferences and conducts annual roadshows with stops in various locations throughout the world. Due to pandemic, such roadshows were replaced with extensive videoconferencing activity in 2020 up to 2021. In 2022 the IR Department and Senior management returned to roadshow activity globally. They also coordinate with the different Investor Relations departments of the Company's subsidiaries and affiliates, as well as participate in various investor fora and conduct regular briefings with analysts and members of the press. Should SMIC's shareholders or other various stakeholders require further information or details on the Company, its operations, directors and/ or officers, or would like to provide feedback and/or make other relevant suggestions/recommendations to the Company, they may contact the following:

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

The Annual Stockholders' Meeting

The Annual Stockholders' Meeting (ASM) provides SMIC shareholders with the opportunity to raise concerns, give suggestions, and vote on relevant issues. Voting methods are clearly defined and explained to shareholders before the ASM to ensure the observance of their voting rights and continued participation in the voting process.

Under the Company's By-Laws and Manual on Corporate Governance and in accordance with certain laws, rules and regulations, shareholders may cumulatively vote for the election or replacement of members of the Board of Directors. Prior to the ASM, shareholders are furnished a copy of the annual report, including financial statements, and all relevant information about the current and nominated directors and key officers. Elected directors hold office for one (1) year until their successors are elected following the procedures set forth in SMIC's By-Laws. SMIC also includes rationales and explanations for each agenda item which requires shareholder approval in the Notice of the Annual Stockholders' Meeting. Furthermore, the Company appoints an independent party to count and validate votes made during the ASM.

Proxy voting is permitted and facilitated through proxy forms which are distributed to shareholders prior to the ASM. Proxy forms may also be downloaded from the Company's website. To encourage shareholders to exercise their right to vote through the proxy forms, notarization of such is not required. Shareholders are also given the opportunity to vote on certain corporate acts in accordance with the law. These resolutions, along with shareholder questions and the corresponding responses are recorded in the minutes of the ASM, which are posted on the Company's website immediately following the ASM. To ensure that all shareholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairpersons and Members, Management, the Corporate Secretary, Compliance Officer, Internal Auditor and the External Auditors are always present during the ASM.

RIGHTS, ROLES AND PROTECTION OF STAKEHOLDERS

Based on its Manual on Corporate Governance, Code of Ethics and other relevant rules, laws and regulations, SMIC is required to recognize and protect the rights and interests of its key stakeholders, namely its shareholders, employees, customers, business partners, creditors, as well as the communities it operates in and the environment.

Rights of Shareholders

The Manual on Corporate Governance protects the shareholders' appraisal right as well as their rights to vote, inspect corporate books and records, gain access to material information and receive an equitable share of the Company's profits.

The exercise of a shareholder's voting right is encouraged by SMIC to ensure meaningful participation in all shareholders' meetings. Voting methods and vote counting systems employed by the Company are clearly explained to ensure the effective exercise of shareholders' right to vote. SMIC follows the system of cumulative voting for the election of directors to allow shareholders an opportunity to elect each member of the Board of Directors individually. Shareholders maintain the right to receive dividends subject to the discretion of the Board. They may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares in accordance with the Corporate Code.

Minority shareholders are given the right to propose the holding of a meeting as well as the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes and in accordance with the law, jurisprudence and best practice. Minority shareholders are also given access to information relating to matters for which Management is accountable.

Dividend Policy

The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. Dividends shall be paid within thirty (30) days from the date of declaration.

Employee Welfare

SMIC strives to be an employer of choice and provides for the health, safety and welfare of its employees. Through the efforts of its Human Resources Department (HRD), the Company has established policies and programs that promote a safe and healthy work environment that caters to all cultures and creeds and encourages employee development and growth.

SMIC encourages good health and wellness through its various sports and fitness programs. There are courts and fitness facilities in the workplace where the employees can use and participate in HRD supported aerobic and dance activities. The pandemic from 2020 to 2021 has brought the temporary suspension of these activities but has recently resumed

Work from home arrangement is being implemented for the health and safety of the employees. SMIC provides a fully functioning clinic and employs the services of a 24-hour roving ambulance service in case of an emergency.

The Company continues to conduct seminars and various learning sessions via online platform, such as training on Integration of New Employees in SM, the use of Microsoft word, Excel and PowerPoint and various technological applications, health and wellness seminars, proper business email writing skills to name a few. The Company believes that a happy and healthy workforce promotes business sustainability.

Emergency Preparedness Program

As part of its Enterprise Risk Management, SMIC implements an emergency preparedness program that aims to safeguard its workforce, operations, and customers against emergencies, and natural and manmade disasters. Led by its Emergency Preparedness Committee, and in coordination with fire and security agents, the Company conducts regular safety drills throughout the SMIC workplace. These drills, along with emergency management related orientations and training are conducted to ensure a competent, composed and efficient response from SMIC's workforce in the event of an emergency.

The Company has implemented an emergency text blast system for emergency announcements and a hotline where employees can call for an update or/and instruction.

The company has also developed Business Continuity Planning that will be activated in case of an emergency in order that business operations can be carried out as usual. Critical functions of each departments are identified to prevent business disruption. Regular table top exercises are conducted to ensure preparedness and that the protocols will be implemented as planned when the need arises.

Training and Employee Development

Awareness and understanding of the principles of good corporate governance are essential to the continued development of SMIC's corporate governance culture. Through the Orientation for New Employees of SM (ONE SM), new employees are given an overview of SMIC's corporate governance framework, including all the different corporate policies and its various components. A substantial portion of the orientation is devoted to the discussion of SM's core values and the Code of Ethics, and highlights the roles that each individual can play in the overall development of the corporate governance culture. Skills and Leadership development courses are also conducted regularly, covering topics such as Basics of Customer Service, Effective Listening, Guidelines for Writing Effective Business Emails and Value Formations.

For issues or concerns, all stakeholders may refer to:
Mr. Noel T. Ang
SAVP- Governance, Risk & Compliance
10/F, OneE-Com Center
Ocean Drive, Mall of Asia Complex
Pasay City, 1300 Philippines
+63 2 8570100 local 0296

Financial Statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with Philippine Financial Reporting Standards and for such internal controls as management determines are necessary, to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE T. SIO
Chairman of the Board

FREDERIC C. DYBUNCIO
President and
Chief Executive Officer

ERWIN G. PATO
Treasurer and
Executive Vice President

Signed this 28th day of February 2023

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's financial reporting, internal control system, internal and external audit processes, and compliance with relevant laws and regulations. Likewise, the Committee oversees special investigations as may be necessary.

The Committee is composed of three (3) non-executive directors, two (2) of whom are independent directors including the Committee Chairperson. The Committee members have relevant background, knowledge, skill and/or experience in the areas of finance and accounting, audit, risk management, information technology, and corporate governance. In 2022, they attended an annual corporate governance training program approved by the Securities and Exchange Commission (SEC). The Committee also performed the annual self-assessment/evaluation and reviewed its performance against its Charter and other regulatory mandates to ensure its satisfactory performance.

The profiles and qualifications of the Committee members are as follows:

- **Tomasa H. Lipana** (Chair) is a Lead Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an independent director and Audit Committee Chairperson of Flexo Manufacturing Corporation. Previously, she was an independent director of Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines. She was also an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency), a government-owned and controlled corporation for 5 years. She is a Fellow and Trustee of the Institute of Corporate Directors, and a Trustee of the Shareholders' Association of the Philippines, Inc., among other non-profit organizations. Ms. Lipana took up Executive Education/ Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She received the Outstanding CPA in the Public Practice Award from the Philippine Institute of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated Cum Laude. She is also a CPA Board placer.

- **Ramon M. Lopez** is an Independent Director of SMIC. He currently serves as Independent Director of AIC Group of Companies Holding Corporation. He is also a Trustee and Vice-Chairman of the Valenzuela City Polytechnic College. He was the former Secretary of the Philippine Department of Trade and Industry (DTI). He has served for the full term of the administration of former President Rodrigo Roa Duterte. He chaired during his term the DTI institutions such as the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, Philippine International Trading Corp., CITEM, and the Halal Board. He also supervised attached agencies such as the Intellectual Property Office of the Philippines, Technical Education and Skills Development Authority, and the Cooperative Development Authority, among others.

  He also received several awards such as the 2016 Nation Builders Award for Government Service and the Philippine Innovation Man of the Year Award in 2017. In 2018, he received from former President Duterte the Presidential Award, Order of Sikatuna, with a rank of Datu, one of the senior honors one can receive in the Philippines. He was also named by People Asia as one of the 2020 People of the Year, for the re-opening of the economy during the pandemic. In June 2022, he was also awarded the Presidential Medal of Merit for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also recently received The Asia CEO Awards 2022 "Lifetime Contributor of the Year Award".

  Mr. Lopez has a Master's Degree in Development Economics class at Williams College, Massachusetts USA and an AB Degree in Economics from the University of the Philippines School of Economics.

- **Jose T. Sio** is the Chairman of the Board of SMIC. He is also a Director of China Banking Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, and Ortigas Land Corporation, Trustee of Far Eastern University, Incorporated, and Adviser to the Board of BDO Unibank, Inc. Belle Corp. and Premium Leisure Corporation. Mr. Sio holds a master's degree in Business Administration (MBA) from New York University, is a certified public accountant, and is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted CFO of the Year in 2009 by the Financial Executives of the Philippines. He was also awarded as Best CFO (Philippines) in various years by several Hong Kong-based publications. In 2022, he received the Parangal San Mateo Award from the Philippine Institute of Certified Public Accountants (PICPA) Foundation, Inc.

Presented below are the dates of Committee meetings and the attendance of each member.

Audit Committee						
Office	Name	2022 Meetings and Attendance				
		2/24	4/25	5/11	8/1	11/4
Chairperson (ID)	Tomasa H. Lipana	√	√	√	√	√
Member (ID)	Alfredo E. Pascual*	√	√	√	-	-
Member (ID)	Ramon M. Lopez*	-	-	-	-	√
Member (NED)	Jose T. Sio	√	√	√	√	√

**Mr. Pascual has resigned as Independent Director effective June 30, 2022 and Mr. Ramon M. Lopez was elected as Independent Director and member of the Audit Committee on August 3, 2022.*

In compliance with the Audit Committee Charter, the Manual of Corporate Governance, and relevant laws and regulations, the Audit Committee performed the following activities relating to the three (3) major areas of concern:

Internal Audit

1. The Committee provided oversight of the Internal Audit.

   Under SMIC's Internal Audit Charter, the primary purpose of Internal Audit is to provide an independent, objective, and reasonable assurance and value-adding services through systematic and disciplined evaluation of the Company's governance system, risk management, and internal control environment of the Company as well as any entity within the Group, which Management or the Audit Committee deems necessary to include.

   To maintain the independence of the Internal Audit, the Chief Audit Executive (CAE) functionally reports to the Board of Directors, through the Audit Committee.

   The CAE has direct and free access to communicate with the Management and Audit Committee. The entire Internal Audit Team has full and unrestricted access to all records, documents, systems, and information required for the effective and efficient audit process.

2. The Committee reviewed and approved the Internal Audit plan, including the scope, methodology, organization structure and staffing.

3. The Committee monitored the implementation of the Internal Audit plan and reviewed the periodic reports of the CAE, summarizing the overall assessment of the Company's control environment, significant audit findings and areas of concern as well as the corresponding management responses and action plans.

External Audit

The Audit Committee has the primary responsibility to make a well-informed recommendation regarding the appointment, re-appointment or removal of the External Auditor.

The External Auditor is tasked to undertake an independent audit and provide and perform an objective assurance on the preparation and presentation of the financial statements.

4. The Committee reviewed/discussed with the External Auditor, SGV & Co., the following:

   - The annual audit plan for 2022, including scope, approach, risk-based methods, focus areas and time table;
   - The results of its examination and action plan to address pending audit issues; and
   - The assessment of internal controls and quality of financial reporting.

5. The Committee reviewed/discussed the report of SGV & Co. on significant accounting issues, changes in accounting policies/standards, and major pending tax legislations, which would impact the Company and its subsidiaries.

6. The Committee discussed with SGV & Co. the matters required to be disclosed under the prevailing applicable Auditing Standards, and obtained from said Firm a letter confirming its independence, as required by prevailing applicable Independence Standards.

7. The Committee reviewed and approved all audit and non-audit services provided by SGV & Co. to the Company, and related fees.

Financial Statements

8. The Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements.

9. The Committee reviewed and endorsed to the Board for approval the unaudited consolidated financial statements of SM Investments Corporation and its subsidiaries for the first quarter ended March 31, 2022, second quarter ended June 30, 2022, and third quarter ended September 30, 2022.

10. Based on its review and discussion, and subject to the limitations on the roles and responsibilities referred to above, the Committee recommended for Board approval, and the Board approved, the audited consolidated financial statements of SM Investments Corporation and its subsidiaries for the year ended December 31, 2022.

11. The Committee reviewed and discussed the performance, independence and qualifications of the External Auditor, SGV & Co., in the conduct of their audit of the consolidated financial statements of SM Investments Corporation and its subsidiaries for the year. Based on the review of their performance and qualifications, the Committee also recommended the re-appointment of SGV & Co. as the Company's External Auditor for 2023.

28 February 2023

Tomasa H. Lipana	**Ramon M. Lopez**	**Jose T. Sio**	**Atty. Elmer B. Serrano**
Chairperson	Member	Member	Corporate Secretary

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31		January 1
	2022	2021 (As Restated - Note 5)	2021 (As Restated - Note 5)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 7, 21 and 28)	**₱106,561,072**	₱89,352,634	₱78,660,566
Time deposits (Notes 8, 21 and 28)	**8,788,848**	311,233	31,012
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 28 and 29)	**534,865**	547,041	568,146
Receivables and contract assets (Notes 10, 21 and 28)	**84,497,395**	76,535,392	62,279,160
Inventories (Note 11)	**106,368,038**	86,767,188	72,056,045
Other current assets (Notes 12, 21 and 28)	**54,799,192**	52,854,042	43,721,691
Total Current Assets	**361,549,410**	306,367,530	257,316,620
Noncurrent Assets			
Financial assets at FVOCI - net of current portion (Notes 9 and 28)	**25,369,850**	27,129,956	26,616,338
Investments in associate companies and joint ventures (Note 13)	**328,271,536**	305,072,026	297,433,006
Time deposits - net of current portion (Notes 8, 21, 28 and 29)	**24,130,581**	3,905,618	1,356,442
Property and equipment (Note 14)	**47,881,014**	45,411,523	30,256,611
Investment properties (Note 15)	**485,982,301**	463,765,374	435,466,724
Right-of-use assets (Note 27)	**44,138,808**	44,839,678	42,082,575
Intangibles (Note 16)	**40,277,349**	40,759,877	33,732,613
Other noncurrent assets (Notes 16, 21 and 28)	**124,283,717**	125,555,398	118,638,088
Total Noncurrent Assets	**1,120,335,156**	1,056,439,450	985,582,397
	₱1,481,884,566	₱1,362,806,980	₱1,242,899,017
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans (Notes 17, 21, 28 and 31)	**₱20,811,524**	₱27,167,173	₱24,126,000
Accounts payable and other current liabilities (Notes 18, 21, 27 and 28)	**181,961,708**	168,444,060	154,638,968
Income tax payable	**3,204,714**	2,310,912	2,649,041
Current portion of long-term debt (Notes 19, 21, 28 and 31)	**87,047,213**	63,706,559	60,121,438
Total Current Liabilities	**293,025,159**	261,628,704	241,535,447
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 19, 21, 28, 29 and 31)	**397,849,704**	381,618,880	338,194,798
Lease liabilities - net of current portion (Notes 27 and 31)	**32,236,621**	31,101,003	28,944,979
Deferred tax liabilities (Note 26)	**16,797,862**	15,675,739	12,518,760
Tenants' deposits and others (Notes 25, 27, 28 and 29)	**49,785,209**	49,174,469	48,357,079
Total Noncurrent Liabilities	**496,669,396**	477,570,091	428,015,616
Total Liabilities	**789,694,555**	739,198,795	669,551,063

(Forward)

	December 31		January 1
	2022	2021 (As Restated - Note 5)	2021 (As Restated - Note 5)
Equity Attributable to Owners of the Parent			
Capital stock (Note 20)	**₱12,261,146**	₱12,045,829	₱12,045,829
Additional paid-in capital	**75,839,217**	75,827,181	75,823,506
Treasury stock	**(40,912)**	–	–
Equity adjustments from common control transactions (Note 20)	**(6,660,472)**	(6,298,551)	(6,299,797)
Cost of Parent common shares held by subsidiaries	**(25,386)**	(25,386)	(25,386)
Cumulative translation adjustment	**2,102,782**	2,253,475	876,050
Fair value changes on cash flow hedges	**1,610,364**	(1,201,352)	(2,623,849)
Unrealized gain on financial assets at FVOCI (Note 9)	**11,823,413**	14,289,319	13,627,808
Remeasurement loss on defined benefit asset/obligation (Note 25)	**(1,721,868)**	(1,026,650)	(1,639,759)
Share in other comprehensive loss of associates – net	**(10,763,209)**	(6,597,174)	(2,629,722)
Retained earnings (Note 20):			
Appropriated	**37,000,000**	37,000,000	37,000,000
Unappropriated	**375,463,837**	321,337,891	286,298,019
Total Equity Attributable to Owners of the Parent	**496,888,912**	447,604,582	412,452,699
Non-controlling Interests	**195,301,099**	176,003,603	160,895,255
Total Equity	**692,190,011**	623,608,185	573,347,954
	₱1,481,884,566	₱1,362,806,980	₱1,242,899,017

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands Except Per Share Data)

	Years Ended December 31		
	2022	2021 (As Restated - Note 5)	2020 (As Restated - Note 5)
REVENUES			
Sales:			
Merchandise	**₱367,318,577**	₱294,694,316	₱289,726,442
Real estate	**39,046,514**	45,116,570	47,023,795
Rent (Notes 15, 21 and 27)	**49,167,565**	29,642,244	26,904,979
Equity in net earnings of associate companies and joint ventures (Note 13)	**35,825,734**	26,768,811	16,972,269
Others (Note 22)	**62,412,725**	36,137,527	16,458,704
	553,771,115	432,359,468	397,086,189
COST AND EXPENSES			
Cost of sales and services (Note 11)	**315,651,763**	255,252,148	242,471,141
Selling, general and administrative expenses (Note 23)	**120,551,701**	98,186,733	95,721,492
	436,203,464	353,438,881	338,192,633
OTHER INCOME (CHARGES)			
Interest expense (Notes 21 and 24)	**(21,547,070)**	(19,138,771)	(18,415,355)
Interest income (Notes 21 and 24)	**3,042,370**	2,203,351	2,452,647
Impairment loss on investment (Note 13)	**(787,166)**	–	(1,000,000)
Gain (loss) from fair value changes on derivatives - net	**866,500**	317,743	(6,503)
Foreign exchange gain (loss) - net and others (Note 28)	**(2,092)**	1,347,350	102,067
	(18,427,458)	(15,270,327)	(16,867,144)
INCOME BEFORE INCOME TAX	**99,140,193**	63,650,260	42,026,412
PROVISION FOR INCOME TAX (Note 26)			
Current	**14,248,182**	7,224,482	6,516,103
Deferred	**546,638**	1,782,037	685,206
	14,794,820	9,006,519	7,201,309
NET INCOME	**₱84,345,373**	₱54,643,741	₱34,825,103
Attributable to			
Owners of the Parent (Note 30)	**₱61,653,665**	₱40,411,896	₱23,889,971
Non-controlling interests	**22,691,708**	14,231,845	10,935,132
	₱84,345,373	₱54,643,741	₱34,825,103
Basic/Diluted Earnings Per Common Share Attributable to Owners of the Parent (Note 30)	**₱50.88**	₱33.55	₱19.83

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021 (As Restated - Note 5)	2020 (As Restated - Note 5)
NET INCOME	**₱84,345,373**	₱54,643,741	₱34,825,103
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**27,928**	2,166,840	(147,778)
Fair value changes on cash flow hedges	**4,608,383**	2,014,960	(1,439,396)
	4,636,311	4,181,800	(1,587,174)
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation (Note 25)	**(1,274,242)**	593,126	2,418,842
Net unrealized gain (loss) on financial assets at FVOCI (Notes 9)	**(2,478,988)**	391,870	64,917
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	**(269,602)**	(178,295)	(529,945)
	(4,022,832)	806,701	1,953,814
Share in other comprehensive gain (loss) of associates - net (Note 13)	**(4,336,268)**	(4,184,715)	3,262,825
TOTAL COMPREHENSIVE INCOME	**₱80,622,584**	₱55,447,527	₱38,454,568
Attributable to			
Owners of the Parent	**₱56,987,529**	₱40,265,811	₱26,342,948
Non-controlling interests	**23,635,055**	15,181,716	12,111,620
	₱80,622,584	₱55,447,527	₱38,454,568

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

(Amounts in Thousands Except Per Share Data)

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2022 (As Reported)	**₱12,045,829**	**₱75,827,181**	**₱–**	**(₱5,424,455)**	**(₱25,386)**	**₱1,512,570**
Effect of merger (Note 5)	**–**	**–**	**–**	**(874,096)**	**–**	**740,905**
As restated	**12,045,829**	**75,827,181**	**–**	**(6,298,551)**	**(25,386)**	**2,253,475**
Net income	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(150,693)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(150,693)**
Effect of business combination (Note 5)	**215,317**		**(40,912)**	**(361,921)**	**–**	**–**
Transactions with non-controlling interests	**–**	**12,036**	**–**	**–**	**–**	**–**
Cash dividends - ₱6.25 per share (Note 20)	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends received by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
Increase in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
As at December 31, 2022	**₱12,261,146**	**₱75,839,217**	**(₱40,912)**	**(₱6,660,472)**	**(₱25,386)**	**₱2,102,782**
As at January 1, 2021 (As Reported)	₱12,045,829	₱75,823,506	₱–	(₱5,424,455)	(₱25,386)	₱628,023
Effect of merger (Note 5)	–	–	–	(875,342)	–	248,027
As restated	12,045,829	75,823,506	–	(6,299,797)	(25,386)	876,050
Net income	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	–	1,377,425
Total comprehensive income	–	–	–	–	–	1,377,425
Effect of business combination (Note 5)	–	–	–	1,246	–	–
Realized loss on sale of financial assets at FVOCI (Note 9)	–	–	–	–	–	–
Transactions with non-controlling interests	–	3,675	–	–	–	–
Cash dividends - ₱4.25 per share (Note 20)	–	–	–	–	–	–
Cash dividends received by non-controlling interests	–	–	–	–	–	–
Increase in non-controlling interests	–	–	–	–	–	–
As at December 31, 2021 (As Restated - Note 5)	₱12,045,829	₱75,827,181	₱–	(₱6,298,551)	(₱25,386)	₱2,253,475

Equity Attributable to Owners of the Parent								
Fair Value Changes on Cash Flow Hedges	Unrealized Gain on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
(₱1,201,352)	**₱15,129,991**	**(₱775,994)**	**(₱6,598,065)**	**₱37,000,000**	**₱308,946,422**	**₱436,436,741**	**₱176,003,184**	**₱612,439,925**
–	**(840,672)**	**(250,656)**	**891**	**–**	**12,391,469**	**11,167,841**	**419**	**11,168,260**
(1,201,352)	**14,289,319**	**(1,026,650)**	**(6,597,174)**	**37,000,000**	**321,337,891**	**447,604,582**	**176,003,603**	**623,608,185**
–	**–**	**–**	**–**	**–**	**61,653,665**	**61,653,665**	**22,691,708**	**84,345,373**
2,811,716	**(2,465,906)**	**(695,218)**	**(4,166,035)**	**–**	**–**	**(4,666,136)**	**943,347**	**(3,722,789)**
2,811,716	**(2,465,906)**	**(695,218)**	**(4,166,035)**	**–**	**61,653,665**	**56,987,529**	**23,635,055**	**80,622,584**
–	**–**	**–**	**–**	**–**	**–**	**(187,516)**	**239,695**	**52,179**
–	**–**	**–**	**–**	**–**	**–**	**12,036**	**21,245**	**33,281**
–	**–**	**–**	**–**	**–**	**(7,527,719)**	**(7,527,719)**	**–**	**(7,527,719)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(5,273,377)**	**(5,273,377)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**674,878**	**674,878**
₱1,610,364	**₱11,823,413**	**(₱1,721,868)**	**(₱10,763,209)**	**₱37,000,000**	**₱375,463,837**	**₱496,888,912**	**₱195,301,099**	**₱692,190,011**
(₱2,623,849)	₱14,336,615	(₱1,116,328)	(₱2,629,566)	₱37,000,000	₱275,818,556	₱403,832,945	₱160,894,953	₱564,727,898
–	(708,807)	(523,431)	(156)	–	10,479,463	8,619,754	302	8,620,056
(2,623,849)	13,627,808	(1,639,759)	(2,629,722)	37,000,000	286,298,019	412,452,699	160,895,255	573,347,954
–	–	–	–	–	40,411,896	40,411,896	14,231,845	54,643,741
1,422,497	408,336	613,109	(3,967,452)	–	–	(146,085)	949,871	803,786
1,422,497	408,336	613,109	(3,967,452)	–	40,411,896	40,265,811	15,181,716	55,447,527
–	–	–	–	–	–	1,246	3,073,712	3,074,958
–	253,175	–	–	–	(253,175)	–	–	–
–	–	–	–	–	–	3,675	25,466	29,141
–	–	–	–	–	(5,118,849)	(5,118,849)	–	(5,118,849)
–	–	–	–	–	–	–	(3,816,245)	(3,816,245)
–	–	–	–	–	–	–	643,699	643,699
(₱1,201,352)	₱14,289,319	(₱1,026,650)	(₱6,597,174)	₱37,000,000	₱321,337,891	₱447,604,582	₱176,003,603	₱623,608,185

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2020 (As Reported)	₱12,045,829	₱75,815,923	₱–	(₱5,424,455)	(₱25,386)	₱640,051
Effect of merger (Note 5)	–	–	–	(875,342)	–	473,461
As restated	12,045,829	75,815,923	–	(6,299,797)	(25,386)	1,113,512
Net income	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	–	(237,462)
Total comprehensive income	–	–	–	–	–	(237,462)
Effect of business combination (Note 5)	–	–	–	–	–	–
Realized gain on sale of financial assets at FVOCI (Note 9)	–	–	–	–	–	–
Transactions with non-controlling interests	–	7,583	–	–	–	–
Cash dividends - ₱4.25 per share	–	–	–	–	–	–
Cash dividends received by non-controlling interests	–	–	–	–	–	–
Decrease in non-controlling interests	–	–	–	–	–	–
As at December 31, 2020 (As Restated - Note 5)	₱12,045,829	₱75,823,506	₱–	(₱6,299,797)	(₱25,386)	₱876,050

See accompanying Notes to Consolidated Financial Statements.

Equity Attributable to Owners of the Parent								
Fair Value Changes on Cash Flow Hedges	Unrealized Gain on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
(₱1,406,026)	₱14,430,346	(₱2,234,321)	(₱5,761,477)	₱37,000,000	₱257,546,591	₱382,627,075	₱153,524,403	₱536,151,478
–	(629,291)	(354,328)	–		9,979,442	8,593,942	154	8,594,096
(1,406,026)	13,801,055	(2,588,649)	(5,761,477)	37,000,000	267,526,033	391,221,017	153,524,557	544,745,574
–	–	–	–		23,889,971	23,889,971	10,935,132	34,825,103
(1,217,823)	(172,383)	948,890	3,131,755	–		2,452,977	1,176,488	3,629,465
(1,217,823)	(172,383)	948,890	3,131,755	–	23,889,971	26,342,948	12,111,620	38,454,568
–	–	–	–	–	–	–	–	–
–	(864)	–	–	–	864	–	–	–
–	–	–	–	–	–	7,583	(7,583)	–
–	–	–	–	–	(5,118,849)	(5,118,849)	–	(5,118,849)
–	–	–	–	–	–	–	(4,664,320)	(4,664,320)
–	–	–	–	–	–	–	(69,019)	(69,019)
(₱2,623,849)	₱13,627,808	(₱1,639,759)	(₱2,629,722)	₱37,000,000	₱286,298,019	₱412,452,699	₱160,895,255	₱573,347,954

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021 (As Restated - Note 5)	2020 (As Restated - Note 5)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱99,140,193**	₱63,650,260	₱42,026,412
Adjustments for:			
Equity in net earnings of associate companies and joint ventures (Note 13)	**(35,825,734)**	(26,768,811)	(16,972,269)
Depreciation and amortization (Notes 14, 15, 16, 23 and 27)	**23,653,863**	20,936,405	18,994,822
Interest expense (Note 24)	**21,547,070**	19,138,771	18,415,355
Provisions (reversal of provisions) - net (Notes 10 and 23)	**5,099,217**	(3,982,227)	1,620,430
Interest income (Note 24)	**(3,042,370)**	(2,203,351)	(2,452,647)
Loss (gain) on disposal of investments and properties - net	**(209,206)**	(579,680)	19,373
Dividend income (Note 21)	**(1,177,340)**	(586,703)	(430,697)
Unrealized foreign exchange loss (gain) - net	**1,132,078**	(484,756)	(130,347)
Loss (gain) on fair value changes on derivatives - net	**(866,500)**	(317,743)	6,503
Impairment loss on investment (Note 13)	**787,166**	–	1,000,000
Income before working capital changes	**110,238,437**	68,802,165	62,096,935
Increase in:			
Receivables and contract assets	**(7,825,374)**	(2,971,376)	(6,223,970)
Inventories	**(40,685,904)**	(37,303,043)	(16,077,988)
Other current assets	**(901,855)**	(8,023,091)	(2,573,504)
Increase (decrease) in:			
Accounts payable and other current liabilities	**34,081,718**	36,569,883	10,116,698
Tenants' deposits and others	**2,678,385**	1,162,254	(303,716)
Net cash generated from operations	**97,585,407**	58,236,792	47,034,455
Income tax paid	**(13,356,765)**	(7,583,481)	(7,156,462)
Net cash provided by operating activities	**84,228,642**	50,653,311	39,877,993
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Property and equipment	**241,913**	365,861	58,896
Investment properties	**84,863**	914,962	3,197
Investment in associate companies and joint ventures	**50,000**	–	–
Additions to:			
Investment properties (Note 15)	**(33,990,435)**	(42,155,574)	(38,415,299)
Property and equipment (Note 14)	**(9,678,003)**	(13,286,055)	(7,587,735)
Investments in associate companies and joint ventures (Note 13)	**(73,500)**	(358,120)	(390,350)
Financial assets at FVOCI	**–**	(1,427)	(3,124,660)
Decrease (increase) in:			
Time deposits	**(27,518,818)**	(2,829,397)	1,056,006
Other noncurrent assets	**9,250,669**	12,020,789	(11,420,880)
Dividends received	**8,136,996**	5,180,690	4,751,956
Interest received	**2,846,341**	2,021,177	2,456,376
Purchase consideration, net of cash from acquisition of subsidiaries (Note 5)	**(88,608)**	(5,684,648)	–
Net cash used in investing activities	**(50,738,582)**	(43,811,742)	(52,612,493)

(Forward)

	Years Ended December 31		
	2022	2021 (As Restated - Note 5)	2020 (As Restated - Note 5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Bank loans	**₱66,878,421**	₱53,296,257	₱82,880,520
Long-term debt	**100,256,801**	129,529,420	75,253,912
Payments of:			
Bank loans	**(73,264,105)**	(53,509,929)	(77,464,985)
Long-term debt	**(72,630,533)**	(92,624,775)	(36,158,696)
Interest	**(19,909,588)**	(18,412,696)	(17,539,474)
Dividends	**(12,714,420)**	(9,653,454)	(10,158,925)
Lease liabilities	**(4,853,925)**	(4,692,207)	(3,884,069)
Net cash provided by (used in) financing activities	**(16,237,349)**	3,932,616	12,928,283
NET INCREASE IN CASH AND CASH EQUIVALENTS	**17,252,711**	10,774,185	193,783
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(44,273)**	(82,117)	205,634
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 7)	**89,352,634**	78,660,566	78,261,149
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱106,561,072**	₱89,352,634	₱78,660,566

See accompanying Notes to Consolidated Financial Statements.

The complete Audited Financial Statements and accompanying Notes to Consolidated Financial Statements may be downloaded or viewed at
https://www.sminvestments.com/investors/financial-reports/

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		2-3 Reporting period, frequency and contact point	January 1 - December 31, 2022 Annual ir@sminvestments.com or sustainability@sminvestments.com
		2-4 Restatements of information	83, Consolidated Balance Sheets, 135
		2-5 External assurance	No external assurance

Restatement of Our Sustainability Performance

In Pursuit of Excellence and Transparency

Every year, we improve our standard level of excellence in data management, collection and validation. Through the years, we expand our scope as we continue to grow as a group. This allows us to have an evidence-based understanding of our impact on our communities and the environment which will continue to a science-based approach to setting our internal goals and objectives. This also promotes the culture of evidenced based decision making, not only for day-to-day business activities but in making long-term strategic decisions as well.

GRI Disclosure	2021 Data Disclosed in 2021 Report	2021 Restatement
2-7 Employees	Total Headcount **126,872** By Age Group Above 50-years old: **5%**	Total Headcount **126,837** By Age Group Above 50-years old: **4%**
2-30 Collective Bargaining Agreements	Employees Covered by Collective Bargaining Agreement **27,494**	Employees Covered by Collective Bargaining Agreement **27,324**
401-3 Parental leave	Availment of Parental Leaves **5,227**	Availment of Parental Leaves **5,224**
302-1 Energy consumption within the organization	Fuel Consumption (in million liters) **98** Electricity Consumption (in million kWh) **1,837**	Fuel Consumption (in million liters) **110** Electricity Consumption (in million kWh) **1,838**
302-2 Energy consumption outside of the organization	Fuel Consumption (in million liters) **22** Electricity Consumption (in million kWh) **538**	Fuel Consumption (in million liters) **21** Electricity Consumption (in million kWh) **682**
303-3 Water withdrawal	Water Withdrawal (in million cubic meters) **40.3** By Source Type Third-party providers: **57%** Surface water: **40%** Groundwater: **4%** Water hauling: **<1%** Water Recycled (in million cubic meters) **32.6**	Water Withdrawal (in million cubic meters) **33.1** By Source Type Third-party providers: **47%** Surface water: **48%** Groundwater: **3%** Rainwater harvesting: **<1%** Deep well: **1%** Seawater: **<1%** Water Recycled (in million cubic meters) **28.2**
305-1 Direct (Scope 1) GHG emissions	GHG Emissions (in '000 MT CO2) **2,089**	GHG Emissions (in '000 MT CO2e) **2,340**
305-2 Energy indirect (Scope 2) GHG emissions	Direct (Scope 1) GHG emissions: **14%** Energy indirect (Scope 2) GHG emissions: **65%**	Direct (Scope 1) GHG emissions: **19%** Energy indirect (Scope 2) GHG emissions: **58%**
305-3 Other indirect (Scope 3) GHG emissions	Other indirect (Scope 3) GHG emissions: **21%**	Other indirect (Scope 3) GHG emissions: **23%**
306-3 Waste generated	Waste Generated (in tonnes) **186,252**	Waste Generated (in tonnes) **186,161**

Our Report Framework

This 2022 report has been prepared under the Integrated Reporting <IR> Framework originally developed by the International Integrated Reporting Council (IIRC) which merged with the Sustainability Accounting Standards Board (SASB) to form the Value reporting Foundation (VRF). We have also adopted the Task Force on Climate-Related Financial Disclosures (TCFD) framework as we address the impacts of climate change. This report is aligned with Global Reporting Initiative (GRI) Standards for disclosures.

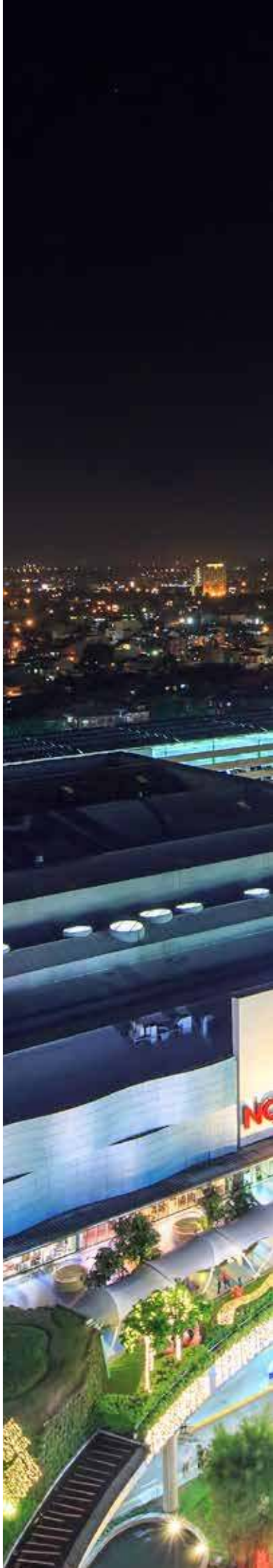
The report covers the period of January 1 through December 31, 2022. We have ensured that it presents a balanced reflection of our company's value creation process and also the progress we have made in advancing the United Nations Sustainable Development Goals.

This report was prepared in collaboration among officers in Finance, Governance and Risk Management, Investor Relations, Human Resources, Corporate Communications and Sustainability, under the supervision of the Executive Committee of the Board.

On behalf of the Board, the Executive Committee approved and authorized the issuance of this report on 3 April 2023.

Jose T. Sio
Chairman

Frederic C. DyBuncio
President and CEO



SM
CITY
EDSA

List of Member Associations

Asia Business Council

Asia Society Philippine Foundation, Inc.

Association of Certified Public Accountants in Commerce and Industry

Financial Executives Institute of the Philippines

Good Governance Advocates and Practitioners of the Philippines

Information Systems Audit and Control Association

Institute of Corporate Directors

International Information Systems

Makati Business Club

Management Association of the Philippines

People Association of Management Accountants

People Management Association of the Philippines

Philippine Business for Social Progress

Philippine Chamber of Commerce and Industry

Philippine Institute of Certified Public Accountants

Public Relations Society of the Philippines

Tax Management Association of the Philippines

United Nations Global Compact Network Philippines

US Philippine Society, Inc.

World Economic Forum

Corporate Information

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

Stockholder Inquiries

SM Investments Corporation's common stock is listed and traded in the Philippine Stock Exchange under the symbol 'SM.' Inquiries regarding dividend payments, account status, address change, stock certificate and other pertinent matters may be addressed to the company's transfer agent:

BDO Unibank, Inc.
Trust and Investments Group – Securities Services (Stock Transfer)
46th Floor BDO Corporate Center Ortigas, East Tower
12 ADB Avenue, Mandaluyong City
Trunk Line: 8840-7000 local 57050
Direct Line: 8878-4961
E-mail:bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries

Inquiries regarding SM Investments Corporation's sustainability programs or this Integrated Report may be addressed to: ir@sminvestments.com or sustainability@sminvestments.com

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