



SM INVESTMENTS

Committed to Our Customers



2023 Integrated Report



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WE ARE SM

Our Vision

It is 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.

Our Commitment to Our Customers

Serving customers has been at the heart of our business for 65 years. At SM, we are proud to have grown from a single shoe store to where we are today. Millions of Filipinos count on us daily and we look forward to serving more as we continue to expand across the nation.

Our success is based on understanding our customers' wishes and then meeting their every expectation. SM's many stores, wide range of products and dedicated staff all strive to live up to this standard.

In fulfilling our customers' needs, we improve lives. In turn, we ourselves grow and improve the way we do our businesses.

We never take our customers' loyalty lightly. Instead, we do everything we can to earn it.



SM INVESTMENTS

Founded by Henry Sy, Sr., our company started as a small retailer in 1958 and has since grown to serve millions of Filipinos through our ecosystem of businesses.

Our success is built on our commitment to providing our customers with the best possible experience, making their daily lives more convenient and enjoyable.

Retail



Properties



Banking



Portfolio Investments



Journeying with Our Customers

Our network of retail businesses spans our 74 Department Stores, 1,660 Specialty Stores, 65 Supermarkets, 54 Hypermarkets, 1,692 minimarts and other e-commerce formats, making us one of the largest players in the industry.

This year, The SM Store, SM Markets and Toy Kingdom have been recognized for their exceptional customer service, solidifying our commitment to delivering outstanding experiences. We are grateful for the unwavering support of our customers, who have been with us throughout our journey and continue to appreciate our dedication to serving them.

Aspiring with Our Customers

Tracing our entrepreneurial and customer service roots from retail, we have successfully built our business into various sectors of the property industry. Through our 85 malls and 22 lifestyle cities to 10 hotels, 8 convention centers and trade halls and 18 offices, we continue to innovate and create spaces that meet our customers' evolving needs and aspirations.

In expanding our property portfolio, we remain committed to sustainable development to positively impact the environment and communities we serve. With an extensive landbank of 2,324 hectares strategically located in emerging progressive cities, we are well positioned for future growth.

Partnering with Our Customers

Our banks are committed to partnering with our customers to support them with their financial goals. We take pride in serving the banking needs of Filipinos, particularly small businesses, contributing to the growth of the Philippine MSME sector. We do all these as we strive for financial inclusion by empowering the unbanked and increasing access to financial services.

BDO is the largest bank in the country and has the largest distribution network, with more than 4,800 ATMs nationwide and 1,720 operating branches and offices. BDO Network Bank has 500+ branches in provinces, while Cash Agad has 9,700+ partners in remote areas.

China Bank continues to provide financial assistance to expanding businesses effectively through its 648 branches and 1,069 ATMs nationwide.

Evolving with Our Customers

We make strategic investments in high-growth sectors in the Philippines, in companies that benefit from being part of the SM ecosystem. We aim to deliver substantial value for all stakeholders. Today, our portfolio has evolved through our diverse but related investments in logistics, renewable energy, commercial property, food manufacturing, leisure and mining.

With a commitment to elevating industry standards and contributing to the dynamic growth of our nation, we continue to make an impact across multiple sectors.

Our Board's Report



Amando M. Tetangco, Jr.
Chairman / Independent Director



Teresita T. Sy
Vice Chairperson



Henry T. Sy, Jr.
Vice Chairman

To Our Stakeholders,

We are pleased to report another remarkable year for the SM group in 2023, reflecting the underlying strength of the Philippine economy and the resilience of Filipino consumers.

Our performance reflects the high customer focus present in every one of our businesses and our status as a leading proxy for the country.

In 2023, we experienced steady earnings growth in each of our core businesses of retail, banking and property. Although inflation and interest rates remained elevated, Filipino consumers remained buoyant in their spending, particularly in discretionary categories and we continued to innovate and work hard to meet their needs. Meanwhile our portfolio investments also continued to grow and contribute significantly to our earnings.

This year, our focus remains on responsible growth. Good governance and transparency, looking after our many stakeholders and protecting the environment remain the way we do business.

While global uncertainties continue to exist, we are optimistic about our outlook for 2024 and the continuation of our strong all-round performance.

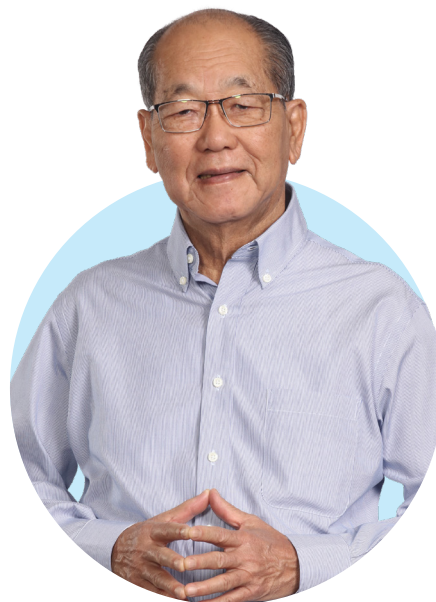
In 2023, we experienced strong earnings growth in each of our core businesses of retail, banking and property.

Our focus remains on responsible growth. Good governance and transparency, looking after our many stakeholders and protecting the environment remain the way we do business.

We would like to extend our thanks to Mr. Jose T. Sio, who this year took up the position of Chairman Emeritus of SM Investments after over three decades of service as Chief Finance Officer and, later, Chairman of the holding company. His contributions have been many and invaluable over the years and our thanks to him are both professional and personal.

Lastly, we would like to thank our leadership and our people for their unwavering dedication, our private and public sector partners for their continued support and our customers for their continued loyalty. We would also like to thank our Board members for their guidance and our shareholders for their confidence in us.

Above all, we remain committed to our customers. We look forward to serving more Filipinos.



Jose T. Sio, Chairman Emeritus, was the Chairman of the Board of SMIC until June 16, 2023

A handwritten signature in black ink, appearing to read 'Amto'.

Amando M. Tetangco, Jr. / Chairman / Independent Director

A handwritten signature in black ink, appearing to read 'Teresita Sy'.

Teresita T. Sy / Vice Chairperson

A handwritten signature in black ink, appearing to read 'Henry T. Sy, Jr.'.

Henry T. Sy, Jr. / Vice Chairman

Our President's Report

2023 marked another successful year across the SM group. Each of our business areas contributed to consolidated revenue growth of 11% and earnings growth of 25%, even as we continued to invest in expansion across the country and in new high-growth sectors.

To Our Stakeholders

I am delighted to report that 2023 marked another successful year across the SM group. Each of our business areas contributed to consolidated revenue growth of 11% and earnings growth of 25%, even as we continued to invest in expansion across the country and in new high-growth sectors. We achieved this by staying close to our customers and by working to ensure positive benefits for all our stakeholders.

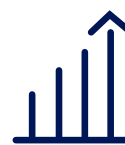
Philippine GDP grew by 5.6%, supporting strong consumption spending. Filipino consumers benefited from a record-low unemployment rate of 3.1% and ongoing positive growth in overseas Filipino worker remittances of 2.9%.

Inflation averaged 6.0%, ending the year at 3.9%, largely driven by rising energy and food costs. Against this, we worked hard to ensure our products and services continued to meet our customers' needs, whatever their wallet size.

Our banks delivered the largest portion of our earnings last year as they benefited from higher margins and broad economic growth. Meanwhile, our malls experienced high foot traffic and strong consumer activity, especially in F&B, entertainment and services. Similarly, in our retail businesses, discretionary spending was high, particularly in categories such as fashion, footwear, children, pets and health and beauty.

Our long-term policy of financial prudence ensured that, as a group, we were not adversely impacted by high interest rates. Our balance sheets remain strong, with our banks well capitalized and all businesses able to invest in their growth.





PHP616.3bn

Revenues

11%

Revenue Growth

PHP77.0bn

Net Income

Expanding to Serve More Filipinos

In 2023, we opened 419 new retail stores, 78 new bank branches and expanded our mall footprint by three malls in the Philippines. The vast majority of this expansion was outside of Metro Manila, intentionally expanding our presence into new provinces, where economic growth typically exceeds the national average. Many Filipinos today remain underserved by modern retailing, banking services and integrated property development. As one of the largest players in these sectors, our strategy continues to be to expand coverage nationwide and create new markets, even as we deepen how we serve our existing customers.

In this vein, SM Prime, our property arm, announced a goal to achieve a milestone of 100 malls in the Philippines by the end of 2027 from 85 today.

Alfamart, our minimart grocery format, intends to increase its expansion from 250 new stores a year to at least 400 commencing in 2024.

Meanwhile, in BDO, we continued to focus on branch expansion in the Visayas-Mindanao regions through BDO Network Bank. In China Bank, we enhanced financial inclusion by improving the accessibility and convenience of digital banking services.

We also aim to develop our presence in newer and higher growth sectors through active investments by our parent company. Our portfolio of investments now accounts for 9% of the group's earnings, with a medium-term goal to increase this into the mid-teens. Last year, we increased our stake in the leading logistics company, 2GO, to 67.2% after de-listing it from the stock exchange. After several years of investment and business turnaround, 2GO is now profitable. In 2023, the company also acquired two new ships to add to its fleet of 8 ROPAX (roll-on/roll-off passenger) vessels and one freighter, enabling it to serve more routes.

Meanwhile, following our acquisition of Philippine Geothermal Production Company (PGPC) in late 2022, last year we undertook the exploration of six new steam field areas in Northern and Southern Luzon with the aim to double our 300 megawatts of steam production from our two existing fields over the next five years.

We intend to invest more in the logistics and renewable energy sectors going forward and also to look for similarly high growth opportunities in other sectors where there are strong synergies within our ecosystem of SM businesses.

Inclusive and Responsible Growth

Last year SM celebrated its 65th anniversary and it was marked by many events to reconnect with our customers, tenants and the many MSMEs who have grown with our brand over the years. Today, we continue to operate with our Founder's fundamental belief that business growth and the good of our stakeholders go hand in hand. As we grow, we work hard to ensure shared value creation.

To this end, in 2023, we continued to champion workplace inclusivity for our 131,000 people and we deepened our support for the over 100,000 MSMEs among our tenants and suppliers. Through our Foundations, we undertook school building and scholar programs, constructed healthcare facilities nationwide and supported a number of farmer training. Our medical missions achieved the milestone of serving over one million Filipinos.

In our environmental advocacy, we ensured that each of our businesses has a comprehensive long-term sustainability roadmap and is looking to manage their environmental impact. We continue to support the UN Global Compact and 17 Sustainable Development Goals, the UN Women's Empowerment Principles, the Taskforce for Climate-related Financial Disclosures, the Carbon Disclosure Project and the Global Reporting Initiative principles.

In addition to our parent company's investments in renewable energy, our bank, BDO Unibank, is one of the largest funders of the local renewable energy sector, supporting 59 large-scale projects nationwide.

Recognitions

We are grateful to be recognized by a number of leading local and international awards bodies last year. The categories in which we were cited align well with our priorities. Our list of recognitions includes the following:

Several group companies were recognized in the Philippines' Best Customer Service 2023 awards, including the SM Store, Toy Kingdom, BDO Unibank, SM Markets and SM Cinemas.

Forbes magazine recognized SM as one of the World's Best Employers in 2023. Leading ESG rating company, Sustainalytics, again regarded SM Investments as Top Rated both among diversified financial companies globally and among all companies in Asia Pacific.

In governance, 10 SM companies were recognized by the Institute of Corporate Directors last year and as a group, we also garnered six regional awards by the ASEAN Corporate Governance Scorecard.

Our Thanks

On behalf of the SM group, I'd like to extend our thanks to our numerous stakeholders nationwide for their unwavering trust and support. This includes our dedicated people, our many supportive partners, our host communities and, in particular, our millions of customers. Your confidence inspires us to continue to grow, to do so responsibly and to serve more Filipinos.

We look forward to 2024 and the many opportunities ahead.

Thank you.



Frederic C. DyBuncio
President and CEO

Our Businesses

Our businesses work together as an ecosystem that serves our customers' needs. With a diverse portfolio spanning retail, property development, banking and more, we aim to provide a comprehensive range of products and services that cater to their needs, fostering convenience, innovation and sustainable growth.



Our Business Footprint



SM Retail

77.3%
Effective Interest

1,692
Alfamart

PHP415.0bn
Revenues

65
SM Supermarket

74
The SM Store

54
SM Hypermarket

219
Savemore

88
Waltermart

1,660
Specialty Stores

1
MindPro



SM Prime

49.7%
Effective Interest

24
Leisure Homes

PHP128.1bn
Revenues

18
Office Buildings

22
Integrated Lifestyle Cities

10
Hotels

85
Malls in the Philippines

6
Convention Centers

8
Malls in China

2
Trade Halls

67
Primary Residences

1
Arena

BDO Unibank

45.3%

Effective Interest

1,720

Branches in the Philippines

PHP186.4bn

Net Interest Income

4,803

ATMs

PHP73.4bn

Net Income

2

Foreign Branches



China Bank

22.5%

Effective Interest

648

Branches in the Philippines

PHP53.5bn

Net Interest Income

1,069

ATMs

PHP22.0bn

Net Income



Portfolio Investments

26.6%

Belle Corp.

71.3%

PULS

100%

PGPC

67.2%

2GO Group

95%

NEO Subsidiaries

64.1%

Goldilocks

34.1%

Atlas Mining

34%

NEO Associates

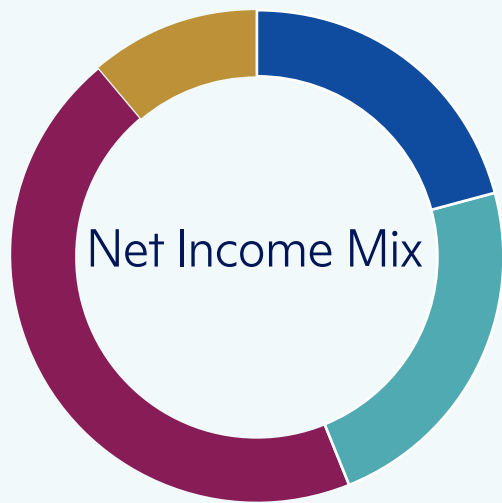
51%

Airspeed



Effective Interest

Our Financial Highlights



Financial Performance at a Glance

PHP77.0bn
Net Income

PHP616.3bn
Revenues

Performance Review

in PHP billions

Assets

2023	1,586.2
2022	1,479.4
2021	1,360.5

9%
3-year
CAGR

Revenues

2023	616.3
2022	553.0
2021	431.7

16%
3-year
CAGR

Net Income

2023	77.0
2022	61.7
2021	40.4

48%
3-year
CAGR

Core Businesses

FY 2023 Performance

	Revenues	% Chg	Net Income	% Chg
SM Retail	PHP415.0bn	10%	PHP19.9bn	11%
SM Prime	PHP128.1bn	21%	PHP40.0bn	33%
BDO	*PHP186.4bn	25%	PHP73.4bn	29%
China Bank	*PHP53.5bn	17%	PHP22.0bn	15%

Note: *Net Interest Income

Financial Position (PHP bn)	2023	2022	2021
Revenues	616.3	553.0	431.7
Net Income	77.0	61.7	40.4
Assets	1,586.2	1,479.4	1,360.5
Liabilities	814.0	787.2	736.9
Stockholders' Equity	772.2	692.2	623.6
Financial Ratios			
Current Ratio	1.1	1.2	1.2
Return on Equity	15%	13%	9%
Debt-Equity Ratio (Net)	33:67	35:65	38:62
Dividend Payout Ratio (based on SMIC Parent's net income)	79%	41%	85%
Per Share Data (PHP)			
Earnings per Share	63.0	50.9	33.5
Book Value per Share	455.5	406.6	371.6
Price Earnings Ratio	13.8	17.7	28.1
EBITDA	166.9	141.2	99.9

Share Performance

As of December 31, 2023

Share Price

2023	PHP872.0
2022	PHP900.0
2021	PHP943.0

Earnings Per Share

2023	PHP63.0
2022	PHP50.9
2021	PHP33.5



Awards and Recognitions

Corporate Governance



ASEAN Asset Class Top Performing Companies in the Philippines
Awarded to 6 SM Companies



4-Arrow Recognition
ASEAN Corporate Governance Scorecard Golden Arrow Recognition



Strongest Adherence to Corporate Governance #1

Best Senior Management Support #3

Most Organised Investor Relations #1

Best Strategic CSR #5

Sustainability



Sustainalytics
Regional Top Rated Company (Asia Pacific)



Sustainalytics
ESG Industry Top Rated Company



Platinum Award for Excellence in ESG

Employer



4-time Forbes World's Best Employer



Philippines' Best Employers 2023
Awarded to 3 SM Companies



Asiamoney
Best for ESG in the Philippines #1



Bronze – Best Corporate ESG Strategy

Communications



Bronze Award for the 2022 SM Investments Integrated Report



2022 Integrated Report

SM Brand Refresh

SMIC's Digital Communications Strategy



Silver Award for the 2022 SMIC Integrated Report

Customer Service



ESG Strategy
The Philippines' Best Customer Service 2023
Awarded to 5 SM Companies

Reporting



Silver Rank
With Reference to GRI Standards 2021

SM to Our Customers

We've got it all for you!

For decades, this catchphrase has resonated with our customers, but it means much more than just words. It represents the core of our mission, putting our valued customers at the center of everything we do.





Our Brand of Customer Service

From the very start, SM has embodied a customer-centric approach, recognizing that our relationship with our customers extends beyond individual transactions. We strive to understand the ever-evolving landscape of their lifestyles and preferences, anticipating their aspirations at every stage. With a carefully curated mix of brands, products and services, our unique ecosystem of businesses caters to their unique needs.

In addition to offering a wide range of products, SM has earned a reputation for providing great customer service. Our service culture comes from our retail origins that permeates across the group into our property, banking and portfolio ventures. With our customers' aspirations as our driving force, we strive to create a more personalized customer experience across all our businesses and platforms.

The SM Culture of Service

The SM Culture of Service is a legacy of our founder and has been deeply ingrained in our organization. At the core of this culture is our team members. They embody the values of leadership, teamwork, entrepreneurship, drive, enthusiasm and integrity. This year, five companies within our group, The SM Store, Toy Kingdom, BDO, SM Markets and SM Cinema, have been recognized as the Best in Customer Service by the Philippine Daily Inquirer and Statista. This is an affirmation of our dedication to delivering exceptional customer experiences.

Our Retail Businesses

Our retail businesses experienced great success this year as we expanded with 419 new stores, focusing on areas with higher economic growth and aiming to reach more Filipinos.



SM STORE

Personal Shoppers

Adding Fun and Convenience to Shopping



SM Store Personal Shopper takes customers to an in-store experience from the comfort of wherever they may be.

We'll shop for you—and you can receive your items as early as the same day via delivery or in-store pick up.

SM's Personal Shopper program brings the in-store experience right into the comfort of your home in real-time. Your very own designated shopping assistant will guide you as you explore an exciting variety of clothes, beauty, home finds, gifts and more, all within your particular budget.

The best part is that shopping with a Personal Shopper is easy. All you need to do is locate the SM Store branch nearest you. Once you've found the nearest branch, you can get in touch with the Personal Shopper assigned to that store at the contact numbers on the SM Store website through your video messaging app.

Provide your Personal Shopper with your shopping list—along with your selected brand, size and color. Once you've made your choice, confirm your order and choose your payment method: COD, credit or debit cards, bank transfers, or digital wallets like BDO Pay.

After confirming your order and payment method, simply schedule your delivery or in-store pick-up. There's so much fun and convenience in shopping the Personal Shopper way!

798

Personal Shoppers
Nationwide

24

SM Stores in
Metro Manila

50

SM Stores Outside
Metro Manila

The Beauty Playground for Women

We continue to develop SM Beauty as the beauty playground for all ages to discover, experience and experiment. With its wide range of mass to prestige cosmetics, fragrance, skin, and hair care, SM Beauty provides customers the delight of finding authentic products that cater to all of their beauty needs. Expect to find everything from trendy Filipino homegrown beauty brands, K-beauty brands, premium brands to classic favorites in SM Beauty.

To further enhance our in-store experience, SM Beauty is also home to beauty hubs—where customers can enjoy beauty services like hair coloring and makeovers right inside the department store. We also continuously refresh our stores with eye-catching and engaging displays and installations that are relevant and timely. We have also enlisted more beauty advisers who are always ready to assist our customers in their beauty discovery journey. Our beauty advisers are well-equipped with no-fail beauty tips and are knowledgeable about the latest beauty trends.

Whether it is browsing for the right product, trying out a new item, or experimenting with new looks, there is space for every one to play and discover beauty in SM Beauty.

With over
1,000
Beauty Brands
Across All SM Stores



SM Beauty continues to elevate in-store experience through new and innovative store designs.



So much to discover at SM Beauty in all seasons.

SM Green Finds

A Sustainable Way of Life

Everyday living goes green with a selection of sustainable and eco-products at the SM Store.

With Green Finds, SM plays a pivotal role in positively impacting consumer behavior. We've created an ecosystem that will bring consumers and suppliers together to shift to a more sustainable way of life—through clean beauty, sustainable fashion and eco-friendly home living.

Clean beauty highlights non-toxic cosmetics and skincare products free from harmful chemicals like parabens, sulfates and synthetic fragrances.

Sustainable fashion involves using eco-friendly materials, contributing to the reduction of water and energy consumption while supporting innovation in the fashion industry.

Eco-friendly homes are low maintenance and have a minimal impact on the environment, with furniture and home furnishings made with natural, durable and recycled materials.

SM Green Finds is part of a larger group-wide initiative called the SM Green Movement, where SM Store and its affiliates make sustainable living accessible for the average Filipino consumer by carrying products made from natural ingredients, support community livelihood and are sustainably sourced and produced.

Today, Green Finds has 12,000 products that qualify as sustainable. We aim to continue expanding and increasing its market share and in-store revenue, which currently accounts for 2% of the overall contribution.



The SM Green Finds collection is prominently displayed inside SM Stores.

SMAC

Making Shopping More Rewarding

A world of rewards awaits you as you shop with SMAC! By simply using your SMAC card while shopping, you can earn points, enjoy discounts and receive exclusive perks from brands that fit your lifestyle.

With over 10 million members, SMAC has become one of the largest and most successful loyalty programs in the Philippines. It has made shopping more rewarding at SM Stores, SM Markets and retail stores like SM Appliance, ACE Hardware, Watsons, Uniqlo, Toy Kingdom and more.

As a SMAC member, you can enjoy exclusive offers while dining out, relaxing, traveling and even refueling. The more you shop with your SMAC Start, SMAC or SMAC Prestige Card, the more points, savings and exciting perks you can enjoy.

Upgrade your shopping experience with the SMAC Prestige Card. Enjoy exclusive shopping offers, access to the SMAC Prestige Lounge, priority fitting rooms at The SM Store and express check-out lanes at SM Markets.

SMAC is not just about rewards; it's about making a difference. Members can participate in various community programs and advocacies supported by SMAC, contributing to positive change in society.





A dedicated supermarket staff member, embodying our commitment to exceptional customer care with service-oriented values.

Providing Service with Excellence

In 2023, SM Markets opened 12 new stores across the Philippines, expanding our reach and bringing quality products and exceptional service closer to Filipino homes. Two new SM Cherry branches in Aklan and Rizal further solidified our presence in key areas.

Following the iconic SM Turon (banana spring roll), SM Markets consistently brings innovation by introducing BBQ Master, which quickly became a favorite among our shoppers. Additionally, we expanded our dine-in options with Five Star Coffee, which is available in most stores, and opened 14 United Steak branches for a diverse dining experience.

With over 8,000 international items, including Japanese and Korean products, we proudly serve as the home of imported goods. Through exclusive partnerships, like our collaboration with Australian supermarket brand Coles, we continually expand our selection of high-quality imported goods. Local products and pasalubong (souvenir) items are also prominently featured.

We were honored to be recognized by the Philippine Daily Inquirer and Statista as Best in Customer Service 2023 in the Supermarket category. This award is a testament to our unwavering commitment to providing exceptional service and satisfaction.

Service is at the core of our values. Every interaction, product offering, and innovation is driven by our dedication to serving our customers with excellence. As we grow, SM Markets remain steadfast in delivering top-notch service, ensuring that every shopping experience with us is exceptional.



Our Property Businesses

Our property businesses had a successful year, with notable achievements and progress. Led by SM Prime, our goal is to reach 100 malls in the Philippines by the end of 2027, while also expanding our portfolio of residences and hotels to meet the evolving needs of our customers.



Revolutionizing the Mallgoer Experience

The customer experience is at the heart of our mall operations. Whether it's shopping, dining, entertainment, special events and attractions, We've Got it All for mallgoers.

We've innovated and introduced a seamless and enjoyable customer journey, tailored to cater to every family member's experience.

We've elevated mall-going to a whole new level through "fandomination" that brings nationwide pop culture celebrations to life. This features Taylor Swift listening parties, K-Pop activations and concert film series of BTS, NCT, Beyoncé and Taylor Swift at SM Cinemas.

Immersive gaming and e-sports tournaments in our malls, particularly during SM Cyber Month, elevate excitement levels for gamers and gaming content creators. The unveiling of SM Game Park at SM Mall of Asia adds to this thrill, establishing it as an exhilarating sports destination.

Each of our 85 malls embraces the vibe of its community with the aspirations of the Filipino family at its core.



The Philippines' largest inflatable, Snoopy, stands atop SM Megamall.



Larger-than-life corgi, Momo, charms visitors at SM Mall of Asia.

Enabling An Inclusive and Sustainable Economy

Our malls are venues for job seekers to explore career opportunities. We continue to host job fairs in partnership with the Department of Labor and Employment, where we welcome fresh graduates and returning Overseas Filipino Workers.

We enable micro, small and medium enterprises (MSMEs) to thrive, with inclusive opportunities such as the "Womenpreneur Market" and "Kiddo-preneur Fair".

For our communities, especially SuperMoms loyal to SM, we established the now 285,000-strong SuperMoms Club Facebook community, concluding the year with a 76% average active membership rate.

The 100 Days of Christmas Surprises campaign across 80 malls garnered over 20 million views, reaching over 27 million people.

Our sustainability efforts engaged over 17,000 volunteers in the biggest International Coastal Clean-up led by SM Cares, resulting in the removal of 100,432 kilos of trash across 15 malls nationwide, reinforcing our commitment to a greener future through a culture of volunteerism.

Building Premier and Sustainable Lifestyles



SMDC integrates open spaces into their developments, offering sustainable living options conveniently located in main city centers and key provinces.

As the primary residential business unit of the SM group, we remain steadfast in providing Filipinos access to a sustainable and attainable cosmopolitan lifestyle. We build masterfully planned developments, for prospective homeowners to find their dream homes across key cities and emerging growth centers in the Philippines.

We offer diverse real estate options as a partner of choice for residential and investment opportunities in the country.

As of 2023, we have more than 180,000 residential units across our 67 developments in various key areas in the Philippines, including Metro Manila and other emerging growth areas beyond the city center, such as Tarlac, Batangas, Cavite, Laguna, Bulacan, Pampanga, Rizal, Iloilo, Bacolod, Davao and Cagayan de Oro.

We have ventured into the creation of other innovative project formats such as residential office developments, exemplified by projects such as the Ice Residences in Pasay City. This strategic expansion not only diversifies our portfolio, but also addresses the growing demand for integrated living and workspace solutions within the Mall of Asia Complex.

We are venturing into more upscale offerings through the development of The Estate in Makati, a joint venture project with Federal Land. This project features a commanding skyline of Makati City's central business district while offering a luxurious abode close to schools, churches, hospitals and other commercial centers.

Together with SM Prime, we are set to expand our portfolio beyond our current 67 SMDC residential developments across our 22 lifestyle cities. We continue to address the homeowner's journey towards an enhanced and more sustainable living experience.

Key Property Developments

22

Integrated Lifestyle Cities

18

Office Buildings

2

Trade Halls

85

Malls

1

Arena

10

Hotels

67

Primary Residences

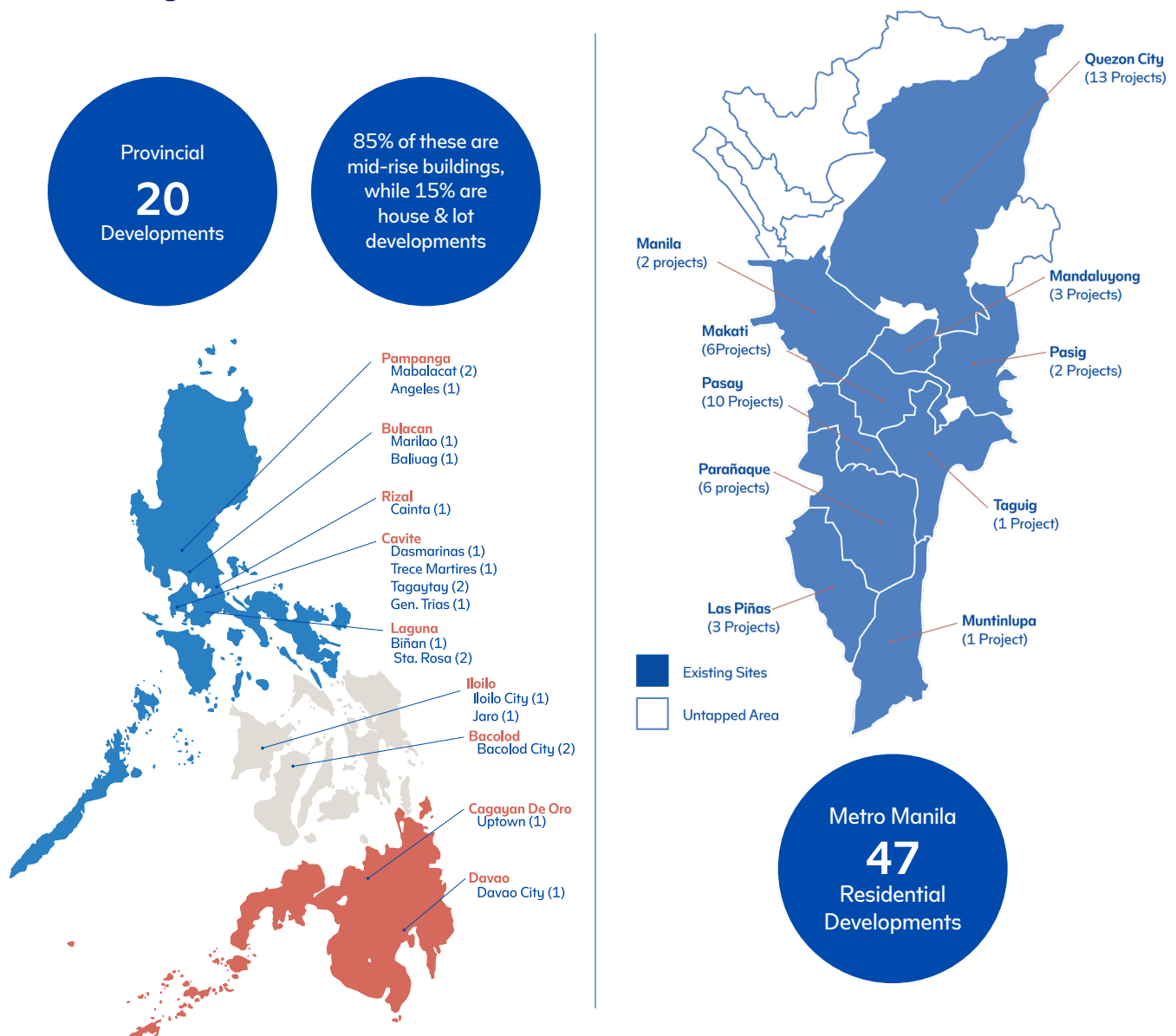
24

Leisure Homes

6

Convention Centers

Primary Residences



Offices

18

Office Buildings

5

Office Located in
in the Mall of Asia
Complex

118

Hectares of land for
future office developments

An Expansive, Enhanced Hotel Experience

As tourism increases and people travel more, visitors, foreign and locals alike, are looking for spaces where they can experience true Filipino hospitality.

Aiming to serve travelers and guests in areas where no branded hotel has gone before, SM Hotels signed a Master Franchise Agreement with Radisson Hotel Group to build 14 hotels in the country by 2028. This collaboration will introduce the global brand Park Inn by Radisson not only to primary destinations but also to areas where there is a need for good hotels. This complements our integrated property developments, stimulating domestic tourism and enabling greater economic activity.

An excellent addition to our portfolio is Lanson Place Mall of Asia – a hotel and serviced residences property development 15 minutes away from the airport using the Ninoy Aquino International Airport Expressway (NAIAX). Built in partnership with Lanson Place Hospitality Management Limited (LPHML), this is the first property in the Philippines of the Hong Kong-based hospitality brand.

Guests also get to enjoy our great local flavors from our à la carte menus, of which over a third is dedicated to sourcing local ingredients, products, and culture.

We also remain committed to sustainable efforts in support of MSMEs across our properties. More than 80% of our employees are locally hired, and we continue to promote local businesses and culture. These actions and achievements complement the vibrant tourism landscape and set new benchmarks in the local hospitality industry.



Guests can enjoy dishes from our hotels' à la carte menu highlighting locally sourced ingredients.



Radisson Hotel Group (RHG) APAC Chief Development Officer Ramzy Fenianos, RHG Chief Executive Officer Federico González, SM Hotels and Conventions Corp. (SMHCC) President Elizabeth Sy and SMHCC Executive Vice President Peggy Angeles, at the Master Development Agreement (MDA) signing ceremony

Our Banking Businesses

Our banking businesses experienced significant success this year. With higher margins and a thriving economy, our banks delivered impressive earnings and played a leading role in our overall success.





Bringing the Best of Both Worlds with Physical and Digital Banking



At BDO, customers can enjoy personalized service and convenience through our extensive branch network and friendly staff.

Money has seen several transformations over time. It has traditionally been denominated, handled and transferred using physical forms, such as paper notes, coins and even valuable commodities like gold, precious stones or livestock. However, money is inherently numeric and digital, which now enables electronic banking, quick transfers and advancements such as e-wallets, digital-only banks and cryptocurrencies like Bitcoin.

Despite this digital shift, banking still revolves around fundamental principles of trust, integrity and strong foundations. Customers still value the ability to visit nearby branches and discuss their financial needs with familiar faces and to feel at ease when any concerns arise.

BDO aims to provide the best of both worlds by seamlessly integrating traditional and digital banking services. Customers can enjoy personalized service and convenience with our extensive branch network and friendly staff.



PHP73.4bn
Net Income

PHP4.5tn
Total Assets

15.2%
Return on Equity

Additionally, our user-friendly digital banking apps offer a range of features for easy and enjoyable banking, including payments, transactions and investments. Plus, we offer exclusive rewards programs to enhance the overall customer experience.

Finding Ways to Continue Driving Financial Access

BDO champions financial inclusion through BDO Network Bank's presence in provinces and Cash Agad's reach in remote areas and communities.

BDO Network Bank (BDONB) is a leading community bank driving financial inclusion in the Philippines. BDONB provides essential financial services to far-flung regions throughout the country so that more Filipinos can achieve their dreams and goals in life.

With products and services such as Salary Loan, Negosyante (entrepreneur) Loan, Microinsurance and Cash Agad, BDONB supports the aspirations and business needs of the communities that it serves. Together with BDO Foundation and SM Foundation, BDONB helps communities thrive by engaging in financial education, classroom building, medical missions, rural health unit rehabilitation and calamity relief operations.

Guided by the philosophy "abot ang pangarap" (dreams can be reached), BDONB is committed to being where it is needed most, serving communities across the Philippines. The men and women of BDONB are passionate about uplifting lives. For them, working at BDONB is not simply a source of income but a mission to make a difference in the lives of many Filipinos.

Cash Agad Agency Banking is one of BDO's financial inclusion initiatives extending its reach in remote areas where branches and ATM channels are scarce. With a

roster of close to 10,000 cash agents nationwide, they cover 100% of provinces and 92% of the municipalities in the Philippines to provide basic services such as cash withdrawals, balance inquiry, bills payment and cash deposits for select partner agents.

To further promote inclusive finance, Agency Banking collaborates with BDO Remit and BDO Network Bank in account solicitation and loans to MSMES as part of our service to communities around the country.

Expanding Wealth Capabilities

To serve discerning and high-net-worth clients, BDO Private Banking has consolidated its enterprise-wide wealth services through private banking centers strategically situated in Metro Manila (Makati, Ortigas, Greenhills, Quezon City, Binondo and Alabang), provincial cities (Cebu, Davao and Iloilo) and its offshore branches in Singapore and Hong Kong.

With BDO Private Banking, customers can gain access to both local and global investment opportunities and custom investment strategies tailored to their financial needs. We also offer comprehensive wealth structuring plans backed by technology and data-driven solutions to help you achieve your diverse investment goals and preserve your generational wealth.

BDO Private Banking also brings together the most seasoned wealth experts, local and global alliances and partners of BDO, including Relationship Managers, Investment Strategists, Product Specialists and Trust Advisors. Whether you're looking to grow your wealth, invest in quality opportunities or simply secure your future and the future of your family, we will find ways.

9,700

Cash Agad partners

500

Branches
BDO Network
Bank



Our user-friendly digital banking apps offer easy and enjoyable banking, including payments, transactions and investments.

Growing With and for Our Customers



With our dedicated team and a nationwide network of branches, Chinabank delivers seamless in-branch experiences.

In 2023, Chinabank responded to the increased demand for financial services while staying true to its client-centric roots.

Our sharpened customer focus enabled us to sustain our strong growth momentum. We closed the year with 2.6 million customers and a net income of Php 22.0 billion, up 15%, which translated to a return on equity of 15.5% and a return on assets of 1.6%.

Chinabank remains as the 4th largest privately-owned domestic bank with total assets of Php 1.5 trillion, up 11%. Total deposits increased by 11% to Php 1.2 trillion. Our loan portfolio grew by 10% to Php 791 billion, driven by strong demand across client segments.

In 2023, we continued to refine our omnichannel approach, combining the high-touch warmth of personalized service with the high-tech efficiency of automation. We harnessed the power of our 10,662-strong team, our vast nationwide network of 648 branches and 1,069 ATMs and our robust digital platforms to deliver great customer experiences in-branch and online.



PHP22.0bn
Net Income

PHP1.5tn
Total Assets

15.5%
Return on Equity

We implemented product enhancements like instant credit card issuance and client-facing application upgrades on InstaPay and our payment gateway. Meanwhile, our overall IT architecture is undergoing an overhaul, with a new cloud-first policy as part of our ongoing digital transformation.

For making customer-centricity, multi-channel interaction and personalized products and services the key drivers of our digitalization, Chinabank was named by Backbase as The Big Shift Champion of the Year. The award recognizes our successful transition from conventional to engagement banking.

648
Branches

1,069
ATMs



A testament to our commitment to better customer engagement.

To support our business customers, we efficiently allocated resources while upholding credit standards and risk appetite. For consumers, we re-engineered our lending processes to fast-track approvals to three days for home loans and to one day for auto loans. We also launched the Chinabank Destinations World Mastercard, the Chinabank Destinations World Dollar Mastercard and the Chinabank Destinations Platinum Mastercard to make traveling more rewarding.

To serve Filipinos abroad, we expanded our international remittance network, partnering with Singapore's SingX as well as Malaysia's Mobile Money and Thailand's DeeMoney via the RippleNet platform.

To help customers better understand financial and estate planning, as well as the economic developments that impact our clients' financial well-being, we conducted learning sessions and market outlook forums year-round.

Meanwhile, our investment house arm Chinabank Capital continued to be among the top bookrunners for bond and equity transactions in the Philippines. During the year, Chinabank Capital helped raise a total of Php357 billion for the development projects of the national government and Php188 billion for the growth plans of companies.

On the ground, in the cloud and across the Chinabank Group, we are focused on our customers and we will continue to help them achieve their financial goals and build lasting relationships with them.



Through our robust digital platforms, we provide convenient and user-friendly online customer experiences.

Our Portfolio Investments

Our portfolio of investments aims to grow its share in the group's earnings by investing more in the logistics and renewable energy sectors while also exploring high-growth opportunities in sectors that align with our ecosystem of SM businesses.





Giving Customers an Integrated, Convenient and Reliable Transport Experience



2GO continues to be the country's largest end-to-end transportation, logistics and distribution solutions provider.

In 2023, we welcomed aboard more than 1.1 million passengers, a 45% increase from 2022, bringing them to their destinations—the 18 ports of call of 2GO Group. We worked to make the travel for our passengers as convenient as possible, forging partnerships with SM retail affiliates such as Watsons, which is now available on 2GO ships.

To increase weekly capacity for both passenger and cargo, we purchased two new vessels, MV 2GO Masikap and MV 2GO Masigla. We are also adding more premium rooms to MV 2GO Maligaya, increasing passenger capacity from 646 to 800. Passengers can also enjoy Filipino favorites Goldilocks, Brownies Unlimited, Kultura and Miniso onboard.

Extending our services closer to consumers, we have also expanded our retail footprint as we opened our 100th 2GO-owned retail store at Greenhills Shopping Center.

As the lifeblood of trade for our B2B customers, freight shipping is essential to moving goods across the country. 2GO freight revenues increased compared to the previous year as a result of cargo mix upgrading.

Backed by more than 25 years of expertise in project logistics of big moves from origin to destination, we handled custom processing for various industries including energy, telecom and infrastructure.

We have established end-to-end cold chain as 2GO Special Containers and Value Added Services, Inc. (SCVASI) provided consultancy and technical expertise in new projects. Serving commissaries in hubs also expanded our reach to Visayas and Mindanao. Committed to safety and reliability, food and non-food grade liquids are moved in different iso tanks.

E-commerce orders have averaged 65,000 per day, hitting up to 115,000 in a single day. More vessel frequencies opened for Batangas to VisMin lanes, allowing us to cater to the fast-growing vehicle manufacturing industry in Southern Luzon.

Our lead customer, a vehicle manufacturing company, grew its cargo volume by 25%. We continue to support economic activities and trade to foster a more inclusive social and economic development.





Forwarding an Inclusive Economy

Our freight forwarding business continues to serve customers in critical industries that impact the economy.

We continued our support for the healthcare industry, which has grown to be one of our strong niche markets.

In 2023, we invested in a temperature-controlled warehouse facility in Metro Manila, enabling the safe and secure delivery of medical supplies and equipment to local pharmaceuticals.

Aligned with the SM group's focus on enabling businesses in growth regions, we built a warehouse facility in Mandaue, Cebu, to cater to MSMEs in the Visayas and Mindanao. This provides our customers greater access to various local and foreign destinations for their e-commerce businesses.

We are also a partner for businesses needing cross-border logistics solutions. As the global economy grows, the demand for efficient, reliable cross-border logistics solutions increases. We continue to offer comprehensive services including international and domestic freight forwarding via air, sea or land, customs clearance, storage solutions such as e-commerce fulfillment and warehousing and distribution.

We are also focusing on e-fulfillment, a key factor in the success of MSMEs. We offer customized services for e-Commerce companies to ensure their items are delivered online and stored safely, picked up and delivered within a guaranteed timetable.

Together with the government's Negosyo Centers, we are partnering with existing small brick-and-mortar businesses like sari-sari stores which will serve as pick up and drop off (PUDO) points for retail customers with logistics needs in far-flung barangays.

Airspeed 'makes it happen' in building businesses, empowering lives and developing communities.





Creating Joyous Moments with Goldilocks



Goldilocks introduced new cake selections, giving more joy to Filipino celebrations.

At Goldilocks, we have always aspired to bring joy to every celebration by delivering on our commitment to innovation and total customer satisfaction.

We created 10 new types of cakes in 2023 with limited edition flavors such as Mom's Choco Cake and Mango Dream, ensuring celebrations during Mother's Day are extra special. Our Merry Cherry Choco captured the essence of the holidays last Christmas to spruce up the typical Noche Buena spread.

In our dedication to enhance the joy of celebrations, we introduced exciting, new experiences to our customers. Our One-derful Birthday campaign last September allowed families to enjoy their child's first birthday with a Goldilocks-themed party for free. In 2023, we collaborated with notable brands like Mobile Legends, a leading multiplayer battle arena game, to create a custom cake design to celebrate their 7th anniversary. Additionally, we played a role in the enchanting celebration of the union of Enrique Miranda and Ella Pangilinan by crafting a custom cake with Filipiniana theme.

We continue to build on our brand's momentum by mixing modern and trendy concepts that bring to life joyful celebrations stories.

Closer to Our Customers

In 2023, we increased our customer reach by introducing 41 new stores, elevating our nationwide total to 926. We have also expanded responsibly in emerging growth centers in the region, with over 40% of our new locations situated in Visayas and Mindanao. The growth of our franchise network is notable, having reached 360 stores nationwide through collaboration with 70 franchisee partners. Many of these partners were originally Goldilocks customers who transitioned into valuable partners and contributors to our expanding footprint.

We take great pleasure from being the brand Filipino families trust to enhance joy and create lasting memories during their milestone celebrations.





PHILIPPINE GEOTHERMAL

Exploring a Better and Sustainable Future



PGPC exploration prospects in South Luzon.

Philippine Geothermal Production Company, Inc.'s (PGPC) expansion also demands increase in its steam production and economic opportunities in areas we operate.

PGPC operates the Tiwi and Mak-Ban steam fields that, as of October 2023, have produced 148 billion kWh of clean renewable energy. This is equivalent to 275 million barrels of avoided oil imports and has helped reduce CO2 emissions by at least 58 billion kilograms since the start of its commercial operations in 1979.

Currently, PGPC and its affiliate companies are exploring additional geothermal energy projects in Daklan, Mt. Labo, Mt. Malinao, Cagua and Baua-Sikaw, and Kalinga for a total development potential of about 250 – 400 MW. This is in support of the country's national goal to increase its renewable energy mix to 35% by 2030 and to 50% by 2040.

We also continue to support our established Tiwi Upland Management Areas for Nature-based Agriculture (TUMANA) program for the agricultural training

needs of the local communities. The hub that we built together with our partners as part of this program has now become the learning resource center for the Tiwi municipality. It also offers internship programs for the youth who take interest in agriculture and agricultural management.

Partnering with the local government units and academic institutions, we have two adopted plantations under our Kupkop Kabundukan (adopt the mountains) program and continue to collaborate with the Makiling Center for Mountain Ecosystems of the University of the Philippines Los Baños for the conservation and protection of the forest reserve and four of its surrounding watersheds.

We also continue to pursue efforts to rehabilitate forests and mangrove forests along the Bariis River and bay area in Tiwi as part of our Environmental Conservation Sustaining Tiwi's Agri-Aqua Resources (ECO-STAR) Program. These forests also serve as a sanctuary for sea turtles which are considered as keystone species.

SM to Our Stakeholders

SM is committed to inclusive and responsible growth, ensuring that the well-being and success of our stakeholders are at the forefront of our operations. Through workplace inclusivity initiatives, support for MSMEs, community outreach programs, and environmental sustainability efforts, we strive to create shared value and make a positive impact on society.



How We Create Shared Value

First, our customers, then, our stakeholders.
By meeting their needs, they embraced our brand.

Our Valued Resources

We take a synergistic approach in managing our assets to deliver sustained returns and foster sustainable development

Manufactured Capital

Our Integrated Developments

A unique mix of malls, residences, office buildings and hotels facilitating urbanization

Intellectual Capital

The SM Brand

The SM brand is one of the most popular and trusted brands in the country

Social Capital

Our Connection to Our Customers

We know our customers and we have a deep understanding of their needs and wants

Our Empowered People

We have a diverse group of people that mirror our diverse customers

Our Inclusive Supply Chain Network

Over the years, we have grown alongside our suppliers, forging enduring partnerships

Our Relationship with Our Communities

Wherever we are present, we help uplift the lives of Filipinos in our host communities

Natural Capital

Geothermal Energy and Environmental Assets

We optimize our environmental assets to help in the just transition to low carbon economies

Financial Capital

One of the Largest Market Capitalization in the Country at Php 1.1tn

• Total Equity **Php 772.2bn**

What We Do and How We Do It

We operate as an ecosystem, with our businesses working together to achieve shared goals in serving and meeting the aspirations of Filipinos. We prioritize our customers, practice financial prudence and ensure good governance while keeping an eye on the future.





What's Important to You and What We Delivered

Manufactured Capital - Supporting Urbanization

Our Integrated Developments

- 3 new Malls in the Philippines
- 1 new Hotel
- 1 new Mall in China
- 3 new Residential Projects

Intellectual Capital – Businesses/Innovations that Enhance the SM Brand Experience

The SM Brand

- 798 SM Store Personal Shoppers nationwide
- 5 companies within SM have been recognized with the Best in Customer Service award by the Philippine Daily Inquirer and Statista

Social Capital - Meeting the Ever-Evolving Aspirations of our Customer and Stakeholder

We create socio-economic opportunities that promote inclusive prosperity for all

- SM is one of the largest job creators with 131,000 jobs offered in 2023
- SM has the largest MSME community supporting over 100,000 to date
- 58% Women in leadership roles

We create positive community impact

- 1,728 scholarship grants in 2023
- 10,564 scholar graduates to date
- 172 schools donated/constructed
- 372 health centers and medical facilities built/renovated

Natural Capital – Managing Environmental Impacts and Finding Practical Solutions

Geothermal Energy and Environmental Assets

- PGPC's Steam Output generated 2,604.4 GWh in 2023
- 2.65Mn trees/ seedlings planted
- 24 hectares of mangroves protected
- 3 marine protected areas
- 23.3 MWp capacity of solar panels installed in SM Supermalls
- 2 adopted plantations under PGPC's Kupkop Kabundukan program

Financial Capital – Accelerating Inclusive Economic Growth and Partnerships

- Assets: **Php 1,586.2bn**
- Net Income: **Php 77.0bn**
- Revenues: **Php 616.3bn**
- Sustainable Energy Finance: **Php 119.8bn**
- BDO Loans to National Projects: **Php 73.0bn**
- BDO Loans to SME: **Php 50.1bn**
- China Bank Microfinancing Loans to MSMEs: **Php 19.2bn**

Some Positive Impact We Create



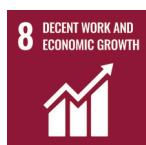
We facilitate responsible urbanization and development

- Through our property arm, SM Prime, we were able to build integrated property developments in Metro Manila and in key provincial cities in the Philippines, contributing to national goals in urbanization



We are pioneering a fully customer-centric Filipino brand incorporating sustainability as brand values

- Our customers can experience the SM Omnichannel



Our Connection to Our Customers

- SMAC loyalty program with **10M members**
- Personalized Customer Service

Our Empowered People

- We established a principles-based Diversity Equity and Inclusion (DEI) Framework in our workplace

Our Inclusive Supply Chain Network

- The leading hub for MSMEs
- Over 12,000 products under SM Green Finds

Our Relationship with Our Communities

- Through our social development programs, we contribute to reducing the gap in accessing social services



We promote natural habitats, environmental stewardship and nature-based solutions

- We contribute to the reforestation and rehabilitation goals of the country and the Department of Energy's targets for renewable energy sources



We generate profits with purpose, contributing to national growth and partnerships

79% dividend pay-out

10 SM companies received Golden Arrow Awards from the ICD

6 SM companies received ACGS regional awards

Our Valued Resources



Intellectual Capital

Embracing the Aspirations of Those We Serve

Over the past decades, the SM brand has emerged as one of the strongest in the country. Through the targeted integration of products and services, we are able to help jumpstart economic activities in the communities we serve. We support businesses, build sustainable cities, provide financing and promote social equity through education, healthcare and food security, creating jobs and opportunities. In this manner, as we work to meet the needs of those we serve, we have become a partner for Filipino families in achieving their aspirations.

Social Capital

Why Connecting with Our Customers is Good Business

As a wave of new customers gravitated towards our malls, we recognized their readiness and eagerness to engage in new social experiences. Many seek a healthier lifestyle, new entertainment platforms, immersive experiences and more convenience. With this, we've expanded our range of services to provide immersive omni-platforms, engaging our customers as active curators of these experiences.

A Country of Budding Sustainable Enterprises

We have established ourselves as a leading hub for MSMEs, directly engaging with over 100,000 and accommodating 20,615 tenants in our malls. Our comprehensive startup programs offer financing, mentorship and a marketplace for aspiring entrepreneurs. Furthermore, we use our influence to encourage our supply chain partners to prioritize sustainability in their product development to be able to offer our customers environmentally-friendly choices.

Growing with Our Communities

Wherever we are present, we work alongside our host communities. While our business naturally creates value by creating jobs, promoting entrepreneurship and facilitating financing, we acknowledge that some members of our communities need additional support. That's why our Foundations are dedicated to providing quality education, universal healthcare and agricultural skills training for food sufficiency. Through these programs, we empower communities to aspire, grow, and look toward a brighter future.



Manufactured Capital

Sustainability and Resiliency Define Filipino Cities of the Future

About half of Filipinos live in urban areas and we are committed to supporting their rapid urbanization needs. Our integrated lifestyle cities, centered around malls that serve as community hubs, offer the convenience of a 15-minute city model. Within walking distance, residents can access SMDC residential units, hotels, convention centers and offices. We also prioritize sustainability and resiliency in all our developments, allocating 10% of our capital expenditure to incorporate water catchments, clean energy, waste management and recycling.



Natural Capital

Materials for Smart Natural Resource Management

We have adopted a group-wide strategy to address our plastic waste, aiming for plastic-free operations or responsible plastic waste management. In 2023, our group has successfully reduced our plastic usage by 20%, with 2GO achieving net-zero non-biodegradable plastic usage. Our ultimate goal is to completely eliminate the use of plastics by exploring alternative materials and collaborating with partners for waste conversion.

Human Capital

Embracing Diversity

Delivering our promise of “having it all” for our customers is a diverse workforce that mirrors the diversity of those we serve. Under the leadership of Lizanne C. Uychaco, our Group Diversity Officer, we have established a principles-based Diversity Equity and Inclusion (DEI) Framework within our organization. Our goal is to create a workplace where everyone feels valued and included—a space where they can also thrive and make meaningful contributions to our business objectives and values.

63%
women in our
workforce

58%
leadership positions
occupied by women

Lizanne C. Uychaco,
Group Diversity Officer



Financial Capital

Delivering Purpose-Driven Profits

As a company committed to community and nation-building, our fiscal practices are guided by our vision of building sustainable businesses that drive responsible development. We prioritize sustainable returns, maintain strong balance sheets and adhere to prudent financial practices. These measures support our ability to deliver long-term growth and financial success.

To ensure financial stability and growth, we have implemented thorough controls and risk management programs tailored to each business unit's needs. These measures also take into account environmental, social and governance (ESG) related financial risks.

Although our businesses operate independently, we focus our collective resources on growth investments that benefit both our business expansion and social development.



Summary of Survey and Materiality

We Value What Matters to Our Stakeholders

We apply a dual materiality approach to understand what matters to our business and also assess our ability to create shared value that our stakeholders could feel. This approach involves assessing both impact materiality and conducting risk assessments.

Who are Our Stakeholders?



Our People



Our Customers



**Our Suppliers
& Business Partners**



Our Communities



Our Investors

How did we engage them?

Our Inputs

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

1

Identification

We identify the topics that are relevant to our governance and operation in the context of economic, social and environment.

2

Validation

We conduct a survey to determine how our activities impact our stakeholders and what potential risks are involved.

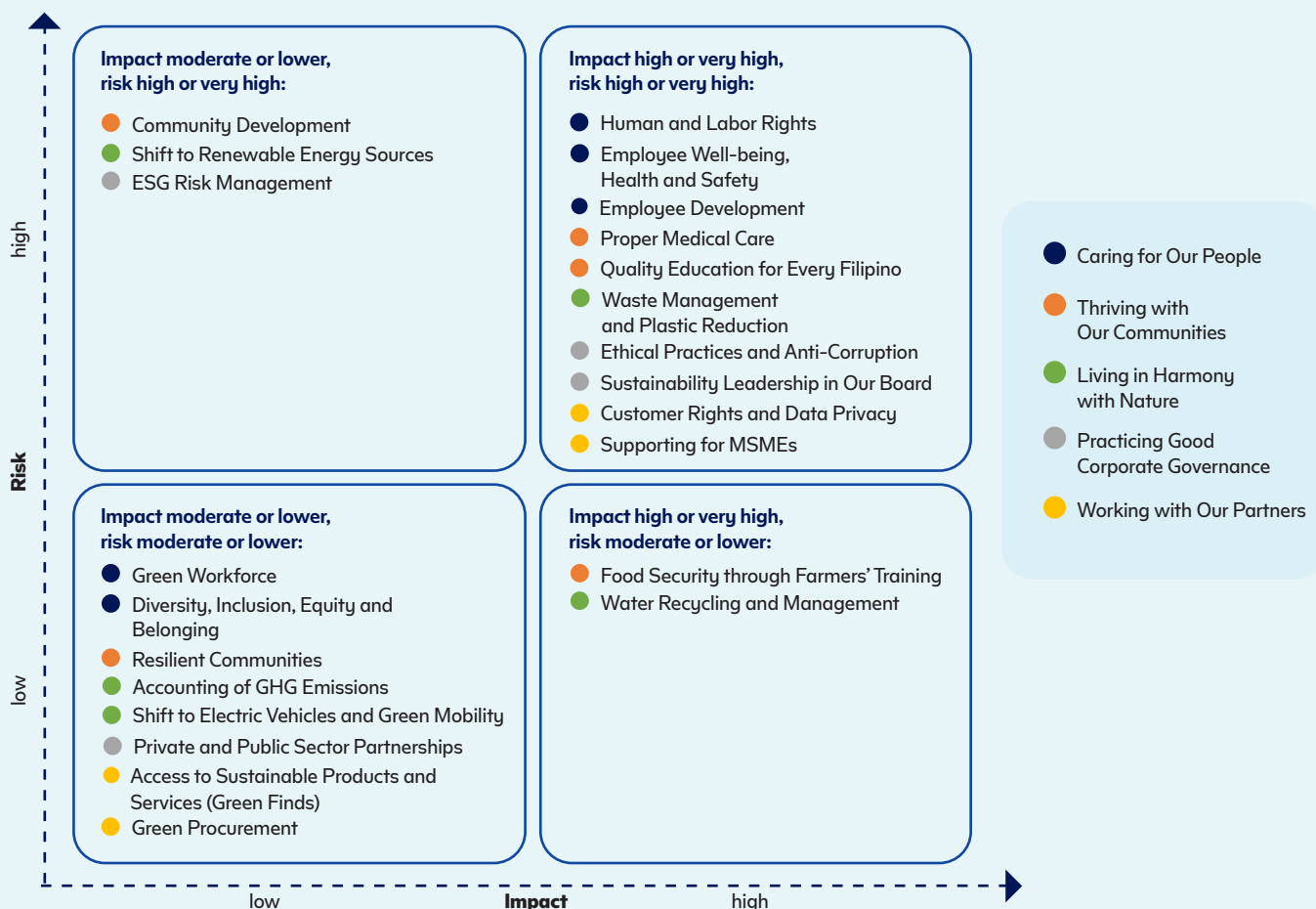
3

Approval

Our Board deliberates on these relevant topics and incorporates in our business strategy and sustainability initiatives.

What did they tell us?

Our stakeholders identified where we create the most impact for them and which topics pose as risk in our ability to serve them.



Our Reports

UN Global Compact	<p>We are a signatory of the UN Global Compact, upholding the 10 Principles clustered in Human Rights, Labor Rights, the Environment and Anti-Corruption.</p> <p>This year, we expanded our Sustainability Policy and established a Sustainability Management System to ensure the implementation of the 10 Principles within our businesses and served as co-lead of the Prosperity Pillar in UNGC Philippines and now appointed as the lead of the said pillar. We developed an ESG Risk Management Framework aligned to ISO 31000, COSO and WBCSD.</p>
Task Force on Climate-Related Financial Disclosure (TCFD)	<p>We are a signatory of the TCFD, assessing the risks and opportunities we face with climate change. This year, we partnered with the World Wide Fund for Nature (WWF) Philippines in their advocacy for Corporates for a Better Planet Initiative (CBPI). This is part of our commitment to TCFD in order to report our efforts in (a) Establishing Mitigation Strategies by measuring our GHG and finding opportunities for reduction; and (b) Creating Adaptation Strategies incorporated in our Business Continuity Plans by understanding scenario analysis results to our business.</p> <p>Our implementation phases: Phase 1: Gap analysis in 2022: SM Prime Holdings (SMPH), BDO, Atlas, SMIC Phase 2: CBPI Measure Phase (Assessment of the climate resiliency and sustainability of BUs) Pilot: SMPH Batch 1: 2GO, PGPC, Airspeed Batch 2: SMIC Parent, Goldilocks, NEO Batch 3: SM Retail, Belle Group, Atlas Mining</p>
UN Sustainable Development Goals	<p>We identified focus SDGs where our group can create the most impact of which we report our yearly progress:</p> <ul style="list-style-type: none"> • SDG 3: 1.3mn patients served in medical missions to date • SDG 4: 12,292 scholars supported to date • SDG 5: A principles-based Diversity Equity and Inclusion (DEI) Framework • SDG 8: 131,000 jobs created and over 100,000 MSMEs supported • SDG 11: 22 integrated lifestyle cities • SDG 13: SM Prime's net zero commitment • SDG 17: Php73.0bn loans disbursed by BDO to national projects, airports and road networks
UN ARISE	<p>We are a signatory of the UN ARISE, promoting resiliency as part of good business practices. This year, ARISE PH, our affiliate group for resilience under SM Prime conducted resilience programs through five webinars with over 600 participants.</p>
UN WOMEN	<p>As a signatory, we proudly uphold the UN Women Empowerment Principles. We established a principles-based Diversity Equity and Inclusion (DEI) Framework in our workplace:</p> <p>Principle 1: We are an equal opportunity provider, giving equal employment opportunities for all applicants and employees, regardless of race, religion & beliefs, gender, national or regional origin, age and marital status.</p> <p>Principle 2: We provide facilities that support the unique needs of our diverse people, providing ease in mobility and comfort.</p> <p>Principle 3: We promote a work culture of meritocracy and respect for universal human rights – treating everyone with dignity and respect regardless of race, religion, gender, national or regional origin, age, background, work role and marital status - aligned to the Principles of the UN Global Compact.</p>



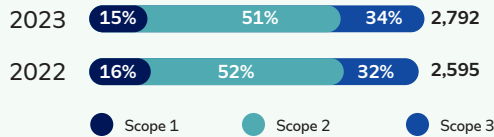
Please scan this QR Code for our detailed Reports: Materiality Process, Stakeholder Definitions, Materiality Assessment, Stakeholder Progress Report, UN Global Compact Communication on Progress Report, UN ARISE Progress Report, UN Sustainable Development Goals Report, UN Women Progress Report and TCFD Report. The TCFD report is also discussed in the ESG Risk Management Framework.

Our Sustainability Performance

OUR ENVIRONMENT

Total GHG Emissions By Scope

in '000 MT CO₂e



Scope 1 - Emissions arising from the use of fuel and chemicals in facilities fully owned and controlled by the company, including generator sets and transport vehicles.

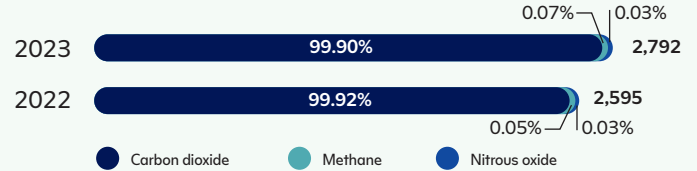
Scope 2 - Emissions arising from the use of purchased electricity in facilities that are fully owned and controlled by the company using the location-based emission factors (25% of Scope 2 emissions are from renewable energy sources)

Scope 3 - Emissions arising from sources that are neither owned nor controlled by the company not included in Scope 1 or Scope 2 such as purchased goods and services, capital goods, waste generated in operations and upstream/downstream leased assets

Calculated following the operational approach of the Greenhouse Gas Protocol. Moreover, emissions were computed using the Emission Factors from Cross Sector Tool and Global Warming Potential Values (AR5) from GHG Protocol, the 2015-2017 National Grid Emission Factors provided by DOE, the 2022 Grid Electricity Emission Factors provided by Carbon Footprint, the IGES List of Grid Emission Factors and EPA's GHG Emission Factors Hub.

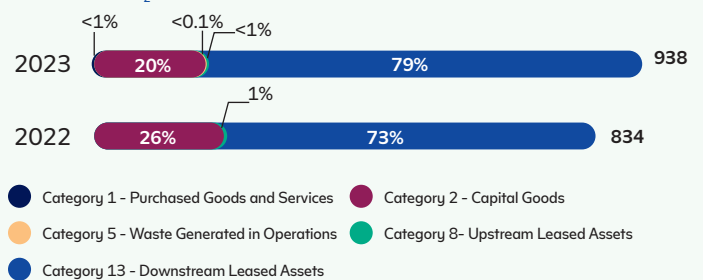
Total GHG Emissions By Greenhouse Gas

in '000 MT CO₂e



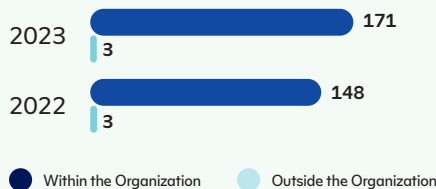
Total Scope 3 GHG Emissions By Category

in '000 MT CO₂e



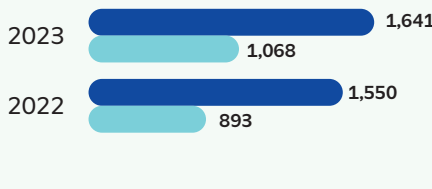
Fuel Consumption

in million liters



Electricity Consumption

in million kWh



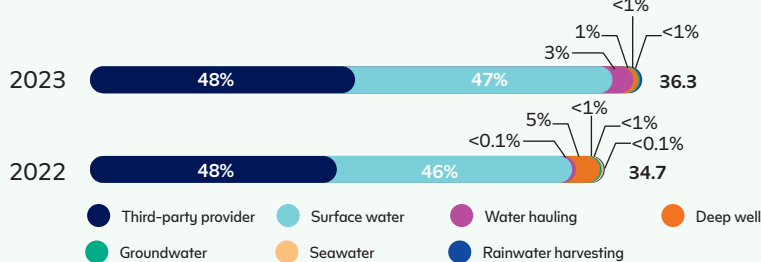
Percentage of Electricity Consumption from Renewable Energy

in million kWh



Water Withdrawal

in million cubic meters



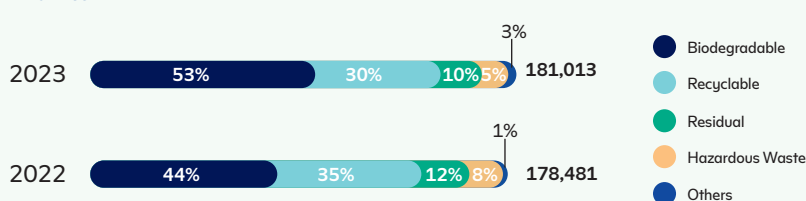
Water Recycled

in million cubic meters



Waste Generated

in tonnes



Our environment data includes the following organizations:

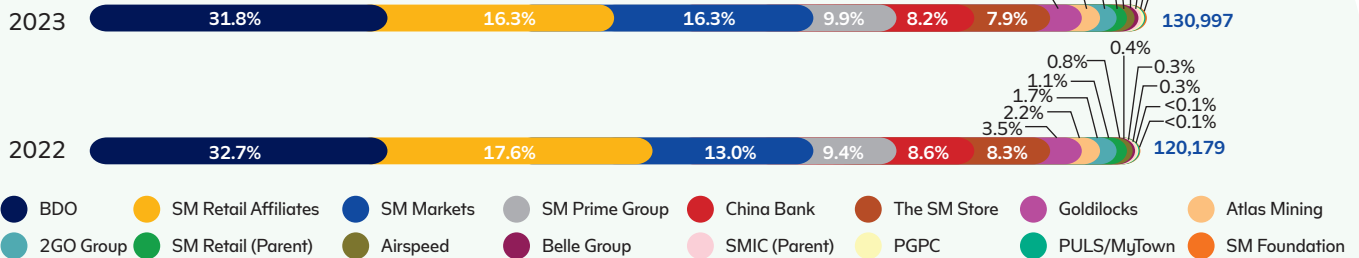
- SMIC (Parent)
- SMIC Retail (Parent)
- The SM Store
- SM Markets
- SM Prime Group
- BDO
- China Bank
- 2GO Group
- Belle Group
- Atlas Mining
- NEO Group
- Airspeed
- Goldilocks
- PGPC
- PULS/ MyTown



Scan here to know
more about
Our Sustainability Data

OUR PEOPLE

Total Headcount

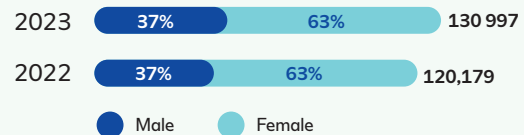


By Contract

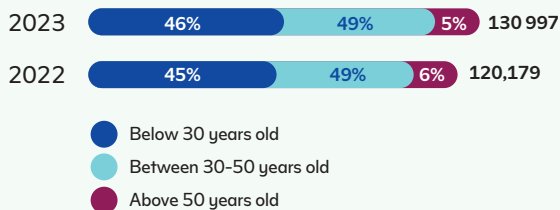


Permanent Employees - include regular and probationary status
Fixed-Term Employees - include project-based and seasonal contract status

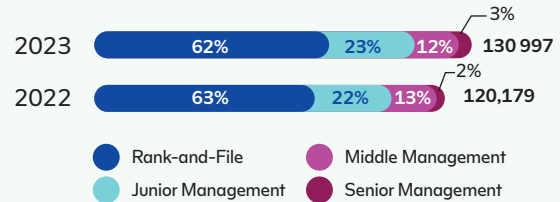
By Gender



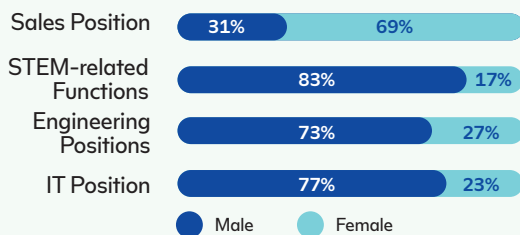
By Age Group



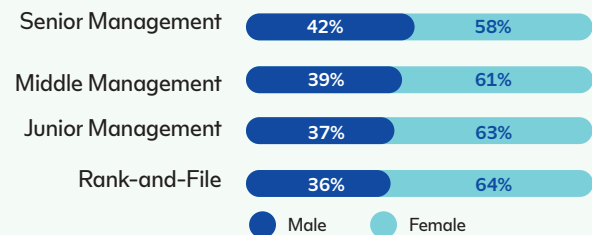
By Level



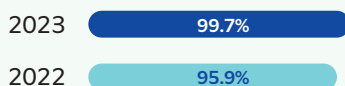
By Job Function and Gender (2023)



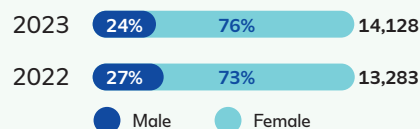
By Level and Gender (2023)



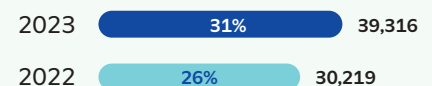
Appraisal Rate



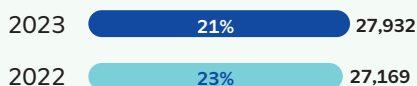
Promotion



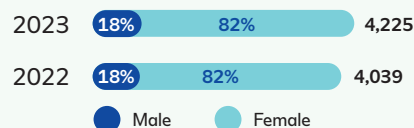
Hiring Rate



Employees Covered by Collective Bargaining Agreement



Employees Who Availed Parental Leaves



Employee Training Hours in million hours



Our **Corporate Governance**

Our commitment to strong corporate governance practices benefits our customers by ensuring fairness and integrity, transparency, accountability and ethical behavior alongside stakeholder engagement in all our operations. This helps build trust, foster long-term relationships, and strengthen our reputation as a responsible and sustainable business.



Our Board



Amando M. Tetangco, Jr.
Chairman, Independent Director

Amando M. Tetangco, Jr., 71, first elected on 16 June 2023, is the Chairman and Independent Director of the Board of SMIC. He is also the Vice Chairman and Independent Director of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an independent Director of Belle Corporation, Converge ICT Solutions, Inc. and Shell Pilipinas Corporation, and currently holds directorship in Manila Hotel, Toyota Motor Philippines, and CIBI Information, Inc., and is a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served from July 2005 to July 2017. He was a career central banker, having joined the Central Bank of the Philippines in March 1974. He held other government positions such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center, Vice Chair of the Agriculture Credit Policy Council, and was a member of the Capital Markets Development Council and the Export Development Council. Prior to his appointment in 2005, he was Deputy Governor in-charge of the Banking Services Sector, Economic Research and Treasury of the BSP, and was an Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. He worked at the Management Services Division of SGV and Co. from 1973 to 1974. He was the Philippines' representative to the ASEAN Central Bank Forum, the Executives' Meeting of East Asia and Pacific Central Banks, the South East Asia Central Banks, the South

East Asia, New Zealand and Australia, and the Center for Latin American Monetary Studies, and was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies, and also chaired various international committees such as the Alliance for Financial Inclusion Steering Committee, among others.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He received multiple recognition by several international organizations as one of the best central bank governors and was chosen as MAP Management Man of the Year in 2015.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar.

He was conferred the Honorary Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

Directorship/s in other publicly listed companies

SM Prime Holdings, Inc., Belle Corporation, Converge ICT Solutions, Inc., and Shell Pilipinas Corporation



Teresita T. Sy
Vice Chairperson,
Non-Executive Director

Teresita T. Sy, 73, first elected in May 1979, 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., and 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 a Bachelor of Science degree in Commerce, she brings to the board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.

Directorship/s in other publicly listed companies

BDO Unibank, Inc.



Henry T. Sy, Jr.
Vice Chairman,
Non-Executive Director

Henry T. Sy, Jr., 70, first elected in May 1979, 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 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.

Directorship/s in other publicly listed companies
SM Prime Holdings, Inc., and Synergy Grid & Development Phils., Inc.



Harley T. Sy
Executive Director

Harley T. Sy, 64, first elected in May 1993, is the Executive Director of SMIC. He is a Director of China Banking Corporation and other companies within the SM group, and an 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.

Directorship/s in other publicly listed companies
China Banking Corporation



Frederic C. DyBuncio
President and Chief Executive Officer,
Executive Director

Frederic C. DyBuncio, 64, first elected in April 2017, is the President and Chief Executive Officer of SMIC. He is the Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Concurrently, he is the Chairman, President and Chief Executive Officer of 2GO Group, Inc. He was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During this time, 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 globally. 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.

Directorship/s in other publicly listed companies
Atlas Consolidated Mining and Development Corporation



Tomasa H. Lipana
Lead Independent Director

Tomasa H. Lipana, 75, first elected in April 2016, 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 and Rural Bank of Silay City Inc. Previously, she was an Independent Director of Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines, and an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency). 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 was bestowed the Accountancy Centenary Recognition of Service Excellence by the Professional Regulation Commission - Board of Accountancy, and 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 a CPA Board placer.

Ms. Lipana has no other directorship in other publicly listed companies.



Robert G. Vergara
Independent Director

Robert G. Vergara, 63, first elected in April 2019, is an Independent Director of SMIC. He also sits as an Independent Director of Metro Pacific Hospital Holdings, Inc., STI Education Systems Holdings, Inc., and AIG Insurance Philippines, Inc., and Chairman and Director of Cabanatuan Electric Corporation. He was appointed President of the Manila Polo Club in August 2023 and is currently the President of Vergara Advisory Management, Inc. 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). 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. He was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. He was a Director of Lionhart (Hong Kong) Ltd. and a Principal in Morgan Stanley Asia Ltd. He also served as the Managing Director of IFM Asia Ltd. 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.

Directorship/s in other publicly listed companies
STI Education Systems Holdings, Inc.



Ramon M. Lopez
Independent Director

Ramon M. Lopez, 64, first elected in August 2022, is currently an Independent Director of SMIC. He also currently serves as an Independent Director of the AIC Group of Companies Holding Corporation, and a Board Trustee and Vice Chairman of the Valenzuela City Technological College (ValTech). Mr. Lopez is also a Member of the Board of Advisors in Packworks Venture PTE. LTD., a start-up venture that provides a digital operations systems for micro-entrepreneurs, and a Board Trustee in Bayan Family of Foundations, a non-profit organization providing entrepreneurship education and SMEs/social enterprise development. Mr. Lopez was recently appointed as Chairman of the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA).

Mr. Lopez was the former Secretary of the Philippine Department of Trade and Industry (DTI) and served for the full term of the administration of former President Rodrigo Roa Duterte where he chaired various ad hoc committees and councils. He is recipient of several awards including the Order of Sikatuna, with a rank of Datu in 2018, one of People Asia's 2020 People of the Year, and the Presidential Medal of Merit alongside The Asia CEO Awards 2022 "Lifetime Contributor of the Year Award" in 2022. He also served as Independent Director in the Boards of New Marketlink Pharmaceutical Corporation, Seedbox Securities Inc., and Asian Consulting Group (ACG).

Mr. Lopez has a Master's Degree in Development Economics 1988 class at Williams College, Massachusetts USA and an AB Degree in Economics (1981) from the University of the Philippines School of Economics.

Mr. Lopez has no other directorship in other publicly listed companies.

Board Advisers



Herbert T. Sy



Hans T. Sy



Elizabeth T. Sy



Gregory L. Domingo



Roberto G. Manabat



Joseph Phi

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 framework and practices are part of the Company's core values that are anchored on the principles of fairness, integrity, accountability, transparency and stakeholder engagement.

Our Company is recognized for practicing good corporate governance through the ASEAN Corporate Scorecard alongside various awards and recognition identified in this Report. We aim to create value in all our businesses we operate, not just with our customers but as well as in the 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, mission and corporate objectives. 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 organization 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 website.

Our Board is composed of eight (8) highly qualified directors, four (4) or fifty percent (50%) of whom are independent directors including our Chairman of the Board. 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.

In addition to fostering the Company's culture of corporate governance, the Board is tasked to do the following in accordance with the Manual on Corporate Governance:

- 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 attends 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 2023, there were nine (9) 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.

2023 Meetings & Attendance										
Director	(1) 1/18	(2) 2/28	(3) 3/6	Regular (4) 4/26	Organizational (5) 4/26	(6) 5/10	(7) 6/16	(8) 8/9	(9) 11/8	Percentage Present %
Jose T. Sio*	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Teresita T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Henry T. Sy, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Harley T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Frederic C. DyBuncio	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Tomas H. Lipana	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Ramon M. Lopez	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Robert G. Vergara	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Amando M. Tetangco, Jr.*	-	-	-	-	-	-	-	✓	✓	100

* Mr. Amando M. Tetangco, Jr. was elected as Independent Director and appointed as Chairman on June 16, 2023.

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 in 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
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio
Adviser	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) independent 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. Tomas H. Lipana, is a certified public accountant and does not serve as the chairperson of any of the other board committees. More information on the Committee's roles and activities is discussed in the Audit Committee Report included in this Report.

Office	Name	2023 Meetings and Attendance				
		2/24	4/24	5/10	8/3	11/7
Chairperson (ID)	Tomas H. Lipana	●	●	●	●	●
Member (ID)	Ramon M. Lopez	●	●	●	●	●
Member	Jose T. Sio*	●	●	●	—	—
Member (ID)	Amando M. Tetangco, Jr.*	—	—	—	●	●

* Mr. Amando M. Tetangco, Jr. was elected as Independent Director and appointed as Chairman on June 16, 2023. He was also elected as member of the Audit Committee on the same date.

The Related Party Transactions Committee

The Related Party Transaction 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 entirely of independent directors, including the Chairperson.

Office	Name	2023 Meetings and Attendance	
		8/3	11/7
Chairperson (ID)	Ramon M. Lopez	●	●
Member (ID)	Robert G. Vergara	●	●
Member (ID)	Amando M. Tetangco, Jr.	●	●

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, two (2) of whom are independent directors.

Office	Name	2023 Meetings and Attendance	
		4/26	11/7
Chairperson (NED)	Teresita T. Sy	●	●
Member (ID)	Ramon M. Lopez	●	●
Member	Jose T. Sio*	●	—
Member (ID)	Amando M. Tetangco, Jr.*	—	●

* Mr. Amando M. Tetangco, Jr. was elected as Independent Director and appointed as Chairman on June 16, 2023. He was also elected as member of the Compensation Committee on the same date.

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 Php 5,400,000 annually except for the outgoing and newly elected Director whose remuneration is pro-rated.

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) independent directors, including the Chairperson. 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	2023 Meetings and Attendance	
		8/3	11/7
Chairperson (ID)	Robert G. Vergara	●	●
Member (ID)	Ramon M. Lopez	●	●
Member (ID)	Amando M. Tetangco, Jr.	●	●

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 and risk management systems within their respective units and ensuring these remain adequate and effectively working in place. 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 of 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 such as environmental risk starts with an assessment of the potential impact it has to the community where it operates. The Sustainability Team regularly reports the group's sustainability road map and progress to the Steering Committee, headed by the President of the Company. The Company is committed to protect the environment by implementing effective and efficient resource utilization measures in its daily operations.

The Company was registered with the Anti-Money Laundering Council (AMLC) as a Designated Non-Financial Business and Profession (DNFBP) on December 1, 2021. As such, SMIC is also committed to strict adherence with the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) rules, laws and regulations and ensures that the Company will not be used as a conduit for the proceeds of 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, including the Chairperson.

Office	Name	2023 Meetings and Attendance		
		3/13	6/16	8/3
Chairperson (ID)	Ramon M. Lopez	●	●	●
Member (ID)	Tomas H. Lipana	●	●	●
Member (ID)	Robert G. Vergara	●	●	●

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 qualifications 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 program related to corporate governance before assuming office pursuant to pertinent regulatory requirements. The committee also recommends continuing education/ training programs for directors and key officers with training providers that are duly accredited by the Securities and Exchange Commission (SEC). In 2023, the members of the

Board of Directors and key officers participated in various training programs such as the 2023 CG Seminar on October 16 conducted by the Institute of Corporate Directors in partnership with UBS Global Wealth Management, Leechiu Property Consultants (LPC), Wunderman Thompson Intelligence, and Gartner, Inc. Topics included Global Economic and Geopolitical Outlook, Business trends, Retail and Outlook, and Generative Artificial Intelligence and Cybersecurity. Members of the Board also attended the 2023 Annual CG Seminar conducted by BDO Unibank, Inc. with topics that included Global Trends in Banking and Generative Artificial Intelligence. Attendance of the members of the Board to these seminars and training programs are disclosed.

The Corporate Governance Committee also determines the number of directorships which a member of the Board may hold simultaneously with their SMIC board seats. No individual independent director holds more than five directorships in other publicly listed companies.

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 the 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. We are focused on enhancing the sustainability of our business ecosystem and are actively addressing the climate adaptability of our business, our cities and communities. Our Sustainability Policy guides our efforts, which we divided into two initiatives, namely the SM For Social Good and SM Green Movement. SMIC's Sustainability policy and programs are publicly accessible through our Company website.

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	Based on the provisions of the Code of Ethics, SMIC's directors, officers and employees are prohibited from soliciting or accepting gifts, hospitality, and/ or entertainment in any form from any business partner. The term gift covers anything of value, such as but not limited to cash or cash equivalent. The guidelines provide exceptions such as corporate giveaways, tokens or promotional items of nominal value. In the same manner, accepting travel sponsored by any current or prospective business partner is prohibited.

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 over-all marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.
Policy on Accountability, Integrity, and Vigilance (Whistleblowing Policy)	<p>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.</p> <p>Furthermore, the policy invokes a "No Retaliation" section for those that have reported in good faith.</p>
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 Company also uses non-financial performance indicators discussed in this Report.

The Investor Relations Department

SMIC's Investor Relations (IR) Department 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. In 2023, the IR Department and senior management conducted roadshows across Asia, Europe and North America. The SMIC IR Department also coordinates with the different IR departments of the Company's subsidiaries and affiliates, as well as participates in various investor fora and conducts regular briefings with analysts, investors and members of public media alongside other capital market participants and stakeholders. The Company's IR Department ensures that the Company has constant engagement with its shareholders, including minority shareholders, and all other stakeholders. SMIC's shareholders or other various stakeholders may reach out to the Company for information or details on the Company, its operations, directors and/ or officers, to provide feedback and/or make other relevant suggestions/recommendations to the Company:

Investor Relations Department
10th Floor, 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, including minority shareholders, 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 in accordance with pertinent regulatory requirements and CG standards.

Under the Company's By-Laws and Manual on Corporate Governance, and in accordance with applicable law and pertinent 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 temporarily suspended these activities, which were resumed in 2022.

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:

Ms. Maria Virginia A. Tolentino-Uy
SAVP – Head of Compliance
Governance, Risk and Compliance
10th Floor, OneE-Com Center
Ocean Drive, Mall of Asia Complex Pasay City, 1300 Philippines
+63 2 8570100
marvi.tolentino-uy@sminvestments.com

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, 2023 and 2022, 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.

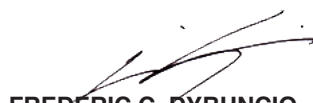
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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.



AMANDO M. TETANGCO, JR.
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 2024

Report of the Audit Committee

The Audit Committee ("Committee") assists the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of SM Investments Corporation's (SMIC or the "Company") 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) 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 2023, 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 and Rural Bank of Silay City Inc. 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), the entity in-charge of the government guarantee system, for more than 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 was bestowed the Accountancy Centennial Award for Excellence by the Professional Service Commission – Board of Accountancy. She also 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. Additionally, he is also an Independent Board Director of New Marketlink Pharmaceuticals Corporation and he also serves as the Chairman of the Governing Board for the Economic Research Institute for ASEAN and East Asia. He is also a Trustee and Vice-Chairman of the Valenzuela City Technological College (ValTech). 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.
- **Amando M. Tetangco, Jr.** is an Independent Director and Chairman of the Board of SMIC (effective June 16, 2023). He is also an Independent Director and Vice Chairman of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an independent Director of Belle Corporation, Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorates in Manila Hotel, Toyota Motor Philippines, and CIBI Information, Inc. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He was conferred the Honorary Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance. Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015.

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

Audit Committee						
Office	Name	2023 Meetings and Attendance				
		2/24	4/24	5/10	8/3	11/7
Chairperson (ID)	Tomasa H. Lipana	√	√	√	√	√
Member (ID)	Ramon M. Lopez	√	√	√	√	√
Member	Jose T. Sio*	√	√	√	-	-
Member (ID)	Amando M. Tetangco, Jr.**	-	-	-	√	√

*Mr. Sio retired as Chairman of the Board of Directors effective June 16, 2023. **Mr. Tetangco was appointed as Chairman of the Board effective June 16, 2023. He was also appointed as member of the Audit Committee on the same date.

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 2023 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 2023, 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. The Committee also reviewed the significance of non-audit related fees in relation to the annual fees.

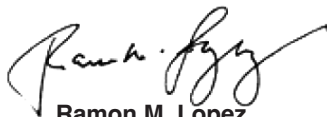
Financial Statements

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, 2023, second quarter ended June 30, 2023, and third quarter ended September 30, 2023.
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, 2023.
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 2024.

28 February 2024



Tomas H. Lipana
Chairperson



Ramon M. Lopez
Member



Amando M. Tetangco, Jr.
Member



Atty. Elmer B. Serrano
Corporate Secretary

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 21 and 28)	₱103,745,558	₱106,561,072
Time deposits (Notes 8, 21 and 28)	602,466	8,788,848
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 28 and 29)	747,840	534,865
Receivables and contract assets (Notes 10, 21 and 28)	79,209,522	84,320,589
Inventories (Note 11)	117,474,980	106,368,038
Other current assets (Notes 12, 21 and 28)	57,690,959	54,975,998
Total Current Assets	359,471,325	361,549,410
Noncurrent Assets		
Financial assets at FVOCI - net of current portion (Notes 9 and 28)	26,317,778	25,369,850
Investments in associate companies and joint ventures (Note 13)	361,324,800	328,271,536
Time deposits - net of current portion (Notes 8, 21, 28 and 29)	22,324,681	24,130,581
Property and equipment (Note 14)	52,851,633	47,881,014
Investment properties (Note 15)	537,067,223	485,982,301
Right-of-use assets (Note 27)	48,540,412	44,138,808
Intangibles (Note 16)	40,275,568	40,277,349
Other noncurrent assets (Notes 16, 21 and 28)	138,045,093	121,824,791
Total Noncurrent Assets	1,226,747,188	1,117,876,230
	₱1,586,218,513	₱1,479,425,640
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 17, 21, 28 and 31)	₱13,414,239	₱20,811,524
Accounts payable and other current liabilities (Notes 18, 21, 27 and 28)	200,169,027	181,961,708
Income tax payable	3,649,923	3,204,714
Current portion of long-term debt (Notes 19, 21, 28 and 31)	113,528,791	87,047,213
Total Current Liabilities	330,761,980	293,025,159
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19, 21, 28, 29 and 31)	374,758,859	397,849,704
Lease liabilities - net of current portion (Notes 27 and 31)	32,342,279	32,236,621
Deferred tax liabilities (Note 26)	18,129,316	16,797,862
Tenants' deposits and others (Notes 25, 27, 28 and 29)	58,025,874	47,326,283
Total Noncurrent Liabilities	483,256,328	494,210,470
Total Liabilities	814,018,308	787,235,629

(Forward)

	December 31	
	2023	2022
Equity Attributable to Owners of the Parent Company		
Capital stock (Note 20)	₱12,261,146	₱12,261,146
Additional paid-in capital	71,837,361	75,839,217
Treasury stock	(40,912)	(40,912)
Equity adjustments from common control transactions (Note 20)	(6,660,472)	(6,660,472)
Cost of Parent common shares held by subsidiaries	(25,386)	(25,386)
Cumulative translation adjustment	1,587,205	2,102,782
Fair value changes on cash flow hedges and others	809,143	1,610,364
Unrealized gain on financial assets at FVOCI (Note 9)	11,075,393	11,823,413
Remeasurement loss on defined benefit asset/obligation (Note 25)	(3,150,991)	(1,721,868)
Share in other comprehensive loss of associate companies and joint ventures - net	(11,376,601)	(10,763,209)
Retained earnings (Note 20):		
Appropriated	37,000,000	37,000,000
Unappropriated	443,288,813	375,463,837
Total Equity Attributable to Owners of the Parent	556,604,699	496,888,912
Non-controlling Interests	215,595,506	195,301,099
Total Equity	772,200,205	692,190,011
	₱1,586,218,513	₱1,479,425,640

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		
	2023	2022	2021
REVENUES			
Sales:			
Merchandise	₱401,725,529	₱367,318,577	₱294,694,316
Real estate	42,124,088	39,046,514	45,116,570
Rent (Notes 15, 21 and 27)	61,784,742	49,167,565	29,642,244
Equity in net earnings of associate companies and joint ventures (Note 13)	44,945,113	35,825,734	26,768,811
Others (Note 22)	65,672,415	61,640,188	35,511,568
	616,251,887	552,998,578	431,733,509
COSTS AND EXPENSES (Notes 11 and 23)	474,083,864	435,430,927	352,812,922
OTHER INCOME (CHARGES)			
Interest expense (Notes 21 and 24)	(24,084,744)	(21,547,070)	(19,138,771)
Interest income (Notes 21 and 24)	4,048,278	3,042,370	2,203,351
Investment impairment reversal (provision) (Note 13)	320,206	(787,166)	–
Gain (loss) from fair value changes on derivatives - net	(30,731)	866,500	317,743
Foreign exchange gain (loss) - net and others (Note 28)	396,174	(2,092)	1,347,350
	(19,350,817)	(18,427,458)	(15,270,327)
INCOME BEFORE INCOME TAX	122,817,206	99,140,193	63,650,260
PROVISION FOR INCOME TAX (Note 26)			
Current	16,209,025	14,248,182	7,224,482
Deferred	423,118	546,638	1,782,037
	16,632,143	14,794,820	9,006,519
NET INCOME	₱106,185,063	₱84,345,373	₱54,643,741
Attributable to			
Owners of the Parent (Note 30)	₱76,989,043	₱61,653,665	₱40,411,896
Non-controlling interests	29,196,020	22,691,708	14,231,845
	₱106,185,063	₱84,345,373	₱54,643,741
Basic/Diluted Earnings Per Common Share			
Attributable to Owners of the Parent (Note 30)	₱63.00	₱50.88	₱33.55

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱106,185,063	₱84,345,373	₱54,643,741
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	(1,035,219)	27,928	2,166,840
Fair value changes on cash flow hedges	(1,758,911)	4,608,383	2,014,960
	(2,794,130)	4,636,311	4,181,800
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation (Note 25)	(2,503,907)	(1,274,242)	593,126
Net unrealized gain (loss) on financial assets at FVOCI (Note 9)	(599,993)	(2,478,988)	391,870
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	344,024	(269,602)	(178,295)
	(2,759,876)	(4,022,832)	806,701
Share in other comprehensive loss of associate companies and joint ventures - net (Note 13)	(641,624)	(4,336,268)	(4,184,715)
TOTAL COMPREHENSIVE INCOME	₱99,989,433	₱80,622,584	₱55,447,527
Attributable to			
Owners of the Parent	₱72,881,710	₱56,987,529	₱40,265,811
Non-controlling interests	27,107,723	23,635,055	15,181,716
	₱99,989,433	₱80,622,584	₱55,447,527

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(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, 2023	P12,261,146	P75,839,217	(P40,912)	(P6,660,472)	(P25,386)	P2,102,782
Net income	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(515,577)
Total comprehensive income	—	—	—	—	—	(515,577)
Transactions with non-controlling interests	—	(4,001,856)	—	—	—	—
Cash dividends - P7.50 per share (Note 20)	—	—	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—	—	—
Increase in non-controlling interests	—	—	—	—	—	—
As at December 31, 2023	P12,261,146	P71,837,361	(P40,912)	(P6,660,472)	(P25,386)	P1,587,205
As at January 1, 2022	P12,045,829	P75,827,181	P—	(P6,298,551)	(P25,386)	P2,253,475
Net income	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(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 - P6.25 per share (Note 20)	—	—	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—	—	—
Increase in non-controlling interests	—	—	—	—	—	—
As at December 31, 2022	P12,261,146	P75,839,217	(P40,912)	(P6,660,472)	(P25,386)	P2,102,782

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
₱1,610,364	₱11,823,413	(₱1,721,868)	(₱10,763,209)	₱37,000,000	₱375,463,837	₱496,888,912	₱195,301,099	₱692,190,011
–	–	–	–	–	76,989,043	76,989,043	29,196,020	106,185,063
(801,221)	(748,020)	(1,429,123)	(613,392)	–	–	(4,107,333)	(2,088,297)	(6,195,630)
(801,221)	(748,020)	(1,429,123)	(613,392)	–	76,989,043	72,881,710	27,107,723	99,989,433
–	–	–	–	–	–	(4,001,856)	174,174	(3,827,682)
–	–	–	–	–	(9,164,067)	(9,164,067)	–	(9,164,067)
–	–	–	–	–	–	–	(7,459,930)	(7,459,930)
–	–	–	–	–	–	–	472,440	472,440
₱809,143	₱11,075,393	(₱3,150,991)	(₱11,376,601)	₱37,000,000	₱443,288,813	₱556,604,699	₱215,595,506	₱772,200,205
(₱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

	Capital Stock	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges
As at January 1, 2021	₱12,045,829	₱75,823,506	(₱6,299,797)	(₱25,386)	₱876,050	(₱2,623,849)
Net income	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	1,377,425	1,422,497
Total comprehensive income	—	—	—	—	1,377,425	1,422,497
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	₱12,045,829	₱75,827,181	(₱6,298,551)	(₱25,386)	₱2,253,475	(₱1,201,352)

See accompanying Notes to Consolidated Financial Statements.

Equity Attributable to Owners of the Parent

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
P13,627,808	(P1,639,759)	(P2,629,722)	P37,000,000	P286,298,019	P412,452,699	P160,895,255	P573,347,954
-	-	-	-	40,411,896	40,411,896	14,231,845	54,643,741
408,336	613,109	(3,967,452)	-	-	(146,085)	949,871	803,786
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
P14,289,319	(P1,026,650)	(P6,597,174)	P37,000,000	P321,337,891	P447,604,582	P176,003,603	P623,608,185

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱122,817,206	₱99,140,193	₱63,650,260
Adjustments for:			
Equity in net earnings of associate companies and joint ventures (Note 13)	(44,945,113)	(35,825,734)	(26,768,811)
Depreciation and amortization (Notes 14, 15, 16, 23 and 27)	24,706,691	23,653,863	20,936,405
Interest expense (Note 24)	24,084,744	21,547,070	19,138,771
Provisions (reversal of provisions) - net (Notes 10 and 23)	4,400,289	5,099,217	(3,982,227)
Interest income (Note 24)	(4,048,278)	(3,042,370)	(2,203,351)
Dividend income (Note 21)	(911,619)	(1,177,340)	(586,703)
Investment impairment provision (reversal) (Note 13)	(320,206)	787,166	–
Gain on disposal of investments and properties - net	(66,131)	(209,206)	(579,680)
Unrealized foreign exchange loss (gain) - net	44,431	1,132,078	(484,756)
Loss (gain) on fair value changes on derivatives - net	30,731	(866,500)	(317,743)
Income before working capital changes	125,792,745	110,238,437	68,802,165
Decrease (increase) in:			
Receivables and contract assets	(16,882,660)	(7,501,824)	(5,230,950)
Inventories	(24,275,052)	(40,685,904)	(37,303,043)
Other current assets	(1,436,571)	(635,950)	(8,465,803)
Increase in:			
Accounts payable and other current liabilities	14,194,998	34,081,718	36,543,695
Tenants' deposits and others	9,233,692	2,544,753	972,808
Net cash generated from operations	106,627,152	98,041,230	55,318,872
Income tax paid	(15,747,502)	(13,356,765)	(7,583,481)
Net cash provided by operating activities	90,879,650	84,684,465	47,735,391
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investment properties	74,855	84,863	914,962
Property and equipment	52,738	241,913	365,861
Investment in associate companies and joint ventures	–	50,000	–
Additions to:			
Investment properties (Note 15)	(68,205,952)	(33,990,435)	(42,155,574)
Property and equipment (Note 14)	(12,361,763)	(9,678,003)	(13,286,055)
Financial assets at FVOCI	(692,125)	–	(1,427)
Investments in associate companies and joint ventures (Note 13)	(288,227)	(73,500)	(358,120)
Decrease (increase) in:			
Time deposits	9,857,111	(27,518,818)	(2,829,397)
Other noncurrent assets	14,679,276	8,794,846	14,938,709
Dividends received	11,240,255	8,136,996	5,180,690
Interest received	4,289,389	2,846,341	2,021,177
Purchase consideration net of cash, from acquisition of subsidiaries (Note 5)	–	(88,608)	(5,684,648)
Net cash used in investing activities	(41,354,443)	(51,194,405)	(40,893,822)
(Forward)			

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt	₱107,590,529	₱100,256,801	₱129,529,420
Bank loans	45,599,966	66,878,421	53,296,257
Payments of:			
Long-term debt	(103,343,041)	(72,630,533)	(92,624,775)
Bank loans	(52,906,823)	(73,264,105)	(53,509,929)
Interest	(22,834,339)	(19,909,588)	(18,412,696)
Dividends	(17,335,101)	(12,714,420)	(9,653,454)
Lease liabilities	(5,219,712)	(4,853,925)	(4,692,207)
Acquisition of non-controlling interest in a subsidiary	(5,169,476)	–	–
Partial sale of shares in a subsidiary	1,294,623	–	–
Net cash provided by (used in) financing activities	(52,323,374)	(16,237,349)	3,932,616
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,798,167)	17,252,711	10,774,185
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(17,347)	(44,273)	(82,117)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 7)	106,561,072	89,352,634	78,660,566
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱103,745,558	₱106,561,072	₱89,352,634

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/2023smicintegratedreport/financial_report_2023

Report Index

Our report aligns with the Integrated Reporting <IR> Framework and the Global Reporting Initiative (GRI) standards for disclosures.

<IR> Content Element		GRI Disclosure		Page Number(s), Direct Answer
4A Organizational Overview and External Environment				
Organizational Profile	GRI 2: General Disclosures 2021	2-1	Organizational details	Inside back cover, 8-9, 77
		2-6	Activities, value chain and other business relationships	16-34
4B Governance				
Governance	GRI 2: General Disclosures 2021	2-9	Governance structure and composition	44-52
		2-10	Nomination and selection of the highest governance body	52
		2-11	Chair of the highest governance body	45
		2-12	Role of the highest governance body in overseeing the management of impacts	40, 51
		2-13	Delegation of responsibility for managing impacts	51
		2-14	Role of the highest governance body in sustainability reporting	40, 75
		2-15	Conflicts of interest	53
		2-16	Communication of critical concerns	55, 56
		2-17	Collective knowledge of the highest governance body	52
		2-18	Evaluation of the performance of the highest governance body	52
4C Business Model				8-9
4D Risks and Opportunities				41 – see QR code
4E Strategy and Resource Allocation				36-39
Strategy	GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	2-7
		2-23	Policy commitments	53-54
		2-24	Embedding policy commitments	36-39
		2-25	Processes to remediate negative impacts	36
		2-26	Mechanisms for seeking advice and raising concerns	56
		2-27	Compliance with laws and regulations	There were no material instances of non-compliance with laws and regulators in this context during the year
		2-28	Membership associations	76
4F Performance				
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	40-41
		3-2	List of material topics	40
		3-3	Management of material topics	51
Economic				
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	41 - see QR Code
		201-2	Financial implications and other risks and opportunities due to climate change	41 – see QR Code
	GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	1, 37
		203-2	Significant indirect economic impacts	1, 37

Anti-Corruption			
	GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	54, 56
Energy			
	GRI 302: Energy 2016	302-1 Energy consumption within the organization	42
		302-2 Energy consumption outside of the organization	42
Water			
	GRI 303: Water and Effluents 2018	303-3 Water withdrawal	42
		303-4 Water discharge	43 – see QR Code
		303-5 Water consumption	43 – see QR Code
Waste			
	GRI 306: Waste 2020	306-3 Waste generated	42
Employment			
	GRI 2: General Disclosures 2021	2-7 Employees	43
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	43 – see QR Code
		401-3 Parental leave	43
Training and Education			
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	43
		404-2 Programs for upgrading employee skills and transition assistance programs	56
		404-3 Percentage of employees receiving regular performance and career development reviews	43
Diversity and Equal Opportunity			
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	43
Non-discrimination			
	GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported for this report
Local Communities			
	GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	37 – see QR Code
4G Outlook			
4H Basis of Preparation and Presentation			
Stakeholder Engagement	GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	40
		2-30 Collective bargaining agreements	43 – see QR Code
Reporting Practice		2-2 Entities included in the organization's sustainability reporting	42-43, see QR Code
		2-3 Reporting period, frequency and contact point	January 1 - December 31, 2023 Annual ir@sminvestments.com or sustainability@sminvestments.com
		2-4 Restatements of information	74 – see QR Code
		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 evidence-based decision making, not only for day-to-day business activities, but in making long-term strategic decision as well.

GRI Disclosure	2022 Data Disclosed in 2022 Integrated Report	2022 Restatement
2-7 Employees	Total Headcount: 140,029 By Business Unit BDO: 28.1% ; SM Retail Affiliates: 15.1% ; SM Markets: 25.3% ; SM Prime: 8.1% ; China Bank: 7.3% ; The SM Store: 7.2% Goldilocks: 3.0% ; Atlas Mining: 1.9% 2GO: 1.5% ; SM Retail Parent: 1.0% Airspeed: 0.7% ; Belle: 0.3% ; PGPC: 0.2% By Contract Permanent Employees: 99% Fixed-Term Employees: 1%	Total Headcount: 120,179 By Business Unit BDO: 32.7% ; SM Retail Affiliates: 17.6% SM Markets: 13.0% ; SM Prime: 9.4% China Bank: 8.6% ; The SM Store: 8.3% Goldilocks: 3.5% ; Atlas Mining: 2.2% 2GO: 1.7% ; SM Retail Parent: 1.1% Airspeed: 0.8% ; Belle: 0.4% ; PGPC: 0.3% By Contract Permanent Employees: 98% Fixed-Term Employees: 2%
2-30 Collective bargaining agreements	Employees Covered by Collective Bargaining Agreement 19%	Employees Covered by Collective Bargaining Agreement 23%
401-1 New employee hires and employee turnover	Hiring Rate 41% (56,916)	Hiring Rate 26% (30,219)
404-1 Average hours of training per year per employee	Employee Training Hours Ave. Training Hours Per Employee: 17 Ave. Amount Spent on Training Per Employee: 769.7 PHP	Employee Training Hours Ave. Training Hours Per Employee: 20 Ave. Amount Spent on Training Per Employee: 936 PHP
404-3 Percentage of employees receiving regular performance and career development reviews	Appraisal Rate 96% Promotion 13,182	Appraisal Rate 95.9% Promotion 13,283
405-1 Diversity of governance bodies and employees	By Gender Male: 38% Female: 62% By Age Group Below 30 years old: 53% Between 30-50 years old: 42% Above 50 years old: 5% By Level Rank-and-File: 68% Junior Management: 19% Middle Management: 11%	By Gender Male: 37% Female: 63% By Age Group Below 30 years old: 45% Between 30-50 years old: 49% Above 50 years old: 6% By Level Rank-and-File: 63% Junior Management: 22% Middle Management: 13%
302-1 Energy consumption within the organization	Electricity Consumption (in million kWh) 1,948 Fuel Consumption (in million liters) 131	Electricity Consumption (in million kWh) 1,550 Fuel Consumption (in million liters) 148
302-2 Energy consumption outside of the organization	Electricity Consumption (in million kWh) 869	Electricity Consumption (in million kWh) 893
303-1 Interactions with water as a shared resource	Water Recycled (in million cubic meters) 42.5	Water Recycled (in million cubic meters) 30.0
303-3 Water withdrawal	Water Withdrawal (in million cubic meters) 115.1 By Source Type Third-party providers: 84% Surface water: 14% Water hauling: <1% Deep well: 2% Groundwater: <1%	Water Withdrawal (in million cubic meters) 34.7 By Source Type Third-party providers: 48% Surface water: 46% Water hauling: <0.1% Deep well: 5% Groundwater: <0.1%
305-1 Direct (Scope 1) GHG emissions	Scope 1 17%	Scope 1 16%
305-2 Energy indirect (Scope 2) GHG emissions	Scope 2 56%	Scope 2 52%
305-3 Other indirect (Scope 3) GHG emissions	Scope 3 27%	Scope 3 32%
	Total GHG Emissions (in '000 MT CO2e) 2,418	Total GHG Emissions (in '000 MT CO2e) 2,595
306-3 Waste generated	Waste Generated (in tonnes) 177,594	Waste Generated (in tonnes) 178,481

Our Report Framework

This 2023 report, covering the period from January 1 to December 31, 2023, has been prepared under the Integrated Reporting <IR> Framework, originally developed by the International Integrated Reporting Council (IIRC). The IIRC subsequently merged with the Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF). In addition, we have adopted the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) to comprehensively address the impacts of climate change. The report is also aligned with the Global Reporting Initiative Standards for disclosures.

We have ensured that the report presents a balanced reflection of our company's value creation process and the progress we have made in advancing the United Nations Sustainable Development Goals. It is our commitment to transparency and accountability that drives us to provide a comprehensive and accurate representation of our sustainability efforts.

This report is the result of a joint effort by the departments of Finance, Governance and Risk Management, Investor Relations, Human Resources, Corporate Communications and Sustainability, under the guidance of the Board's executive committee

On behalf of the Board, the Executive Committee approved and authorized the issuance of this report in April 2024.



Amando M. Tetangco, Jr.
Chairman



Frederic C. DyBuncio
President and CEO

List of Member Associations

Asia Business Council
Asia Society Philippine Foundation, Inc.
Association of Certified Public Accountants in Commerce and Industry
Employers Confederation of the Philippines
Financial Executives Institute of the Philippines
Good Governance Advocates and Practitioners of the Philippines
Institute of Corporate Directors
Internet and Mobile Marketing Association of the Philippines
Makati Business Club
Management Association of the Philippines
NextGen Organization of Women
People Management Association of the Philippines
Philippine Alliance for Recycling and Materials Sustainability
Philippine Association of Management Accountants
Philippine Association of National Advertisers
Philippine Business for Social Progress
Philippine Chamber of Commerce and Industry
Philippine Institute of Certified Public Accountants
Tax Management Association of the Philippines
The Conference Board, Inc.
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)

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