



SM INVESTMENTS



# 20 Years of Driving Progress

2025 Corporate Governance

# Our Leadership



## Board of Directors

Seated from left to right:

Henry T. Sy, Jr. – Vice Chairman, Non-Executive Director; Teresita T. Sy – Vice Chairperson, Non-Executive Director;  
Amando M. Tetangco, Jr. – Chairman of the Board, Independent Director; Harley T. Sy – Executive Director

Standing from left to right:

Lily K. Gruba – Independent Director; Marife B. Zamora – Independent Director;  
Frederic C. DyBuncio – President and Chief Executive Officer; Ramon M. Lopez – Independent Director; Robert G. Vergara – Independent Director



## Board Advisers

Seated from left to right:  
Herbert T. Sy, Hans T. Sy, Gregory L. Domingo

Standing from left to right:  
Tomas H. Lipana, Roberto G. Manabat, Elizabeth T. Sy, Joseph Phi



## Amando M. Tetangco, Jr.

Chairman, Independent Director

Filipino, 73, Male  
Date of First Appointment: June 2023

Key positions in various companies:

- Chairman and Independent Director – SM Investments Corporation
- Vice Chairman and Independent Director – SM Prime Holdings, Inc.
- Independent Director – Converge ICT Solutions, Inc.
- Independent Director – Shell Pilipinas Corporation
- Director – Manila Hotel
- Director – Toyota Motor Philippines
- Trustee – St. Luke’s Medical Center
- Trustee – Tan Yan Kee Foundation
- Trustee – Foundation for Liberty and Prosperity

Other previous key positions and appointments:

- Governor – Bangko Sentral ng Pilipinas (BSP)
  - Concurrent Chairman – Monetary Board
  - Concurrent Chairman – Anti-Money Laundering Council
  - Concurrent Chairman – Financial Stability Coordination Council
  - Concurrent Chairman – Philippine International Convention Center
  - Concurrent Vice Chair – Agriculture Credit Policy Council
  - Concurrent Member – Capital Markets Development Council
  - Concurrent Member – Export Development Council
- Deputy Governor – BSP, Banking Services Sector, Economic Research and Treasury
- Alternate Executive Director – International Monetary Fund, Washington, D.C.
- Management Services Division, SyCip Gorres Velayo (SGV) & Co.
- Philippine Representative – ASEAN Central Bank Forum; 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.
- Governor for the Philippines – International Monetary Fund
- Alternate Governor – World Bank and the Asian Development Bank
- Chair of the Meeting of Small Open Economies – Bank for International Settlements (BIS)
- Chair – BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee

Relevant Educational background and other training:

- Honorary Degree of Doctorate in Management – Asian Institute of Management
- Master’s Degree in Public Policy and Administration (Development Economics) – University of Wisconsin, Madison, Wisconsin, U.S.A.
- AB Economics Degree, cum laude – Ateneo De Manila University

Other Directorships in Reporting/Listed Companies

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

Other Information:

- Order of the Rising Sun, Gold and Silver Star – Emperor of Japan
- Multiple Recognition as one of the Best Central Bank Governors
- Management Man of the Year – Management Association of the Philippines
- Order of Lakandula with Rank of Bayani – President of the Philippines



## Teresita T. Sy

Vice Chairperson, Non-Executive Director

Filipino, 75, Female  
Date of First Appointment: May 1979

Key positions in various companies:

- Vice Chairperson – SM Investments Corporation
- Board Adviser – SM Prime Holdings, Inc.
- Chairperson – SM Retail Inc.
- Chairperson – BDO Unibank, Inc. (BDO)
- Chairperson/Director – BDO Private Bank, Inc.
- Chairperson/Director – BDO Foundation, Inc.

Relevant Educational background and other training:

- Bachelor of Arts and Bachelor of Science Degree in Commerce – Assumption College

Other Directorships in Reporting/Listed Companies

- BDO Unibank, Inc.



## Henry T. Sy, Jr.

Vice Chairman, Non-Executive Director

Filipino, 72, Male

Date of First Appointment: May 1979

Key positions in various companies:

- Vice Chairman – SM Investments Corporation
- Chairman – SM Prime Holdings, Inc.
- Chairman – Synergy Grid & Development Phils., Inc.
- Chairman and Chief Executive Officer – SM Development Corporation
- Vice Chairman – National Grid Corporation of the Philippines

Relevant Educational background and other training:

- Management Degree – De La Salle University

Other Directorships in Reporting/Listed Companies

- SM Prime Holdings, Inc.
- Synergy Grid & Development Phils., Inc.



## Harley T. Sy

Executive Director

Filipino, 66, Male

Date of First Appointment: May 1993

Key positions in various companies:

- Executive Director – SM Investments Corporation
- Director – China Banking Corporation and others within the SM Group
- Board Adviser – BDO Unibank, Inc.
- Board Adviser – BDO Private Bank
- Vice Chairman and Treasurer – SM Retail Inc.

Relevant Educational background and other training:

- Bachelor of Science Degree in Commerce, Major in Finance – De La Salle University

Other Directorships in Reporting/Listed Companies

- China Banking Corporation



## Frederic C. DyBuncio

President and Chief Executive Officer

Filipino, 66, Male

Date of First Appointment: April 2017

Key positions in various companies:

- President and Chief Executive Officer – SM Investments Corporation
- Chairman – Atlas Consolidated Mining and Development Corporation

Relevant Educational background and other training:

- Master's Degree in Business Management – Asian Institute of Management
- Bachelor of Science Degree in Business Management – Ateneo de Manila University

Other Directorships in Reporting/Listed Companies

- Atlas Consolidated Mining and Development Corporation



## Robert G. Vergara

Independent Director

Filipino, 65, Male  
Date of First Appointment: April 2019

Key positions in various companies:

- Independent Director – SM Investments Corporation
- Independent Director – Metro Pacific Health, Inc.
- Independent Director – STI Education Systems Holdings, Inc.
- Independent Director – Philplans First, Inc.
- Independent Director – AIG Insurance Philippines, Inc.
- Chairman and Director – Cabanatuan Electric Corporation
- Director – Sea Crest Fund
- President – Vergara Advisory Management, Inc.

Other previous key positions and appointments:

- President and General Manager and Vice Chairman of the Board of Trustees – Government Service Insurance System (GSIS)
- Vice Chairman and Director – National Reinsurance Corporation of the Philippines
- Vice Chairman and Director – Manila Hotel Corporation
- Director – The Philippine Stock Exchange
- Director – Philippine Health Insurance Corporation
- Director – Philippine National Construction Corporation
- Director – Housing and Urban Development Coordinating Council
- Managing Director and Founding Partner – Cannizaro (Hong Kong) Limited
- Director – Lionhart (Hong Kong) Ltd.
- Principal – Morgan Stanley Asia Ltd.
- Managing Director – IFM Asia Ltd.

Relevant Educational background and other training:

- Master's Degree in Business Administration – Harvard Graduate School of Business Administration
- Bachelor of Science Degrees in Management Engineering and Mathematics, magna cum laude – Ateneo De Manila University

Other Directorships in Reporting/Listed Companies

- STI Education Systems Holdings, Inc.



## Ramon M. Lopez

Independent Director

Filipino, 65, Male  
Date of First Appointment: August 2022

Key positions in various companies:

- Independent Director – SM Investments Corporation
- Independent Director – AIC Group of Companies
- Independent Director – Monde Nissin Corporation
- Trustee and Vice Chairman – Valenzuela City Technological College (ValTech)
- Independent Director – New Marketlink Pharmaceuticals Corporation
- Independent Director – Pilmico Foods and Agribusiness Corporation
- Independent Director – Seedbox Securities Inc.
- Independent Director – Asian Consulting Group
- Chairman – Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA)
- Board Adviser – Packworks Venture PTE. LTD.
- Trustee – Bayan Family of Foundations

Other previous key positions and appointments:

- Secretary – Philippine Department of Trade and Industry
  - Concurrent Chairman – Board of Investments
  - Concurrent Chairman – Philippine Economic Zone Authority
  - Concurrent Chairman – Export Development Council
  - Concurrent Chairman – Anti-Red Tape Authority Advisory Council
  - Concurrent Chairman – Philippine International Trading Corporation
  - Concurrent Supervisor – Intellectual Property Office of the Philippines

Relevant Educational background and other training:

- Master's Degree in Development Economics – Williams College, Massachusetts U.S.A
- Bachelor's Degree in Economics – University of the Philippines School of Economics, Diliman Q.C.

Other Directorships in Reporting/Listed Companies

- Monde Nissin Corporation

Other Information:

- Philippine Innovation Man of the Year Award
- Presidential Award, Order of Sikatuna with a rank of Datu
- People of the Year – People Asia
- Presidential Medal of Merit
- "Lifetime Contributor of the Year Award" – The Asia CEO Awards



## Lily K. Gruba

Independent Director

Filipino, 76, Female  
Date of First Appointment: June 2024

Key positions in various companies:

- Independent Director – SM Investments Corporation
- Founding Partner – Gruba Caganda Advincula Melo & De la Fuente (formerly, Zambrano and Gruba)
- Director – Asia United Bank
- Director – Cosco Capital, Inc.
- Executive Director – Fr. Joaquin, SJ Institute for Continuing Legal Education
- Professor on Taxation Law, Mergers and Acquisitions and Local Government Finance and bar reviewer – Ateneo de Manila University School of Law

Other previous key positions and appointments:

- Undersecretary – Department of Finance
  - Concurrent Director – Philippine Economic Zone Authority
  - Concurrent Director – Overseas Workers Welfare Administration
- Philippine Bar examiner for Taxation Law and for Commercial Law

Relevant Educational background and other training:

- Bachelor of Arts in Psychology – University of Santo Tomas
- Bachelor of Laws Degree – Ateneo Law School
- Admitted to the Philippine Bar in 1977
- Master of Laws – Georgetown University Law Center, Washington, D.C.

Other Directorships in Reporting/Listed Companies

- Asia United Bank Corporation
- Cosco Capital, Inc.

Other Information:

- 100 Top Lawyers in the Philippines – Asia Business Law Journal
- Tax Lawyer of the year Nominee, Southeast Asia – Legal 500



## Marife B. Zamora

Independent Director

Filipino, 73, Female  
Date of First Appointment: April 30, 2025

Key positions in various companies:

- Independent Director – SM Investments Corporation
- Director – Smart Communications, Inc.
- Director – Digitel Philippines
- Director – MediaQuest Holdings Inc.,
- Chairman of the Board – WTW Insurance & Reinsurance Brokers Inc. Philippines
- Independent Director – Pru Life Insurance Corporation of U.K.
- Trustee – FTW (For The Women) Foundation
- Co-Founder of the Filipina CEO Circle

Other previous key positions and appointments:

- Director – PLDT Inc.
- Director – Cemex Holdings Phils. Inc.
- Trustee – Asian Institute of Management
- Trustee – ABS CBN Foundation Inc.
- Chairman – Convergys Philippines Services Corporation
- Managing Director – Convergys Corporation Asia Pacific, Europe, Middle East and Africa
- Country Manager – Convergys Philippines
- Managing Director – Headstrong Philippines Inc.
- Various Sales, Marketing and Management positions – IBM Philippines

Relevant Educational background and other training:

- Bachelor of Arts major in Math and History – College of the Holy Spirit
- Bachelor of Science Pre-Med – University of the Philippines
- Advance Management Program – Wharton Aresty Institute of Executive Education, University of Pennsylvania

Other Information:

- 3rd woman President and the 68th President – Management Association of the Philippines
- President – Philippine Software Association
- Vice President – American Chamber of Commerce of the Philippines
- Board Member – Contact Center Association of the Philippines
- President – UP Sigma Delta Phi Alumni Association
- Global Filipino Executive of the Year – Asia CEO Awards
- Woman STARpreneur Award – 'Go Negosyo'
- 100 Most Influential Filipino Women in the World – Filipina Women's Network
- Mariang Maya Award – UP Sigma Delta Phi
- Babae Trailblazer Award – Women's Business Council Philippines

Other Directorships in Reporting/Listed Companies: None

# Corporate Governance

SM Investments Corporation (SMIC or the “Company”) 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.

SMIC’s various awards and recognition are identified in this report. We aim to create value in all our businesses we operate, not just with our customers, but, also, 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 the organization’s 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 are posted on the Company website. The profiles of the Board of Directors are included in SMIC’s annual reports including this report and the Definitive Information Statement as well as posted on the Company website.

SMIC’s Board is composed of a majority of independent directors where five (5) of nine (9) highly qualified directors 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.
- Identify the Company’s major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investors relations program.
- Adopt a system of internal checks and balances.

- Identify and monitor key risk areas and key performance indicators, and ensure that a sound Enterprise Risk Management framework is in place.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Ensure that an effective succession planning program for directors, key officers and management is in place.
- Ensure that each elected director, before assumption of office, be required to attend a seminar on corporate governance conducted by a duly recognized private or governance institution.
- Ensure that each director annually attend continuing education programs conducted by an accredited training provider of relevant government agencies.
- Ensure that directors with material interest in any transaction affecting the Company abstain from taking part in the deliberations for the same.
- Formulate and implement group-wide policies to ensure the integrity of related party transactions, especially those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- Ensure that the Company’s Code of Ethics, which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company’s website.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or other third parties, including regulatory authorities.

## Board Performance and Attendance

Per our Manual on Corporate Governance, the Board should meet at least six (6) times annually. For the year 2025, there were nine (9) meetings conducted of which 100% attendance was achieved. The Board meetings are scheduled before the start of the financial year 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, and also hold a separate meeting with the external auditors, likewise without executive directors or Management present.

## 2025 Meetings and Attendance

Director	Meetings Attended	Percentage Present (%)
Amando M. Tetangco, Jr.	9/9	100
Teresita T. Sy	9/9	100
Henry T. Sy, Jr.	9/9	100
Harley T. Sy	9/9	100
Frederic C. DyBuncio	9/9	100
Robert G. Vergara	9/9	100
Ramon M. Lopez	9/9	100
Lily K. Gruba	9/9	100
Marife B. Zamora*	6/6	100

\*Ms. Marife B. Zamora was elected on April 30, 2025 as Independent Director, replacing Ms. Tomasa H. Lipana. Ms. Lipana attended the Board meetings held on January 22, February 7 and 28, 2025.

## 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 Transaction Committee, the Compensation Committee, the Risk Management Committee, and the Corporate Governance and Sustainability 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 and pertinent regulations. 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 posted on the Company's website.

## The Executive Committee

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

Executive Committee	
Office	Name
Chairperson (NED)	Teresita T. Sy
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio

## 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 pursuant to its Charter, and so authorized by the Board, also recommends and evaluates the performance of the external auditor. The Committee is composed of four (4) non-executive and independent directors, including the Chairperson. Its members possess relevant background, knowledge, skills and experience in areas of accounting, audit and finance.

The Committee meets at least four (4) times during the year. The Chairperson of the Audit Committee, Atty. Lily K. Gruba, does not serve as the chairperson of any of the other board committees. More information on the Committee's activities are discussed in the Audit Committee Report included in this report.

Audit Committee						
2025 Meetings and Attendance						
Office	Name	2/26	2/28	5/5	8/4	11/10
Chairperson (ID)	Lily K. Gruba*	✓	✓	✓	✓	✓
Member (ID)	Ramon M. Lopez	✓	✓	✓	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓	✓	✓	✓
Member (ID)	Marife B. Zamora**	-	-	✓	✓	✓

\*Atty. Lily K. Gruba was appointed as Chairperson of the Audit Committee on April 30, 2025. Ms. Tomasa H. Lipana served as the Chairperson until April 30, 2025 and attended the Audit Committee meetings held on February 26 and February 28, 2025.

\*\* Ms. Marife B. Zamora was elected on April 30, 2025 as an Independent Director.

## The Related Party Transaction 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 of three (3) non-executive and independent directors, including the Chairman. The disclosure on the details of related party transactions including name, relationship, and nature, among others, are in Note 21 of the Notes to the Consolidated Financial Statements.

Related Party Transaction Committee			
2025 Meetings and Attendance			
Office	Name	2/26	10/15
Chairperson (ID)	Ramon M. Lopez	✓	✓
Member (ID)	Robert G. Vergara	✓	✓
Member (ID)	Marife B. Zamora*	-	✓

\*Ms. Marife B. Zamora was elected as an Independent Director on April 30, 2025, replacing Mr. Amando M. Tetangco, Jr. (ID) as a member of the Related Party Transactions Committee. Mr. Tetangco attended the committee meeting held on February 26, 2025.

## 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) non-executive directors, two (2) of whom are independent directors, and meets at least twice during the year.

Compensation Committee			
2025 Meetings and Attendance			
Office	Name	4/30	11/10
Chairperson (NED)	Teresita T. Sy	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓
Member (ID)	Lily K. Gruba	✓	✓

## Board Remuneration

The annual compensation paid to each director is disclosed annually in the Definitive Information Statement sent to shareholders as publicly disclosed and posted on the Company website, together with the Notice of the Annual Stockholders' Meeting. Each member of the Board received PHP5.4 million for the year 2025 except for any outgoing and newly elected Director whose remuneration is pro-rated. As such, Ms. Marife B. Zamora received PHP3.6 million for the year 2025 as she was elected as Independent Director on April 30, 2025.

There is no distinction on the fee for a committee chairman and member. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus, or other forms of emoluments. As part of the Code of Ethics, grants or loan arrangements extended to Directors and Officers by the Company and/or its subsidiaries and/or affiliates are prohibited unless covered by the requisite approval from the Board of Directors and are done at arms' length and at fair market rates. No director shall be involved in deciding his own remuneration during his incumbent term. Any change in the remuneration structure of directors shall be subject to the approval by the Company's stockholders during the stockholders' meeting.

## 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 entirely of non-executive and independent directors, including the Chairman. 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.

Risk Management Committee			
2025 Meetings and Attendance			
Office	Name	8/4	11/10
Chairperson (ID)	Robert G. Vergara	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓
Member (ID)	Lily K. Gruba	✓	✓
Member (ID)	Marife B. Zamora*	✓	✓

\*Ms. Marife B. Zamora was elected as Independent Director and appointed as a member of the Risk Management Committee on April 30, 2025.

## The Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee is tasked to assist the Board in its corporate governance and sustainability-related responsibilities, such as but not limited to, economic, environmental, social and governance (EESG) matters, climate change, Anti-Money Laundering Act, information technology, risk and social impacts related to 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 non-executive and independent directors.

Corporate Governance and Sustainability Committee				
2025 Meetings and Attendance*				
Office	Name	2/26	3/14	8/4
Chairperson (ID)	Amando M. Tetangco, Jr.	✓	✓	✓
Member (ID)	Ramon M. Lopez	✓	✓	✓
Member (ID)	Robert G. Vergara	✓	✓	✓
Member (ID)	Lily K. Gruba	-	✓	✓

\*Ms. Tomasa H. Lipana served as an Independent Director and a member of the Corporate Governance and Sustainability Committee until April 30, 2025. She attended meetings held on February 26 and March 14, 2025.

## Nomination and Election of Directors

SMIC complies with applicable law and relevant rules and regulations set forth by the Securities and Exchange Commission (SEC), among other regulatory agencies, for the nomination of candidates for election to its Board of Directors. The procedure for nomination of directors is identified in the Company's Definitive Information Statement. The Corporate Governance and Sustainability Committee reviews and qualifies the nominees for election to the Board of Directors at the Company's Annual Stockholders' Meeting (ASM). All nominations for directors submitted in writing to the Corporate Secretary within the set nomination period are considered valid. All shareholders, including minority shareholders, are entitled to be notified of the schedule and other details of the ASM for the election of board of directors and are entitled to vote as such. Elected directors hold office for one (1) year until their successors are elected pursuant to SMIC's By-Laws. 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 and Sustainability Committee reviews the qualifications of all nominee directors 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.

The Corporate Governance and Sustainability 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 (5) directorships in other publicly listed companies. No executive director serve on more than two boards of listed companies outside the Group.

In addition to the aforementioned qualifications, the Corporate Governance and Sustainability 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 all the qualifications and none of the disqualifications provided in the Manual on Corporate Governance, applicable law and regulations. 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 SEC.

#### **Training and Continuing Education Program**

In 2025, members of the Board of Directors participated in various corporate governance seminars and training programs. On July 25, members of the Board of Directors attended a seminar organized by BDO Unibank, Inc. On October 3, members of the Board of Directors and key officers participated in a corporate governance seminar conducted by the Institute of Corporate Directors (ICD). Attendance of the SMIC Board of Directors and key officers to these SEC-accredited seminars and training programs are disclosed.

#### **Evaluation of the Board**

Through the Corporate Governance and Sustainability 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. Board evaluation is also discussed in the Company's Definitive Information Statement. Every three (3) years, the annual board evaluation is conducted by a third-party facilitator.

### **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](http://www.sminvestments.com).

#### **The Manual on Corporate Governance**

The Manual on Corporate Governance sets out the principles and practices of good corporate governance adopted by the Company. It addresses matters relating to the Board of Directors and Management, and includes the Company's policies on disclosure and transparency, as well as requirements for communication and corporate governance training programs. The Manual also outlines the rights of stakeholders and the protection of the interests of minority stockholders. There have been no deviations from the Manual since its adoption. SMIC confirms that the Company, its directors, officers, and employees have complied with applicable laws and relevant regulations, including the SEC Code of Corporate Governance and the governance principles set out in the Manual, and remains committed to the continuous review and improvement of its corporate governance practices.

#### **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 Company ensures compliance with the Code of Ethics through the collaboration of its Human Resources (HR) Group and the Governance, Risk and Compliance (GRC) Team. The Code is part of the Company's basic orientation training program to ensure that all employees and stakeholders are informed and that the principles, standards and practices therein are implemented. Implementation is further monitored by the HR Group. It shall receive reports of violation and ensure the proper handling and resolution thereof. Company policies are also aligned with provisions of the Code as applicable. The Code is reviewed at least annually to ensure that provisions therein remain up-to-date and relevant pursuant to applicable law and pertinent regulatory requirements.

### The Sustainability Policy

SMIC is committed to 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. The Company is focused on enhancing the sustainability of its business ecosystem and is actively addressing the climate adaptability and mitigation of its businesses. The sustainability policy is complemented by a Sustainability Management System with operating policies and implementing procedures on 11 material topics that include, among others, climate action, resource management, sustainable supply chain and equal opportunity. Management performance is linked to sustainability metrics. SMIC's sustainability policy, management system and programs are discussed further in the SMIC Sustainability Report and the SMIC Sustainability Notes aligned with the International Financial Reporting Standards (IFRS) S1, S2 and Global Reporting Initiative (GRI). All of these are publicly accessible through the Company website.

Other CG Related Policies	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading in SMIC shares during the period within which a material non-public information (MNPI) is obtained, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. The GRC Team issues reminders of the trading restriction period or the "blackout period", before the release of financial reports or the disclosure of other material information to ensure compliance with the Policy, the Securities Regulation Code Rule 68, applicable law and other relevant regulatory issuances. Covered persons are prohibited from trading the Company's shares for as long as they possess MNPI until such information has been publicly disclosed. All covered persons stated in the Policy are required to report their dealings in company shares within three (3) business days of the transaction for proper and timely disclosure.
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.

Other CG Related Policies	Brief Description
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/ Entertainment/ Anti-corruption	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 overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.
Whistleblowing Policy	Under SMIC's whistleblowing policy, whistleblowers may accomplish and submit a report through the dedicated whistleblowing platform managed by an independent third party provider. Concerns reported may include, among others, suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable law or regulation, and any act that may damage the Company's reputation. Investigation is subject to due process and applicable penalties and sanctions thereafter.  Furthermore, the policy invokes a "No Retaliation" section for reports made in good faith. Requests for anonymity shall be honored, provided that such anonymity does not conflict with legal obligations and necessary actions for the purpose of resolving the reported concern/s.

Other CG Related Policies	Brief Description
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. The Company is committed to acting professionally, fairly, and with integrity in all its 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	SMIC collects, processes, and stores data subjects' personal data when they use its services, websites, applications, attend events, apply for jobs, or enter into contracts, with their consent. This privacy policy explains how data subjects' personal information is collected, used, and protected.
Succession Planning Policy	<p>Part of the duties and functions of the Board of Directors is to ensure that an effective succession planning program for directors, key officers, and management is in place to support the long-term success of SMIC. The succession plan covers all levels of the organization including key management positions and the President and CEO.</p> <p>HR, in consultation with management and the Board, develops and monitors the internal talent pool for capacity building and matches the identified employees with the potential roles for which they can be trained. HR shall also have access to external sourcing as the Company deems necessary.</p> <p>HR initiates the exercise of identifying potential successors within the organization and determine their readiness to assume greater responsibilities prior to the incumbent's separation or retirement. As such, the internal talent pool may include "ready now" and "future" successors based on performance and potential assessments, skills-based evaluation, 360-degree feedback, and other activities used to identify the successors. Learning and training programs (in-house and external) shall be made available to all employees to ensure business continuity in leadership and minimize disruption in daily operations, as applicable.</p>

Visit SMIC's Corporate Governance webpage to learn more about the Company's policies and other corporate governance initiatives.

## ERM FRAMEWORK AND PROCESS

At SMIC, Enterprise Risk Management (ERM) actively supports sustainable growth and long-term value creation by embedding a disciplined and integrated risk management approach across the organization. Anchored in prudent risk management principles, the ERM framework strengthens governance, enhances strategic execution, and reinforces resilience in an increasingly complex and dynamic business environment.

SMIC's ERM framework directly supports the Group's strategy of market leadership and continuous innovation. Through a structured process that systematically identifies, assesses, manages, and monitors risks within a defined risk appetite, the framework enables the organization to navigate evolving business conditions while capitalizing on emerging opportunities. Continuous monitoring and periodic evaluation ensure the framework remains effective, adaptive, and aligned with strategic priorities.

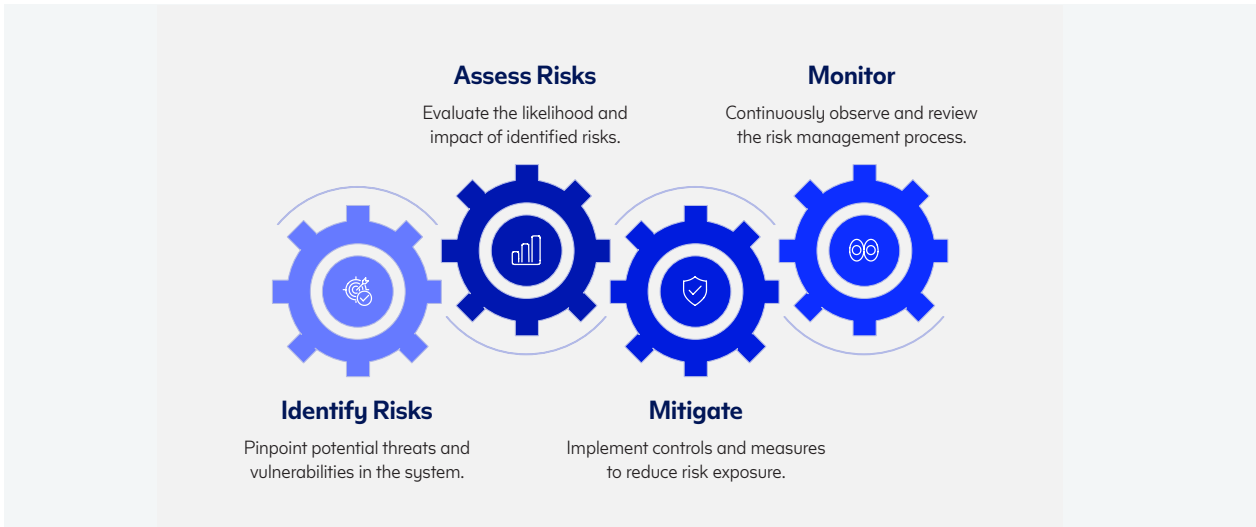
Risk management is embedded into annual planning, investment gating, capital allocation, procurement processes, project approvals, and change management initiatives. By integrating risk considerations into decision-making processes across business units and the broader SM Group, SMIC enhances informed decision-making, strengthens operational discipline, and supports sustainable success in a consumer-driven economy.

In 2025, SMIC further enhanced its ERM framework to respond to evolving organizational needs and the increasingly complex global risk landscape. The updated framework aligns with **ISO 31000:2018 Risk Management Guidelines and the COSO Enterprise Risk Management (2017) Framework**.

This dual alignment reinforces comprehensive integration of risk management across the Group through:



SMIC’s risk assessment process begins with systematic identification of relevant risks, encompassing strategic, operational, financial, technological, geopolitical, ESG, and emerging risks. Risks are evaluated based on likelihood, financial and non-financial impact, velocity, and potential interdependencies. Prioritized risks form the basis for mitigation strategies, action plans, and continuous monitoring. This structured approach enhances resilience while enabling the Group to respond proactively to both risks and opportunities.



**Roles and Responsibilities in Enterprise Risk Management**

Risk management at SMIC is a shared responsibility embedded across all organizational levels, from the Board of Directors to operational units. This structure integrates risk awareness and accountability into our corporate governance, fostering resilience and sustainable growth.



This three-line-of-defense structure reinforces SMIC’s commitment to sound governance and enterprise-wide risk accountability.

## Key Risks and Opportunities

SMIC's comprehensive enterprise-wide risk assessment identifies key exposures across ESG, geopolitical, macroeconomic, human capital, technology, strategic, and financial domains. These risks are managed within established risk appetite thresholds and are evaluated not only for their potential adverse impact but also for the strategic opportunities they may present.

### Geopolitical and Country Risk

Operating in a dynamic global environment exposes SMIC to geopolitical tensions, evolving regulatory frameworks, trade restrictions, foreign investment controls, and policy changes across jurisdictions. Political instability, regulatory shifts, and cross-border capital constraints may impact operations, supply chains, investment flexibility, and asset valuations.

**Mitigation:** SMIC mitigates these risks through geographic diversification, continuous monitoring of regulatory developments, country risk assessments integrated into investment decisions, and scenario analysis to evaluate potential disruptions.

**Opportunity:** Global supply chain realignment and regionalization trends present opportunities for strategic investments in domestic capacity expansion, infrastructure development, and sectors benefiting from localization initiatives.

### Macroeconomic and Inflation Risk

Macroeconomic volatility, including inflationary pressures, interest rates and currency fluctuations, and potential economic slowdown, may affect consumer demand, operating margins, asset valuations, and financing costs.

**Mitigation:** SMIC manages these exposures through prudent financial policies, diversified funding sources, liquidity buffers, and stress testing integrated into capital planning and portfolio management. Continuous monitoring of macroeconomic indicators supports informed capital allocation decisions.

**Opportunity:** Periods of market dislocation may create attractive entry valuations for long-term investments. Strong balance sheet management positions SMIC to deploy capital countercyclically when strategic opportunities arise.

### Human and Talent Risk

The Group's ability to execute its strategy depends on attracting, developing, and retaining high-quality talent. Competitive labor markets, leadership succession challenges, and evolving workforce expectations may impact operational effectiveness and innovation capacity.

**Mitigation:** SMIC addresses these risks through structured succession planning, leadership development initiatives, performance-aligned incentives, employee engagement programs, and investments in digital upskilling. Risk ownership at business unit level ensures continuity of key roles and knowledge transfer.

**Opportunity:** A strong talent strategy enhances innovation, strengthens execution capability, and supports long-term competitive advantage.

### ESG and Sustainability Risks

SMIC manages environmental, social, and governance risks through structured sustainability oversight and coordination with the ERM function. Key exposures include Climate Physical Risks, Climate Transition Risks, Customer and Community Safety Risks, and broader reputational considerations.

**Mitigation:** Mitigation measures include updates to Business Continuity and Disaster Recovery Plans (BCP/DRP), enhanced insurance coverage, sustainability governance oversight, and resource efficiency initiatives embedded in daily operations. The Sustainability Team regularly reports progress on the Group's sustainability roadmap to the Steering Committee, with relevant updates provided to the Board through the Corporate Governance and Sustainability Committee. Close coordination with the CRO ensures enterprise-wide integration.

### Technology and Cyber Risk

SMIC proactively manages technology risks, including cybersecurity threats, system vulnerabilities, technology obsolescence, and emerging AI-related risks such as model governance and deepfake threats.

**Mitigation:** To strengthen digital resilience, SMIC has established an IT Council, AI Council, and Information Security Council. These bodies foster collaboration, establish best practices, and oversee the implementation of a comprehensive cybersecurity control framework. Regular vulnerability assessments, penetration testing conducted through third-party engagements, and tabletop exercises form part of the Group's BCP/DRP program. Continuous monitoring enhances threat detection and response capabilities.

**Opportunity:** Strategic adoption of digital technologies and AI enhances operational efficiency, data-driven decision-making, and innovation capacity.

### Financial and Capital Allocation Risk

SMIC diligently manages liquidity, market, refinancing, and capital allocation risks. Volatility in capital markets may affect funding access and cost of capital.

**Mitigation:** The Group mitigates these risks through diversified funding sources, disciplined leverage management, continuous monitoring of capital markets, and structured investment governance processes. Performance and capital allocation risks are assessed to ensure optimal deployment of resources aligned with strategic objectives.

**Opportunity:** Strong financial discipline enhances resilience and enables the Group to capitalize on strategic growth opportunities during periods of market volatility.

### Strategic Execution Risk

Effective execution of strategic initiatives, integration of investments, and alignment between growth objectives and risk appetite are critical to long-term performance.

**Mitigation:** SMIC employs disciplined investment approval processes, project gating mechanisms, and post-investment performance monitoring to ensure accountability and value realization.

### Management Commitment

SMIC's integrated approach to enterprise risk management reflects its commitment to safeguarding operations, strengthening governance, and delivering sustainable value for stakeholders. By embedding risk awareness across all levels of the organization and aligning risk management with strategy, capital allocation, and sustainability objectives, the Group enhances resilience while positioning itself to capture emerging opportunities in a rapidly evolving business landscape.

## 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 and engagement between the Company and its various stakeholders, including minority shareholders. The IR Department engages its stakeholders, through a range of activities such as, but not limited to, quarterly earnings briefings, site visits, participation in investor conferences, annual roadshows, press releases, and timely company disclosures. SMIC holds analysts' briefings, media briefings and press conferences throughout the year and shares presentations presented therein through the company website. In 2025, the IR Department and senior management conducted roadshows across Asia and in the UK. The SMIC IR Department also coordinates stakeholder engagement activities with the different IR departments of the Company's subsidiaries and affiliates to maximize impact and align messaging. SMIC's 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  
10/F OneE-Com Center  
Ocean Drive, Mall of Asia Complex  
Pasay City, 1300 Philippines  
ir@sminvestments.com

### The Annual Stockholders' Meeting

The Annual Stockholders' Meeting (ASM) provides SMIC shareholders, including minority shareholders, the opportunity to raise concerns, give suggestions, and vote on relevant items set forth in the agenda. SMIC releases its ASM notice at least 28 days before the schedule of the meeting in accordance with applicable law and regulatory issuances and requirements, which includes detailed agenda items, rationale thereof, meeting date, venue and time, proxy validation and other relevant schedules, among others. Voting methods, including real time secure electronic voting in absentia, are clearly defined and explained in accordance with pertinent regulatory requirements and CG standards. Stockholders may vote by personally attending the meeting or through their proxies, or *in absentia* and pre-cast their votes through the Company's secure online voting facility for the ASM. The detailed discussion of stockholders' voting rights and voting procedures are disclosed before the ASM through the Definitive Information Statement alongside the "Guidelines for Remote Participation and Voting in *Absentia*" appended thereto.

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, the Definitive Information Statement, and all relevant information about matters to be taken up during the meeting. Furthermore, the Company appoints an independent party to count and validate the tabulation of votes at the ASM.

Minutes of the ASM are posted on the Company's website immediately following the ASM. Such record the agenda items and resolutions made during the meeting, that shareholders were given the opportunity to ask questions, which were addressed and answers were recorded, among other pertinent information pursuant to SEC regulations and other regulatory issuances. 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

SMIC's Manual on Corporate Governance also protects the rights of shareholders, which include, among others, shareholders' appraisal right and right to vote, inspect corporate books and records, gain access to material information and receive 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 ASMs and, if any, special meetings. Voting procedures are provided in the Company's Definitive Information Statement distributed to shareholders prior to the meetings. 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 Company adopts a dividend policy designed to provide shareholders with sustainable return while preserving financial flexibility to support long-term growth and value creation. The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs, and overall financial position. The Board also seeks to maintain an appropriate balance between distributing returns to shareholders and retaining sufficient resources for future development and prudent risk management.

Dividend decisions are made on a case-by-case basis and remain subject to the discretion and approval of the Board, considering prevailing business and economic conditions.

Dividends, when declared, shall be paid within thirty (30) days from the date of declaration.

In accordance with the Company's dividend policy, SMIC aims to provide returns to shareholders while maintaining a prudent balance between dividend distributions and the requirements of long-term growth, financial flexibility, and ongoing business commitments. Dividend declarations are determined by the Board, taking into account earnings performance and other relevant considerations. In 2025 and 2024, the Company declared and paid dividends of PHP15,972.1 million and PHP10,998.2 million, respectively, representing 73% and 60% of the prior year's earnings of the SMIC Parent Company. Further information on the Company's dividend policy and dividend declarations is set out in the Definitive Information Statement.

## Employee Welfare and Remuneration Philosophy

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 the employees can use and participate in HRD supported sports and wellness activities. Work from home as flexible work arrangement is also 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 throughout the year in accordance with its Training and Development Policy.

Remuneration is structured to align with corporate performance, shareholder interests, and long-term value creation. It consists of fixed components that may include base pay, allowances and company-provided benefits, among others, alongside short-term and long-term incentives as variable components, which are linked to measurable performance indicators such as financial results, strategic goals and leadership effectiveness. These are reviewed annually with reference to relevant market benchmarks. The Company discloses the aggregate remuneration of its Executive Directors and President/CEO in accordance with applicable law and pertinent regulatory requirements.

SMIC embraces a meritocratic approach, where sustainability is integral to the Company's strategy. Remuneration is tied to sustainability performance, which is incorporated into the Company's broader business performance metrics and reward systems. The performance of all employees including senior management is evaluated based on business-related objectives, with sustainability being a key component, reflecting its importance in the ongoing success and growth of the organization.

All qualified employees are entitled to annual merit increase in salary based on their performance in the preceding year. This way, the Company has a measurable standard to align performance-based remuneration of its executive directors, senior executives and all other qualified employees with the long-term interests of the organization. Qualified employees may also be eligible for cash incentive and the management stock incentive program as part of the Company's long-term incentive scheme and reward compensation policy.

Benefits strictly provided by the Company, that are in addition to what is mandated by law, may be withheld when necessary such as if the executive is found to have violated a company policy resulting in disciplinary action involving employment termination. Similarly, an incentive tied to performance may be withheld if performance requirements are not sufficiently met.

## Emergency Preparedness Program

SMIC implements an emergency preparedness program that aims to safeguard its workforce, operations, and customers against emergencies, whether natural or human-caused incidents such as, but not limited to, fire and other security threats. Led by the HR-Administrative and Facilities Department, and in coordination with fire and security agents, the Company conducts regular safety or fire drills and first aid orientation and training throughout the workplace. These drills are conducted to establish a structured approach for responding to an emergency and ensure that the Company has competent, composed and efficient response from SMIC's workforce to handle such an emergency.

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

The Company has also developed and maintained 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

Pursuant to SMIC's Training and Development Policy, the Company is committed to developing a strong learning culture, in which everyone is able to achieve their full potential, and will increase job satisfaction and support career development. As such, SMIC is committed to providing excellent training and development opportunities for its staff, which meet the operational and strategic objectives of the organization, as well as individuals' learning aspirations and needs.

SMIC is committed to ensuring that all employees are provided with the training they need to perform their jobs. To aid understanding and organization, HR categorizes training and development into Orientation and Onboarding, Leadership, Management, and Supervisory Skills Development, Soft Skills Training, Professional and Technical Training, and Health and Safety. As such, all employees have access to training programs and activities such as the Orientation for New Employees of SM (ONE SM), the SM Sustainability School, Learning Bites and Webinars on various relevant topics such as health and wellness, cybersecurity, data privacy, and artificial intelligence (AI).

For issues or concerns, all stakeholders may refer to:

Ms. Vicky Lee-Salas  
Senior Vice President, Chief Risk and Compliance Officer  
vicky.salas@sminvestments.com

Mr. Noel T. Ang  
SAVP - Governance, Risk and Compliance  
noel.ang@sminvestments.com

Ms. Maria Virginia A. Tolentino-Uy  
SAVP - Governance, Risk and Compliance  
marvi.tolentino-uy@sminvestments.com



**SM** INVESTMENTS

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