

SM INVESTMENTS



Together, We Recover

2021 Integrated Report





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We Are SM

Who We Are

Our company was built by our founder, Henry Sy, starting as a small shoe store in the late 1950s in downtown Manila. Today, we are the country's leading holding company, with a broad presence in retail, banking and property. We touch the lives of millions of Filipinos.

Service is proudly in our DNA: we always keep the welfare of our employees, customers, partners and stakeholders front of mind.

We have grown by making sure our people and our partners grow with us. We continue to commit ourselves to improving the quality of life for our communities.

Through the pandemic, we have continued to adapt and be innovative in meeting our customers' needs and we will carry on doing so.

There are huge opportunities ahead and we will be a leader in responsible, inclusive and sustainable business practices as we continue to grow for the benefit of all.

Our Vision and Commitment

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

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

What We Stand For



Entrepreneurship

Drive and
Enthusiasm

Teamwork

Integrity

Leadership

Our Board's Vision



We continued to perform and grow, in the spirit of *bayanihan*

To our Stakeholders

At SM we have built strong market-leading businesses over time by addressing the enormous needs of our underserved country. We have consistently done so in the most responsible way possible. These priorities have gone hand in hand.

In 2021, we continued to perform and grow, in the spirit of *bayanihan*—togetherness—that has been essential in our country, especially in these unprecedented times.



Delivering impact at scale

This year, each of our businesses delivered results that we are proud of. Results that can be measured in financial performance, in social impact, in leadership across national issues, and in continuing to serve our customers' needs.

We are also proud of how our strong management teams have continued to act as advocates and leaders wherever our footprint has allowed us to. The SM Group has created impact in critical areas such as nationwide vaccination, economic recovery, disaster response and resilience, and climate action.



Committed in tackling urgent environmental issues

As a group, SM operates together, coordinating our actions and using our nationwide network to maximum effect. Delivering impact on the scale SM does takes both a focused mindset and a flexible organization.



As a catalyst for responsible growth and improving the lives of our communities, we are also committed to the role we can play in tackling urgent environmental issues. Across the SM Group, the importance of these concerns is urgently felt from the very top of our organization.

We would sincerely like to thank our leadership teams, our many private and public sector partners, and all our customers and stakeholders for their support. In particular, we would like to thank our Board members and shareholders for their unstinting support.

Together, we have weathered the health and economic challenges of the last two years. Together we are recovering. Together, we will grow and thrive.



A stylized, handwritten signature in black ink, likely belonging to Jose T. Sio.

Jose T. Sio / Chairman

A stylized, handwritten signature in black ink, likely belonging to Teresita T. Sy.

Teresita T. Sy / Vice Chairperson

A stylized, handwritten signature in black ink, likely belonging to Henry T. Sy, Jr.

Henry T. Sy, Jr. / Vice Chairman



Our President's Report

65%
net income
growth for 2021



294

new retail stores



7.2m+

vaccine doses
delivered to the
broader population
through our malls



120,000+

SM employees were
fully vaccinated

To our Stakeholders

Strong Together

In 2021 SM Investments helped lead the way in economic support and recovery, as well as in vital health response. We provided for the vaccination needs of our communities, and ensured customer access to essential products and services nationwide.

We delivered exemplary financial growth, kept a strong balance sheet, and continued to expand our market-leading businesses even as prevailing circumstances remained challenging. We believe that our long-term success stems from our inclusive approach towards business.

As the Philippines posted an economic growth of 5.6% last year, the SM Group continued to deliver positive performance with 9% revenue growth that led to 65% net income growth. This was driven by resilient performance across all our businesses supported by a rebound in consumer sentiment in the fourth quarter.

Our continued growth is a testament to both the fundamental relevance of our businesses to Filipino consumers, and to our long-standing financial prudence,

which ensured that our net debt-to-equity ratio remained at 38% net debt to 62% total equity—a figure that hardly changed prior to the pandemic.

From this position of strength, we have been able to assist the many employees, tenants, suppliers, partners, and communities under our broad umbrella. We are aware that it is the strength of our entire ecosystem that ensures our success and ability to grow and create value—in both the short and the long term.

Growing Together

Despite all the recent challenges, we continued to invest and grow our business footprint in 2021. We opened 294 new retail stores and 75 bank branches, launched almost 12,000 residential units and added 284,000 square meters of new mall gross floor area. We continued to create presence in underserved regions across the country.

At the same time, we increased our ownership in our portfolio investments, among them the heritage bakeshop chain Goldilocks and in 2GO, the leading logistics company in the country. These are businesses that we believe have strong assets and

that synergize well with our core SM businesses. We also believe they have formidable long-term growth potential.

At SM, we've always been confident in investing to expand—even in challenging years—knowing the long-term opportunities that the Philippines holds. We also know that we can fulfill the growing needs of millions of underserved Filipinos, whether in modern retail, integrated property development, financial access, or other emerging services.

Together against the Pandemic

At the height of the pandemic crisis, we continued to look after the health and safety of our employees and our customers. Our health and safety protocols across our malls, stores, bank branches, and operations centers across the group ensured that they were safe locations for all.

We also delivered an aggressive vaccination program, working with LGUs nationwide to ensure that over 120,000 SM employees were fully vaccinated.



Frederic C. DyBuncio
President and CEO



We also responded to the wider needs of our communities. We turned our mall network into vaccination sites, resulting in over 7.2 million vaccinations delivered to the broader population across 72 SM malls nationwide.

Amid the crisis, we continued to provide relief to our tenants and support to our many suppliers. At the same time, we offered advice and access to markets for the many thousands of MSMEs in our network. We also continued to enhance our digital and delivery options across all our businesses, ensuring continuity of service, at the same time deepening our long-term customer relevance and relationships.

Together for our Environment

As a country that is one of the smallest contributors to global climate change, the Philippines happens to be one of the most vulnerable to its harsh effects. Going forward into the future, we recognize that protecting our environment will be one of the biggest challenges we will continue to face.

In this light, 2021 saw us stepping up our climate change response program. We joined the Task Force on Climate-Related Financial Disclosures, making clear our unequivocal support for private sector action, transparency in our own programs, and our partnership toward our common needs and goals.

SM continues to lead in disaster resilience planning across all our developments particularly as a partner in UN ARISE and by dedicating 10% of our capital expenditures to disaster resilient features.

By continuing to evaluate our own energy use efficiencies, we identify ways in which we can lead as an advocate.

Last year, our property arm SM Prime made one of the boldest announcements related to energy usage in the country to date, committing that 50% of their energy will be provided by renewable sources by end-2022.

At SM, we've always been confident in investing to expand—even in challenging years—knowing the long-term opportunities that the Philippines holds.

Another of our businesses, NEO, became the first building development portfolio in the world to be certified as net zero carbon under the EDGE program of the IFC. Meanwhile, our bank, BDO, continues to lead in financing renewable energy projects nationwide.

As we continue to look to progress our actions across the group, we also continue to lead as an advocate in private sector action and collaboration with the public sector on climate concerns. In September, for the third time we co-hosted our sustainability conference with GRI, bringing together our peers and government members across the ASEAN region.

Together for Relief and Resilience

In December 2021 we experienced the onslaught of Typhoon Odette (international name: Rai), which affected several cities and the lives of millions of Filipinos. The SM Group came together to help provide relief goods and shelter

for the impacted communities through our malls and distribution capabilities available for rebuilding. 2GO, our logistics arm, worked closely with utility companies to bring critical equipment to the region to help restore electricity and basic services. Our SM Foundation arm coordinated our community-based humanitarian relief.

Recognitions

We are pleased that we continue to be recognized by leading industry bodies like the ASEAN Corporate Governance Scorecard, The Asset Magazine and Investor Relations publications for our responsible business practices and high governance standards. We are also recognized as a leader in sustainability by organizations such as Sustainalytics and FTSE4Good. These are areas where we strive to be a leader. We remain committed to advancing the principles of the UN Global Compact and to contributing material actions towards the UN Sustainable Development Goals.

As we are recognized for our contributions, we also wish to recognize and express our gratitude to the many stakeholders who have helped us make a difference during this past year. We thank our employees for their hard work and dedication to our customers, our business partners for their support and cooperation, our private sector agencies and public sector peers for working with us to address our urgent common needs and, finally, our shareholders for their support towards SM, and their continuing trust in us.

It is a trust that empowers us to sustain and strengthen our commitment to serving our millions of customers, and to keeping to our sustainability goals as, together, we grow into the future.



Frederic C. DyBuncio
President and CEO

Our Business Footprint



SM Retail

77.3%
Effective Interest

PHP303.9bn
Revenues

68
The SM Store

1,539
Brand Affiliates

52
SM Hypermarket

61
SM Supermarket

214
Savemore

1,207
Alfamart

73
Walmart

1
Mindpro

BDO Unibank, Inc.



45.3%
Effective Interest

PHP131.3bn
Net Interest Income

PHP42.8bn
Net Income

1,542
Branches in
the Philippines

2
Foreign branches

4,484
ATMs

China Banking Corporation



22.5%
Effective Interest

PHP38.3bn
Net Interest Income

PHP15.1bn
Net Income

637
Branches

1,037
ATMs

SM Prime Holdings

49.7%
Effective Interest

PHP82.3bn
Revenues

PHP21.8bn
Net Income

21
Integrated
Lifestyle Cities

7
Malls in China

12
Office Buildings

5
Convention
Centers

78
Malls in
the Philippines

80
Residential
Projects

9
Hotels

2
Trade Halls



Portfolio Investments

35.0%
Airspeed

34.1%
Atlas Mining

26.4%
Belle Corporation

34.0%
CityMall

74.1%
Goldilocks

71.3%
MyTown

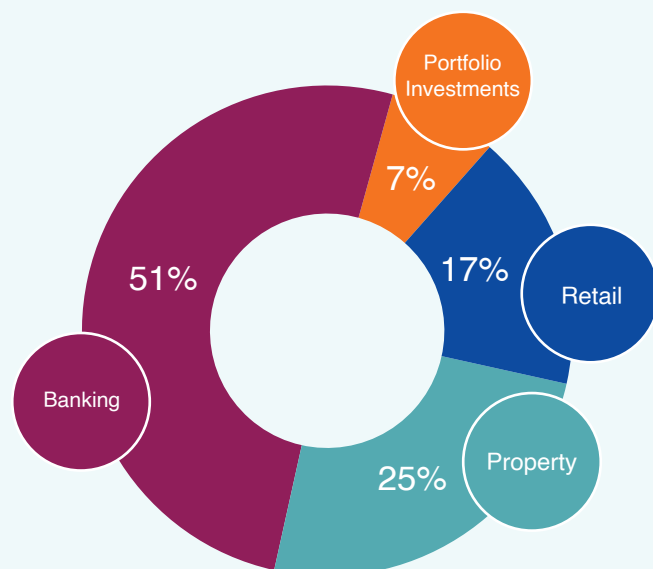
34.0%
NEO
Associates

95.0%
NEO
Subsidiaries

52.9%
2GO Group Inc.

Our Financial Highlights

Net Income Mix



Financial Performance at a Glance

Php38.5bn
Net Income

Php428.1bn
Revenue

Performance Review

in PHP billions

Assets

2021 1,341.59

2020 1,224.52

2019 1,144.16

8.15% 3-year CAGR

Revenues

2021 428.06

2020 394.19

2019 501.97

-1.64% 3-year CAGR

Earnings

2021 38.50

2020 23.39

2019 44.57

1.26% 3-year CAGR

Core Businesses

FY 2021 Performance

	Revenues	% Chg	Net Income	% Chg
SM Retail	Php303.9bn	2%	Php9.6bn	133%
SM Prime	Php82.3bn	1%	Php21.8bn	21%
BDO	*Php131.3bn	-2%	Php42.8bn	51%
China Bank	*Php38.3bn	13%	Php15.1bn	25%

Note: *Net Interest Income

Financial Position (PHP bn)	2021	2020	2019
Revenues	428.06	394.19	501.97
Consolidated Income	38.50	23.39	44.57
Total Assets	1,341.58	1,224.52	1,144.16
Total Liabilities	729.14	659.80	608.02s
Stockholders' Equity	612.44	564.73	536.15
Financial Ratios			
Current Ratios	1.2x	1.1x	1.3x
Return on Equity	9.1%	6.0%	11.9%
Debt-Equity Ratio (Net)	38:62	37:63	36:64
Dividend Payout Ratio (based on SMIC Parent's net income)	85%	50%	100%
Per Share Data (PHP)			
Earnings per Share	31.96	19.42	37.00
Book Value per Share	362.31	335.25	317.64
Price Earnings Ratio	29.5x	54.0x	28.2x

Php1.3tn
Assets

Php97.0bn
EBITDA

Php1.1tn
Market Capitalization

Share Performance

As of December 31, 2021

Share Price

2021 Php943.00

2020 Php1,049.00

2019 Php1,043.00

Earnings Per Share

2021 Php31.96

2020 Php19.42

2019 Php37.00

External Recognitions



FTSE4Good



Sustainalytics
ESG Industry
Top Rated Company

**The Asset ESG
Corporate Awards**
Platinum Award
Best Investor
Relations Team

**IR Magazine Southeast
Asia Awards**
Best IR Website

FTSE4Good
Constituent in
the FTSE4Good
Index Series
and FTSE4Good
Emerging Index

**Alpha Southeast Asia
11th Institutional Investor
Corporate Awards**
Most Organized Investor Relations
Best Senior Management IR Support
Strong Adherence to
Corporate Governance

Golden Arrow Awards

8 of our companies received
the Golden Arrow Awards
from the Institute of Corporate
Directors (ICD) for performing
well in the ASEAN Corporate
Governance Scorecard
(ACGS)

57th Anvil Awards
SM Investments
2020 Integrated Report -
Silver Award

SM Investments Website
Refresh – Silver Award

SM Investments
Corporation

SM Prime
Holdings, Inc.

China Banking
Corporation

Belle
Corporation

BDO Unibank,
Inc.

Premium
Leisure, Corp.

2Go Group,
Inc.

Atlas
Consolidated
Mining and
Development
Corporation







How We Create Shared Value

As a company, we believe that business growth and social development go hand in hand. We developed our own framework on how we can deliver long-term value that is shared by all our stakeholders as we manage risks and optimize opportunities that lie ahead amidst global disruptions like COVID-19, threats of climate change and shifts in market trends.

Our Value
Creation
Framework

Sustainable
Recovery
Stories

Our Valued Resources

What We Do



Our Path to Sustainable Growth



We create inclusive socioeconomic opportunities



We facilitate development



We promote environmental responsibility



We create positive community impact



We advocate sustainable growth



Output

126,872

jobs created

1.5mn

new BDO and China Bank checking and savings account opened in 2021

60.6mn

Cash Agad transactions to date with

9,530

partner agents

PHP61bn

outstanding SME loans with BDO and China Bank

63%

women in the workforce



more than

90,000

MSMEs engaged

10%

of CAPEX allocated for disaster-resilient features

20,001

socialized housing built by Summer Hills Development Corporation



3

cities supported under Adopt-a-City program

167,519

SMDC residential units launched to date



21

Integrated Lifestyle Cities in the Philippines



3

Marine Protected Areas



10

hectares of mangroves protected



32.6mn m³

water recycled by SM Prime, Atlas Mining and BDO

54

renewable energy projects funded by BDO with 2,230MW capacity

50%

SM Prime renewable energy sourcing by end of 2022



NEO

world's first EDGE Zero Carbon certified real estate portfolio

PHP21.6bn

SM Group COVID-19 Response for 2021

7.2m+

Filipinos vaccinated in

72

SM Supermalls sites

11,266

scholars supported to date

305

health centers and medical facilities built and renovated to date

5,483,120

patients served in 1,535 medical missions conducted and 305 health and medical facilities built and renovated to date

PHP15.6bn

payments to government

PHP70.3bn

BDO financing for national projects, airports, and road networks

More than

8,000

views for the GRI-SM ASEAN Regional Sustainability Summit

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SMIC, SM Prime, and NEO signed as TCFD Supporter

Stakeholder Impact



Our Country

We build a network of local economies to facilitate access to better standards of living



Our Customers

We are the Filipino's partner in achieving their aspirations in life by creating inclusive and innovative products and services



Our Sustainable Development and NGO Partners

We work together with local and global development partners on practical solutions for sustainable development



Our Public Sector Partners

We cultivate long-term partnerships with local governments for national development



Our Co-workers

We create diverse job opportunities nationwide and promote purpose at work



Our Supply Chain Partners

We serve as the community, partner and marketplace for MSMEs to expand their reach



Our Communities

We help improve the well-being of our communities by providing access to basic social services and building community resilience through our investments in disaster risk reduction and response programs



Our Financial Partners

We practice responsible investments anchored on sustainability and good governance to deliver sustainable returns for our shareholders and long-term value for all our stakeholders

Sustainable Recovery Stories



In the words of our founder Henry Sy:
*Whatever you earn, you must give back.
We must do something to help others
in society.*

In 2021, the Philippines was not only caught in the COVID-19 crisis, but was also ravaged by Typhoon Odette (international codename: Rai). The SM Group harnessed its capabilities as a powerful ecosystem of businesses to respond to these crises.

Our broad footprint of malls and retail developments allowed us to provide extensive support to the COVID-19 vaccination efforts. And our various community efforts allowed us to quickly and responsively rise to the demands of the times.

Moving forward to the future, the climate programs we have instituted are designed to provide leadership momentum and a strong response to climate change.



Recovering Together

With a strong drive to recover together with the rest of the nation, SM launched a rapid, comprehensive response program. Our nationwide footprint allowed us to efficiently mobilize our distribution network and our sourcing capacities helped us provide effective on-the-ground programs to support communities amid the pandemic.

Php21.6bn

SM Group COVID-19
Response for 2021



Php500m

worth of COVID-19
vaccines or 560,000 doses
administered to over
120,000 employees



7.2m+

doses of COVID-19
vaccines administered
nationwide



SM Supermalls teamed up with
Go Negosyo's "A Dose of Hope"
program to launch nearly 50 shared
vaccination sites to provide efficient
access to COVID-19 vaccines to:

300
MSMEs

170,000
MSME employees
nationwide



SM Foundation with
Uniqlo donated

44,000+
shirts



14,400
Airism masks



to healthworkers, the
military, local governments
and communities in the
battle against COVID-19.



In partnership with the Philippine Red
Cross, SM donated mattresses and
other essentials such as pillows and
linens for isolation wards of COVID-19
patients at the University of the
Philippines Diliman and Ateneo de
Manila University.



Php2.5m

cash assistance
was donated to
private hospitals
in Cebu.



94

MSMEs, which were
economically affected
by the pandemic,
were given
Start-Up Packages
at 12 SM malls.



Typhoon Odette Support

In December 2021, Typhoon Odette struck the Philippines, causing severe damage to its central region and affecting millions of Filipinos.

SM's broad footprint allowed the immediate and efficient deployment of relief goods through our programs and foundations. Our network of logistics firms also gave us the critical mobility we needed to distribute much-needed equipment and goods.

Throughout our malls, we were also able to provide shelter and connectivity, while activating our banks and malls as collection points for donations of money and relief goods.

Our banks and malls were also kept open beyond standard operating hours to allow the flow of essential public services.

38,000+

"Kalinga packs"
distributed to over 35
barangays in Visayas
and Mindanao



250+

rechargeable
solar lights



Php57.4m

in financial and material
aid for those affected by
Typhoon Odette



1,000

five-gallon bottles of
drinking water

2GO Group transported 500 tons of relief goods free of charge from Manila to areas in Visayas and Mindanao affected by the typhoon. Together with One Meralco Foundation, it transported nine basket trucks, equipment and Meralco's teams to help restore power in Cebu and Bohol.



Airspeed immediately offered its air freight forwarding services and trucks to bring tons of essential cargo. It offered the use of its warehouses in Manila and Cebu for free for storage of relief goods coming from various organizations. It flew truckloads of bottled water immediately provided by SM companies to Cebu in light of the water shortage in the typhoon-hit region.





Our Retail Businesses

Enhancement and Evolution

We've got it all for you: these are words SM is most remembered by, and they remain more than just a tagline. For us, it is a promise to bring everything our customers need, all under one roof—from the best local products and offerings, to the most in-demand global brands.

About SM Retail

We look to deepening our ability to serve our millions of Filipino customers and to create new markets across the country.

Despite the challenges of the pandemic, we continued expanding our retail footprint.

We opened two new department stores in 2021 in line with our mall expansion while our food retail business added 219 stores. By the end of the year, SM Retail added a total of 294 new stores across the entire portfolio for a total of 3,215 outlets.

The easing of mobility restrictions and the reopening of the economy drove profitability particularly for our department stores and specialty stores. Improved efficiencies especially for our food business also enhanced our performance.

This led to higher revenues of PHP303.9 billion for the year and boosted our net income by 133% to PHP9.6 billion in 2021.



SM STORE



SM SUPERMARKET



SM HYPERMARKET



SM HOME



Crate&Barrel

dyson

innisfree



LANEIGE



ECCO

KULTURA
UNIQUELY FILIPINO

FOREVER 21



crocs



THE BODY SHOP

Bata



stationery
AT THE SM STORE



gadgets
THE SM STORE



Adapting for our Customers



Personal Shopper at The SM Store

Since the onset of COVID-19, we have reimagined and reinvented the ways we can bring our products and services closer to our customers—without losing touch with our brand and our culture of personal service.

One thing has not changed: our commitment to deliver excellent customer experience. We have added digital services, and an online shopping experience, integrating mobile via calls and online transactions, allowing our customers to use a multitude of devices.

The SM Store: Delivering Customer Convenience

The SM Store's Call to Deliver, developed and launched in 2020, gave our customers the convenience of directly chatting with our store personnel through our unique #143SM number. The service allowed our customers to remain safely at home while being able to shop from an extensive assortment of products through interacting with a personal shopper.

The orders were fulfilled through our various tenant support partners and initiatives, including tricycle, taxi services and even bicycle deliveries, providing a continuous lifeline of services even in provincial areas. In 2021, Call to Deliver accounted for 10% of total non-grocery sales last year.



For our younger customers who are savvy and comfortable about shopping online, ShopSM gathered fashion items, beauty and personal care products, and other essentials from the SM Store in an online shopping portal. ShopSM guaranteed secure transactions and offered door-to-door delivery, as well as the option for “click-and-collect” services.

Using our Channels

We also broadened our touchpoints for SM Markets Online, providing a one-stop grocery shopping platform to customers in Metro Manila, Cebu, Davao and other key cities in the Luzon and Visayas regions. The platform offers an assortment of wet and dry market goods such as fresh meat, poultry and seafood, fresh fruits and vegetables, as well as canned goods, bread, dairy and snacks and beverages. Offerings from our house brand SM Bonus were also in full supply. Staying true to its dedication to service and

convenience, SM's wide assortment of products—found in SM Supermarket, SM Hypermarket and Savemore—are available on the platform.

The ability of the SM Group to work together proved effective in fulfilling and delivering orders. Our portfolio investment company Airspeed for example helped provide courier services and 2GO helped ship goods nationwide. BDO's credit card and reward services allowed us to offer special promotions and discounts. Other payment options, such as GrabPay, were also available. And our digital synergies allowed SM Markets Online to be available through the ShopSM App.

SM'S GOT EVERYTHING YOU NEED!
We're just a tap or call away.

THE SM STORE	SM MARKETS	SM MALLS
FOR YOUR HOME	FOR YOUR PANTRY	FOR YOUR LIFE ESSENTIALS
VIA CALL call to deliver #143SM	VIA WEBSITE MARKETS ONLINE smmarkets.ph	VIA CALL 8876-1111 <small>OFF-PEAKS: 8876-1111</small> FOR DELIVERY AND PICK UP AT SM
VIA APP ShopSM Mobile App		VIA APP SM Malls Online App <small>*Multiple stores, one delivery. Currently available in SM Megamall, North EDSA, and Mall of Asia.</small>

Our enhanced digital platforms complemented our expansion, getting us ever closer to our customers.

We'll Shop For You!
Chat with us! The SM Store

THE SM STORE

call to deliver

PERSONAL SHOPPER **QUALITY-ASSURED ITEMS** **FAST DELIVERY**

Check out thesmstore.com

Our recent partnership with GrabMart allowed customers fast fulfillment—with their orders delivered to them in one hour.

In 2021, despite the challenging conditions of the pandemic, we opened two department stores in SM City Daet, Camarines Norte, and SM City Grand Central in Caloocan. Our continued expansion reflects our belief in the enormous number of Filipinos who remain underserved and strongly benefit from our modern retailing.

In light of the public's heightened concern for health and safety, we expanded retail spaces devoted to wellness and fitness, among them stores for cycling apparel and fitness equipment, as well as vitamins and fitness supplements.



130,000+

quality books that
helped bolster public
school libraries



45,000+

toys distributed
nationwide



The SM Store Shares Joy to Communities

In partnership with its shoppers, The SM Store gathered more than 130,000 books and 45,000 toys from its Donate A Book and Share A Toy programs in 2021. The SM Store gave shoppers a Php 100 discount coupon for each toy or book shared. The SM Store also donated back packs, school supplies and shoes.

Books and reference materials from the Donate A Book program helped rebuild more than 100 community and public school libraries around the country. Donations from Share A Toy reached children in last mile communities orphanages, pediatric hospitals and health centers nationwide.

In addition to toys and books, The SM Store conducts quarterly donation drives on shoes, hygiene kits and clothes. This year, The SM Store started its donation drive with Share Your Extras to benefit communities impacted by Typhoon Odette where shoppers can donate old and new clothes.



SM Retail: Our New Green Office

We completed our new retail headquarters and welcomed our retail teams to a green and modern work space with the glint of the Manila Bay in the backdrop.

Our new retail home is a two-tower, 14-storey building which spans a floor plate of 148,000 square meters. This houses SM Retail, Inc. along with the SM Store department store business, SM Markets food retail business and the other specialty brand companies of SM Retail.

With a new work normal in mind, our spaces meet social distancing protocols and feature an open office design.



The 2,000-square meter space Sky Garden on the sixth floor is adorned with tropical balitbitan trees indigenous to the Philippines.

A meditation room can also be found on the 6th floor, as well as a chapel to give our team members a dedicated personal space for reflection.

We also support a bike friendly culture by having over 130 inverted U bike parking slots.

Our new office uses an automated lighting system to save on power consumption and recycles waste water for non-potable reuse.

Our office building also passed the safety seal requirement of the Inter-Agency Task Force of the government and in January 2022, we received our Well Health-Safety Rating for facilities operations from the International Well Building Institute. This is an indication of confidence and trust that our office has adopted best practices for health and safety and the well being of our people and that such practices have been third-party verified.

Do good, feel great for the common good

To better serve customers' needs, we created an integrated offline and online experience that enabled them to shop across both our digital and physical channels anytime, anywhere.

This Offline plus Online (O+O) strategy provided a seamless shopping experience that gathered over 8,000 employees in over 900 stores nationwide to answer the needs of our 10 million loyal customers. Aside from establishing a strong e-Commerce footprint with the Watsons website and app, we further expanded our O+O platform through these initiatives.

Online Express delivery allows health and beauty products to be delivered in 4 hours or less. We introduced the Subscribe and Save service, a monthly medicine subscription for more savings and convenience for our customers. We also expanded digitally enabled store services through Call & Delivery, Click & Collect and our presence online through SM Malls Online, GrabMart and Foodpanda.

All these efforts helped accelerate the O+O sales participation to 8.7% in 2021.

Watsons' Global Own Brands and Exclusives (GOBE) offered customers high quality health products at affordable prices and sourced locally from MSME partners. In 2021, sales from MSME products

represented 13.5% of total sales volume. GOBE accounted for 27% of sales for 2021 and continues to drive profitability.

Our expansion also continued with 82 stores opening in 2021 nationwide.

One Smile at a Time

Our 'Smile for Good' program with Operation Smile Philippines delivered 50 cleft palate surgeries in 2021 for children with cleft lip and palate conditions. Our continuous medical outreach also provided much-needed professional health services, free medicine, and health education to those who need it most.

A Healthy Foundation of Sustainability

In support of the health initiatives of various LGUs we offered vaccination services in our stores. In 2021, we administered over 93,000 flu vaccine doses and over 29,000 pneumonia vaccinations at our retail locations.

We engage our customers to embrace more sustainable practices through "Sustainable Choices" that offer a range of eco-friendly products.

We partnered with Plastic Bank resulting in the recycling of 16,700 kilograms of plastic bottles with registered collectors in Manila, Cavite and Naga.



93,000+
flu vaccine
doses

29,000+
pneumonia
vaccine doses



Creating spaces you love

With lockdowns affecting the retail industry, we needed to reposition our customers' mindset to see our products as essential especially with the shift to more productive and stress-free home, work spaces. This gave us an opportunity to further promote our furniture lines for comfort and relaxation, home study or remote work.

As digital was taking centerstage, we wanted to ramp up our presence online. We heavily penetrated Facebook Marketplaces as our flagship platform, www.ourhome.ph, went into full swing in March 2021.

The pandemic pushed us to be more creative to connect with our customers such as through our VIP listing program for a more exclusive service. We addressed queries, took orders, and provided e-consultations and design advice. We ramped up our personal shopper service through Call To Deliver that contributed 30% of our sales towards December giving us 18% to our total sales in 2021.



Experiential Shopping

Our seasonal e-catalogues were available to inspire and give viewers ideas on home styling.

We added digital assistance and online payments while several branches were tapped as fulfilment sites to facilitate deliveries.

Caring for People

During high health alert periods we monitored our employees' health and well-being daily. Our "Touch Program" motivated our people through surprise gifts and inspiring notes and letters personally delivered to them—all to make them feel our continuous presence despite the absence of face-to-face interactions.

In the aftermath of Typhoon Odette, we joined a medical mission. We also provided food to the Dumagat tribe in Quezon.



Building with tools of adaptability

Most malls and retailers saw reduced customer traffic during the pandemic. ACE responded by developing new ways to serve customers conveniently and safely.

ACE accelerated and expanded its e-commerce activities. The ACE website was revamped. Partnerships with online marketplaces and aggregators were forged. Online assortment was expanded and improved.

Our personalized phone-shopping service – Call-N-Collect (CNC) – was enhanced with new features like its own website, toll-free #11223 number, improved Order Management System, seamless integration with fast-delivery providers. By the end of 2021, 10% of sales came through the CNC service.

To serve more communities, we opened 26 new ACE stores in 2021. There is now a total of 235 ACE Hardware stores in four main formats: Mall, Community, Express inside The SM Store and Builders.

Taking advantage of the pandemic-driven trends such as work/study-from-home, disinfection and gardening, we expanded our assortment of products catering to these needs.

Equipping the community

ACE partnered with SM Foundation to support the local farming industry in Davao and distributed gardening toolkits to participating farmers.

After Typhoon Odette devastated the Visayas and Mindanao region, ACE stores led in supplying disaster-recovery items to affected communities. We provided disaster essentials – such as over 750 power generator sets – through our network of 36 stores.

A donation drive was also initiated to help our own employees affected by the typhoon.

Helping Build a Green Tomorrow

As one of the largest lighting resellers, ACE advocates the use of energy-efficient LED lighting. LED now accounts for 98% of our bulb sales.

ACE also offers more eco-friendly options like non-toxic paints, lead/mercury-free batteries and bio-degradable cleaning solutions.



Only the best for your bundle of joy

Parents have been juggling their duties of caring for their toddlers while transitioning to a hybrid work setup.

They have been stocking up on essentials such as bathing and nursery essentials, playpens, high chairs and toiletries.

Keeping their household safe especially with the presence of a newborn has been critical for many of our customers who shop for sterilization boxes, air purifiers, air cleaners and disinfecting wipes.

Parents have also looked for healthier infant food and supplements with natural ingredients.

All these opened doors for us to be more creative and active in serving them.

Reaching Out to more Moms and Dads

To complement our online flagship store babycompany.ph and ShopSM, we joined Shopee and Lazada and demand-on-delivery platforms such as SM Malls Online, GrabMart, Metromart and Pickaroo offering same day deliveries.

Our boutique stores also cater to Call to Deliver.



Facebook Live Selling featured an “open mic” for customer inquiries. All these allowed us to better understand the needs of Filipino families.

Growing to Meet Our Customers’ Needs

We opened stores in SM Daet and in SM Grand Central in Caloocan, bringing our total store count to over 90 stores.

We added 15 new brands in the categories of nursing and feeding, diapers, furnishings and linen as well as toiletries, food, appliances and personal care.

We are strengthening our customer service with a dedicated team for our digital platforms. We will also utilize automation for general inquiries to tend to pressing matters and concerns.

A Brighter Tomorrow for Babies of Today

We further expanded our eco-friendly products to include toys and weaning items, organic baby wipes and toiletries and infant food and branded apparel, all made of sustainable ingredients.



Providing LifeWear to All

When the pandemic pushed people to spend more time at home, there was more demand for loungewear and active wear as these options were more favorable for relaxing at home and indoor exercise. As the customers' needs evolve, Uniqlo reimagined what can constitute as everyday wear.

The brand found it vital to foster collaborations with the industry's leading designers and allow the Filipino's creativity to be highlighted and shared with its customers.

Uniqlo worked with local artists for its 9th anniversary in the country under the UTme! Art PH x Salamat Pilipinas collection that centered around messages of gratitude, courage and hope in the face of adversity.

The works of Isabel Santos, Manix Abrera and Bea Policarpio featured slices of everyday Pinoy life.

Towards the latter part of the year, the brand unveiled a new collection by Abrera during Uniqlo Manila Global Flagship Store's 3rd Anniversary designed for Neighborhood Living.

Globally, Uniqlo collaborated with world-renowned designers Marimekko, J.W. Anderson, and Ines de La Fressange. Embodying cultural diversity and self-expression, Uniqlo also worked on a collection with Hana Tajima and Mame Kurogouchi with pieces featuring considerate and comfortable clothing and enhancing the free nature of innerwear to clothing.

Reaching Out

Uniqlo opened the doors of its first store in Zamboanga via SM City MindPro. Butuanons welcomed the first Uniqlo store in the highly urbanized City of Butuan. Towards the latter end of the year, it is followed by the



opening of SM City Grand Central in the CAMANAVA area, providing opportunities to share the quality of Uniqlo LifeWear to more Filipinos in time for the holidays.

Venturing online during the pandemic was a concerted effort to attune with the shifting shopping habits and practices across the industry. The launch of Uniqlo's Online Store was well received, marking the brand's first anniversary in July 2021.

Giving to Communities

As an immediate response to victims of Typhoon Odette and through the SM Foundation, Uniqlo provided over two million pesos worth of food packages. Over 5,000 pieces of pre-loved clothing were also donated to families during that time. Uniqlo donated DRY packaged shirts to front line workers to help in their daily battle against COVID-19.

Steering grocery carts to new lanes



People's grocery shopping continued to change last year. They still preferred to buy their groceries from our physical stores even as they have also grown accustomed to ordering online.

In 2021 alone, SM Markets Online added 76 stores that also serve our shoppers online, almost quadruple the number that did so in 2020. Today, our store footprint covers the National Capital Region, as well as Cebu, Iloilo, Bacolod, Davao, Cagayan De Oro, General Santos City and Butuan.

Safe Food Shopping Spaces

We are aware that our customers feel fully comfortable shopping in physical stores which is why, on top of maintaining high health standards, we ensured consistent supply of fresh and safe food and groceries in our stores. Today, all of our 328 stores bear Safety Seals from the Department of Trade and Industry attesting to our high public health standards.



76
stores added
to serve our
shoppers online

Supporting our Partners

With limited movement, shoppers made very purposeful grocery runs with fewer visits and larger basket sizes. They also bought more for home cooking and convenient dining. Our stores have dedicated spaces in our frozen sections to showcase a range of ready-to-cook and ready-to-eat meals from many restaurants in our malls. These include popular brands DECs, Tokyo Tokyo, Adobo Connection, Rico's Lechon, Biggs, Gerry's Grill, Tapa King, Ramen Nagi, Goldilocks, Ersao, Marina, Kenny Rogers, The Max's Group (Max's, Yellow Cab, Dencio's, Teriyaki Boy, Pancake House), The Moment Group (Manam, 8Cuts, Din Tai Fung) and Cibo. Many were also available in SM Markets Online.

Our supermarkets helped promote our partners and bring the restaurant experience closer to home for the families we serve.

“With growing concerns over safety, SM Markets expanded their product lines to accommodate more frozen items which can also be purchased online. It gave us the opportunity to reach families by making DECS’ products available online through smmarkets.ph. Thank you, SM Markets for being an excellent partner.”

— Justin Chua,
President, DECS
Dimsum Dynasty Inc.



Caring for our Communities

Through our SM Asenso Pinoy Program, we have trained aspiring cashiers and store personnel, giving them a chance to work with us and our other retail affiliates.



Serving in All Sizes

With limited mobility due to the implications of the pandemic, shoppers sought more accessible options for everyday essentials. This has led to the development of new store formats and an expansion of our network as well.

In 2021, we opened Savemore Express to help bring essential groceries closer to where people live. These stores are 1,500 to 2,000 square meters in size, a smaller footprint than our typical supermarket but much bigger than a convenience store. This means we can locate them in neighborhoods and make it easy to buy everyday produce including frozen meat and poultry as

well as canned, fresh and personal care products. The nine Savemore Express stores we opened in Bulacan and Albay provinces and Valenzuela City proved very popular and we plan to expand the footprint into more communities.

Bringing the
essentials closer
to the people

9

Savemore Express
stores were opened
in Bulacan, Albay
Provinces and
Valenzuela City





Strengthening Bonds with Communities while Progressing Together

Alfamart, our minimart grocery chain, continued to flourish in 2021 by sustaining its purposeful expansion in Luzon. We opened new stores in Olongapo, Zambales and in Pilar, Bataan, serving more Filipinos outside of Metro Manila and assisting in the recovery of local economies. At the end of 2021, we had a total store count of 1,207.

As part of our community focus, we continue to support MSMEs by offering spaces inside and outside of our Alfamart stores to their businesses. Our stores are now home to the likes of Laundry Express, 12 C-4 Bread Station, and 5R Pizza, among many other local brands.

The pandemic allowed us to recognize our role and our responsibilities in our communities clearly. Throughout the tightest of lockdowns, we decided to remain open. Faced with the pandemic, we had a choice to either close stores that were proving hard to operate or to find ways to support them and protect the jobs they provided. Without hesitation, we chose the latter in

full understanding of how people would be affected and out of a sense of duty toward our committed employees, and toward the communities around us who continued to rely on us for essential items.

As a result, we created income opportunities for the landlords and contractors that own the space and build the stores. In this manner, Alfamart's expansion has created over 3,000 jobs over the last two years.

1,207
total store
count

3,000+
jobs created



In 2021, we introduced cashless payments through our partnership with GCash. As part of our ongoing digitalization, we also aim to offer other digital services and partner with other companies to offer our shoppers more convenient ways to shop and transact.

Better Future for all: Supporting the economy's backbone

Starting from a small enterprise, SM today has become a market place, a partner and a community for more than 90,000 MSMEs.

The COVID-19 pandemic has affected these home-based businesses and local livelihood the most. SM continues to provide support to these businesses to help them recover and contribute to the economy.

SM StartUp Package

The SM StartUp Package program, launched by SM Supermalls aims to help entrepreneurs make their initial foray into the retail market by locating in select regional and premier SM Supermalls. The first 100 companies who are part of the pilot run received support in the form of different options. They may use store kiosks or carts free of charge; they may receive free brand exposure in various SM assets and ad spaces inside the malls; and they may obtain financial assistance from BDO Unibank, Inc.



“Just being a part of the SM StartUp Market gives our business a great boost of confidence to step up our game. People are now getting to know us better by experiencing our products and being able to talk to us about what they need.”

Jameila Bito-on of beauty and lifestyle brand, Katipuneras

“It helped me a lot. Nakita ko na pwede makipagsabayan ang product ko. (I saw that it's possible for my product to compete.)”

Rica Rodriguez
of scented candles
business, Tranquil



“This program is indeed a very big opportunity for us not to just bounce back but to move forward since the pandemic started. They give us an avenue of business exposure leading us to more opportunities.”

Jo Anne Pearl Tadeo
of Pampanga-based
sustainable handmade
products, Made by Pearl

Farmers' Produce

A joint project of SM Supermalls, the Department of Agriculture and Resto PH, an association of restaurants in the Philippines, this project helped bring local farmers closer to SM customers and allowed restaurateurs to access fresh vegetables.

This was one of the many ways SM helped MSMEs, farmers and restaurant owners and their employees amid the disruptions to the supply chain that left farmers and local food establishments with very limited options where to sell their products.

MSME Financing

Through BDO Network Bank, we provided MSMEs and the beneficiaries of Overseas Filipinos with businesses vital access to additional funds. The MSME Kabuhayan Loan is designed to assist small business owners in need of extra funding to increase their inventory of stocks, purchase business equipment and assets, or pursue expansion plans.

On the Move

With the pandemic displacing the livelihood of many Filipinos, a number of them have become social entrepreneurs selling products online. 2GO Express recognized the needs of these MSMEs and provided them crucial support through solutions that connect sellers and buyers through pickup and delivery services across the Philippines. The company also partnered with FedEx Express, allowing Filipinos to ship their products to various international locations.



Through Airspeed, we continue to provide an affordable and dependable pick-up and delivery service—a vital support component for the MSME sector. Through PinaSpeed, we offer online pick-up and delivery service to micro-businesses in NCR, Rizal, and Cavite and soon in other areas at very reasonable rates. We make sure we help them grow their businesses.



Arnie Enriquez of Travel Bestie on 2GO's support to help expand her enterprise through cargoes shipped domestically and internationally

"2GO Express hasn't only helped our business grow, but it has also broadened our network. This benefited our clients in the e-commerce sector, especially our *kababayans* here in Taytay, Rizal who used to bring tons of their products to the port. We're thankful for the support of 2GO to our *kababayans* in the Philippines and abroad."



Our Property Businesses

Our integrated lifestyle cities connect communities. From our malls to residential projects, office buildings, hotels and convention centers, we innovate and adopt sustainable designs. Through our developments, we inspire greener lifestyles and we create spaces that enrich lives.

About SM Prime

We look after both our social and physical ecosystems and strive to do our part to help our country bounce back from the challenges of the pandemic through our continued partnership with the government.

As mobility restrictions eased towards the fourth quarter, this has translated into broader growth for our business.

Our consolidated net income grew 21% to PHP21.8 billion in 2021 on the back of consolidated revenues of PHP82.3 billion largely driven by improved Philippine and China mall performances.

We opened the doors of two new malls in the Philippines, SM City Daet, our first in Camarines Norte and SM City Grand Central in Caloocan City. We also opened MOA Square, the expanded wing of SM Mall of Asia which houses the biggest IKEA in the world. We launched eight new SMDC residential projects in the country composed of high-rise and mid-rise condominiums, as well as house and lot developments. We likewise opened Park Inn by Radisson – Bacolod in the last quarter of 2021.

All these reflect our steadfast support to Philippine growth through the delivery of innovative developments to enhance the lives of millions of people.



A Better Future for all:

Your partner in recovery and public service



72

malls used for the
nationwide multi-mall
vaccination drive

7.2m+

vaccination doses
administered

With the lack of public parks in the metropolis, malls have often served as the go-to place for recreation, meetups and an overall expression of Filipino community, reminiscent of a modern reimagination of the Spanish town plaza.

The pandemic has further rewritten the use of malls as main centers for public health initiatives and government services due to accessibility and foot traffic.

We partnered with various local government units nationwide for our multi-mall vaccination drive as the venue for COVID-19 jabs. Through 72 malls, over 7.2 million vaccination doses were administered by the end of last year. This also includes being the venue for vaccination of minors as soon as the vaccines for this age group became available.

Together with the Department of Health (DOH) and the Department of Interior and Local Government (DILG) we also became the first official venue partner of the digital vaccination certificate program, VAXCertPH, critical for Filipinos working abroad and international travelers who can use this certification when going abroad.

The Philippine Statistics Authority (PSA) partnered with us to make the registration process for the national ID system easier for everyone through satellite sites in select SM malls nationwide. The Commission on Elections (COMELEC) also teamed up with us to provide voters with more registration venues at SM malls for the coming local elections in 2022.

These new partnerships are on top of other in-mall government services such as passport application and express services from government agencies such as PAGIBIG, PhilHealth, SSS, and GSIS where essential documents can be secured in between shopping errands in a safe and convenient manner.



Welcoming new customers

Despite the effects of long lockdowns on construction, we were determined to continue our expansion in the firm belief that the pandemic will soon turn into an endemic. We opened two new malls, SM City Grand Central in Caloocan and SM City Daet, our first in the Bicol Region. We also expanded the Mall of Asia through the launch of MOA Square and the world's largest IKEA building. Overall, these will add 284,000 square meters to our total floor plate and bring our total mall count to 78 in the country. Our expansion was geared towards provincial areas where the lockdowns have not been severe and to cover most of underserved areas in Northern Luzon, Visayas and progressive cities in Mindanao.



Photo courtesy of IKEA Philippines



SM City Grand Central



SMDC: Building a future of more Filipino homeowners

ICE Tower RESO

The Filipino dream includes a home they can call their own. At SMDC, we want to build a nation of Filipino homeowners by providing high quality communities that are accessible, secure, and sustainable.

The housing needs of the country is estimated to be 7 million by 2030. As we launch around 16,000 units per year, we see huge potential to develop more residential communities around the country.

We have been steadfastly working with the government in building socialized housing projects nationwide. In 2021, we unveiled the Uswag Low-Rise Residential Building, in Jaro, Iloilo City, a PHP 247 million socialized housing project in partnership with the City Government of Iloilo. The two twin

4-storey low-rise buildings will have 120 residential units to be awarded by the local government to target beneficiaries that include local government employees.

While some industry players halted their projects, we continued to push through with the construction of projects in the Makati central business district, Mall of Asia (MOA) complex in Pasay City and in growth centers outside Metro Manila. We launched eight new condominium buildings in 2021 including new formats such as a residential office, the 14-storey ICE Tower RESO in MOA and Joy Residences, a garden community with four-floor residential buildings in Bulacan.

PHP247m

socialized housing
project

120

residential
units for local
government
employees



Communities, the Lifeblood of Development

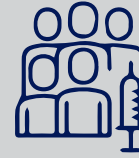
A holistic approach to sustainability is a key factor in all SMDC developments that cover site selection, design considerations to reduce material wastage, and mechanisms for water efficiency and waste management.

Beyond green spaces, our residential towers are part of integrated townships that encourage walking. With 20-60% of land area used in our developments dedicated to open spaces, we provide safe places that enrich well-being among our communities.

In light of the Covid-19 vaccination efforts, we coordinated with the different LGUs and the Philippine Red Cross and was able to administer over 5,000 inoculations to residents and employees.

5,000+

inoculations to
residents and
employees



The growth of the industry has been promising with the emerging young and educated workforce and overseas Filipino workers (OFWs) who account for the \$30 billion remittances in the country annually.

We continue to develop residences that strive to meet the multi-faceted needs of young Filipinos for a modern living space with strong internet connectivity, shared working spaces, and many features geared towards wellness, safety and security.



Linear park within Joy Residences



Mega Tower

SM Offices: Reimagining the work environment

It's back to business with the pandemic pushing real estate developers to reimagine office spaces and putting a premium on structures that can support overall well-being in the current global environment.

As has been practiced for several years, SM, through its office developments, has been building resilient structures and sustainable workspaces to improve productivity and building operations.

SM's offices are built using high-quality environmentally-friendly building materials, enhanced with application-based technology during the design and construction processes, such as Business Information Modeling to minimize rework. Our structures also integrate renewable energy-efficient systems that allow tenants to save energy and conserve water to help lower costs.

The 50-storey S-shaped Mega Tower was launched in 2021 and stands as a landmark along EDSA. Currently undergoing LEED Gold Certification, the Mega Tower uses insulated glass units which keeps heat out during summer months and LowE-glass to minimize the amount of ultraviolet light that comes

through the windows thereby maximizing energy savings. It also has a Material Recovery Facility dividing recyclables, biodegradable waste, residual waste and hazardous waste and dedicates a section of its total 1,102 parking slots to energy-conserving vehicles.

In addition to the Mega Tower, other LEED registered SM office buildings include ThreeE-com Center and FourE-com Center in Pasay City.



ThreeE-com



FourE-com



50

storey S-shaped
Mega Tower

1,102

parking slots to
energy-conserving
vehicles



Hamilo Coast has planted over 50,000 mangrove propagules since 2007, offering protection against extreme weather surges while actively contributing to local diversity. It is also home to 96 bird species.

Hamilo Coast: Nurturing Nature

Mangroves serve as our natural defense against flooding and erosion – especially important as the Philippines is known as among the most vulnerable in the world to typhoons.

Our Hamilo Coast property is taking conservation to heart with 50,000 mangroves planted and covering 240,000 square meters of the estate, considered one of the largest mangrove areas in Nasugbu, Batangas. We protect our mangrove ecosystem together with the WorldWide Fund for Nature (WWF) Philippines—a partnership we have nurtured since 2007.

Mangroves also help nurture a lush ecosystem of various wild and marine life. To date, there are 96 different bird species found at Hamilo Coast. Endemic cuckoo species like that of the rough-crested Malkoha and the even more vulnerable Philippine Eagle Owl have been spotted migrating and nesting in Hamilo's forests.

The addition of mangrove trees will further serve to nurture the growing biodiversity of the area. Estimated to grow up to 50 feet high, the forest will provide new habitat for the existing array of species ranging from small bats and rodents to bigger reptiles and mammals.

Mangrove trees also have an enormous capacity to absorb carbon dioxide and greenhouse gases making them ideal pollution sinkers as they help bring about climate benefits.

Three of our coves, namely Pico de Loro, Etayo and Santelmo, are declared Marine Protected Areas since 2009.

To increase the biological capacity of fisheries and establish sustainable local food sources, WWF conducts an inventory of the flora and fauna at Hamilo Coast's Pico de Loro cove, and performs year-round fish-catch monitoring. WWF also monitors the three

MPAs of Hamilo Coast and conducts oceanography and hydrology studies in all thirteen coves.

Adding to our coastal resource conservation practices are the growth of local plants, seeding of clams, the release of sea turtle hatchlings and regular coastal clean-up activities.

Our energy-use is also consistently monitored. Alternative sources of energy have been used to power some of Hamilo Coast's facilities such as solar power lamp posts and solar absorption air conditioning units.

Green building strategies were carefully considered in some of our residential areas, such as natural lighting and ventilation, solar energy in common areas, and an efficient waste management system.

We implement a solid waste management plan that includes waste source or segregation, materials recovery facility and vermicomposting where green wastes are composted and processed into charcoal briquettes. Waste water from the different Hamilo locators are processed by sewage treatment plants and used as irrigation water for the surrounding landscape.

Our green efforts are fully supported by residents of our host barangay, Barangay Papaya, who know how to segregate waste.



Red-crested Malkoha
(Phaenicophaeus superciliosus)



Rufous-crowned
Bee-Eater (Merops
americanus)



Grey Heron (Ardea cinerea)



Solar roof deck at the Mall of Asia

Powering a sustainable future

SM is focused on enhancing the sustainability of its ecosystem of businesses and is actively addressing the climate adaptability of our businesses, our cities and communities.

We invest heavily on solar panels and energy efficient LED lighting systems in our properties. These power 11 malls.

To advance our Zero Emissions agenda, our property group, SM Prime, has committed to increase the use of renewable energy to 50% by 2022 across all of its business segments, ahead of the national goals to be 35% renewable by 2030. This is equivalent to clean energy that will be enough to power 260,000 homes in a year.

We invest in several programs to reduce and reuse water. Our water catchment basins across 20 SM malls can catch and store almost 80 million liters of water every time it rains or as much as 32 Olympic-sized swimming pools. With our sewage treatment plants recycling 8.7 million cubic meters of water, we lessen our dependence on fresh water sources for air conditioning, gardening and other non-potable use.

20

SM malls have
water catchment
basins

8.7m

cubic meters
of water
recycled



Our greening efforts are also bearing fruit. SM City Baguio has teamed up with the Philippine Military Academy (PMA), the Department of Environment and Natural Resources - Cordillera Administrative Region (DENR-CAR), Baguio Water District, the local government of Baguio City and 25 media organizations in Baguio for a program that has planted over 600,000 trees in Baguio City and neighboring towns in Benguet.

In terms of solid waste management, our waste composting program range from basic segregation to systems set to convert solid waste to compost. We required all contractors to implement proper waste management procedures during construction. A long-running program through SM Cares, the

monthly Trash to Cash (TTC) provides an avenue for the community, including properties' tenants, to participate in solid waste management. We also undertake paper recycling in partnership with the Trust International Paper Corporation and the responsible transport, treatment, storage and disposal or processing of the properties' generated hazardous waste, compliant to the government's implementing rules and regulations.

Demonstrating our commitment, SM Prime also signed on as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) global framework which directs us to best practices and to putting them into action.







Our Banking Businesses

Through our banking businesses we include and empower customers and find ways to make their aspirations happen.

Especially during the pandemic, we provided critical access to financing through innovative ways.

We continue to fuel business growth, national development and energize green developments and technologies.

**Steadfast in
finding
new ways
to serve**

**Preserving
a legacy,
pursuing
growth**



Steadfast in finding new ways to serve

BDO demonstrated steadfast support for its employees and customers amid the pick-up in economic activity in 2021, following the steepest recession in 2020 due to the pandemic.

To protect the well-being of both customers and employees and maintain a secure environment, health and safety protocols were upheld in all branches and offices and a vaccination program for all employees (in coordination with the SM Group and Local Government Units) was implemented such that nearly 100% of the Bank's employees had been fully vaccinated by end-2021.

To ensure continued access to its products and services and keep customers well-served, almost all of BDO's 1,542 branches remained open while branch manpower requirements and operating schedules

were adjusted per government guidelines. Over 4,400 Automated Teller Machines (ATMs) were also available nationwide, in addition to online and mobile banking solutions, to provide clients with an extensive range of alternatives to access banking services while ensuring security and convenience.

Straight-through processing capabilities were also rolled out in branches, allowing clients to make paperless in-branch cash and check transactions, perform fully digital account opening, and execute card-less ATM transactions through the use of biometrics authentication—the first in the country or a Quick Response (QR) code. As well, expanded *Cash Agad* (agency banking) capabilities offered clients with more venues for cash fulfilment while helping raise financial inclusion especially in underserved/unbanked communities.



BDO frontliners remain reliable and committed to serve the banking needs of the clients.



BDO Unibank deployed the BDO ATM on Wheels to serve the cash requirements of customers who didn't have access to ATMs

Unhampered accessibility to banking products and services

1,542

branches remained open while branch manpower requirements and operating schedules were adjusted

4,400+

Automated Teller Machines (ATMs) available nationwide in addition to online and mobile banking solutions

To ease the impact of limited face-to-face interaction due to recurring lockdowns in 2021, the Bank took advantage of technology to actively connect with customers and keep communication lines accessible, easy, and open. Meetings and discussions were held via digital platforms that generated faster communication, covered more clients and established immediate feedback for quick action/resolution.

To help corporates meet their working capital and funding requirements, lending activities were ramped up to support clients as business volumes grew with the gradual improvement in economic activity in 2021. Loans to micro, small, and medium-sized enterprises (MSMEs) also increased on focused network expansion and intensified field work to reach out to, directly engage, and connect with customers instead of waiting for customers to go to the branches during the pandemic.

To make everyday payments quick and easy, the Bank launched *BDO Pay*, the country's first bank-backed mobile wallet. Aside from having functionalities like send money, pay bills, and request money, *BDO Pay* cardholders can scan to pay, split bills, and manage and secure their accounts.

High Quality Earnings on Sustainable and Resilient Businesses

BDO posted a net income of Php42.8 billion in 2021, marking a 51% increase against the Php28.2 billion in 2020 and equivalent to 97% of 2019 pre-pandemic levels.

The earnings improvement was achieved on the strength of sustainable and resilient businesses. Net interest income remained stable despite the yield compression due to excess market liquidity and the BSP cap on credit card rates. Meanwhile, non-interest income was driven by fee-based income and life insurance premiums which grew by 22% and 21%, respectively, benefitting from increased business volumes with rising economic activity and easing alert levels.

Amid its strong performance, the Bank completed major strategic initiatives in 2021. Aside from launching *BDO Pay*, the Bank completed the Next Gen IT Transformation Program and rolled out End-to-End Branch Automation last year. BDO will continue to invest in its digital infrastructure to make services more accessible, easier to use and operationally efficient.



We find ways to recover with resilience

In 2021, BDO unceasingly served our customers' most pressing and evolving financial needs and supported the Philippine economy through the second year of the pandemic. As lockdowns and quarantines continued and varied in severity, we optimized our safety protocols, digital infrastructures, flexible work, comprehensive vaccination program, and extensive network to ensure the availability of financial services and support for our customers.

Sustainable Finance

As BDO's Sustainable Finance Program entered its 11th year, we continued to finance eligible green and social impact projects on renewable energy, energy efficiency, green building, clean transportation, pollution prevention and control, sustainable management of natural resources and land use, eco-efficient technology, sustainable water and waste water management, terrestrial and aquatic biodiversity conservation, climate change adaptation, affordable housing, access to essential services, employment generation and food security.

BDO Sustainable Finance catalyzes accelerating green recovery by financing resilient and pandemic-ready projects that aim to achieve a sustainable financial value chain. In 2021, BDO financed 54 renewable energy projects, with Php 548 billion in total Sustainable Finance projects funded to date.





Financial Inclusion and Disaster Response

Due to the limited mobility brought about by COVID-19 lockdowns during virus surges, BDO's Cash Agad banking solution with Point-of-Sale terminals managed by partner agents in the provinces and remote areas remained the main option for people to withdraw cash from their accounts. Cash Agad continued to grow in 2021, with increased transactions at 60.6 million from the previous year's 41.4 million. Cash Agad's agent network in 2021 was at 9,530 and covered 88% of the total municipalities in the country.

When Super Typhoon Odette (international name: Rai) hit the Southern Philippines regions a week before Christmas, it adversely affected 1.8 million people and displaced 600,000 from their homes and places of business. With bank branches and ATMs damaged by the super typhoon, Cash Agad's top partner stores provided critical withdrawal services to cash-strapped families across calamity-stricken regions for food, water, medicine, transportation out of danger zones, and immediate home repairs. Cash Agad allowed families to survive the first week of the devastation, while awaiting relief and recovery assistance, particularly in small remote islands.

Pandemic Response

BDO Foundation continued to help control the spread of the virus, assist frontliners, and provide aid for people vulnerable to the effects of the pandemic. The Foundation supported the healthcare programs of partner local government units, which benefited 16,750 families; 2,055 health workers and patients; 1,800 vaccine recipients in General Santos and Iloilo; nurses in eight partner hospitals; and 1,066 vaccine beneficiaries nominated by donors; as well as people in 30 parishes, and persons deprived of liberty in 48 prisons.

BDO Foundation renovated 21 Rural Health Units in 10 provinces in 2021, for a total of 121 RHUs rehabilitated and 6.5 million beneficiaries to date. Renovation meant improving the layout, interiors and exteriors, lobbies and waiting areas, offices, birthing clinics, consultation rooms and treatment rooms, pharmacies, and facilities. Construction also included breastfeeding stations for nursing mothers, play areas with books and toys for children, and comfortable waiting lounges for senior citizens. With renovations completed, rural doctors, nurses, and midwives are now better equipped to provide primary patient care to 716,543 individuals, many of whom cannot afford hospitals.

A stable
outlook in
2021

Php 548bn
in Sustainable Finance
funded to date

9,530

Point-of-Sale terminals for
Cash Agad nationwide

6.5m

beneficiaries for
Rural Health Units

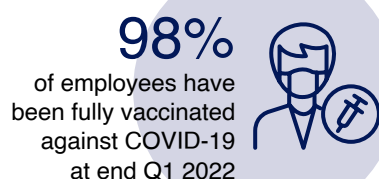


CHINABANK
Since 1920

Preserving a legacy, pursuing growth

At China Banking Corporation (China Bank), we look back at our history and heritage with pride and honor.

The safety and well-being of our employees and customers remain our top priority. We closed 2021 with 9,747 employees, and as of the first quarter of 2022, 98% of whom have been fully vaccinated against COVID-19. In addition, health and safety measures continue to be strictly implemented in all our offices and branches nationwide.



As a way of extending our gratitude to our people for their loyalty and dedication, the Board of Directors approved in 2020 the Centennial Stock Grant Plan of 100 shares for every year of service. With the approval of the Philippine Stock Exchange in September 2021, we issued 5,388,400 centennial stock grant shares to 8,321 employees.

Our 101st anniversary culminated in the inauguration of our fully restored China Bank Binondo Business Center and the unveiling of the historical marker from the National Historical Commission of the Philippines (NHCP) and the Important Cultural Property marker from the National Museum.

This restoration project is China Bank's humble contribution to the revitalization of Manila, and of Binondo, the world's oldest Chinatown.

Financial Strength

China Bank concluded the year with 2.4 million customers and a network of 637 branches and 1,037 ATMs. We sustained our core business growth and coupled with effective cost management, we defied economic headwinds with a 25% increase in net profits in 2021 to Php 15.1 billion. Total assets reached Php 1.1 trillion, up 7%. With the gradual return of business activities, net loans expanded 9% to Php 609 billion. On the funding side, total deposits rose 3% to Php 863 billion, underpinned by an 18% increase in CASA (checking and savings accounts).

International finance journal *The Asset* recognized China Bank as the Best Bank in the Philippines in 2021, and our investment banking subsidiary, China Bank Capital, as the Best Bond Adviser (Domestic) for the sixth consecutive year.

China Bank also emerged as the second strongest bank in the Philippines and among the top 20% in the Asia Pacific region in *The Asian Banker's* ranking of 500 Strongest Banks in 2021.

The recognitions came on the heels of validations from rating agencies of the Bank's financial stability and credit worthiness. Moody's Investors Service affirmed our investment grade credit rating of Baa2 while the

A stable
outlook in
2021

Php 1.1tn
total assets

Php15.1bn
net profits in 2021



Philippine Rating Services Corporation (PhilRatings) gave us the highest credit rating of PRS Aaa (corp.). Both ratings carry a stable outlook.

Excellence amidst the Pandemic

Our financial strength is underpinned by our high governance standards. The ASEAN Capital Markets Forum distinguished China Bank as among the top 3 publicly-listed companies in the Philippines and among the top 20 in ASEAN, and as an ASEAN Asset Class. We also received the Institute of Corporate Directors' highest recognition for corporate governance, the Four Golden Arrow.

For our strong support for the various initiatives to build an inclusive and increasingly digital Philippine economy, the Bangko Sentral ng Pilipinas named China Bank as an outstanding stakeholder. China Bank was a pilot participant in InstaPay, launched in 2018, and in QR Ph for person-to-person payments or "QR Ph P2P" in 2019.

Our commitment to good governance, sustainability, and digitalization enabled China Bank to navigate the new normal and overcome the challenges of the global pandemic. But more importantly, it kept us strong, resilient, and driven to help our customers and the country recover.





Our Portfolio Investments

We support rising market leaders by bringing them into our SM ecosystem.

Our growing portfolio investments now constitute a substantial portion of our consolidated earnings in 2021 which include assets in key sectors that support the economy such as logistics, food and mining.

About Our Portfolio Investments

We enable businesses to reach their potential by working together within the SM ecosystem.

We invest in promising businesses that can become market leaders in their respective sectors.

Thriving in New Frontiers and Sustaining Momentum

With the mining industry leading in the global green economy, 2021 was an outstanding year of recovery and opportunities for us. Amid the COVID-19 pandemic and calamities, EBITDA was PHP9.8 billion and we delivered record net income of PHP3.9 billion, attributed to our consistent innovative operations and rising shipment of copper concentrates coupled with the surge in metal market prices. We credit these remarkable figures to the dedication and commitment of our people throughout decades of responsible stewardship. We were able to pay back USD130 million in debt during the year.

We remained strong despite the destruction caused by Typhoon Odette near the end of the year. It is through this strength that we managed to uplift our host communities by providing them long-term support in the form of essential solutions while maintaining much-needed operations, surpassing our targets.

Thriving in New Frontiers

Atlas Mining has always stayed true to its values by rising to global challenges and by prevailing in being a competitive force in the industry. We continue to be the disruptor among the disrupted and it is with this attitude that we view the shift to green and clean energy as a new frontier in the future economy. To complement this, we have also upped our sustainability efforts for our communities by providing them new opportunities and by strengthening our programs for the protection and rehabilitation of our natural habitats through our continuous reforestation programs, monitoring of air and water quality and by controlling our emissions, among others.

Responsible Production

Copper is an essential metal in transitioning away from fossil fuel and is one of the metals with the highest electrical and thermal conductivity.

As renewable energy assets are created, copper is necessary to connect wind turbines, solar cells and energy networks over wide areas. It is an important component in batteries for electric vehicles, motors and charging equipment.

We recognize our role in making sure that we produce the cleanest and quality copper in the most responsible way.

Sustaining Momentum

Moving forward, we anticipate progressive growth in our overall performance guided by decades-tested principles to achieve the distinction in health, safety and environment responsibility.



Php9.8bn
EBITDA for 2021



Supporting the Reopening of the Economy

In 2021, 2GO continued to help the country by addressing ongoing mobility and supply chain difficulties. It continued to provide nationwide logistics and expanded its services to meet COVID needs. At the same time 2GO modernized and invested in new ships and technology.

Rapid Modernization to Serve Better

In shipping, we invested in two modern vessels, MV 2GO Masagana and MV 2GO Maligaya, named after the Filipino values of abundance and joy. These new vessels are the biggest roll-on/roll-off passenger (ROPAX) vessels in the country to execute our refueling strategy able to accommodate about 800 passengers. Their speeds reach up to 23.5 knots making them the fastest vessels in their class. These state-of-the-art ships are a combination of Japanese and European technology which include top-notch navigation systems, advanced fire alarm systems and multiple collision bulkheads as collision mitigating support.

Meanwhile, in its express business, 2GO upgraded its systems to meet future customer demands. The new automated sorting machine in its main hub can process over 144,000 parcels a day. It also invested in new transport management systems, which optimize

destination mapping and vehicle routing. This new technology will allow customers real time tracking of shipments to support their planning.

Establishing Strategic Partnerships

SM Investments increased its stake in 2GO last year becoming the majority shareholder, while welcoming Singaporean private equity firm Archipelago Capital Partners (ACP) as 2GO's second largest shareholder. ACP brings their international logistics experience and best practices to the group.

These investments are votes of confidence in the transportation and logistics sector while opening opportunities and creating synergies.

Going Forward

As the country's economy reopens, 2GO is looking forward to the revival of travel and tourism. In preparation, 2GO ships upgraded their onboarding experience, both at port terminals and on vessels. 2GO ships are now equipped with WiFi connectivity along with food retail options for passengers to enjoy.

2GO is confident that its modernization efforts and new partnerships will further improve service standards and drive profitability.





Full Speed Ahead

To cater to the growing requirements in the logistics business as well as online transactions, we acquired and opened new offices in Cubao, Quezon City and Bacolod, Negros Occidental. In addition, we set up three new e-fulfillment warehouses: two in Paranaque City and one in Carmona, Cavite, to support e-commerce enabler platforms which in turn reinforce online sellers' back end operations.

Digital Full Throttle

Airspeed started its digital transformation even before the pandemic. Over the past two years we embraced digital fully, reorganizing our supply chain to be more scalable and focused on technology. The lockdown also served as a learning environment for our people, allowing them to upgrade their skills through online training. They also enhanced their preparation measures for bigger challenges and opportunities ahead.

Seeing huge demand, we launched several services: Speedgifts, an online gifting platform for global Filipinos who wish to send gifts anywhere in the Philippines; UnboxMe, a cross-border delivery platform that allows customers to seamlessly shop on U.S. websites and facilitate deliveries to their Philippine addresses; and Pinaspeed, an online pick-up and delivery service which makes sending gifts easier and hassle-free. We also enhanced Speedfood and Speedgrocer, online delivery service platforms, were also enhanced, helping merchants reach a bigger market for grocery customers.

Many are familiar with riders that deliver online orders to the customer's doorstep, but few are aware of the process that it takes to happen. In the current environment, merchants of goods count on Airspeed to store and consolidate orders of different sizes, colors and other stock keeping variables. These have to be matched carefully to avoid customer dissatisfaction and costly returns while doing so quickly and

efficiently. Many merchants have difficulty scaling their distribution to a much larger market because of the investment and expertise required to operate E-fulfillment centers. Airspeed ably fills that gap in order to allow merchants to do what they do best.



A Woman Leader at Full Speed

Airspeed Founder, Chairman, and President Rosemarie Rafael firmly believes that innovation is key to continued growth. She drives the company to provide faster delivery and better solutions to its customers.

Rafael's work has been widely recognized by various prestigious organizations. She won the Asia-Pacific Economic Cooperation (APEC) Top Best Awards 2021 for Best in Business Sustainability in Tackling the Pandemic, the ASEAN Business Awards 2021 Woman Entrepreneur of the Year, the Asia Leaders Awards 2021 Woman of Substance, and the ASIA CEO Awards Circle of Excellence for Global Filipino Executive of the Year.



Together, We Live Better

Belle Corporation's (Belle) recovery in 2021 was primarily due to operational efficiencies, the easing of community quarantines and restrictions and heightened business activities, which allowed further mobility into City of Dreams Manila and our real estate market areas in Tagaytay Highlands and Tagaytay Midlands.

Green Shoots in Our Gaming Businesses

Premium Leisure Corp. (PLC), Belle's subsidiary, achieved a 79% increase in consolidated revenues to Php1.7 billion from higher gaming share and lotto revenues. PLC's wholly owned subsidiary PremiumLeisure and Amusement, Inc. achieved a 105% increase in gaming revenue share to Php1.3 billion. On the other hand, its majority-owned subsidiary Pacific Online Systems Corporation (Pacific Online) realized an increase in equipment lease rental income and commission and distribution, from Php293 million to Php426 million.

On September 6, 2021, the Philippine Charity Sweepstakes Office issued the Notice of Award for the public bid for its nationwide online lottery system to the joint venture of Pacific Online, Philippine Gaming Management Corporation (PGMC), and International Lottery & Totalizator Systems, Inc.

After decades of friendly competition as the lottery equipment lease providers throughout the Philippines, Pacific Online decided to strategically partner with PGMC for the bid in order to fully share in the synergies that will come with providing an efficient and transparent nationwide online lottery service for the country.

Promoting Self-sufficiency and Healthy Eating

The Grove at Plantation Hills in Tagaytay Highlands, our latest 22-hectare development, promotes a farm-to-table lifestyle to reduce one's carbon footprint, relieve stress and maintain good health. The community is for prospective residents who seek a self-sufficient life in a safe and tranquil enclave, which is suitable for their very own sustainability goals and the pursuit of a genteel farmer's lifestyle.



22ha

development in
The Grove at
Plantation Hills
promotes a farm-to
table lifestyle



Your partner in celebrations

Celebrations have always been intrinsic to every Filipino's way of life.

What makes Pinoy celebrations even more meaningful is that no matter how big or small these life's events are, Pinoys always make it a point to create their own pockets of joyful celebrations – and Goldilocks has always been part of these significant moments.

Even during the pandemic, Goldilocks continued to expand its store network in 2021 by adding 56 more stores nationwide. This brought the total store count to 884 by the end of year.

Reinvention and Innovations during Lockdown

Goldilocks on Wheels was launched in 2021 as a stand-alone shop resembling a food truck to bring our merchandise closer to the community. As response to the reduction of in-store visits, Goldilocks introduced "Park and Go" in 30 stores. As a new store service customers were assisted by Goldilocks staff so that they can safely order from inside their cars.

New cakes were also introduced during this time, Strawberry and Ube flavor Greeting Cakes that highlighted relevant celebrations even during lockdown, and the launch of Choco Almond, Strawberry Lush, and the Ultimate Mocha Symphony for the Premium Cake line. For Food Shop, pre-packed



884

total store count
by the end of year

and frozen meals were developed so customers can buy and eat their all-time favorites in the safety of their homes.

Digital-First to Reach Customers at Home

As the Philippines logged the most number of COVID-19 cases in 2021, Goldilocks saw this as an opportunity to advance their digital presence, enabling accessibility and ease to buy Goldilocks products for the Filipinos staying at home.

The big shift started when Goldilocks became available in the GrabFood Preferred Store list. This was followed by monthly FoodPanda promotions and presence in other nationwide aggregators. This was launched with a total of 252 stores in 2021, with a strong support in in-app advertisements and promotions.

Simultaneously, Goldilocks Delivery Service became more aggressive in promoting its own delivery model. It strengthened its presence through rapid store expansion and awareness campaigns driven by digital boosting and promos.

Thinking of the Community

Caring beyond the doors of Goldilocks, the team also took the initiative to lift the spirits of the dedicated frontline heroes by partnering with the SM Foundation (SMFI) to distribute bakeshop products to around 70 hospitals and medical institutions in 12 cities.

Goldilocks continued with its heightened safety measures for its employees, partners, and communities through programs such as the creation of the COVID Taskforce that ensured safety and health in its plants, stores, and offices, as well as supporting vaccination programs with its local government partners.



NEO

Championing Sustainability

A longtime advocate for sustainability, Raymond Rufino is heeding the call and leading NEO to become one of the greenest companies in the Philippines. NEO is the largest owner, developer, and manager of office buildings in Bonifacio Global City.

In 2021, NEO signed on as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), joining more than 2,500 supporters, in alignment with globally-recognized frameworks for climate change reporting. It was also cited as the first portfolio in the world to be certified as EDGE Zero Carbon for all their buildings by the International Finance Corporation while advancing the Net Zero Philippines program of the Philippine Green Building Council. It is the first office portfolio in Southeast Asia to achieve the WELL Health-Safety Seal.

"It all starts with NEO acknowledging the current climate crisis and taking ownership for the negative contribution of the real estate industry. This has informed and guided us in defining NEO's mission," Rufino said.

#theNEOway

Called #theNEOway, the company aims to create and foster the most dynamic work communities that inspire progress and growth while caring for the well-being of our people and planet. In order to achieve this, Rufino emphasizes that intent needs to be put into action.



"The real hope is that we can inspire other companies to do the same so our industry as a whole can transform."

"My role as a leader is to inspire and empower everyone in our company to support and commit to actions that deliver positive impact in fighting climate change. That can range from being innovative in our design, to developing creative campaigns and policies in our operations, or even to securing certifications on the sustainability of our buildings," he said. These certifications range from green building, Net Zero certifications to Health and Wellness as well as Resiliency Ratings.

"The real hope is that we can inspire other companies to do the same so our industry as a whole can transform," he added.

Importance of Net Zero

But why is Net Zero necessary and important? The discussion around this buzzword is ringing loud in the halls of various global leaders' summits. Net Zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere, a state at which global warming stops.

Rufino shares that he has been calling for the move towards green buildings since 2007.

"Given the severity of our climate crisis, building owners and managers need to commit to Net Zero. Decarbonization is fundamental for the real estate industry to avert climate catastrophe," he emphasizes.



The roadmap for NEO to achieve Net Zero was to secure certification under two different Net Zero rating tools: 1) Advancing Net Zero Philippines program of the Philippine Green Building Council and 2) IFC EDGE Zero Carbon. Both rating tools provide clear frameworks and pathways for Net Zero.

Along these lines, the International Finance Corporation's EDGE Zero Carbon certification program was created to rate buildings that are aspiring to achieve Net Zero. NEO embraced the challenge and achieved the milestone to become the first and only commercial office building portfolio in the world to achieve Zero Carbon. While the portfolio's electricity is supplied by an offsite 100% renewable energy source, there remained the challenge of eliminating the carbon footprint from our emergency backup power supply.

"As the portfolio falls under EDGE Zero Carbon for Retrofit, we were able to successfully devise a retrofit plan outlining optimization strategy that would significantly reduce our carbon footprint as approved by the program," he said.

NEO's Commitment to Green Reporting

Signing on as a TCFD supporter also meant being steps ahead in green reporting. Despite NEO being an unlisted company, it aimed to produce a sustainability report following the requirements of the Securities and Exchange Commission and the reporting standards provided by international organizations such as the TCFD.

"This is in line with our mission to contribute towards a more sustainable built environment and our value of accountability as we recognize that the building industry should take responsibility as one of the largest carbon emitters globally. The TCFD prioritizes climate-related risks and the financial impacts of climate on businesses, allowing its support and influence to span across public and private sectors," he said.

Despite the giant leaps NEO made in 2021, Rufino feels there is still much work to be done.



NEO's commitment to the health and safety of its buildings' users is aligned with its commitment towards climate conservation as several of our green building features impact both people and planet.

"While we are proud to be meeting the international building health standards from the International WELL Building Institute, we are likewise striving to do our part in meeting the global goals for addressing the climate crisis. We have already achieved our Net Zero target in 2021, well ahead of our original target of 2030. We are now exploring embodied Net Zero carbon and focusing on advocacy work for the industry," he added. This will be through key projects and partners such as the Philippine Green Building Council and WWF Philippines.

As NEO spearheads the movement towards sustainability with a focus on Net Zero in the Philippines, it continues to educate and encourage others to join in the journey.

"We hope to serve as an inspiration and motivation for other companies and individuals here in the Philippines so that we can achieve the desperately needed transformation to protect and preserve both our people and our planet. We dream of a world where everyone lives, works, and plays in spaces that promote their health, safety, well-being, productivity, and happiness."





Our Valued Resources

Following our value creation framework, we mobilize our capitals—our most valued resources—to work together to achieve sustainable business objectives and deliver long-term value for all our stakeholders.

Our Brand

Our
Connection to
Our Customers

Our Connection
to Our People

Our
Developments

Our
Relationship
with Our
Communities

Our
Network of
Supply Chain
Partners

Our Natural
Resources

Our Ecosystem
of Businesses

Together, we look after and build our brand so that people choose it, trust it and care about it for the next 60 years—and beyond.

INTELLECTUAL CAPITAL

Our Brand

What does our brand stand for?

For us, our brand is more than just a logo—it is about the values and the SM team that live it out, every day.

Henry Sy opened his first store in 1948. If a customer back then could see where we are today, we think they would be completely amazed by how much has changed.

So much has changed, both in our business and in the wider world we're part of.

But we also know that many things would feel the same. Henry Sy's customers in 1948 would recognize the service, the smile at the door, the way they're greeted and cared for and the value for money they enjoy. We try to treat them like they're the most important person in the world.

This is because we have stayed true to the values that the SM brand is built on.

Today, SM is a brand that matters. We're an important part of life for millions of Filipinos, and they have high expectations of us. As we head into the future, we want to make sure that we nurture and protect our brand, so it stays strong for years to come.

Living our Values for More than 60 Years

Entrepreneurship

We find the places there's a problem to be solved—and seize the opportunity.

Drive and Enthusiasm

We show up, we get things done and we make it happen.

Teamwork

We're a family business, so we treat everybody like family.

Integrity

We do the right thing, even when no one is looking.

Leadership

We always consider the wider good—and we're here to make things better.

The SM Logo through the Years

Henry Sy always liked the color blue, which has since become the color permanently associated with SM. In fact, many call it "SM Blue."

As the company grew, "ShoeMart" was condensed to SM. Later, a ring was added around the SM, representing wholeness, as the company expanded into different businesses. It also showed a unified SM brand, which connects to our customers and communities who see SM as one.



1958-1975



1975-1986



1985-2003



1986-2009



2009-2022

Developing Our Brand, Continuing the Legacy.

This year, we refreshed our logo to incorporate the evolution of who we are as a brand and as one SM team.

We've taken the things that feel distinctively SM—including our logo and colors—and carefully evolved them, making sure they're ready for the future, particularly for an increasingly digital world.

Blue remains our unifying color, adventuring to different hues that speak closer to our business partners and our customers. We also developed our own bespoke typeface, Henry Sans, and revitalized the design elements of our brand's application—which our customers will begin to see rolled out in 2022.

While protecting our heritage, the refreshed SM logo brings renewed energy to our brand, evolving it as it takes its place among the best brands in the world.



We are driven to meet the ever-evolving needs and aspirations of our customers—happily serving to make everyday living better.

SOCIAL CAPITAL

Our Connection to our Customers

What is the SM Experience?

When our customers feel good, we know we are doing things right. When our customers are happy, we know we have served them well. The SM experience is all about making everything better every day.

We also learn from our customers: what they need, what they want and what they are looking for. It is this connection with our customers that helps us serve them better. For our customers, the SM brand is synonymous with quality, affordability and excellent service. This is the SM Experience our customers expect of us at every touchpoint.

Our SM brand refresh will help provide a consistent, updated identity to the experience customers are used to.

ShopSM - Shaping the Future of Customer Experience

Increasingly our experience needs to be seamless across online and offline. In order to deliver a consistent and personalized service across our retail stores and ecommerce, we continue to invest in omnichannel systems to ensure this. ShopSM is a game changer in the SM shopping experience.

We bring the same brand of quality products and awesome customer experience from our physical stores to our digital store. Our products in our physical store are available for all our customers—all it takes to choose is just one click.

We provide everything from grocery, fashion, home, beauty, babies and kids. We are the first retailer to offer fresh and frozen items all the way to large furniture and appliances under a single platform.

We offer convenience through delivery and pick-up options in over 150 stores and continue to add more stores monthly. We also provide a 30-day free return guarantee for non-food items in all branches of The SM Store.

400%

Sales growth

2

The SM Store branches fulfilling orders nationwide

100+

SM Markets branches doing same day delivery and pickup



ShopSM also provides a way for us to be connected to customers after they leave the physical stores. Customers can continue to window shop until their next purchase online or offline.

What makes ShopSM unique is our omnichannel strategy to leverage SM's unique assets which includes SM's physical stores, our store personnel and our growing ecommerce capabilities to allow customers to shop any way they want to. As our consistent customer service shifts from in-person to online shopping, our customers continue to feel the genuine service and smile of our people. Our online shoppers enjoy the same warmth through our customer support service.

A Personal Online Shopping Experience with #CallToDeliver

This unique shopping experience was borne out of the need for contactless transactions. Taking after the personal shopping service at The SM Stores, #CallToDeliver is a cross between digital and in-person shopping. With a simple call to #143SM using Viber or Facebook Messenger, a customer is treated by a personal shopper to a one-on-one virtual shopping tour. Multiple payment options through GCash, GrabPay, or PayMaya make #CallToDeliver even more convenient.

49%

increase in #CallToDeliver from 2020 to 2021

74%

of #CallToDeliver customers are older Millennials and Generation X

80%

of #CallToDeliver customers are females



Upgrade Mall Experience with SM Malls Online App

The recent years have seen the evolution of how we define the shopping space—from creating physical lifestyle centers to bringing our customers to a virtual mall experience.

SM Malls Online is our platform where our customers can experience the same convenience, quality, and variety they enjoy when shopping in our malls. Our malls now serve as a front-end lifestyle destination, as well as the back-end efficient warehouse for SM Malls Online. Our customers can simply choose and click to order from multi brands and stores—fashion, food, gadgets and simply everything in our malls—delivered to their doorstep in one go or pick-up in-store.

Supported by technology developed in-house, SM Malls Online assures customers of security and data privacy, along with the seamless delivery of service. By having a single delivery carrying multiple brands and items coming from one mall, we mitigate last mile delivery impact to the environment, cumulatively compared to traditional online shopping delivery platforms requiring multiple deliveries per transactions per merchant.

SM Malls Online also provides an alternative online delivery platform for all our tenants, reducing their cost of delivery while widening their reach.

32%

average monthly growth in tenant orders

100,000+

tenant orders delivered in 2021



The Sustainability of the SM Omnichannel Experience

Personalized Privacy and Security

Knowing our customer better also engages them to share convenient highly personalized information, making it available online as they go through the journey—from their sizes, their addresses and even their financial information. Ensuring data privacy and security are critical to us, and to providing an excellent SM omnichannel customer experience.

We strictly enforce a security policy that ensures all the information we acquire is only used by SM. We are also partnering with global players to set up a secure environment for our customers while providing personalized communication with them.

Easy Access to Digital Shifts that Meet Diverse Customer Needs

Many customers still prefer the in-person service they have grown accustomed to every time they visit our stores. The hybrid model presented by #CallToDeliver blends the digital and traditional experience—meeting the customer at their desired comfort level, and ensuring the best of both worlds.

Innovative Customer Loyalty Engagement – SMAC App

We recently introduced the SMAC App, building on the deep relationships we have with our 4.5 million SM Advantage Card (SMAC) holders. This app allows our customers to shop online and enjoy their rewards and in a singular program for easy tracking and redemption.

The Omnichannel Experience makes you create your very own, personalized SM store. Soon, our customers can even take control of their sustainability shopping experience—their product choices, the manner in which they are delivered to their homes, and even how they choose to unbox them.

**We are guided by our common values and purpose.
Each member makes SM a great place to work.**

HUMAN CAPITAL

Our Connection to our People

What makes SM a great place to work?

For us, it's more than just working as colleagues—it is about believing in a single purpose and sharing the same values that makes us SM, together.



Advocating for Human Rights, Gender Equality and People Diversity

As a signatory of United Nations Global Compact, we promote a working culture that is founded on the principles covering human and labor rights. We are committed to fair employment practices, with 99% of our colleagues employed with permanent contract, balancing project-based and seasonal needs in our stores.

We work hard at being an equal opportunity provider, with 63% of women in our workforce and 58% in senior leadership roles, breaking down barriers of gender biases, and empowering our colleagues to shine in their own element. We maintain a mix of people from diverse backgrounds, generations and skillsets to mirror the diverse customers and communities we serve.

Everybody recognizes an SM person—their smile, their enthusiasm to serve, and their genuineness in caring for our customers. We expect our people to live out what the SM brand is all about, in everything they do.

Making Our People Feel Safe

The challenges we faced in the past two years extended beyond the confines of our work spaces, but also affected our homes. With most of the activities still done at home—schooling, working and living family life—we made sure that our people and their families were safe and felt safe. We embarked on a full vaccination campaign, while monitoring for surges of new variants and acting swiftly for flexible work arrangements for our teams. We kept our workplaces safe with continued testing, regular disinfection and following strict health protocols.

Keeping Check on Mental Well-Being

A healthy, happy co-worker makes for a positive workplace. At SM, we help our colleagues cope with the lingering uncertainties of the pandemic. All throughout last year, SM Retail conducted webinars on mental health, providing a safe space for our colleagues to discuss their feelings of anxiety and stress.

63%
women in the
workforce



58%
women
in senior
management
roles





Encouraging Creative Thinking

At SM, many of our people work hard behind the scenes every day, making sure that great things happen every day. During the pandemic, we were challenged to think quickly and creatively, as we swiftly evolved to new ways of delivering our products and services, introducing new customer experiences like #CallToDeliver and SM Malls Online. Most of our innovations came from our people on the ground who interact daily with our customers and who have developed a deep sense of their specific needs. As we rise to recover together, we continue to listen to our people, support their ideas and recognize them for their creative and effective solutions.

Taking Time to Learn

We also took every opportunity to provide e-learning opportunities to our colleagues. Learning Academies and Programs were also offered across all our businesses. The Watsons Retail Academy, for example, offered O+O (Online and Offline) knowledge and skills development to help co-workers effectively perform in their respective roles. In 2021, our colleagues received 17 hours of training on average.



Going Green through the SM Sustainability School

We also launched the SM Sustainability School, an e-learning program under the SM Green Movement that offers basic and intermediate courses on sustainability. Today, as the program prospers, we are working on industry specific advanced-level courses. To date, over 31,674 employees have enrolled, making SM Sustainability School one of the largest ESG training programs in the country.



We create sustainable spaces. Filipinos aspire and live in modern integrated communities that thrive and are resilient against the effects of natural disasters and our changing climate.

MANUFACTURED CAPITAL

Our Developments

How does SM build for sustainability and resilience?

In all our developments, we consider not only our people's needs for access to basic social amenities and infrastructure, but also their desire for modern living and for planning ahead to avert the impact of typhoons, earthquakes, and other natural disasters that the Philippines can experience.

We take a long term needs and risk assessment of every community we help develop and we construct facilities accordingly.

As climate change increases risks, we adopt our designs to mitigate our contribution and to help protect against severe effects. We invest in disaster resilient features and ensure highest quality design and construction.

This risk-based approach ensures we protect both our assets and the communities we serve.

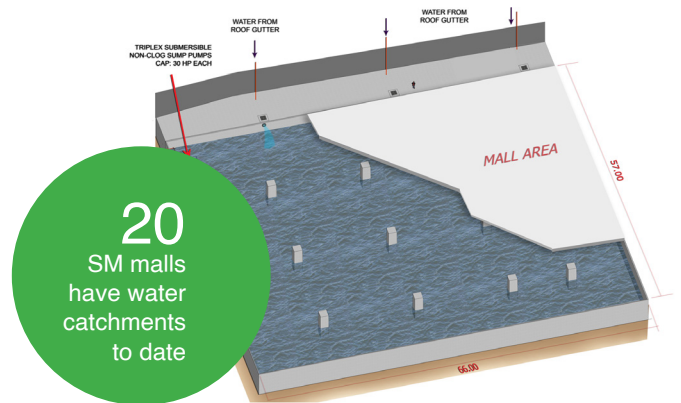


Building Resilient Communities

Wherever SM builds integrated lifestyle cities, we incorporate disaster resiliency at the very core of our designs, allotting 10% of our CAPEX. We make sure that our cities or malls are built to thrive despite the effects of climate change. More importantly, our developments are designed so that our communities become resilient as well.

Controlling Water Flood

A number of cities in the country are at high risk to flooding because of stronger typhoons—carrying increasing rainfall in a shorter period of time. This congests our waterways, causing flash floods and damaging personal property amounting to billions of pesos. For critical communities such as these, we installed water catchment facilities in 20 malls. Water catchment basins also are also designed to protect neighboring communities wherever we can.



Risk Management and Business Continuity Plans

SM incorporates climate impact in our physical risk assessments. SM Investments, SM Prime and the NEO group signed on as supporters of the Task Force on Climate-Related Financial Disclosures (TCFD). These risk assessments are critical parts of our business strategy and planning—analyzing the impact of climate on our businesses and implementing practical solutions to mitigate it. 71 of our malls are ISO 22301 Business Continuity Management System certified.

Adopt a City – Resilient Cities

We have taken a leadership role in the United Nations ARISE, the Private Sector Alliance for Disaster Resilient Societies. And we invite our peers in the private sector to make disaster resiliency a priority in their business strategies. We also work with the public sector in building the capacity of cities to be disaster-ready and resilient, through community capacity-building and other infrastructure projects. All SM Core companies are members of UN ARISE.



Creating Sustainable Spaces

Building cities of the future is about making the shift to sustainable living easy and convenient for everyone. We make this happen by creating sustainable spaces that provide facilities for our communities to develop healthy and sustainable lifestyle habits, such as bike lanes, green and open spaces for recreation, and LEED-certified buildings.

Sustainable Building Designs

When we create spaces, we maximize the use of natural elements—from bringing in natural light, allotting spaces for greens, improving air quality and flow, keeping with the natural landscapes, and designing to conserve biodiversity. To accomplish this, we choose natural materials whenever possible. We also build around natural habitats, blending our developments with biodiversity, reinforcing structures to protect mountain areas, and protecting mangroves and forests to conserve natural habitats surrounding our developments.



Sustainable Cities for Sustainable Living

We create integrated lifestyle cities that make sustainable living easier. We prioritize human wellness and environmental protection and preservation in these communities.

Mobility is a Critical Component of our Cities.

We seek to create healthy and sustainable mobility by creating bike lanes and infrastructure for bikers, promoting biking as an alternative daily commute choice. We design covered walkways to make walking an attractive choice, especially in an environment where our condominiums, offices and malls are all a 15-minute walking distance on average from one another. We offer hybrid transport options, such as hybrid buses and other forms of public transport, to help lessen the carbon emissions of the daily commute.

Wellness and Sense of Community is a must to live sustainably.

Our cities are designed for fostering a sense of community and inter-generational living. Our residential condominiums, office buildings, and cities are designed to have bigger open spaces and smaller individual spaces—to avoid the isolation that threatens the mental and emotional well-being of city dwellers.

We Support Local and Uphold the Spirit of Entrepreneurship.

Our communities promote the enterprising spirit of the Filipino. We host local markets and bazaars, we showcase Filipino local products with the support of our retail businesses and mall, and we encourage the dreams of small businesses. This gives a sense of connectivity to the community.



We build long-term relationships with our communities—opening doors of opportunity for a better quality of life.

SOCIAL CAPITAL

Our Relationship with Our Communities

What does it mean to be a good neighbor?

For us, it means doing our share to make life a little better in every way. It means creating opportunities that help people build a better future for themselves and their families.

Wherever you see an SM Supermall, you will also see a sense of growth in the communities nearby. Together with our local partners, we help open doors to opportunities that are the building blocks for a


healthy and thriving community. We provide access to basic needs that are foundational in achieving long-term community development. As a signatory of the UN Global Compact and a supporter of the UN Sustainable Development Goals, we promote and protect basic universal human rights. These rights begin with having access to basic services that add dignity to life and make for civilized living.

The Right to Quality Education

Every Filipino has the right to be educated and every Filipino is a valuable resource for the country. We do our share to help develop the Filipino talent by closing the gap in the quality of public-school education. We do this through our School Building Program and by providing grants for continuing studies through our College and Technical Vocational Scholarship Programs.




282
schools built
and refurbished
to date



5,371
technical vocational
scholars supported
to date

864
high school
scholars
supported
to date



The Right to Proper Medical Care

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



305
health centers
and medical
facilities built and
renovated to date



5,483,120
patients served
in medical missions and
wellness centers to date



The Right to be Free from Hunger

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

266
farmers
trainings
conducted
to date

28,550
farmers
trained in 916
municipalities
to date



We grow with our suppliers — working together to serve our customers, innovating to anticipate their changing needs and creating ways to meet their aspirations.

SOCIAL CAPITAL

Our Network of Supply Chain Partners

What does partnership mean for SM?

We serve as a community, marketplace and partner of our suppliers. We are committed to join their journey to deliver a shared goal: to meet the ever-changing needs and aspirations of our customers.

SM is home to many brands and partners, many of which are not seen by our customers. Yet each supply chain partner makes SM what it is today, through strong business relationships and friendships through the years.

Building Micro, Small and Medium Enterprises (MSMEs)

Having started as a small business, we understand the many challenges small enterprises face. We play the role of a responsible older sibling to our MSME partners, helping them navigate mainstream retailing. Our stores become their platform to showcase their products, master their entrepreneurial skills and grow their businesses. We also provide holistic support through marketing advice, financial access, and promotion and advertising support to help MSMEs prosper and grow.





Photo courtesy of IKEA Philippines

Opening Gateways for International Brands

We connect the Filipinos to the world, serving as a gateway to global fashion, technological product and store brands. Within our malls and stores, global brands have grown in the Philippine market—brands such as Uniqlo, Body Shop, Crate and Barrel, Dyson, ACE Hardware, to name a few. This year we helped IKEA enter the Philippines, providing them with a bespoke building—the largest IKEA store in the world.

Complemented by BDO's consumer banking products, Filipinos now have better access to global quality brands at friendlier and more convenient payment schemes.

Partners for Sustainability and Innovation

We foster the spirit of innovation and promote the practice of sustainability among our supply chain partners. Leading by example, we engage our tenants to join mall-wide sustainability initiatives in energy, water and waste management initiatives.

We have continuously hosted webinars on product and business innovation, particularly during the pandemic, and are set to pilot more sustainability workshops to help partners start their own sustainability journey.



We work in harmony with our natural environment—conserving resources, protecting biodiversity and rehabilitating and preserving natural habitats for future generations.

NATURAL CAPITAL

Our Natural Resources

What is responsible development?

For us, it is about thriving alongside our natural environs— looking after the well-being of people and our environment. It also means understanding the impact climate change has on our natural resources and how, in turn, it impacts how we operate and how serve our communities.

We focus on managing three critical resources in our malls, which have the biggest footprint among all our properties: water, waste and energy

32.6mn m³

of water recycled by
SM Prime, Atlas Mining
and BDO equivalent to
13,035 Olympic-size
swimming pools



Water as one of the World's Valued Resource

With the Philippines geographically situated in the Ring of Fire, climate change will bring stronger typhoons and we will be experiencing extreme water flows. Our polluted waters also hinder our access to clean water, greatly impacting our communities and businesses alike. To manage our usage of water, our approach is to minimize withdrawal by installing low flow sensors and metering faucets, and optimize water use by recycling water for non-potable use such as toilet flushing, grounds cleaning and cooling systems.

50%

increase in
renewable energy
sourcing by the end
of 2022 for SM Prime

NEO

World's first EDGE Zero
Carbon certified real
estate portfolio

Generating Energy from Renewable Sources

We are making a decisive switch to renewable energy, using LED lighting and maximizing natural light whenever possible. We also use Building Management System technologies to optimize energy use in our properties.

13.3%

of total waste
generated in 2021
are recyclables

41.6%

of total waste
generated in 2021
are biodegradable

Managing Waste Materials

We manage waste by proper segregation, investing in materials recovery facilities and partnering for upcycling.

10

hectares of
mangroves
protected



3

marine
protected
areas



1,607.8

hectares
reforested by
Atlas Mining
to date

Rehabilitating Natural Environs

We design with nature, carefully considering existing natural habitats and wildlife in our all our developments. We protect and rehabilitate our land and water, and carefully preserve biodiversity. We are a brand that delivers sustained growth—integrating global standards of environmental, social and governance practices with risk management and financial prudence across our business portfolio.

We deliver sustained growth — integrating global standards of environmental, social and governance practices with risk management and financial prudence across our business portfolio.

FINANCIAL CAPITAL

Ecosystem of Our Businesses

Direct Economic Value Generated and Distributed

(PHP millions)

SMIC and Subsidiaries	2021	2020	2019
Direct Economic Value Generated	431,178	397,005	506,328
Economic Value Distributed	387,407	371,283	454,024
Operating costs	318,763	300,232	355,292
Employee wages and benefits	24,140	26,153	31,070
Payments to provider of capital	28,413	28,183	41,023
Payments to government	15,619	15,682	25,933
Community investments	472	1,033	706
Economic Value Retained	43,771	25,722	52,304

How do we create long-term value?

Here at SM, our businesses are all market leaders and each one has a financial strategy suited to its own sector and needs. Our capital-intensive property and banking businesses reinvests their earnings to fund their growth, for example, while our retail business uses a capital light model to keep overhead costs at a minimum allowing them to be competitive and agile. We measure each of our businesses against best-in-class financial performance criteria appropriate for their sectors.

Our core businesses in retailing, banking and property operate separately and fund their activities independently. However, they are coordinated by our parent company, especially when approaching the market for funding. Despite their independence they collaborated whenever there are operating synergies, such as in their expansion plans in 2021.

We took a two-pronged approach in deploying our financial resources amidst the uncertainty of the pandemic. On the one hand, we took defensive steps by streamlining and rationalizing the operating cost of our various businesses' to make them more efficient. On the other, we remained aggressive in building our nationwide presence, keeping in mind the long-term opportunities for growth in the Philippines. As a result, we managed to grow our revenues by 9% and our earnings by a robust 65% while expanding our footprint.

In 2021, we increased our investments in 2GO, Goldilocks and MyTown as we continue to believe in the potential of these businesses and in their respective sectors. At SM, we invest in high growth sectors in the Philippines where we can support market leading companies that benefit from synergies within our ecosystem. Over time this portfolio of investments has grown and is now contributing a meaningful portion, 7%, of our 2021 consolidated earnings.

Our balance sheet remained strong in 2021. The careful and strategic investments we did expanded our asset base by 10% while keeping the Net Debt to Total Equity ratio at 38:62. This ratio reflects our prudent practice of keeping assets at historical cost in the balance sheet. Additionally, the Group's debt profile is skewed towards longer term fixed rates to reduce volatility amidst uncertainty.

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

Looking ahead, we will continue to cultivate the synergies within our businesses and maintain our collective financial strength. We will continue to be prudent. This will enable us to add value to our stakeholders and uplift the lives of the communities we serve.



Working with Climate Change

Our TCFD Progress Report



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

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

With the Philippine geographically situated in the Ring of Fire, our climate plays a critical role in our ability to thrive. Having been identified as one of the top 3 most vulnerable countries to the impact of climate change, we are committed to do our share in helping build our resilience as a community and as a business by taking the lead in incorporating disaster resiliency and sustainability in how we work. Moreover, we took the next steps to further understand how climate change will potentially affect our communities and are looking into ways to mitigate those risks.

Our Commitment



This year, we signed up to be a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD). Following the 11 recommendations, we have looked closely at how climate change impacts our organization—how we operate, how we work with our communities, and how we can find opportunities to mitigate these risks and maximize the opportunities to do business and serve our communities better.

Alongside SM Investments Corporation, SM Prime Holdings, our property holding company, and NEO Group, our commercial property business in Bonifacio Global City, both signed up as supporters of TCFD as well.

Our Approach

Years before formalizing our commitment to TCFD, we have always taken a practical approach to being climate ready. Our actions focused on mitigation and adaption—incorporating capacity building and working with partners for advocacy and collaborative action.

What We Put in Place

Sustainability – Mitigation Strategies	Shift to Renewables 50% renewable energy sourcing by the end of 2022 for SM Prime NEO Group achieved 5-star certifications under the “Advancing Net Zero Philippines (ANZ/PH) program”	10.6MW capacity of installed solar panels by SM Prime NEO Group receives the world’s first International Finance Corporation’s EDGE Zero Carbon certification	LEED Buildings  Gold LEED certified – SM Aura, Conrad Hotel, and Three E-com  2 buildings in process - Four E-com and Mega Tower
Resiliency – Adaptation Strategies	Disaster Resilient Designs 10% Capital Expenditure allotted by SM Prime to incorporate disaster resilient features in mall designs Provision of rain water catchment and underground water reservoir in SM Supermalls SM Mall of Asia Complex incorporated resiliency design features such as wick drains, seawall to avert storm surges or sea level rise, excavation method to provide protection against liquefaction and seismic events SM Marikina located 120-meter distance from centerline of Marikina river, 20 meters beyond safety compliance, 20.5 meter above natural ground level elevation with use of 246 stilts		
Capacity Building – Sustainability and Resilient People and Partners	Disaster Preparedness trainings for communities and persons with disabilities Lead Convener for UN ARISE, private sector alliance for disaster resilient societies SM Sustainability School with modules from Introductory, Basic, Intermediate and Advanced (industry specific) open to all SM group-wide employees Partnered with GRI, UN Global Compact and other global and local organizations to promote climate change, its impact and our role in mitigating climate change		
Campaigns – The SM Green Movement	The SM Green Movement is a group-wide, multi-year campaign working together toward the improved quality of life for our communities through priority initiatives of Green Planet, Green Living and Green Culture: Green Planet - We will focus on practical sustainable solutions on water, waste and energy management to promote resource conservation and environmental protection. We continue to build our resiliency to the effects of climate change. Green Living - We will provide green options for our customers through the SM Green Finds – promoting products that are eco-friendly, made from natural and local ingredients and support local communities. We will also help empower our MSME partners in their own green practices. Green Culture - We will inculcate sustainability in our people culture by equipping them with sustainability knowledge, promoting green practices at work and recognizing their “greenovations” through the SM Green Movement Day and Awards.		

Our Roadmap aligned to the 11 TCFD Recommendations

Our approach to sustainability and mitigation served as building blocks for us to advance our response to climate change. This year, we worked alongside experts to identify areas of risks and opportunities that are material to our businesses. In addition, we have consistently participated in the annual submission of our environmental disclosures to the CDP.

	Current Approach
Governance	
<p>Board's oversight of climate-related risks and opportunities</p> <p>Management's role in assessing and managing climate-related risks and opportunities</p>	<p>In setting up our foundations for sustainability and resiliency, SM established the group-wide Sustainability Steering Committee which reports to the Executive Committee of SM Investments Corporation, SM group's parent company. This is chaired by the President of SMIC with the presidents of our business units as members.</p>
Strategy	
<p>Climate-related risks and opportunities</p> <p>Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p> <p>Resiliency strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>SM applies a high-level impact assessment focused on acute physical risks taking measures to allot 10% of CAPEX for disaster resiliency. As a group, we also serve as an advocate in advancing awareness on climate resiliency among the private and public sectors, building resiliency of our businesses and our communities.</p>
Risk Management	
<p>Processes for identifying and assessing climate-related risks</p> <p>Processes for managing climate-related risks</p> <p>Processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management</p>	<p>We take an inter-disciplinary approach to Enterprise Risk Management (ERM) with climate issues as part of the ERM agenda.</p>
Metrics and Targets	
<p>Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p> <p>Targets to manage climate-related risks and opportunities and performance against targets</p>	<p>We developed an automated Sustainability Data Tool to improve the efficiency and secure the integrity of our data management, disclosures including Scope 1,2,and 3 emissions. We have established baselines in key businesses. We set practical targets at the business unit level as achievable solutions are identified.</p>

Short Term (1-2 years)	Medium Term (2-3 years)	Long Term (3+ years)
We will establish a Climate Change Working Group with senior management and technical staff, which presents recommendations to the Board. The Group will establish a practical roadmap and physical and transition risk strategies.	The Climate Change Working Group will establish priorities and formal assessment and communication processes between the Board and management on climate-related programs and performance.	The Climate Change Working Group will establish a monitoring and evaluation process in assessing climate risk profiles, new climate risks and explore ways to decarbonize aligned to the Philippine regulation and targets.
We will be conducting a comprehensive scenario analysis across our physical assets nationwide, identifying climate risks and opportunities. We will be incorporating climate-related issues in our Enterprise Risk Management and financial planning process.	We will establish a process for periodically assessing climate risks and opportunities, incorporating new climate-related responsibilities into charters and job functions, and providing upskilling for members directly responsible for climate change agenda.	We will incorporate climate change performance criteria in individual and business key performance indicators.
We will establish processes for business units to screen and identify drivers of climate risks and opportunities, directly analyzing which merit a deeper assessment. We will also raise awareness on climate risks and opportunities among SM leadership.	We will document progress and incorporate findings into climate risk management plans. We will identify the best means to raise awareness on climate risks and opportunities among our employees.	Using the scenario analysis, we will monitor how SM's climate risks profiles are monitored, documented and used for strategic decision making.
We will expand our disclosure by providing methodologies and look into new climate metrics such as the Climate Action 100+ Benchmark Framework.	We will establish both a quantitative and qualitative approach to target setting for the SM Group as we report progress following our approach.	We will look into a science-based target setting for decarbonization of our operations and working towards off-set.



Building Climate Ready Businesses and Communities

Being climate ready has become part of everyday life in the Philippines. Living with more than 20 typhoons a year on average, climate change is only going to make things more difficult. This is the reason why incorporating sustainability and resiliency in how we do business has become part of ‘business-as-usual’ for SM.

Throughout the country, we build integrated lifestyle cities to help meet the growing urban requirements of the Philippines. These developments provide positive socio-economic impact to local communities while also developing essential infrastructure to protect against environmental hazards due to climate change. Well before the issue of climate change became an urgent global priority, SM has been building climate-ready businesses that can withstand the Philippines’ regular experiences of typhoons, water level rises and flash flooding.

SM Baguio brings outdoor and indoor into one space optimizing natural lighting and ventilation with its Sky Garden. It has a green roof system as well as

a provision for an underground water reservoir for storage and reuse of rainwater with a capacity of 6,900 cubic meters.

SM Seaside Cebu mallgoers can enjoy an extensive green area, center courtyard and roof garden. Constructed with Low E glass and utilizes EchoStop for noise management, the building is designed to maximize natural light and ventilation.

SM Lanang Premier showcases lush greenery, a roof garden and green pavers that encourage filtration and allow stormwater back to the underground soil. It is equipped with a rainwater catchment system and a water reservoir with 600 cubic meter capacity based on 425mm per hour rainfall intensity. It also has a materials recovery facility which receives, segregates and prepares recyclable materials for marketing to end-user manufacturers.

SM City Masinag helps communities avoid flood waters through its 17,681 cubic meter water catchment facility. It is designed with green screens to promote vertical plant growth and is constructed with Clerestory windows as a source of natural light.

SM North EDSA is one of the pioneers of large scale solar panels use on the roof of commercial city developments. It is also the first to use its urban footprint to provide open access to community amenities with its extensive Sky Garden and elevated parks.

SM Mall of Asia is uniquely designed with a seawall to avert any damage from potential storm surges or sea level rise. Built on reclaimed land, it used a specialized

excavation method providing a greater degree of protection against liquefaction and seismic events. It is also elevated above the required building levels and is equipped with wave return and drainage channels to prevent flooding due to storm surges and high waves.

SM Marikina sits on 246 stilts and is built 20 meters beyond the compliance for safety zone. At 20.5 meters above natural ground level, it serves as a first responder and a place of refuge for the residents of Marikina during times of calamities.



GRI-SM Regional Sustainability Summit



ASEAN Sustainability E-Summit 2021

Leaving No One Behind:
Private Sector in Solidarity for Sustainable
COVID-19 Recovery and Delivering the SDGs
October 21-22, 2021

On our third year of partnership with the Global Reporting Initiative, we held the ASEAN Sustainability e-Summit to bring together global sustainability leaders and businesses towards a sustainable COVID-19 recovery and a meaningful climate change response.

With the theme “Leaving No One Behind: Private Sector in Solidarity for Sustainable COVID-19 Recovery and Delivering the SDGs” the two-day e-Summit gathered like-minded business leaders in the ASEAN region, encouraging them to operate sustainability even amid the challenges triggered by the global health crisis.

Thank You for attending the GRI-SM ASEAN Sustainability E-Summit 2021



ASEAN Sustainability E-Summit 2021

Leaving No One Behind:
Private Sector in Solidarity for Sustainable
COVID-19 Recovery and Delivering the SDGs
October 21-22, 2021

The four sessions covered topics on the next generation of leadership, the financial markets' role in driving sustainable business practices, the lessons businesses learned from the pandemic, and the journey to driving carbon Net Zero target achievement.

The two-day summit encouraged dialogue between the public and private sectors in forging a concerted effort towards the delivery of sustainable development goals.

"The journey to Net Zero starts with leadership. Our planet cannot wait. Our people cannot wait. Now is the time for leadership and I call on every head of every company and organization to make the commitment to be Net Zero. We will figure out the detailed path together for as long as we are all committed to the same destination."

Raymond Rufino
CEO, NEO



"Service is essential during a pandemic. A company's assets, resources and people are all opportunities to be of service in these times."

Steven Tan
President, SM Supermalls



"Sustainability reporting alone will not save humanity. Companies need to take bold, aggressive, decisive and innovative actions if they are to continue to do business in this planet."

Allinnettes Adigue
ASEAN Regional Hub Head,
Global Reporting Initiative







Our Reporting Process

We are committed to transparency and accountability to our stakeholders. We adhere to global standards of integrated reporting, support global efforts to advance the sustainable development goals and advocate for the 11 Principles of the UN Global Compact.



UNSDG and
UNGC Report

Materiality,
Stakeholder
Engagement and
Sustainability
Performance

Reporting on the Principles of the United Nations for Global Compact

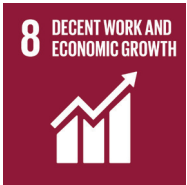
As a signatory of the UN Global Compact, we adhere to the Ten Principles, promoting human and labor rights, supporting anti-corruption and protection of the environment. Every year, we make advancements in addressing pressing issues directly addressing these principles.

Thematic Principles

UN Principles	SM Principles	SM Policies and Guidelines
Principles 1-2 Human Rights	We support and respect international human rights and are not complicit in human rights abuses. We continued to prioritize the safety and health of our co-workers, providing adequate protection and health benefits during COVID-19	Code of Ethics: All officers and employees are selected, engaged, and compensated based on qualification and performance. They shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated.
Principles 3-6 Labor Rights	We uphold the freedom of association and the effective recognition of the right to collective bargaining, supporting the elimination of all forms of forced and compulsory labor, the effective abolition of child labor and the promotion of equal opportunity	22% employees are part of Collective Bargaining Agreement Code of Ethics—Support for Diversity and Non-Discrimination Whether in selection of the countries and markets where the Company operates, hiring and promotion of employees, selection of suppliers and contractors – the Company decides on the basis of merit and value to shareholders and does not discriminate on the basis of race, ethnicity, religion, age or gender. All board members, officers, and employees are prohibited from practicing any form of discrimination or harassment in the workplace. This obligation to refrain from such behavior extends to contractors, vendors, suppliers, or visitors, to the extent that their conduct affects the work environment.
Principles 7-9 Environment	We support a precautionary approach to environmental challenges, pursuing programs that promote environmental responsibility and adopt environmentally-friendly technologies	Code of Ethics—Environmental and Safety Practices SMIC is committed to providing a safe work environment and to comply with all environmental regulations. It seeks to go beyond compliance and bring to its markets best practices in environmental care and sustainability.
Principle 10 Anti-Corruption	We are against corruption in all its forms, including extortion and bribery.	Code of Ethics SMIC is fully committed to doing business in accordance with long held values and ethical standards that have been the foundation for the growth and success of the SM Group.

Reporting on the UN Sustainable Development Goals

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

Focus SDG	Program or Initiative	2021	2020
	Employee wages and benefits	PHP24.1bn	PHP26.2bn
	BDO and China Bank outstanding SME loans	PHP61bn	PHP63.4bn ¹
	% of Mall tenants that are MSMEs	>66%	> 65%
	Partner agents under BDO's Cash Agad	9,530	8,872
	Capex allocated to incorporate disaster resilient features	10%	10%
	Socialized housing units under Summer Hills Development Corporation	20,001	16,653 ¹
	SM Malls certified with Business Continuity Management System (ISO 22301) to date	71	53
	Gold-certified LEED Buildings	3, 2 pre-certified	3, 1 pre-certified
	Malls with water catchment facilities to date	20	20 ¹
	Mangroves protected	10ha	10ha
	Marine protected areas	3	3
	Capacity of solar panels installed in SM Supermalls	10.6MW	9.2MW
	Renewable energy projects funded by BDO	54	50
	Recycled water in SM Prime, Atlas Mining and BDO	32.6mn m ³	33.0mn m ³ ²
	College, high school, technical vocational scholars supported to date	11,266	10,392
	Schools built and refurbished to date	282	272
	Scholar graduates to date	9,434	8,898
	Medical missions conducted to date	1,535	1,516
	Number of rehabilitated public health and medical facilities to date	305	277
	Group-Wide COVID-19 response for the year	PHP21.6bn	PHP30.4bn
	Payments to government for the year	PHP15.6bn	PHP15.7bn
	Loans disbursed by BDO to date for national projects, airports and road networks	PHP70.3bn	PHP63.7bn
	Budget allocated for public and private partnerships of SM Prime	PHP49.6mn	PHP45.5mn

¹ 2020 data updated

² 2020 data updated and only include SM Prime and Atlas Mining

Preparation, Scope, Boundaries and Materiality

Framework and Reporting Period

This is SM Investments' second Integrated Report covering the period of January through December 31, 2021. It follows the framework of the International Integrated Reporting Council (IIRC). We also reported indicators following the Global Reporting Initiative (GRI), UN Global Compact Principles (UNGC), UN Sustainable Development Goals (UNSDGs) and the Task Force on Climate-Related Financial Disclosures (TCFD).

Scope

Every year, we expand our scope to cover most of the businesses of the SM Group. From our 2020 scope, we added NEO and Airspeed for this year's report.

SM Investments Corporation (Parent)
SM Retail, Inc. (SM Retail)
SM Prime Holdings, Inc. (SM Prime)
BDO Unibank, Inc. (BDO)
China Banking Corporation (China Bank)
Belle Corporation (Belle)
2GO Group Inc. (2GO)
Atlas Consolidated Mining and Development Corporation (Atlas Mining)
NEO Group (NEO)
Airspeed International Corporation (Airspeed)

Sustainability Leadership

Our sustainability and climate strategy is overseen by the Executive Committee of the Board of SM Investments Corporation. It is supported by the Group-Wide Steering Committee chaired by our President and CEO, Frederic C. DyBuncio, with the Presidents of the business units within our ecosystem as members. Reporting to the Committee is a Technical Working Group (TWG) consisting of the Sustainability Team Leaders from each business with our Group Head for Sustainability, Koleen D. Palaganas, serving as secretariat.

In 2021, we established the SM Group-Wide Sustainability Office that drives the unified sustainability strategy of the company and scales our efforts to create positive impact.

Materiality Process



1. Review

- We review our businesses and identify areas for value creation
- We keep ourselves updated on megatrends, as well as priorities to pursue the sustainable development agenda
- We engage our stakeholders to understand how SM can really bring value to them



2. Prioritize

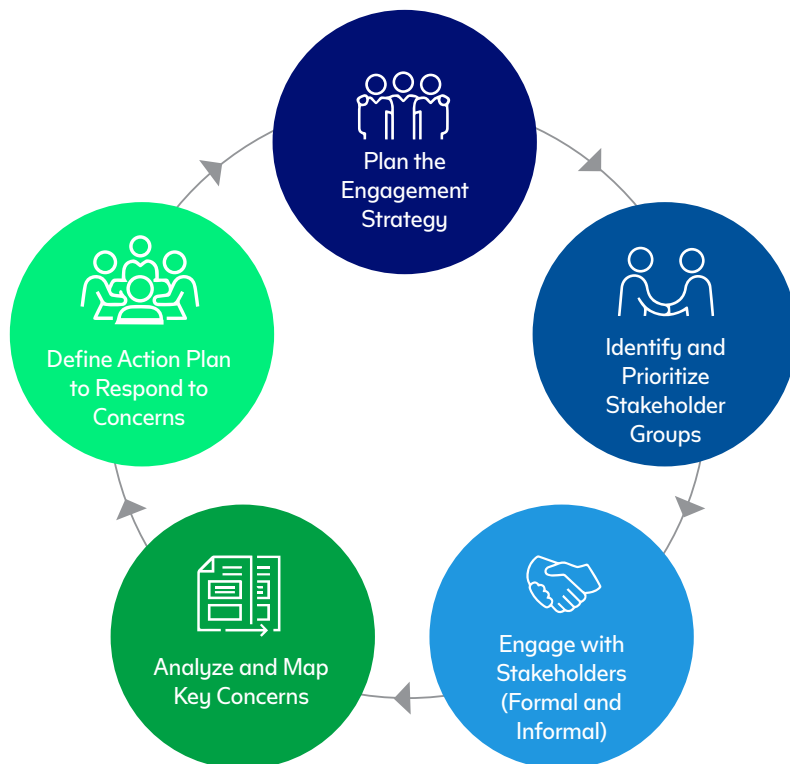
- We identify the topics that matter most for us to continue delivering value, whether financial or intangible benefits to society
- These topics are then reviewed by senior management



3. Strategize

- We integrate these topics into the development of our business strategy and sustainability program objectives

Overview of Stakeholder Engagement Process



We stay close to our stakeholders through formal and informal engagements to better understand their evolving needs, aspirations and how we can better serve them and create long-term value that matters.

Material Topic		Our Progress Refer to the pages
Caring For People	Employee Development Employee Well-being, Health and Safety Customer Welfare Human and Labor Rights Diversity, Equality and Inclusion Inclusive Supply Chain Practices	Our Brand (p. 74) Our Connection to Our People (p. 78) Our Network of Supply Chain Partners (p. 86) Our Sustainability Performance: Our People (p. 106)
Thriving with our Communities	Economic Value Generated and Shared Economic Opportunities for MSMEs Disaster Risk Reduction (DRR) and Resilience Financial Inclusion Community Development Public Sector Engagement	Our Developments (p. 80) Our Relationship with Our Communities (p.84) Our Ecosystem of Businesses (p. 89) Our Sustainability Performance: Our Communities (p. 108)
Living within our Planetary Boundaries	Climate Change Emissions Management Protection of Biodiversity and Natural Resources Environmental Resources Management	Our Natural Resources (p. 88) Working with Climate Change (p. 90) Our Sustainability Performance: Our Environment (p. 110)
Governing for Good Corporate Citizenship	Board Leadership in Integrated Thinking Risk Management with ESG lens Ethical Practices and Anti-Corruption	Corporate Governance (p. 113)

Stakeholder	We Communicate with Them	What Matters to Them	Our Progress
Our Co-workers	One-on-one “How are you?” sessions, employee gatherings town hall meetings, and performance assessments	Well-being and safety, training and development, diversity equality and inclusion, adequate employment benefits	Flexible work arrangements, COVID-19 related inclusion in benefits, health and well-being programs
Our Customers	Customer touchpoints per business unit, customer feedback surveys, and social media channels	Affordable and accessible products, safe shopping experience, COVID-19 response to employees and communities, SM's environmental responsibility	Safety protocols in our developments, website, online shopping and services SM Investments Website Refresh - Silver Award in 57th Anvil Awards
Our Supply Chain Partners	Vendor selection and accreditation process, capacity building programs	COVID-19 initiatives for MSME recovery, fair and transparent dealings, safe shopping experience, customer welfare, SM's environmental responsibility	Waived fees and rent, deferred loan payments, marketing campaigns, banking products for MSMEs
Our Community Partners	Formal and informal dialogues, needs assessment surveys	COVID-19 relief for communities, safe shopping experience, social development programs in the communities	Continued COVID-19 response and relief, disaster relief efforts during typhoons
Our Investors, Shareholders and Providers of Capital	Annual Stockholders' Meeting, investor discussions, analyst briefings, ESG rating correspondence	SM's financial performance, transparency on SM's ESG risks and opportunities, corporate governance, safe shopping experience	Regular briefings, quarterly and annual reports, website, TCFD Supporter Best IR Website in IR Magazine Southeast Asia Awards
Our Sustainable Development and NGO Partners	Program partnerships, online surveys	SM's environmental responsibility, COVID-19 initiatives for our stakeholders, community development programs	COVID-19 relief partnership, TCFD Supporter
Our Regulators	Stakeholder consultations, public-private sector dialogues	Corporate governance, human and labor rights, diversity, equality and inclusion, environmental compliance	Timely and accurate reporting aligned to internationally recognized frameworks, 7 SM companies listed in ACGS initiative
Our Media Partners	Press briefings, media events	Economic performance, transparency and accuracy of information	Timely and accurate reporting, website SM Investments Website Refresh - Silver Award in 57th Anvil Awards

Our Sustainability Performance

In Pursuit of Excellence and Transparency

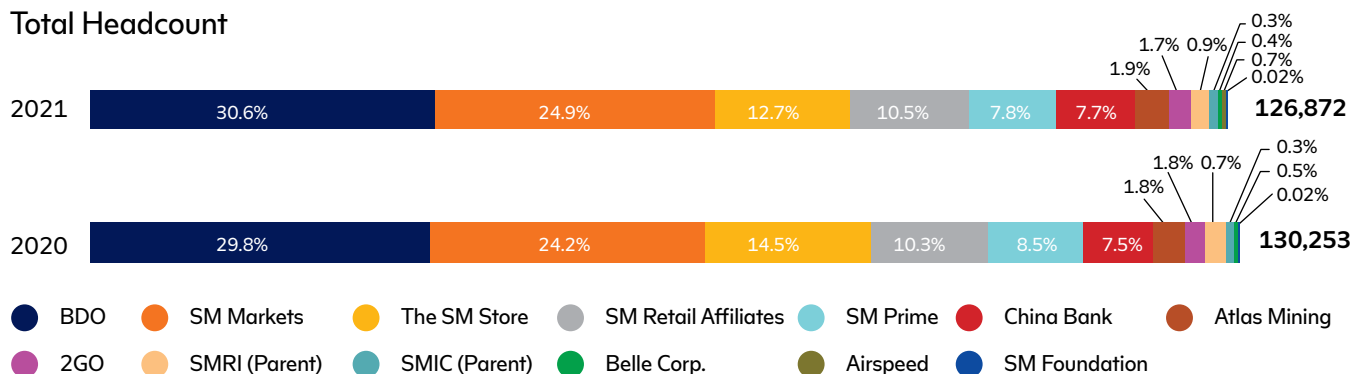
Every year, we raise up our level of excellence in data management, collection and validation. This year, we launched the first phase of the SM Sustainability Automated Data Tool, the first in the country designed in-house and tailored end-to-end by a leading corporate we believe. We embarked on this project in support of our commitment to transparency, accountability and precision in all our disclosures. Through the years, we expand our scope as we continue to grow as a group. This allows us to have an evidence-based understanding of our impact on our communities and the environment which will continue to a science-based approach to setting our internal goals and objectives. This also promotes the culture of evidenced based decision making, not only for day-to-day business activities but in making long-term strategic decisions as well.

GRI Disclosure	2020 Data Disclosed in 2020 Report	2020 Restatement
102-8 Information on employees and other workers	Total Headcount 130,421	Total Headcount 130,253
302-1 Energy consumption within the organizations	Electricity consumption within the organization 1,533 million kWh Electricity consumption outside the organization 483 million kWh	Electricity consumption within the organization 1,928 million kWh Electricity consumption outside the organization 642 million kWh
303-3 Water withdrawal Water recycled	31.0 million cubic meters Third-party utility provider: 46% Surface water: 50% Groundwater: 4% Water hauling: <1% 28.9 million cubic meters	40.6 million cubic meters Third-party utility provider: 59% Surface water: 38% Groundwater: 3% 33.0 million cubic meters
305-1 Direct (Scope 1) Emissions) Energy indirect (Scope 2) GHG Emissions) Other indirect energy (Scope 3) emissions	Total emissions: 1,899,252 MT CO ² Scope 1: 20% Scope 2: 59% Scope 3: 21%	Total emissions: 2,101,303 MT CO ² Scope 1: 18% Scope 2: 67% Scope 3: 15%
306-3 Waste generated	Solid Waste Generated Total: 102,164 tonnes Biodegradable: 43% Recyclable: 16% Residual: 41%	Waste Generated Total: 113,203 tonnes Biodegradable: 41% Recyclable: 13% Residual: 40% Special waste: 1% Others: 5%

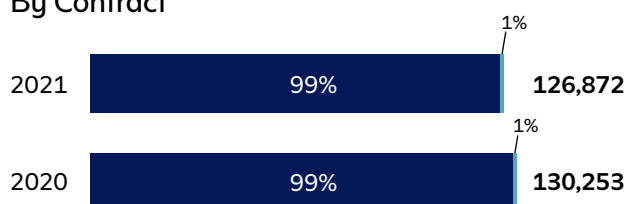
Our Sustainability Performance

Our People

Total Headcount



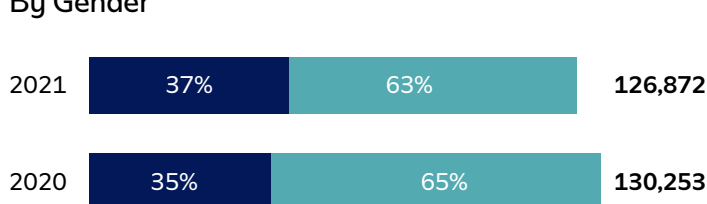
By Contract



● Permanent Employees ● Fixed-Term Employees

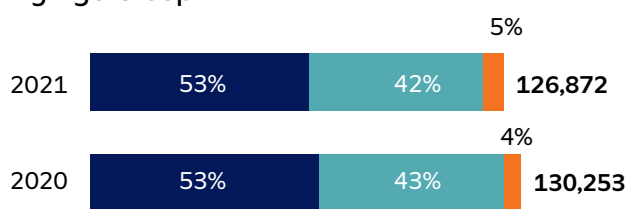
Permanent employees include regular and probationary status
Fixed-Term employees include project-based and seasonal contract status

By Gender



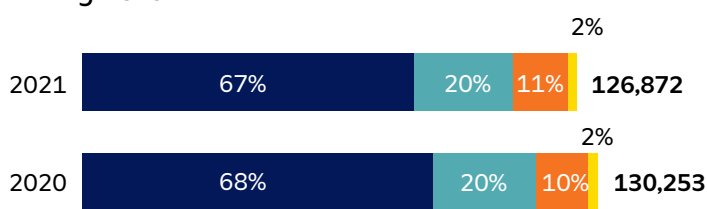
● Male ● Female

By Age Group



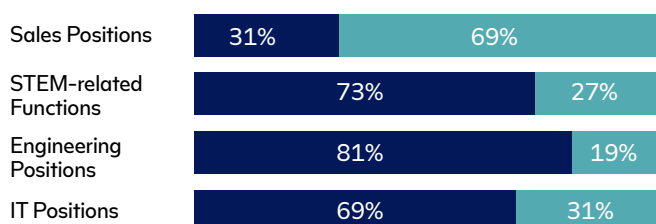
● Below 30 years old ● Between 30-50 years old ● Above 50 years old

By Level

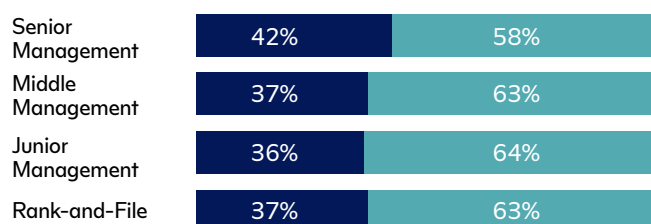


● Rank-and-file ● Junior Management
 ● Middle Management ● Senior Management

Workforce Gender Diversity

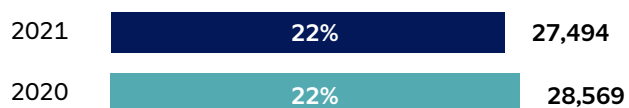


By Level and Gender

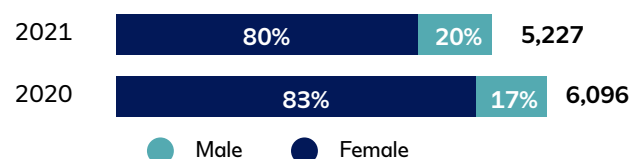


● Male ● Female

Employees Covered by Collective Bargaining Agreement



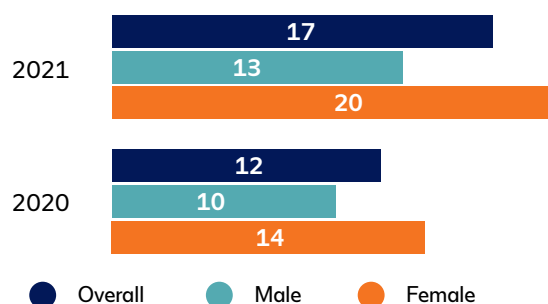
Availment of Parental Leaves



Training Hours in million hours



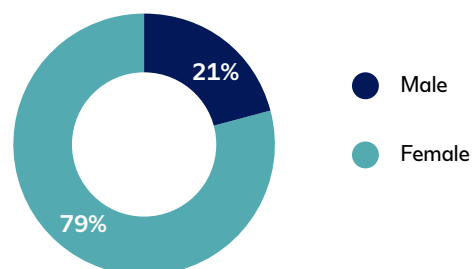
Average Training Hours



Eligible Employees Appraised



Employees Promoted in 2021



Our Sustainability Performance

Our Communities

Education

School Building Program



2021 Output

10

school buildings built and refurbished

27

classrooms built and refurbished

Output to date

282

school buildings built and refurbished

942

classrooms built and refurbished

Scholarship Program



1,832

scholars in 2021



9,434

scholar graduates to date



11,266

scholars supported to date





Healthcare

2021 Output



28

health centers and medical facilities built and renovated



19

medical missions conducted



4,412

patients served in medical missions



442,933

patients served in wellness centers

447,345

patients served in total

Output to Date

305

health centers and medical facilities built and renovated

1,535

medical missions conducted

1,190,187

patients served in medical missions

4,292,933

patients served in wellness centers

5,482,120

patients served in total

Food Security through Farmers' Training

2021 Output



448

farmers trained



17

farmer training sessions

Output to Date

28,550

farmers trained

266

farmer training sessions

Disaster Response

2021 Output



141,107

Kalinga packs distributed

167

Operation Tulong Express conducted

Output to Date

741,216

Kalinga packs distributed

546

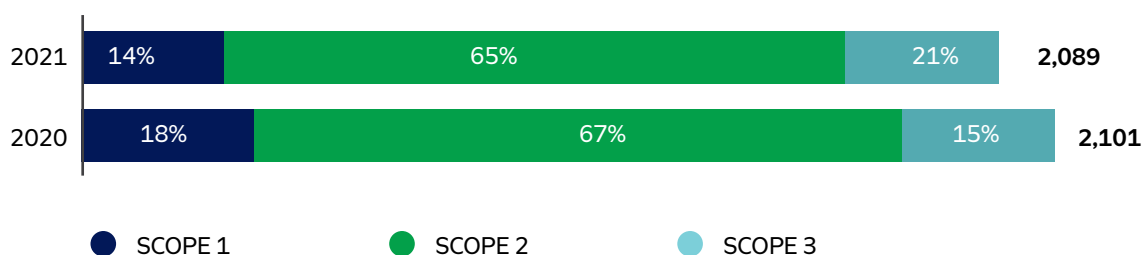
Operation Tulong Express conducted

Our Sustainability Performance

Our Environment

Emissions

Greenhouse Gas (GHG)
in '000 MT CO₂



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

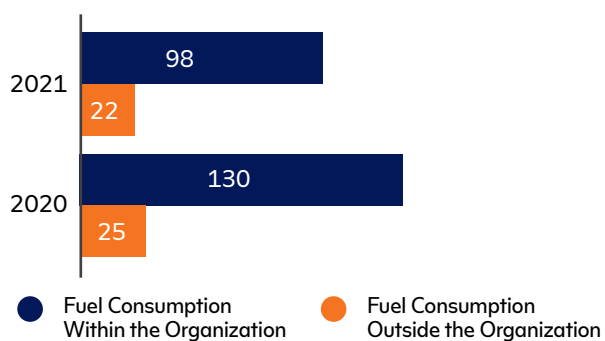
Scope 2 - Emissions arising from our use of purchased electricity in facilities that are fully controlled and operated by the company

Scope 3 - Emissions arising from sources that are neither owned nor controlled by the company such as third-party transportation and use of sold or leased products, services and property

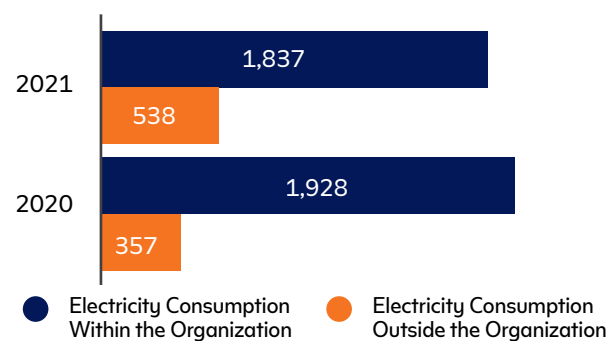
Calculated following the operational approach of the Greenhouse Gas Protocol. Moreover, Scope 2 emissions were computed using the 2015-2017 National Grid Emission Factors provided by the Department of Energy

Energy

Fuel Consumption
in million liters



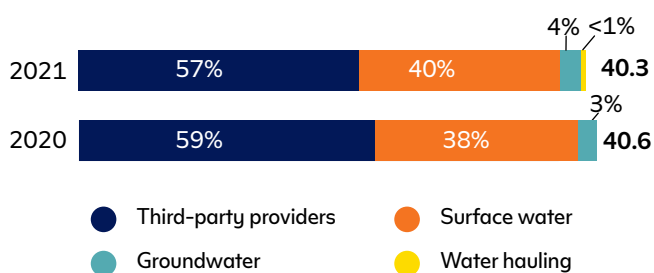
Electricity Consumption
in million kWh





Water

Water Withdrawal in million cubic meters

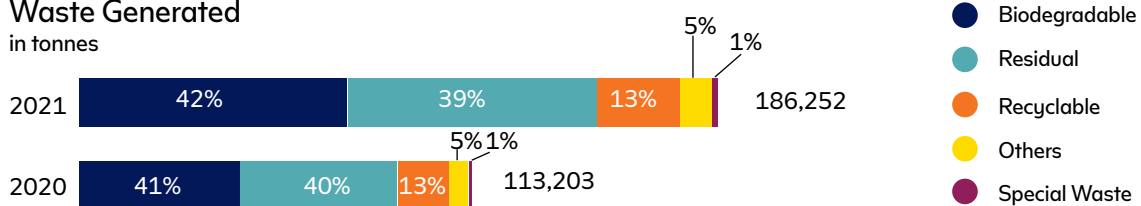


Total Water Recycled in '000 cubic meters



Waste

Waste Generated in tonnes



The reason behind this significant jump in our waste-related data is the improved system of accounting among SM Prime's business units.





Corporate Governance

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

Our Leadership Team



Jose T. Sio
Chairman

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



Teresita T. Sy
Vice Chairperson

Teresita T. Sy is the Vice Chairperson of SMIC and Adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson of SM Retail Inc. She also holds board positions in several companies within the SM Group. She is also the Chairperson of BDO Unibank, Inc. ("BDO") and serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc. and BDO Foundation, Inc. She also serves as Adviser to the Board of One Network Bank, Inc. (A Rural Bank of BDO). A graduate of Assumption College with a Bachelor of Arts and Science degree in Commerce major in Management, she brings to the Board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.



Henry T. Sy, Jr.
Vice Chairman

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

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



Frederic C.
DyBuncio
President and
Chief Executive
Officer

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



Harley T. Sy
Executive Director

Alfredo E. Pascual is the Lead Independent Director of SMIC. He was the President and CEO of the Institute of Corporate Directors (ICD) in 2018 and 2019. From 2011 to 2017, he led the University of the Philippines (UP) System as President and Board Co-Chair. Before UP, Mr. Pascual worked at the Asian Development Bank (ADB) for 19 years in several positions, including Director for Private Sector Operations, Director for Infrastructure Finance, and Advisor for Public-Private Partnership (Infrastructure Development). At ADB, he had postings in India and Indonesia and held board directorships at ADB's investee companies in China, India, and the Philippines. Mr. Pascual was a finance professor at the Asian Institute of Management (AIM). Currently, he is an Independent Director at other publicly-listed companies and a trustee at nonprofits and other organizations. He is the President of the Management Association of the Philippines (MAP) and the global Association of Former Employees of ADB (AFE-ADB). He finished his MBA and BS in Chemistry (cum laude) from UP.



Alfredo E. Pascual
Lead Independent
Director



Tomasa H. Lipana
Independent
Director

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



Robert G. Vergara
Independent
Director

Robert G. Vergara is an Independent Director of SMIC. He was recently appointed as an Independent Director of Metro Pacific Hospital Holdings, Inc. (MPHHI). He is currently the President of Vergara Advisory Management, Inc. founded in May 2018. He also sits as an Independent Director of STI Education Systems Holdings, Inc. since July 27, 2017. From September 2010 to October 2016, he served as the President and General Manager and Vice-Chairman of the Board of Trustees of the Government Service Insurance System (GSIS). As President and General Manager of GSIS, Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines, Manila Hotel Corporation, and Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council. Before that, he was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. From 2002 to 2006, he was a Director of Lionhart (Hong Kong) Ltd. He was a Principal in Morgan Stanley Asia Ltd. from 1997-2001 and served as the Managing Director of IFM Asia Ltd. from 1990 to 1997. He obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated magna cum laude from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Advisers to the Board



Corporate Governance

SM Investments Corporation (SMIC) recognizes the essential role of the good corporate governance practices in the long term growth, sustainability and success of the Company. As such, the Company continuously develops its corporate governance culture to keep pace with the regional and global best practices.

THE BOARD OF DIRECTORS

SMIC's Board of Directors remains fully committed to the principles of good corporate governance and ensure that the long term financial success of the business is built on Integrity, fairness, accountability and transparency. The Board is composed of eight (8) highly qualified directors, three (3) of whom are independent directors. In accordance with the Company's Manual on Corporate Governance, the Board shall always have at least three (3) independent directors. Independent directors are directors that are free from management responsibilities, substantial shareholdings and material relations which could be perceived to impede the performance of independent judgment. Independent directors are tasked to encourage impartial discussions at board meetings, monitor and provide feedback on Management's performance, and safeguard the interests of the Company's various stakeholders.

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

SM Investments Corporation's Board of Directors

Director	Designation	Directorship	Age	Year first Elected	No. of Years as director
Jose T. Sio	Chairman of the Board	Non-Executive Director	82	May 2005	17
Teresita T. Sy	Vice Chairperson	Non-Executive Director	71	May 1979	43
Henry T. Sy Jr.	Vice Chairman	Non-Executive Director	68	May 1979	43
Frederic C. DyBuncio	President/CEO	Executive Director	62	April 2017	5
Harley T. Sy	Executive Director	Executive Director	62	May 1993	29
Alfredo E. Pascual	Lead Independent Director	Independent Director	73	April 2017	5
Tomas H. Lipana	Independent Director	Independent Director	73	April 2016	6
Robert G. Vergara	Independent Director	Independent Director	61	April 2019	3

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

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Company's purpose, vision, mission and strategies to carry out its objectives and review it annually, or sooner should the need arise.
- Oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.
- Ensure that the Company complies with all relevant laws, rules and regulations and adopt industry best practices.
- Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investors relations program.
- Adopt a system of internal checks and balances.
- Identify and monitor key risk areas and key performance indicators, and ensure that a sound Enterprise Risk Management framework is in place.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Ensure that an effective succession planning program for directors, key officers and management is in place.
- Ensure that each elected director, before assumption of office, be required to attend a seminar on corporate

governance conducted by a duly recognized private or governance institution.

- Ensure that each director annually attend continuing education programs conducted by an accredited training provider of relevant government agencies.
- Ensure that directors with material interest in any transaction affecting the Company abstain from taking part in the deliberations for the same.
- Formulate and implement group-wide policies to ensure the integrity of related party transactions, especially those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- Ensure that the Company's Code of Ethics, which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company's website.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or other third parties, including regulatory authorities.

Board Performance and Attendance

The Board meets at least six (6) times annually. 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.

2021 Meetings & Attendance

Director	Special	Regular	Special	Regular	Organizational	Special	Regular	Regular	Special	%
	(1)	(2)	(3)	(4)	/ASM	(5)	(6)	(7)	(8)	
	1/20	2/26	3/18	4/28	4/28	5/5	8/4	11/10	11/17	
Jose T. Sio	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Teresita T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Henry T. Sy, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Frederic C. DyBuncio	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Harley T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Tomas H. Lipana	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Alfredo E. Pascual	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Robert G. Vergara	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

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-Coson
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio
Adviser (NED)	Joe T. Sio

The Audit Committee

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

any of the other board committees. (Please see the Audit Committee Report for more information on the Committee's roles and activities.)

Office	Name	2021 Meetings and Attendance				
		2/24	5/3	8/2	11/5	11/17
Chairperson (ID)	Tomas H. Lipana	●	●	●	●	●
Member (ID)	Alfredo E. Pascual	●	●	●	●	●
Member (NED)	Jose T. Sio	●	●	●	●	●

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 at arms' length. The Committee is composed of three (3) non-executive directors, including the Chairman wherein two (2) are independent directors.

Office	Name	11/5/21
Chairperson (ID)	Alfredo E. Pascual	●
Member (ID)	Robert G. Vergara	●
Member (NED)	Jose T. Sio	●

The Compensation Committee

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

Office	Name	2021 Meetings and Attendance	
		4/26	11/5
Chairperson (NED)	Teresita T. Sy-Coson	●	●
Member (ID)	Alfredo E. Pascual	●	●
Member (NED)	Jose T. Sio	●	●

Board Remuneration

The annual compensation paid to each director is disclosed annually in the Definitive Information Statement sent to shareholders, together with the Notice of the Annual Stockholders' Meeting. For compensation as Director, each member of the Board received Php5,400,000 for the year 2021.

The Risk Management Committee

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

Office	Name	2021 Meetings and Attendance	
		8/2	11/5
Chairperson (ID)	Robert G. Vergara	●	●
Member (ID)	Alfredo E. Pascual	●	●
Member (NED)	Jose T. Sio	●	●

Enterprise Risk Management (ERM)

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

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

Actions adopted to mitigate the Company's risks include investments in technology, the provision of continuous training to personnel, the performance of regular audits,

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

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

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

The Corporate Governance Committee

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

Office	Name	2021 Meetings and Attendance		
		2/24	3/12	4/26
Chairperson (ID)	Alfredo E. Pascual	●	●	●
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 qualities of directors that are aligned with the Company's strategic direction. Likewise, the Committee ensures that those nominated to the Board possess none of the disqualifications enumerated in the Manual on Corporate Governance. Further to this, the Committee ensures that nominees have attended an orientation or training related to corporate governance before taking office. The committee also recommends continuing education/ training programs for directors and key officers with training providers that is duly accredited by the Securities and Exchange Commission (SEC). For 2021, the Company engaged the services of Institute of Corporate Directors (ICD) to facilitate an in-house corporate governance training to all members of the board and key officers.

Notable Continuing Education/Training of the Board of Directors

Director	Date of Training	Program	Name of Training Institution
Jose T. Sio	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Teresita T. Sy	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Henry T. Sy, Jr.	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Frederic C. DyBuncio	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Harley T. Sy	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Alfredo E. Pascual	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Tomas H. Lipana	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)
Robert G. Vergara	9/30/2021	Advance Corporate Governance Training Program	Institute of Corporate Directors (ICD)

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

Directorship in Other Reporting Companies

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

Evaluation of the Board

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

Directors are asked to rate the annual performance of the respective bodies and individuals, as well as identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, their accessibility to Management, the Corporate Secretary and Board Advisors as well as training/continuing education programs or any other forms of assistance that they may need in

the performance of their duties. The Board then reviews the results of the evaluation and agree on action plans to address the issues raised. The forms used for the evaluation may be viewed via the Company's website.

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

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.

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/ 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 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.

DISCLOSURE AND TRANSPARENCY

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

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

The Investor Relations Department

The Investor Relations (IR) Department of SMIC is the main avenue of communication between the Company and its various stakeholders. The IR Department arranges regular teleconferences and site visits for investors, and conducts annual roadshows with stops in various locations throughout the world. Due to pandemic, such roadshows were replaced

with extensive videoconferencing activity since 2020 up to 2021. They also coordinate with the different Investor Relations departments of the Company's subsidiaries and affiliates, as well as participate in various investor fora and conduct regular briefings with analysts and members of the press. Should SMIC's shareholders or other various stakeholders require further information or details on the Company, its operations, directors and/ or officers, or would like to provide feedback and/or make other relevant suggestions/recommendations to the Company, they may contact the following:

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

The Annual Stockholders' Meeting

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

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

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

RIGHTS, ROLES AND PROTECTION OF STAKEHOLDERS

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

Rights of Shareholders

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

The exercise of a shareholder's voting right is encouraged by SMIC to ensure meaningful participation in all shareholders' meetings. Voting methods and vote counting systems employed by the Company are clearly explained to ensure the effective exercise of shareholders' right to vote. SMIC follows the system of cumulative voting for the election of directors to allow shareholders an opportunity to elect each member of the Board of Directors individually. Shareholders maintain the right to receive dividends subject to the discretion of the Board. They may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares in accordance with the Corporate Code. Minority shareholders are given the right to propose the holding of a meeting as well as the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes and in accordance with the law, jurisprudence and best practice. Minority shareholders are also given access to information relating to matters for which Management is accountable.

Dividend Policy

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

Employee Welfare

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

SMIC encourages good health and wellness through its various sports and fitness programs. There are courts and fitness facilities in the workplace where the employees can use and participate in HRD supported aerobic and dance activities, however, due to the pandemic, the use of these

facilities and conduct of said activities were temporarily suspended. Instead, all employees are subjected to regular covid 19 test to ensure that nobody is infected with the virus. All employees were given free doses of covid-19 vaccination and booster shots to ensure that everyone is protected against covid-19 complications. Work from home arrangement was also implemented for the health and safety of the employees. Prior to any entry to the office, all employees are required to accomplish an online health declaration form/checklist which are being reviewed and monitored by the Company medical team. Personal protective gears are regularly provided to every employee like face masks and alcohol. Furthermore, SMIC has a fully functioning clinic and employs the services of a 24-hour roving ambulance service

Despite the pandemic, the Company continues to conduct seminars and various learning sessions via online, such as training on Integration of New Employees in SM, mental health seminar, and seminar on Covid -19 vaccination and Prevention, health and wellness seminars, proper business email writing skills to name a few. The Company believes that a happy and healthy workforce promotes business sustainability.

Emergency Preparedness Program

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

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

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

Training and Employee Development

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

For issues or concerns, all stakeholders may refer to:

Mr. Wellington Palmero
Senior Vice President for Governance, Risk & Compliance
Mr. Noel T. Ang
SAVP- Governance, Risk & Compliance
10/F One E-Com Center
Ocean Drive, Mall of Asia Complex Pasay City,
1300 Philippines
+63 2 8570100 local 0296
wellington.palmero@sminvestments.com
noel.ang@sminvestments.com





Financial Statements

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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, 2021 and 2020, in accordance with Philippine Financial Reporting Standards and for such internal controls as management determines are necessary, to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



JOSE T. SIO
Chairman of the Board



FREDERIC C. DYBUNCIO
President and
Chief Executive Officer



ERWIN G. PATO
Treasurer and
Executive Vice President

Signed this 28th day of February 2022

Report of the Audit Committee

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

The Committee is composed of three (3) non-executive directors, two (2) of whom are independent directors including the Committee Chairperson. The Committee members have relevant background, knowledge, skill and/or experience in the areas of finance and accounting, audit, risk management, information technology, and corporate governance. In 2021, they attended the annual corporate governance training conducted by an SEC accredited training provider and other updates on new relevant laws, accounting standards, taxes, and other regulatory requirements. 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 an Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an Independent Director and Audit Committee Chairperson of Flexo Manufacturing Corporation. Previously, she was an Independent Director of Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines. She was also an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency), a government-owned and controlled corporation for the last 5 years. She is a Fellow and Trustee of the Institute of Corporate Directors. She is also a Trustee of the Shareholders' Association of the Philippines, Inc., among other non-profit organizations. Ms. Lipana took up Executive Education/Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She received the Outstanding CPA in the Public Practice Award from the Philippine Institute of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated Cum Laude. She is also a CPA Board placer.
- **Alfredo E. Pascual** is the Lead Independent Director of SMIC. He was the President and CEO of the Institute of Corporate Directors (ICD) in 2018 and 2019. From 2011 to 2017, he led the University of the Philippines (UP) System as President and Board Co-Chair. Before UP, Mr. Pascual worked at the Asian Development Bank (ADB) for 19 years in several positions, including Director for Private Sector Operations, Director for Infrastructure Finance, and Advisor for Public-Private Partnership (Infrastructure Development). At ADB, he had postings in India and Indonesia and held board directorships at ADB's investee companies in China, India, and the Philippines. Mr. Pascual was a finance professor at the Asian Institute of Management (AIM). Currently, he is an Independent Director at other publicly-listed companies and a trustee at nonprofits and other organizations. He is the President of the Management Association of the Philippines (MAP) and the global Association of Former Employees of ADB (AFE-ADB). He finished his MBA and BS in Chemistry (cum laude) from UP.
- **Jose T. Sio** is the Chairman of the Board of SMIC. He is also a Director of China Banking Corporation, Belle Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, and Ortigas Land Corporation, Trustee of Far Eastern University, Incorporated, and Adviser to the Board of BDO Unibank, Inc. and Premium Leisure Corporation. Mr. Sio holds a Master's degree in Business Administration (MBA) from New York University, is a certified public accountant, and is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted CFO of the Year in 2009 by the Financial Executives of the Philippines. He was also awarded as Best CFO (Philippines) in various years by several Hong Kong-based publications.

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

The Audit Committee						
Office	Name	2021 Meetings and Attendance				
		2/24	5/3	8/2	11/5	11/17
Chairperson (ID)	Tomasa H. Lipana	√	√	√	√	√
Member (ID)	Alfredo E. Pascual	√	√	√	√	√
Member (NED)	Jose T. Sio	√	√	√	√	√

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.

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

External Audit

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

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

4. The Committee reviewed/discussed with the External Auditor, SGV & Co., the following:
 - The annual audit plan for 2021, including scope, approach, risk-based methods, focus areas and time table;
 - The results of its examination and action plan to address pending audit issues; and
 - The assessment of internal controls and quality of financial reporting.
5. The Committee reviewed/discussed the report of SGV & Co. on significant accounting issues, changes in accounting policies/standards, and major pending tax legislations, which would impact the Company and its subsidiaries.

6. The Committee discussed with SGV & Co. the matters required to be disclosed under the prevailing applicable Auditing Standards, and obtained from said Firm a letter confirming its independence, as required by prevailing applicable Independence Standards.
7. The Committee reviewed and approved all audit and non-audit services provided by SGV & Co. to the Company, and related fees.

Financial Statements

8. The Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements.
9. The Committee reviewed and endorsed to the Board for approval the unaudited consolidated financial statements of SM Investments Corporation and its subsidiaries for the first quarter ended March 31, 2021, second quarter ended June 30, 2021, and third quarter ended September 30, 2021.
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, 2021.
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 2022.

28 February 2022



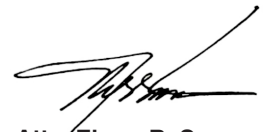
Tomasa H. Lipana
Chairperson



Alfredo E. Pascual
Member



Jose T. Sio
Member



Atty. Elmer B. Serrano
Corporate Secretary

Consolidated Balance Sheets

(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	₱88,744,225	₱78,159,197
Time deposits	311,233	31,012
Financial assets at fair value through other comprehensive income (FVOCI)	547,041	568,146
Receivables and contract assets	74,599,491	60,526,230
Inventories	86,767,188	72,056,045
Other current assets	51,088,161	43,170,378
Total Current Assets	302,057,339	254,511,008
Noncurrent Assets		
Financial assets at FVOCI - net of current portion	27,946,993	27,278,240
Investments in associate companies and joint ventures	305,072,026	296,265,722
Time deposits - net of current portion	3,905,618	1,356,442
Property and equipment	38,555,519	26,087,448
Investment properties	463,765,374	435,466,724
Right-of-use assets	44,775,919	41,979,029
Intangibles	31,615,767	24,588,503
Deferred tax assets	4,732,558	4,671,969
Other noncurrent assets	119,159,561	112,318,650
Total Noncurrent Assets	1,039,529,335	970,012,727
	₱1,341,586,674	₱1,224,523,735
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	₱26,232,427	₱24,126,000
Accounts payable and other current liabilities	163,974,670	149,231,108
Income tax payable	2,224,660	2,649,041
Current portion of long-term debt	63,706,559	60,121,438
Dividends payable	3,110,847	3,829,207
Total Current Liabilities	259,249,163	239,956,794
Noncurrent Liabilities		
Long-term debt - net of current portion	374,155,880	330,731,798
Lease liabilities - net of current portion	31,061,609	28,868,164
Deferred tax liabilities	15,796,870	12,614,979
Tenants' deposits and others	48,883,227	47,624,102
Total Noncurrent Liabilities	469,897,586	419,839,043
Total Liabilities	729,146,749	659,795,837

(Forward)

	December 31	
	2021	2020
Equity Attributable to Owners of the Parent		
Capital stock	₱12,045,829	₱12,045,829
Additional paid-in capital	75,827,181	75,823,506
Equity adjustments from common control transactions	(5,424,455)	(5,424,455)
Cost of Parent common shares held by subsidiaries	(25,386)	(25,386)
Cumulative translation adjustment	2,193,170	895,922
Net fair value changes on cash flow hedges	(980,127)	(2,741,387)
Net unrealized gain on financial assets at FVOCI	15,171,942	16,506,435
Remeasurement loss on defined benefit asset/obligation	(8,317,835)	(6,066,075)
Retained earnings:		
Appropriated	37,000,000	37,000,000
Unappropriated	308,946,422	275,818,556
Total Equity Attributable to Owners of the Parent	436,436,741	403,832,945
Non-controlling Interests	176,003,184	160,894,953
Total Equity	612,439,925	564,727,898
	₱1,341,586,674	₱1,224,523,735

Consolidated Statements of Income

(Amounts in Thousands Except Per Share Data)

	Years Ended December 31		
	2021	2020	2019
REVENUES			
Sales:			
Merchandise	₱302,607,313	₱289,726,442	₱354,088,848
Real estate	45,116,570	47,023,795	44,499,529
Shipping, logistics and other services	5,656,888	—	—
Rent	29,642,244	26,904,979	51,573,157
Equity in net earnings of associate companies and joint ventures	26,768,811	17,036,367	26,038,426
Royalty, management and service fees	4,394,077	3,936,537	7,348,479
Cinema ticket sales, amusement and others	498,924	1,095,445	7,739,761
Dividend income	586,703	430,696	480,513
Others	12,786,125	8,031,444	10,200,616
	428,057,655	394,185,705	501,969,329
COST AND EXPENSES			
Cost of sales:			
Merchandise	227,708,698	220,245,198	262,434,661
Real estate	18,687,157	20,583,982	20,806,612
Cost of services	7,516,230	—	—
Selling, general and administrative expenses	97,879,839	95,482,554	113,257,931
	351,791,924	336,311,734	396,499,204
OTHER INCOME (CHARGES)			
Interest expense	(18,759,841)	(18,023,610)	(19,511,745)
Interest income	2,201,191	2,436,015	3,881,156
Gain (loss) on disposal of investments and properties - net	672,121	(19,373)	193,878
Gain (loss) on fair value changes on derivatives - net	317,743	(6,503)	6,379
Impairment loss on investment	—	(1,000,000)	(3,987,000)
Foreign exchange gain - net and others	773,776	155,162	561,705
	(14,795,010)	(16,458,309)	(18,855,627)
INCOME BEFORE INCOME TAX	61,470,721	41,415,662	86,614,498
PROVISION FOR INCOME TAX			
Current	6,957,046	6,407,055	16,218,229
Deferred	1,782,037	683,565	951,955
	8,739,083	7,090,620	17,170,184
NET INCOME	₱52,731,638	₱34,325,042	₱69,444,314
Attributable to			
Owners of the Parent	₱38,499,890	₱23,389,950	₱44,568,244
Non-controlling interests	14,231,748	10,935,092	24,876,070
	₱52,731,638	₱34,325,042	₱69,444,314
Basic/Diluted Earnings Per Common Share			
Attributable to Owners of the Parent	₱31.96	₱19.42	₱37.00

Consolidated Statements of Comprehensive Income

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
NET INCOME	₱52,731,638	₱34,325,042	₱69,444,314
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Share in unrealized gain (loss) on financial assets at fair value through other comprehensive income (FVOCI) of associates	(2,254,430)	2,280,460	4,505,589
Cumulative translation adjustment	2,088,002	(322,636)	(1,011,736)
Net fair value changes on cash flow hedges	2,353,722	(1,556,934)	(1,712,763)
	2,187,294	400,890	1,781,090
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation	(2,389,787)	4,108,271	(8,209,190)
Net unrealized gain (loss) on financial assets at FVOCI	1,500,421	(302,553)	(176,975)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(198,464)	(776,519)	553,736
	(1,087,830)	3,029,199	(7,832,429)
TOTAL COMPREHENSIVE INCOME	₱53,831,102	₱37,755,131	₱63,392,975
Attributable to			
Owners of the Parent	₱37,718,970	₱26,317,136	₱40,223,919
Non-controlling interests	16,112,132	11,437,995	23,169,056
	₱53,831,102	₱37,755,131	₱63,392,975

Consolidated Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 and 2019

(Amounts in Thousands Except Per Share Data)

	Capital Stock	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2021	P12,045,829	P75,823,506	(P5,424,455)	(P25,386)	P895,922
Net income	—	—	—	—	—
Other comprehensive income	—	—	—	—	1,297,248
Total comprehensive income	—	—	—	—	1,297,248
Realized loss on sale of financial assets at FVOCI	—	—	—	—	—
Transactions with non-controlling interests	—	3,675	—	—	—
Cash dividends - P4.25 per share	—	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—	—
Effect of business combination	—	—	—	—	—
Decrease in previous year's non-controlling interests	—	—	—	—	—
As at December 31, 2021	P12,045,829	P75,827,181	(P5,424,455)	(P25,386)	P2,193,170
As at January 1, 2020	P12,045,829	P75,815,923	(P5,424,455)	(P25,386)	P1,308,228
Net income	—	—	—	—	—
Other comprehensive income	—	—	—	—	(412,306)
Total comprehensive income	—	—	—	—	(412,306)
Realized gain on sale of financial assets at FVOCI	—	—	—	—	—
Transactions with non-controlling interests	—	7,583	—	—	—
Cash dividends - P4.25 per share	—	—	—	—	—
Cash dividends received by non-controlling interests	—	—	—	—	—
Increase in previous year's non-controlling interests	—	—	—	—	—
As at December 31, 2020	P12,045,829	P75,823,506	(P5,424,455)	(P25,386)	P895,922

Equity Attributable to Owners of the Parent

Net Fair Value Changes on Cash Flow Hedges	Net Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	Remeasure- ment Loss on Defined Benefit Asset/ Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
(P2,741,387)	P16,506,435	(P6,066,075)	P37,000,000	P275,818,556	P403,832,945	P160,894,953	P564,727,898
—	—	—	—	38,499,890	38,499,890	14,231,748	52,731,638
1,761,260	(1,587,668)	(2,251,760)	—	—	(780,920)	1,880,384	1,099,464
1,761,260	(1,587,668)	(2,251,760)	—	38,499,890	37,718,970	16,112,132	53,831,102
—	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)
—	—	—	—	—	—	3,073,712	3,073,712
—	—	—	—	—	—	(286,834)	(286,834)
(P980,127)	P15,171,942	(P8,317,835)	P37,000,000	P308,946,422	P436,436,741	P176,003,184	P612,439,925
(P1,406,026)	P14,399,640	(P8,633,269)	P37,000,000	P257,546,591	P382,627,075	P153,524,403	P536,151,478
—	—	—	—	23,389,950	23,389,950	10,935,092	34,325,042
(1,335,361)	2,107,659	2,567,194	—	—	2,927,186	502,903	3,430,089
(1,335,361)	2,107,659	2,567,194	—	23,389,950	26,317,136	11,437,995	37,755,131
—	(864)	—	—	864	—	—	—
—	—	—	—	—	7,583	(7,583)	—
—	—	—	—	(5,118,849)	(5,118,849)	—	(5,118,849)
—	—	—	—	—	—	(4,664,320)	(4,664,320)
—	—	—	—	—	—	604,458	604,458
(P2,741,387)	P16,506,435	(P6,066,075)	P37,000,000	P275,818,556	P403,832,945	P160,894,953	P564,727,898

	Capital Stock	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2019	₱12,045,829	₱75,815,520	(₱5,424,455)	(₱25,386)	₱2,014,573
Net income	–	–	–	–	–
Other comprehensive income	–	–	–	–	(706,345)
Total comprehensive income	–	–	–	–	(706,345)
Realized gain on sale of financial assets at FVOCI	–	–	–	–	–
Transactions with non-controlling interests	–	403	–	–	–
Cash dividends - ₱9.12 per share	–	–	–	–	–
Cash dividends received by non-controlling interests	–	–	–	–	–
Effect of business combination	–	–	–	–	–
Increase in previous year's non-controlling interests	–	–	–	–	–
As at December 31, 2019	₱12,045,829	₱75,815,923	(₱5,424,455)	(₱25,386)	₱1,308,228

Equity Attributable to Owners of the Parent

Net Fair Value Changes on Cash Flow Hedges	Net Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	Remeasurement Loss on Defined Benefit Asset/Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
P62,444	P11,748,980	(P2,063,358)	P37,000,000	P222,213,054	P353,387,201	P138,902,811	P492,290,012
–	–	–	–	44,568,244	44,568,244	24,876,070	69,444,314
(1,468,470)	4,400,401	(6,569,911)	–	–	(4,344,325)	(1,707,014)	(6,051,339)
(1,468,470)	4,400,401	(6,569,911)	–	44,568,244	40,223,919	23,169,056	63,392,975
–	(1,749,741)	–	–	1,749,741	–	–	–
–	–	–	–	–	403	(81,462)	(81,059)
–	–	–	–	(10,984,448)	(10,984,448)	–	(10,984,448)
–	–	–	–	–	–	(9,824,854)	(9,824,854)
–	–	–	–	–	–	1,358,352	1,358,352
–	–	–	–	–	–	500	500
(P1,406,026)	P14,399,640	(P8,633,269)	P37,000,000	P257,546,591	P382,627,075	P153,524,403	P536,151,478

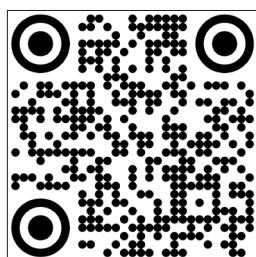
Consolidated Statements of Cash Flows

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱61,470,721	₱41,415,662	₱86,614,498
Adjustments for:			
Equity in net earnings of associate companies and joint ventures	(26,768,811)	(17,036,367)	(26,038,426)
Depreciation and amortization	20,696,369	18,763,579	19,370,843
Interest expense	18,759,841	18,023,610	19,511,745
Provisions (reversal of provisions) - net	(4,277,758)	1,620,414	2,609,386
Interest income	(2,201,191)	(2,436,015)	(3,881,156)
Loss (gain) on disposal of investments and properties - net	(672,121)	19,373	(193,878)
Dividend income	(586,703)	(430,696)	(480,513)
Unrealized foreign exchange (gain) loss - net	(490,845)	(124,982)	220,432
Loss (gain) on fair value changes on derivatives - net	(317,743)	6,503	(6,379)
Impairment loss on investment	—	1,000,000	3,987,000
Gain on sale of financial assets at fair value through profit or loss (FVPL) - net	—	—	(27,812)
Income before working capital changes	65,611,759	60,821,081	101,685,740
Increase in:			
Receivables and contract assets	(2,788,404)	(6,930,842)	(2,848,713)
Inventories	(37,303,043)	(16,077,988)	(21,514,263)
Other current assets	(6,836,921)	(2,313,171)	(8,187,276)
Increase (decrease) in:			
Accounts payable and other current liabilities	35,531,070	11,163,508	21,611,185
Tenants' deposits and others	1,330,169	(397,461)	(2,498,565)
Net cash generated from operations	55,544,630	46,265,127	88,248,108
Income tax paid	(7,402,297)	(7,035,228)	(16,576,112)
Net cash provided by operating activities	48,142,333	39,229,899	71,671,996
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Property and equipment	365,861	58,896	343,228
Investment properties	914,962	3,197	117,429
Financial assets at fair value through other comprehensive income (FVOCI) and FVPL	—	—	3,814,634
Additions to:			
Investment properties	(42,155,574)	(38,415,299)	(42,295,103)
Property and equipment	(10,449,085)	(6,096,154)	(7,446,414)
Financial assets at FVOCI and FVPL	(1,427)	(3,124,660)	(3,261,682)
Investments in associate companies and joint ventures	(358,120)	(390,350)	(5,330,780)
Decrease (increase) in:			
Other noncurrent assets	12,084,333	(11,145,362)	(1,543,199)
Time deposits	(2,829,397)	1,056,006	25,111,241
Dividends received	5,180,690	4,751,956	5,558,665
Interest received	2,018,965	2,439,829	4,048,370
Purchase consideration, net of cash from acquisition of subsidiaries	(5,684,648)	—	327,140
Net cash used in investing activities	(40,913,440)	(50,861,941)	(20,556,471)

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Bank loans	₱52,175,839	₱82,880,520	₱25,266,865
Long-term debt	129,529,420	75,253,912	52,895,468
Payments of:			
Bank loans	(53,324,257)	(77,464,985)	(21,376,865)
Long-term debt	(92,624,775)	(36,158,696)	(64,799,259)
Interest	(18,034,064)	(17,142,063)	(22,606,473)
Dividends	(9,653,454)	(10,158,925)	(20,510,816)
Lease liabilities	(4,630,284)	(3,838,044)	(2,854,295)
Proceeds from maturity of derivatives	—	—	395,722
Net cash provided by (used in) financing activities	3,438,425	13,371,719	(53,589,653)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,667,318	1,739,677	(2,474,128)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(82,290)	205,746	(625,313)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	78,159,197	76,213,774	79,313,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱88,744,225	₱78,159,197	₱76,213,774



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

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Our Report Framework

This 2021 report has been prepared under the Integrated Reporting <IR> Framework developed by the Integrated Reporting Council (IIRC). We have also adopted for the first time the Task Force on Climate-Related Financial Disclosures (TCFD) framework as we address the impacts of climate change. This report is aligned with Global Reporting Initiative (GRI) Standards for disclosures.

The report covers the period of January 1 through December 31, 2021. We have ensured that it presents a balanced reflection of our company's value creation process and also the progress we have made in advancing the United Nations Sustainable Development Goals.

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

On behalf of the Board, the Executive Committee approved and authorized the issuance of this report on 11 April 2022.



Jose T. Sio
Chairman



Frederic C. DyBuncio
President and CEO

List of Member Associations

Asia Business Council
Asia Society Philippine Foundation
Financial Executives Institute of the Philippines
Good Governance Advocates and Practitioners of the Philippines
IABC Philippines
Institute of Corporate Directors
Makati Business Club
Management Association of the Philippines
People Association of Management Accountants
People Management Association of the Philippines
Philippine Business for Social Progress
Philippine Chamber of Commerce and Industry
Public Relations Society of the Philippines
Tax Management Association of the Philippines
United Nations Global Compact Network Philippines

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 certificates and other pertinent matters may be addressed to the company's transfer agent:

**BDO Unibank, Inc. – Trust and Investments Group
Stock Transfer Unit**

15th Floor South Tower, BDO Corporate Center
7899 Makati Ave., Makati City 0726
Trunk Line: 8840-7000
Direct Lines: 8878-4961, 8878-4963 to 4965
Fax: 8878-4056
E-mail: bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries

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



SM INVESTMENTS

SM Investments Corporation
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Harbor Drive, Mall of Asia
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