

CONFLICT OF INTEREST POLICY

Conflict of interest situations may cast doubt in the integrity and fairness of the Company's business transactions. SM Prime is committed to ensure that the best interest of the Company and its stakeholders is not made secondary to personal interests of its directors, officers and/or employees. Transparency with regard to real or perceived conflict of interest also protects the personal integrity of employees involved. It preserves the trust of Management that the employee abides by the authority and privileges granted him/her to work for what is best for the Company.

1. Policy

All employees shall avoid conflict of interest situations. Any potential or actual conflict of interest situations shall be disclosed immediately to allow Management to assess risks related to the situation and provide appropriate safeguards, when necessary, to ensure fairness and integrity of company's transactions.

2. Conflict of Interest

Conflict of interest refers to any situation in which an individual with responsibilities to others might be, consciously or unconsciously, influenced by financial, or other factors that involve self-interest. Conflict of interest exists when there is **personal benefit** and/or **bias** involved in decision-making. The personal benefit or bias may be real or perceived.

If a reasonable, disinterested person would conclude that an individual might prioritize personal interests over his responsibilities for the Company, there is, at the very least, the appearance of a conflict of interest. Whether real or perceived, the conflict of interest must be disclosed.

3. Factors Driving Conflict of Interest

Each employee is enjoined to exercise utmost discretion, prudence, and mature judgment in the discharge of his duties and responsibilities, so as to avoid both appearance and the fact of conflict-of-interest situations, such as:

- a. Interest in businesses of suppliers, competitors, or customers

This refers to any financial interest in the business of a supplier, competitor, or customer, whether publicly listed or privately held. Financial interest or management participation by an immediate family member needs to be disclosed as well.

- b. Employment or analogous service in the business of a supplier, contractor, or customer

Engagement by such entities as a director, adviser, officer, employee, or consultant needs to be disclosed and requires approval by the Company. Engagement in such capacity of an immediate member of the family (parent, brother, sister, spouse, child) needs to be disclosed as well.

- c. Engagement by other commercial enterprises or in a political office

Engagement in another occupation or provision of service to any other commercial enterprise, as well as holding of a concurrent position in government in addition to one's position in SMPH needs to be disclosed and requires approval by the Company.

d. Acceptance of gifts and entertainment

Gifts, entertainment, and travel of significant value may not be accepted from any supplier or customer of the company. Neither can an immediate family member or representative be designated to accept such on behalf of the employee. See also related policy on Guidelines on Acceptance of Gifts and Guidelines on Travel Sponsored by Business Partners.

e. Political activities

Active involvement in any political party or political campaign shall be disclosed and requires permission from the Company.

f. Relatives in the same company

Disclosure shall be made when an employee has a relative that is employed by the same company. Management may exercise its discretion on such disclosure, but shall avoid as much as possible situations where there will be relatives with a superior-subordinate relationship or in a control function exercised over the department of a relative.

In addition to the presence of relatives in such situations, employees shall disclose any personal relationship when such begins to exist with another employee where one exercises a superior-subordinate relationship or control relationship with the employee.

4. Reporting Requirements

All employees are required to disclose real or potential conflicts as they arise or at every January of each year via the Corporate Governance Portal.