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This Charter establishes the purpose, composition, authority and responsibilities of the SM Prime Holdings, Inc. Board (the “Board”).

## **I. PURPOSE AND AUTHORITY**

Compliance with the principles of good corporate governance shall start with the Board. It is the Board’s responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objective and the best interests of its stockholders and other stakeholders.

To allow the Board to discharge its duties and responsibilities, the Board is authorized to call for a meeting, gain access to all relevant data/resources within the Company, obtain professional training, advice or expertise and may cause for investigation of any activities within the scope of its responsibilities.

## **II. COMPOSITION AND MEETINGS**

### **1. Composition**

The Board shall be composed of eight (8) directors, majority of which are non-executive, who shall be elected by the Corporation’s stockholders annually, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Corporation’s By-Laws. The Board shall be headed by a competent and qualified Chairman and its members shall possess all the qualifications and none of the disqualifications in accordance with the Manual on Corporate Governance.

Moreover, the Board shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.

### **2. Meetings of the Board**

**2.1** Members of the Board shall attend regular and special meetings of the Board in person or by any other technological means allowed by the Commission.

**2.2** The Board may, to promote transparency, require the presence of at least one (1) independent director in all of its meetings.

**2.3** The Board of Directors shall meet at least quarterly. Board meetings shall be scheduled in advance before the start of the year.

**2.4** Items to be discussed during the board meeting shall be made available to each director at least seven (7) days in advance. In emergency circumstances, however, the meeting may be called at a shorter notice.

## **III. DUTIES AND RESPONSIBILITIES**

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

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- a. Formulates the Company's long-term vision and mission;
- b. Oversees the development of and approve the Company's business objectives and strategy, and monitors their implementation;
- c. Ensures and adopts an effective succession planning program for directors, key officers and management;
- d. Aligns the remuneration of key officers and Board members with the long-term interests of the Company;
- e. Discloses in the Corporate Governance Manual a formal and transparent board nomination and election policy;
- f. Ensures that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions;
- g. Approves the selection and assessing the performance of the Management and control functions;
- h. Establishes an effective performance management framework that will ensure that the Management and personnel's performance is at par with the standards;
- i. Oversees that an appropriate internal control system and a sound enterprise risk management (ERM) framework is in place;
- j. Ensures a Board Charter is in place and is publicly available;
- k. Discloses within three business days any transactions related to their own SM Prime shares; and
- l. Other duties and responsibilities as may be assigned by the SEC.

#### **IV. DELEGATION OF DUTIES AND POWERS**

##### **1. Board Committees**

To aid the Board in discharging its duties and responsibilities and ensuring optimal performance of the Board, the Board shall adopt five (5) committees, namely the Executive Committee, the Corporate Governance Committee, the Audit Committee, the Board Risk Oversight Committee and the Related Party Transactions Committee. All the Committees have their respective charters that are aligned with the objectives and responsibilities of each Committee and its members of the Committees shall be appointed by the Board annually.

##### **2. Executive Committee**

The Executive Committee's primary purpose is to function when the Board is not in session. The Committee, by majority vote of all its members, shall have all the power and authority

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of the Board in the governance, management and direction of the business and affairs of the Company in accordance with Sec. 35 of the Corporation Code of the Philippines, by-laws and other pertinent rules and regulations.

**3. Chief Executive Officer**

Minimum internal control mechanisms for Management’s operation responsibility shall center on the President, being ultimately accountable for the Company’s organizational and procedural controls. The President shall be primarily responsible in ensuring the Company’s vision, mission, and overall strategy are carried into effect. The President shall discharge his duties and responsibilities imposed by the Board and provided by the Corporation’s By-Laws and Manual on Corporate Governance.