



## **Succession Planning Policy**

### **Purpose:**

SM Prime Board of Directors ensures and adopts an effective succession planning for SM Prime Property Group. In order to ensure stability and continuity of the SM Prime mission and goals, this policy is created to address human resource requirements to fill senior and key leadership positions. This is marked by early planning and mentoring to allow smooth organizational and operational transitioning.

### **Principles:**

This policy is guided by the following principles:

- The Company recognizes and supports the continual development of its internal talent pools and ensure that the leadership pipeline shall embody appropriate competencies, stature and qualifications needed for the mission critical positions. Furthermore, the maturity of character and ability to effectively assimilate into the SM culture are critical.
- Succession Planning Program is one of the top priorities in the Human Resources (HR) agenda by ensuring that the right leaders and talents are in place to drive business plans.
- Human Resources ensures that there is a sufficient internal qualified candidates that will be given priority to provide value to employee development efforts.

### **Policy Guidelines:**

- In consultation with the Top Management, the Human Resources monitors the talent management implementation focused on identified Mission Critical Positions across the Property Group to sustain the Company's long-term goals.
- Each officer in mission critical positions shall nominate high potential successors and determine their readiness to assume greater responsibilities within 5 years from his / her mandatory retirement from the Company. In this manner, the senior officer will have the opportunity to guide, mentor, and assess the best person to assume the post amongst the pool of possible successors as part of the succession planning and development process.
- Talent review shall be conducted at the senior management level two (2) years prior to retirement to select the most qualified successor, which will need the final approval of the Executive Committee. Upon selection, the outgoing key officer shall take on a senior advisory role over the candidate to commence the transition and development process until his/her separation.

- Human Resources in coordination with the outgoing officer shall adopt learning and training programs and oversee that these are appropriate and responsive to the professional development needs of the successor. The Company, when necessary, may also subject the successor to external trainings to infuse fresh ideas and augment gaps in the required competencies to continually evolve and adapt to remain ahead of the strategic, market, technology and regulatory shifts.
- Successors shall possess a high level of integrity, competency and appropriate qualifications required for the role of the identified positions.
- The Corporate Governance Committee and the Group Human Resources shall be responsible in implementing the policy and evaluating gaps, and shall make recommendations to improve the succession planning process.

**Monitoring and Review:**

The Board, through the Corporate Governance Committee, shall oversee the implementation of this policy. The Committee shall also conduct a review and propose changes from time to time or as needed, to ensure the adequacy of this policy.