

## Remuneration Matters

As stated in the Revised Manual on Corporate Governance, the Board of Directors ensures that remuneration of key officers and Board members are aligned with the long-term interests of the Company by adopting a policy specifying the relationship between remuneration and performance. In line with the Code of Ethics, employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance.

- 1) Remuneration Process – The following process used for determining the remuneration of the President/Executive Director and senior management:

	<b>President/Executive Director</b>	<b>Senior Management</b>
<b>Fixed Remuneration</b>	Compensation subject to annual merit increase	Compensation subject to annual merit increase
<b>Remuneration</b>	<p>Performance-based compensation and rewards are determined based on the individual performance of the employee and overall Company performance which consist of, but not limited to, the Company's sustainability goals integrated to its financial and operational targets that measures the Company's long-term viability.</p> <p>SM Prime's compensation philosophy is built on two fundamental principles: assessing actual versus desired results and ensuring alignment with corporate core values, including sustainability. Performance planning and assessment, which consider both financial and non-financial indicators, inform the company's merit and incentive pay programs.</p>	<p>Performance-based compensation and rewards are determined based on the individual performance of the employee and overall Company performance which consist of, but not limited to, the Company's sustainability goals integrated to its financial and operational targets that measures the Company's long-term viability.</p> <p>SM Prime's compensation philosophy is built on two fundamental principles: assessing actual versus desired results and ensuring alignment with corporate core values, including sustainability. Performance planning and assessment, which consider both financial and non-financial indicators, inform the company's merit and incentive pay programs.</p>
<b>Per diem allowance</b>	Php 10,000 per Board meeting or Board Committee meeting attended	Not applicable
<b>Bonus</b>	Performance-based compensation and rewards are determined based on the individual performance of the employee and overall Company performance.	Performance-based compensation and rewards are determined based on the individual performance of the employee and overall Company performance.
<b>Stock Options and other financial instruments</b>	Not applicable	Not applicable
<b>Others(specify)</b>	The Company offers an incentive program designed to improve retention of certain employees and executives and enhance their performance by	

	providing rewards that are tied to the Company's long-term goals. The Plan ensures the Company executives safeguard the Company's long-term health and viability by paying the incentive over a period of several years. The proportionate deferred portion of the incentive is forfeited when employees and executives are no longer connected, resigned or dismissed from the Company due to misconduct or application of appropriate disciplinary action as espoused in the Company's Code of Conduct.
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2) Remuneration Policy and Structure for Executive and Non-Executive Directors -  
Company's policy on remuneration and the structure of its compensation package

	<b>Executive Director</b>	<b>Non-Executive Directors</b>
<b>Remuneration Policy</b>	<p>The Corporate Governance Committee determines the amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.</p> <p>Objective: Allow the Company to attract and retain the most highly qualified executives and to motivate them to achieve business and financial goals that create value for shareholders in a manner consistent with the core business and leadership values of the Company.</p>	
<b>Structure of Compensation Package</b>	Executive compensation is composed of salaries, bonuses and per diem for every board meeting attended.	Fixed per diem for every board meeting attended and fees as compensation for their performance of duties and functions as members of the Board of Directors of the Company.
<b>How compensation is calculated</b>	Benchmarks such as industry peer group or similar experiences by comparable companies, compensation studies, and level of responsibilities given are used as basis.	