

Supplier Selection

SM Prime Holdings Inc. recognizes the importance of having an effective supplier selection, accreditation and performance evaluation program. This improves collaboration between suppliers that can lead to better coordination and enables SM Prime to meet its business objectives. Moreover, SM Prime reduces substantial risks and leverages additional value by effectively managing the performance of their supply base.

One of the initiatives done in relation to supplier selection is the creation of a manual designed to:

- Establish guidelines for Vendor Enrolment activities within the SM Property Group;
- Provide the minimum standards for Vendors seeking enrolment; and
- Streamline the collection and management of key Vendor information;

Supplier selection follows an open, competitive and non-discriminatory process. SM Prime implements a vendor enrolment process that screens qualifications of vendors/suppliers the Company will deal with. Qualifications include the following:

- Legality and legitimacy of the entity or business- Has good management and governance processes;
- Adequacy of financial strength - Capacity for continuous business operations to sustain demand of the Company;
- Compliance with SM Prime policies - e.g. conflict of interest disclosure requirements, ethical standards, etc.; and
- Support to SM Prime's environmental missions, health and safety culture.