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| Company Name | Manual Title | Document Code |
| BPI / MS Insurance Corporation. | Policy | P-HR-09 |
| Security Classification | Effective Date | |
| For internal use only | March 5, 2019 | |
| Document Title | | Revision No.00 |
| Succession Planning Policy | | Revision Date: N/A |

| REVISION HISTORY | | | | |
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| Issue No. | Rev No. | Description of Change | Approved by | Effective Date |
| 01 | 00 | Initial Issue | NM C Dantes Jr. | March 5, 2019 |

1. Policy Statement

BPI/MS as an organization must ensure depth of competencies exist, especially in key management, leadership and technical positions where skills are both critical and scarce. Pro-active and deliberate planning must ensure that the organization can sustain effective continuity of critical leadership positions.

Succession planning at BPI/MS requires collaboration across the organization. It is a process designed to ensure that the organization identifies and prepare top talents for high level management positions through mentoring, training and job rotation to fill vacant position due to retirement, resignation, death or new business opportunities.

2. Objectives

The policy on Succession Planning has the following objectives:

- a. Plan and shape the progression of employees by aligning individual expectations and preferences for defined development against organization imperatives and resourcing requirements up to the point of selection and placement.
- b. Identify scarce and critical leadership positions and internally develop successors for this posts.
- c. Develop employees internally to address the competitive nature and uniqueness of BPI/MS resourcing requirements and build a potential development pool for the future.
- d. Improve and positively impact upon retention, performance and motivation through a recognized and proven program of succession planning.
- e. Ensure that there is a return for the substantial investment to be made in learning and development activity.

3. Procedure / Process

- a. The BPI/MS Succession Planning Policy shall have the following key processes:
 - i. Link Strategic and Workforce Planning Decisions
 - ii. Identify key positions
 - iii. Identify top talents
 - iv. Asses leadership potential
 - v. Develop and retain talent pool
 - vi. Successor Confirmation and Appointment

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b. Procedure

i. Link Strategic and Workforce Planning Decisions

1. At the start of the year, the Planning Department shall submit to the Human Resources Department the result of the BPI/MS planning analysis. Such analysis shall include the following:
 - a. the company's long term vision and direction (key strategic needs).
 - b. Analysis of future requirements for products and services;
 - c. Review of BPI/MS leadership roles and consider how the organization might capitalize on identified strengths as an organization and as individuals;
 - d. Identify critical positions based on the short and long term plans.

ii. Identify key positions

1. The following criteria shall be considered in identifying critical positions:
 - a. Impact of the position to the business, i.e., if the position is core the organization's mission or core support of the function.
 - b. Mandatory positions or functions as required by laws and regulations.
 - c. Difficulty in filling the position when vacant.
2. Long term succession planning shall be in place for identified critical positions and other special positions mandated by regulators to ensure immediate fill-up in case cited positions are vacated.
3. The list of critical positions shall be subject to annual review to identify if there are positions that need to be added, amended or removed.
4. The skills, competency and certification (where necessary) requirements for critical positions shall be established and kept updated to serve as reference for subsequent gap assessment of the identified qualified successor, and shall be reviewed on annual basis.
5. The list of critical positions shall be approved by the President and confirmed by the PERCOM, as endorsed by the concerned Division Head and the Head of HR
6. The following positions are mission-critical to BPI/MS and need to be filled as quickly as possible to ensure that the organization continues to function effectively.
 - a. Division Heads
 - b. Department Heads

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- c. Mandatory positions as required by laws and regulations
 - d. Positions identified by Planning Department as critical in the attainment of the long term / short term goals.
 - iii. Identify top talents / Asses leadership potential
 - 1. General Rule

The company shall identify and prioritize internal candidates as potential successors provided they meet the defined criteria and subject to the evaluation of the approving authorities. Otherwise, external candidates shall be accommodated. External sourcing shall also be considered if the position requires a special skill set or special business needs for which no internal candidate qualifies.
 - 2. Criteria
 - a. Potential successors shall be sourced primarily from the Company’s Top Talent pool. The Top Talent pool shall consist of employees who have proven track record of exceptional performance, leadership potential, and commitment to the Company. The following shall be the qualifications to be regarded as a top talent:
 - i. Performance Level Ranking (PLR) rating of at least “4” for the last three years.
One year of low rating (i.e., PLR rating below “4” shall not be basis to automatically delist an employee as a potential top talent considering valid reasons such as learning curve issues (e.g. due to a new position or promotion) or extraordinary business conditions (e.g. slump in the market covered by a sales officer due to an environmental catastrophe)
 - ii. Assessed to be of above average leadership and interpersonal skills by the immediate supervisor and the next level supervisor.
 - b. Potential successors shall be selected from the Top Talent pool based in the following minimum criteria, and must be assessed as ready to assume the prospective position within five (5) years form the date of assessment:
 - i. Technical skills and competencies – should exhibit the level of skill and competency appropriate for the prospective critical position;
 - ii. Leadership qualities and interpersonal skills – should have been assessed to be of above average leadership

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and interpersonal skills, and to possess good character and integrity;

- iii. Commitment to the Company – should not have exhibited any inclination to separate from the Company in the foreseeable future.
- c. External candidate shall be assessed based on the same criteria as those defined for internal candidates.
- iv. Asses leadership potential
 1. Assessment and Validation

Assessment and validation of technical, leadership and interpersonal skills, and career inclination of the candidate shall be done by the supervising officers, including Group Head and Segment Head, in accordance with the Standards and Responsibilities for Succession Development.
 2. Nomination
 - a. Based on the validation results, identified successors shall be nominated. Successors mat come from within or outside the incumbent’s group, subject to role fit validation.
 - b. Nomination of multiple successors for a critical position shall be encouraged. Where multiple successors are identified, they must be ranked as primary secondary, or, for those needing a longer runway for development, tertiary successor, based on their readiness to assume prospective position. Names of nominated successors endorsed by the Segment Head shall be submitted to Human Resources.
 - c. A top talent may be considered as a successor for a maximum of two higher positions. This limit is established to ensure that the career plans and development of the individual are focused on preparing him or her to assume these higher roles.
 3. Matching and Confirmation
 - a. Matching of nominated successors versus critical positions and assessment of readiness including review of potential successors shall be conducted using the Incumbent/ Successor Inventory Form.
 - i. At the start of the year, each incumbent identified as a key position shall review and update the list based on the following status:
 1. Ready Now (RN)
 2. Ready with Development (RD)

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3. Ready with Long Term Development (RL)
 - ii. Aside from identifying the successors, the incumbent shall also identify succession plans for emergency situations.
 - b. Final list of nominated successors shall require confirmation by the President and submitted to the Human Resources Department for recording and monitoring purposes.
- v. Develop and Retain Talent Pool
 1. After approval of the list of nominated successors, the incumbent shall conduct a meeting with the successor/s to discuss developmental activities using the Key Position Development Plan. The agenda of the meeting shall include the following:
 - a. Discussion of the key competencies of the position;
 - b. Identification of competency gaps: current vs. required.
 - c. Identification of short term / long term development plans, including timelines for accomplishment.
 - d. Identification of developmental interventions.

At the end of the discussion, all inputs shall be entered in the Individual Development Plan and signed by both parties. A copy of the IDP shall be forwarded to the Human Resources Department for recording and monitoring purposes.
 2. Implementation of Individual Development Plan (IDP)
 - a. An Individual Development Plan (IDP) intended for developing the nominated successor for the critical position shall be developed by the incumbent or the career mentor. The IDP shall be specifically intended for developing or preparing the successor for the critical position where he / she is being considered.
 - b. All IDPs shall
 - i. Establish setting for critical skills and competencies which shall also be used to assess gaps in the evaluation process; and
 - ii. Medium-term in nature, depending on the readiness of the successor to assume higher responsibilities:
 1. to run for maximum most five years; or
 2. until succession takes place for those identifies and confirmed as successor for retiring officers.
 - iii. All developmental interventions, in addition to the regular training plan, shall also be completed by the

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nominated successor. The developmental interventions shall be any or a combination of the following activities:

1. Executive Training that is set-up as an internal or external classroom phase focused to enrich the successor's technical, leadership, or management competence;
 2. Project-business initiative with strategic and substantial impact to the organization.
 3. Committee Membership that entails involvement in a work group within or outside the nominated successor's scope of responsibilities at his / her current role;
 4. On-the-Job Training that involves shadowing into a higher roles or taking on stretched assignments;
 5. Job Rotation which shall be temporary or long term cross-posting or enhancement of current work responsibilities; or
 6. Mentoring / Executive Coaching that involves assignment of a career mentor within or outside the organization who can help the successor in the accomplishment of his / her career goals and the specific interventions in the Individual Development Plan (IDP).
- iv. Each developmental intervention in the IDP shall have the following:
1. Definite objectives which shall summarize the required contributions or performance of the successor, and which address his / her developmental needs;
 2. Constant feedback sessions to ensure the successor is on track in meeting the objectives; and
 3. Assessments conducted after every learning stint that shall form part of the performance rating of the nominated successor for the year.
- v. Ownership of the IDP, including the setting and accomplishment of objectives shall be the

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accountability of the successor, the immediate supervisor, and/ or career mentor.

- vi. The IDP and progress thereof for nominated successors for Department Heads and up shall be submitted to HR for monitoring. Changes to the IDP details and objectives shall be:
 - 1. Allowed depending on the needs of the nominated successor and of the Company.
 - 2. Mutually agreed upon by the nominated successor, immediate supervisor, and /or career mentor; and
- vii. After completion of the IDP, a re-assessment of the skills and competencies of the successor in relation to the prospective position and career plans shall be conducted to evaluate readiness for succession and alignment with career inclinations.
- vi. Successor Confirmation and Appointment
 - 1. Every successor must have completed their IDP or have had considerable progress in his / her IDP with favorable assessments before formal succession.
 - 2. Appointment of nominated successor for critical positions shall require confirmation by the PERCOM. The actual appointment of the successor shall be on the date when the incumbent separates from the Company or transfers to a different position.

4. Emergency Succession

- a. Emergency successors shall be mobilized in case the following scenarios arise to ensure smooth and continuing operations in the absence of employees in critical positions:
 - i. Short term absence, or
 - ii. Sudden vacancy
- b. Emergency successors shall be identified for each critical position and shall be nominated by the immediate supervisor.
- c. Successor may be the employee's superior, peer or subordinate provided that he / she must be knowledgeable of the incumbent's job and is capable to make tactical decisions and give operational advice.
- d. Emergency successor shall perform the duties and responsibilities of the roles he / she is assuming until the incumbent returns or until a permanent replacement assumes the role. Signing and approval authorities may be given to the emergency successor for the transactions needing the incumbent's signature, subject to existing rank and position limits per applicable policies / standards.

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5. Performance and Review of the Program

- i. Succession management exercise shall be conducted annually.
- ii. Regular review of the program shall be performed on an annual basis to ensure the relevance, effectiveness and usability of the said program.
- iii. Review of the program shall be conducted by an independent and appropriately trained party to provide an independent assurance as to the extent to which the program is applied efficiently and effectively.

6. Responsibilities

The following shall be primarily responsible for ensuring that the processes assigned to them are effectively performed in accordance with the prescribed policies, standards, and procedures. Primary accountabilities are as follows:

- a. Head of HR Management
 - i. Over-all development, monitoring, and management of the succession development program.
 - ii. Identification and periodic review of critical positions.
 - iii. Monitoring of the IDPs of nominated successors for all critical positions except Department Heads.
- b. Human Resources Head
 - i. Identification and periodic review of critical positions
 - ii. Monitoring of the IDPs of nominated successor for all critical positions except Department Heads
- c. BPI/MS President
 - i. Approval of the list of critical positions and career mentor assignment for Segment Head positions.
 - ii. Confirmation of the list of nominated successors for Division and Group Heads
- d. PERCOM
 - i. Approval of the Succession Development Program
 - ii. Confirmation of the list of critical positions, nominated successors (for select positions), career mentor/s assignment and long-term successor appointments
- e. Division/ Department Heads
 - i. Identification and periodic review of critical positions
 - ii. Identification of nominated successors and career mentors
 - iii. Implementation of IDP

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7. Exception Handling

Exceptions from full compliance with the provisions of this policy and related standards and procedures other than exceptions explicitly allowed in this policy shall be duly supported by a documented risk assessment with risk mitigating measures and shall require approval of the President/ CEO.

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| Prepared by: KACEY KATE A. TORRES HR Management Manger | Date February 16, 2019 |
| Reviewed & Approved by: NESTOR MAURICE C. DANTES JR. Head of Human Resources | Date March 5, 2019 |