



SM INVESTMENTS



Our Vision



It is our vision to build an ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

We are committed to partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees, at all times upholding the highest standards of corporate governance and environmental stewardship in all our businesses.

Table of Contents

01 We are SM

Chairman's Message
President's Report
A Snapshot of Our Sustainability Impact

08 Sustainability Governance: Leading with Sustainability in Mind

How We Govern and Manage Sustainability
Our Sustainability Policy & Management System

11 Strategy: Practical and Meaningful Sustainability

Our Conversations with Our Stakeholders
The SM Sustainability Agenda and Value Creation
Our Strategy in Managing Sustainability-Related &
Climate-Related Risks and Opportunities
Economic Data

19 Strategy in Action: Case Studies

SM Retail: Redefining Sustainable Shopping
SM Prime: Building Sustainable Integrated
Property Developments
BDO & Chinabank: Financing a Greener Future
PGPC: Green Energy for a Low Carbon Philippines
2GO: Steps Toward Greener Logistics
SM Foundation: Education – A Powerful Tool for
Next Gen Filipinos

41 Risk & Opportunities Management: Resilience for the Future

Our Sustainability & Climate Risk Management Approach,
Governance and Framework
TCFD Progress Report
Resource Management Report: Plastics & Energy

46 Metrics & Targets: Managing What We Measure

Social Sustainability Data
Environmental Sustainability Data
Climate-Related Adaptation & Mitigation Data
UN Global Compact Data Report
UN Women Empowerment Principles Report
UN Sustainable Development Goals Progress

52 About this Report Navigating Through Our Disclosures

IFRS S1 and S2 Indices
GRI Index
SASB Index
ESRS Index

WE ARE SM

Sustainability Profile of the SM Group

Our company has integrated sustainability into the very fabric of our ways of working since Henry Sy, Sr. founded SM in 1958. Our single-mindedness to serve the needs and aspirations of our customers spurred our passion to innovate and to create practical solutions and meaningful impact to those we serve. This became the foundational attribute of all our businesses.

For more on our corporate profile, please scan here



Retail

SM Retail is the cornerstone on which all our other businesses are built. As one of the pioneers in Philippine retailing, we find ourselves at the intersection of having the opportunity to influence our supplier partners and to inspire our customers to choose more sustainably.

Throughout our retail businesses, we work with hundreds of thousands of micro, small and medium enterprises (MSMEs) serving as their community, partner and marketplace. At the same time, we work with international brands, transforming the Filipino retail landscape by creating access to global markets. We support the Filipino's journey towards sustainable living. Through our campaign: **Green Store, Green Finds** and **Green Habit**, we embed green initiatives from resource management to sustainable packaging, green product choices to eco-labeling, and the use of eco-bags to recycling throughout our value chain.



Property

With climate change posing a threat to our country, we place resiliency as top priority when building integrated property developments throughout the Philippine archipelago. Following our entrepreneurial and customer service roots, we develop "15-minute cities" to help Filipinos shift to a practical way of sustainable living. From inception, we incorporate resiliency and sustainability features adaptable to rising sea levels and stronger typhoons. We also curate sustainable alternatives in mobility and recreation to promote a more balanced lifestyle in harmony with nature, while ensuring readiness for economic growth.



Banking

Our banks fill the gap in financing sustainability projects, expanding green financing categories under green, blue, orange and social financing that are aligned with the international and local bond principles and the United Nations Sustainable Development Goals. We support macroeconomic growth through financing sustainable energy programs, national infrastructure such as airports and other investments in green technologies. We take an active role in promoting financial inclusion through microfinance loans and loans to MSMEs. We also advance the financial management knowledge skills of Filipino families through our financial literacy programs.



Portfolio Investments

We invest in growth areas that are complementary to our core businesses. With the pressing need for renewable energy sources, we acquired Philippine Geothermal Production Corporation (PGPC) in 2022 with the intention to expand steam generation. This contributes to the Philippine's energy goals of 50% of renewable energy sources by 2040. In support of sourcing renewable energy, we continue our investments in copper as it is vital to the generation and distribution of renewable energy.

With evolving consumer preferences towards omni-channel services, we intensified our involvement in the strategic management of advancing greener logistics practices within 2GO. At the same time, in celebration of the Filipino value of family, we expanded the offerings of Goldilocks, a heritage brand for the Filipino people.



Chairman's Message



Our sustainability approach has always been based on practical actions in the material topics where we create the most impact.



To Our Valued Stakeholders,

At SM we are proud that sustainability has a long history of practical and impactful actions across the group. Our initiatives reflect the real social challenges of our customers, employees, partners and communities. They also reflect the unique and fragile environmental ecosystem of the Philippines. Ultimately, our actions support our own corporate success and ensure that we deliver long term sustainable growth. Much effort goes into prioritizing and driving these initiatives, all of which are guided by the oversight of the Board and have the support at the highest levels of the group.

This report outlines how we do this in practice and details the material impact that we have. As with the financial reporting in our 2024 Integrated Report, we aim for transparency and accountability in line with best global standards.

To this end, last year we formalized the group's governance structure for sustainability, with a group-wide Sustainability Steering Committee that is active across all our businesses and focuses on key sustainability topics. This committee in turn reports to the expanded scope of the Board Corporate Governance and Sustainability Committee, which comprises the Independent Directors of the parent company.

In 2024 we also moved to be an early adopter of the International Financial Reporting Standards (IFRS) S1 and S2 reporting framework, in line with our commitment to following best international standards. We support standardized global reporting.

Our actual programs continued to focus on key topics such as climate action and resiliency, resource and waste management, and sustainable consumer habits. We advanced our efforts in energy management and GHG reduction, developing and funding renewable energy, plastics management, and waste recycling.

We developed our Climate Risk Management Framework, which is aligned to global standards. Any climate aims we discuss are based on identified business level plans, not aspirational targets, and we have a rigorous process for tracking implementation to ensure we deliver on our objectives.

We also continue to work actively on those UN Sustainable Development Goals where we can have the greatest impact: SDG 3 – Health and Wellbeing; SDG 4 – Quality Education; SDG 8 – Decent Work and Economic Growth; SDG 11 – Sustainable Cities and Communities; and SDG 13 – Climate Action. As a signatory to the UN Global Compact in the Philippines we also prioritize efforts to support micro, small and medium enterprises (MSMEs) in the country.

At SM, we continue to follow our founder's belief that business growth and social development go hand in hand. It is our privilege to serve the Filipino people and we are grateful for their – and your – support as we continue to do so and to grow responsibly.

Sincerely,


Amardo M. Tetangco, Jr.
 Chairman/Independent Director

President's Report



2024 Key Highlights



22
integrated property
developments across
the country



40%
projected cumulative GHG
reduction by 2040



250-400MW
of potential capacity in the
exploratory stage for the five
geothermal sites



Over
20,000
Green Bonds offerings



Over
106,000
job seekers connected with
employers through the SM
J.O.B.S. (Job Opportunities,
Building Skills) Program

To Our Valued Stakeholders,

Within the direction and principles set by our Board, we reinforced our commitment to business sustainability. The breadth and variety of our sustainability initiatives exceed any framework as sustainability is embedded in how we do business. We advanced the SM group's sustainability agenda, particularly in these key areas:

First, **Sustainable & Resilient Integrated Property Developments**. With 54%¹ of Filipinos currently living in urban areas and an expected rise to a whopping 84%² by 2050, the Philippines has launched an urbanization plan which includes a number of strategies to make cities more sustainable, inclusive, and resilient. In line with this vision, we advanced the development of our integrated property developments, inspired by the "15-minute city" concept. These cities seamlessly

combine housing, tourism, commerce and entertainment, creating economic hubs that transform second-tier communities into first-tier cities.

To date, we have built 22 integrated property developments across the country with 182,269 residential units, 2,602 hotel rooms, 8 convention centers, and 1.6 million sqm of office space. These developments incorporate resiliency and sustainability not only in the structural designs but also in business continuity plans. Throughout the country, we have 41 water catchments, 108 water recycling facilities and have invested in a waste-energy project in partnership with GUUN Co. Ltd (GUUN)³. This partnership underscores our commitment to actively contributing to the development of infrastructure for systemic waste management and resource recovery in the country.

¹ Philippine Statistics Authority, 2020 Census of Population

² UN-Habitat Philippines

³ GUUN is a Japanese company engaged in the production of fossil alternative fuels called "fluff fuel"

⁴ World Bank

Second, **Climate Action and Just Transitions to a Low Carbon Economy.**

Our approach to climate action is articulated in our Climate Action Policy which balances our adaptation and mitigation efforts.

We looked into four climate scenarios in developing climate adaptation strategies that are incorporated in our business continuity plans. For climate mitigation, we identified key greenhouse gas (GHG) emission hot spots within the group in order to develop a GHG Management plan. Four of our businesses – SM Prime, SM Retail, 2GO Group and Atlas Mining – are responsible for 95% of the group's total GHG emissions. Through energy efficiency measures and the adoption of renewable energy sources, we project a cumulative GHG reduction of up to 40% by 2040, using 2019 as our baseline.

In our transition to a low carbon economy, we employ a three-pronged approach: we use, we invest in and we finance green energy. Throughout the SM group, we installed 96,004 solar panels with 51.6 MWp capacity. In the two years since acquisition, Philippine Geothermal Production Company (PGPC) has actively commenced exploring 5 geothermal sites with potential additional 250 – 400 MW capacity of geothermal power. Our banks continue to be leaders in Green Financing with over PHP1 trillion sustainable finance projects funded to date in their portfolio, including 63 projects with a total capacity of 2,679 MW.

Third, Financial Inclusion, Job and Entrepreneurship Creation. Reports show that only 25%⁴ of Filipinos understand basic financial concepts – a critical skill to wealth creation. To bridge this gap, BDO Foundation launched a comprehensive financial education program, transforming the lives of 6.2 million participants and beneficiaries. This is further strengthened by BDO Network Bank's program on micro-finance and BDO's efforts to reach the unbanked segment of society.

In partnership with the UN Global Compact Philippines, we hosted the Nego-Unlad Sustainable MSME Caravan from Aug 30–September 1, 2024 at SM Baguio, bringing together local entrepreneurs and industry leaders to collaborate on practical programs that promote local business growth.

Additionally, we successfully connected over 106,000 job seekers to employers in collaboration with the Department of Labor through the SM J.O.B.S. (Job Opportunities, Building Skills) Program.

As one of the nation's largest employers, we are committed to not only create jobs but also foster an empowering work culture. Through our Equal Opportunity Policy and Framework, we ensure that we have processes, facilities and monitoring systems in place that promote meritocracy and equal opportunity – providing women and multi-generational leaders opportunities for all qualified employees.

Fourth, Green Options for Sustainable Lifestyle Shifts. We engage our customers and partners to shift to sustainable habits at every touchpoint through The SM Store Sustainability Campaign:

Green Store – embedding sustainability within SM stores by enhancing energy and water efficiency and reducing environmental impact in advertising and packaging;

Green Finds – offering over 20,000 SKUs that incorporate sustainability in SM's value chain giving customers a wide range of sustainable choices; and

Green Habit – encouraging our customers to adapt sustainable practices such as using ecobags.

Fifth, Societal Well-being and Development. We remain committed to reducing the gap in social inequalities by providing access to basic social services such as quality education, health care and livelihood. This year, we awarded our largest scholarship grant to 1,000 students enabling them to achieve their academic and career aspirations.

To gain a deeper understanding of the transformative impact of tertiary education, we launched a pilot social return on investment (SROI) program which revealed an impressive 700% return on every peso invested in helping a child attain a college degree. Encouraged by this promising result, we plan to extend the SROI assessment across all social development programs to further measure and amplify its positive impact.

To ensure our ability to create shared value, we established a Sustainability & Climate Risk framework that addresses key challenges including the physical and transition risks brought about by climate change, evolving regulation, the implementation of a local carbon taxation system and the application of artificial intelligence in sustainability.

As an early adopter of the IFRS S1 and S2, we reaffirm our unwavering commitment to sustainability transparency and accountability.

Our consistent efforts in advancing sustainable business practices have garnered significant recognition. This year, SM Investments was given the *ESG Platinum Award* by *The Asset* for the 16th consecutive year. Additionally, we were awarded the *Best Sustainability Team* and *Best Investor Relations Team Awards*. SM was also recognized with the *UN Women Empowerment Principles Award* for transparency in reporting. Furthermore, we received the *SDG Award for People* by the *Global Compact Network Philippines (GCNP)*. Lastly, 4 companies within the SM group also earned the *5 Golden Arrows* rating at the *ASEAN Corporate Governance Scorecard (ACGS) Awards* recognizing them among the top publicly listed Philippine companies for excellence in corporate governance in 2024.

Together with our people, I personally thank you, our stakeholders, who have embraced SM as part of your everyday lives. With steadfast dedication to serving you better, we continue to help shape a sustainable future – the Filipino way – achieving growth with purpose for everyone we serve.

Sincerely,


Frederic C. DyBuncio
President

A Snapshot of Our Sustainability Impact



Decent Work and Economic Growth

Equal Opportunity

In the Parent Company

407

Total employees in SM parent company

7%

Employees promoted

100%

Employees appraised

Multi-generational workplace

4%

Baby Boomers 1946-1964

37%

Gen X 1965-1980

45%

Millennials 1981-1996

14%

Gen Z 1997-2010

In the Group

Over

142,000

Total employees groupwide

64%

Employees are women

58%

Senior leadership roles occupied by women

Inclusive Facilities

19

Non-denominational meditation rooms

787

PWD-friendly pathways

814

Breastfeeding rooms for nursing mothers

171

Gender-neutral washrooms



Fostering Banking Habits

1.23 million

Lives insured with BDO and Chinabank

23.3 million

Banking customers with BDO and Chinabank

2.1 million

Total new checking and savings accounts opened by BDO in 2024

6,896

Teller Machines Nationwide (BDO & Chinabank)

Inclusive Growth

Over

100,000

MSMEs in SM Value Chain

29

Financial education videos developed by BDO

PHP72 billion

BDO & Chinabank SME loans granted

6.23 million

Total beneficiaries reached through financial education programs by BDO Foundation



Economic Growth

PHP30 billion

Total payments to government in 2024

PHP114 billion

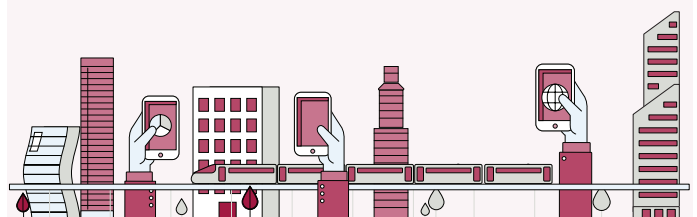
Loans disbursed by BDO for national projects

PHP31 billion

Loans disbursed by BDO in the past 5 years for road networks

PHP47 billion

Loans disbursed by BDO in the past 5 years for airports





Sustainable Cities & Communities

Sustainable Cities

22	182,269	2,602
Integrated Property Developments	Residential units	Hotel rooms
2 million	22	41
Sqm of office space	Office buildings	Water catchment facilities
7	96,004	7
Gold LEED-certified buildings	Solar panels in SM malls	Buildings with WELL Equity Rating
7		
EDGE Certified Buildings		



Good Health & Quality Education

Community Development

16,036	415
Total scholars supported by the SM Group to date	Health centers and medical facilities built and renovated by the SM Group to date
11,754	49,612
Total graduated scholars supported by the SM Group to date	Farmers trained by the SM Group to date
2,850	1.32 million
Schools built and refurbished by the SM Group to date	Patients served in medical missions by the SM Group to date
	PHP868 billion
	Total community development investments in 2024



Climate Action

Sustainable Finance

PHP1 trillion	5 million
Total sustainable finance projects funded to date by BDO	Tonnes of carbon dioxide avoided per year through BDO SEF
2,679 MW	
Total installed renewable energy capacity through BDO SEF	



Sustainable Shopping

2	2,140
SM Stores approved for 100% Renewable Energy	Watsons Sustainable Choices SKUs
Over 20,000	
SKUs under Green Finds	

4 million
total sales units of SM Store reusable bags sold in 2024

19 million
SM Markets Green bags sold in 2024





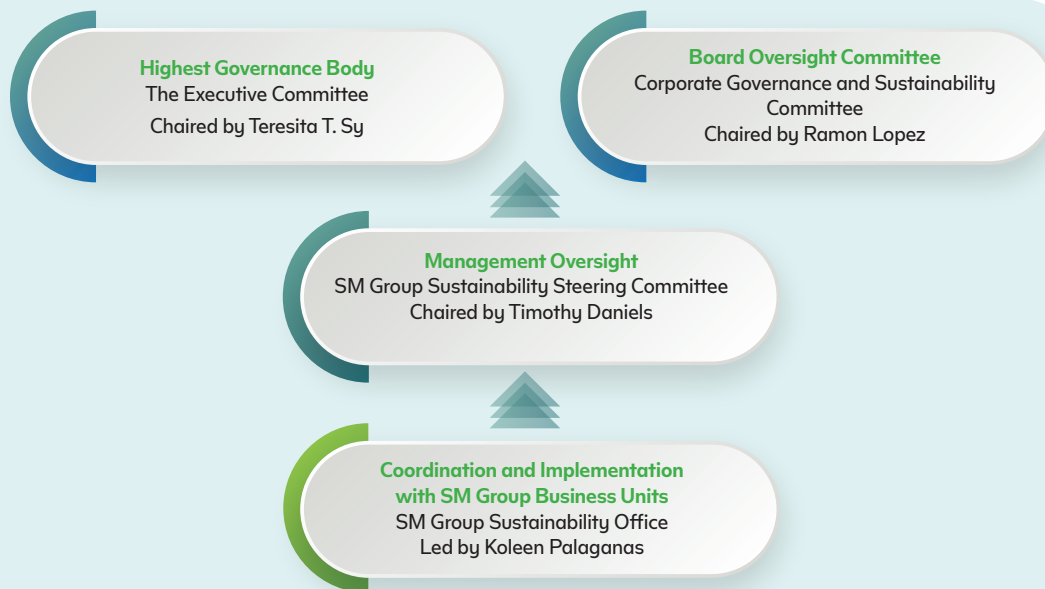
SUSTAINABILITY GOVERNANCE:

Leading with Sustainability in Mind

At SM, we take a long-term view of business sustainability. Innovation and evolution are essential to driving growth and delivering lasting value.

How We Govern and Manage Sustainability

Good Sustainability Governance and Sustainability and Climate Risk Management serve as the firm foundation upon which we build sustainable business practices. This year, we institutionalized sustainability governing bodies at SM Investments, our parent company, mirroring them across our businesses with variations in structure to best fit their respective sustainability agendas.



The Executive Committee provides strategic oversight aligned with corporate objectives and SM's participation in the national and global sustainability agenda. For full biographies of the committee members, scan here.



The Corporate Governance and Sustainability Committee provides board oversight for sustainability and climate-related risks and opportunities. Scan here to view the Committee Mandate.



- The Committee is composed of three Independent Directors.
- The Committee shall ensure compliance with and proper observance of corporate governance and EESG principles and practices, applicable law and regulatory issuances.
- The Committee Chairperson shall report to the Board of Directors regarding the Committee's actions and activities.
- The Committee shall make recommendations to the Board of Directors, as and when it considers appropriate, in relation to its duties and responsibilities.
- The Committee is authorized to hire independent advisors and to secure the attendance of such advisors, as appropriate, for the proper performance of the Committee functions under this Charter. The Committee Advisors shall include the Chief Compliance Officer and the Chief Sustainability Officer.

The SM Group Sustainability Steering Committee provides management oversight on sustainability initiatives that require group-wide cooperation and participation in achieving the SM Group Sustainability Agenda. The Sub-committees include:

- Climate Action Committee
- Energy Management Committee
- Equal Opportunity Committee

The SM Group Sustainability Steering Committee meets quarterly covering the following material topics: (1) Learning Sessions, (2) Business Unit Sustainability Roadmap Progress Reports, (3) Progress on Climate Action: Mitigation and Adaptation Strategies, (4) Sustainability Compliance, (5) Energy Management and Shift to Renewable Energy Sources, (6) Equal Opportunity, (7) Sustainability and Climate Risk Management, (8) Sustainability Capacity Building and Leadership Training, (9) Automated Sustainability Data Tool Management Development, and (10) Transparent Reporting and ESG Scorecards.

Items reported to the SM Group Sustainability Steering Committee are results of the sub-committee reports. A detailed summary of each Sustainability Steering Committee meeting is submitted to the SM Executive Committee and the Chair of the Corporate Governance and Sustainability Board Committee.

The SM Group Sustainability Office drives strategies, sets standards and builds capacity for the SM group. It has a dotted-line oversight to sustainability heads in the business. It operates on five key result areas: (1) Sustainability Leadership & Organizational Capacity, (2) Sustainability in Business Operations, (3) Sustainability Data Management, (4) Sustainability & ESG Scorecard Reporting, and (5) Sustainability in Brand Value.

The SM Group Sustainability Office developed the group-wide sustainability policy and management system serving as the foundation for the business units to develop their respective policies and management systems incorporating industry-specific standards and material issues.

Our Sustainability Policy & Management System

Sustainability Policy



Our Sustainability Policy aims to integrate the philosophy and practice of sustainability in every aspect of our business activities, manage the company's sustainability-related and climate-related risks and opportunities, and promote responsible corporate socio-economic and environmental practices. It is complemented by a comprehensive sustainability management system by which implementing rules and regulations apply to material sustainability topics.

Sustainability Management System

Human Rights Policy	Occupational Health and Safety Policy	Climate Action Policy
Anti-Bribery and Anti-Corruption Policy	Sustainable Supply Chain Policy	Resource Management Policy
Anti-Discrimination and Anti-Harassment Policy	Equal Opportunity Policy & Framework	Environmental Protection Policy
	Stakeholder Engagement Policy	Sustainability and Climate Risk Management Policy & Framework

As the policy and management system set the prepared environment for sustainable business practices, the SM Group Sustainability Office crafted a Sustainability and Climate Risk Management Framework to define the group-wide sustainability-related and climate-related risks and opportunities. These are based on identified risks and opportunities at the business unit level. Following our guidelines, we identified which of these risks are aggregated at the group level. The results are then elevated to the SM Group Steering Committee and subsequently reported and reviewed by the Corporate Governance and Sustainability Committee, as well as the

Executive Committee at the Board level. The framework incorporates ISO 31000 and COSO WBCSD Risk Management Framework and is directly managed and monitored by the Head of the SM Group Sustainability Office. This is discussed in detail in the Risk and Opportunities section of this report on page 41.



To view the SM Sustainability Policy and Management System, please scan here.



STRATEGY:

Practical and Meaningful Sustainability

Having the right
strategy shapes
the future we
envision.



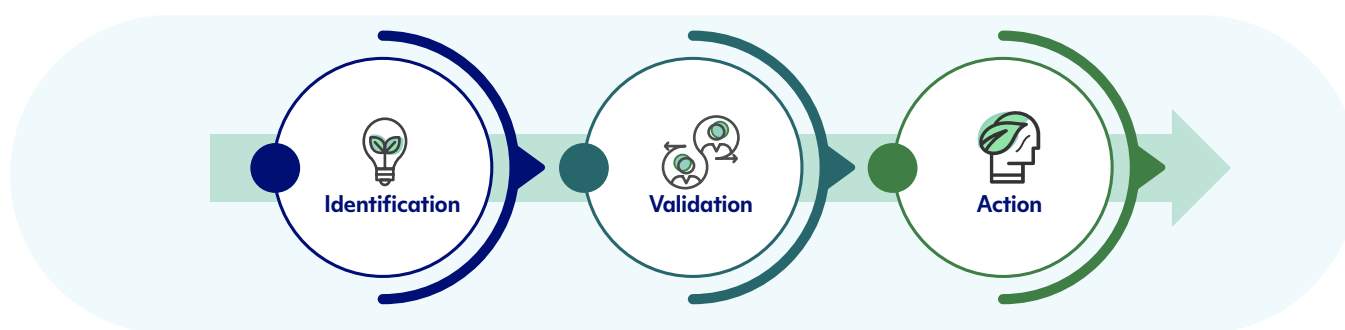
Our Conversations with Our Stakeholders

Our Double-Materiality Approach:

As a company, we create shared value by addressing two critical aspects of sustainability:



To further validate our approach, we referred to insights gathered from the Conversations we had with Our Stakeholders.



1. Identification

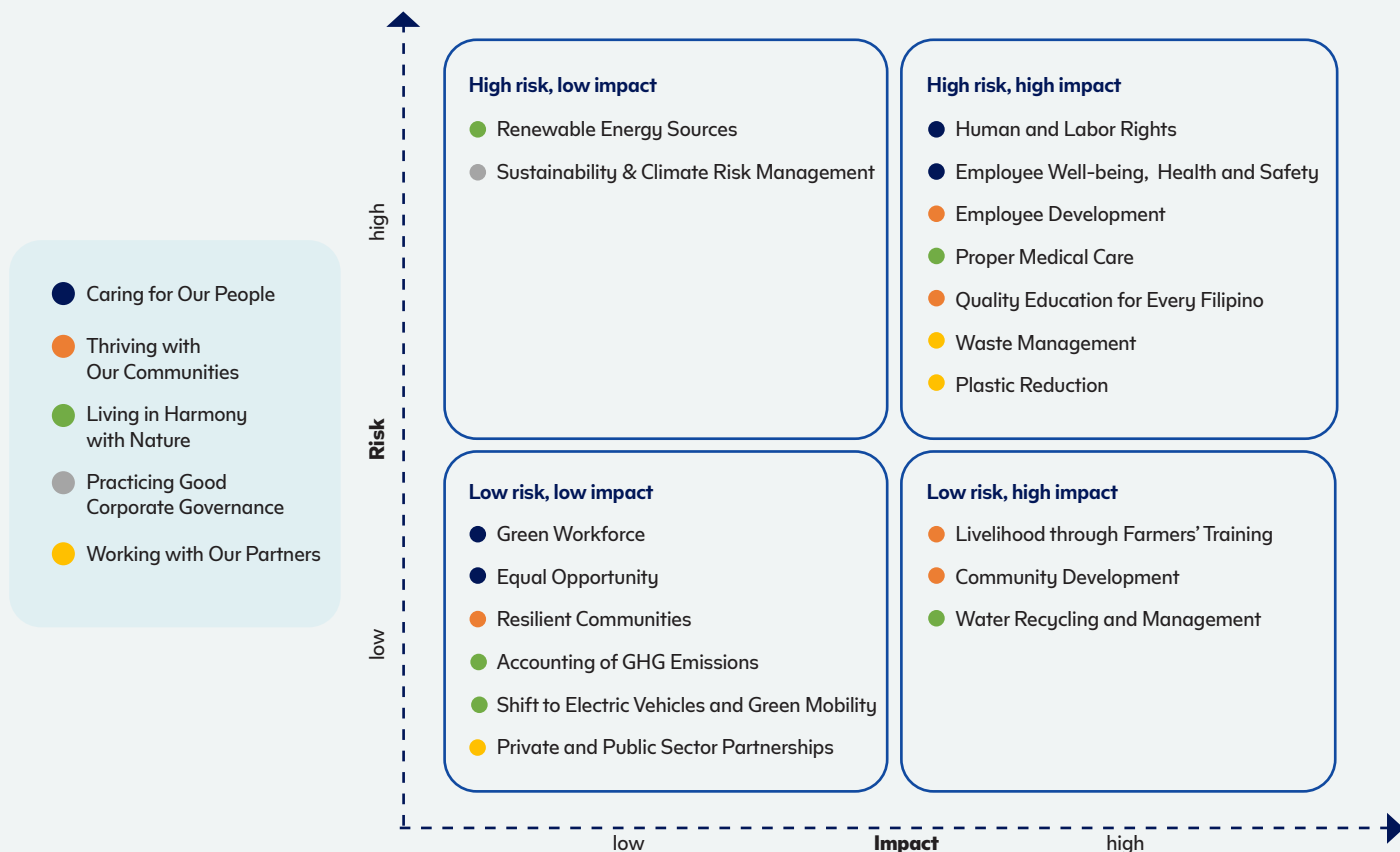
We identified our valued stakeholder groups, defined their value to us and itemized sustainability topics that may be of relevance to them and to us.

Stakeholder Group	Why they matter to us
Our People	Our people provide the strong foundation by which our company achieves our goals and serves our stakeholders. At SM, we cultivate an empowering culture of inclusion and meritocracy – providing women the opportunity for leadership roles and promoting a multi-generational workplace. With this, we value our people's priorities and how they assess the risks and opportunities we face in this rapidly changing landscape.
Our Customers	Our company is founded on a focused commitment to serve the needs and aspirations of our customers, providing access to products and services that bring practical and meaningful impact to help them achieve their lifestyle goals.
Our Suppliers and Business Partners	We are able to deliver an array of quality and affordable products and services with the support of our supplier partners. Finding ourselves in a distinctive position to influence our suppliers and customers, we help our suppliers, particularly the MSMEs, embark on their own sustainability journeys.
Our Communities	Wherever SM is present, our host communities welcome us and help support our growth. It is our shared mission to build strong socio-economic and sustainable hubs for our communities and the nation. Moreover, we help provide a solid foundation for sustainable development by giving access to quality basic services like education, health care and livelihood.
Our Investors	By sharing the same values and principles of sustainable investing, we are able to grow and serve more communities with the trust and support of our investors. As such, we are steadfast in delivering sustainable financial returns, upholding sustainable business practices, ensuring timely and accurate reporting and fostering continuous stakeholder engagement and dialogue to better understand their concerns and investment objectives.

2. Validation

What did they tell us?

Through our formal and informal conversations with our stakeholders, we validated each sustainability material topic and how it relates to our strategy



3. Action

We focused on what's important and incorporated these in what we do, delivering practical results.

Caring for Our People		Our Commitment	Our Progress in 2024
	Employee Well-being, Health and Safety	We provide work-life balance, along with a healthy and safe working environment for our employees, both physically and mentally	185 million employee safe man-hours in 2024
	Human and Labor Rights	As a signatory of the UNGC, we adhere to the 10 Principles including human rights and labor	No recorded violations in any labor laws or human rights
	Employee Development & Green Workforce	We launched the SM Sustainability School to promote career growth equipping our people with sustainability knowledge	94% group-wide employee appraisal rate
			43,131 employees enrolled 71 modules developed
Equal Opportunity Framework and Meritocracy	As a signatory of the UN WEPs and advocate of an inclusive workplace, we launched a group-wide Equal Opportunity Framework	19 non-denominational meditation rooms 814 breastfeeding rooms for nursing mothers 787 PWD-friendly pathways 171 gender-neutral washrooms 64% of management roles across all levels are held by women	

SM Groupwide: Our Progress

		Our Commitment	Our Progress in 2024
Thriving with Our Communities	Quality Education for Every Filipino	We actively contribute to upholding the right to education.	16,036 scholars supported by the SM Group to date 2,850 school buildings built and refurbished to date
	Proper Medical Care	We play a key role in providing our communities access to quality healthcare.	1.32 million patients served in medical missions to date 415 health centers and medical facilities built and renovated by the SM Group to date
	Livelihood through Farmers' Training	We build SM's business resiliency to serve as a platform for our supply chain network's resiliency	2,819 families trained in urban and rural farming
	Resilient Communities	SM supports our stakeholders in disaster preparedness and serves as first responder during calamities	2,692 participants in disaster preparedness trainings 827 families have benefitted in Operation Tulong Express to date
Living in Harmony with Nature	Waste Management and Plastic Reduction	We develop programs that encourage our customers to do their share for communities and the planet	Partnership with GUUN Partnership with PCX 40% EPR Compliance
	Water Recycling and Management	All SM companies implement water efficiency programs – reduction, recycling and treatment	15.7 million m ³ total water recycled 10% increase from 2023
	Shift to Renewable Energy Sources	Whenever possible, SM will promote the use of renewable energy sources	Additional PHP2 billion investment by PGPC in equipment and projects to improve efficiency in operations PHP1 trillion loans disbursed through BDO SEF Funding and PHP147 billion loans disbursed by Chinabank for Sustainable Finance Portfolio 69 EV charging stations in 123 malls
	Accounting of GHG Emissions	SM is committed to managing, measuring and reducing its GHG emissions	GHG Management Plan resulting in a cumulative GHG reduction of up to 40% by 2040, using 2019 as the baseline WWF engagement: Corporates for a Better Planet Initiative and TCFD signatory
	Shift to Electric Vehicles and Green Mobility	Whenever possible, SM will promote the use of EV	22% of 2GO's forklifts are electric
Practicing Good Governance	Sustainability Leadership in Our Board & Ethical Practices	Our Board maintains its commitment to upholding the principles of good corporate governance	Corporate Governance & Sustainability Board Committee Sustainability Steering Committee Sustainability Policy & Management System including Anti-Bribery & Anti-Corruption Policies
	Sustainability-Related and Climate-Related Risks	We systematically identify, assess, mitigate and monitor risks associated with environmental, social, and governance factors in a structured manner	Sustainability and Climate Risk Integration in Risk Management Framework with action points and monitoring, reported in IFRS S1 and S2 2024 report
	Private and Public Sector Partnerships	We provide access to basic services for the communities we serve	PHP868 million community investments in 2024 UN Global Compact partnership for Nego Unlad MSME Caravan participated by 12 MSMEs
Working with Our Partners	Support to MSMEs	We provide growth opportunities for our MSME partners alongside our banks, malls, and retail stores	PHP72 billion SME/MSME loans by BDO and Chinabank
	Green Procurement	We empower our partners and team members to make environmentally-friendly procurement options	Over 100,000 MSME partners throughout the Group
	Access to Sustainable Products and Services (Green Finds)	SM supports customers in their shift to greener lifestyle choices	Over 20,000 SKUs under SM Green Finds program across SM Retail

The SM Sustainability Agenda and Value Creation

As illustrated in our Integrated Report, we focus our strategy and value creation through a four-pronged approach (1) Build Integrated Property Developments, (2) Deliver a full range of banking services for growth and financial inclusion, (3) Create modern retailing to address the needs and aspirations of our customers, and (4) Invest in new and related sectors to capture high growth opportunities. These align with the sustainability material topics in the SM Sustainability Agenda in managing our sustainability-related and climate-related risks and opportunities as illustrated below.

Taking into consideration the global megatrends shaping the Philippines sustainability agenda and how these trends influence our own approach to sustainability and creating shared value, we introduced a fifth approach: Wherever we operate, we aim to close gaps in social development by creating access to quality education, public school infrastructure, healthcare, and livelihood. This approach positively impacts our community stakeholders, creating a ripple effect that enhances their lives and benefits future generations.

Global Megatrends	Philippine Sustainability Agenda	Our Approach to Creating Shared Value	The SM Sustainability Agenda
Urbanization According to National Geographic, nearly 70% of the global population is projected to live in urban areas by 2050.	According to the Philippine Urbanization Plan, 54% of Filipinos live in urban centers. It is projected that about 84% of Filipinos will live in cities by 2050.	Approach 1: We create integrated property developments to serve as socio-economic hubs developing 2 nd tier cities to 1 st tier cities.	 Sustainable and Resilient Integrated City Development Designs
Glocalization According to the World Bank, SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development.	According to Philippine Statistics Authority (PSA), 99.63% of Philippine companies are MSMEs providing 66.97% of job creation. Meanwhile, only 25% of Filipinos understand basic financial concepts.	Approach 2: We deliver a full range of banking services to deliver growth and financial inclusion.	 Financial Inclusion, Job and Entrepreneurship Creation
Climate Change The Paris Agreement is an international treaty covering climate change, mitigation, adaptation and finance which was signed in 2016.	The European Commission states that the Philippines contributes only 0.3% in global greenhouse gases yet it is among the top 3 most vulnerable countries to climate change impact.	Approach 3: We invest in new and related sectors to capture high growth opportunities (i.e. investment in PGPC, GUUN Waste to Fluff Fuel)	 Climate Action and Just Transitions towards a Low Carbon Economy
Responsible Consumption PwC reports that consumers are willing to spend an average of 9.7% more on sustainably produced or sourced goods, even as cost-of-living and inflation concerns persist.	75% of Filipinos are actively seeking out brands that offer ways to offset their impact to the environment according to Kantar Worldpanel.	Approach 4: We create modern retailing to address the needs and aspirations of the Filipino	 Green Options for Sustainable Lifestyle Shifts
Income Inequality The UN reports that more than 700 million people, or 10% of the world population, still live in extreme poverty today, struggling to fulfill the most basic needs.	According to data from the Philippine Statistics Authority (PSA), an estimated 18.1% of the population live below poverty line and only 78% complete basic education aged 4-5.	Approach 5: Wherever we operate, we help close the gap in social development by creating access to quality education, public school buildings, health care and livelihood	 Societal Well-being and Development

To view the 2024 SM Investments Integrated Report, please scan here.



Our Strategy in Managing Sustainability-Related & Climate-Related Risks and Opportunities

To view the Sustainability-Related and Climate-Related Risk Management Policy, please scan here



We reviewed the SM Sustainability Agenda, identified the material topics essential to achieving them and we assessed the financial risks and opportunities involved.

(Time Horizon: Short – up to 3 years, Medium Term – over 3 – 7 years, Long Term – over 7 years)

The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Sustainable and Resilient Integrated Property Development Designs	Green & Resilient Infrastructure	Risk: Climate-related physical risks due to increasing typhoons and flooding Opportunities: Investments in sustainability & resiliency as part of building and city designs	PHP8 billion (estimate) of SM Prime CAPEX for resilient and sustainable design developments (Note 15 - Investment Properties) PHP17 billion SMIC investment in NEO, owns seven EDGE-certified office buildings (Note 15 - Investment Properties and Note 13 - Investment in Associate Companies and Joint Ventures)	Within Own Operations short to medium term
	Resource & Materials Management	Risk: Increasing waste and decreasing natural resources particularly water Opportunities: Technological partnership for circular systems	PHP57 million investment by SM Prime in GUUN which is engaged in recycling and repurposing of waste (Note 2 - Basis of Preparation, list of subsidiaries) PHP10 million operating cost by SM Group for plastic material management & EPR compliance (Note 23 - Costs and Expenses) PHP450 million annual savings in electricity cost with the use of LED energy-efficient lighting system in all 76 The SM Stores (Note 23 - Costs and Expenses)	Water: long term; Upstream Materials Management: short term, Own Operations

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.



The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Climate Action and Just Transitions to a Low Carbon Economy	GHG Management	Risk: Insufficient renewable energy sources and technology to drastically reduce GHG emissions of our 4 largest emitters: SM Prime, SM Retail, Atlas Mining and 2GO Opportunities: Investments in solar energy whenever possible	27.6 GWh of clean, solar energy generated from solar panels across SM Prime malls and developments across its properties (<i>Note 23 - Costs and Expenses</i>) PHP376 million investment by Atlas Mining in floating solar panel installation. Expected commissioning in May 2025. As of yearend 2024, PHP330 million has been recognized as construction in-progress. The expected annual savings is PHP96 million (<i>Note 13 - Investment in Associate Companies and Joint Ventures</i>) PHP2 billion investment in 3 new energy-efficient vessels (<i>Note 14 - Property, Plant and Equipment</i>)	Sourcing RE: Upstream short to medium term Investments in RE within Own Operations; short to medium term
	Renewable Energy (RE) Accessibility and Availability	Risk: Inequality of RE costs due to high demand to reduce GHG emissions aligned to global goals Opportunities: Expansion into renewable energy investments	PHP28 billion investment by SMIC in PGPC (<i>Note 2 - Basis of Preparation, list of subsidiaries</i>) PHP5 billion investment by SMIC in CREIT (<i>Note 13 - Investment in Associate Companies and Joint Ventures</i>)	Upstream & Own Operations long term
	Financing Renewable Energy	Risk: Credit Risk Assessment in our loan portfolio Opportunities: Policy stability to secure funding in the face of rising market risks	PHP155 billion loans to the renewable energy industry players PHP172 billion ASEAN Sustainability Bonds issuances by BDO USD100 million Blue Bonds issuances by BDO	Downstream & Own Operations medium to long term
Financial Inclusion, Business Creation	Inclusive Access to Financial Products and Services	Risk: Lack of MSME supplier's confidence and access to financial capital to meet growing market demands for sustainable products. Opportunities: Banking products designed for MSME business growth	PHP72 billion loans to MSMEs by BDO and Chinabank	Downstream short to medium term
	Financial Literacy	Risk: Potential market's limited disposable income in a growing customer pool Opportunities: Financial learning opportunities and increase awareness serving new markets for banks reaching the unbanked sector		Downstream medium to long term

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.



The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Green Options for Sustainable Lifestyle Shifts	Sustainable Products	Risk: Lack of affordable green product options in scale Opportunities: Financing Green Business Production & Highlighting Green Products in Marketing	PHP56 billion sales from sustainable products (Note 6 - Segment Information)	Downstream short to medium term
	Inclusive Supply Chain & Access for MSMEs	Risk: No significant risk Opportunities: Encouraging supply chain partners to start their sustainability journey	Over 100,000 MSME partners supported Groupwide	Downstream long term
	Customer Rights & Data Privacy	Risk: Customer Data Breach Opportunities: Policy and Infrastructure Protocols for Data Privacy and Security	PHP35 million investment by the SM Group in data privacy and security software (Note 14 - Property, Plant & Equipment)	Downstream short to long term
Societal Well-being and Development	Quality Education for Skilled Manpower Pool	Risk: Mismatch of skills sets vs market requirements due to quality of public education and lack of access to tertiary education Opportunities: Skills Development and Education	PHP361 million donations by the SM Group to SM Foundation, the group that executes skills development and education initiatives for the SM Group (Note 23 - Costs and Expenses)	Downstream & Own Operations short to medium term

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.

Economic Data

We generate profits with purpose, facilitating economic activity and sustained growth at every touch point of our businesses and across our stakeholder groups. We employ prudent financial planning and management, anchored on good governance as a solid foundation. As our pillars for growth, we incorporate sustainability best practices to create shared value that bring practical, positive impact on daily living.

Economic Value Table for SM Investments Corporation and its Subsidiaries
(in million pesos)

	2024	2023	2022
Direct Economic Value Generated	660,170	620,735	556,478
Less Economic Value Distributed	562,227	532,082	484,168
Operating costs	449,796	427,231	395,682
Employee wages and benefits	39,894	35,691	30,852
Payments to providers of capital	41,976	41,420	34,261
Payments to government	29,693	26,969	22,691
Community investments	868	771	682
Economic Value Retained	97,943	88,653	72,310



STRATEGY IN ACTION:

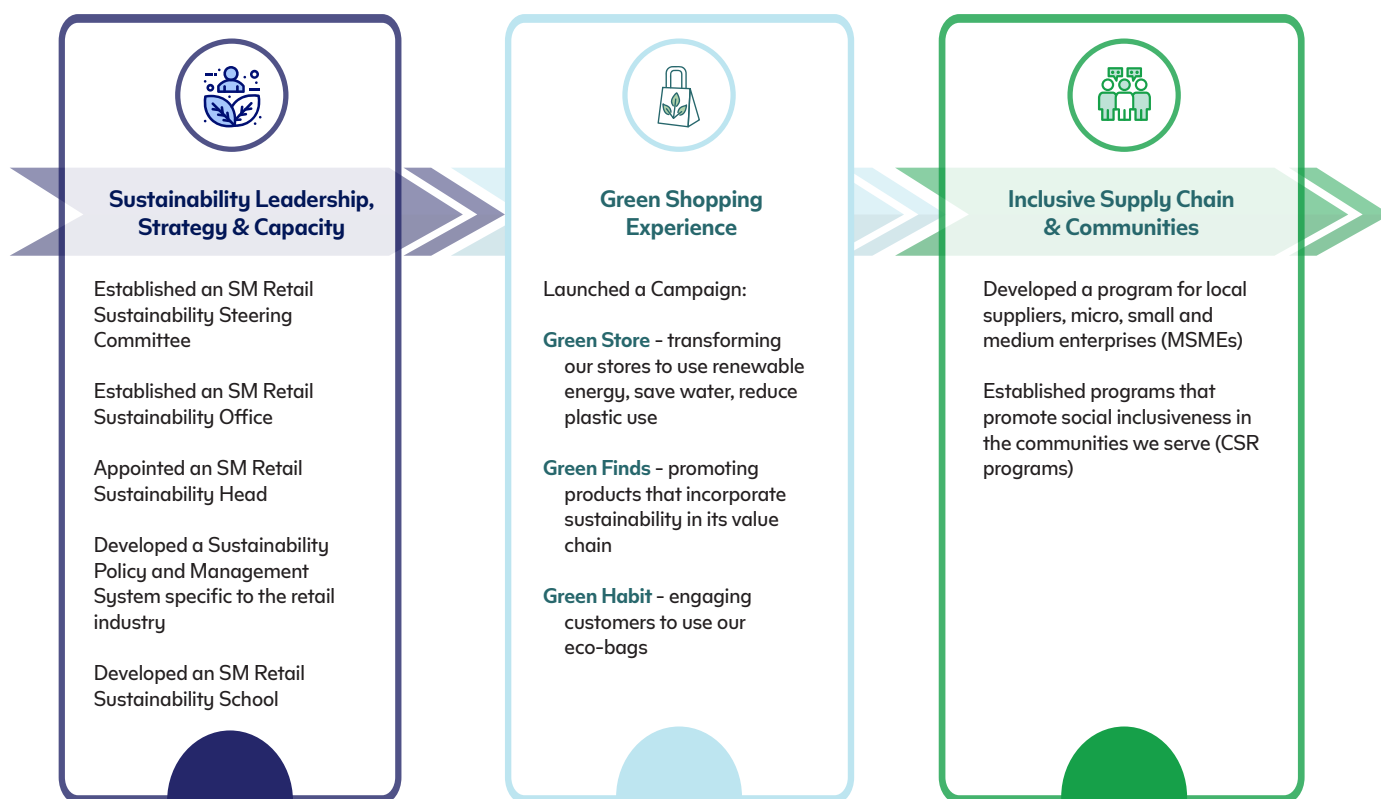
Case Studies

At SM, excellent execution determines the success of a good strategy. It must be practical, replicable and scalable.

The Philippines is a young and dynamic market with an average age of 28 with more than half of the Filipino entrepreneurs aged between 18 and 44. This is indicative of the shifting consumer behavior in the Philippines with about 57% preferring omni-channel shopping. This growth however, comes with an environmental cost, with the Philippines ranking among the highest in plastic pollution from consumer waste. Alarmed by this, eco-conscious consumers are eager to reverse this trend, as a study revealed that 81% of Filipinos are willing to pay more for sustainable product choices.

SM Retail is uniquely positioned to shape sustainable retailing in the country, standing at the intersection of supplier partners and customers. With the largest retail footprint in the country, we recognize our role and responsibility in meeting the aspirations of Filipino families to shift to a more sustainable lifestyle. We make this possible by offering a wide range of affordable sustainable products.

To equip ourselves to rise to this challenge, we institutionalized sustainability in our retail offices, working culture and brands. These are the areas we focus on:



SM Retail Sustainability Policy

Aligned with SM Investments' Sustainability Policy, the SM Retail Sustainability Policy aims to integrate the philosophy and practice of sustainability in every aspect of our retail business activities, manage the company's sustainability and climate-related risks and opportunities, and promote responsible corporate socio-economic and environmental practices. This is complemented by a comprehensive sustainability management system.

Human Rights Policy

Resource Management Policy

Sustainability & Climate Risk Management Policy

Anti-Bribery and Anti-Corruption Policy

Environmental Protection Policy

Sustainability Policy

Anti-Sexual Harassment Policy

Sustainable Supply Chain Policy

Responsible Marketing, Labeling and Packaging Policy

Occupational Health and Safety Policy

Stakeholder Engagement Policy

Data Privacy

Climate Policy Statement

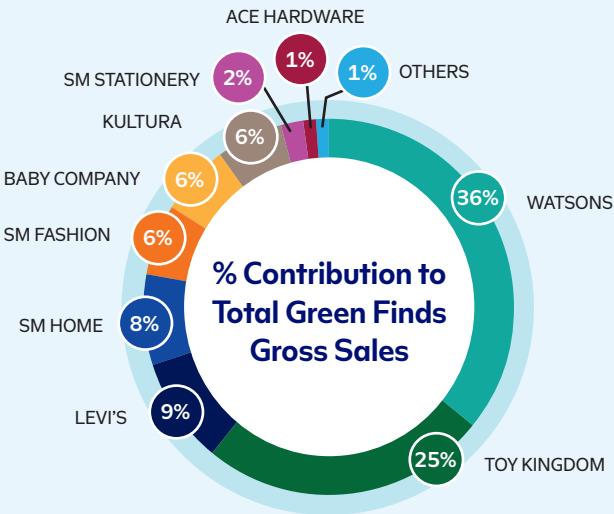
Equal Opportunity Policy

Employee Welfare Policy



Where Sustainability Meets Style

At SM Retail, we curate products that incorporate sustainable practices in their value chain. These products or brands exhibit one or more of the following traits: fair trade, locally made, ethically manufactured, use of natural, organic or plant-based materials, promote circularity and have a low carbon footprint in distribution. More broadly, these products also promote local artisans, protect cultural heritage and traditions, and support local livelihood.



The Tarp Project - From Banners to Bags

We partnered with local designer Zarah Juan to upcycle 34,000 square meters of used tarpaulins into stylish bags. A total of 283 pouch bags and 506 tote bags were sold, while 2,000 tote bags were donated to St. Luke's Foundation and La Union Vibrant Women, Inc. (LUVWI).



789
Total bags and pouches sold





Kind to Kids. Kinder to the Planet.

We offer a fun and eco-friendly way to play with safe, sustainable toys that help raise environmental awareness in kids. These toys are free of harmful chemicals and crafted from natural resources like wood, fast-growing bamboo and organic cotton. These toys become powerful tools for teaching children about environmental responsibility and sparking curiosity about recycling and love for the planet.

25%

Contribution to
Total Green Finds
Gross Sales



80%

Less water used
in EcoWash denim

60%

Reduction in
chemical usage

SM Fashion Sustainable Style Starts Here

A more sustainable wardrobe starts with the choices we make. At SM Fashion, you'll find brands that embrace responsible production and eco-conscious materials. Code Blue jeans are designed with sustainability in mind — its green find collection is crafted from Repreve® fibers made from recycled plastic and treated with EcoWash technology to reduce water and chemical use.



SM Home

Thoughtful Choices for Everyday Living

SM Home continues to explore practical and sustainable home solutions that support responsible living. By collaborating with local and global partners, we offer thoughtfully sourced home essentials that promote environmental responsibility and craftsmanship.

Kea International Trading, a women-led local supplier, creates home essentials from natural materials like buri, abaca, and seagrass for stylish storage. Their acacia wood plates and boards also showcase the strength of locally grown wood.

Akemi, in partnership with TENCEL, introduces textiles made from fibers that are 100% biodegradable and compostable. With approximately 80% of textile waste ending up in landfills, using TENCEL fibers offers a sustainable alternative without compromising quality and comfort.

Similarly, Natureware by Melawares presents an eco-friendly tableware collection made from recycled PET materials, reducing the demand for virgin plastic. Designed for safe everyday dining, this collection is food-grade certified and available in modern hues, combining sustainability with style.



100%

biodegradable and
compostable fibers





Step into the Green Scene

We are rethinking the whole Filipino shopping experience. It begins the minute you step in our stores. Beyond the vast array of product offerings, we re-designed how our stores function. We operate two main retail formats: Food (Supermarkets and other retail food formats) and Non-food (The SM Store and Specialty Stores such as Kultura, Toy Kingdom and Watsons, among others). We developed our own criteria on what makes a green store starting with The SM Store. We aligned this with the standards set by the World Green Building Council, the ASEAN Energy Efficiency and Conservation, and the BERDE rating system.

Sustainability Criteria	Power Consumption	Water Consumption	Airflow	Temperature Setting	Use of non-toxic construction material	Waste Management Program	Use of eco-friendly cleaning materials	PWD Compliant	Emergency Preparedness
Sustainability Indicators	≤ 15kw/ square meter	≤ 32 liters/ day/ employee	(≤0.06 cfm/ft2) or (0.3 L/s-m2)	21°C ≥ temperature ≥ 26°C RH maximum 70%	Use of low VOC paint	Waste Segregation and Hazardous Waste Disposal	Non-toxic and eco-friendly chemicals and materials	BP 344 compliance	BCP/ Emergency Preparedness Plan
Sustainability Alignment	Asean Energy Efficiency and Conservation	World Green Building Council (WGBC). LEED Water Efficiency Credit	ASHRAE Version 62.1 Minimum Ventilation Rates in Breathing Zone	ASEAN EE&C	Philippine Green Building Council BERDE certification	RA 9003 Ecological Solid Waste Management Act RA 6969 Hazardous Waste Management Act	RA 6969 Hazardous Waste Management Act	Apolinario Mabini Awards	OCD ICS Guidelines

A Snapshot of our Sustainability Progress in SM Stores

Energy Management

110.62 GWh

Total power consumption of SM Stores across **76** branches in 2024

Saved

48 GWh

across **76** of SM Store branches through the LED upgrading program

5%

Total energy savings since 2019 through the energy efficiency programs

738

Solar panels installed in SM Store Cubao with a total capacity of **405.9KWp**

Water Management



911,117m³

(29.84L/day/ employee) total water consumption of SM Stores across 76 branches



348,529m³

or 30% total reduction in water use through water efficiency monitoring (2019 vs 2024)

Air Quality

1.2 K/s/sqm

Average ventilation rate of SM Store branches

23.23°C

Average temperature setting of SM Store

Eco-Friendly Cleaning Materials - Ultra Clean Detergent Powder V2, Virex, Go Getter W4Bz, Suma Cal-X D5, Jonrox

Waste & Materials Management



40%

SM Store EPR compliance



4.12mn kg

Tarpaulins avoided through the use of LFD advertising in SM Store branches

The Green Case of SM Store Aura

In an SM Green Store, every detail is intentionally crafted to reduce environmental impact while offering a seamless, sustainable shopping experience.



Interior Paint Coating:
Boysen Permacoat
Semi-Gloss Latex
with VOC of 4.6g/L



These cleaning materials are
compliant with RA 6969 Hazardous
Management Act

- Ultra Clean Detergent Powder V2
- Virex
- Go Getter W4Bz
- Suma Cal-X D5
- Jonrox



Green Initiatives:
Following
Recyclable
- Disposable -
Compostable
(RDC) Program
and Scrapping
Guidelines

Emergency Preparedness:

- Existing emergency protocol manual compliant with OCD ICS Guidelines
- Participates in Nationwide Simultaneous Earthquake Drill and BFP Fire Drill



7.6 KWH/SQM
total power
intensity

**29.8 L/day
/employee**
water
consumption
intensity

24.15 °C,
temperature setting
66% Relative
Humidity Level

A Closer Look: Powered by Green Energy

The SM Store Cubao and the SM Retail Headquarters are fully powered by renewable energy sources.

738

Solar panels on the
SM Store Cubao
Rooftop with
405.90KW total
capacity

40,802 KWh

reduction for the SM
Store Cubao (Solar)

12%

reduction in energy
cost for the SM
Retail HQ (RES)

9%

reduction in energy
cost for the SM
Cubao



THE SM STORE

Existing process and
policy are compliant
with RA 9003
Ecological Solid
Waste Management
Act

Awarded and
Certified by PFRD
with AMA Bronze
category

A Green Planet Starts with You

Filipino shoppers play a crucial role in ushering a greener retail landscape in the country. Shoppers can re-define how products are made and sold. We engage our customers to embrace sustainable habits including the use of eco-bags and promoting circular habits.

This collective consumer behavior may lead to shifts in how products are manufactured as well as a greater societal conscience in choosing greener products.

The Evolution of the Eco-Bag: From Everyday Essential to Sustainable Fashion Icon

Using eco-bags has never been more stylish. What began as a humble recyclable bag has evolved into a sustainable fashion accessory. Moreover, it has become an icon of our collective effort to save the planet.

Join the MOB: SM Markets' Green Bag Initiative

SM Markets took the lead in promoting reusable bags with the "Join the MOB (My Own Bag)" initiative in 2007. Since then, it has inspired other retailers to follow suit.

More than just an eco-friendly alternative, the SM Green Bag has evolved with stylish designs and various sizes to fit different shopping needs. In 2024 alone, SM Markets sold 19 million Green Bags, equivalent to around 42 million plastic bags avoided, proving that sustainability can be both practical and fashionable.

19 million

SM Green Bags sold in 2024 which is equivalent to around 42 million plastic bags avoided

SM Store Eco-Bag

4 Million

total sales units of SM Store reusable bags sold in 2024

7%

growth in the sales amount of eco-bags in 2024

Kultura – Functional Fashion Icon

With the urgency to save the planet, the demand for eco-bags has evolved not only as a means to save the planet but also as a symbol of one's commitment to a sustainable lifestyle. Kultura collaborated with local artisans for creative expressions of sustainably sourced eco-bags, crafted from various natural materials in stylish designs promoting fashion for a cause.



watsons



Case Study: A Green Look at Watsons

Green Store



Watsons Greener Store

Watsons launched its own version of a Green Store, setting the standard for what a Watsons Greener Store should be, starting with the Watsons Greener Store in Pacita Complex, San Pedro, Laguna.

Sustainable Elements of Watsons Greener Store



The use of Renewable Energy Sources

71 tonnes of CO2 avoided, equivalent to 40 trees, is the total environmental benefit of the solar panels installed over the past 10 years



Sustainable In-Store Materials and Fixtures

Use of Solidus materials, FSC certified paper, and wood for displays



Energy Efficient Appliances

40% savings in energy due to use of 100% LED lights and inverter air conditioning and refrigerators



Waste Management

Promote the use of reusable shopping bags and encourage waste reduction, segregation & recycling



Sustainable Choices

Advocate for Clean Beauty, Better Ingredients, Refill Packs & Better Packaging from responsibly-sourced materials



Refilling Station

Naturals by Watsons Refilling station resulted in 40% savings



Green Finds



Sustainable Choices

Watsons sources products with packaging made from materials that support responsibly managed forests, use recycled plastic or paper and are packaged in reusable materials.

2,140
Sustainable choices SKUs

13%
Contribution to sales in Watsons

36%
Contribution to total Green Finds gross sales

Green Habit



Watsons Refilling Stations

Customers can save up to 40% at Naturals by Watsons Refilling Station. Launched in 2022, Watsons invites customers to embrace the habit of reusing their Naturals by Watsons body wash and shampoo bottles by simply bringing them to be refilled. Initially opened in SM Megamall, the refilling stations are now available at 4 Watsons branches: SM North Edsa, SM Megamall, SM Mall of Asia, and Watsons Pacita Complex, San Pedro.



315,000
Refill packs
(+35% growth vs LY)



KULTURA

UNIQUELY FILIPINO

Empowering Filipino Craftsmanship

Empowering MSMEs means empowering the country. Kultura is home to 158 MSMEs, each celebrating Filipino artistry and sustainability. From indigenous craftsmanship and locally sourced ingredients to upcycled and eco-friendly creations, Kultura provides a platform for entrepreneurs who preserve traditions, uplift communities, and champion sustainable living.

Micro, small, and medium enterprises (MSMEs) are the backbone of the Philippine economy, and at SM, they are at the heart of our business. Throughout our retail businesses, we work with thousands of MSMEs. We serve as their community, partner and marketplace—offering access to financing, retail spaces, marketing, and business platforms to help turn small beginnings into lasting success.

Indigenous Craftsmanship

Through Kultura, we empower artisans and entrepreneurs who champion indigenous craftsmanship, ensuring that the rich cultural traditions of Filipino communities are preserved and passed down through generations.

121

entrepreneurs in Kultura champion indigenous craftsmanship

33%

of Kultura's 2024 total sales came from products like barongs, Filipiniana attire, native bags, and woven materials



Kangkong King

Transforming the humble water spinach into innovative, locally made crispy snacks – redefining Filipino flavors with a focus on quality and sustainability.

195

entrepreneurs in Kultura use locally sourced ingredients

Locally Sourced Ingredients

We support entrepreneurs who use locally sourced ingredients to craft both food and personal care products that showcase the artisanal skills of Filipinos and the country's rich natural resources. These products uphold fair trade practices and adhere to international manufacturing standards, ensuring quality and ethical production.

17%

of Kultura's 2024 total sales came from entrepreneurs crafting food and personal care products using homegrown ingredients

Upcycled and Eco-Friendly Products

As part of our commitment to circularity, Kultura nurtures businesses that embrace sustainability by upcycling materials into new, high-quality products that contribute to waste reduction and eco-conscious living.

33%

Kultura's total sales in 2024 came from these sustainable innovations

124

entrepreneurs in Kultura promote upcycled and eco-friendly products

BidiBidi Enterprise:

A social enterprise empowering over 200 women in Bicol through weaving, embroidery, and crocheting, creating vibrant products from upcycled and locally sourced materials.

Kamay Krafts Multi-Purpose Cooperative:

A women-led cooperative in Manila empowering around 100 artisans by transforming recycled materials into high-quality handcrafted products.

Gifts & Graces Fair Trade Foundation:

A not-for-profit advocate transforming upcycled materials into socially responsible, artisanal products.

SM MARKETS

Partners in Purpose

Our commitment to sustainability is a shared journey with our supplier partners. From reducing waste to innovating greener solutions, we are working together to create a lasting change.

Under the Sea: Sustainable Fishing & Job Creation

Based in Cagayan de Oro, *Under the Sea* has grown from a local seafood supplier to a trusted partner of SM Markets, emphasizing responsible fishing practices. By collaborating with the *Bureau of Fisheries and Aquatic Resources*, the company has adopted sustainable aquaculture methods, including the use of Norwegian fish cages for raising tilapia and bangus. Beyond protecting marine ecosystems, *Under the Sea* directly supports local fisherfolk, ensuring stable livelihoods, creating job opportunities and reinforcing ethical fishing standards.



Royal Breadhaus: A Sustainable Supply Chain

Starting as a small bakery in Davao, *Royal Breadhaus* has transformed into a household name across Mindanao, supplying over 300 bakery products to SM Markets. Their Environmental Monitoring Program reduces waste, upcycles food scraps into fertilizers and fish feed, and optimizes energy use – solar power now covers 40% of their production needs. By prioritizing local sourcing of ingredients like sugar, eggs, and vegetables, they not only maintain quality but also support local farmers and minimize their carbon footprint.

Sanicare: Sustainable Hygiene Solutions

Since 1996, *Sanicare* has been providing high-quality hygiene products while embedding sustainability into its business. The company sources paper from sustainable tree farms and avoids harmful chemicals in its products. Their oxo-biodegradable trash bags and starch-based cutlery offer practical, eco-friendly alternatives to traditional plastic. Beyond environmental efforts, *Sanicare* invests in employee welfare, supporting over 500 workers through fair wages and financial assistance programs.



Customers Helping Communities

Our customers help transform communities through our Shop & Share program. With curated donation kits, SM addresses critical needs in education, health, and livelihood, delivering tangible benefits while fostering stronger connections with Filipino communities.

Shop&Share™ for Women



5,000

Menstrual hygiene kits distributed to underserved young women



Partnered with Girl Scouts of the Philippines, UN Women, and SM Foundation to provide educational resources and health knowledge

Shop&Share™ Digital Learning Hubs



10,000

Students benefited from the digital learning hub



Doubled the computer-to-student ratio in supported schools



Shop&Share™ for Education



12,000

School kits delivered to students in over 80 public schools



Boosted school attendance by reducing the financial burden on families.



Shop&Share a Toy



6,000

Brand new learning toys donated



Thousands of children across North Luzon, NCR, Bicol Region benefitted



Improved the play area of more than 40 SPED public schools in Cebu and Zamboanga City

Share Shoes



15,000

Pairs of shoes donated to children



Expanded school/NGO beneficiaries by 20%, boosting attendance and participation in partner schools



CSR Day 2024



100

Teams volunteered from SM Store, SM Markets and other groups within the SM Retail network



1,000+

Employee volunteers participated in classroom refurbishments, gardening, book reading for children, clean-up drives, food pack distributions, and shoe donations.



Almost 50% of Filipinos live in urban cities where access to livelihood, products and services is easier. This is expected to rise to 84% of the population in the coming years. However, most cities face challenges such as a backlog in housing, inadequate infrastructure and inefficient resource management, with a projected 22 million housing shortage by 2040. To remain competitive in the region, SM sees an

opportunity to develop multiple integrated property developments with a focus on expanding in the Visayas and Mindanao regions. This expansion aims to improve job opportunities, local entrepreneurship, mobility, financial access, residential options and tourism. This strategy contributes to the Philippine Urbanization Plan which aims to make cities inclusive, resilient and sustainable.



Resilience to Liquefaction and Earthquakes: Driven and bored piles, combined with precise excavation methods, provide the complex with robust resistance against liquefaction and seismic activity

* Based from Pasay City Zonal Value (RDO 51) from BIR

Through SM Prime, we aim to develop more urban city centers nationwide, enhancing value-added services and creating greater impact to our customers and communities through the unique mix of businesses within the SM group. As we transition to greener cities, our designs incorporate climate resiliency, adaptation and green technologies, supporting the development of the countryside into first and second tier cities while keeping our infrastructure competitive with our ASEAN neighbors. To date, we have built 22

integrated property developments, with SM Mall of Asia serving as prime example and illustrating best the positive impact of how our integrated property development approach promotes socio-economic growth and environmental stewardship. SM engaged the expertise of Jan de Nul, a renowned Belgian coastal development company. Its extensive research and studies ensured the viability of the project, taking into account the complex interplay of land and sea. Today, our community reaps the socio-economic and environmental benefits of the SM Mall of Asia Complex.

2 million

Total sqm for
SM Mall of Asia
Complex

64%

Average hotel
occupancy rate

7,229

Students studying in
National University

Gateway to
international and
local artists &
performances

68%

of mall tenants
are MSMEs

18

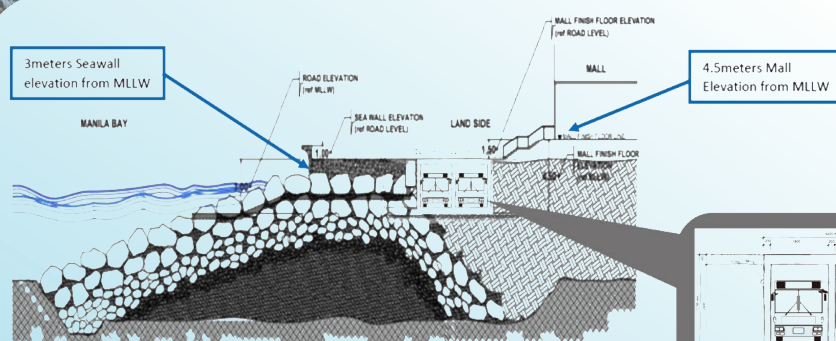
kilometers of shared
and dedicated bike
lanes

7,500m³

Water recycled
in the MOA
Complex in 2024

Completed
60 hectares
of integrated property
development in 2006

Resilience to Storm Surge:
seawall, standing 4.5 meters
higher than the Mean Lower
Low Water mark



A just transition to low-carbon and green economies requires substantial investments, particularly in developing nations, to balance much-needed economic growth with global aspirations to manage greenhouse gas (GHG) emissions. In the Philippines,

this challenge is especially pressing, demanding a multi-faceted intervention for climate action to address the complex interplay of sustainability, economic resilience, and social equity.

PHP1 trillion

loans disbursed through
BDO SEF Funding

PHP147 billion

loans disbursed
by Chinabank for
Sustainable Finance
Portfolio



Green Financing: Transforming the Country to a Low Carbon Economy

While the Philippines only contributes 0.3% of global GHG emissions, it remains one of the countries with the highest energy rates in Asia. Increasing energy generation from diverse sources may promote equitable energy rates. BDO is the pioneer for green financing offering green and blue bonds, as well as direct sustainable energy financing.

2,679 MW

Total installed
renewable energy
capacity

USD 100 million

Blue Bonds offering

PHP 172 billion

Three ASEAN Sustainability
Bonds issued by BDO

Infrastructure Development: Building for Sustainable Growth

The Philippines ranks lower than other ASEAN countries when it comes to infrastructure development. In 2019, the World Economic Forum ranked the Philippines' infrastructure 96th out of 141 countries. Given this, private-public partnerships are critical to accelerate the country's infrastructure development plan to remain socio-economically competitive with our neighbors, and create a trickle-down positive impact to business growth.

PHP114 billion

loans disbursed by BDO
to national projects

PHP31 billion

Loans disbursed by BDO
in the past 5 years for
road networks

PHP47 billion

Loans disbursed by BDO in
the past 5 years for airports



Inclusive Economies: Financing MSMEs

Our banks, BDO and Chinabank, have collectively provided PHP72 billion in loans to SMEs. Hundreds of inspiring stories of growth are born from this opportunity. One of which is *Cebu's Original Lechon Belly*.

Cebu's Original Lechon Belly has grown steadily, expanding to over 30 branches before the pandemic and overcoming challenges like Typhoon Odette and COVID-19. A crucial factor in its success has been the financial support from BDO Network Bank. Through six loan cycles, BDO enabled the business to finance essential equipment upgrades, renovate stores, and sustain operations during challenging times.



Financial Literacy: Smart Money Habits for Next Gen

The Philippines is reported to have one of the lowest financial literacy rates. In response, BDO and Chinabank have launched their respective financial literacy programs, while BDO Network Bank has also created products to support teachers. Moreover, BDO Foundation has worked with the Department of Education to include Financial Literacy in the K-12 Curriculum for the public school. This knowledge is critical in supporting the optimization of the demographic sweet spot the Philippines is currently experiencing.



19,501

Participants in the financial literacy programs of Chinabank



36

Financial wellness roadshows over two years across the Philippines



29

Financial education videos developed by BDO since 2018



6.5 million

Participants in the financial literacy programs of BDO in 2024



13.2 million

Total beneficiaries of the financial education programs by BDO Foundation since 2018



The global campaign to shift to renewable energy (RE) sources to mitigate climate change impact, coupled with the Philippines' predicament of having one of the highest energy prices in the region has led the Department of Energy to set an ambitious RE target of 35% by 2030 and 50% by 2040 RE power share.

As the country's pioneering geothermal developer, PGPC provides geothermal energy from its Tiwi and Mak-Ban steamfields to customer power plants that generate 300 MW of renewable baseload energy. This year, we expanded exploration to geothermal sites in Kalinga, Benguet, Cagayan, Quezon, Camarines Norte, Camarines Sur and Albay for a projected additional capacity of about 250-400MW.

We are focused on creating practical shared value for the communities we serve. We have a holistic approach which includes:

- 1) Producing indigenous, clean and renewable energy in support of the Philippines' transition to a low carbon economy,
- 2) Providing purposeful work and career development, while encouraging skills in STEM and Renewable Energy,
- 3) Improving the lives of our host communities in a practical and meaningful way, and lastly,
- 4) Delivering sustainable, safe, and reliable operations for growth.

1 million

powered through
Mak-Ban & Tiwi
steamfields

5 million

Equivalent barrels
of oil saved

PHP6 billion

Revenue generated
in 2024

2,720

Total GWh
generated

1 billion kg

Carbon
avoidance

2,824

Jobs created

**19%**

of STEM-related
roles are occupied
by Women

12,600

Trees planted

4.2 sq. km.

Protected marine
sanctuary; supported
the rehabilitation of coral
reefs in partnership with
a state university

655

College scholars
supported as of
2024

21

Scholarships in
STEM-related
field

308,617

Mangrove and beach
trees species planted
and nurtured

289

Sea turtles
rescued and
released

The global e-commerce market is projected to reach PHP2,786.67 trillion (USD47.73 Trillion) by 2030. Statista projects that the Philippine e-commerce market will reach PHP1.46 Trillion (USD25 Billion) with 31.6 Million consumers by 2029. This will redefine logistics and how it impacts customer service, inventory management, waste management and transport energy usage.

Seizing the growth opportunity to connect the 7,641 Philippine Islands, we enhanced 2GO's capacities in key areas to take foundational steps towards greener logistics in the country.

1

Smart Warehousing

optimizing the use of smart energy, electric forklifts and automatic sorting machines

30%

renewable energy use for *Asinan* warehouse

40%

Energy reduction through motion-sensor lighting

100%

Recyclable, reusable, and biodegradable packaging materials used across its operations and warehouses

2

Green Mobility

minimizing environmental footprint with the use of Euro 4 compliant trucks, delivery optimization and implementation of ship energy initiatives

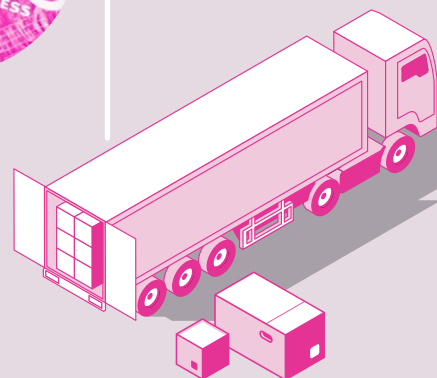
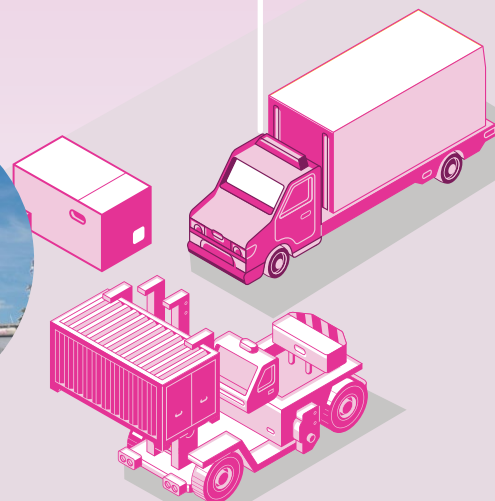
3

Eco-Friendly Packaging

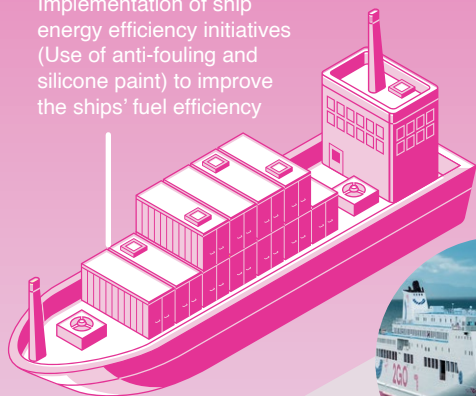
Use of recyclable, reusable and biodegradable pouches and boxes to ship goods and items up to last mile delivery

15,780 kg

Biodegradable pouches used



Implementation of ship energy efficiency initiatives (Use of anti-fouling and silicone paint) to improve the ships' fuel efficiency



Ro-Ro (Roll-on/Roll-off) marine transport is the primary source of emissions for 2Go, making it a key area for decarbonization efforts.

4

Climate Ready Operations

We conducted a climate scenario analysis to assess our impact on operations, prompting us to integrate climate adaptation measures into our business continuity plans. We also analyzed our energy optimization strategies to manage our greenhouse gas emission hot spots. This also includes our efforts to shift to low-sulfur fuel for our ships

231

Metric tonnes of CO₂ emissions saved annually by multi-temp reefer vans



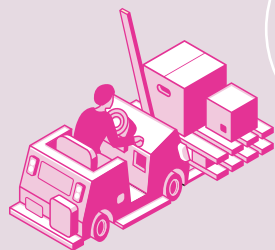
Establishment of a sustainability management team within 2Go, aligned with the TCFD (Task Force on Climate-related Financial Disclosures) guidance, focusing on governance, strategy, risk management, and metrics.

17%

Reduction target on GHG Emissions by 2040

42

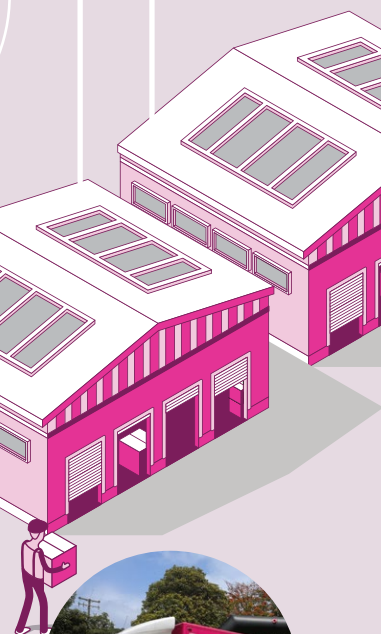
Electric forklifts in use across warehouses



5

Resilient People and Communities

Equipping our people and our communities to be disaster-ready and able to mobilize support for vulnerable communities



16,020

Training hours for our people

11,447,728

Total safe man-hours

100

Training hours for our communities

6

Sustainability Governance

Establishment of the 2GO Sustainability Office, Policies & Management Systems



Education - The Powerful Tool for Next Gen Filipinos

The Philippines has entered a demographic sweet spot for growth with more than 63% of its population in the working age group of 15 – 64 years old, with only 5% above 65 and the rest below 15. While this presents an opportunity to scale productivity, it is also a double-edged sword. In efforts to avert the sweet spot from turning sour, we have increased our investments in equitable quality education.

In 2024, we awarded our biggest college scholarship grant to 1,000 Filipino youth. Moreover, we continued our school building

program with the goal of improving the quality of public school education. To date, we have constructed 110 quality school buildings and built 374 classrooms equipped with adequate learning facilities and sustainability features.

To better understand the impact of education as the greatest equalizer, we conducted an Impact Study employing the Social Return of Investment (SROI) methodology for our College Scholarship Program. The results indicate promising outcomes:

Alumni Achievements

- 70%** of scholar graduates earn salaries above the minimum wage
- 72%** of scholar graduates can now afford to travel internationally
- 10%** of scholar graduates have become homeowners

Community Observations

- 78%** of scholar graduates are perceived to have good work attitude by their employers
- 72%** of community members believed that without a college degree, youths will not achieve steady income

Family Ripple Effect

- 32%** of scholar graduates helped their siblings finish school

PHP7.19
Value return per
1 peso investment

700%
Value return on
investment in every
scholar

J.O.B.S Program

We help accelerate our young people's productivity and improve their quality of life. Through SM's Trabaho Para sa Bayan: J.O.B.S. (Job Opportunities Building Skills) we hosted job fairs and connected aspirants to job opportunities.



183
Job Fairs
hosted to date



Over
100,000
Job Seekers
Accommodated



Over
14,000
aspirants hired
on the spot





Sustainability and Resiliency are two sides of the same coin. Sustainability ensures our long-term value while resiliency ensures our ability to create it.

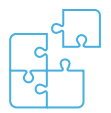
RISK & OPPORTUNITIES
MANAGEMENT:

Resilience for the Future



How We Manage Our Sustainability-Related and Climate-Related Risks and Opportunities

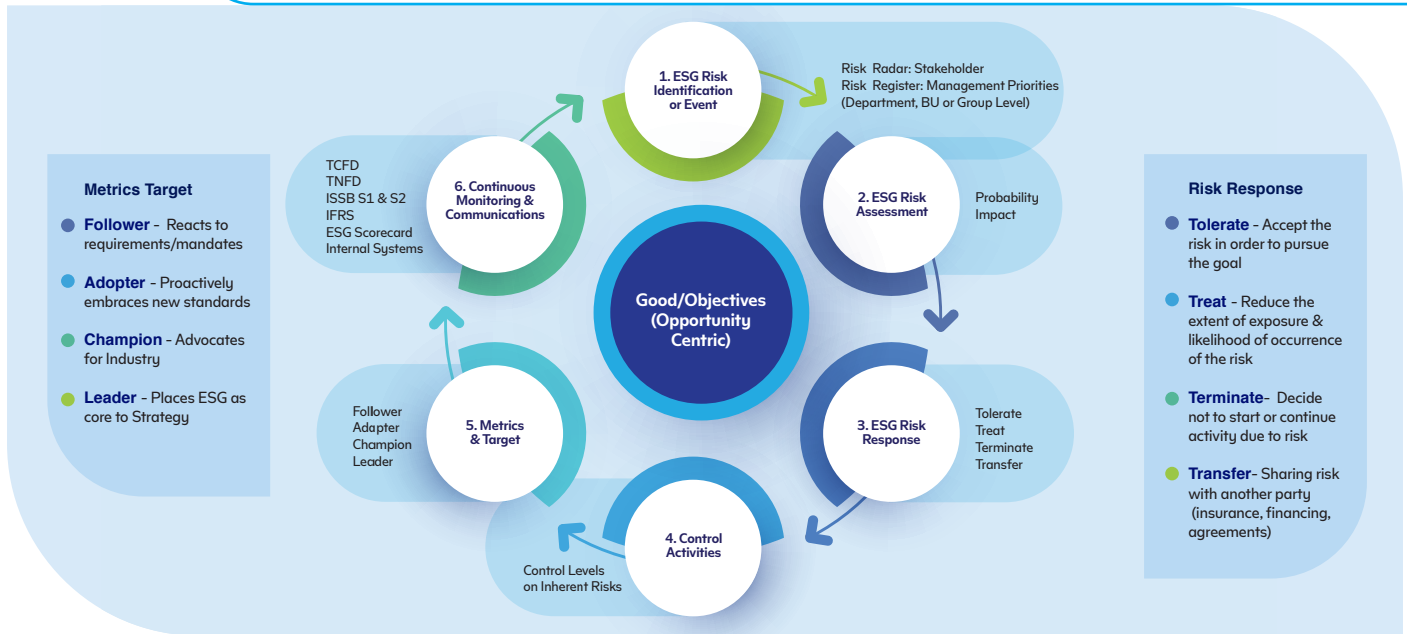
As an integral part of our Enterprise Risk Management, we developed a Sustainability and Climate Risk Management Framework that allows us to integrate its process in our business continuity plans at both the parent and business unit levels. We have put in place our Sustainability-Related and Climate-Related Risk Management Policy & Principles serving as guidelines for how we navigate unexpected occurrences – those we seek, and those we aim to reduce or outright avoid.

	Environmental Principles	Social Principles	Sustainability Governance
			
SEEK	- Seek just transition to low carbon economy within manageable scopes of our businesses - Seek to support circular economy within our business operations - Seek healthy levels of planetary boundaries for climate change, biodiversity loss and land conversion	- Seek and upskill employees for retention & transition to a low-carbon future of work - Seek to uphold human rights, dignity, diversity and equal opportunity for inclusive societies - Seek a robust ecosystem for sustainable supply chain practices & provide growth opportunities for our MSME partners	- Seek to comply with regulation & adopt frameworks - Seek non-partisan politics that support activities for the greater good of the communities we serve - Seek to adopt frameworks that meet investor expectations or those of other capital providers
REDUCE OR AVOID	- Reduce and avoid investments in or the use of materials that have a significant, irreversible impact on planetary boundaries - Reduce and avoid suppliers whose activities have a direct, significant, and irreversible impact on planetary boundaries.	Terminate suppliers with violations on human rights, child labor, compulsory and forced labor, or other violations that may have irreversible damage to our brand or compromise the safety of our customers	Avoid activities & associations that may pose significant or irreversible Sustainability-related and Climate-related liabilities resulting in suspension of our operations due to legal or social activism

Our Sustainability and Climate Risk Management Governance



Our Sustainability and Climate Risk Management Framework



Corporate Objective	Material Topic	Risk Identified	Risk Response	Control Activities	Metrics & Targets
Achieve business continuity & resilience for all SM facilities	Green & Resilient Infrastructure	Climate Physical Risks	Treat: Incorporating resiliency & sustainability features	Investment of 10% of SM Prime CAPEX in sustainability and disaster resilience design TCFD signatory & assessments	Adopter: Green Building Standards Champion: advocating for resiliency with UN ARISE Leader: 10% of CAPEX to resiliency
Achieve GHG management in transition to low carbon business operations	GHG Management	Climate Transition Risks - Insufficient renewable energy sources and technology	Treat: Investment in Renewable Energy Establish a group-wide GHG Management plan	PHP Investment in Renewable Energy Sources GHG Management Plan at the BU level – focused on 4 companies constituting 95% of groupwide emissions	Energy & RE plans resulting to 40% reduction by 2040 baseline 2019 Champion: participation in national carbon policies Leader: Renewable Energy in Business Investment
Operations beyond sustainability compliance	Resource & Materials Management	Increased regulatory compliance & cost of compliance Potential Carbon Tax in the Philippines	Treat: Each BU has a Sustainability Roadmap for Compliance SM Sustainability Office provides Sustainability Compliance Roadmap + Guidance Treat: Reducing our carbon footprint to minimize exposure to carbon tax beyond cap requirement per industry Setting a Group-wide Carbon Management Target	Active Engagement with Public Sector – DENR + DOST BU Level – Inventory Cost of Compliance R&D alternative materials to plastics GHG Management Plan Initiated	Follower: EPR Compliance (% plastic waste recovery): 40% by 2024; 50% by 2025; 60% by 2026; 70% by 2027; 80% by 2028 and beyond Adopter: SM Prime x GUUN Partnership for Waste to Energy DOE Compliance on Energy Efficiency & Audit 2024 Awaiting Carbon Intensity per industry in Philippine Setting
Adapt to emerging marketing & technological trends	Business Resilience	Artificial Intelligence (AI) in Sustainability	Tolerate: Impending innovation to which we must adapt	Hiring AI expert Having in-house AI training for all staff	To be determined

TCFD Progress Report

Task Force on Climate-Related Financial Disclosures

		What We Committed in the Short-Term (1-2 years)
		Our Practical Actions Taken Last Year
Governance		
	Establish priorities & formal assessment & communication processes between the Board & management on progress	Climate Action Leadership Identified at the BU Level Climate Scenario Analysis resulting in Climate Adaption plan in Business Continuity Plan (BCP) GHG Reduction Plan included in Group-wide GHG Management Plan
Strategy		
Batch 1: PGPC, Airspeed, 2GO Climate-related risks & opportunities Incorporated in Sustainability and Climate Risk management Plan 4 Climate Scenario Analysis (RCP 8.5, NDC, 2C Scenario and Net Zero Scenario) Made Group wide GHG Management Plan established Climate Action Policy Established in BU Level	Upskilling members & establishing a process to periodically assess our climate-related vulnerabilities & opportunities 	These were the main findings for the 1st batch done in 2024: PGPC: recommended to be signatory of TNFD infrastructure Airspeed: (1) International sea freight GHG hotspot (2) Explore Electric Vehicle Transition (3) Evaluation of structural upgrades to mitigate flooding (4) Assess extreme heat impact on employee safety and productivity 2GO: (1) Marine transport via Ro-Ro as GHG Hotspot (2) Sub-Committee on Climate as part of 2GO Sustainability TWG established (3) Evaluation of structural upgrades to mitigate flooding : ELISCO 1 (High risk), Navotas (Moderate risk), and Iloilo Container Yard (Moderate risk).
Risk Management		
Climate Risks Identified in Group-Wide Sustainability & Climate Risk Management: Lack of RE to transition to low carbon operations Physical risks due to increased typhoons and flooding Each Business Unit is conducting a detailed analysis of key infrastructures on a per circumference area	Document progress & incorporate scenario analysis into climate risk management plans; raise employee awareness 	PGPC: (1) Flooding Interventions: riprap construction on slopes and runoffs, spillway enhancements, debris catcher installations, regular repairs of pipe supports, canals & drainage upgrades (2) established resiliency plan as part of the business continuity plan Airspeed: (1) Partnering with companies that have low carbon advocacies & will align clients' and suppliers' sustainability roadmaps with Airspeed's (2) Consideration of warehouse structure resiliency in future facility expansion projects (3) Enhancement of its scenario-based Business Continuity Plan 2GO: (1) 2GO Shipping efficiency initiatives' implementation (2) Fuel consumption monitoring requirement for its 3rd-party truckers & motorcycles (3) Formation of Climate Subcommittee within its Sustainability TWG (4) Creation of site-specific BCP integrating the WWF- identified risks
Metrics and Targets		
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks Targets to manage climate-related risks and opportunities and performance against targets	Establish quantitative & qualitative approach to target-setting for the SM Group 	A theoretical study based on the Science Based Target initiative was presented by WWF. Following the practical approach of SM, we established the following: • GHG management plan group-wide and on a per business unit level focusing on the top 4 BUs that contribute to 95% of group-wide GHG • Operational targets to support GHG reduction at the BU Level • Operational targets to support climate adaption projects and business resiliency efforts at the business unit level

Batch 2: SM Retail, Neo and Goldilocks are in progress and will be reported next year.

Extended Producers Responsibility (RA 11898) Progress Report

The Philippine government mandated corporates to reduce its plastic use and recover its plastic packaging waste with a target of 20% by 2023 to 80% by 2028 and beyond.

INITIATIVES	PROGRESS
Compliance to RA 11898	In 2023, 20% of the total plastics from 2022 were reported and audited by the first quarter of 2024 in compliance with RA 11898. The total plastic footprint diverted included 985 MT of rigids to cover our 4,900 MT of rigid plastics and 417 MT of flexibles to cover 1,500 MT of flexible plastics footprint groupwide. SM Prime joint venture with GUUN Co. Ltd (GUUN), a waste management solutions provider that recycles waste paper and plastics into an alternative energy source called 'fluff fuel'—a type of Refuse-Derived Fuel (RDF) made from shredded and compressed plastics, papers, and fibers. SMIC hosted the PlasTIK Expo with DOST in October 2024, showcasing government-funded research and innovations on plastic alternatives. SMIC signed an MOU with the DOST which emphasized the collaboration between DOST-funded materials, recycling, climate initiatives and plastics certification for the SM Group. EPR Internal Audit for 2023 has also been completed. Guidelines & EPR Manual have been updated to include some key audit observations: - all product donations, giveaways & promo materials must be included in EPR data - assignment of clear roles for data management in the EPR consolidation tool & implementation of stronger access controls.

Energy Management

Energy management is a critical component of SM Investments' sustainability strategy, focusing on cost optimization, energy efficiency, and decarbonization. Through strategic initiatives, including compliance with RA 11285 (Energy Efficiency and Conservation Act) and the establishment of the Energy Working Group, SM Investments is committed to improving energy efficiency, maximizing economies of scale, and accelerating the adoption of renewable energy.

INITIATIVES	PROGRESS
Working Group on Energy	Established an SM Sub-Committee on Energy Management focusing on evaluating our RE projects, identifying synergies and collaborative opportunities, and maximizing economies of scale responsible for developing strategies, roadmap and targets.
Compliance to RA 11285	SM Investments has substantially increased its capacity to manage energy-related initiatives by expanding its pool of certified experts. The group includes:  19 Certified Energy Managers (CEM)  5 Certified Energy Auditors (CEA)  15 additional staff currently in training Sustainability staff are also a shared resource for conducting energy audits, complementing the existing five DOE-certified auditors. Five energy audits have been conducted in 2024. These initial assessments focus on identifying significant energy use in facilities and uncovering opportunities for cost-saving measures. In one facility – 2GO Asinan – conservation efforts are ongoing as recent audit showed that 5% reduction in kilowatt-hour per square meter usage can yield nearly PHP300K in annual savings. Increased conservation measures could result in greater cost reductions over time.



METRICS & TARGETS:

Managing What We Measure

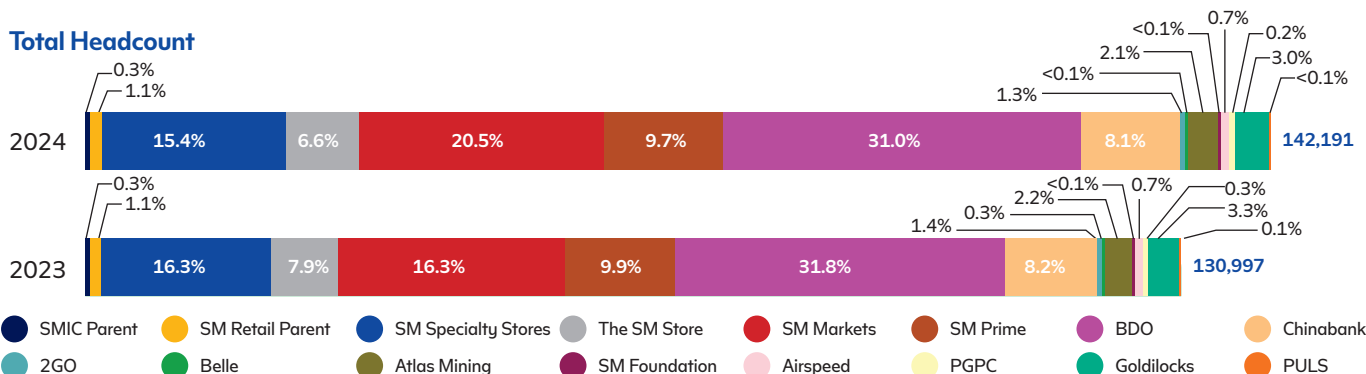
At SM, we realized that practical solutions bring about meaningful impact.



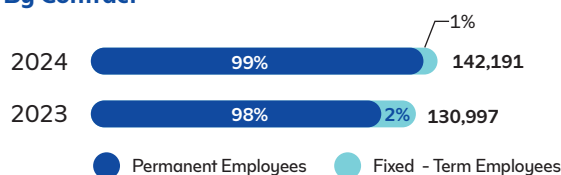
Social Sustainability Data

We are an equal opportunity provider, upholding the culture of meritocracy and women empowerment.

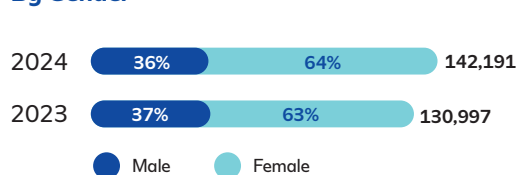
Total Headcount



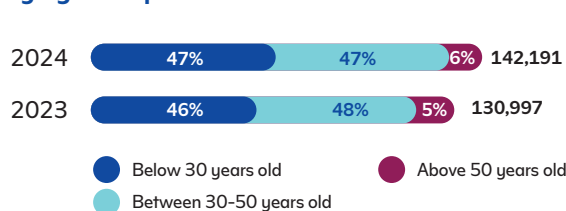
By Contract



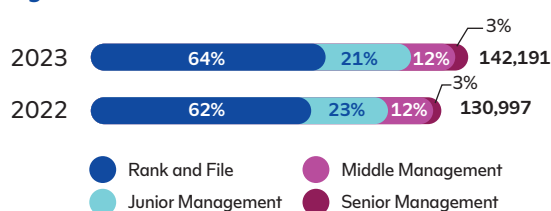
By Gender



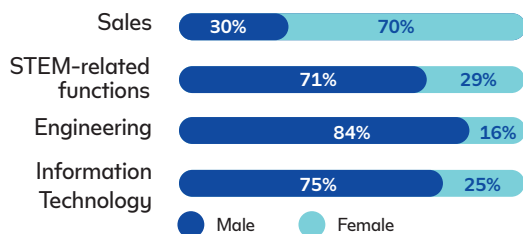
By Age Group



By Level

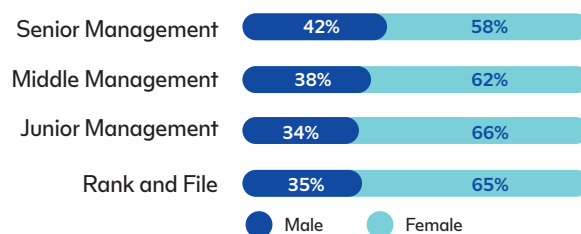


By Job Function and Gender (2024)



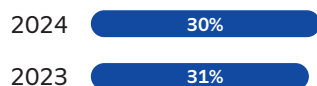
STEM-related functions only include Engineering and Information Technology

By Level and Gender (2024)



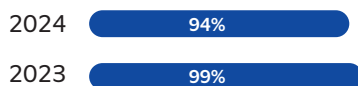
Hiring Rate

Refers to the percentage of new hires relative to the total permanent employees.



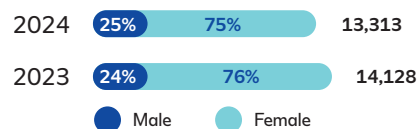
Appraisal Rate

Refers to the percentage of employees who received an appraisal relative to the total employees eligible for appraisal.



Promotion by Gender

Refers to the number of employees who were promoted



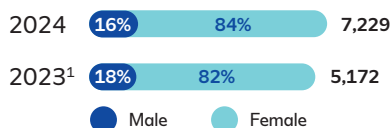
Employees Covered by Collective Bargaining Agreement

Refers to the percentage of employees covered by collective bargaining agreement relative to the total headcount.



Employees who availed Parental Leaves by Gender

Refers to the number of employees who availed parental leaves



Employee Training Hours

in million hours

Refers to the number of employee training hours



¹Restated 2023 due to corrected data from business units

Environmental Sustainability Data



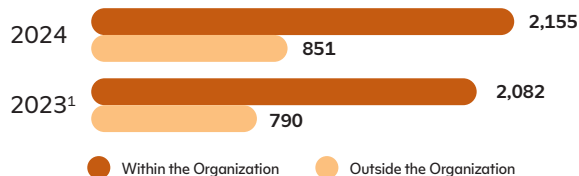
To view the full data disclosure, please scan here

In all our developments and business operations, we minimize our environmental impact and promote circularity whenever possible.

Energy

Electricity Consumption

in million kWh



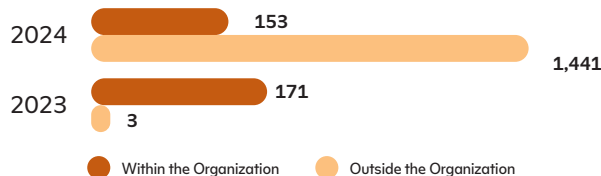
Within the Organization - Refers to fuel and electricity consumed by the Group for our own operations, including energy used for production, heating, lighting, and transportation. Outside the Organization - Refers to fuel and electricity consumed by our tenants and contractors as a result of our activities.

In 2024, the total electricity consumption within our organization increased by 3% compared to 2023, driven by operational growth. To minimize our carbon footprint, we are transitioning to renewable energy sources for our electricity consumption. This includes the installation of solar panels, harnessing energy from geothermal steam fields, and procuring renewable energy through Power Purchase Agreements (PPAs). Consequently, 23% of the total electricity consumption within our organization in 2024 was from renewable energy sources.

We also accounted for the electricity consumption outside our organization. In 2024, the total electricity consumption of our tenants increased by 8% compared to 2023.

Fuel Consumption

in million liters



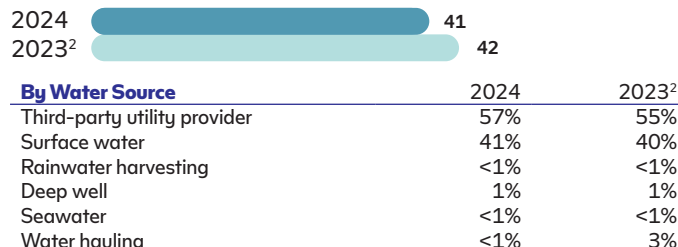
The total fuel consumption within the organization decreased by 11% in 2024 compared to 2023. Although there is an increase in the fuel consumption in generator sets, transport vehicles, other heavy equipment and shipping fuel, there is a significant decrease in the reported LPG consumption in malls. This was brought about by the improved data collection in SM Malls. Further details of the fuel consumption breakdown can be found in SM Investments Corporation 2024 Sustainability Notes & Indices, page 60.

In 2024, the total fuel consumption outside our organization increased significantly compared to 2023 primarily due to improvements in data collection methodologies that enhanced the accuracy of fuel consumption tracking in our mall tenants.

Water

Water Withdrawal

in million cubic meters



The primary sources of our water withdrawal are from third-party utility providers and surface water. In 2024, our total water withdrawal decreased by 4% in 2024 compared to 2023.

Water Recycled

in million cubic meters

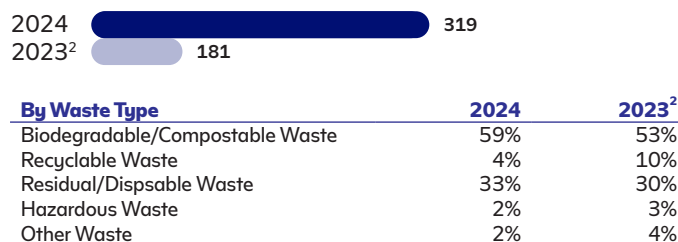


Water recycling and reuse play a crucial role in our sustainability efforts. In 2024, we increased our recycled water by 10% compared to 2023, reaching a water recycling rate of 39%. This aligns with our annual water recycling rate between 35% and 40%.

Waste

Waste Generated

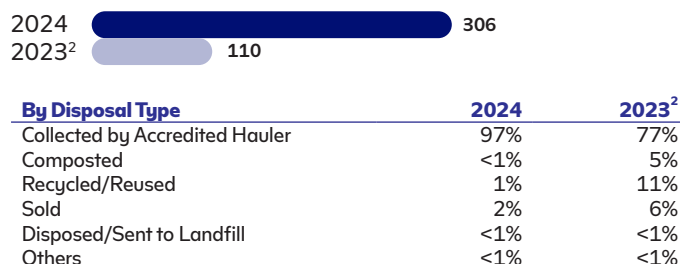
in million kilograms



In 2024, we reported a 76% increase in our generated waste compared to 2023. This was due to improved waste monitoring and additional facilities reporting waste data.

Waste Disposal

in million kilograms



We continue to improve our recovery efforts and aim to minimize the amount of waste sent to landfills. The total waste collected and properly disposed of by accredited haulers was 97% in 2024.

¹Restated 2023 data due to corrected data from business units and re-classification of the sources of electricity.

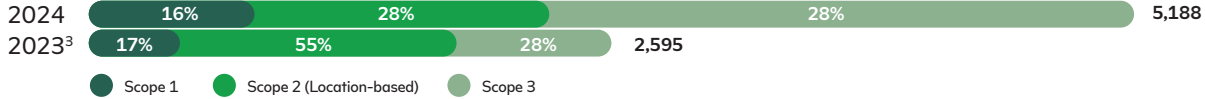
²Restated 2023 data due to corrected data from business units.

Climate-Related Adaptation and Mitigation Data

GHG Emissions

Total GHG Emissions MTCO₂e in '000

Includes Scope 1 Emissions, Scope 2 Emissions (Location-based) and Scope 3 Emissions.



Our total groupwide GHG emissions doubled in 2024, increasing by 100% from 2,595,378.76 MTCO₂e to 5,188,408.55 MTCO₂e. Scope 1 emissions rose by 86%, Scope 2 emissions increased slightly by 2%, and Scope 3 emissions saw a significant rise compared to 2023. The notable increases in Scope 1 and Scope 3 emissions were primarily due to improved data reporting, particularly on refrigerant usage in SM Malls and LPG consumption by its tenants.

Scope 1 Emissions MTCO₂e in '000

Direct emissions from the use of fuel and chemicals in facilities and vehicles that are fully owned and controlled by the Group, including generator sets, transport vehicles, and fugitive emissions from refrigerants



Scope 1 emissions in 2024 increased by 86% compared to 2023, primarily due to a significant rise in fugitive emissions from refrigerant use in SM Malls, which accounted for 45% of total Scope 1 emissions.

Other sources of Scope 1 emissions included stationary and mobile combustion from the use of generator sets, transport vehicles (including ships), and other heavy equipment in business unit operations.

By Business in MTCO₂e

	2024	2023 ³
Total Scope 1 Emissions	821,867.22	441,689.81
Retail	5,031.81	3,753.46
Property	343,209.30	105,651.57
Banking	5,042.51	3,598.38
Portfolio Investments	468,583.60	328,686.40

By Activity in MTCO₂e

	2024	2023
Total Scope 1 Emissions	821,867.22	441,689.81
Stationary Combustion Emissions	19,158.69	102,229.10
Mobile Combustion Emissions	434,771.51	327,162.34
Transport Vehicles and Other Equipment	179,479.91	154,259.79
Shipping	255,291.60	172,902.54
Fugitive Emissions	367,937.01	12,298.37

Scope 2 Emissions MTCO₂e in '000

Indirect emissions from the use of electricity in facilities that are fully owned and controlled by the Group.

Location-based



Our total Scope 2 emissions in 2024 slightly increased by 2% using the location-based method, which reflects the average grid emissions in the areas where we operate. Meanwhile, our market-based emissions were 1,143,449.00 MTCO₂e, accounting for our renewable energy purchases. SM Prime was the largest contributor to our total Scope 2 emissions.

By Business in MTCO₂e

	2024	2023 ⁴
Total Scope 2 Emissions Location-based	1,450,493.83	1,417,978.24
Retail	305,749.60	318,789.24
Property	748,799.76	692,856.37
Banking	61,179.65	83,310.57
Portfolio Investments	334,764.82	323,021.69

Scope 3 Emissions MTCO₂e in '000

Other indirect emissions from activities of the Group not included in Scope 1 or Scope 2, including purchased goods and services, capital goods, waste generated in operations, upstream leased assets and downstream leased assets.



In 2024, our total Scope 3 emissions increased significantly compared to 2023. The largest source of our total Scope 3 emissions was the downstream leased assets from SM Malls' tenants' consumption of LPG, which were not reported under Scope 1.

By Category in MTCO₂e

	2024	2023 ⁴
Total Scope 3 Emissions	2,916,043.51	735,710.71
Purchased Goods and Services	3,265.35	4,528.88
Capital Goods	nil	182,410.71
Waste Generated in Operations	406.33	457.62
Upstream Leased Assets	31,397.84	7,783.96
Downstream Leased Assets	2,880,898.55	540,529.53

Our Scope 1, 2 and 3 emissions are consolidated following the operational control approach of the GHG Protocol. Moreover, GHG emissions were computed using the GHG Protocol's Emission Factors from Cross Sector Tool (March 2024) and Global Warming Potential Values (AR6), the 2019–2021 National Grid Emission Factors provided by DOE, the 2022 Grid Electricity Emission Factors provided by Carbon Footprint, the IGES List of Grid Emission Factors (October 2024) and the EPA's GHG Emission Factors Hub.

³Restated 2023 due to updated emission factors and corrected data from business units.

⁴Restated 2023 due to updated emission factors, corrected data from business units and re-classification of the sources of electricity.

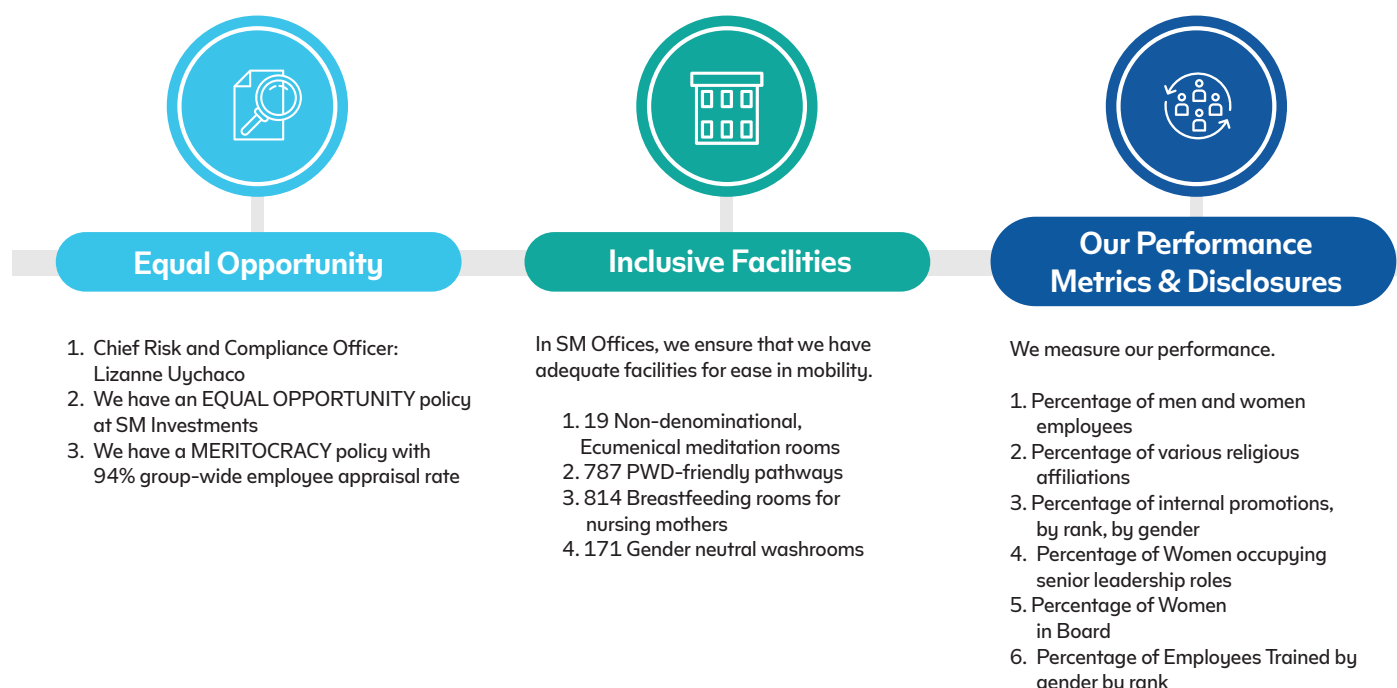
UN Global Compact (UNGC) Report

As a signatory of the UNGC, we monitor our progress aligned with the UN Principles and the UNSDGs. We established an over-arching Sustainability Policy supported by a Sustainability Management System.

UN Principles	SM Policies and Guidelines	Progress
Principles 1-2 Human Rights	Human Rights Policy Stakeholder Engagement Policy Equal Opportunity Policy	No recorded violations of human rights in the parent company
Principles 3-6 Labor Rights	Human Rights Policy Child Labor Policy Freedom of Association and Speech Policy Forced Labor and Human Trafficking Policy Operational Health & Safety Policy Anti-Discrimination and Harassment Policy	No recorded violations of labor rights in the parent company 20% of employees are covered by collective bargaining agreement No recorded incidents of anti-discrimination and harassment in the parent company
Principles 7-9 Environment	Sustainable Supply Chain Policy Environmental Protection Policy Climate Action Policy Resource Management Policy	22% of electricity consumption within the organization are from renewable energy sources 40% EPR Compliance
Principle 10 Anti-Corruption & Good Governance	Anti-Bribery and Anti-Corruption Policy Sustainability and Climate Risk Management Policy	No recorded incidents of bribery and corruption in the parent company

UN Women Empowerment Principles Progress Report

We were awarded by the UN Women Empowerment Principles for Transparency & Reporting.



UN Sustainable Development Goals Progress

Focus SDG	Program or Initiative	2024	2023	2022
8 DECENT WORK AND ECONOMIC GROWTH 	Employee wages and benefits	PHP40 billion	PHP35.7 billion	PHP30.9 billion
	BDO and Chinabank outstanding SME/MSME loans granted	PHP72 billion	PHP69.3 billion	PHP62.72 billion
	% of Mall tenants that are MSMEs	68%	67%	68%
	Partner agents under BDO's Cash Agad	12,163	9,764	10,429
11 SUSTAINABLE CITIES AND COMMUNITIES 	CapEx allocated that incorporate disaster-resilient features	10%	10%	10%
	SM Malls certified with Business Continuity Management System (ISO 22301) to date	79	77	75
	Gold-Certified LEED Buildings	7	7	6 Certified 1 Pre-certified
	Malls with water catchment facilities to date	41	25	23
13 CLIMATE ACTION 	Mangroves protected	24 ha	24ha	24ha
	Marine protected areas	3	3	3
	Capacity of solar panels installed in SM Supermalls	51.6 MWp	23.26MWp	12.67MWp
	Renewable energy projects funded by BDO	63	59	58
	Recycled water	15.7 million m³	14.32 million m³	30 million m³
4 QUALITY EDUCATION 	College, high school, technical vocational scholars supported by SM Group to date	16,036	12,292	11,750
	Schools built and refurbished by SM Group to date	2,850	339	311
	Scholar graduates supported by SM Group to date	11,754	10,534	10,000
3 GOOD HEALTH AND WELL-BEING 	Medical missions conducted to date	1,730	1,640*	1,580*
	Number of rehabilitated public health and medical facilities to date	415	372	317
17 PARTNERSHIPS FOR THE GOALS 	Payments to government	PHP30 billion	PHP27 billion	PHP22.7 billion
	Loans disbursed by BDO to date for national projects, airports and road networks	PHP192 billion	PHP122.3 billion	PHP56.7 billion

*Corrected data

About this Report: Navigating through our Disclosures

Growth with Purpose is SM Investments Corporation’s 2024 Sustainability Report covering the period of January – December 2024. This report is published in conjunction with the SM Investments 2024 Integrated Report, which together, provide a holistic view of our company’s approach to building sustainable businesses that are catalysts for responsible development in the communities we serve.

We take a dual materiality approach in our sustainability strategy. As such, **this report is aligned to the International Financial Reporting Standards (IFRS) S1 and S2 and is in accordance with the Global Reporting Initiative (GRI)**. Whenever possible, we have aligned with the Sustainable Accounting Standards Board (SASB) Industry-specific disclosures and the European Sustainability Reporting Standards Board (ESRS) disclosures. Downloadable detailed indices are available through the QR codes below.

Additionally, this report includes our reporting on the United Nations Sustainable Development Goals (SDGs), the UN Global Compact, and the Women’s Empowerment Principles, reinforcing our commitment to global sustainability initiatives.

This report has been prepared to the extent possible this year, applying the IFRS Sustainability Disclosure Standards S1 General Requirements for Disclosure of Sustainability-related Financial Information (S1), and IFRS S2 Climate-related Disclosures (S2). The S1 and S2 disclosures that have been omitted are described in the detailed IFRS downloadable index, along with the reasons why they have not been reported at this time. The Company intends to include these disclosures after we have further refined our control systems and processes for sustainability disclosure.

This report is reviewed by the Corporate Governance and Sustainability Committee and the Executive Committee, who authorize its publication.

Signed by:


Amando Tetangco, Jr.
Chairman/Independent Director



The Report has been externally reviewed considering the key requirements of IFRS S1 and S2 and, based on the engagement undertaken, no significant issues have been identified that would suggest any non-alignment with these standards.

We recognize the different reporting standards and guidelines globally. Our report is written to serve the needs of our primary user – our capital providers – as well as to communicate to our stakeholders our contribution to social well-being and environmental stewardship. We adhered to the following global reporting standards:

Standard	Download Using Index Link
International Financial Reporting Standards S1 General requirements for Disclosure of Sustainability-Related Financial Information	
International Financial Reporting Standards S2 Climate-related Disclosures	
Global Reporting Initiative Index	
Relevant Industry-Specific Sustainability Accounting Standards Board Content Index	
European Sustainability Reporting Standards Index (Aligned to IFRS S2)	

Corporate Information

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Stockholder Inquiries

SM Investments Corporation's common stock is listed and traded in the Philippine Stock Exchange under the symbol 'SM'. Inquiries regarding dividend payments, account status, address change, stock certificate and other pertinent matters may be addressed to the company's transfer agent:

BDO Unibank, Inc

Trust and Investments Group – Securities Services (Stock Transfer)

46th Floor, BDO corporate Center Ortigas, East Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City
Trunk Line: 8840-7000 local 57050
Direct Line: 8878-4961
E-mail: bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries

Inquiries regarding SM Investments Corporation's sustainability programs, the Integrated Report or this Sustainability Report may be addressed to: ir@sminvestments.com or sustainability@sminvestments.com



This Integrated Report is printed on Master Smooth, an FSC-certified paper. This certification shows that the paper has met the mark of responsible forestry, assuring that the fiber used in the paper comes from well-managed forests and responsible sources.

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