

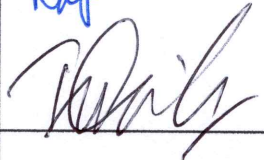




**POLICIES AND PROCEDURES****CLIMATE ACTION POLICY**Document No.
E.SUS-GRC 001Version No.
1.0Effective Date
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1 of 3**Document Approval**

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	POLICIES AND PROCEDURES			
	CLIMATE ACTION POLICY			
	Document No. E.SUS-GRC 001	Version No. 1.0	Effective Date December 31, 2024	Page 2 of 3

1.0 OBJECTIVE

This **Climate Action Policy Statement** is part of SM's Sustainability Management System to ensure the full practice of the Sustainability Policy. It aims to provide implementing guidelines on how the Company addresses the impact of climate change.

2.0 OUR CLIMATE ACTION POLICY STATEMENT

SM Retail (SMRI), as a subsidiary of SM Investments Corporation (SMIC), envisions to be a catalyst for responsible development in the communities it serves. To realize this, SMRI shall develop a climate action plan according to the Company's material business needs and our Philippine context, incorporating both mitigation and adaptation in its approach.

3.0 OUR COMMITMENT and INITIATIVES

SMRI's Climate Action Policy is aligned to the Commitments stated in the SMIC Climate Action Policy.

1. Alignment with Global Frameworks

We support global frameworks in developing a holistic approach to climate action for the company; this includes the Task Force for Climate Related Financial Disclosures and the International Sustainability Standards Board 2, which is focused on climate risks and opportunities. Appreciating the non-prescriptive nature of both frameworks, we shall do our share to fulfill the country's commitment to the Paris Agreement limiting increase of temperature to 2.5C.

2. Mitigation of Impacts

We shall employ strategies and actions towards carbon management, measuring and reporting our comprehensive carbon footprint and our mitigation approaches as technology and practical opportunities allow. We will use a science-based approach to understanding and addressing our unique physical and transition risks.

3. Adaptation for Resiliency


We give critical importance to climate resiliency with the Philippines being one of the smallest contributors to greenhouse gas emissions yet one of the most impacted by the effects of climate change. To ensure business resiliency, we shall utilize scenario analysis for the creation of Climate Adaptation Plans incorporated in the Business Resiliency Plans.

4. Promote Just Transition Low Carbon Economies

Whenever possible, we shall employ the use of renewable energy sources and provide funding or invest in technologies or businesses that support a just transition to low carbon economies.

5. Greenhouse Gas Emissions Data Reporting

We measure our efforts and impact in carbon management by providing timely, accurate, and balanced reporting to all our stakeholders, averting any form of green washing or green hushing.

	POLICIES AND PROCEDURES			
	CLIMATE ACTION POLICY			
	Document No. E.SUS-GRC 001	Version No. 1.0	Effective Date December 31, 2024	Page 3 of 3

This policy is part of the SMRI Sustainability Management System to ensure the full realization of the SM Sustainability Policy and shall be regularly reviewed and updated as necessary.