



POLICIES AND PROCEDURES

HUMAN RIGHTS POLICY

Document No.

S. SUS-SMRI 001

Version No.

1.0



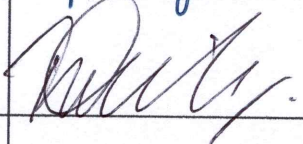
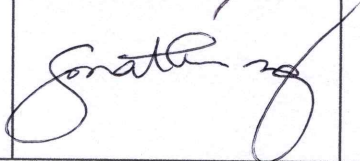
Effective Date


December 31, 2024

Page

1 of 5

Document Approval

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	POLICIES AND PROCEDURES			
	HUMAN RIGHTS POLICY			
	Document No. S. SUS-SMRI 001	Version No. 1.0	Effective Date December 31, 2024	Page 2 of 5

1.0 POLICY STATEMENTS

Respect for human rights is an essential value of SM Retail, Inc. (SMRI), a subsidiary of SM Investments Corporation (SMIC). We make every effort to respect and promote human rights in accordance with the 1987 Philippine Constitution, United Nation's International Bill of Human Rights and Guiding Principles on Business and Human Rights, International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights.

SMIC's Human Rights Policy aligns with our Code of Business Ethics, and Environmental policies covering diversity, environment, health and safety, and employee relations. We are committed to the principles that all persons should be treated with respect.

2.0 OBJECTIVES

To promote and ensure that the constitutional fundamental rights of all individuals are protected and respected without discrimination.

To ensure that all business partners and employees of SMRI are aware that harassment and discrimination are unacceptable practices and do not reflect our company's core values.

3.0 COVERAGE

We view the following constituents as stakeholders in our Human Rights Policy, among others: shareholders, employees (whether probationary or regulars), communities, contractors, subcontractors, vendors/suppliers and their respective employees.


4.0 VARIOUS ASPECTS ON HUMAN RIGHTS

4.1 Workplace Safety

SMRI is fully committed in providing workplaces that are safe and conducive to all our employees. Our policy is to provide a safe and healthy workplace that complies with applicable environmental, safety and health laws and regulations. We work to provide, maintain and implement workplace safety plans and programs and the corresponding preventive measures for a safe, healthy, and productive workplace, in consultation with our employees and medical professionals; and addressing and remediating identified risks of accidents, injury, and any health impacts.

4.2 Workplace Security

SMRI ensures that all employees are safe and productive by providing a secure workplace with 24/7 security personnel and a mobile ambulatory service with medical specialists. SMRI provides reporting procedures that define the responsibilities of employees in reporting potential security threats, awareness of emergency exits, protocols for employee access to company premises, suspicious activities, accidents, or incidents, including designated reporting channels and contact information.

	POLICIES AND PROCEDURES			
	HUMAN RIGHTS POLICY			
	Document No. S. SUS-SMRI 001	Version No. 1.0	Effective Date December 31, 2024	Page 3 of 5

4.3 Working Hours, Compensation and Benefits

SMRI compensates our employees competitively and fairly aligning with industry standards. SMRI ensures full compliance with general labor standards in relation to employment regulations set by the Labor Code of the Philippines, including aspects like minimum wage, working hours, rest days, overtime pay, holiday pay, 13th month pay, and other mandatory benefits, ensuring fair treatment and appropriate working conditions for the employees as mandated by law. This enables the Company to attract and retain high potential talents and keep them happy, motivated, and engaged at work.

All employees are given equal opportunity for growth and career advancement. Compensation is based on meritocracy where an employee's pay is based on the attainment of respective KPI metrics as part of the yearly performance review where the individual's contributions and appropriate compensation levels are being assessed.

4.4 Child Labor

SMRI will not employ child labor, consistent with the provisions of the Labor Code of the Philippines and applicable Philippine laws.

4.5 Freedom of Speech and Association

We promote open communication and forums that allow our employees to bring concerns, suggestions, and ideas forward to produce and facilitate improved methods and efficiencies.

4.6 Forced Labor and Human Trafficking


SMRI will not use slavery or involuntary labor, whether bonded, prison, military, compulsory labor, including debt servitude or human trafficking with respect to any aspect of its operations.

4.7 Discrimination and Harassment

SMRI believes that every employee has the right to be treated fairly and deserves a comfortable and safe working environment. As such, it prohibits discrimination based on age, race, color, religion, sex, nationality, marital status, disability, citizenship, sexual orientation, gender identity or expression, or other-protected characteristic.

Everyone has the right to work without fear or intimidation. SMRI does not accept abusive conduct or harassment – a policy made clear from the first day of employees' orientation.

Employees are expected to report situations that compromise their ability to do their jobs. Formal channels are available for employees who seek advice or a solution, and our policies strictly prohibit

	POLICIES AND PROCEDURES			
	HUMAN RIGHTS POLICY			
	Document No. S. SUS-SMRI 001	Version No. 1.0	Effective Date December 31, 2024	Page 4 of 5

retaliation against employees who express concerns. We manage our business operations so that employees feel they are being treated fairly and respectfully.

Please see separate Policy on Anti-Discrimination and Anti-Sexual Harassment.

4.8 Diversity and Inclusion


SMRI is committed to be a high-performing organization built on the foundation of a diverse and inclusive workforce, with individuals and teams working to blend a wide range of talents, preferences, and perspectives in pursuit of shared purposes. Employees are expected to be engaged in open and honest dialogue and be tolerant of others' differences.

4.9 Community and Stakeholders Engagement

SMRI is committed to associating with stakeholders who share our values of integrity, fairness, honesty, and respect for all individuals. Where appropriate, we engage with our communities on human rights matters that are important to them. Our aim is to ensure, through dialogue, that we are listening to, learning from, and considering their views as we conduct our business.

5. PROCEDURES

- 5.1 Employees can report incidents or complaints of workplace violation of the above policies verbally or in writing to the Head of Human Resource Department (HRD). SMRI observes both the procedural and substantive types of due process and the twin-notice rule and procedural requirements whenever there is a reported violation of the Code of Conduct.

	POLICIES AND PROCEDURES			
	HUMAN RIGHTS POLICY			
	Document No. S. SUS-SMRI 001	Version No. 1.0	Effective Date December 31, 2024	Page 5 of 5

5.2 An incident or a complaint of workplace violation should be reported as soon as possible after experiencing or witnessing an incident. Head of HRD should be immediately notified so that corresponding due process will be observed in processing the workplace violation in a timely manner:

- a. **Notice of Violation (NOV)** or Notice to Explain (NTE) is issued within 48 hours upon discovery, commission of an offense. This contains the following:
 - ✓ Name, position, and contact information, if known, of the alleged violator
 - ✓ Details of the incident, including date, frequency, location, and any supporting documents relevant to the violation or complaint.
 - ✓ List of any documents that a witness, another person, or the alleged violator may have in their possession that are relevant to the complaint.
- b. **Reasonable period:** An employee is given a reasonable period of at least five (5) calendar days (which is equivalent to 120 hours) from receipt of the NOV or NTE to provide an employee an opportunity to study the accusation, consult or be represented by a counsel of employee's choice or representative, gather data and evidence, and decide on the defenses against the complaint. (Reference: DO 147-15).
- c. **Opportunity to be Heard:** The employee is given the opportunity to respond to the NOV/NTE and present his side. This could be done through a written explanation or a meeting.
- d. **Notice of Conference (NOC):** The NOC is issued to the concerned employee at least three (3) days before the scheduled conference. The NOC contains the date, time and venue of the administrative conference regarding the violation/s which the employee committed.
- e. **Notice of Decision:** After the employee's explanation, the Company issues a formal decision regarding the case. The decision is based on the evidence and the employee's response (thru written explanation and testimony during the administrative conference). Said decision is to be served not later than six (6) working days after the decision was made.
- f. **Violation with Preventive Suspension:** This is a temporary measure imposed by the Company when an employee is under investigation for a serious offense whose continued employment poses a serious and imminent threat to the life or property of the employer or co-workers. This ensures that the employee does not influence witnesses or tamper with evidence during an internal investigation. Thus, resolution of the case should not exceed 30 calendar days.

5.3 All incidents or complaints of violations shall be kept confidential to the extent necessary to protect the employees, to investigate the complaint or incident, to take corrective action, or as may be required by law.

These policy statements and policies are 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.