



POLICIES AND PROCEDURES

SUSTAINABILITY AND CLIMATE RISK MANAGEMENT POLICY




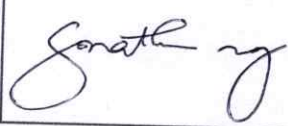
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Document Approval

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1.0 OBJECTIVE

This **Sustainability and Climate Risk Management Policy** 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 mitigates and averts sustainability-related and climate-related risks and turn relevant material issues to opportunities.

2.0 OUR SUSTAINABILITY AND CLIMATE RISK MANAGEMENT POLICY

SM Retail, Inc. (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 assess its Sustainability and Climate Risk Management and keep an active register of its mitigation approaches and opportunistic initiatives, allowing SM to thrive above physical and transition risks and changing landscapes.

3.0 OUR COMMITMENT and INITIATIVES

SMRI's respective Sustainability and Climate Risk Management Policy and Framework is aligned to the Commitments stated in the SMIC Sustainability and Climate Risk Management policy.

1. Adoption of Global Standards


We adopt and adhere to globally accepted standards for Risk Management such as ISO 31000, COSO WBCSD Risk Management Framework, and other accepted frameworks in designing the Company's Sustainability and Climate Risk Management System; incorporating both internal and external risks and opportunities, providing a balanced representation of the Company's sustainability-related and climate-related risks and opportunities. We shall also encourage our business partners and suppliers to adhere to similar principles as much as possible.

2. Holistic Approach to Enterprise Risk Management

We incorporate the Company's Sustainability and Climate Risk Management to its holistic Enterprise Risk Management, applying a singular and cohesive approach to both Sustainability and Climate Risk Management and Enterprise Risk Management; employing a holistic implementation of the Sustainability and Climate Risk Management across departments. We shall regularly identify and assess potential sustainability-related and climate-related risks associated with our business activities. This includes but is not limited to environmental impact, social responsibility, human rights, labor practices, and corporate governance.

3. Board Level Oversight

We assign the Corporate Governance and Sustainability Committee of the Board to oversee all sustainability-related and climate-related risk and opportunities management, conducting regular meetings and progress reports.

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4. Officer in-Charge for Sustainability and Climate Risk Management

The Chief Risk and Compliance Officer is responsible for overseeing the development, implementation and assessment of the Sustainability and Climate Risk Management done in partnership with the SM Sustainability Office. The Head of the SM Sustainability Office is designated to directly oversee the implementation and continuous assessment of the Sustainability and Climate Risk Management as incorporated in the respective sustainability roadmaps of the SM group and each business unit.

5. Regular Assessment

The SM Sustainability and Climate Risk Management framework is a live document that is adjusted and updated following regular assessments conducted by both the SM Sustainability Office and Risk Management Office; assessing risk levels, response levels, targets and solutions as implemented accordingly. We are committed to the continuous improvement of our sustainability-related and climate-related performance. We shall regularly review and update our Sustainability and Climate Risk Management Policy, setting measurable targets and objectives to enhance our practices.

6. Training and Awareness

Employees will receive training to increase awareness of sustainability-related and climate-related issues relevant to their roles and the organization. We believe that continuous training will empower our employees and stakeholders to contribute to the successful implementation of this Sustainability and Climate Risk Management Policy.

This policy is part of the SM Enterprise Risk and Sustainability Management System to ensure the full realization of the SM Sustainability Policy. This will be reviewed annually and revised as necessary to reflect the changes in our business, industry, and regulatory environment.