SM INVESTMENTS


# 20 Years of **Driving Progress**

2025 Sustainability Report

# WE ARE


Teamwork
Drive and Enthusiasm
2GO
2GO EXPRESS
2GO EXPRESS
SMSTORE
BDO


Entrepreneurship
Leadership
Integrity
Happy to Serve
CITY STO. TOMAS
MALL OF ASIA
Green Finds

# Our **Vision**

*What makes SM's ecosystem unique?*
We drive sustainable growth by linking our businesses. Our Integrated Property Developments act as economic and social hubs—creating jobs, supporting local businesses and driving inclusive growth.

*What makes our business sustainable?*
We plan for the long-term, factoring in climate and other environmental risks, as well as the needs of the many stakeholders who support our growth.

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

*What does responsible development mean to us?*
We focus on the United Nations Sustainable Development Goals (SDG) (particularly SDGs 3, 4, 8, 11 and 13) — areas where we can reduce risks and make the most impact.

*Who are the communities we serve?*
We touch the lives of millions of Filipinos every day — providing excellent service to our customers and creating opportunities for our employees, partners, Micro, Small, and Medium Enterprises (MSMEs) and host communities.

# Our **Mission**

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** and **deliver sustainable returns to our shareholders**, at all times upholding **the highest standards of corporate governance** and **environmental stewardship** in all our businesses.

***What is our commitment to our customers?***
We listen, meet and anticipate their ever-evolving needs, deliver innovative products and services to improve everyday life.

***How do we support Filipino talent and our people?***
We support inclusivity and equal opportunity, helping people build long-term careers while helping them achieve their personal goals.

***What does upholding the highest standards of corporate governance mean?***
We uphold strong governance through clear oversight, ethical leadership, robust risk management and transparent reporting aligned with global sustainability standards.

***What drives our sustained performance?***
Our diverse group provides financial strength from regular cash flows and a strong balance sheet. We manage our financial resources prudently, with the interests of all stakeholders in mind including providers of capital.

***How do we live in harmony with nature?***
We begin by helping our people see the impact of every decision — cutting emissions, promoting circular materials, building climate resilience and restoring natural habitats.

# Leading with Principled Progress

Through the eyes of Amando M. Tetangco, Jr., Chairman of the Board

**How has sustainability shaped SM's growth and development over the past two decades?**

Since listing on the Philippine Stock Exchange in 2005, SM has grown into one of the largest conglomerates in the country, with a complex business ecosystem and a broad range of stakeholders. This growth comes with responsibilities that we take seriously.

As we expanded our core businesses in retail, property and banking, and entered adjacent areas such as logistics and renewable energy investments, we became more closely connected to the communities we serve. With this comes a broader role — not only to grow, but to create value, manage resources responsibly and contribute to long-term development.

Over time, we recognized the importance of greater transparency in how we operate. We began publishing Environmental, Social and Governance (ESG) disclosures over a decade ago and have since continued to strengthen our reporting. Our approach has been to stay ahead of evolving local requirements while benchmarking against established international standards.

We have learned that responsible practices support resilience and long-term decision-making. They also position us to contribute meaningfully to addressing broader sustainability challenges, including climate change, resource management and social inclusion. These are no longer separate from the business; they are integral to how we think about long-term value.

**How have evolving stakeholder expectations and external developments influenced SM's sustainability approach?**

The external landscape has evolved significantly since we began our sustainability journey, with clearer expectations from investors, regulators and other stakeholders.

There is now greater emphasis on transparency and accountability in how companies manage environmental and social risks. Sustainability has become an important factor in how businesses are assessed and trusted.

In response, we have aligned our disclosures with emerging global frameworks, including the International Financial Reporting Standards (IFRS) Sustainability Standards, while continuing to anchor our efforts on the United

Nations Sustainable Development Goals (SDGs), particularly **SDG 3 (Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action).**

We also engage with regulators, industry groups and partners, recognizing that meaningful progress requires collaboration.

### What are SM Group's key sustainability priorities and focus areas?

Given the diversity of our businesses, our priorities are broad but focused on areas where each business and the Group as a whole, can have the most meaningful impact.

Each business develops sustainability initiatives relevant to its sector. Our banking businesses support financial inclusion and the financing of development, including renewable energy projects. SM Retail focuses on plastics reduction and more sustainable product choices. SM Prime advances efforts in carbon management, as well as waste and water efficiency. Meanwhile, SM Foundation supports healthcare, education and community development.

Across the Group, we continue to address climate-related risks, strengthen resilience, improve resource management and promote inclusive employment practices.

We also recognize our role in supporting inclusive growth — through job creation, support for MSMEs, expanded access to financial services and continued investment in communities.

### How do leadership and governance structures support SM's long-term sustainability strategy?

Strong governance supports a disciplined and consistent approach to sustainability across the Group.

Oversight is exercised at the Board level through established governance processes that integrate environmental and social considerations into strategy and risk management. This is supported by Group-level coordination mechanisms and dedicated teams that help implement initiatives and monitor progress across our businesses.

This approach ensures that sustainability considerations are regularly reviewed, aligned with business decisions and incorporated alongside financial and operational risks. It also helps clarify accountability and supports more informed decision-making over the long term.

### How will sustainability influence SM's strategy and growth trajectory moving forward?

Looking ahead, our focus remains clear: to continue growing the business while supporting the communities we serve.

As the economy expands, demand for housing, retail space and financial services is expected to increase. Our responsibility is to meet this demand in a manner that is both responsible and resilient.

We will continue to develop well-planned communities, support entrepreneurs and expand access to essential services. At the same time, we are strengthening how we measure progress, with clearer targets related to emissions, resource use and social impact.

We are encouraged by the progress made so far in embedding sustainability more firmly into our operations, while recognizing that further work remains.

Our integrated model positions us to continue creating long-term value for our stakeholders.

# Making Purpose Work

Through the eyes of Frederic C. DyBuncio, President and Chief Executive Officer

**What were SM's most significant sustainability accomplishments in 2025?**

In 2025, we scaled our sustainability efforts across the Group, expanding key programs while delivering more measurable results.

We strengthened our environmental initiatives, particularly in renewable energy, energy efficiency, water management and waste systems. We also made progress in sustainability reporting, aligning with IFRS Sustainability Standards ahead of local requirements.

At the same time, we expanded programs that promote responsible consumption and inclusive growth. This includes growing our range of sustainable products in retail, while continuing to support MSMEs, create jobs and invest in communities — helping more Filipinos access opportunities and improve their livelihoods.

We are proud of the progress we have made, particularly in embedding sustainability more firmly into how we operate. More importantly, these efforts are translating into tangible economic and social value for the communities we serve.


| SM Investments and Subsidiaries Economic Value Table (in million pesos) | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Direct Economic Value Generated** | **685,901** | **660,170** | **620,735** |
| **Less Economic Value Distributed** | **588,600** | **562,227** | **532,082** |
| Operating costs | 461,649 | 449,796 | 427,231 |
| Employee wages and benefits | 46,102 | 39,894 | 35,691 |
| Payments to providers of capital | 49,212 | 41,976 | 41,420 |
| Payments to government | 30,813 | 29,693 | 26,969 |
| Community investments | 824 | 868 | 771 |
| **Economic Value Retained** | **97,301** | **97,943** | **88,653** |

**PHP125.6bn**
loans disbursed by BDO in the past 5 years for national projects

**PHP33.4bn**
loans disbursed by BDO in the past 5 years for road networks

**PHP46.9bn**
loans disbursed by BDO in the past 5 years for airports

**PHP22.6bn**
loans disbursed by BDO in the past 5 years for railways


## How has the Group advanced its climate action and energy-related commitments?

Climate action remains a key focus across our businesses, particularly in managing energy use, reducing emissions and strengthening resilience.

Our approach is guided by the need for a practical transition to a lower-carbon economy, one that reflects the realities of the Philippines. We continue to expand our use of renewable energy, including solar installations across our properties, with over 200,000 solar panels installed. Our floating solar facility in Toledo City, Cebu also supports operations, generating approximately 4.99 megawatts (MW) and supplying around 10% of the power requirements of our mining site.

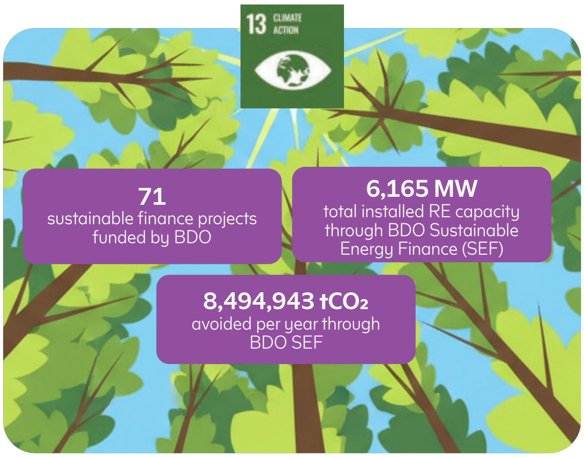
Through Philippine Geothermal Production Company, Inc. (PGPC), we are exploring six geothermal sites with an estimated 355-578 MW of potential capacity, supporting long-term, low-carbon baseload power.

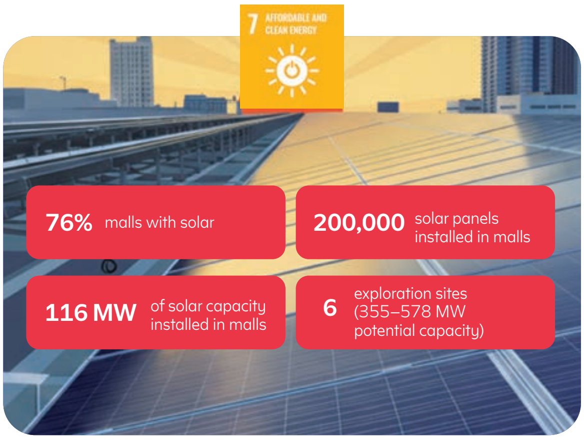
Alongside this, we are strengthening how energy is managed across the Group. We have expanded our pool of certified energy managers and introduced more structured audits and monitoring systems, helping our business units identify inefficiencies and implement practical improvements.

These efforts are part of our plans to deliver a 40% reduction on the Group's greenhouse gas (GHG) footprint by 2040.

Beyond our operations, our banking businesses — BDO and Chinabank — support the broader transition by financing renewable energy and sustainable infrastructure projects. This allows us to extend our impact beyond the Group and into the wider economy.

We also continue to invest in more resilient and sustainable infrastructure, with approximately 10% of capital expenditure allocated to these initiatives. This helps protect our assets, support business continuity and prepare for a more climate-exposed future.




## What progress has SM made in managing plastics, materials and other resources sustainably?

We have strengthened how we manage materials across the Group, with a focus on waste, plastics and circularity.

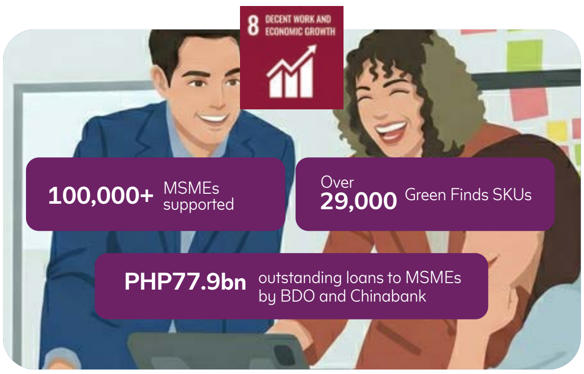
In 2025, we accounted for around 7.2 million kilograms of plastic packaging and are working to recover at least half through recycling programs and verified recovery solutions, helping to keep more materials in circulation.

Across our properties, initiatives such as #SMWasteFreeFuture have introduced structured waste segregation systems, alongside partnerships with organizations like SM GUUN Environmental Company to convert non-recyclable waste into alternative fuel. Programs such as Trash to Cash, as well as our e-waste and plastic recovery initiatives, continue to make responsible disposal more accessible and engaging for customers.

In SM Retail, we are encouraging more sustainable choices. The use of reusable green bags helped avoid over 30 million plastic bags in 2025, while SM Green Finds now offers more than 29,000 sustainable product options.

At the same time, we are working with suppliers to explore alternatives such as biodegradable packaging, while expanding resource efficiency initiatives, including water recycling and improved access to materials recovery across our operations.

Overall, these efforts help reduce environmental impact while making it easier for our stakeholders to adopt more sustainable practices.



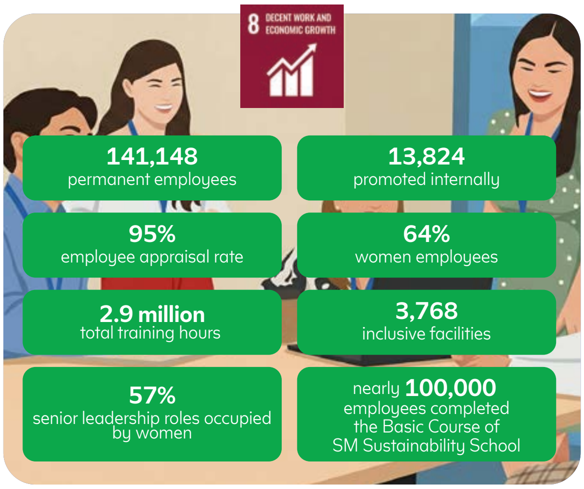

### What initiatives has SM implemented to advance social sustainability and inclusive growth?

Our social programs focus on expanding access to opportunities and supporting inclusive growth across the communities we serve.

In 2025, we invested in education, healthcare and community development through our foundations and business units. We supported over 15,000 scholars to date and continued to invest in schools, healthcare facilities and community services, helping more people benefit from these programs.

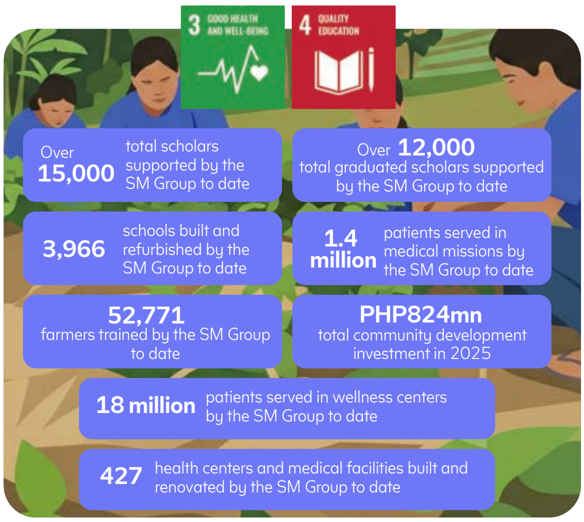
We also support livelihoods and entrepreneurship at scale. Across our ecosystem, we work with over 100,000 MSMEs and are expanding access to financing through our banking businesses. Through our SM J.O.B.S. (Jobs Opportunities Building Skills) initiative, we have connected over 200,000 job seekers to employment opportunities, helping individuals build meaningful careers and contribute to local economies.

At the same time, we continue to invest in our people. We strengthened our Equal Opportunity Policy and Framework, supported by initiatives that promote inclusion and well-being across our workplaces. This includes facilities designed to meet diverse needs, such as interfaith prayer rooms, breastfeeding rooms, gender-neutral washrooms and PWD-friendly spaces.




We are also investing in capability building through programs such as the SM Sustainability School, which helps equip our teams with the knowledge and skills needed to integrate sustainability more effectively into their roles. This program has helped educate nearly 100,000 employees on sustainability practices. We are in partnering with Global Reporting Initiative (GRI) to provide free sustainability trainings for MSMEs in the country.

Taken together, these efforts reflect our commitment to people — our employees, customers and communities — and reinforce our belief that sustainable growth must be inclusive.



### How is SM tracking and delivering on its sustainability commitments?

We are seeing strong momentum in translating our sustainability commitments into measurable outcomes.

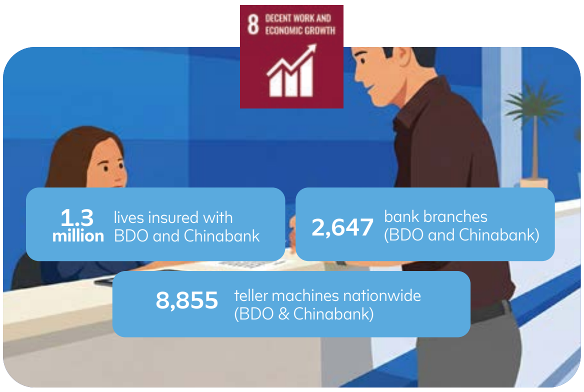
We have strengthened our governance and reporting processes, with regular updates to the Group Sustainability Steering Committee and the SM Investments' Board of Directors to ensure progress is monitored and aligned across the Group.

Across our priority areas — from renewable energy and emissions reduction to resource management and social impact — we are implementing initiatives with clear targets and defined metrics to track progress, monitored through group-wide dashboards.

We are also enhancing our approach to identifying and managing sustainability risks, including the use of tools such as GeoRiskPH to better understand location-specific climate risks and strengthen resilience across our businesses.

Our progress is increasingly reflected in external recognition, including awards from The Asset, the Asia Sustainability Reporting Awards, ANVIL Awards, and the Stevie Awards.

Overall, with clearer targets, stronger execution and more consistent measurement, we are ensuring our commitments translate into meaningful outcomes for our stakeholders.




### What are the key challenges in implementing sustainability initiatives and how is SM addressing them?

Implementing sustainability at scale across a diverse group of businesses remains a key challenge. Each sector has different operational requirements, so aligning priorities and execution takes coordination and discipline.

We also operate in a rapidly evolving landscape where standards, regulations and stakeholder expectations continue to shift. In the Philippines, this is compounded by structural challenges such as the limited availability of renewable energy in some areas and the need to further build local capabilities.

At the same time, we are seeing encouraging progress. We are expanding renewable energy adoption where feasible, strengthening our data and reporting systems and building internal expertise.

We also strive to ensure effective coordination across the Group, allowing us to scale what works and apply it consistently across our businesses.

Our approach is to stay practical — focusing on initiatives that deliver measurable results, while continuing to build the capabilities needed to support long-term resilience.

### What are SM's strategic sustainability priorities in the coming years?

Looking ahead, we will build on what is already working and expanding our impact across the Group.

We will continue to invest in key areas such as renewable energy, resource management and inclusive business programs, while ensuring these translate into tangible benefits — from supporting MSMEs and creating jobs to improving access to essential services.

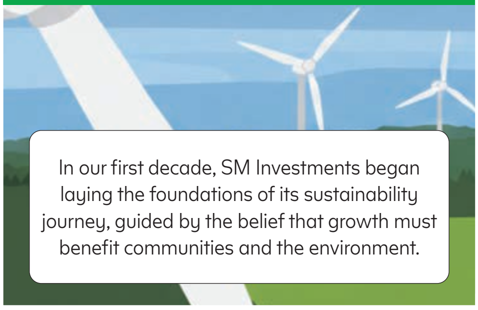
A priority will also be to accelerate our transition to renewable energy where feasible, strengthen resource efficiency across our operations and deepen our support for inclusive growth through our ecosystem of businesses.

At the same time, we are reinforcing how we measure and manage performance, with clear targets and consistent data, so we can scale these initiatives more effectively.

Ultimately, it comes back to a simple goal: to grow responsibly while improving everyday life for our customers, partners and communities.

# Building on 20 Years of Progress

## Our Sustainability Journey Began



In our first decade, SM Investments began laying the foundations of its sustainability journey, guided by the belief that growth must benefit communities and the environment.

## 2006

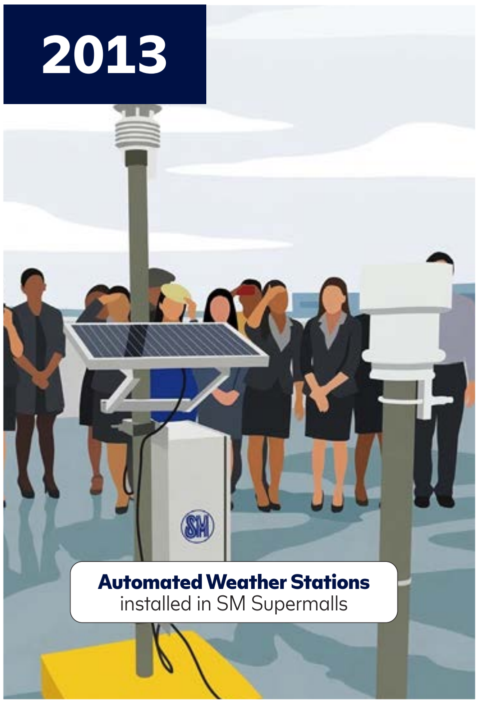

SM Mall of Asia opens with **built-in resiliency** features

## 2007


**Trash to Cash** recycling program launched

SM Markets launched **SM Green Bag**

## 2013



**Automated Weather Stations** installed in SM Supermalls

## 2014

First SM Investments **ESG Report** published

**Solar panels** installed at SM North EDSA

## 2015


Became a **UN ARISE signatory**

BDO launched **Environmental, Social and Governance** (ESG) Equity Fund

Launched the **Urban Farmers Training Program** to support food security

## 2016


**Corporate Governance Committee** established

Launched the **"Autism at Work"** program at SM Markets

## 2017


**Over 1M patients** served through medical missions

10 Years of **SM Green Bag**, the **Country's First Reusable Bag**

Issued the **country's first USD 150 million green bonds** through BDO

## 2018

Convened the **SM-GRI Sustainability Summit**


Published **GRI-aligned sustainability reports** across all listed SM companies

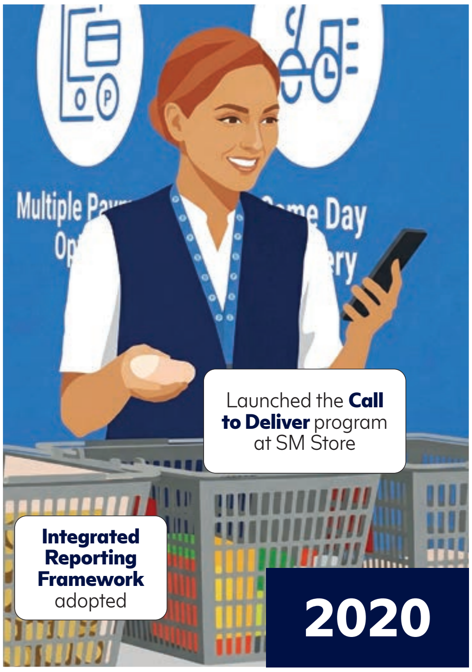
SM celebrated **60 years of service**

## 2019

**SM Resilience Center** launched

Turned over the **100th donated school building**

**Largest national financial literacy program** rolled out through BDO Foundation



## 2020

Launched the **Call to Deliver** program at SM Store

**Integrated Reporting Framework** adopted

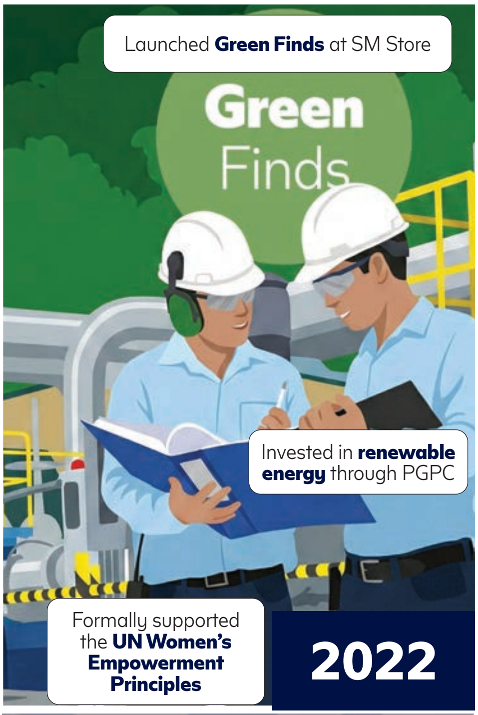
## 2021

Introduced **e-waste collection** across SM Supermalls

**Signed on as supporters of the Task Force on Climate-related Financial Disclosures (TCFD)** (SM Investments, SM Prime and NEO)

**World's first EDGE Zero Carbon** portfolio achieved through NEO

Established the **SM Group Sustainability Office**

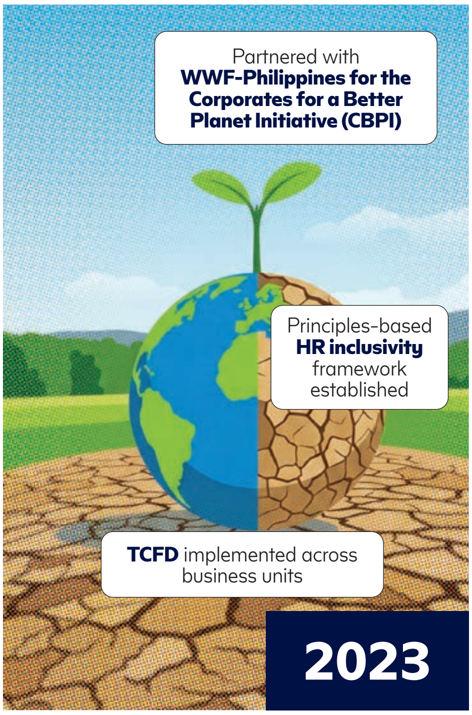


## 2022

Launched **Green Finds** at SM Store

Invested in **renewable energy** through PGPC

Formally supported the **UN Women's Empowerment Principles**



## 2023

Partnered with **WWF-Philippines for the Corporates for a Better Planet Initiative (CBPI)**

Principles-based **HR inclusivity** framework established

**TCFD** implemented across business units

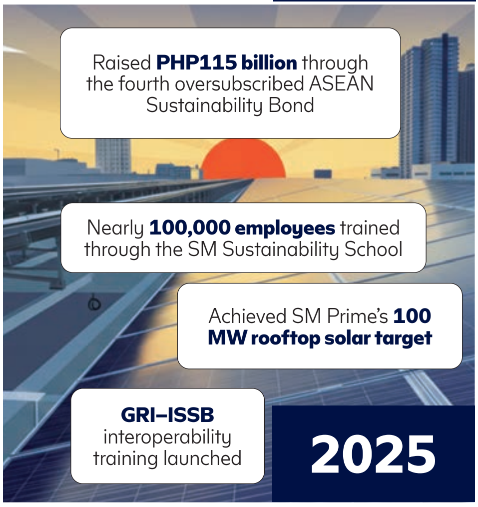
## 2024

Announced **40% Groupwide GHG reduction goal**

Launched **'Tactics for Better PlasTIK' with DOST**

Entered a waste-to-energy **partnership with GUUN Co. Ltd.** to strengthen plastic and materials management

Early adoption of **IFRS S1 and S2**



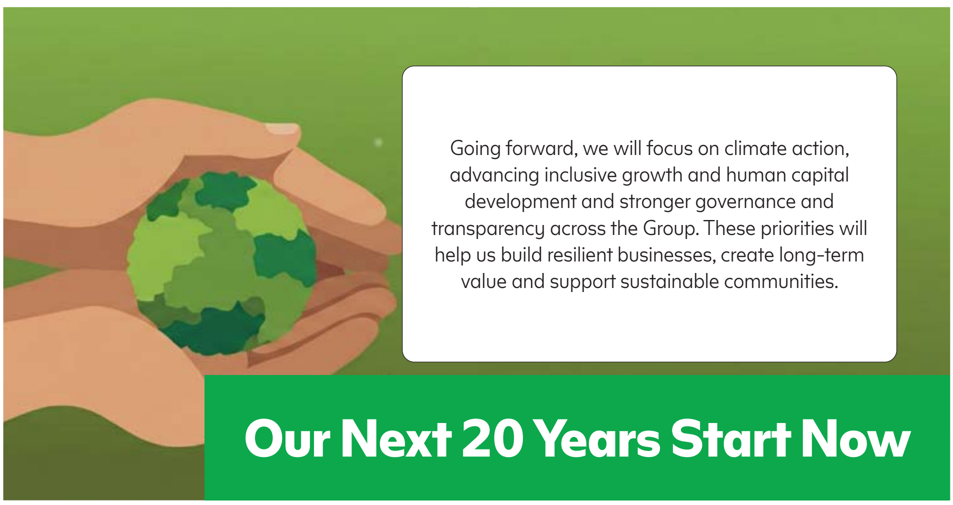
## 2025

Raised **PHP115 billion** through the fourth oversubscribed ASEAN Sustainability Bond

Nearly **100,000 employees** trained through the SM Sustainability School

Achieved SM Prime's **100 MW rooftop solar target**

**GRI–ISSB** interoperability training launched



Going forward, we will focus on climate action, advancing inclusive growth and human capital development and stronger governance and transparency across the Group. These priorities will help us build resilient businesses, create long-term value and support sustainable communities.

## Our Next 20 Years Start Now

# Everyday Living at SM


You wake up in a city where everything is within a 15-minute reach.

**Home Within Reach**
You can live in a space designed for everyday life - with work, school, essentials and open spaces all nearby. City living becomes connected and attainable.

**Opportunity Within Reach**
You can build your career or grow your business within your own community – supported by thriving enterprises and proudly Filipino innovation.

**Progress Within Reach**
You can access financial solutions that help you save, invest and plan ahead – supported by innovation designed for a future-ready lifestyle.

**Sustainability Within Reach**
You can live in a community built for resilience – where renewable energy, water stewardship and circular systems safeguard everyday life.

**Community Within Reach**
You can be part of a community where education, healthcare and inclusive programs create shared progress and long-term opportunity.

At the end of the day, you return home supported by a seamlessly connected ecosystem — built for balance, stability and growth.

1. **Financial Accessibility**
   Banking
2. **Green Mobility and Transit Connectivity**
   Pedestrian-friendly streets, Transport terminal
3. **Residential Living**
   SMDC Buildings


We envision cities where everything is within a 15-minute reach — designed through the synergy of an integrated SM ecosystem.

**A Country of Homeowners**
Where city living is attainable; redefined spaces for healthy and mindful everyday living, across multiple generations, promoting connectivity and a sense of belonging.

**Promoting Filipino Entrepreneurship and Decent Work**
Where passion and entrepreneurship merge; creating jobs that inspire life's work purpose; harnessing Filipino craftsmanship and local heritage, through a window to the world

**Finding Ways for Financial Access**
Where financial solutions turn dreams into reality; scaling green technology for future-ready living; creating inclusive opportunities and financial freedom

**Living in Harmony with Nature**
Where safety is top priority amidst climate change, from resiliency to generative capacity; valuing every drop of water through proper use and recycling; harnessing renewable energy for low-carbon living; transforming waste into a valuable resource

**Modern Day Bayanihan Spirit**
Where social access brings about equality; the dream to graduate college through scholarship; healthcare as a social safety net and modern planting skills for family nutrition – creating a community where no one is left behind.

Together, these pillars form a connected ecosystem — enabling inclusive growth, resilient communities and long-term value creation.

4 **Retail & Essential Services Access**
SM Markets, SM Store, SM Supermalls

5 **Education Access**
National University

6 **Work & Enterprise**
Offices and commercial hubs

7 **Entertainment & Leisure**
SMX, MOA Arena, Hotels

8 **Resilient Infrastructure and Design**
Seawall, Solar panels

9 **Community Spaces**
Shared areas around MOA

# Building Trust through Strong Governance

The power to create lasting impact relies on our ability to **govern sustainably**

## Sustainability Governance Milestones and Committee Strategic Focus

We take a practical approach to sustainability governance by establishing levels of oversight to ensure seamless implementation of strategic plans.

Scan to view Sustainability Management Systems

**Highest Sustainability Governance Body**
The Executive Committee
Chaired by Teresita T. Sy

**Board Oversight Committee**
Corporate Governance & Sustainability Committee
Chaired by Amando M. Tetangco, Jr.

**Management Oversight**
SM Group Sustainability Steering Committee
Chaired by Timothy M. Daniels

**Coordination and Implementation with SM Group and Business Units**
SM Group Sustainability Office
Led by Koleen D. Palaganas

Key sustainability themes and performance indicators were monitored throughout 2025, ensuring practical actions remained consistent with each business's sustainability strategies and long-term targets.

- Sustainability Policy and Management System
- Standardization of SM Group Sustainability and Climate Risk Management
- Adoption of IFRS and GRI Interoperability
- Group GHG Reduction Plan; Transition to Renewable Energy Sources
- Climate Risk Adaptation Program
- Materials and Packaging Management

We are one of the early adopters of the **GRI-IFRS interoperability framework** helping us strengthen value creation and risk management. This alignment standardizes our **double-materiality methodology**, ensuring a balanced disclosure of both financial impacts and sustainable development outcomes.

Our 2025 assessment validated that the material topics identified in our previous **double-materiality analysis** remain relevant to our value creation and impact profile.

### Double-Materiality Approach

**Sustainable Business Growth** + **Practical Sustainable Development Impact** = **Growth with Purpose**

**IFRS S1, S2 & Sustainability Accounting Standards Board (SASB)** + **GRI Interoperability & UN SDGs** = **Long-Term Value Creation & Sustained Growth**

We engage key stakeholders — employees, customers, suppliers, communities and investors — through surveys and ongoing dialogue to identify the sustainability issues that matter most to them and to our business. We complement these insights with reviews of industry trends, peer practices and relevant standards.

Using a **double-materiality approach**, we assess our impact on society and the environment, alongside the related financial risks and opportunities. Results are reviewed by the SM Group Sustainability Office to ensure alignment with strategy, risk management and long-term value creation. These material topics guide our sustainability priorities, performance monitoring and initiatives across the Group.

## What Matters Most to Our Stakeholders


## The Five-Point SM Sustainability Agenda

Our value creation is meant to do three things at once: align with global sustainability goals, reflect the Philippine Sustainability Agenda, and address the issues our stakeholders actually care about.

### Agenda 1: Sustainable and Resilient Integrated City Development

11 SUSTAINABLE CITIES AND COMMUNITIES

**Global Trend:** An estimated 70% of the global population will be living in urban areas by 2050. Challenges faced are global housing crisis and slum growth, infrastructure vulnerability due to climate change and unsustainable urban sprawl and pollution.

**Philippine Trend:** An estimated 84% of Filipinos will live in cities by 2050. Philippine Urbanization Plan focuses on enhancing urban concentration and productivity, building climate and disaster resiliency and promoting inclusive and sustainable housing.

| Material Topic | Challenges | Performance | Financial Investment | Value Chain Time Horizon |
|---|---|---|---|---|
| **Green & Resilient Infrastructure** | Increasing physical risks due to Philippine typhoon threats | 22 Integrated Property Developments<br><br>82 SM malls certified with ISO 22301 Business Continuity Management System<br><br>30 rainwater catchment basins in malls for flood prevention | 10% of SM Prime CAPEX consistently allocated to disaster-resilient and sustainable design<br><br>PHP8.2 billion estimated CAPEX for resilient and sustainable design developments | Own operations; Upstream<br><br>Short - Medium term |
| **Resource & Materials Management** | Plastic pollution and mismanaged waste threaten rivers and freshwater sources | 7.2 million kg plastic packaging placed on the market; 50% recovery target through programs and plastic credits<br><br>15 million m³ of water recycled group-wide<br><br>Water recycling rate at ~41% (target range 35–40%)<br><br>116 water recycling facilities/ wastewater treatment plants across SM properties | EPR compliance cost for 2025 incurred by the Group amounted to PHP15.8 million<br><br>PHP100 million SM Prime investment in GUUN (waste-to-energy and circular waste solutions) | Own operations; Upstream<br><br>Medium - Long term |

## Agenda 2: Financial Inclusion, Job and Entrepreneurship Creation

**Global Trend:** According to the World Bank, an estimated 90% of the global businesses are MSMEs which create 70% of total employment worldwide. Top challenges faced are rising operating costs and inflation, rapid technological change and integration of AI.

**Philippine Trend:** The Department of Trade and Industry (DTI) reports that an estimated 99.6% of Philippine businesses are MSMEs, creating 67% of total jobs. The top challenges faced are limited access to financing, high operating costs and inflation and regulatory and bureaucratic inefficiencies.

| Material Topic | Challenges | Performance | Financial Investment | Value Chain<br>Time Horizon |
|---|---|---|---|---|
| **Inclusive Access to Financial Products, Services & Supply Chain** | Lack of MSME supplier confidence and access to financial capital | Over 100,000 MSMEs supported across SM's value chain | PHP77.9 billion outstanding loans to MSMEs by BDO and Chinabank | Downstream<br>Short – Medium term |
| | | 12,401 partner agent sites for BDO Cash Agad Program making basic banking transactions accessible nationwide | PHP628.2 billion total cash withdrawn | |
| **Financial Literacy** | Potential market's limited disposable income in a growing customer pool | 12.3 million trained by BDO Foundation in Financial Literacy | PHP7.9 million investment by BDO Foundation in Financial Literacy | Own Operations<br>Downstream<br>Medium – Long term |
| | | 31 financial education videos developed since 2018 | | |
| | | Financial literacy integrated into public school K–12 curriculum (via DepEd partnership) | | |
| **Job Creation** | Large growing young workforce | Over 228,000 job seekers connected through SM J.O.B.S. Program to date | | Downstream<br>Short term |
| | AI promotes efficiency but needs upskilling for Filipino workers | Over 30,000 hired on the spot at job fairs | | |
| **Employee Development, Equal Opportunity & Meritocracy** | Changing workplace needs – Flexibility, health and participation gap | 2.9 million training hours | PHP181.7 million total Group training cost in 2025 | Own Operations<br>Short – Long term |
| | | Women Empowerment with 63% of management roles held by women | | |

## Agenda 3: Climate Action and Just Transition to a Low-Carbon Economy

**Global Trend:** The 2026 Global Risk Report identified several challenges related to the Paris Agreement goals, including managing irreversible damage, the widening climate finance gap and geopolitical headwinds.

**Philippine Trend:** The Philippines committed to a 75% reduction with only 2.71% as unconditional. Facing a massive financial gap, the Department of Environment and Natural Resources (DENR) estimates that the country needs USD72 billion to meet goals. It also needs a more aggressive renewable energy expansion. Lastly, the country has high vulnerability with increasing risks of typhoons, rising sea levels and extreme drought.

| Material Topic | Challenges | Performance | Financial Investment | Value Chain<br>Time Horizon |
|---|---|---|---|---|
| **GHG Management** | Insufficient renewable energy & technologies to shift to low-carbon operations | Air conditioning and Ventilation System Enhancement Program | PHP2.57 billion estimated avoided electricity cost | Own Operations<br>Upstream<br>Short - Long term |
| | | 116 MW solar capacity installed in SM Supermalls<br>200,000 solar panels installed in SM Supermalls<br>2.5 million MWh of power generated from PGPC's steam output | | |
| **Access and Financing of Renewable Energy** | Credit Risk Assessment for RE loans | 4th Oversubscribed ASEAN Sustainability Bond | PHP115 billion | Own Operations<br>Downstream<br>Medium – Long term |
| | | BDO provided financing for ACEN Corporation's 344.5 MW onshore wind power project | PHP12 billion | |
| | | BDO provided financing for MTerra Solar project | PHP150 billion | |
| | | BDO provided financing for First Gen Corporation 165-MW Casecnan Hydroelectric Power Plant | PHP10 billion | |

## Agenda 4: Green Options for Sustainable Lifestyle Shifts

**Global Trend:** The World Bank projects waste to rise to 28 billion tonnes by 2030. With more consumer awareness, 80% of global consumers express their willingness to pay 9.7% more for more sustainable products.

**Philippine Trend:** Waste generation in the Philippines continues to rise due to rapid urbanization and the "sachet economy," projecting to reach 19 million metric tons by 2030. While more Filipinos express willingness to pay a premium for sustainable products, 55% still cite price as the barrier to shift to green choices.

| Material Topic | Challenges | Performance | Financial Investment | Value Chain Time Horizon |
|---|---|---|---|---|
| **Green Product Options for Lifestyle Shifts** | Lack of affordable Green Products | Over 29,000 SKUs included in Green Finds | PHP64.6 billion sales of products classified as promoting health and nutrition attributes, including products marketed as 'Green Finds' in 2025 | Downstream<br>Short - Medium term |
| **Customer Rights** | Customer Data Breach | Group-wide data privacy and cybersecurity protocols implemented | PHP32 million investment in data privacy and security software by the SM Group | Downstream<br>Short - Long |
| | | No data breaches reported during the year (SM Investments, SM Prime, SM Retail) | | Own Operations<br>Downstream<br>Short - Medium term |

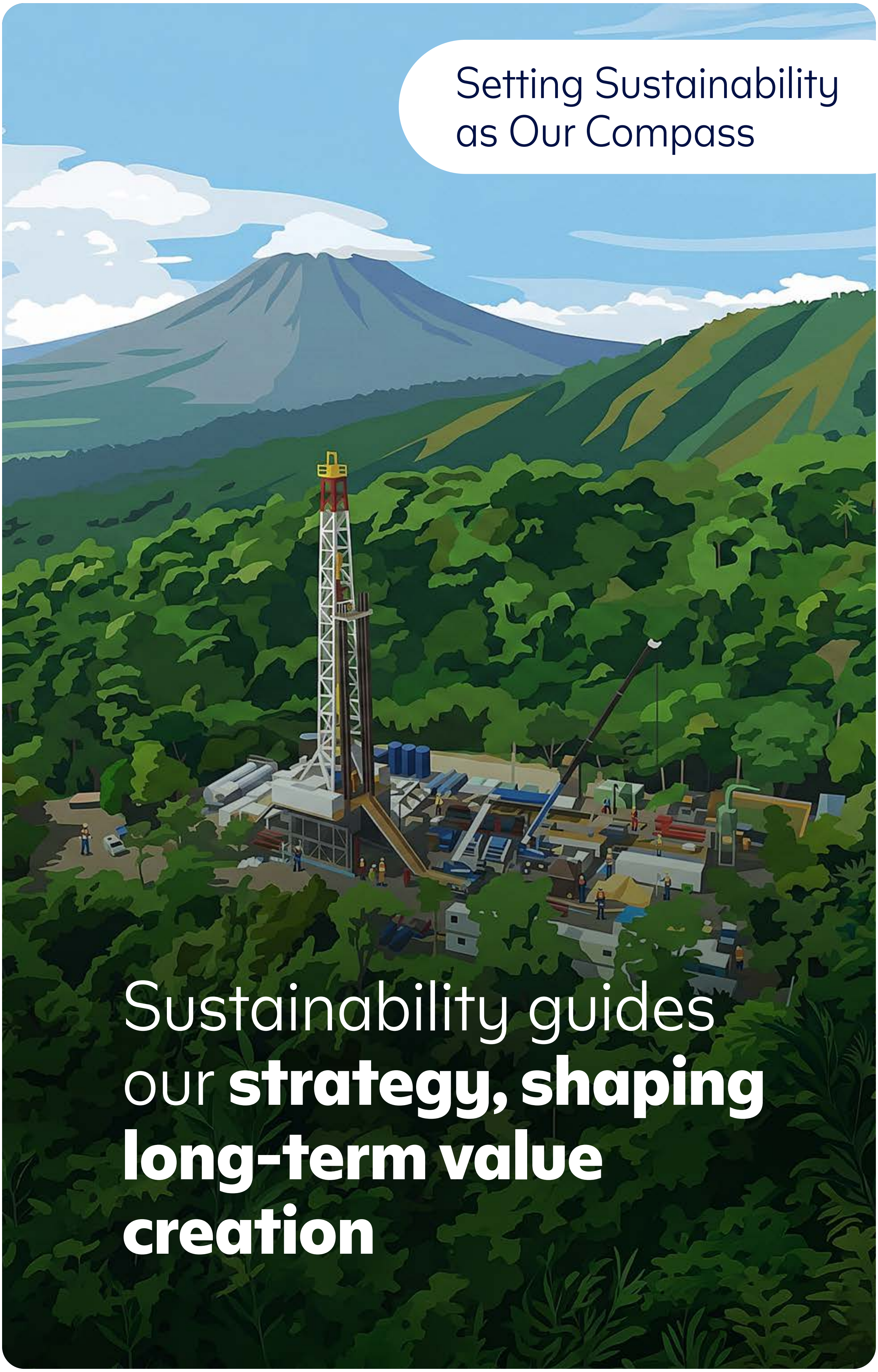
## Agenda 5: Societal Well-Being and Development

**Global Trend:** 250 million children globally lack access to education. Overall, an estimated 4.6 billion people worldwide still lack access to essential health services.

**Philippine Trend:** Currently, the Philippines faces a shortage of 165,000 classrooms, while the World Bank found that 91% of 10-year-old Filipino children struggle to read. Meanwhile, about half of Filipinos cannot reach a primary healthcare facility within 30 minutes — a common access standard used by health planners.

| Material Topic | Challenges | Performance | Financial Investment | Value Chain Time Horizon |
|---|---|---|---|---|
| **Quality Education to Match Market** | Mismatch of skills sets vs. market requirements due to poor quality of public education and lack of access to tertiary education | Over 15,000 scholars supported by the SM Group to date | PHP181 million in 2025 | Downstream<br>Short – Long term |
| | | 1,116 public school buildings built and refurbished in 2025 | PHP50 million | |
| **Universal Health Care Access** | Increased vulnerability of minimum and day-wage workers with health risk | 1.4 million patients served through medical missions by the SM Group to date | PHP512 million | Downstream<br>Medium term |
| | | 12 health centers and medical facilities rehabilitated in 2025 | | |

# Setting Sustainability as Our Compass



Sustainability guides our **strategy, shaping long-term value creation**

# Our Sustainability Priorities

Grounded in global trends and Philippine realities, we identified five Sustainability Agendas where we are able to create the greatest impact.

## Sustainability Agenda 1
## Sustainable & Resilient Integrated City Development

We develop integrated cities that bring together commerce, jobs, services and communities. Sustainability and resilience guide our projects from planning to operations through green building, climate-resilient design, water stewardship and circular resource systems. This approach improves livability, supports local economies and helps cities serve Filipino communities over the long term.

## Sustainability Agenda 2
## Financial Inclusion, Job and Entrepreneurship Creation

Across our businesses, we increase access to financial services, jobs and market opportunities. We support MSMEs, entrepreneurs and workers in building stable incomes and growing their businesses. By strengthening livelihoods across our value chain, we help build more resilient households and local economies.

## Sustainability Agenda 3
## Climate Action and a Just Transition to a Low-Carbon Economy

We are reducing emissions across our operations, investing in low-carbon and climate-resilient assets and supporting the shift to a low-carbon economy. Our approach combines energy efficiency, renewable energy and sustainable finance to manage climate risks and capture opportunities in the transition.

## Sustainability Agenda 4
## Green Options for Sustainable Lifestyle Shifts


We make greener choices easier for customers. Using our scale across businesses, we promote sustainable products, reduce waste and emissions and encourage higher environmental standards among suppliers and partners. By influencing everyday purchases, we help accelerate the shift toward more sustainable consumption.

## Sustainability Agenda 5
## Societal Well-Being & Development

Sustainable business depends on strong communities. Through SM Foundation and our corporate social responsibility (CSR) programs, we invest in education, healthcare, disaster resilience and community development to improve access to essential services and strengthen preparedness. These efforts support healthier communities and long-term national development.

## Sustainability Agenda 1
## Sustainable & Resilient Integrated City Development

In Cebu, SM Seaside City turns a coastal area into a busy hub. It fits local needs by creating community spaces while looking after its environmental impact. It supports better lifestyles, tourism and economic opportunities.

### Resiliency

- **Curved architectural design** engineered to redirect and reduce wind pressure during strong typhoons
- **Solar photovoltaic system rooftop mounted structures** designed to withstand wind speeds of up to 300 kp (super typhoon level)
- Aluminum Composite Panel (ACP) coating finished with **Polyvinylidene Fluoride** resin for enhanced durability against extreme weather conditions
- **255 cubic meters rainwater catchment** basin capacity
- **7.5 meters above sea level** protecting the site from storm surges and coastal flooding
- **3.0 meters above city road level** elevating the main mall platform to reduce flood risk
- **4.0 meters elevation** difference between parking and main floor for added flood protection
- Critical electrical and mechanical equipment elevated to the roof deck to protect against water damage

### Socio-Economic Value Creation

- **209,681.73** sqm Gross Floor Area
- **5th** largest mall in the Philippines
- **134,992.49** sqm Gross Leasable Area
- **544** tenants as of December 2025, including MSMEs

### Public Spaces as 'Everyday Infrastructure'

- Dedicated bike lanes, bicycle parking and repair stations
- Annual weekend community runs and walk events within the Seaside complex (SM2SM Run, Cebu International Marathon, Women's Run)
- Community engagement through fun runs, fitness events, sports activities (including pickleball) and celebrations
- Venues for recreational and religious activities
- Free public playground
- Active transport terminal for Point-to-Point shuttles

## Urban Spaces Reimagined

Great cities aren't just built — they're lived in. They shape how easily people move, meet and feel at home. Studies on sustainable urban living show that connected, mixed-use spaces encourage walking, reduce environmental impact and bring communities closer together. Guided by this idea, we design Integrated Property Developments to turn urban spaces into modern town squares — where everyday life, community and sustainability naturally come together.

### Environmental Protection

- **3,780** solar panels supporting low-carbon operations
- **100%** waste management program
- **100%** wastewater recycled for cooling and flushing
- **Heat penetration reduced** through Low-E glass, Insulated Glass Units (IGU) and fritted glass
- **100%** LED lighting across interiors, common areas, arcades and perimeter fixtures
- Landscape design reduces cooling demand through shading, wind control and microclimate cooling via evapotranspiration
- Vestibules help maintain indoor temperature by minimizing infiltration of unconditioned air

### Smart Energy and Technology

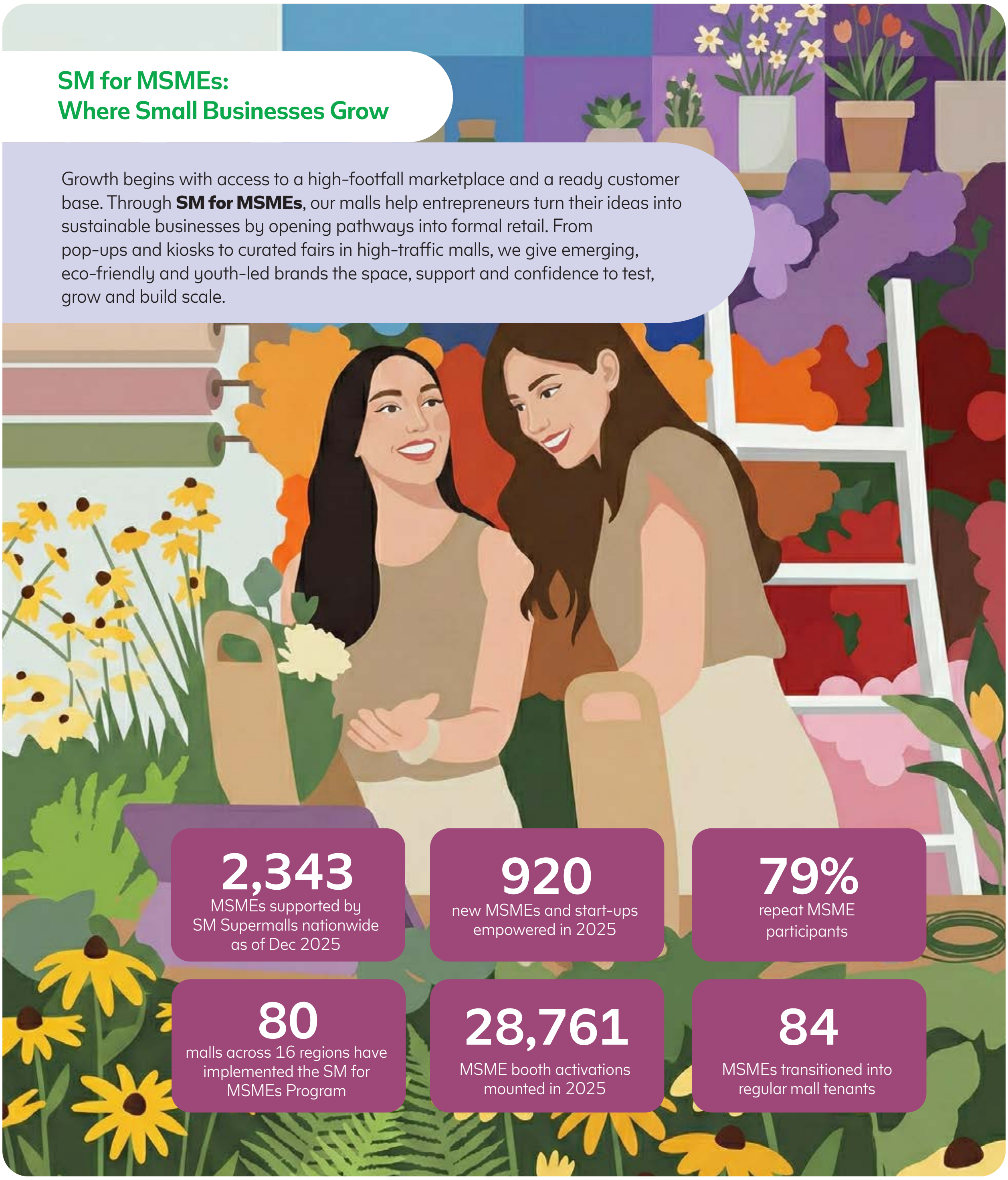
- **100%** inverter-type elevator systems for energy efficiency
- **Auto start-stop escalators** in low-traffic areas to minimize energy use
- **Centralized Building Management System** optimizing cooling and overall energy consumption
- Solar panels supplying approximately **5% of total energy demand** from distribution units
- Two (2) free **Electric Vehicle (EV) charging stations**, with four (4) additional Tesla charging slots forthcoming
- **Skylights and curtain glass walls** maximize natural daylight
- **Sensor-activated toilet fixtures** for water conservation
- **Variable Frequency Drives (VFD**) installed on pumps, air-conditioning systems and **Air Handling Units (AHUs)** to optimize energy efficiency

### Waste Management

- **Onsite waste segregation** integrated with SM GUUN Environmental Company's waste conversion operations
- Recyclables are recovered for recycling
- Disposables are converted to coal alternative fuel used by cement plants and compostables are converted to landscaping soil
- Available **Trash to Cash Recycling Market** to facilitate recycling and **E-Waste Collection programs** for proper disposal
- **52,528 kg** of recyclables processed annually within the complex

# Big Business, Small Enterprises, One Community

We are the largest marketplace for MSMEs in the Philippines. Having started as an MSME ourselves, we understand the journey of building a business — from first customers to sustainable growth. Today, we serve as a partner, marketplace and community for more than 100,000 micro, small and medium businesses across the SM ecosystem. Through our malls and platforms, we enable entrepreneurs to grow their businesses, create jobs, and support their families — strengthening communities and advancing shared, long-term progress.



## SM for MSMEs: Where Small Businesses Grow

Growth begins with access to a high-footfall marketplace and a ready customer base. Through **SM for MSMEs**, our malls help entrepreneurs turn their ideas into sustainable businesses by opening pathways into formal retail. From pop-ups and kiosks to curated fairs in high-traffic malls, we give emerging, eco-friendly and youth-led brands the space, support and confidence to test, grow and build scale.

**2,343**
MSMEs supported by SM Supermalls nationwide as of Dec 2025

**920**
new MSMEs and start-ups empowered in 2025

**79%**
repeat MSME participants

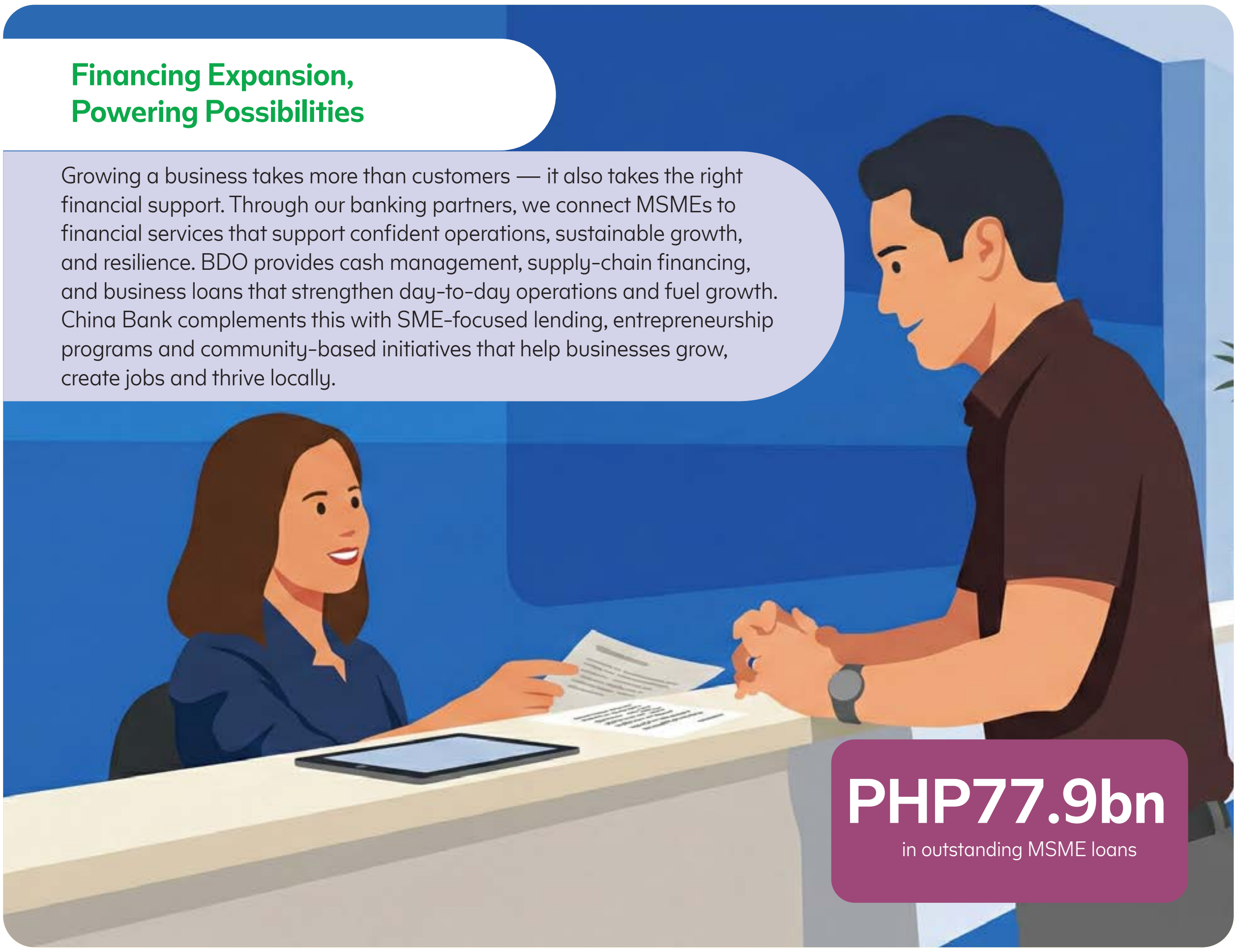
**80**
malls across 16 regions have implemented the SM for MSMEs Program

**28,761**
MSME booth activations mounted in 2025

**84**
MSMEs transitioned into regular mall tenants

## Financing Expansion, Powering Possibilities

Growing a business takes more than customers — it also takes the right financial support. Through our banking partners, we connect MSMEs to financial services that support confident operations, sustainable growth, and resilience. BDO provides cash management, supply-chain financing, and business loans that strengthen day-to-day operations and fuel growth. China Bank complements this with SME-focused lending, entrepreneurship programs and community-based initiatives that help businesses grow, create jobs and thrive locally.



**PHP77.9bn**
in outstanding MSME loans

## Built to Bounce Back

Small businesses are often the hardest hit by disasters and economic shocks. We help MSME tenants prepare and recover by giving them practical support. This includes business continuity workshops with government and private partners, CARE booths in affected malls and free digital storage for important records. These efforts help MSME tenants protect their businesses and reopen faster — so livelihoods can continue when communities need them most.

**3,000**
MSMEs trained in Business Continuity Program (BCP) to date

**77**
BCP training sessions conducted

## Strengthening MSME Capability Through Global Partnerships

SM Investments partnered with the **Global Reporting Initiative** to deliver the **MSME Sustainability Bridge Course** in support of long-term resilience for small businesses.

The program equips MSMEs with practical sustainability knowledge, applying global ESG concepts to their day-to-day business operations – helping them build better risk management, operational efficiency and long-term competitiveness.

## SM J.O.B.S: Jobs Opportunities Building Skills

**30,264**
hired on the spot

**12,302**
employers participated

**388**
job fairs conducted

**228,093**
job seekers served

Inclusive growth also depends on employment access and workforce readiness. The SM J.O.B.S. (Jobs Opportunities Building Skills) Program serves as SM Group's flagship employment initiative, bringing job opportunities and skills training directly to communities through SM Supermalls nationwide, in close partnership with the Department of Labor and Employment, local Public Employment Service Office, and Technical Education and Skills Development Authority to align job matching, skills development and labor market needs.

## Building Financial Confidence

As household budgets tighten and financial choices become more complex, financial knowledge matters more than ever. Through financial literacy programs led by BDO Foundation and community engagements, we help individuals, families and MSMEs learn practical skills such as saving, responsible borrowing and financial planning. These efforts also support greater access to formal financial services and digital banking, helping households make better financial decisions.

### Financial Literacy

- **12.3 million** individuals trained in financial literacy
- Over **10 million** students participated in financial literacy courses
- **PHP7.9 million** invested in financial education initiatives

### Financial Access

- **3.9 million** credit cards in force in BDO
- **69%** increase in total credit cards in force in Chinabank surpassing the 500,000-card milestone
- **PHP80.7 billion** in teacher's salary loans from Chinabank
- **361,600** teachers with salary loans in BDO Network Bank
- **10%** growth in average deposit of a Kabayan customer in BDO
- **338,911** domestic and international financial literacy lesson participants

## Grow the Team, Grow the Future

Great Place To Work® Certified SEP 2025–SEP 2026 PH

We invest in our people — supporting learning, well-being and equal opportunity across the Group. When employees grow, the business grows stronger too.

**Genevieve "Bang" Manalad, President, Savemore**

*"SM has been a place where my growth and leadership potential were nurtured based on my efforts, not my gender. Equal opportunity here means being given the tools, support, and trust to achieve your goals."*

From her early days with SM to becoming the first woman President of Savemore, Bang Manalad's journey reflects SM's commitment to developing leaders from within — grounded in meritocracy, opportunity and long-term investment in people.

### SM Sustainability School

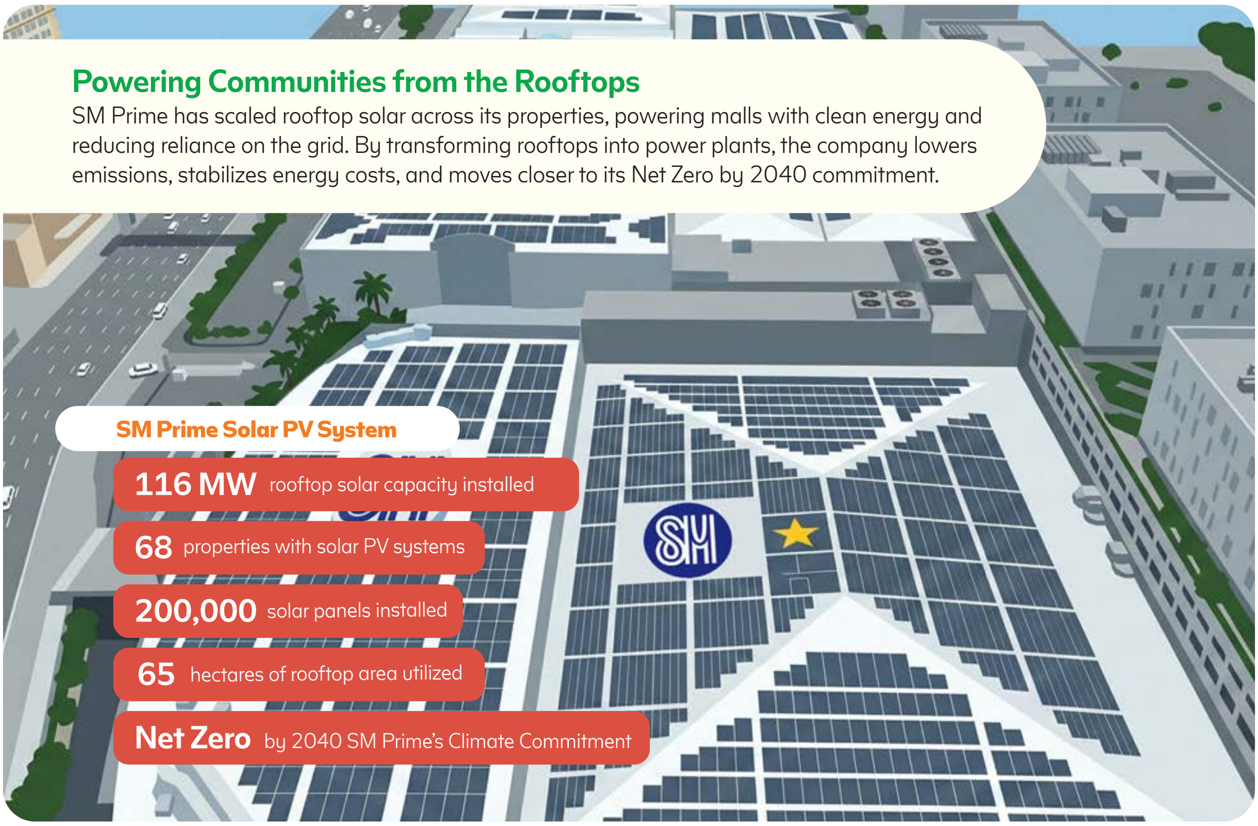
We built a learn-at-your-own-pace platform that makes sustainability skills easy, practical and part of everyday work.

- Nearly **100,000** employees trained across the Group
- **71** modules available

## Sustainability Agenda 3
# Climate Action and Just Transition toward a Low-Carbon Economy

## Powered by the Sun

From rooftops to floating solar panels, we put the sun to work by using, financing and investing in clean energy across our businesses.



### Powering Communities from the Rooftops

SM Prime has scaled rooftop solar across its properties, powering malls with clean energy and reducing reliance on the grid. By transforming rooftops into power plants, the company lowers emissions, stabilizes energy costs, and moves closer to its Net Zero by 2040 commitment.

**SM Prime Solar PV System**

- **116 MW** rooftop solar capacity installed
- **68** properties with solar PV systems
- **200,000** solar panels installed
- **65** hectares of rooftop area utilized
- **Net Zero** by 2040 SM Prime's Climate Commitment

### Floating Solar, Groundbreaking Impact

The Atlas Floating Solar Project is the first of its kind in Philippine mining, bringing clean power onto the water to cut fossil fuel use, save land and show how industry can run cleaner and smarter.

**Atlas Mining Floating Solar**

- **4.99 MW** installed solar capacity
- **8,540** solar panels installed
- **~10%** of Carmen Copper's energy needs supplied
- Up to **50 MW** scalable expansion potential
- **3** hectares of reservoir surface optimized
- **1,832.7 $tCO_2e$** estimated emissions avoided

## Powering the Shift

The Philippines accounts for around 0.4% of global greenhouse gas emissions, yet faces disproportionate risks and heightened vulnerability to the impacts of climate change. Through our banking subsidiaries, we channel capital to renewable energy, energy efficiency and climate-ready infrastructure—supporting a fair, affordable transition to a low-carbon economy.

### Chinabank

- **PHP 72 billion** financing for energy access, renewables and energy efficiency
- **Solar & battery storage** projects supporting grid efficiency and clean power deployment
- **~3,300** $tCO_2e$ avoided equivalent to ~20% reduction in Scope 2 emissions
- **100% renewable energy** for head office and Binondo Business Center

### BDO

- **PHP1.2 trillion** total sustainable finance projects funded by BDO to date
- **3.7 million** families served by renewable energy projects
- **71 SEF** projects to date
- **8,494,943** $tCO_2$ avoided

# Clean Miles Ahead

We cut transport emissions by gradually electrifying our fleet and steadily powering logistics hubs with renewable energy — moving goods smarter, cleaner and with less impact on the road.

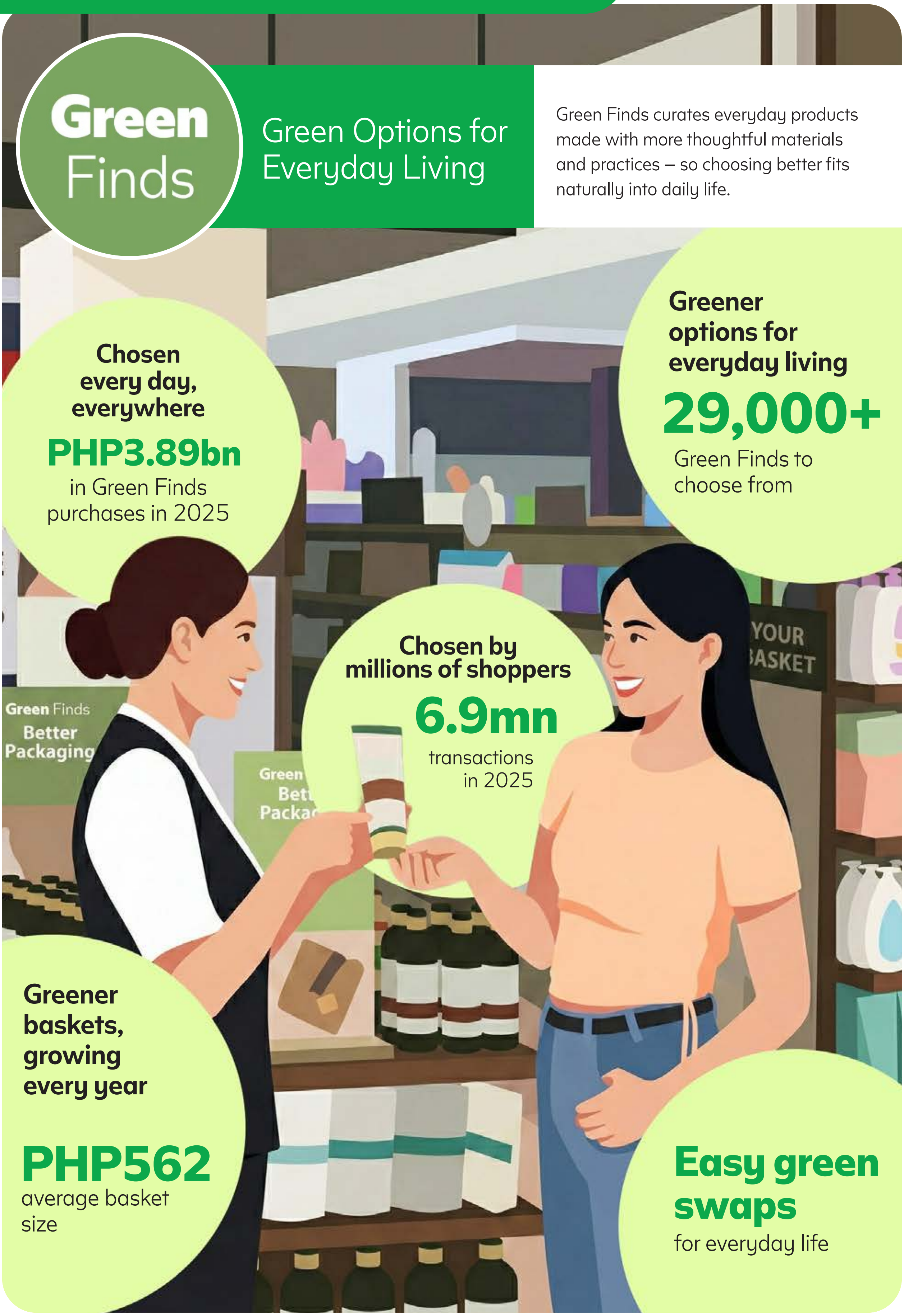
## Low-Carbon Logistics

- **3.4%** of 2GO's logistics fleet is electrified
- **2** EV trucks & vehicles deployed by 2GO
- **40.5** $tCO_2e$ avoided annually
- **2** 2GO warehouses operating on renewable energy

## Powering Sustainable Mobility

Enabling EV drivers to charge conveniently while they shop.


- **157** EV charging stations installed across SM properties
- **82** properties with EV charging




# Green Finds

## Green Options for Everyday Living

Green Finds curates everyday products made with more thoughtful materials and practices – so choosing better fits naturally into daily life.

**Chosen every day, everywhere**

**PHP3.89bn**
in Green Finds purchases in 2025

**Greener options for everyday living**

**29,000+**
Green Finds to choose from

**Chosen by millions of shoppers**

**6.9mn**
transactions in 2025

**Greener baskets, growing every year**

**PHP562**
average basket size

**Easy green swaps**
for everyday life

MULA 2004

KULTURA

*Gawa ng Pilipino*

## Crafted with purpose. Rooted in Culture.

Kultura brings Filipino craftsmanship to life through thoughtfully-made pieces that support small local businesses, artisans, indigenous communities and meaningful causes.

**299** local businesses and artisan communities supported by Kultura

### Crafts for a Cause

Creating livelihood through upcycled products

**8** local MSMEs & artisans supported

**8** communities supported nationwide including indigenous groups and cooperatives crafts

### Save from Extinction

Raising awareness and funds for endangered species

**10%** of select sales help protect wildlife

**68** products for wildlife awareness

### Heritage, Handmade

Traditional weaving and embroidery, passed through generations

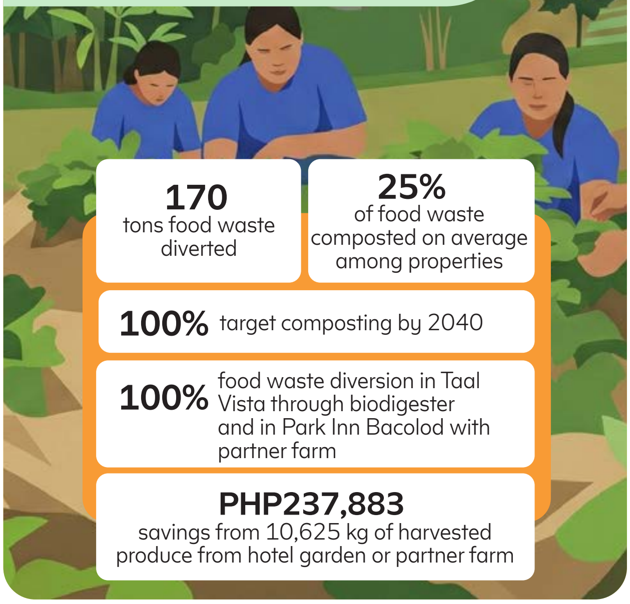
**26%** of Kultura products feature indigenous craftsmanship

# Green Leisure: Enjoy More, Tread Lightly

Leisure shapes how we eat, travel and unwind. In a country rich in natural beauty, enjoying these moments also means caring for the places that make them possible. At **SM Hotels**, Green Leisure encourages more sustainable choices — from dining and hotel stays to family travel.

## Plate for the Planet

A dining program that reduces food waste through thoughtful menu planning, composting and locally sourced ingredients.



**170**
tons food waste diverted

**25%**
of food waste composted on average among properties

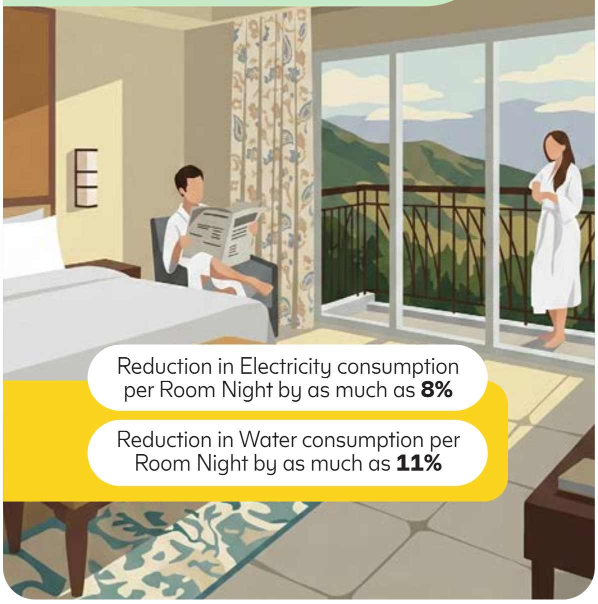
**100%** target composting by 2040

**100%** food waste diversion in Taal Vista through biodigester and in Park Inn Bacolod with partner farm

**PHP237,883**
savings from 10,625 kg of harvested produce from hotel garden or partner farm

## Green Stays, Made Effortless

Retrofitting and building repairs and simple in-room practices help guests conserve energy, water and materials without sacrificing comfort.



Reduction in Electricity consumption per Room Night by as much as **8%**

Reduction in Water consumption per Room Night by as much as **11%**

## Less Plastic, More Purpose

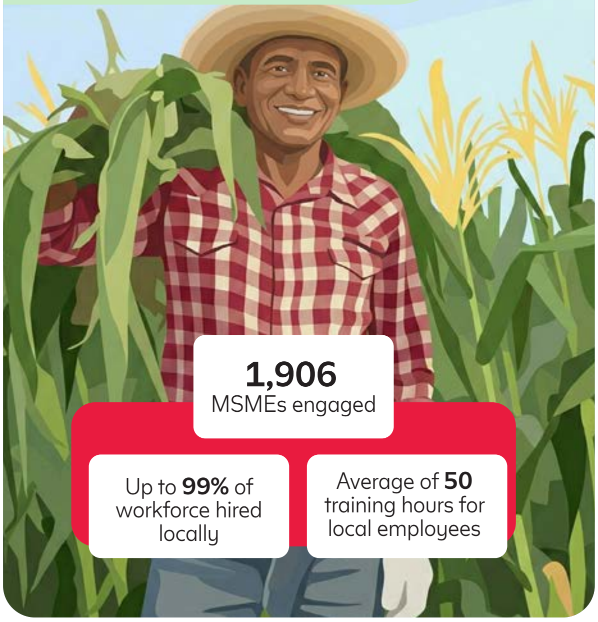
Operational shifts replace single-use plastics with refillable and reusable alternatives.


**90%**
of hotels with refillable amenities

Up to **80%**
of single-use plastic items eliminated and converted to earth-friendly materials

## Tourism that Gives Back

Local hiring and sourcing ensure tourism supports communities and preserves Filipino culture.



**1,906**
MSMEs engaged

Up to **99%** of workforce hired locally

Average of **50** training hours for local employees

# UnWrap Better

Packaging is present in every purchase. By using smarter, lighter and more recyclable materials across the SM ecosystem, we cut waste and make greener choices easier for customers. It's a simple shift with a big payoff — less clutter, more recycling and a cleaner future with every bag, box and bottle.

## Right-sized, Responsible Design

Lightweight, right-sized packaging reduces material use while ensuring responsible sourcing.


FSC-certified paperboard packaging

## Smarter Packaging for Logistics

Package redesign replaces plastic fillers with recycled carton materials.


- 5% of protective packaging replaced with recycled carton fill
- 235 kg of plastic avoided (average per month)
- 1 box-shredding technology deployed
- EPR-aligned operational process

## Circular Transport Solutions

Transport packaging designed for reuse, recyclability and biodegradability.


- Programs for recycling and reusing cartons
- Reduced landfill waste from operations
- **100%** recyclable, reusable, biodegradable materials

## Retail at Scale

Sustainable packaging becomes the default at point of sale.


**20.8 million** of SM Markets Ecobags sold, which is equivalent to 31.2 million plastic bags avoided

# Too Many Students, Too Few Classrooms.

Across the Philippines, classrooms are stretched to the limit. With a shortage of about 165,000 classrooms, many students learn in crowded, aging spaces — or in double and triple shifts that squeeze time and comfort. When learning spaces fall short, so do opportunities — making the classroom gap one of the quiet challenges shaping every school day.

Together with the Department of Education, SM Foundation builds safe, welcoming school spaces — giving children room to learn, grow and thrive. Through these efforts, we have built 116 school buildings to date, supporting thousands of Filipino students. To better understand the difference these classrooms make, we measured our impact through a Social Return on Investment (SROI) study.

## Impact You Can Feel and Measure

**PHP18.18** Social Value generated per PHP1 Invested

**92%** of students report **better classroom focus**

**92%** of students experience **fewer respiratory issues**

**67%** of teachers experience **fewer respiratory issues**

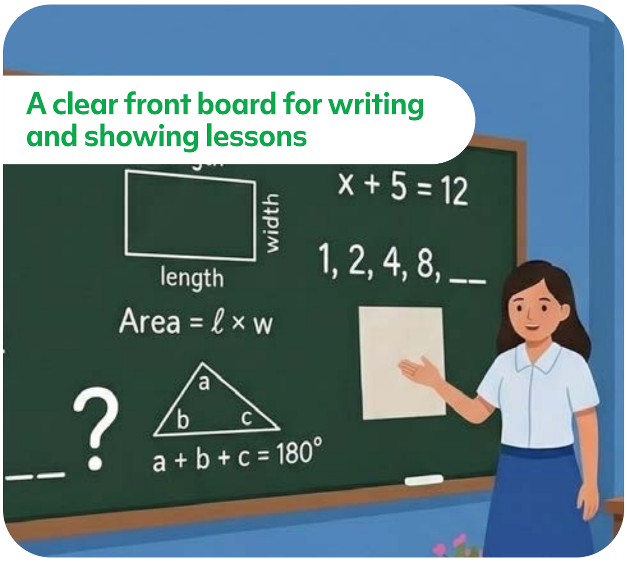
**75%** of teachers report **more space for student learning activities**

**62%** of teachers have **more time for lesson planning**

**50%** of teachers report **reduced overtime** due to less class shifts

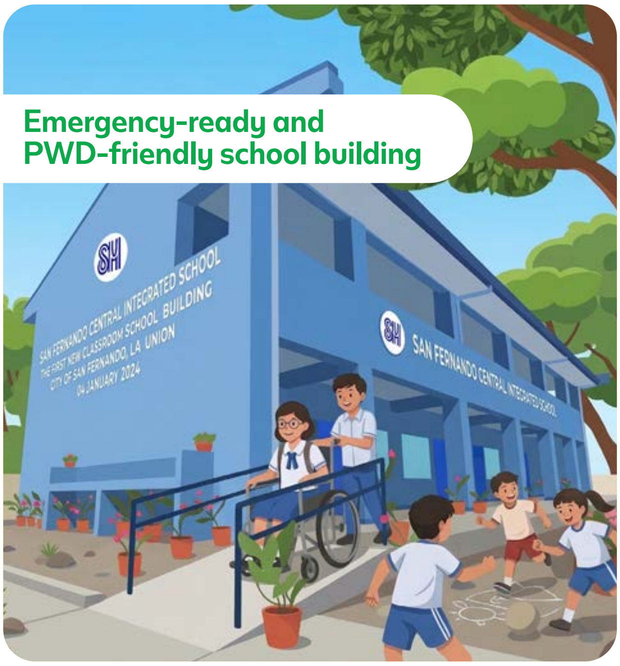
**93%** of students are more likely to **enjoy class**

**92%** of students report **improved classroom comfort**



A clear front board for writing and showing lessons

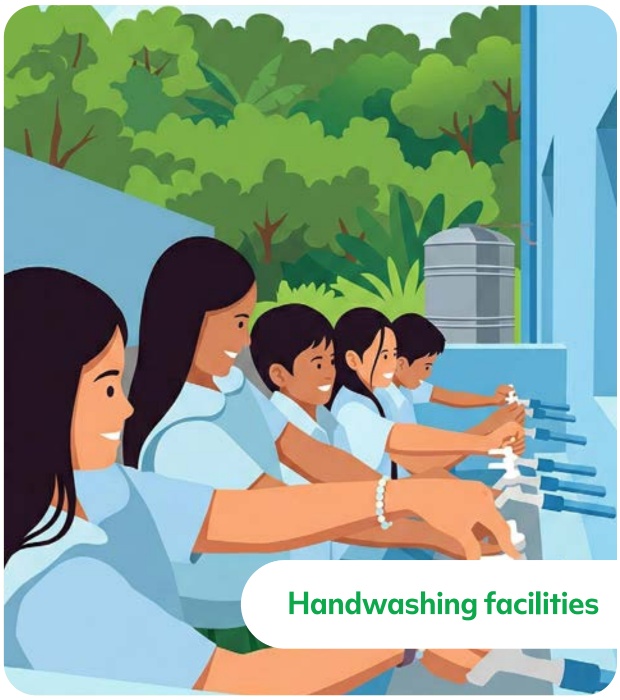

Comfortable seats that support good posture for learning



Emergency-ready and PWD-friendly school building


Study garden/ green space

Library hub


Handwashing facilities

## Fueling Future Talent


Over
**15,000**
scholars supported across the Group to date

Over
**12,000**
scholar graduates across the Group to date

Education is our investment in inclusive growth. Through our Scholarship Programs, we help unlock the potential of the country's young population by enabling youth to access quality tertiary education and develop future-ready skills. By supporting their transition from education to employment, we help build talent and expand long-term economic participation.

## Future-Ready Now!

- **Digital and technical skills**
- **Professional development**
- **Workplace readiness**
- **Exposure to SM Group work environments**

As industries accelerate their shift to digital, workforce readiness must keep pace. **Future-READY, Now!** equips our scholars with practical, job-relevant and digital skills that bridge the gap between academic learning and workplace demands. By strengthening their adaptability and technical capability, we help prepare talent that can thrive in an evolving economy.

## When Health Means a Paycheck

In a country where about 40% of workers rely on informal or daily-wage jobs, health is closely tied to income. Even a short illness can disrupt household finances and local economic activity, making strong primary healthcare essential.

By upgrading public health centers to meet PhilHealth accreditation standards, we expand access to insured care and strengthen local health services. This helps communities stay healthy, resilient and able to participate meaningfully in the economy.

**18 million**
patients served in wellness centers by the SM Group to date

**427**
health centers and medical facilities built and renovated by the SM Group to date


## Ready When it Matters

**1,020,041 Kalinga Packs distributed by SM Foundation and PGPC to date**

**950 Operation Tulong Express (OPTE) activities conducted to date**

**2,774 disaster-related claims processed by BDO**

When disasters strike, communities need fast, coordinated support. Through OPTE, the SM Group mobilizes its network to deliver relief where it is needed most – combining on-the-ground response, logistics expertise and recovery support.

# Using Risk Management to Drive Performance

When we view risk through the twin lenses of financial and societal impact, we don't just protect performance — **we discover new ways to advance it**

Our **Sustainability and Climate Risk Management Framework** is integrated into our **Business Continuity Plan** at both the business unit and Group levels. The Framework—along with our principles, governance and processes—was first detailed in our 2024 Report and is further covered in this year's Sustainability Notes and Indices. We run focused programs and track progress to reduce risks and to enable practical improvements and innovation across our operations.

| | |
|---|---|
| **Our Objective** | Fortify enterprise resilience through strategic market and tech foresight |
| **Risk Identified** | Insufficient or suboptimal integration of AI into sustainability processes |
| **Our Approach** | Reinforce governance, data integrity and organizational AI readiness to support sustainable outcomes |
| **Risk Response** | **Tolerate -** Impending innovation to which we must adapt |

**Capability Building**

"AI in Sustainability" learning session conducted for Sustainability Heads across the Group - focusing on both opportunities and climate/social risks of AI

**Workforce Upskilling**

96% of employees at SM Investments trained on AI in the workplace

**Expert Enablement**

Designated AI experts at SM Investments to guide implementation

**Governance Strengthening**

Established AI Council to oversee responsible AI adoption

| | |
|---|---|
| **Our Objective** | Ensure consistent customer and community safety across all products and services, upholding customer service excellence and human rights |
| **Risk Identified** | Safety risks within infrastructure and service delivery (e.g., vessel, food and product safety), with potential reputational impact on SM |
| **Our Approach** | Strengthen data privacy and security through enhanced policies and infrastructure protocols |
| **Risk Response** | **Treat -** Invest in customer data security |

As SM expands its digital ecosystem, protecting customer data and ensuring secure operations remain a top priority. By strengthening cybersecurity governance, infrastructure and investments, SM enhances digital resilience while upholding customer trust and data privacy.

**Data Privacy and Security Software Investments**

Allocation of **PHP32 million** by the SM Group to strengthen data protection systems, infrastructure and threat defense capabilities.

**Robust Governance Structure**

Establishment of IT, AI and Information Security Councils to drive oversight, policy development and cross-functional collaboration.

**Regular Risk Assessments and Testing**

Regular vulnerability assessments, penetration testing conducted through third-party engagements.

**Zero Breach Performance**

No reported data breaches across SM Investments, SM Prime, and SM Retail during the reporting period.

| | |
|---|---|
| **Our Objective** | Future-proof continuity and resilience across all SM facilities |
| **Risk Identified** | Growing exposure to extreme climate events and seismic disturbances |
| **Our Approach** | Advance climate resilient, sustainable infrastructure development and retrofitting |
| **Risk Response** | **Treat -** Incorporate resiliency and sustainability features for green infrastructure |

## Water Withdrawal

**in million cubic meters**

2025 — 37

2024[1] — 40

[1] Restated 2024 due to corrected data

In 2025, water withdrawal was driven primarily by mall operations and Carmen Copper's mining operations, with SM Prime as the largest contributor and Atlas Mining as another significant contributor. The **7% decrease in water withdrawal** was mainly attributable to the decrease in production tonnage at Carmen Copper, thus less water use. Water was sourced primarily from third-party utility providers.

| By Water Source | 2025 | 2024 |
|---|---|---|
| Third-party utility provider | 61.8% | 57.2% |
| Surface Water | 36% | 41% |
| Rainwater harvesting | 0.4% | 0.4% |
| Deep well | 1.1% | 0.9% |
| Groundwater | <0.1% | nil |
| Seawater | 0.6% | 0.4% |
| Water hauling | <0.1% | 0.1% |

## Water Recycled

**in million cubic meters**

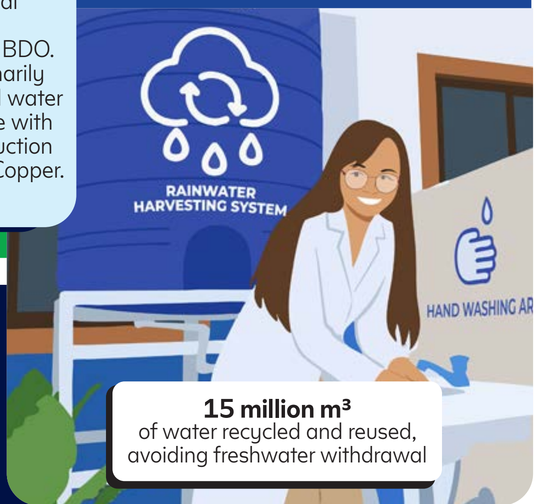
2025 — 15

2024 — 16

In 2025, total water recycled reached 15.24 million cubic meters, down 2% from 2024. Water recycling was driven mainly by SM Prime and Atlas Mining, with additional contributions from Goldilocks, NEO and BDO. The decline was primarily due to lower recycled water in Atlas Mining, in line with the decrease in production tonnage at Carmen Copper.

## Water for Tomorrow: From Catchment to Conservation

In a country facing scarcity of freshwater resources, water management is a material priority for SM. Through Water for Tomorrow, we integrate water recycling, rainwater harvesting and on-site treatment into our malls — reducing freshwater use while strengthening water security and flood resilience.




**15 million m³**
of water recycled and reused, avoiding freshwater withdrawal

## Know the Risk, Act on Site

We worked with the Department of Science and Technology to roll out the GeoRiskPH platform, including site-level hazard analysis. It helps us decide which facilities to retrofit, relocate or protect — and when.


## SM City Baguio – pioneer in recycling rainwater to potable water reaching 150 m³/day, expandable to 300 m³/day

**19,000 m³ of rainwater processed in 2025**

## Closing the loop with SM GUUN


Waste is often seen as an end point. At SM, it is becoming a starting point.

As climate risks grow, SM is rethinking how waste is managed across its developments — turning a disposal challenge into an opportunity to strengthen resilience and reduce environmental impact.

Through SM GUUN Environmental Company (SM GUUN), the Group is building a system where waste is not simply collected, but transformed. Working with partners across industries, SM GUUN enables waste to move through a circular journey — from segregation at source in malls to conversion into new resources. Recyclables are returned to production streams, non-recyclables are processed into alternative fuel for cement, while food waste is converted into landscaping soil for urban parks. By reducing landfill reliance, SM GUUN keeps operations efficient and adaptable — showing how everyday consumption can be made more sustainable through circular solutions.

**20 million plastic bottle equivalents of recyclables diverted from landfills**

**Over 600 truckloads of waste avoided**

## LEED Buildings

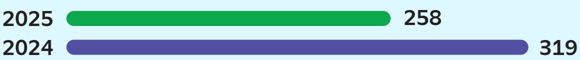
To strengthen the resilience of its developments against climate-related risks, SM continues to pursue **LEED certification** for its properties, integrating global standards for energy efficiency, water management and sustainable design. These green buildings reduce environmental impact while strengthening the long-term performance and resilience of SM's properties.

**10 LEED-certified buildings**

**Improved energy and resource efficiency across certified properties**

## Waste Generated

in '000 tonnes




| By Waste Type | 2025 | 2024 |
|---|---|---|
| Biodegradable/Compostable Waste | 31.5% | 59.4% |
| Recyclable Waste | 41.9% | 3.8% |
| Residual/Disposable Waste | 20.6% | 32.7% |
| Hazardous Waste | 5.9% | 2.0% |
| Other Waste | <0.1% | 2.1% |

## Waste Disposal

in '000 tonnes


| By Disposal Type | 2025 | 2024 |
|---|---|---|
| Collected by Accredited Hauler | 10.5% | 96.6% |
| Composted | 30.4% | <0.1% |
| Recycled/Reused | 39.1% | 1.2% |
| Sold | 1.6% | 1.8% |
| Disposed/Sent to Landfill | 18.2% | 0.3% |
| Others | 0.2% | <0.1% |

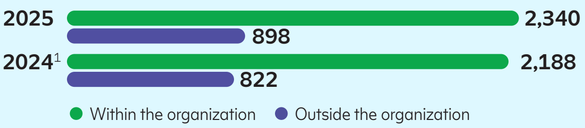
In 2025, **total waste generated decreased by 19%**, primarily due to enhanced waste monitoring and classification.

We continue to strengthen our recovery efforts and minimize the amount of waste sent to landfills. In 2025, 82% of total waste was diverted from landfills through circular programs such as #SMWasteFreeFuture, Trash to Cash, e-waste recovery and plastic recovery initiatives.

| | |
|---|---|
| **Our Objective** | Lead the transition to low-carbon operations through robust GHG management |
| **Risk Identified** | Insufficient renewables and underdeveloped green technology infrastructure |
| **Our Approach** | Scale renewable energy strategically to power enterprise transition |
| **Risk Response** | **Treat -** Investment in renewable energy and establishment of SM Group GHG Management Plan |

## Electricity Consumption

**in million kWh**



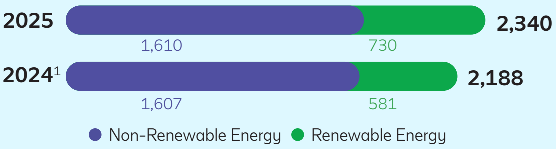

[1] Restated 2024 due to corrected data

In 2025, the **total electricity consumption within our organization increased by 7%** compared to 2024, driven by operational growth across key business units. SM Prime remained the largest contributor, followed by SM Markets and Atlas Mining.

We also reclassified reporting treatment for certain tenant electricity consumption in our malls, whereby some consumption previously reported outside the organization is now recognized within the organization, particularly consumption from our SM affiliate tenants.

## Total Electricity Consumption Within the Organization by Electricity Source

**in million kWh**

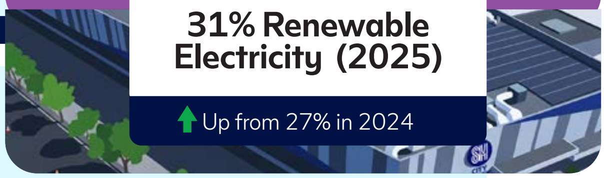



[1] Restated 2024 due to corrected data

Within the organization, electricity consumption continues to be sourced from both renewable and non-renewable energy. In 2025, **31% of total electricity consumption was sourced from renewable energy**, an increase from 27% in 2024. This growth was driven by renewable electricity procured through RCOA and GEOP, as well as onsite solar installations, supporting our ongoing transition to cleaner energy across operations.

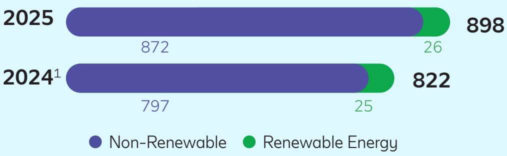
**31% Renewable Electricity (2025)**

Up from 27% in 2024



## Total Electricity Consumption Outside the Organization by Electricity Source

**in million kWh**



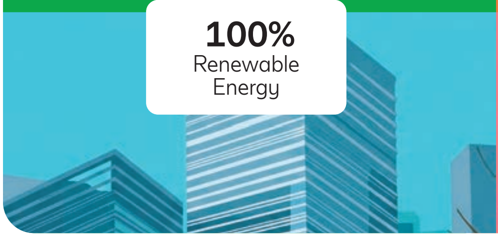

[1] Restated 2024 due to corrected data

**Total electricity consumption outside our organization increased by 9%** compared to 2024 due to the expansion of our malls and the number of tenants covered.

### Same operations, cleaner source

At SM Retail Headquarters, the shift has already happened: operations now run on 100% renewable energy. Day-to-day work continues as usual — but with a different energy source behind it, showing how existing facilities can move forward without disruption.

**100%** Renewable Energy

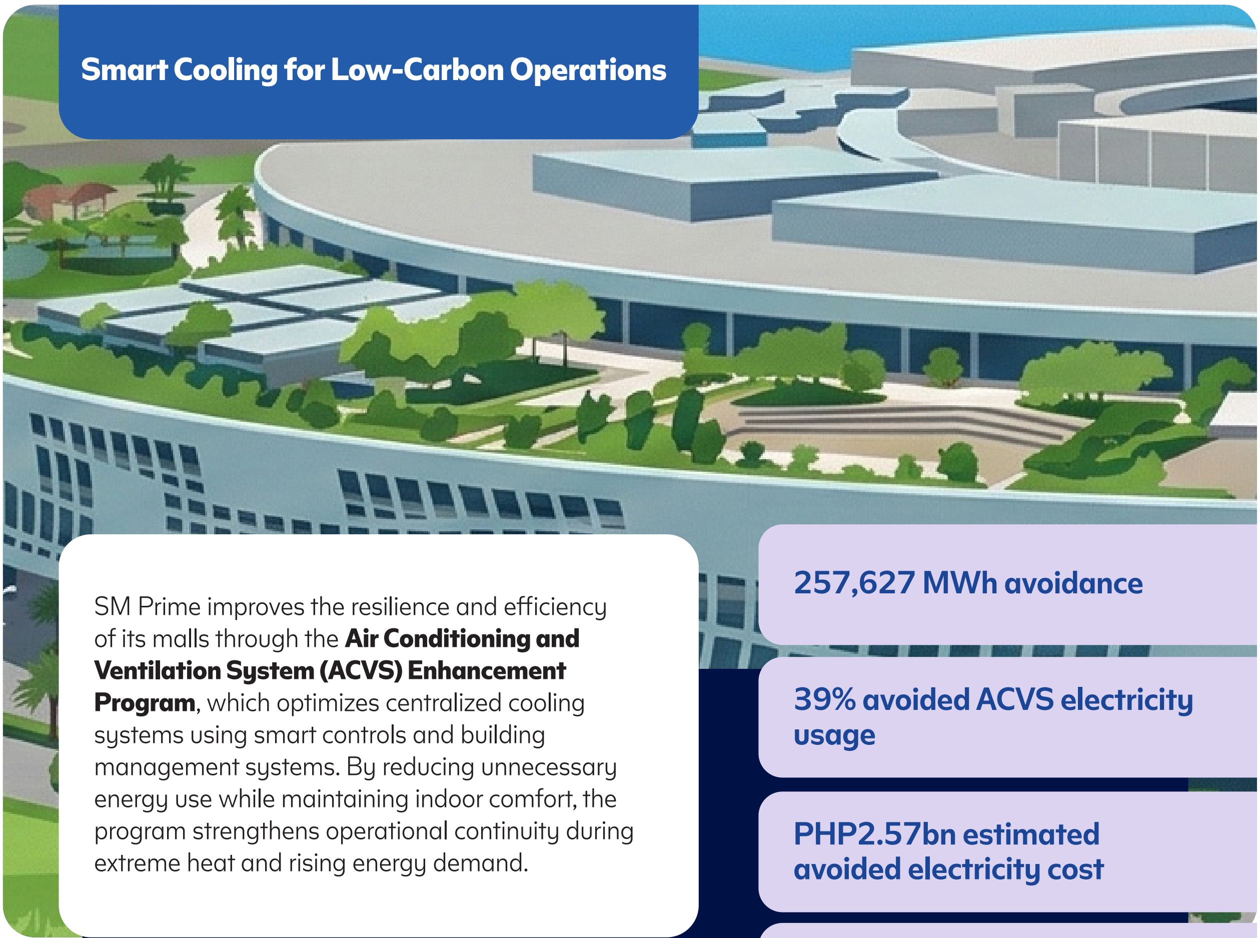


**Chinabank's Head Office and Binondo Business Center** have transitioned to renewable energy, marking a steady step toward lower-carbon operations. The change is straightforward but significant — demonstrating how core facilities can begin shifting the way they are powered.

**Powered by Renewable Energy**

**~20% reduction in Scope 2 (indirect) GHG emissions, equivalent to approximately 3,300 $tCO_2e$**

## Smart Cooling for Low-Carbon Operations



SM Prime improves the resilience and efficiency of its malls through the **Air Conditioning and Ventilation System (ACVS) Enhancement Program**, which optimizes centralized cooling systems using smart controls and building management systems. By reducing unnecessary energy use while maintaining indoor comfort, the program strengthens operational continuity during extreme heat and rising energy demand.

**257,627 MWh avoidance**

**39% avoided ACVS electricity usage**

**PHP2.57bn estimated avoided electricity cost**

**178,664 $tCO_2$ avoided in 2025**

**79 malls with ACVS**

### Fuel Consumption

in million liters


[1] Restated 2024 due to corrected data

In 2025, **fuel consumption within the organization decreased by 5%** from 2024. Fuel use remained concentrated in 2GO, Atlas Mining and SM Prime, which were the largest contributors in 2025. The overall decline was driven mainly by lower fuel consumption in Atlas Mining and 2GO, with additional reductions in SM Prime. The decrease in fuel consumption in Atlas Mining reflects changes in mine operations and fleet activity.

We also accounted for fuel consumption outside the organization. In 2025, reported **fuel consumption outside the organization increased by 19%** from 2024. This increase was driven primarily by SM Prime, which remained the largest contributor to this category.

## Shifting to a Low-Carbon Fleet

To address the risk of limited renewable infrastructure, SM is advancing fleet electrification through its logistics arms as part of its GHG management strategy.

Through 2GO Group and Airspeed, electric vehicles are being integrated into operations — supporting a gradual shift toward a more carbon-neutral logistics fleet and reducing Scope 1 emissions where SM has direct control.

**2GO**
2 EV trucks deployed
40.5 $tCO_2e$ avoided annually

**Airspeed**
2 EV trucks and 2 electric vans deployed
41.31 $tCO_2e$ avoided annually

# GHG Emissions

## Scope 1 GHG Emissions
t$CO_2$e in '000

Direct GHG emissions from sources owned or controlled by the company, such as combustion of fuels in company vehicles, vessels, generator sets and fugitive emissions. Computed using the GHG Protocol Emission Factors for Cross Section Tool (March 2024) and Global Warming Potential Values (AR6).


In 2025, **Scope 1 GHG emissions declined by 4%** to 487,370.06 t$CO_2$e. Portfolio Investments remained the largest contributor by business. For SM Investments, the increase was attributed to additional facilities covered.

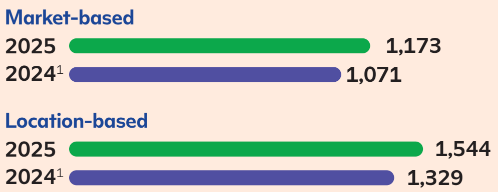
By activity, mobile combustion continued to account for the largest share of Scope 1 emissions, driven mainly by vessels and transport vehicles and other equipment, followed by fugitive emissions and stationary combustion.

| By Business in t$CO_2$e | 2025 | 2024[1] |
|---|---|---|
| **Scope 1 GHG Emissions** | **487,370.06** | **509,002.76** |
| SM Investments | 90.79 | 53.32 |
| Retail | 4,962.76 | 4,978.50 |
| Property | 30,552.49 | 33,035.53 |
| Banking | 3,962.38 | 5,165.83 |
| Portfolio Investments | 447,801.63 | 465,769.59 |

| By Activity in t$CO_2$e | 2025 | 2024[1] |
|---|---|---|
| **Scope 1 GHG Emissions** | **487,370.06** | **509,002.76** |
| Stationary Combustion | 24,509.61 | 18,559.14 |
| Mobile Combustion | 405,216.67 | 433,211.28 |
| Transport Vehicles and Other Equipment | 148,593.69 | 177,920.15 |
| Vessels | 256,622.97 | 255,291.12 |
| Fugitive Emissions | 57,643.78 | 57,232.34 |

## Scope 2 GHG Emissions
t$CO_2$e in '000

Indirect GHG emissions from the generation of purchased or acquired electricity that the company consumes. Following GHG Protocol: under location-based method using the 2019-2021 National Grid Emission Factors from Philippine DOE; under market-based method using emission factors provided by electricity suppliers under RCOA, GEOP, RECs where applicable.




Scope 2 GHG emissions were calculated using both location-based and market-based approaches. The location-based method reflects the average emissions intensity of the national grid, while the market-based method uses supplier-specific emission factors and contractual instruments such as RCOA, GEOP, and RECs.

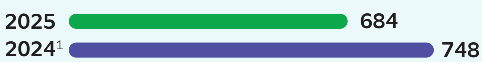
In 2025, **location-based Scope 2 emissions rose by 16%**, while **market-based emissions increased by 10%**. Market-based emissions were 370,644.07 t$CO_2$e lower, reflecting reductions from renewable electricity procurement and related instruments.

| By Business in t$CO_2$e | 2025 | 2024[1] |
|---|---|---|
| **Scope 2 GHG Emissions - Market-based** | **1,173,116.75** | **1,070,673.98** |
| SM Investments | 4,104.11 | 4,232.04 |
| Retail | 299,557.24 | 179,370.82 |
| Property | 542,043.24 | 508,547.51 |
| Banking | 48,180.33 | 52,457.61 |
| Portfolio Investments | 279,231.83 | 326,066.00 |

| By Business in t$CO_2$e | 2025 | 2024[1] |
|---|---|---|
| **Scope 2 GHG Emissions - Location-based** | **1,543,760.82** | **1,329,283.40** |
| SM Investments | 10,992.65 | 10,355.75 |
| Retail | 311,490.30 | 179,587.80 |
| Property | 838,078.86 | 711,413.99 |
| Banking | 59,804.33 | 60,287.68 |
| Portfolio Investments | 323,394.68 | 367,638.18 |

## Scope 3 GHG Emissions
t$CO_2$e in '000

All other indirect GHG emissions, not included in Scope 1 and Scope 2, that occur in the value chain, both upstream and downstream of the company.




| By Category in t$CO_2$e | 2025 | 2024[1] |
|---|---|---|
| **Scope 3 GHG Emissions** | **683,841.20** | **747,766.39** |
| Upstream Leased Assets | 587,200.65 | 596,910.21 |
| Downstream Leased Assets | 96,640.55 | 150,856.18 |

In 2025, **Scope 3 GHG emissions decreased by 9%**, compared with the 2024 figure. Only two Scope 3 categories were identified as material — upstream leased assets and downstream leased assets — representing indirect emissions not captured under Scope 1 and Scope 2. Upstream leased assets remained the largest contributor, while the year-on-year decline was mainly due to lower emissions from downstream leased assets.

[1] Restated 2024 due to corrected data

| Our Objective | Drive Operational Sustainability Beyond Compliance |
|---|---|
| Risk Identified | Evolving Sustainability Issues Driving Regulatory Expansion |
| Our Approach | Driving Active Engagement, Advancing Compliance Strategy and Innovating Business Solutions |
| Risk Response | **Treat -** The development of business unit level compliance and the SM Group sustainability compliance roadmap, standards and monitoring protocols. |

## RA 11285 Energy Efficiency and Conservation Act

Energy management remains a core focus for SM Investments—driving efficiency, controlling costs, reducing emissions and complying with RA 11285.

**~30** certified energy managers

**~10** energy auditors

Enabled **in-house energy audits**, reducing reliance on external consultants and lowering costs

**Conducted Level 1 and 2 energy audits** across multiple sites; Identified key energy drivers, efficiency opportunities and upgrade priorities

Aligned energy management practices with the **Department of Energy (DOE) requirements and ISO 50001**; Developed the **SM Investments Energy Management Handbook** for tracking and implementation

Implemented the **Retail Aggregation Program (RAP)** to aggregate demand and shift to renewable energy sources; Chinabank rollout across 158 branches cut emissions by 21.3% (~3,766 $tCO_2e$)

## RA 11898 Extended Producer Responsibility (EPR)

Extended Producer Responsibility (EPR) holds companies accountable for the plastic they place in the market. For SM Investments, this means building systems for recovery, compliance, and circularity in line with Republic Act No. 11898.

The Group has complied with government regulations, achieving the 50% recovery target in 2025 and remains committed to meeting increasing year-on-year targets under the EPR law.

**7.2 million kg** Plastic footprint (5.2 million kg rigid | 2 million kg flexible)

**50%** Recovery rate achieved (2.6 million kg rigid | 1.0 million kg flexible)

**Standardized systems**
EPR Handbook rolled out across BUs

**Circular programs**
#SMWasteFreeFuture, Trash-to-Cash, e-waste and plastic recovery

**31.2 million plastic bags avoided**
via 20.8 million eco-bags sold

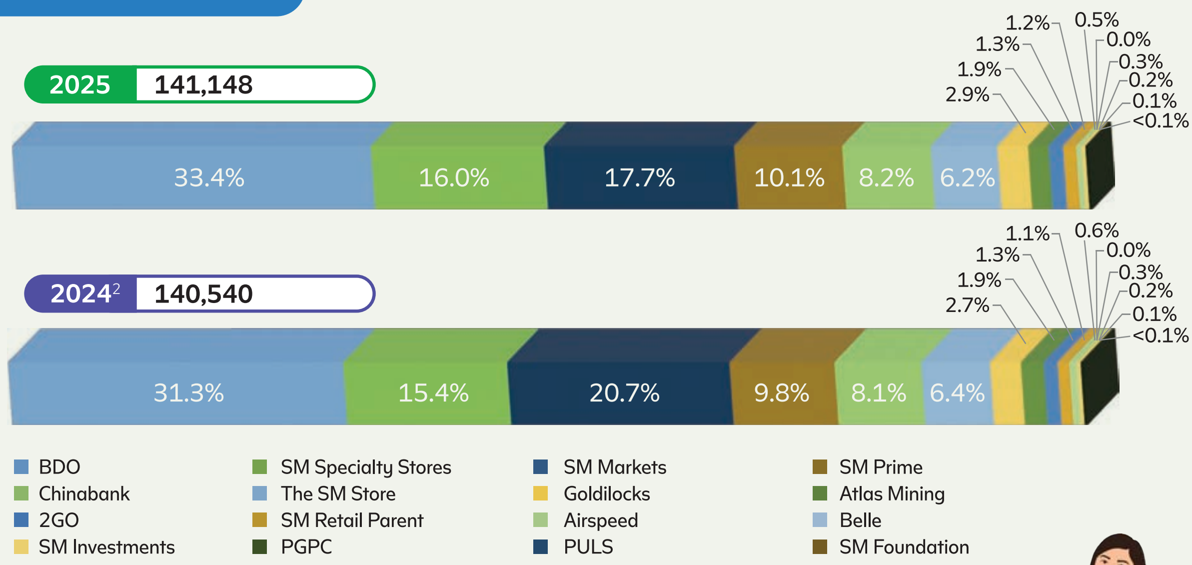
**Partnerships in progress**
EPR procurement fair and bioplastic sourcing

**Policy & recognition**
DENR-recognized; active in EPR policy development

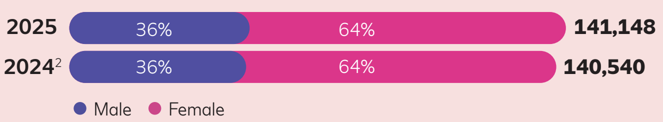
**Philippine Labor Laws**

Our practices are aligned with key Philippine labor laws, including the Philippine Green Jobs Act of 2016, Occupational Safety and Health Standards Law, Expanded Breastfeeding Promotion Act of 2009, Magna Carta for Persons with Disabilities, and Gender Equality in the Workplace, helping us provide a safe, fair and supportive environment for all.

## Total Headcount

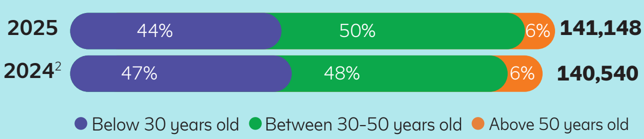



## By Gender



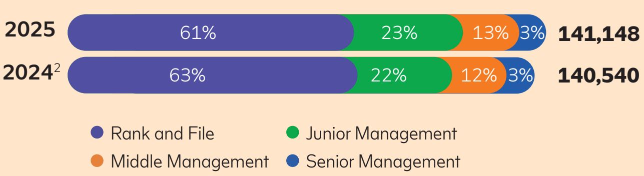

Women continue to make up the majority of our workforce at 64% in 2025, consistent with the previous year. This steady composition reflects our inclusive hiring practices and continued support for women in the workplace.

## By Age Group



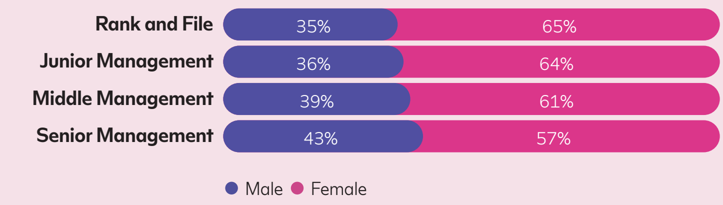

Our workforce reflects a multi-generational mix, combining experienced employees aged 30–50 with younger talent to support collaboration, innovation and continuity.

## By Level



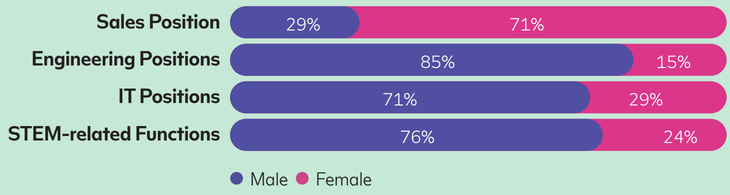

Our workforce remains predominantly rank-and-file at 61%, supported by 36% in management roles, with growth in middle management reflecting continued investment in our leadership pipeline.

## By Level and Gender (2025)



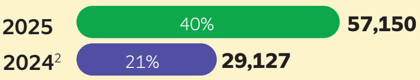

Women are well represented across all levels, including senior roles, strengthening leadership diversity and effective governance.

## By Job Function and Gender (2025)

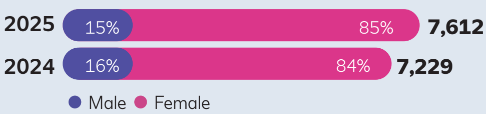



While women lead in sales roles, technical functions remain male-dominated, highlighting opportunities to improve gender balance in STEM areas.


### Employees Covered by Collective Bargaining Agreement



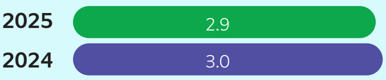

### Employees Who Availed Parental Leaves




The Group also reported improvements in employee well-being and inclusion. Parental leave availments increased to 7,612, while the return-to-work rate improved to 97.4% from 91.2%, indicating stronger workforce support mechanisms.

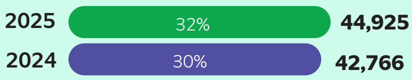
### Employee Training Hours

In million hours



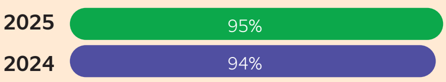

Employee training hours remained relatively stable at 2.9 million hours in 2025, reflecting our continued commitment to employee development.

### Hiring Rate



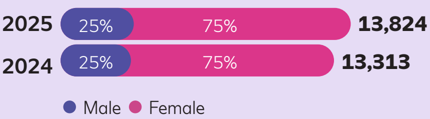

Our hiring rate increased to 32% in 2025, reflecting continued workforce expansion to support operational growth.

### Appraisal Rate




Our appraisal rate remained high at 95% in 2025, reflecting our continued commitment to performance management and employee accountability.

### Employee Promotion

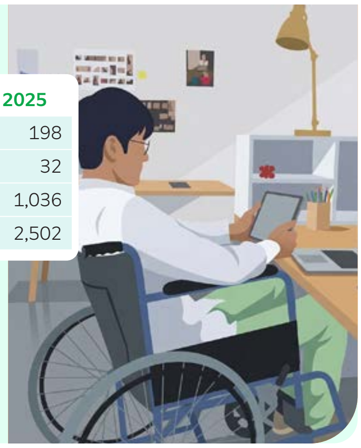



Promotion outcomes remained consistent year-on-year, with women comprising 75% of total promotions. This reflects strong female representation in career advancement and our commitment to merit-based and inclusive talent development.

### Inclusive Facilities

| Facilities | 2025 |
|---|---|
| No. of gender-neutral washrooms | 198 |
| No. of non-denominational meditation rooms | 32 |
| No. of PWD pathways | 1,036 |
| No. of nursing stations | 2,502 |

Our facilities feature gender-neutral washrooms, meditation rooms, PWD pathways and nursing stations offering a more inclusive and accessible workplace.



[2] The 2024 total headcount has been restated to reflect permanent employees only. All workforce percentage breakdowns have also been restated based on permanent employees.

## **About this Report:** Navigating Through Our Disclosures

**20 Years of Driving Progress** is SM Investments Corporation's (SM Investments) 2025 Sustainability Report covering the period of January 1 to December 31, 2025. This report is published in conjunction with the SM Investments 2025 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) following Interoperability Requirements. Whenever possible, we have aligned with the Sustainability Accounting Standards Board (SASB) Industry-specific disclosures and the European Sustainability Reporting Standards (ESRS) disclosures. Downloadable detailed indices are provided for through the QR codes below.

This report has been prepared to the extent possible for 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).

On behalf of the Board, the Executive Committee approved and authorized the release of this report in April 2026.

Signed by:

Amando M. Tetangco, Jr.
Chairman of the Board

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 communicate to our stakeholders our contribution to social well-being and environmental stewardship. We adhered to the following global reporting standards:

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

Scan to view our Sustainability Notes and Report Indices here:

https://www.sminvestments.com/2025smicintegratedreport/sustainability_report_notes_and_indices_2025/

All resources are available on our website www.sminvestments.com

## We Value Your Feedback

Thank you for reading SM Investments Corporation's 2025 Sustainability Report. Your insights are important to us as we strive to improve the quality, clarity and usefulness of our disclosures.

We encourage you to share your thoughts by scanning the QR code for a brief online survey, or by emailing us at sustainability@sminvestments.com

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