

2026 SMPH Key Enterprise Risks

Key Risk	Risk Management Program
 <p>Strategic Risk</p> <p>Risks arising from external and internal factors that affect the Company’s long-term direction, competitive position, or ability to achieve its strategic objectives</p>	<ul style="list-style-type: none">▪ Executive Committee oversight and management of risks impacting strategies and long-term goals▪ Regular high-level risk identification and assessment sessions with BU Heads▪ Continuous monitoring of macroeconomic conditions, regulatory developments, industry trends, and geopolitical events▪ Integration of risk management into strategic planning and decision-making – use of risk insights to calibrate strategies, investment priorities, and resource allocation
 <p>Operational Risk</p> <p>Risks that relate to losses or disruptions from failures in people, processes, systems, or external events</p>	<ul style="list-style-type: none">▪ Ongoing identification and assessment of operational risks and controls through Risk and Control Self-Assessment (RCSA)▪ Robust internal control environment supported by independent assurance from Internal and External Audits
 <p>Legal and Compliance Risk</p> <p>Risk of non-compliance with laws, regulations, and contractual obligations across project development and operations</p>	<ul style="list-style-type: none">▪ Enterprise-wide compliance program overseen by the Chief Compliance Officer and supported by dedicated Compliance groups▪ Coordinated regulatory monitoring, policy updates, and compliance assessments▪ Compliance training and employee awareness initiatives covering applicable regulations, including the Anti-Money Laundering Act and the Data Privacy Act of 2012▪ Legal review and advisory support to ensure compliance with contractual, regulatory, and statutory obligations

Key Risk

Risk Management Program



Safety and Security Risk

Risks affecting the safety and security of customers, tenants, employees, and surrounding communities

- Established Emergency Response Procedures (ERP) across all BUs
- Regular safety and security audits and assessments
- Implementation of Hazard Identification, Risk Assessment, and Control (HIRAC) and job hazard analysis
- Workplace health and wellness programs and onsite medical support



Process Execution Risk

Risks arising from inefficiencies, control gaps, or failures in business processes that affect operations and service quality

- Regular review and optimization of workflows and operating procedures.
- Institutionalization of standardized processes across BUs
- Dedicated Business Process Management Group supporting process documentation, redesign, and adoption of best practices
- Continuous capability-building, automation, and digitalization initiatives



Business Continuity Risk

Risks stemming from external threats like natural disasters, infrastructure failures, or technology disruptions affecting continuity of operations

- Business Continuity Management System (BCMS) program with ISO 22301:2019 certification for operating malls
- Preventive maintenance, safety inspections, and facility enhancements
- Disaster recovery plans and system redundancies
- Comprehensive insurance coverages



Financial Risk

Risks affecting liquidity, profitability, capital structure, and long-term financial stability

- Treasury policies governing cash flow management, investments, and borrowings
- Hedging strategies to manage interest rate and foreign currency risk exposures (e.g., interest rate swaps, cross-currency swaps, forwards)
- Sensitivity analysis, receivables monitoring, cash flow forecasting
- Fund diversification and prudent capital management

Key Risk

Risk Management Program



Reputational Risk

Risks stemming from events or circumstances that lead to negative public perception and a loss of trust and confidence in the Company

- Proactive stakeholder engagement and consistent customer experience management
- Crisis management and communications protocols
- Robust compliance framework and ethical business standards
- Social media management playbooks and customer sentiment monitoring



Information Security and Technology Risk

Risks to IT assets, including systems, applications, infrastructures and data, that affect the Company and its operations

- Established Information Security Risk Management Framework aligned with ISO 27001:2022
- Periodic assessment and monitoring of IT security posture through compliance reviews
- Centralized monitoring across network, cloud, and endpoint environments to strengthen detection capabilities
- Regular access reviews and vulnerability remediation
- Phishing simulations and mandatory information security awareness training
- Integrated data privacy governance; privacy impact assessments
- Continuous enhancement of IT infrastructure and cybersecurity defenses

Key Risk

Risk Management Program



Sustainability and Climate Risk

Risks associated with the impacts of climate change and the Company's relatively carbon-intensive operations, affecting long-term growth, resilience, and sustainability performance

- Resource conservation and efficiency programs, including energy efficiency initiatives, water conservation, and waste management practices
 - Climate advocacy initiatives such as investments in renewable energy, adoption of sustainable technologies, incorporation of green design principles across developments, and conduct of sustainability workshops and community engagement
 - Disaster resilience and climate adaptation measures aligned with United Nations, ARISE, and relevant national frameworks
 - Social integration initiatives such as diversity, equity and inclusion (DEI) programs, MSME support, and public-private partnerships
 - Transparent reporting – measurement and disclosure of sustainability and climate-related performance
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