SM ENERGY

BASED ON 2023 DATA

2024 SUSTAINABILITY ACCOUNTING STANDARDS BOARD REPORT

SASB STANDARDS

2024 Sustainability Accounting Standards Board Report

2023 DATA

Legal Notes

Definitions and calculations of certain ESG-based disclosures vary among companies, reporting frameworks, investment professionals, and other users of the disclosed data. As a result, such disclosures and calculations may not be directly comparable to similarly titled definitions and calculations of other companies.

SM Energy's Sustainability Accounting Standards Board ("SASB") report contains "forward-looking statements" within the meaning of securities laws. Forward-looking statements in this report include discussion of potential future risks and opportunities, and the Company's processes, intentions, objectives, and expectations in managing potential future risks and opportunities. All statements, other than statements of historical fact, included in the SASB report are subject to assumptions, risks, and uncertainties that are beyond our control, and such statements are not promises or guarantees of future conduct, policy, or operational activities. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from information expressed or implied by the forward-looking statements. Future results, plans, objectives, expectations and forecasts may be impacted by the risks discussed in the Risk Factors section of SM Energy's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, or other filings with the SEC. The forward-looking statements contained herein speak as of the date of this report. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so, except as required by securities laws.

The information contained herein is not meant to correspond with the concept of materiality associated with disclosures required by the U.S. Securities and Exchange Commission.

Uinta Basin Acquisition

The information provided in this report is as of calendar year 2023 and previous years. On October 1, 2024,SM Energy acquired approximately 63,300 net acres in the core of the Uinta Basin in Utah. Accordingly, the information in this report does not include disclosures related to the Company's Uinta Basin assets and relates only to the Company's assets owned as of December 31, 2023, all of which were located in the state of Texas.

TOPIC

Greenhouse Gas (GHG) Emissions

ACCOUNTING METRIC

Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations

CATEGORY

Quantitative

UNIT OF MEASURE

Metric tonnes of Carbon Dioxide equivalent (mT CO_2e), Percentage (%)

CODE

EM-EP-110a.1

SM ENERGY'S RESPONSE

Gross Scope 1 emissions: 484,493 mT CO_2e
Percentage Methane: 12.64%
Percentage covered under emissions-limiting regulations: 0%

Comment: As reported per EPA GHG Mandatory Reporting Rule 40 CFR 98 Subpart W.

ACCOUNTING METRIC

Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions

CATEGORY

Quantitative

UNIT OF MEASURE

mT CO_2e

CODE

EM-EP-110a.2

SM ENERGY'S RESPONSE

Amount of gross global Scope 1 emissions from: (1) Flared: 77,474 mT CO_2e (includes flaring of associated gas and tank vapors); (2) Combustion (other than flaring): 357,964 mT CO_2e; (3) Process emissions: none; (4) Other vented emissions (includes gas pneumatic devices and pumps, liquids unloading, well venting with hydraulic fracturing, gas well venting without hydraulic fracturing, and reciprocating compressors): 45,034 mT CO_2e; and (5) Fugitive emissions: 4,021 mT CO_2e.

ACCOUNTING METRIC

Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against these targets

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-110a.3

SM ENERGY'S RESPONSE

Key emissions metrics - We report annual required GHG emissions data to the U.S. Environmental Protection Agency ("EPA") and on our website.

In 2023:

- GHG emissions intensity was 6.96 mT CO_2e/MBoe.
    - This was a 45% improvement over base year of 2019 at 12.65 mT CO2e /MBoe.
- Methane intensity was 0.04 mT CH4/MBoe.
    - This ranked top quartile among industry peers who reported; and
    - This meets our target of maintaining our already very low methane emissions intensity of 0.04 mT CH4/MBoe produced or better.
- Flaring percentage was 0.46% (gas flared/gas produced).
    - This was an 81% improvement over base year 2019 at 2.42%.
- Please note, previously reported Scope 1 intensity figures above for 2019 were retroactively calculated using the revised conversion ratio used by the American Exploration & Production Council ("AXPC") for converting natural gas volumes to barrels of oil equivalents ("Boe"). In 2021, this ratio changed from 5.8 to 6.0 Mcf to 1 Boe. The Company made this change to align with the revised ratio used by the AXPC that was adopted in 2021 and aligns with how the Company will report Scope 1 emissions information going forward. The previously reported Scope 1 intensity number for 2019 was 12.41 mT CO2e /MBoe.

Emissions Reduction Targets Set For Key Metrics

In late 2021, the Company set forth short- and medium-term environmental emissions targets (that relate to Texas operations), and have met, or are on target to meet, each target as follows:

- Zero routine flaring at all SM Energy operations and non-routine flaring not to exceed 1% of natural gas production, each by 2023 (Klondike assets acquired mid-2023 not included) based on the full year average;
- Reduce Scope 1 and Scope 2 GHG emissions intensity by 50% by 2030 with 2019 as the base year; and
- Maintain already very low methane emissions intensity at its 2020 level of 0.04 (mT CH4/MBoe) or better going forward.

Compensation Tied To Environmental, Social And Governance ("ESG") Performance

SM Energy's 2023 short-term annual cash bonus plan, ("STIP") for all employees, including executive management, was tied, in part, to environmental and safety targets. In 2022, the Compensation Committee of the Board of Directors (the "Compensation Committee") unanimously approved a modification to the design of the Company's STIP by altering the qualitative ESG metric to a quantitative metric that had a 15% weighting on the award. In 2023, the Compensation Committee maintained the quantitative nature and the weighting of the metric with goals to reduce the following: total recordable incident rate ("TRIR"), ratio of spill volumes to total produced volumes in a year ("spill ratio"), GHG emissions intensity reduction and methane emissions intensity reduction. This highlights the Company's commitment to sustainability and the importance of integrating ESG performance into our Company's culture.

SM Energy's long-term incentive plan ("LTIP") program typically utilizes PSUs (50% weighting) and RSUs (50% weighting) to compensate our named executive officers and other key employees for execution of our strategy (except for our CEO, who received 60% weighting to PSUs and 40% weighting to RSUs). The performance metrics and weighting comprising the PSU awards made in 2023 were tied, in part, to ESG performance (25%), which is further broken down by GHG emission intensity reduction (10%), employee and contractor safety (10%), and spill ratio performance (5%). Performance is measured over the three-year program period. In 2023, the Compensation Committee continued unanimous approval of the inclusion of ESG metrics.

Discussion Of Emissions Reduction Efforts And Performance

At SM Energy, we are combining collaboration across our teams with innovation to identify ways in which we can reduce emissions. In managing Scope 1 emissions, the GHG emissions most relevant to our business include CO_2 and CH_4 emissions. Areas of opportunity include reduced flaring, improved vapor recovery, application of improved controller technology, improved efficiency of combustion practices, and continued evaluation and investment in leak detection technology. We also engage with our supply chain vendors on emissions reductions strategies as described below.

Key areas where we are making progress are described below.

Reducing Flaring

SM Energy desires to minimize flaring by setting targets, developing the appropriate monitoring tools, and identifying projects that support that objective. In 2023, we met our previously described flaring targets, however, we continue to strive for further improvement. Each year a flaring goal is set and is monitored using daily operational data that provides operations management with the information needed to identify root causes for flaring and to take actions.

SM Energy also uses a process commonly referred to as green completions. By constructing infrastructure that allows for production to be directly routed to facilities and pipelines, we strive to design and maintain our facilities to minimize flaring and capture emissions attributable to well completions. We have prioritized the installation of vapor recovery units ("VRUs") at our production facilities to address GHG and non-GHG emissions sourced from storage tank venting. This allows us to capture, recover, and sell volatile organic compounds, as well as methane, to increase efficiency while reducing GHG emissions. We have deployed a continuous monitoring system for our VRU's across our Midland Basin operations that combines SCADA data with vendor specific register maps, enabling continuous monitoring in order to calculate different run-time metrics for reporting purposes. Among other initiatives, we engage in the following practices to improve flare performance:

- collaboration with our midstream gas purchasers to install gas offloads and interconnecting pipelines, which allows gas to be delivered to multiple purchasers during planned and unplanned downstream capacity constraints;
- development and utilization of flare reporting tools, which provide daily information to support operational decision making and measure results of annual flaring goals;
- evaluation of well performance to shut-in lower value gas wells in areas impacted by temporary downstream constraints; and
- identification of alternative opportunities to sell our gas in areas of limited infrastructure, including the sale of gas to companies to provide power for large data processing centers.

We are also members of the Environmental Partnership ("TEP") and the Texas Methane and Flaring Coalition, both of which are focused on reducing flaring.

In 2023, SM Energy set up a Midland Basin Operations Surveillance Room ("OSR") that allows for 24/7/365 monitoring by our Operations Specialists. In addition to enhanced monitoring, this technology allows for real time notification with alarms to field personnel to improve our response time to unsafe, hazardous, or downtime events. The OSR has provided significant benefit to SM Energy and the communities in which we operate by advancing our ability to proactively respond to equipment irregularities, and to identify and provide timely response to spill and emissions events, safety concerns, and theft.

This type of monitoring not only benefits SM Energy but also the communities in which we operate.

Improving Vapor Recovery

We seek to reduce emissions by installing VRUs at our production facilities. VRUs are small compressors that remove valuable vapors and gases from storage tanks at many of our facilities and route them to pipelines for sale. This strategy allows us to capture, recover, and sell volatile organic compounds ("VOCs"), as well as methane, as part of our value chain to increase efficiency while reducing GHG emissions. We have deployed a continuous monitoring system for our VRUs across our Midland Basin operations that combines SCADA data with vendor-specific register maps, enabling continuous monitoring in order to calculate different run-time metrics for reporting purposes.

Upgrading Controllers

Additionally, we seek to reduce our already low methane emissions by installing zero emissions and non-gas pneumatic controllers on all new facilities and converting pneumatic controllers to non-gas emitting devices on existing facilities. We have converted certain pneumatic devices to operate on a compressed instrument air system, which replaces pressurized natural gas with atmospheric air, eliminating methane emissions. We are also testing the use of nitrogen as a replacement to natural gas within our controllers. These systems have been installed at our new facilities in our Midland Basin assets since 2017, and as of 2023, we have converted 90% of our Midland Basin pneumatic controllers. In South Texas, we continue to convert pneumatic devices to zero-emissions electronic devices powered by renewable energy. We have adopted emerging technologies in our off-grid powered instrumentation, including new solar power design that increases solar cell charging efficiency and battery back-up capacity, using batteries similar to those found in some electric cars. The improved design enables continuous operations during inclement weather, significantly outlasts the lifespan of traditional batteries and reduces waste. The off-grid powered instrumentation design has been further refined to accommodate retrofitting facilities built prior to New Source Performance Standards ("NSPS") OOOO and the installation process was initiated in mid-2022.

In 2023, the Company converted 560 intermittent gas pneumatic controllers with non-gas emitting devices, which reduced methane emissions by approximately 7,900 mT CO_2e, and installed 350 air powered pneumatic controllers at new facilities, which resulted in an estimated reduction in methane emissions of approximately 7,400 mT CO_2e in 2023.

More Sophisticated Leak Detection And Repair To Reduce Fugitive Emissions

Beginning in 2016, we initiated a leak detection and repair ("LDAR") program at all new facilities in accordance with the EPA NSPS OOOOa rules, and we use an optical gas imaging ("OGI") camera to conduct LDAR as part of our maintenance program in both our Midland Basin and South Texas assets. Since initiation of the program, we have utilized various techniques and detection systems across SM Energy operations to monitor for fugitive emissions. In conjunction with our participation in TEP, the Company sets targets above and beyond regulatory requirements.

In 2023, SM Energy conducted LDAR at all Midland Basin and South Texas production facilities resulting in an estimated 29,600 mT CO_2e of reduced methane emissions during the year. Beginning in May 2024, we are conducting LDAR at all new facilities in accordance with the EPA's NSPS OOOOb rule, which requires more frequent monitoring over a larger number of facilities.

While achieving our targeted low methane emissions intensity levels, in addition to traditional OGI LDAR, the Company continues to pilot new technologies designed to better identify, quantify and reduce methane emissions. In 2022, as part of our ongoing participation in TEP, the Company continued a pilot project with a third party to conduct aerial light detection and ranging ("LiDAR") flyovers specific to methane detection. The technology employs

Gas Mapping LiDAR ("GML"). The GML technology is selective to methane and can operate over a wide range of environmental conditions and wind speeds. An additional benefit of this technology is that it acquires concurrent digital aerial photography and LiDAR mapping of the surface height, which is used for identification of surface equipment and height of the emission source. Data from this airborne platform is geo-registered to a common global coordinate system.

SM Energy selected certain locations to be flown as part of this pilot project to demonstrate the value of the technology in Q2 and Q4 of 2022. An advantage of this technology is that it provides a calculated leak rate and provides a strong correlative location to leak source.

SM Energy contracted directly with the same third party being used in TEP to complete LiDAR flyovers of 100% of the Midland Basin and South Texas facilities as a baseline case by year-end 2022. In 2023, SM Energy continued to contract directly with that same third party to complete LiDAR flyovers in the Midland Basin over OOOOa facilities. The flyover surveys were conducted monthly through August 2023 and, effective September 2024, the flyover surveys are conducted on a bi-monthly basis.

Further, SM Energy has implemented goals for methane emissions that impact compensation for every employee.

Supply Chain

The Company has identified opportunities to reduce emissions in the supply chain. For example, we utilize pumping service vendors who can provide the capability to utilize diesel fuel or natural gas in their engines; we employ electric driven gas lift compression, where practical, to potentially leverage the future decarbonization of the electric power grid. In 2020, the Company began pilot testing dynamic gas blending ("DGB") technology for its completions operations, which substitutes diesel fuel with natural gas and allows us to reduce our CO_2e emissions. We continue to employ DGB fleets in current operations and added an electric fleet in the Midland Basin in 2024. In 2023, DGB substitution rates averaged ~20% in the Midland Basin. In 2024, we expanded the use of DGB in Midland Basin and began integrating this technology into our South Texas operations. While outside Scope 1 emissions, but within the Company's control, in 2015 the Company sourced its sand for Permian operations from the Northern U.S., and by 2019 the Company was using 100% local sand. The transition to locally sourced sand is estimated to reduce emissions from sand transport by an estimated 70%. The Company also sources sand for its South Texas operations locally.

In 2022, SM Energy added an ESG scorecard to our contractor engagement clearinghouse that allows us to delve further into a supplier's ESG tracking and performance and enables us to work with them on possible improvements. The scorecard was first rolled out in 2022 to 11 of our top spend suppliers accounting for 44% of our 2022 spend. The scorecard is being progressively rolled out to more suppliers in small, focused groups and as of 2023, we distributed the scorecard questions to 39 of our suppliers accounting for 64% of our 2023 spend.

TOPIC

Air Quality

ACCOUNTING METRIC

Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM_{10})

CATEGORY

Quantitative

UNIT OF MEASURE

Metric tonnes (mT)

CODE

EM-EP-120a.1

SM ENERGY'S RESPONSE

Air emissions of the following pollutants (each in mT): (1) NOx: 1,337.0; (2) SOx: 291.2; (3) VOCs: 2,537.5; and (4) PM_{10}: 71.8.

TOPIC

Water Management

ACCOUNTING METRIC

(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand cubic meters (m3), Percentage (%)

CODE

EM-EP-140a.1

SM ENERGY'S RESPONSE

1) Freshwater is only tracked as used/consumed, not withdrawn.

2) 6,893 thousand m3; 91% of our South Texas operations and 77% of our Midland Basin operations are located in areas considered to have extremely high baseline water stress. However, we have not experienced, nor do we anticipate, water sourcing or availability issues in the foreseeable future.

ACCOUNTING METRIC

Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand cubic meters (m3), Percentage (%), Metric tonnes (mT)

CODE

EM-EP-140a.2

SM ENERGY'S RESPONSE

12,614 thousand m3; (1) 0%, (2) 68%, (3) 32%: N/A

ACCOUNTING METRIC

Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-140a.3

SM ENERGY'S RESPONSE

100%

ACCOUNTING METRIC

Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-140a.4

SM ENERGY'S RESPONSE

0%

TOPIC

Biodiversity Impacts

ACCOUNTING METRIC

Description of environmental management policies and practices for active sites

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-160a.1

SM ENERGY'S RESPONSE

SM Energy's oil and natural gas production operations in 2023 were onshore and limited to eight counties in the state of Texas. Our facilities were not located in identified conservation areas, critical endangered species habitats, or on indigenous lands. Environmental risks on land most relevant to our operations are fluid spills, waste management, and water recycling; however, we consider applicable regulations (including those listed in the Oversight and Compliance section below) relating to ecology, biodiversity, waste, noise, emissions, chemicals, water consumption, and water discharge in design processes and operations decisions.

We understand the importance of respecting the land on which we operate and take the following key steps to protect biodiversity:

- We are thoughtful about where and how we build our facilities and how we conduct our operations. Prior to drilling and facility construction, we use a third party to conduct assessments for wetlands and other waters of the U.S., threatened and endangered species, and cultural resources.
- We actively engage with landowners, neighbors, and local community leaders before we begin operations to ensure the proper planning of well locations, service roads, and pipeline routes.
- SM Energy strives to adapt our operations to minimize impacts on wildlife and their habitat. Where feasible, we utilize multi-well pads and centralized facilities while also extending the lateral length of our wells. These planning practices help minimize the surface footprint and land impacts of our operations.
- We seek to reclaim and restore the land to its pre-operation state and engage with landowners during the well and facility reclamation process to seek feedback on how they would like the well pads reclaimed. Our reclamation efforts include the replacement of natural soil at our well sites and seeding in certain areas of operations to restore the natural vegetation.

Spill Prevention

Spill management is an important element of our environmental stewardship strategy. We set an annual performance target for the ratio of spilled volumes to total produced volumes in a year. Compensation for all employees is tied, in part, to this target and is based upon the top quartile performance of the trailing three-year average of reporting AXPC members and certain other target metrics. From 2019 through 2023, we achieved spill volumes of less than five barrels of produced fluid per 100,000 barrels of fluids produced with a majority of spilled fluid being captured within secondary containment built to protect the land and environment.

SM Energy employs various practices to prevent, monitor, and respond to spills.

Design and Response

We design and maintain our facilities to prevent spills, while keeping safeguards in place that are intended to contain all fluids on location. When a spill does occur, we work to properly clean up the affected area, dispose of any recovered fluids, and remediate any contaminated soil or water as necessary.

Spill Reduction Planning Efforts

We go beyond EPA requirements for Spill Prevention, Control and Countermeasure ("SPCC") Plans. Analyzing spill sources and causes and having spill mitigation strategies in place are part of our normal operations.

OSR

The operations surveillance room has enhanced our ability to detect and respond to environmental spills. The real-time surveillance of our facilities allows the OSR operators to identify spills in progress and facilitate communication with our field operations who can immediately respond and reduce the time of the spill and environmental impacts.

Other ongoing actions to reduce produced water spills include:

- tank, vessel and pipeline inspections, including cleaning, testing, and replacement as necessary
- extra staffing that includes flowback crews and night lease operators, which enable faster detection and response
- post-incident review process
- projects to upgrade equipment, specifically ongoing efforts to replace fiberglass tanks in South Texas to reduce our exposure to lightning strikes that cause spills; and
- projects to expand automation and communication capabilities to help reduce spills and leaks

Waste Management and Recycling

As part of our commitment to our corporate values and goals, we strive to manage produced waste. We maintain a Corporate Waste Management Program, as well as Operations Waste Management Plans, which are specific to our operations. In addition, we continually look for new opportunities and technologies to minimize environmental impacts through reduction and/or the reuse or recycling of produced waste streams. We also maintain an auditing program directed at reviewing third-party operated waste disposal facilities. Most products and resources from our operations are not classified as a hazardous waste at end use by the EPA Resource Conservation and Recovery Act regulations.

Recycling of produced water improved 38% in 2023, from 23% to 32% in 2022 and 2023, respectively.

Oversight and Compliance

Codes, guidelines, policies and regulations to which SM Energy operations meet or exceed compliance include:

- U.S. Fish & Wildlife Endangered Species Act and Migratory Bird Treaty Act ("MBTA") regulations; MBTA includes implementation of U.S. Fish & Wildlife-approved Corporate Avian Protection Plan
- EPA SPCC regulation
- Railroad Commission of Texas ("RRC") and Texas Commission on Environmental Quality ("TCEQ") spill reporting/remediation and waste regulations
- EPA & TCEQ air quality regulations
- Texas Department of Health chemical inventory reporting
- TCEQ and Texas Water Development Board for South Texas Rio Grande water use
- RRC Regulation: Produced Water; no surface discharge, if not recycled, injected in RRC-regulated saltwater disposal wells
- RRC Regulation: Reporting of hydraulic fracturing chemicals to Frac Focus
- Utah Division of Environmental Quality and Division of Oil, Gas, and Mining
- Bureau of Land Management
- Bureau of Indian Affairs

ACCOUNTING METRIC

Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered

CATEGORY

Quantitative

UNIT OF MEASURE

Number, Barrels (bbls)

CODE

EM-EP-160a.2

SM ENERGY'S RESPONSE

Number of spills: 14; Aggregate volume of hydrocarbon spills: 169 bbls. Volume recovered: 126 bbls. Comment: All spills to soil, none to water. Hydrocarbon spill data includes produced/crude, not refined, oil. No spills in Arctic or impacting shorelines with ESI index 8-10.

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-160a.3

SM ENERGY'S RESPONSE

1) 0%; 2) N/A

TOPIC

Security, Human Rights & Rights of Indigenous Peoples

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near areas of conflict

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-210a.1

SM ENERGY'S RESPONSE

1) 0%; 2) 0%

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near indigenous land

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-210a.2

SM ENERGY'S RESPONSE

1) 0%; 2) 0%

ACCOUNTING METRIC

Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-210a.3

SM ENERGY'S RESPONSE

SM Energy's oil and natural gas production operations in 2023 were onshore and limited to eight counties in the state of Texas with no operations located on federal or indigenous lands, in areas of conflict, protected conservation areas or endangered species critical habitats. Our corporate headquarters is located in Denver, Colorado.

SM Energy operates only in the United States, and therefore employs people who live in the United States. We seek to comply with all applicable U.S. laws that prohibit unlawful discrimination, regulate wages and compensation, and ensure a safe workplace. Available on the Company's website are the Company's Code of Business Conduct and Conflict of Interest Policy, Financial Code of Ethics Policy, and Human Rights Policy, as well as Hotline information for employees and contractors to voice their concerns about any suspected violation of law or Company policy.

SM Energy is an equal opportunity employer and, in accordance with applicable federal and state laws, will not discriminate in recruitment, employment, promotion, training or any other job-related matters regardless of race, religion, color, sex, sexual orientation, gender identity, genetic information, national origin, age, disability, military or veteran status or any other classification proscribed under applicable federal, state, or local law.

A cornerstone of our mission statement is to have a positive impact on the communities where we live and work. We strive to ensure a safe workplace for all employees, and to conduct our business with honesty, integrity and high ethical standards. We believe we provide competitive total compensation packages and retirement plans, and opportunities for employees to develop and advance their skills.

With respect to human rights practices, please reference our Human Rights Policy, which was approved July 29, 2021, and is available on our website at www.sm-energy.com along with the following policies:

- Code of Business Conduct and Conflict of Interest Policy
- Financial Code of Ethics
- SM Energy Ethics and Compliance Hotline

TOPIC

Community Relations

ACCOUNTING METRIC

Discussion of process to manage risks and opportunities associated with community rights and interests

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-210b.1

SM ENERGY'S RESPONSE

SM Energy's oil and natural gas production operations in 2023 were onshore and limited to eight counties in the state of Texas and none were located on federal or indigenous lands, in areas of conflict, protected conservation areas or endangered species critical habitats.

We are committed to building and maintaining partnerships with our stakeholders by investing in and connecting with the communities where we live and work. We believe that open, honest dialogue with all stakeholders helps make us a good neighbor. SM Energy is committed to building and maintaining relationships with our stakeholders by investing in and connecting with these communities. By proactively engaging with local officials, landowners, emergency responders and peer operators, we seek to quickly identify and address concerns related to our operations and to support and improve the communities where we operate.

The following are examples of engaging with the communities where we live and work:

- SM Energy is proud to sponsor various STEM and other educational programs that support learning and growth in our communities. We continue to be the headline sponsor of the Texas Tech University ("TTU") Whitacre College of Engineering's Robotics Program, which is a partnership that helps cultivate an interest in STEM studies and careers throughout West Texas. SM Energy employees also participate in the Texas Tech GEAR Robotics event. This event provides a hands-on LEGO robotics challenge to elementary and middle school age students with the goal of increasing interest in STEM disciplines while offering mentoring opportunities to engineering undergraduate students at TTU. We also support STEM scholarship programs for local schools, and annually fund a STEM engineering internship program through Southwest Texas Junior College.
- Community investment includes developing effective partnerships with organizations and our neighbors, and it includes numerous employee-led charitable giving programs across communities for local education, community service, and health and human services. Local community colleges and universities offer trade and degree programs so residents can step directly into local oil and natural gas industry positions.

- Pad and facility designs seek to minimize our footprint. We work with local farmers to best determine road routes, maximize the use of pipelines to minimize truck traffic and recycle water where feasible.

Charitable giving and volunteerism are part of the SM Energy culture, enabling our employees to give back to our communities. Each year, an employee may use up to 12 hours of company-granted time to volunteer. In 2023, SM Energy employees volunteered 2,343 hours of community service and charitable contributions totaled approximately $1.2 million, which includes the SM Energy corporate match up to $2,000 per employee.

SM Energy was named a 2023 Mile High United Way Community Champion, receiving the 2023 Social Impact Award. This award is in recognition of SM Energy as a company that engages with Mile High United Way year-round to inspire employees to give, volunteer, advocate and lead. Please refer to our 2024 Corporate Sustainability Report for even more examples of SM Energy's commitment to investing and connecting with the communities where we live and work.

SM Energy is also a significant contributor to the economies of the states and communities where we live and work. The importance of our business to the local communities is underscored by nearly $189.9 million paid in state and local taxes in 2023.

ACCOUNTING METRIC

Number and duration of non-technical delays

CATEGORY

Quantitative

UNIT OF MEASURE

Number, Days

CODE

EM-EP-210b.2

SM ENERGY'S RESPONSE

Number: 0, Days: 0

TOPIC

Workforce Health & Safety

ACCOUNTING METRIC

(1)Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees

CATEGORY

Quantitative

UNIT OF MEASURE

Number, Hours (h)

CODE

EM-EP-320a.1

SM ENERGY'S RESPONSE

1)TRIR: Employees: 0.00; Contractors: 0.26. 2) Fatality Rate: Employees: 0; Contractors: 0. 3) NMFR: Employees: 125; Contractors: 10. 4) Average hours of health, safety, and emergency response training per worker: (a) Employees: 6.8 h; (b) Contract employees receive health, safety, and emergency response training from their respective companies and in accordance with their specific line of work; (c) we do not have any short-service employees.

ACCOUNTING METRIC

Discussion of management systems used to integrate a culture of safety throughout the exploration and production life cycle

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-320a.2

SM ENERGY'S RESPONSE

Safety is our top priority and we are proud of our strong safety culture at SM Energy.

We conduct our business in a manner that focuses on safeguarding the environment and protecting the health and safety of all. We strive to achieve performance excellence in environmental, health, and safety ("EHS") management, and our Board of Directors (the "Board") sets annual EHS performance goals that impact a portion of the compensation of all employees.

Safety Metrics

In 2023, the TRIR was 0.20 injuries per 200,000 hours for employees and contractors combined.

SM Energy's 2023 short-term incentive plan, which provides annual cash bonus opportunity, for all employees, including executive management, was tied, in part, to environmental and safety targets. In 2022, the Compensation Committee unanimously approved a modification to the design of the Company's STIP by altering the qualitative ESG metric to a quantitative metric that had a 15% weighting on the award. In 2023, the Compensation Committee maintained the quantitative nature and the weighting of the metric with goals to reduce the following: TRIR, spill ratio performance, GHG emissions intensity reduction and methane emissions intensity reduction. The GHG emissions intensity target is based on the Company's projected greenhouse gas emission intensity reduction goals, and the targets for safety and spill metrics are based upon the top quartile of the trailing three-year average of reporting AXPC members. In addition, the STIP considered performance for qualitative ESG initiatives that included additional hours of safety training, further cross-functional integration of ESG awareness, development and implementation of ESG operations monitoring technology, and efforts to meet certain flaring targets.

SM Energy's LTIP program typically utilizes PSUs (50% weighting) and RSUs (50% weighting) to compensate our named executive officers and allocated other key employees for execution of our strategy (except for our CEO, who received 60% weighting to PSUs and 40% weighting to RSUs). The performance metrics and weighting comprising the 2023 PSU awards were tied, in part, to ESG performance (25%), which is further broken down by GHG emission intensity reduction (10%), employee and contractor safety (10%), and spill ratio performance (5%). Performance is measured over the three-year program period.

In 2023, the Company achieved its targets for GHG intensity, methane emissions intensity, TRIR and spill ratio performance.

We strive to conduct our operations in a manner that adheres to high ethical standards, the proper stewardship of natural resources, compliance with all applicable U.S. laws and regulations, and commitment to operational excellence.

Our facilities are regularly inspected by SM Energy employees and consultants, and periodically by regulatory officials. The Company conducts internal and independent third-party regulatory audits, including triennial third party EHS compliance audits, which was completed in 2023, to ensure compliance with applicable regulatory requirements and best practices. We also routinely conduct safety, health, and environmental meetings with our employees and contractors to help ensure compliance with applicable laws, regulations, and policies.

We have a "Stop Work Authority" directive at all of our sites that empowers any employee or contractor to stop any work they believe is being conducted in an unsafe manner.

Safety metrics are reviewed with our employees and Board of Directors at least quarterly.

Safety Training

SM Energy Company expects all employees and other persons directly supervised by the Company to know, understand, and comply with its environmental, health and safety policies, rules, and safe work practices. Many of SM Energy's rules and safe work practices are mandated by applicable laws or regulations, while some reflect the best practices of the industry. All employees are expected to review, be familiar with, and use the safe space work practices information posted at the Company's offices and electronically on the Company's internal website.

These include policies and practices relating to the following subjects:

- Driving safety
- Energy isolation
- Fire protection
- Hazard communication
- Hazardous materials
- Hazardous work permitting
- Incident reporting and investigation
- Job safety analysis
- Personal protective equipment
- Working at heights

In 2023, each SM Energy employee received, on average, 6.8 hours of health, safety and emergency response training.

Contractor Management Program

We recognize the valuable role our independent contractors play in our operations and the important contributions they make to the success of our company. We strive to work with contractors who share our commitment to health and safety and the proper stewardship of shared natural resources. To help confirm that our independent contractors are aligned with our culture and EHS focus, we use a Contractor Management Program that facilitates our selection of vendors with effective EHS programs and allows monitoring of contractor performance.

Since 2008, SM Energy has utilized ISNetworld ("ISN") to facilitate the collection, maintenance, and verification of contractor information. Contractors are required to submit their safety and training programs, safety performance data, and proof of insurance information to ISN, who independently verifies the information. Contractors are graded on the strength of their EHS management systems and training programs, as well as their performance. Contractors are generally selected based on their performance against defined benchmarks, and the use of each contractor is approved by Company representatives involved in the work to be performed. We maintain a list of qualified contractors and generally only those contractors are permitted to work at our operations.

We expect all of our contractors to comply with their respective EHS programs, state and federal regulations, and to respect our safety culture and core values. To help ensure that contractors implement their respective safety programs and provide proper training, we conduct periodic audits of a sampling of our contractors at both the corporate and field level. Contractors are selected for these reviews based on the risks attendant to the work to be performed, activity level, past performance, and other factors.

TOPIC

Reserves Valuation & Capital Expenditures

ACCOUNTING METRIC

Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions

CATEGORY

Quantitative

UNIT OF MEASURE

Millions barrels (MMBbls), Million standard cubic feet (MMscf)

CODE

EM-EP-420a.1

SM ENERGY'S RESPONSE

Annually, SM Energy evaluates the sensitivity of our estimated reserves against multiple price decks. See 420a.3, below, as well as our Task Force on Climate-Related Financial Disclosures report ("TCFD") for details of scenario analysis of risks and opportunities.

ACCOUNTING METRIC

Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves

CATEGORY

Quantitative

UNIT OF MEASURE

mT CO2e

CODE

EM-EP-420a.2

SM ENERGY'S RESPONSE

59,052,877 mT

ACCOUNTING METRIC

Amount invested in renewable energy, revenue generated by renewable energy sales

CATEGORY

Quantitative

UNIT OF MEASURE

Presentation currency

CODE

EM-EP-420a.3

SM ENERGY'S RESPONSE

Since 2017, 158 wind/solar remote power systems and various instrumentation power supplies have been installed for approximately $1,800,000. This is operational support equipment with no associated revenue generated.

ACCOUNTING METRIC

Discussion of how price and demand for hydrocarbons or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-420a.4

SM ENERGY'S RESPONSE

The Company develops short-, mid- and long-term financial and operating plans that employ future strip commodity prices for the first two years. Short-, mid- and long-term plan scenarios are also run at varying commodity price scenarios to provide sensitivity analysis to changes in commodity prices. Capital investment decisions are based on projected returns that incorporate the modeling of various sensitivities. The impact of supply and demand and enhanced regulations would be reflected in future commodity prices. The Company specifically considered the imposition of a carbon pricing mechanism and the effect of future changes in supply and demand based on the IEA Sustainable Development Scenario ("IEA SDS"), IEA Announced Pledges Scenario ("IEA APS") and IEA Stated Policies Scenario ("IEA STEPS").

As part of its normal planning and strategy process in 2023, SM Energy considered the potential for the implementation of a carbon pricing system. Although the Company is not currently affected by regulated pricing on emissions, the Company believes that it is possible that such a carbon pricing mechanism could be implemented and the Company continues to evaluate the risk. The implementation of a carbon pricing mechanism would increase the cost of producing oil and natural gas for SM Energy and across its industry sector. In addition to the cost of the carbon tax, the Company would incur costs associated with mitigating carbon emissions that include capital costs as well as ongoing operating costs. Please reference TCFD Core Element - Strategy Risk 1 - Emerging Regulation-Carbon Pricing Mechanisms for in-depth discussion of SM Energy's scenario analysis and climate-related risks and opportunities assessments.

SM Energy ranks favorably among its industry sector in emissions intensity and, in combination with a comparatively low breakeven cost of production, believes its strategy is resilient to this risk.

In addition, the Company assessed the effect of climate-related scenario analysis by employing the IEA SDS, IEA APS and IEA STEPS commodity price projections. SM Energy applied commodity prices from the three scenarios, which become effective in 2030, as commodity prices inherently reflect supply and demand changes and imbalances. The Company calculated a range of financial impacts by comparing the IEA SDS, IEA APS and IEA STEPS commodity price assumptions to the Company's long-term commodity price assumptions: (1) as provided by the lead bank in our credit facility, which is similarly used to project long-term financial sustainability and to calculate the estimated proved developed producing reserves that support our borrowing base; and (2) our internal long-term budget pricing. There is no effect of the three scenarios between the years 2024 and 2029, during which time there is no applicable pricing. The minimum and maximum effect of the 10-year analysis is derived by the difference in the pricing assumptions in forward years. Based on SM Energy's enterprise risk management risk impact scale, the magnitude of this impact is considered medium. Please reference TCFD Core Element - Strategy Risk 3 - Market-Changing Customer Behavior for in-depth discussion of SM Energy's scenario analysis and climate-related risks and opportunities assessments.

The integration of long-term strategic planning, enterprise risk management, scenario analysis, environmental stewardship and having a positive impact on our people and in our communities takes vision and oversight by our executive team and Board of Directors. The Environmental, Social and Governance Committee of our Board of Directors oversees the effectiveness of our sustainability policies, programs and initiatives, monitors and responds to emerging issues, and, together with management, reports to our Board of Directors regarding such matters. Compensation for our executives and employees is calculated based on, in part, Company-wide performance regarding key financial, operational, environmental, health, and safety metrics.

TOPIC

Business Ethics & Transparency

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-510a.1

SM ENERGY'S RESPONSE

1) 0%; 2) 0%

ACCOUNTING METRIC

Description of the management system for prevention of corruption and bribery throughout the value chain

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-510a.2

SM ENERGY'S RESPONSE

SM Energy Company's headquarters are located in the state of Colorado and 2023 operations were located in the state of Texas. We are committed to operating in conformance with all U.S. federal, state and local laws. We seek to do business with qualified business partners generally known in the industry, and our suppliers are predominantly regionally based or have regional offices that are subject to U.S. federal and applicable state and local laws.

At the foundation of SM Energy's culture are its values and core competencies, where actions are guided by ethical decision-making, integrity and personal accountability. Certainly, corruption and bribery are contrary to those values and expectations. We have a Code of Business Conduct and Conflict of Interest Policy and Human Rights Policy that together set forth our values and expectations for employee and corporate conduct, which includes complying with

all laws and regulations and, coupled with other policies and initiatives, promote our culture of doing what is right. We train employees on our expectations and culture. All employees are required to annually certify that they have read, understand and are in compliance with our Code of Business Conduct and Conflict of Interest Policy. We also have a system requiring key employee certifications of quarterly legal and regulatory compliance. We have a confidential hotline for employees or others to report any concerns about our business practices or suspected violations and a process to thoroughly investigate any issues raised.

Our legal department leads the investigation of all asserted legal, regulatory, code, or policy violations reported through the hotline or otherwise. Executive management and our Board of Directors are informed and involved as appropriate, and any confirmed violations result in discipline up to and including termination.

TOPIC

Management of the Legal & Regulatory Environment

ACCOUNTING METRIC

Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

N/A

CODE

EM-EP-530a.1

SM ENERGY'S RESPONSE

The oil and natural gas production industry is heavily regulated. Currently, a number of proposed laws and regulatory changes relating to ESG matters have been put forth. SM Energy is committed to compliance with all applicable laws, rules and regulations; conducting its business with honesty, integrity and high ethical standards; and prioritizing exceptional safety, health and environmental stewardship in its operations. The Company believes that, with respect to environmental and social matters, the most relevant proposed legislation to our business relates to climate change, specifically proposed legislation mandating emissions reductions and enhanced disclosures regarding ESG matters, and the potential for instituting a carbon pricing mechanism.

SM Energy is a small-to-mid-cap sized company with finite resources. In 2020, in order to evaluate and respond to relevant ESG matters, SM Energy established a management ESG Committee, and expanded the duties of the nominating and governance committee of its Board of Directors, and renamed it the Environmental, Social and Governance Committee. Each of these committees has worked diligently to oversee and implement the Company's ESG practices, policies and programs as it relates to the Company's operations and governance structure, including enhancing the applicability of relevant environmental, health and safety targets into compensation for all employees, including our executives. In addition, the Company works through its trade group affiliations and third-party consultants to provide education and guidance with respect to ESG matters, and to identify and consider potential transition risks associated with emerging regulation and potential market risks associated with longer-term price and demand volatility. See the Company's discussion of risk factors impacting its business in the Company's most recent Form 10-K, Form 10-Q, and other filings, with the Securities and Exchange Commission (the "SEC") for a more complete description of these risks.

The Company works with TEP, whose programs and initiatives align with SM Energy's commitment to being a good steward of shared natural resources. TEP is a voluntary program, comprised of a growing number of energy companies in the U.S. oil and natural gas industry committed to improving the industry's environmental performance and collaborating to achieve the best results. The Company has also worked pro-actively with TXOGA and AXPC in support of deriving safety and emissions metrics most relevant to the oil and natural gas industry to best support increased and comparative disclosures.

The Company has memberships in the TXOGA, AXPC, PBPA, and LOGA trade associations and is a member of the University of Texas at Austin Bureau of Economic Geology special project for Integrated Seismicity Research.

The Company evaluates climate change transition risks, including emerging regulation. Risk analysis is incorporated into the Company's Enterprise Risk Management process as appropriate. Climate change physical and transition risk assessment is published to the Company's website as incorporated into disclosures in the TCFD framework.

TOPIC

Critical Incident Risk Management

ACCOUNTING METRIC

Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)

CATEGORY

Quantitative

UNIT OF MEASURE

Rate

CODE

EM-EP-540a.1

SM ENERGY'S RESPONSE

0.08

ACCOUNTING METRIC

Description of management systems used to identify and mitigate catastrophic and tail-end risks

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

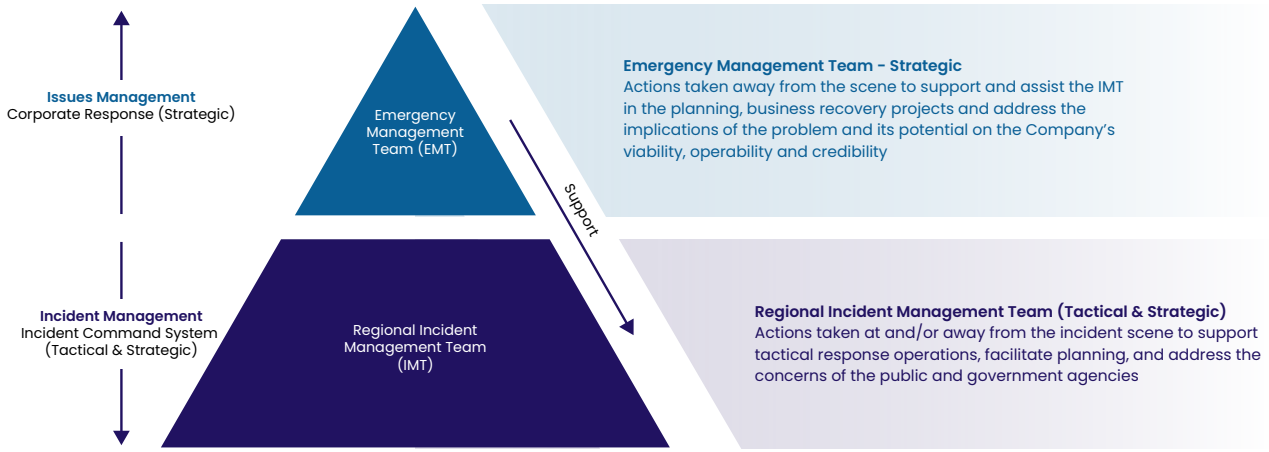
N/A

CODE

EM-EP-540a.2

SM ENERGY'S RESPONSE

The Company has risk assessment and mitigation processes in place for a range of risk types that have varying probabilities of occurring.



Operations Emergency Management Plan

The Company's Corporate Operations Emergency Management Plan defines the roles, responsibilities, purpose, and the rules of engagement of the Corporate Emergency Management Team with the Company's Incident Management Team. Field and area level plans are supported by the SM Energy Corporate Operations Emergency Management Plan that is intended to guide our response to consider impacts and business continuity beyond the immediate incident. We conduct training drills that include tabletop and field-based scenarios to test our emergency preparedness. These drills are specifically designed for each department, including but not limited to drilling, completions, and production. Additionally, we often include local first responders and law enforcement in our drills to improve emergency responsiveness.

Enterprise Risk Management

The Company manages broad business risks in conformance with an Enterprise Risk Management ("ERM") policy. Risk Impact is graded into five categories from minimal to major, with an assigned dollar value range based on the expected impact to Adjusted EBITDAX and equity value for each category. ESG associated risks can lead to ancillary financial or equity value impacts due to negative effects on reputation. The ERM committee evaluates, monitors, and mitigates (where possible) those risks by appointing risk owners who define the active risk mitigation strategies, and the approach used to monitor risk activity. Emerging risks and trends are also considered. The top ranked risks are reviewed at the Committee's quarterly meetings along with a presentation provided by a selected risk owner discussing their risk evaluation metrics and currently employed risk mitigation strategies. Top ranked risks are annually reviewed by the Board in conjunction with a report from the Company's Internal Audit department, which reviews the ERM processes. The report verifies the ERM Committee properly monitors and addresses existing and emerging risks and trends facing the Company and that the appropriate people, processes, and systems are in place to manage such risks. The Board annually reviews the Company's risk management philosophy and practices. The Board also considers potential risks to the Company's strategic initiatives. The risk process incorporates risks disclosed in the Risk Factors section of SM Energy Company's Form 10-K and other SEC filings, as well as potentially relevant risk factors disclosed by peer companies in their Form 10-K SEC filings, emerging risks discussed in the World Economic Forum's annual Global Risk Report and other potential risks, including those associated with ESG policies.

Catastrophic and Tail-End Risks

Please reference the Company's most recently published TCFD report.

Routine Risk Management

More broadly, environmental, health, and safety risks and opportunities are part of daily operations under the oversight of the Executive Vice President and Chief Operating Officer. We have several systems in place to monitor and alert personnel of safety incidents, flaring and other environmental issues and concerns. Many of these alerts are fully automated and are directed to the appropriate management teams. Additionally, we work closely with our significant business partners to ensure that they have the appropriate safety standards to protect employees, contractors, and the public.

Cybersecurity

We have implemented cybersecurity training, controls, and other information security efforts to protect the confidentiality, integrity, and availability of information. Cybersecurity plays a critical role in our core sustainability practices, expanding beyond awareness to cybersecurity resilience. We have built a culture of cybersecurity across all levels of our organization, and we take a multi-layered approach, employing a number of processes and technologies to help safeguard our systems and people. The Board of Directors and Audit Committee oversee our cybersecurity risk and business continuity functions and quarterly updates are presented to the Audit Committee by management.

As our employees and partners are the key to our success in detecting and preventing identity and social engineering threats, we provide continuous training and also informal chats and socialization of current topics to help identify trending risks and encourage reporting. Listed below are other ways SM Energy strives to maintain cybersecurity resilience:

- quarterly meetings with the Board
- building a culture of appropriate cybersecurity awareness and behaviors for all our employees
- use of modern software tools to protect user authentication and maintain systems to help identify, alert, and respond to abnormal activities
- work with industry experts to partner on activities such as maturity assessments, penetration testing, and incident response plans, including tabletop exercises, to strengthen our ability to quickly assess and respond to potential and actual threats
- continuously monitor the evolving threat landscape, both in our industry and beyond, and take proactive measures to enhance our cybersecurity program to address developing risks

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TOPIC

Production of: (1) Oil, (2) Natural Gas, (3) Synthetic Oil, and (4) Synthetic Gas

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand barrels per day (Mbbl/day); Million standard cubic feet per day (MMscf/day)

CODE

EM-EP-000.A

SM ENERGY'S RESPONSE

In 2023, the Company reported full year net sales volumes of approximately 65.1 MBbl/day crude oil, 364.1 MMscf/day natural gas, and 26.7 MBbl/day natural gas liquids.

TOPIC

Number of Offshore Sites

CATEGORY

Quantitative

UNIT OF MEASURE

Number

CODE

EM-EP-000.B

SM ENERGY'S RESPONSE

SM Energy has no working interest in producing offshore sites.

TOPIC

Number of Terrestrial Sites

CATEGORY

Quantitative

UNIT OF MEASURE

Number

CODE

EM-EP-000.C

SM ENERGY'S RESPONSE

As of December 31, 2023, the Company had working interests in 898 gross (795 net) productive oil wells and 528 gross (494 net) productive gas wells. As of December 31, 2022, the Company had working interests in 859 gross (765 net) productive oil wells and 499 gross (465 net) productive gas wells.
