

GUIDELINES ON ACCEPTANCE OF GIFTS

The SM Group is committed to strengthen its corporate governance practices with the end in view of increasing shareholder value over time.

In line with this, SM hereby expressly prohibits the solicitation or acceptance of gifts from business partners. Please be reminded of the following guidelines:

1. The company prohibits the solicitation or acceptance of gifts in any form from a business partner (i.e., contractors, suppliers, banks and other entities engaged in business with SM), directly or indirectly, by any director, officer or employee of the company.
2. The term “gift” covers anything of value, such as but not limited to cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel, entertainment, sponsorship of personal events (like birthday, wedding, baptism, etc.), the use of property owned by business partners (like vehicles, beach houses, resorts, restaurants, bars, sports or recreational facilities), whether for personal or business use.
3. However, a director, officer or employee may accept corporate give-aways, tokens or promotional items of nominal value (pens, mugs, notebooks, and the like), provided that the gift is voluntarily given by a third person without suggestion or solicitation, as a souvenir or out of courtesy, and provided further that the approximate value of the gift does not exceed Two Thousand Pesos (Php2,000.00). If the approximate value of the gift exceeds Two Thousand Pesos (Php2,000.00), it should not be accepted and returned to the giver immediately.
4. In situations where it is deemed improper to refuse a gift, the issue shall be referred to the management for proper disposition.

The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance.

GUIDELINES ON TRAVEL SPONSORED BY BUSINESS PARTNERS

Under the SM Group's Guidelines on Acceptance of Gifts dated December 15, 2008, all officers and employees are prohibited from accepting gifts in any form valued more than P2,000 from business partners. The term "gift" covers anything of value and includes travel sponsored by business partners. The term "business partners" refers to contractors, suppliers, banks and other entities engaged in business with SM.

These guidelines are being issued to clarify the prohibition on travel sponsored by business partners.

1. Travel sponsored by a business partner is prohibited. Where a business partner invites SM officers or employees to travel for the purpose of attending trade shows or exhibits where the business partners' products will be featured, or for exposure to new techniques, products and innovations, among similar purposes, officers and employees are prohibited from accepting such sponsored travel. If the SM management deems that such travel is necessary for the business and for the development and training of officers and employees, SM will pay for the cost of the travel.
2. Where a project or transaction has been awarded to a business partner and SM officers or employees travel at the expense of SM to inspect the business partners' project or product not found in Metro Manila or the Philippines to determine its quality, condition or design, such travel shall not be deemed as travel sponsored by a business partners as it is SM that shoulders the cost for this travel.
3. In no case shall any SM officer or employee accept any travel sponsored by any current or prospective business partner which is participating in any on-going bidding or selection process for any SM project or transaction.
4. Any exception from the foregoing should be authorized by the President or the Chairman of the respective companies.

These guidelines are intended to ensure integrity in procurement practices and the selection of the most appropriate business partner for all SM projects and transactions.