

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.