

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.

15 December 2008