DIVISION HUMAN RESOURCES
INTER-OFFICE MEMORANDUM

TO: ALL BUSINESS UNIT HEADS
FROM: DIVISION HUMAN RESOURCES
SUBJECT: POLICY ON SOLICITATION AND ACCEPTANCE OF GIFTS

DATE: March 22, 2011
cc: OpCom / AMs / HROs / File

We are furnishing you a copy of the Policy on Solicitation and Acceptance of Gifts as approved by management effective March 1, 2011.

Kindly share salient points to your Mancom for dissemination to the department managers or route for their information and compliance.

This policy shall apply to all domestic installations in San Miguel Group.

Thank you.

ELEZER O. CAPACIO
POLICY ON SOLICITATION AND ACCEPTANCE OF GIFTS
I. RATIONALE

The practice of gift-giving is common in establishing and maintaining business or personal relationships. However, other parties may use this custom to gain undue advantage or influence the objectivity of Company executives and employees.

Hence, this policy is developed to provide guidance to executives and employees on how to handle gifts solicited from or offered by third parties.

II. POLICY STATEMENT

The Company is committed to succeed in a manner that upholds the highest standards of honesty, integrity, and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conduct.

The Code of Ethics of San Miguel Corporation and its subsidiaries requires employees to:

a) Conduct business affairs with fairness.
b) Avoid granting undue personal favors.
c) Exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company.
d) Refuse gifts that might connote bribery in any way.

III. COVERAGE

This policy shall apply to all regular, probationary, employment with fixed period (EWFP) and directly-hired project employees of the San Miguel Group.
IV. DEFINITIONS

a) **Bribe** – includes gifts in any form, gratuity, favor, service, fee, commission, credit, compensation, personal business and the like, benefits or advantage of any kind that is, directly or indirectly, provided, solicited or received by anyone in his personal capacity or thus others for the purpose of obtaining favorable treatment in connection with a business transaction.

b) **Gift** – refers to a thing, present, sponsorship, or any other personal benefit given by Third Parties to Company executives, employees, and members of their immediate families with whom they transact, whether directly or indirectly, in relation to Company business dealings, and regardless of the place where such gift is offered to or received by the executive or employee.

Gifts shall be classified as follows:

1. **Expensive Gifts** – shall refer to gifts above P3,000.00 in value and may be further classified as:
   - **Perishable Gift** – refers to any food, beverage, animals/pets, plants, flowers, or those requiring refrigeration or personal care/attention.
   - **Non-Perishable Gift** – any item not included in the definition of perishable gift.

2. **Token Gifts** – shall refer to gifts valued equal to or below P3,000.00, regardless whether perishable or non-perishable.

c) **Entertainment** – refers to any form of hospitality such as meal for Company executives and employees sponsored by Third Parties. It also covers spectator and participative activities such as golf, music, and other similar activities.

d) **Sponsored Travel** – any travel, hotel accommodation and or attendance/participation in conferences, conventions, seminars, domestic or international, whether for personal or business purposes, the costs of which are fully or partially paid for by Third Parties.

e) **Third Party** – refers to an individual, entity, organization and/or its representatives that have existing and/or intended business dealings with the Company. This includes but shall not be limited to prospective or existing suppliers, contractors, providers, buyers, dealers, customers, or all other business partners who are or may be similarly situated.
V. GUIDELINES

1. Gifts

   a) All executives, employees and members of their immediate families are prohibited from soliciting gifts in any form, gratuity, favor, service, or other benefit from any current or potential business partners, individuals or companies seeking any advantageous action by, or relationship with, the Company (e.g. suppliers, contractors, sub-contractors, providers, buyers, dealers, customers, or all other business partners who are, or may be similarly situated) or from any non-business partner whom which may have interests in influencing business decisions.

   b) The acceptance of a gift, even if unsolicited, is also prohibited except as otherwise provided for in the succeeding guidelines.

   c) A gift may be accepted and kept by the recipient only if all of the following conditions are present:

      - It does not connote an implied obligation to grant a favor or was for a favor already made;
      - Gift is of nominal value, that is, its value does not exceed Php3,000.00;
      - It is voluntarily given; and
      - It is offered out of courtesy.

   d) A gift valued in excess of Php3,000.00 or of undetermined value may be accepted, only if employed for a Company purpose or shared widely within the Company or a unit thereof.

      - Perishable gifts will be shared with all employees in the business unit to which the recipient belongs.
      - Non-perishable gifts shall be turned-over to HR office and will be raffled-off for the benefit of all executives and employees of the Company.

   e) Any executive or employee who receives a gift valued in excess of Php3,000.00 or of undetermined value from Third Parties should immediately turn-over the gift to his or her superior indicating the name of the donor.

   It will be the responsibility of the recipient to inform the donor that the gift/donation will be received in behalf of the Company and shall be handled.

Prepared By/Date: 
EMMA C. ABELLANA

Reviewed By: 
NOEL D. BASCAS / ROYAL LYN Q. CAMACHO

Approved By/Date: 
DAVID S. SANTOS
V. GUIDELINES

1. Gifts (cont'd.)

f) Gifts or donations given to the Company for authorized Corporate Social Responsibility (CSR) programs or initiatives may be accepted provided it is courses through the appropriate office (as designated by the Plant Manager/General Manager/Division President/CSU Head).

g) Gifts or donations given to the Company for a Company purpose other than Corporate Social Responsibility (CSR) program may be accepted if:
   • it has clearance from Plant Manager/General Manager/Division President/CSU Head, and
   • it is courses through the appropriate office (as assigned by the Plant Manager/General Manager/Division President/CSU Head).

h) Courtesy discounts given to executives and employees on their personal purchases of products and services from Third Parties are allowed provided, that such discounted purchases are made openly and the same terms are made available to all executives and employees of the Company.

i) Raffle tickets (or prizes won from such raffle tickets) and other promotional items given to the Company by its executives or employees for their attendance to certain events (such as athletic or social events, anniversary or Christmas parties and like), conferences, seminars, or product presentations of Third Parties may be accepted and kept by the recipient/winner regardless if value provided however, that other participants are likewise entitled to such raffle ticket and given equal opportunity to win prizes.

j) Gifts/tokens of appreciation offered to or received by an executive or employee from Third Parties in connection with his actual participation as speaker, facilitator or a reactor in conferences or seminars sponsored or organized by such Third Parties may be kept by the recipient provided that other speakers, facilitators and/or reactors are also given similar gifts/tokens of appreciation by such Third Parties.

Prepared By/Date: EMMA G. ABELLANA
Reviewed By: NOEL G. PATACAS J. ROYAL LYN G. CAMACHO
Approved By/Date: DAVID S. SANTOS
### V. GUIDELINES

2. **Entertainment**

   a) Executives and employees are prohibited from requesting/soliciting any form of entertainment from a Third Party including sponsorship for Company activities, non-Company supported charity works, and/or personal events such as birthdays, weddings, baptisms, etc.

   b) Customary business dealings involving payment by a Third Party for a meal or entertainment (including but shall not be limited to theater, concerts, social or sporting events and the like) are acceptable provided all of the following are present:

   - They are not excessive in frequency or amount.
   - They do not create the appearance of impropriety.
   - Acceptance to such invitations will not impair the objectivity of executives or employees in the performance of their duties and responsibilities.
   - Such invitations are generally available to others in the same industry or community.
   - Acceptance to such invitations is cleared with and approved by the immediate superior.

   c) Meal invitations during business meetings are acceptable if the location of business meeting conforms to accepted standards of propriety and is conducive for business purposes

   d) Executives and employees are prohibited in using properties belonging to Third Parties, their employees, agents and/or representatives (such as, but not limited to, vehicles, beach houses, resorts, vacation houses and the like) whether for a Company purpose or for their personal benefit.
V. GUIDELINES

3. Sponsored Travel

a) Executives and employees are prohibited from accepting a Third Party’s offer to pay for travel, accommodation and/or attendance/participation to business meetings, conferences, conventions, seminars, trainings, exhibits, product presentations or other similar functions except only if such sponsored invitation is properly justified subject to the presence of all of the following conditions:

- The purpose of the travel is purely business in nature;
- The travel will have a direct benefit to the performance and business of the Company; and
- Complimentary travel is part of an approved/existing contract with Third Party or knowledge of executive or employee assigned/chosen for the travel is valuable in the evaluation of Third Party’s product/system, and is directly related to his job/function.

b) Travel sponsored by an industry/professional organization may also be accepted provided that the sponsoring industry/professional organization is not associated with any Third Party.

c) All sponsored trips require prior approval of the Plant Manager/General Manager/Division President/CSU Head.

Prepared By/Date: [Signature] [Date]

Reviewed By: [Signature] [Date]

Approved By/Date: [Signature] [Date]
V. GUIDELINES

4. In cases when a relative of an executive or employee solicits and/or accepts gifts, entertainment or sponsored travel from Third Parties without adhering to the parameters set forth in this policy, it shall be the responsibility of the executive or employee concerned to promptly, upon his discovery or awareness of such fact, disclose the same in writing to his immediate superior if such gift/invitation/offer may be perceived as something that will impair the objectivity of said executive or employee in the performance of his duties and responsibilities.

The superior, in turn, shall review and resolve the conflict situation based on Company Policy or Conflict of Interest.

Willful concealment of receipt of a substantial gift/invitation/offer will be penalized in accordance with the Code of Conduct, Company Rules and Regulations, and the labor code whenever applicable.

5. Superiors are responsible in ensuring that this policy is communicated to and understood by the employees in their unit and that it is effectively enforced.

Third Parties should likewise be informed of this policy by the employee and superior whenever the opportunity arises.

6. Any employee who violates this policy will be disciplined subject to the sanctions under the Company’s Rules and Regulations and/or the labor code.