



**SMART Communications, Inc.**

**GENERAL CORPORATE GOVERNANCE (CG)  
GUIDELINES FOR THIRD-PARTY BUSINESS  
PARTNERS OF SMART**

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## **GENERAL CORPORATE GOVERNANCE (CG) GUIDELINES FOR THIRD-PARTY BUSINESS PARTNERS OF SMART**

### **INTRODUCTION**

This Corporate Governance (CG) Guidelines for third-party business partners of SMART Communications, Inc. outlines the standards of corporate governance that SMART expects from all its existing and prospective third-party business partners (hereinafter collectively referred to as, the “Business Partner”). It aims to promote a culture of good corporate governance by observing and maintaining SMART’s core business principles of **accountability, integrity, fairness** and **transparency** in all its relationships with its business partners and vice-versa.

For purposes of this CG Guidelines, “a third-party business partner” of SMART is defined as “an individual, entity, organization and/or its representatives that has existing and/or intended business dealings with SMART. This includes but shall not be limited to prospective or existing suppliers, contractors, buyers, content providers, media, agencies, dealers, customers, or all other business partners who are or may be similarly situated. This also covers associates (former classmates, co-workers, co-fraternity members, co-members in closed knit associations such as masonry/lodge, etc.) who are also prospective or existing suppliers, contractors, buyers, content providers, media, agencies, dealers, or customers, or all other business partners who are or may be similarly situated.”

SMART may amend or supplement this CG Guidelines for Third-Party Business Partners. Due notice of any such amendment or supplement shall be furnished the Business Partner for its compliance.

**A. Compliance with Laws, Regulations, Contracts and SMART Standards**

1. Business Partner shall abide with all applicable laws, regulations and SMART standards (as set forth in the applicable contracts or similar documents provided by SMART to the Business Partner), including without limitation, those pertaining to labor and industrial relations obligations, environment, health and safety, intellectual property rights and all other applicable laws, regulations and SMART standards.
2. All business transactions with SMART (i.e., negotiations, contracts, payments, etc.) must be documented accurately and promptly.
3. Business Partner shall honor and comply in good faith with the: (i) bidding procedures that may be issued by SMART; and (ii) terms of contract/s it may enter into with SMART.
4. Business Partner shall not take part in an illegal or unethical collusion or any other arrangement or agreement with any SMART director, officer, employee, or consultant, or with other Business Partners.

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**B. Conflict of Interest**

1. Business Partner shall periodically declare relationships and/or affiliations with any SMART director, officer, employee, or consultant, or their Relatives<sup>1</sup>, in a formal letter to be submitted to the Procurement Center of SMART.

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<sup>1</sup> “Relatives” as used herein shall mean relatives of up to third degree, by consanguinity, affinity or legal adoption, including, the director’s, officer’s, employee’s, or consultant’s spouse, parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to children of a brother or sister) [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of a parent); and a domestic partner and his relatives of up to third degree, by consanguinity or affinity or legal adoption.

### C. **Gifts<sup>2</sup>, Entertainment<sup>3</sup> and Sponsored Travel<sup>4</sup>**

1. Business Partner shall not offer or give Gifts, Entertainment or Sponsored Travel to a SMART director, officer, employee, or consultant, or their Relatives, which may or may appear to influence his/her objectivity.
2. Business Partner shall refrain from giving:
  - a. gifts in cash, gift certificates or other cash equivalents of any amount, or free membership or subscriptions to sport clubs and the like;
  - b. gifts with value that exceeds Four Thousand Pesos (P4,000.00)<sup>5</sup>, except for: (i) donations to SMART-sponsored corporate social responsibility (CSR) programs, (ii) donations in kind such as system equipment to be used in SMART's research and development projects, (iii) raffle prizes for attendance in open conferences or product presentations where other participants are given equal opportunity to win such prizes; and (iv) gifts given in connection with actual participation as speaker or facilitator in conferences or seminars, provided similar gifts are given to the other speakers or facilitators;
  - c. gifts as part of purchases made by SMART;
  - d. a bribe<sup>6</sup>, in any form, offered directly or indirectly, to a SMART director, officer, employee, or consultant.

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<sup>2</sup> "Gifts" as used herein shall mean a thing(s), present, sponsorships, or any other personal benefit given by a Business Partner to a SMART director, officer, employee, consultants, or any of their Relatives with whom they transact, whether directly or indirectly, in relation to SMART business dealings, and regardless of the place where such Gifts are offered to or received by a director, officer, employee or consultant.

<sup>3</sup> "Entertainment" as used herein shall mean refers to any form of hospitality such as meals for SMART directors, employees and consultants given by a Business Partner. It also covers spectator and participative activities (i.e., golf, music, sailing, and other similar activities).

<sup>4</sup> "Sponsored Travel" as used herein shall mean any travel, accommodation and/or attendance/participation in conferences/conventions/seminars, international or domestic, whether for personal or business purposes, the costs of which are fully or partially paid for by a Business Partner.

<sup>5</sup> As amended in 2008 by PLDT CGO Inter-Office Memorandum with Ref. No. CGO-MK28-044, dated November 7, 2008 and Smart Memorandum dated November 13, 2008.

3. Unless allowed as an exception herein, Business Partner shall not offer or give SMART directors, officers, employees, or consultants Entertainment or any form of hospitality such as: (i) meals and spectator or participative activities such as golf, music, sailing and other similar activities; (ii) the use of property of Business Partner (or that of its employees, agents and/or representatives) such as, but not limited to, vehicles, beach houses, resorts and vacation hours whether for personal benefit or company purpose; and (iii) sponsorship for company activities, non-company supported charitable works and personal events such as birthdays, weddings, baptisms, etc.
  - a. Meals during business meetings are acceptable;
  - b. Invitations to theater, concerts or social/sports events may be accepted provided such invitations are generally available to others in the same community, category or industry.
  
4. Business Partner shall not sponsor the travel, accommodation and/or registration expenses of any director, officer, employee, or consultant of SMART unless expressly allowed herein or duly approved by SMART's Chairman or the President, as the case may be.
  - a. Complimentary travel and accommodation for trainings if part of an approved/existing contract and deemed beneficial to SMART are allowable;
  - b. Sponsored travel to local and/or international business/industrial site to demonstrate actual performance of their products/systems (i.e. Proof of Concept) is allowable, provided the purpose of the travel is business in nature and has a direct benefit to SMART and knowledge of the participants for the travel would be valuable to the evaluation of the system and directly related to his job function.

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<sup>6</sup> "Bribe" as used herein includes any money, fee, commission, credit, gift, gratuity, thing of value, compensation, personal business and the like, benefits or advantage of any kind that is, directly or indirectly, provided to or received by anyone in his personal capacity for the purpose of obtaining favorable treatment in connection with a business transaction.

5. Business Partner may extend SMART's corporate (discounted) rates of the Business Partner's goods or services for the personal availment of a director, officer, employee, or consultant of SMART, provided, however, that any such arrangement shall be transparent and made available to all directors, officers, employees and consultants of SMART at the same terms and for their personal use or consumption only.

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D. **Violations of this CG Guidelines for Business Partners** shall be subject to appropriate corrective actions and sanctions in accordance with existing company policies and/or contractual relationships.

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E. **Effectivity** - This CG Guidelines took effect/shall take effect upon approval of the specific CG Policies on the matter.

<b>CG Policy</b>	<b>Date Approved</b>
Code of Business Conduct & Ethics	August 03, 2005
Expanded Whistleblowing Policy	April 03, 2006
Conflict of Interest Policy	April 03, 2006
Policy on Gifts, Entertainment & Sponsored Travel	March 05, 2007
Supplier/Contractor Relations Policy	March 05, 2007
CG Guidelines for 3rd Party Business Partners of SMART	March 08, 2007

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