



## Shang Properties, Inc. and Subsidiaries

### PERFORM & GROW EVALUATION FORM

Employee name		Date Accomplished		
Division/Department		Superior's name		
Job title		2 <sup>nd</sup> Level Superior		
Job category	DIVISION HEAD	Period covered	From	To

1. AT THE START OF THE YEAR, rater and ratee sits down to discuss specific expectations on competency demonstration based on forecasted demands of the department/ division.
2. DURING THE YEAR, regular check-ins are conducted between rater and ratee to discuss progress against expected competency demonstration. Performance coaching may be conducted to guide ratee in improving performance.
3. AT THE END OF THE YEAR, rater evaluates employee performance using Performance Rating guide and computes for overall score.

#### Performance Rating Guide

- 4= Excellent (Competency demonstration has exceeded expectation)  
 3= Doing Job Well (Competency demonstration meets expectations)  
 2= Needs Improvement (Competency demonstration is below expectation)  
 1= Inadequate Performance (Competency demonstration is far below expectation)  
 0= Fail (Competency demonstration is unacceptable)

#### PART II: Competency Factors

\*Total Score is computed based on the Superior's Rating.

A. Job Competencies (40%)		Weight (%)	Self Rating	Superior Rating	Total Score
Job Knowledge	Understanding of present job duties and related work	15			
Initiative and Drive	Willingness to accept & the ability to carry out responsibilities; resourcefulness; self-starter	30			
Quality of work	Accuracy, completeness, neatness & effectiveness of work performance	20			
Quality of Service	Willingness to respond to the needs of others in a caring and courteous manner	15			
Judgement	Ability to think through a problem, recognize and evaluate relevant facts, and draw correct actions and conclusions	20			
JOB SCORE					

B. Behavioral Competencies (30%)		Weight (%)	Self Rating	Superior Rating	Total Score
Dependability	Reliability in assuming and carrying out the commitments and obligations of the position	20			
Teamwork & Cooperation	Ability to work harmoniously and effectively with others	15			
Communication	Ability to express ideas clearly and appropriately in writing or in speech	15			
Punctuality	Prompt and regular in reporting to work and other official events	10			
Positivity	Maintains enthusiasm despite criticism and demonstrates "Can-do" and "I care" attitude	15			
Ethics & Values	Embodies & stands by the company's core values and beliefs.	25			
BEHAVIORAL SCORE					

C. Management Competencies (30%)		Weight (%)	Self Rating	Superior Rating	Total Score
Business Perspective	Ability to put information into the proper context so it allows for insights to be drawn that is relevant to the business's objectives	30			
Planning & Organization	Ability to set priorities, organize work and implement tasks to achieve project goals	25			
Leadership	Ability and willingness to guide, inspire and be a positive example to others	25			

C. Continued		Weight (%)	Self Rating	Superior Rating	Total Score
Developing Talent	Ability and willingness to improve employees' skills and competencies, using formal or informal learning platforms, in order to achieve and maintain the organization's competitive advantage	20			
MANAGEMENT SCORE					

SUMMARY	WT (%)	TOTAL SCORE
I. PERFORM GOALS	50	
II. COMPETENCY FACTORS	50	
FINAL SCORE		

Overall Performance Level			
Excellent (3.6 – 4.0)	Doing Job Well (2.6 – 3.5)	Needs Improvement (1.6 – 2.5)	Inadequate Performance (1.5 and below)

### PART III: Evaluation Summary

**Top 3 Strengths** – key areas of strength; demonstrated high performance in these areas; can leverage performance through future development.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Top 3 Developing Needs** – developing areas of performance. Some development still required to bring them up to expected standard of performance.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Top 3 Development Needs** – not an area of natural strength which may impact performance; significant development required to bring them up to expected standard of performance.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### Development Plan

☐ Formal/ Informal Training

\_\_\_\_\_

☐ Cross-Posting

☐ Assign to Task Forces/ Project Team

☐ Job Enhancement

☐ Coaching/ Counselling/ Mentoring

☐ Promotion- Timeline \_\_\_\_\_

*I understand and hereby accept the results of this performance evaluation, as explained to me by my immediate superior.*

Employee  
Date: \_\_\_\_\_

Immediate Superior  
Date: \_\_\_\_\_

2nd Level Superior  
Date: \_\_\_\_\_



# Shang Properties, Inc. and subsidiaries

## PERFORM & GROW EVALUATION FORM PART I: PERFORM GOALS

Division	Period covered	From	To
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1. AT THE START OF THE YEAR, manager identifies four to six (4-6) Key Performance Indicators (KPI) for which his performance will be evaluated for the period.
2. Each category must atleast contain one (1) KPI.
3. Rater and ratee should then agree on the total number of points to be given per KPI per category. Total number of points for all KPIs within a category must equal to ten (10).
4. Rater and ratee must also agree on results expected and the measure by which performance will be evaluated. Total points assigned must then be allocated along these identified measure of results.
5. Score will be given at the end of the year based on actual performance vis-à-vis agreed measures.

Goals discussed and agreed by:

Employee  
Date: \_\_\_\_\_

Immediate Superior  
Date: \_\_\_\_\_

2nd Level Superior  
Date: \_\_\_\_\_

	Key Performance Indicators (Divisional Goals)	Total Pts.	Measure of Results	Pts.	Score	Results Needed From
FINANCIAL (40%)	1.		EE -	0		
			ME -	0		
			BE -	0		
	2.		EE -	0		
			ME -	0		
			BE -	0		
	3.		EE -	0		
			ME -	0		
			BE -	0		

10

Sub Total: ( \_\_\_\_\_ x 40% ) = \_\_\_\_\_

EFFICIENCY (30%)	1.		EE -	0		
			ME -	0		
			BE -	0		

EFFICIENCY (30%)	2.		EE -	0		
			ME -	0		
			BE -	0		
	3.		EE -	0		
			ME -	0		
			BE -	0		

10

Sub Total: ( \_\_\_\_\_ x 30% ) = \_\_\_\_\_

LEADERSHIP (30%)	1.		EE -	0		
			ME -	0		
			BE -	0		
	2.		EE -	0		
			ME -	0		
			BE -	0		
	3.		EE -	0		
			ME -	0		
			BE -	0		

10

Sub Total: ( \_\_\_\_\_ x 30% ) = \_\_\_\_\_

LEGEND: RATING GUIDE		
RATING	PERFORMANCE LEVEL	SCORE
4	Excellent	8.6 – 10.0
3	Doing Job Well	5.6 – 8.5
2	Needs Improvement	3.6 – 5.5
1	Inadequate Performance	1.0 – 3.5

FINAL SCORE: \_\_\_\_\_

FINAL RATING: \_\_\_\_\_

Agreed by:

Employee

Date: \_\_\_\_\_

Immediate Superior

Date: \_\_\_\_\_

2nd Level Superior

Date: \_\_\_\_\_

# The Manila Times

## AFFIDAVIT OF PUBLICATION

### NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for Independent Directors and Regular Directors of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be held on 20 JUNE 2017 at EDSA Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City. All nominations should be submitted on or before 20 MAY 2017 to the Corporate Secretary at the following address:

**FEDERICO G. NOEL, JR.**  
Shang Properties, Inc.  
Level 5, Shangri-La Plaza Mall  
Edsa cor. Shaw Blvd., Mandaluyong City

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the Corporation to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director;
- Any bankruptcy petition filed by or against any business of which, such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently, reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- Being found, by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated;
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the Corporation's voting securities;
- Disclosure if owning voting trust of more than 5% of the Corporation's securities; and
- Should not have any of the disqualifications laid down by prevailing laws, rules, and regulations.

All nominations shall be subject to pre-screening by the Corporation's Nomination Committee which shall prepare the final list of nominees.

Interested shareholders may also submit on or before 04 MAY 2017, their proposals for matters to form part of the Agenda for the Annual Shareholders Meeting.

By Order of the Nomination Committee.

(SGD.) **FEDERICO G. NOEL, JR.**  
Corporate Secretary

T - Apr 20, 2017


I, **S. Arevalo**, of legal age, married, and a resident of Sampaguita Compound Bago Imus Cavite in the Philippines, after being duly sworn according to law, do hereby state:

I am the Vice President for Finance of **The Manila Times**, a newspaper which is published and Printed in English and Edited in Metro Manila and circulated nationwide daily from Monday to Sunday with postal address at 2/F Sitio Grande, 409 A. Alvarado Avenue, Intramuros, Manila

I have attached **NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.**

This Notice was published in **The Manila Times** newspaper on the 19th/s of **APRIL 20, 2017**

As whereof, I signed this Affidavit in Manila, Philippines, this 20 day of APR 20 2017

  
**EVELYN S. AREVALO**

I have subscribed and sworn to before me this 20 day of APR 20, 2017 in **MANILA**, Philippines, affiant being to me her **Driver's License No. N03-00-1158888-1** issued at Imus Cavite on November 19, 2015 with **ID No. 03-918-996-16**

**ATTY. RAUL R. MONTINO**

Undated  
PTA No. 1158888-1  
P. No. 1158888-1  
ISS. No. 1158888-1  
MCLE No. 1158888-1  
P. No. 1158888-1  
409 A. Alvarado Avenue, Intramuros, Manila 1002

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Page No. 20  
Book No. 11  
Series of 2017

Trusted Since 1898

# The Manila Times

www.manilatimes.net

## NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.

Pursuant to the Amended By-Laws of Shang Properties, Inc. (the "Corporation"), all interested shareholders of the Corporation may now submit the names of their nominees for **Independent Directors and Regular Directors** of the Corporation's Board of Directors who shall be elected during the Annual Shareholders' Meeting to be held on **25 JUNE 2018** at **EDSA Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City**. All nominations should be submitted on or before **25 May 2018** to the Corporate Secretary at the following address:

**FEDERICO G. NOEL, JR.**  
Shang Properties, Inc.  
Level 5, Shangri-La Plaza Mall  
Edsa cor. Shaw Blvd., Mandaluyong City

All nominations should contain at least the following information:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;
- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the Corporation to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director;
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently, reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated;
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the Corporation's voting securities;
- Disclosure if owning voting trust of more than 5% of the Corporation's securities; and
- Should not have any of the disqualifications laid down by prevailing laws, rules, and regulations.

All nominations shall be subject to pre-screening by the Corporation's Nomination Committee which shall prepare the final list of nominees.

Interested shareholders may also submit on or before **25 May 2018**, their proposals for matters to form part of the Agenda for the Annual Shareholders Meeting.

By Order of the Nomination Committee.

(SGD.) **FEDERICO G. NOEL, JR.**  
Corporate Secretary

MT - Apr. 24, 2018

## AFFIDAVIT OF PUBLICATION

**lyn A. Fauni**, of legal age, married, Filipino resident of Sampaguita Compound Calsadang, Cavite in the Philippines, after having been sworn according to law, do hereby depose and

am the Vice President for Finance of **The Times**, a newspaper which is published and Printed in English and Edited in Metro Manila and circulated nationwide daily from Monday to Sunday with postal address at 2/F Sitio Grande, 409 A. Avenue, Intramuros, Manila

attached **NOTICE TO SHAREHOLDERS OF SHANG PROPERTIES, INC.**

published in **The Manila Times** newspaper in its issue of **APRIL 24, 2018**

whereof, I signed this Affidavit in Manila, Philippines, this 25 day of April, 2018

APR 25 2018

*Evelyn A. Fauni*  
**EVELYN A. FAUNI**  
Affiant

APR 25 2018

Subscribe and sworn to before me this 25 day of April, 2018 in **MANILA**, Philippines, affiant exhibiting to me her **Driver's License No. N03-00-292351** issued at Imus Cavite valid until November 16, 2018 And **SSS ID No. 03-918-996-16**



Doc. No. 448  
Page No. 91  
Book No. XVIII  
Series of 2018

**ATTY. RAHIMA S. AYUNAN**

Roll No. 67226

Notary Public for the City of Manila

Unit 205A, 2/F, Sitio Grande Bldg., 409-A, Ortigas Ave.,

Manila, Philippines 1000

Room 205A, 2/F, Sitio Grande Bldg., 409-A, Ortigas Ave.,

Manila, Philippines 1000

Room 205A, 2/F, Sitio Grande Bldg., 409-A, Ortigas Ave.,

Manila, Philippines 1000

**THE MANILA TIMES PUBLISHING CORPORATION**

2/F Sitio Grande, 409 A, Ortigas Ave., Intramuros, Manila



# Shang Properties, Inc. and subsidiaries

## PERFORM & GROW EVALUATION FORM

Employee name		Date Accomplished		
Division/Department		Superior's name		
Job title		2 <sup>nd</sup> Level Superior		
Job category	OFFICERS	Period covered	From	To

1. AT THE START OF THE YEAR, rater and ratee sits down to discuss specific expectations on competency demonstration based on forecasted demands of the department/ division.
2. DURING THE YEAR, regular check-ins are conducted between rater and ratee to discuss progress against expected competency demonstration. Performance coaching may be conducted to guide ratee in improving performance.
3. AT THE END OF THE YEAR, rater evaluates employee performance using Performance Rating guide and computes for overall score.

### Performance Rating Guide

- 4= Excellent (Competency demonstration has exceeded expectation)  
 3= Doing Job Well (Competency demonstration meets expectations)  
 2= Needs Improvement (Competency demonstration is below expectation)  
 1= Inadequate Performance (Competency demonstration is far below expectation)

### PART I: Competency Factors

\*Total Score is computed based on the Superior's Rating.

A. Job Competencies (40%)		Weight (%)	Self Rating	Superior Rating	Total Score
Job Knowledge	Understanding of present job duties and related work	15			
Initiative and Drive	Willingness to accept & the ability to carry out responsibilities; resourcefulness; self-starter	25			
Quality of work	Accuracy, completeness, neatness & effectiveness of work performance	20			
Quality of Service	Willingness to respond to the needs of others in a caring and courteous manner	15			
Judgement	Ability to think through a problem, recognize and evaluate relevant facts, and draw correct actions and conclusions	15			
Special Achievement	Project/s the individual handled during the year	10			
JOB SCORE:					

B. Behavioral Competencies (30%)		Weight (%)	Self Rating	Superior Rating	Total Score
Dependability	Reliability in assuming and carrying out the commitments and obligations of the position	20			
Teamwork & Cooperation	Ability to work harmoniously and effectively with others	15			
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Punctuality	Prompt and regular in reporting to work and other official events	10			
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C. Continued		Weight (%)	Self Rating	Superior Rating	Total Score
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MANAGEMENT SCORE:					

SUMMARY	WT (%)	TOTAL SCORE
JOB COMPETENCIES	40	
BEHAVIORAL COMPETENCIES	30	
MANAGEMENT COMPETENCIES	30	
FINAL SCORE		

Overall Performance Level			
Excellent (3.6 – 4.0)	Doing Job Well (2.6 – 3.5)	Needs Improvement (1.6 – 2.5)	Inadequate Performance (1.5 and below)

### PART II: Evaluation Summary

**Top 3 Strengths** – key areas of strength; demonstrated high performance in these areas; can leverage performance through future development.

1. \_\_\_\_\_
2. \_\_\_\_\_
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**Top 3 Developing Needs** – developing areas of performance. Some development still required to bring them up to expected standard of performance.

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### Development Plan

( ) Formal/ Informal Training

- \_\_\_\_\_
- ( ) Cross-Posting
- ( ) Assign to Task Forces/ Project Team
- ( ) Job Enhancement
- ( ) Coaching/ Counselling/ Mentoring
- ( ) Promotion- Timeline \_\_\_\_\_

*I understand and hereby accept the results of this performance evaluation, as explained to me by my immediate superior.*

\_\_\_\_\_  
Employee  
Date: \_\_\_\_\_

\_\_\_\_\_  
Immediate Superior  
Date: \_\_\_\_\_

\_\_\_\_\_  
2nd Level Superior  
Date: \_\_\_\_\_





# Shang Properties, Inc. and subsidiaries

## PERFORM & GROW EVALUATION FORM

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Job title		Superior's name		
Job category	RANK and FILE	Period covered	From	To

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3. \_\_\_\_\_

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2. \_\_\_\_\_
3. \_\_\_\_\_

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\_\_\_\_\_

☐ Cross-Posting

☐ Assign to Task Forces/ Project Team

☐ Job Enhancement

☐ Coaching/ Counselling/ Mentoring

☐ Promotion- Timeline \_\_\_\_\_

*I understand and hereby accept the results of this performance evaluation, as explained to me by my immediate superior.*

\_\_\_\_\_  
Employee  
Date: \_\_\_\_\_

\_\_\_\_\_  
Immediate Superior  
Date: \_\_\_\_\_

\_\_\_\_\_  
2nd Level Superior  
Date: \_\_\_\_\_

## AUDIT COMMITTEE SELF - ASSESSMENT WORKSHEET

**SHANG PROPERTIES, INC. AND SUBSIDIARIES**

**FOR THE YEAR 2016**

Responsibilities under the code	Specific Areas	Assessment		
		Is this part of the Audit Committee's Charter (Yes or No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed
Setting of Committee Structure and Operation	1. Committee size	Yes	• Audit Committee Member Appointment; Minutes of the Board of Director's Meeting	
	2. Independence Requirement	Yes	• Corporate Governance Manual • Audit Committee Member Appointment; Minutes of the Board of Director's Meeting	
	3. Qualifications, skills and attributes of members and Chair	Yes	• Corporate Governance Manual • Audit Committee Member Appointment; Minutes of the Board of Director's Meeting	
	4. Financial knowledge of members	Yes	• Minutes of the Audit Committee Meeting	
	5. Succession plan for members and Chair	Yes	• Minutes of the Board of Director's Meeting	
	6. Meetings (frequency, etc.)	Yes	• Minutes of the Audit Committee Meeting • Audit Committee Annual Report	
	7. Reporting to the Board and issuance of certifications and critical compliance issues	Yes	• Minutes of the Board of Director's Meeting	
	8. Evaluations	Yes	• Minutes of the Board of Director's Meeting	
	9. Resources including access to outside advisors	Yes	• Informal meetings with the management	
	10. Training and Education	Yes	• Minutes of the Board of Director's Meeting	
Oversight on Financial Reporting and Disclosures	1. Extent of understanding of the company's business and industry in which it operates	Yes	• Audit Committee Annual Report	
	2. Compliance with financial reporting regulations	Yes	• Audit Committee Report • Minutes of the Board of Director's Meeting	
	3. Recognition of management's	Yes	• Annual Report	

Responsibilities under the code	Specific Areas	Assessment		
		Is this part of the Audit Committee's Charter (Yes or No)	Has this been Implemented? ( If yes, cite reference document)	Follow-up Actions Needed
	responsibility over the financial statements			
	4. Appropriateness of accounting policies adopted by management	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	5. Reasonableness of estimates, assumptions, and judgements used in the preparations	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	6. Identification of material errors and fraud, and sufficiency of risk controls	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	7. Actions or measures in case of finding of error or fraud in financial reporting	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	8. Review of unusual or complex transactions including all related party transactions	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	9. Determination of impact of new accounting standards and interpretations	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	10. Assessment of financial annual and interim reports as to completeness, clarity, consistency and accuracy of disclosures of material information including on subsequent events and related party transactions	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	11. Review and approval of management representation letter before submission to external auditor	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	12. Communication of the AudCom with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact financial statements	Yes	<ul style="list-style-type: none"> <li>Discuss the matter as the need arises</li> </ul>	
	13. Fair and balance review of financial reports	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	14. Assessment of correspondence between the company and regulators regarding financial statement	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	

Responsibilities under the code	Specific Areas	Assessment		
		Is this part of the Audit Committee's Charter (Yes or No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed
	filings and disclosures			
Oversight on Risk Management and Internal Controls	1. Obtaining management's assurance on the state of internal controls	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	2. Review of internal auditor's evaluation of internal controls	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	3. Evaluation of internal control issues raised by external auditors	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	4. Assessment of control environment including IT systems and functions	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Board of Director's Meeting</li> <li>Corporate Governance Manual</li> </ul>	
	5. Setting a framework for fraud prevention and detection including whistle-blower program	Yes	<ul style="list-style-type: none"> <li>Whistle Blowing Policy</li> </ul>	
	6. Deliberation on findings of weaknesses in controls and reporting process	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	7. Understanding and assessment of identified risks	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> <li>Control Self-Assessment</li> <li>Enterprise Risk Management System</li> </ul>	
	8. Evaluation of sufficiency and effectiveness of risk management processes and policies	No	<p><i>Not part of the Audit Committee's Charter but has been implemented.</i></p> <ul style="list-style-type: none"> <li>Corporate Governance Manual</li> <li>Control Self-Assessment</li> <li>Enterprise Risk Management System</li> </ul>	

Responsibilities under the code	Specific Areas	Assessment		
		Is this part of the Audit Committee's Charter (Yes or No)	Has this been implemented? ( If yes, cite reference document)	Follow-up Actions Needed
	9. Preparation and implementation of a Business Continuity Plan	No	<i>Not part of the Audit Committee's Charter but has been implemented.</i> <ul style="list-style-type: none"> <li>Enterprise Risk Management System</li> </ul>	
	10. Promotion of risk awareness in the organization	No	<i>Not part of the Audit Committee's Charter but has been implemented.</i> <ul style="list-style-type: none"> <li>Corporate Governance Manual</li> <li>Control Self-Assessment</li> <li>Enterprise Risk Management System</li> </ul>	
Oversight on Management and Internal Audit	1. Evaluation of compliance with the Code of Conduct for management	No	<i>Not part of the Audit Committee's Charter but has been implemented.</i> <ul style="list-style-type: none"> <li>Code of Business Ethics</li> <li>Corporate Governance Manual</li> </ul>	
	2. Communication with management and internal auditor	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Audit Committee Meeting</li> </ul>	
	3. Assessment of adequacy of resources and independence of Internal Auditor	Yes	<ul style="list-style-type: none"> <li>Audit Committee Annual Report</li> <li>Minutes of the Audit Committee Meeting</li> </ul>	
	4. Qualifications of an Internal Auditor	Yes	<ul style="list-style-type: none"> <li>Job Descriptions</li> </ul>	
	5. In-house or outsource internal audit function	Yes	<ul style="list-style-type: none"> <li>Organization Chart</li> </ul>	
	6. Compliance with International Standards on the Professional Practice of Internal Auditing	Yes	<ul style="list-style-type: none"> <li>Job Descriptions</li> <li>Internal Audit Charter</li> </ul>	
	7. Review and approval of internal audit annual plan	Yes	<ul style="list-style-type: none"> <li>Minutes of the Audit Committee Meeting</li> </ul>	
	8. Extent and scope of internal audit work	Yes	<ul style="list-style-type: none"> <li>Minutes of the Audit Committee Meeting</li> </ul>	
	9. Reporting process	Yes	<ul style="list-style-type: none"> <li>Minutes of the Audit Committee Meeting</li> <li>Organization Chart</li> <li>Job Descriptions</li> </ul>	

Responsibilities under the code	Specific Areas	Assessment		
		Is this part of the Audit Committee's Charter (Yes or No)	Has this been implemented? ( If yes, cite reference document)	Follow-up Actions Needed
Oversight on External Audit	1. Assessment of independence and professional qualifications and competence of external auditor	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	2. Engagement and rotation process of external auditor or firm	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	3. Review and approval of scope of work and fees of external auditor	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> </ul>	
	4. Assessment of non-audit services	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Minutes of the Audit Committee Meeting</li> <li>Annual Report</li> </ul>	
	5. Understanding disagreements between the auditor and the management	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	6. Actions on the findings of the external auditor	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	7. Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> <li>Annual Report</li> <li>Job Description</li> </ul>	
	8. Evaluation of performance of external audit - reappointment and resignation	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	
	9. Compliance of external auditor with auditing standards	Yes	<ul style="list-style-type: none"> <li>Annual Report</li> </ul>	
	10. Completeness and timeliness of communication with external auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.	Yes	<ul style="list-style-type: none"> <li>Minutes of the Board of Director's Meeting</li> </ul>	

*Rating system:*

<i>Outstanding</i>	9-10
<i>Good</i>	7-8
<i>Satisfactory</i>	5-6
<i>Needs strengthening</i>	3-4
<i>Needs immediate attention</i>	1-2

Overall assessment of performance rating\*: GOOD

**Summary of Evaluation:**

In compliance with the standards, the Audit Committee were able to conform to the structural and operational requirement set forth by the SEC. The oversight functions on financial reporting and disclosures, risk management and internal controls, management and internal audit and external audit were fulfilled by the Audit Committee in general.

The Audit Committee functions can be found as part of the Audit Committee's Charter except for four items answered with "No". Though these were not stated in the Charter, the Company was able to identify and establish ways to ensure that the Committee is performing its oversight functions on these areas. Reference documents are cited as proof of its implementation.

With the Committee's initiative and adherence to fully comply with the standards, overall performance assessment is concluded as GOOD with an average rating of 8.

Conforme:



MAXIMINO LICAUCO III  
Audit Committee Member

Date Signed: 29 August 2017



**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
SELF-ASSESSMENT FORM**

This self-assessment form should be completed by each member of the Committee, with discussion by the entire Committee on results, focusing on areas of improvement or where there is a great variation in answers.

Self-Assessment Questions	Rating 1 = Poor 5 = Excellent	Comments
<b>GENERAL PROCEDURES</b>		
Annually reviews its charter and recommends any necessary changes to the Board.	1 2 3 (4) 5	
Rules and procedures established by Committee are consistent with applicable provisions of the bylaws.	1 2 3 4 (5)	
Annually assesses the Committee's performance, takes any necessary corrective action, and reports the results to the Board.	1 2 3 (4) 5	
Has adequate access to the services of an administrative secretary and staff.	1 2 3 4 (5)	
Engages internal and external resources as it determines necessary to carry out its duties.	1 2 3 (4) 5	
Provides new members with an orientation to educate them on their responsibilities.	1 2 3 4 (5)	
<b>MEETING REQUIREMENTS</b>		
Meeting agendas and related background information are circulated in a timely fashion to ensure that full and proper consideration is given to the issues.	1 2 3 4 (5)	
Meets regularly as outlined in the Committee Charter.	1 2 3 4 (5)	
Meetings allow sufficient time for discussion and questions.	1 2 3 4 (5)	
Members regularly prepare for and attend Committee meetings.	1 2 3 (4) 5	
Maintains minutes for all meetings reflecting the activities of the Committee.	1 2 3 4 (5)	
Periodically provides meaningful and focused updates to the Board of Directors.	1 2 3 (4) 5	
<b>COMMITTEE MEMBER REQUIREMENTS</b>		
Comprised of at least three members.	1 2 3 4 (5)	
Members have experience valuable to providing direction to the Board on matters relating to corporate governance.	1 2 3 4 (5)	

DUTIES OF COMMITTEE		
At an appropriate time prior to each annual meeting of stockholders at which directors are to be elected or reelected, recommends to the Board for nomination by the Board such candidates as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.	1 2 3 4 (5)	
At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, recommends to the Board for appointment by the Board to fill such vacancy, such prospective member of the Board as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.	1 2 3 (4) 5	
Annually reviews the performance of each current director and considers the results of such evaluation when determining whether or not to recommend the nomination of such director for an additional term.	1 2 3 4 (5)	
Develops and recommends to the Board a policy regarding the consideration of director candidates recommended by the Company's security holders and procedures for submission by security holders of director nominee recommendations.	1 2 3 (4) 5	
Evaluates the Committee's performance on an annual basis, including the Committee's compliance with the Committee Charter, and provides the Board with any recommendations for changes in procedures or policies governing the Committee.	1 2 3 (4) 5	
Periodically reports to the Board on the Committee's findings and actions.	1 2 3 4 (5)	
Reviews and reassesses the Committee Charter at least annually and submit any recommended changes to the Board for its consideration.	1 2 3 4 (5)	

**SHANG PROPERTIES, INC.**

By:



**Edward Kuok Khoon Loong**

Date: \_\_\_\_\_

The adoption of the above amendments are not expected to have a material impact on the financial statements of the Group.

## 34.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2017 and 2016. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

Nature and name of entity	Ownership %		
	2017	2016	2015
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	52.90
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B. Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK\$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31, 2017 and 2016 are disclosed in Note 9.

*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

*(b) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*(c) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

*(d) Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received are treated as a reduction to the investment in the period wherein the right to receive such distribution arises. The Group's investments in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

#### **34.4 Cash and cash equivalents**

Cash includes cash on hand and in banks that earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

#### **34.5 Financial instruments**

##### **34.5.1 Classification**

The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition. The Group classifies its financial assets and liabilities according to the categories described as follows.

##### *(a) Financial assets*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group holds financial assets classified as at fair value through profit or loss, loans and receivables and available-for-sale financial assets as at December 31, 2017 and 2016.

##### *(i) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Group's investments in listed equity shares are classified under this category (Note 4).

##### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

The Group's loans and receivables comprise cash and cash equivalents (Note 3), trade and other receivables (excluding advances to contractors and suppliers) (Note 5) and refundable deposits classified under other non-current assets (Note 15) in the consolidated statement of financial position.

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. The Group's investments in various listed and unlisted local entities are classified under this category (Note 12).

*(b) Financial liabilities*

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, excess billing over revenue, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 16), installment payable (Note 6), deposits from tenants (Note 18), dividends payable (Note 20), accrued employee benefits (excluding retirement benefits) (Note 25) and bank loans (Note 17) are classified under financial liabilities at amortized cost.

**34.5.2 Recognition and measurement**

*(a) Initial recognition and measurement*

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset). Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.


Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument. Financial liabilities at amortized cost are initially recognized at fair value.

*(b) Subsequent measurement*

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Other financial liabilities are measured at amortized cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

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**1.0 Objective:**

To establish a procedure that will provide protection for information system, services and data against unauthorized use, disclosure, modification, damage and loss.


**2.0 Scope:**

The procedure is applicable to all computer users connected to the network

**3.0 Definitions:**

1. Authentication - The process of identifying an individual usually based on a username and password. Authentication is distinct from authorization, which is the process of giving individuals access to system objects based on their identity. Authentication merely ensures that the individual is who he or she claims to be, but says nothing about the access privileges of the individual.
2. Email - The electronic transmission of information through a mail protocol such as Simple Mail Transfer Protocol (SMTP).
3. Encryption - The process by which data is re-arranged into an unreadable or unintelligible form for confidentiality, transmission or other security purposes.
4. Firewall - Security device (either hardware or software based) that is used to restrict access in communication networks. They prevent computer access between networks, or networks and applications, and only allow access to services that are expressly registered. They also keep logs of all activity, which may be used in investigations.
5. Network Address Translation (NAT): A feature typically employed by firewalls/routers that interface between external and internal facing networks. NAT allows the allocation of multiple IP addresses to machines located in internal networks, without the existence of these machines being revealed on the external network. Instead, only a single or small number of IP addresses are advertised to the external network, which are then mapped by the router/firewall to the machines on the internal network.
6. Malware - come in many forms, such as viruses, Trojan horses, spyware, and worms.
7. Viruses - Computer Viruses are programs that can replicate their structures or effects by infecting other files or structures on a computer.
8. Worms - Computer worms are programs that can replicate themselves throughout a computer network, performing malicious tasks throughout.
9. Trojan horse - known as a Trojan is a general term for malicious software that pretends to be harmless, so that a user willingly allows it to be downloaded onto the computer.
10. Botnet - A botnet is a network of zombie computers that have been taken over by a robot or bot that performs large-scale malicious acts for the creator of the botnet.
11. Spyware - refers to programs that surreptitiously monitor activity on a computer system and report that information to others without the user's consent.



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#### 4.0 Reference:

None

#### 5.0 Details:

##### Internet Security

SPI provides Internet access to an array of information, resources and services however, if Internet use is not securely managed, it can expose the organization to potential damage to infrastructure and possible reputational damage and loss in productivity.

Only authenticated users should have access to the internet from the internal networks. They are expected to use discretion and common sense and should be responsible for ensuring that the Internet is used in an effective, ethical, and lawful manner.


All outbound Internet traffic from the network zone should pass through a web filtering gateway. Access to sites categorized as being potentially harmful will be blocked. All Internet traffic (inbound and outbound) should pass through an anti-virus gateway. At a minimum, up-to-date anti-virus and anti-malware software should be installed and running on workstations with Internet connectivity.

##### Employee Responsibilities

An employee who uses the Internet shall:

1. Ensure that all communications are for professional reasons and that they do not interfere with his/her productivity.
2. Be responsible for the content of all text, audio, or images that are being sent over the Internet. All communications should have the employee's name attached.
3. Not transmit copyrighted materials without permission.
4. Know and abide by all applicable SPI policies dealing with security and confidentiality of company records.
5. Run a virus scan on any executable file(s) received through the Internet.
6. Avoid transmission of nonpublic customer information. If it is necessary to transmit nonpublic information, employees are required to take steps reasonably intended to ensure that information is delivered to the proper person who is authorized to receive such information for a legitimate use.
7. Refrain from connecting networked workstation to modems without approval. At no time should networked workstations be connected both to the Internet via a modem and to the company network.

##### Email Security

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Users should be aware that e-mail is not secure; a third party can intercept any information included in an e-mail message. Email transmissions are not secured to prevent unauthorized viewing. IT recommends to encrypt mail messages so that only specified recipients can read the messages.

Users of Email Service should take precautions when opening an email attachment:

- Do not open the attachment unless you are 100% positive that the sender intended you to have it.
  - Viruses often spread themselves by using the email account on a computer they infect.
  - Viruses can "spoof" or mimic an email address so it appears to be coming from someone you know.
- Be especially wary of any messages that have nonspecific text, grammar, spelling and editing errors.
  - Messages with vague subjects such should not be trusted.
  - A message that addresses you by name shouldn't be trusted either, since this can be culled from someone's email address book or other means.
  - Content stressing urgency is often an attempt to keep you from being cautious.
- Before opening any email attachments, save them on your computer and then scan them with your antivirus software.
  - Saving an attachment does not put your computer at risk, just make sure you do not open it before scanning.
  - To scan a file with Kaspersky Anti-virus, right-click on the file's icon and select "Scan for viruses".
- Forward to IT any suspected spam mail for verification.

#### Malware Filtering


IT employs virus detection processes to automatically delete or reject email messages containing commonly-accepted indicators of known malware, such as viruses.

#### Phishing

Email messages that urge you to click on a link to change your password, verify account information, or otherwise give out personal information should not be trusted. If you suspect that you've received a phishing message but are concerned about the online account it references, notify IT for assistance.

#### Spam Tagging

Email Service automatically identifies and marks incoming email messages which have a high probability of being unwanted, unsolicited, email ("spam").

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## Malicious Software Protection

Malicious Software (Malware) can be a virus, worm, Trojan, adware, spyware, root kit, etc. Malware must be actively guarded against within the network. All computing devices are configured with appropriate safeguards against malicious software.

All software to be installed or downloaded from external sources through the Internet must be screened with virus detection software before being invoked.

### IT Responsibilities

1. Anti-virus, anti-spyware and firewall software must be deployed on all windows based workstations, servers and other computing devices that attach to the networks.
2. Intrusion detection, network monitoring, incident logging, and response coordination necessary for the detection, elimination, and recovery from various forms of attack on computing resources is managed by IT.
3. Computer found to be infected will be removed from the network until such time as the infection is removed or the computer is reformatted.
4. IT will document each incident.

### Employee Responsibilities

1. Employees shall not knowingly introduce a computer virus into company computers.
2. Employees shall not load external devices of unknown origin.
3. Incoming external devices in any form shall be scanned for viruses before they are read.
4. Any associate who suspects that his/her workstation has been infected by a virus shall IMMEDIATELY POWER OFF the workstation and call the IT Department.


## Access Control

Access to protected information must be restricted to people who are authorized to access the information.

### IT Responsibilities

The System Administrator shall be responsible for the administration of access controls to all company computer systems. The System Administrator will process adds, deletions, and changes upon receipt of a written request from the end user's supervisor.

Deletions may be processed by an oral request prior to reception of the written request. The System Administrator will maintain a list of administrative access codes and passwords and keep this list in a secure area.

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#### **Employee Responsibilities**

1. Shall be responsible for all computer transactions that are made with his/her User ID and password. Users are responsible for all activities occurring with their User-IDs.
  2. Shall not disclose passwords to others. Passwords must be changed immediately if it is suspected that they may have become known to others. Passwords should not be recorded where they may be easily obtained.
  3. Will change passwords at least every 90 days.
  4. Should use passwords that will not be easily guessed by others.
  5. Should log out when leaving a workstation for an extended period.
- Use unique user-IDs and personal non-trivial secret passwords to access computer systems.
  - Log out of all systems when leaving a computer system unattended.

#### **Supervisor's Responsibility**

Managers and supervisors should notify the System Administrator promptly whenever an employee leaves the company or transfers to another department so that his/her access can be revoked. Involuntary terminations must be reported concurrent with the termination.

#### **Human resources Responsibility**

The Personnel Department will notify IT of associate transfers and terminations. Involuntary terminations must be reported concurrent with the termination.

### **Physical Security**

It is company guidelines to protect computer hardware, software, data, and documentation from misuse, theft, unauthorized access, and environmental hazards.


#### **IT Responsibilities**

1. Critical computer equipment, e.g., file servers, must be protected by an uninterruptible power supply (UPS). Other computer equipment should be protected by a surge suppressor.
2. Since IT is responsible for all equipment installations, disconnections, modifications, and relocations, employees are not allowed to perform these activities. This does not apply to temporary moves of computers for which an initial connection that has been set up by IT.

#### **Employee Responsibilities**

Each employee:

1. Shall ensure that their computer must not be left unattended when logged into sensitive systems or data and password screen savers must be enabled.

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2. Shall not take laptop/tablet computer and data storage device such as external hard disk and USB Flash Drive out of the office without the informed consent of their department manager. Informed consent means that the manager knows what equipment is leaving, what data is on it, and for what purpose it will be used.
3. Shall be responsible for all computer transactions that are made with his/her User ID and password.
4. Shall not disclose passwords to others within or outside the company. Passwords must be changed immediately if it is suspected that others may know them. Passwords should not be recorded where they may be easily obtained.
5. Should use passwords that will not be easily guessed by others.
6. Should log out when leaving a workstation for an extended period.
7. Shall exercise care to safeguard the valuable electronic equipment assigned to them. Employees who neglect this duty may be accountable for any loss or damage that may result.

### **Copyrights and License Agreements**

This directive applies to all software that is owned by SPI, licensed to SPI, or developed using SPI resources by employees or vendors.

#### **IT Responsibilities**


1. Maintain records of software licenses owned by SPI.
2. Periodically (at least annually) scan company computers to verify that only authorized software is installed.
3. Any unlicensed software installed will immediately remove from computers.

#### **Employee Responsibilities**

1. Install software authorized by IT. Only software that is licensed to or owned by SPI will be installed to SPI computers.
2. Copy software authorized by IT.
3. Download software authorized by IT.

### **Security Incident Handling**

1. IT will verify all reported potential security incidents detected such as an identified occurrence or weakness indicating a possible breach of information security policy or failure of safeguards, or a previously unknown situation which may be security relevant.
2. IT will validate the information available about the situation to determine whether or not a security incident has occurred.
3. For validated security incident, IT will conduct protective actions to limit the scope and magnitude of the incident in order to keep the incident from getting worse and minimizing the business impact. All incidents will be investigated in order to establish facts and any corrective and/or preventative actions required.
4. After an incident has been contained, IT will eliminate the components of the incident, such as deleting malware and disabling breached user accounts, as well as identifying and mitigating all vulnerabilities that were exploited.

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5. In recovery, IT will restore systems to normal operation, confirm that the systems are functioning normally, and (if applicable) remediate vulnerabilities to prevent similar incidents. Recovery may involve such actions as restoring systems from clean backups, rebuilding systems from scratch, replacing compromised files with clean versions, installing patches, changing passwords, and tightening network perimeter security (e.g., firewall rule sets, boundary router access control lists).
6. After the incident is adequately handled and closed, IT will issues an Incident Report that details the cause and cost of the incident, improving system defenses, determining system vulnerabilities and removing the cause of the incident to eliminate possibility of recurrence.

#### 6.0 Attachments:

None

#### 7.0 Forms:

None

Prepared by: <b>Brainie Rose F. Macaraeg</b> Information Technology Specialist	Approved by: <b>Uday Deshpande</b> VP-Controller		
Checked by: <b>Christopher D. Lazaro</b> Information Technology Manager	Initial Issue Date: <b>NA</b>	Supersedes Revision Dated: <b>NA</b>	Revision No. <b>NA</b>

	Title of Manual: <b>Information Technology Department</b>	Document No: <b>DP-IT-3.5</b>
	Document Name: <b>Disaster Recovery</b>	Effectivity Date: <b>01/01/2018</b>
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### **1.0 Objective:**

The primary focus of this document is to provide a plan to respond to a disaster that destroys or severely cripples the SPI's central computer systems operated by the Information Technology Department. The intent is to restore operations as quickly as possible with the latest and most up-to-date data available.

This disaster recovery plan has the following primary objectives:

1. Present an orderly course of action for restoring critical computing capability within the soonest possible time.
2. Set criteria for making the decision to recover at a cold site or repair the affected site.
3. Describe an organizational structure for carrying out the plan.
4. Provide information concerning personnel that will be required to carry out the plan and the computing expertise required.
5. Identify the equipment, floor plan, procedures, and other items necessary for the recovery.

### **2.0 Scope:**


Data recovery efforts in this plan are targeted at getting the systems up and running with the last available off-site backup. Significant effort will be required after the system operation is restored to (1) restore data integrity to the point of the disaster and (2) to synchronize that data with any new data collected from the point of the disaster forward.

Individual users and departments will need to develop their own disaster recovery plans to cope with the unavailability of the computer systems during the restoration phase of this plan and to cope with potential data loss and synchronization problems.

### **3.0 Definitions:**

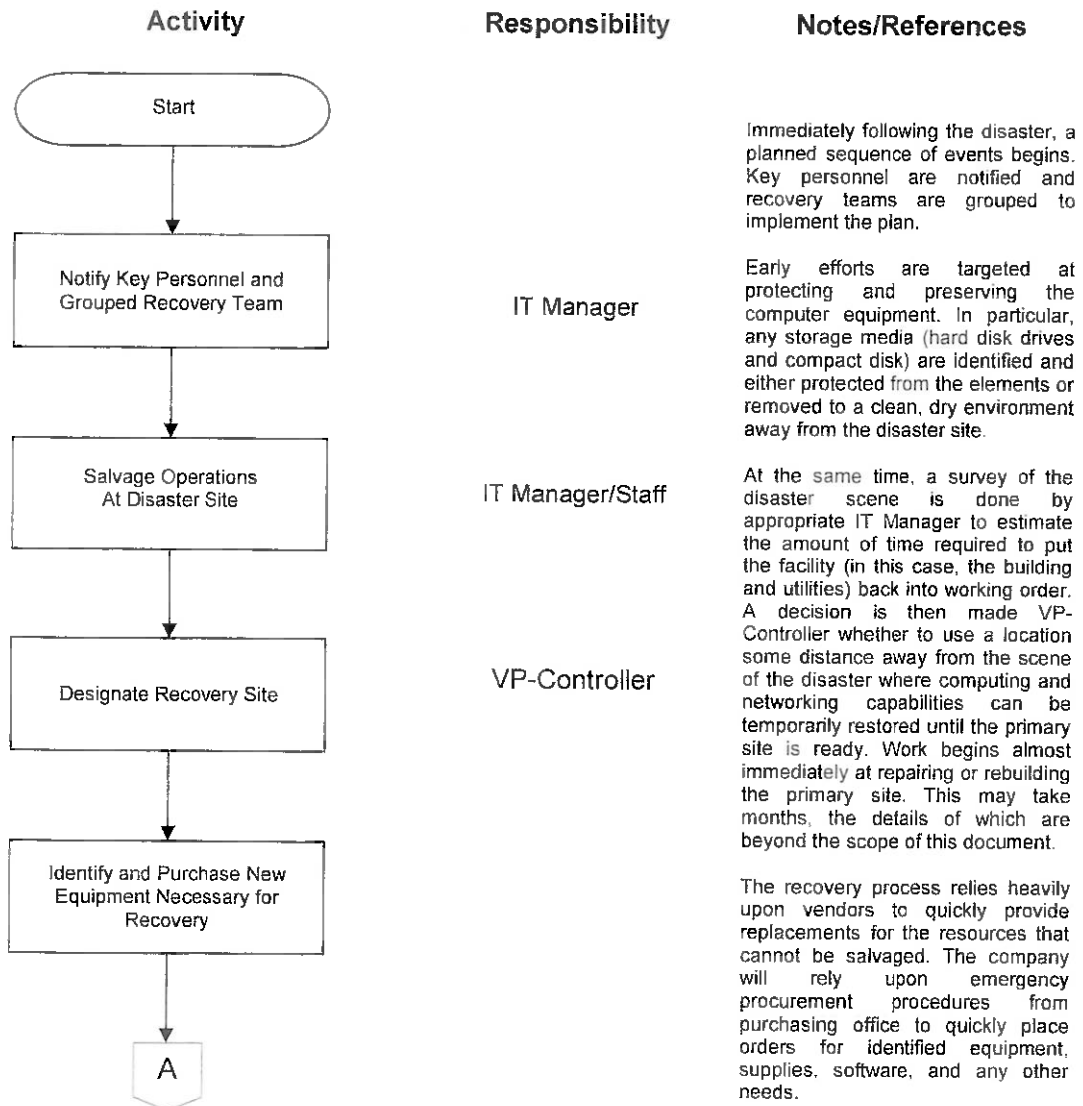
### **4.0 Reference:**

DP-IT-2.1 IT Equipment Lifecycle Management  
DP-IT-2.3 Local Area Network Maintenance  
DP-IT-3.2 Information Security  
DP-IT-3.4 Backup, Recovery and Archiving


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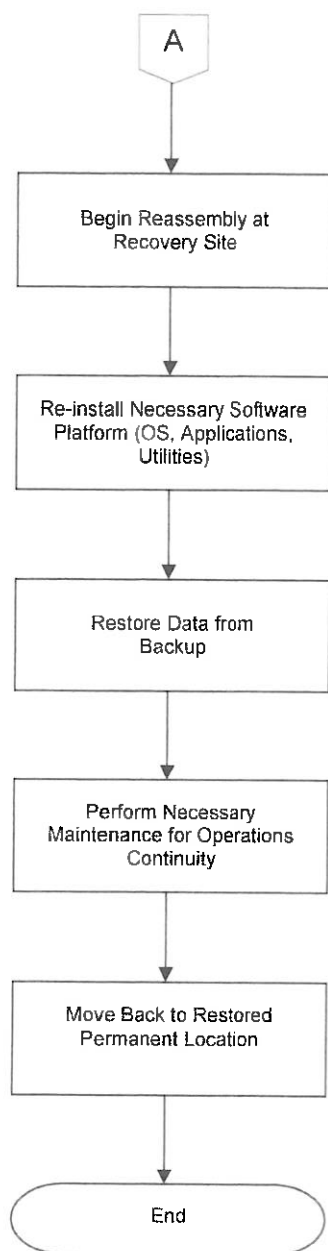
## 5.0 Details:

### 5.1 Summary of Flow Chart





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IT Manager/Staff

Salvaged and new components are reassembled at the recovery site. If vendors cannot provide a certain piece of equipment on a timely basis, it may be necessary for the recovery personnel to make last-minute substitutions. After the equipment reassembly phase is complete, the work turns to concentrate on the data recovery procedures.

Data recovery relies entirely upon the use of backups and installation media stored in locations off-site. Early data recovery efforts focus on restoring the operating system(s) for each server/computer system. Next, first line recovery of application and user data from the backup disks is done.

Refer to DP-IT-3.4 Backup, Recovery and Archiving

Regular maintenance must be performed just like in a regular setup. This will ensure operation continuity even in a cold site environment and setup.

Refer to DP-IT- 2.1 IT Equipment Lifecycle Management, 5.2.5 Guidelines for Server/Desktop Maintenance Troubleshooting

IT Manager/Staff

If the recovery process has taken place at the Cold Site, physical restoration of the Administrative Services Building (or an alternate facility) will have begun. When that facility is ready for occupancy, the systems assembled at the Cold Site are to be moved back to their permanent home. This plan does not attempt to address the logistics of this move, which should be vastly less complicated than the work done to do the recovery at the Cold Site.

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## 5.2 Details

### 5.2.1 Pre-Disaster Phase

- 5.2.1.1 Perform an initial risk assessment to determine current information systems vulnerabilities
- 5.2.1.2 Perform an initial business impact analysis to document and understand the interdependencies among business processes and determine how the business would be affected by an information systems outage.
- 5.2.1.3 Update the Inventory of Information Systems Assets such as Servers, Desktop Computers, Network Equipment, Software, Applications and Data. Please refer to DP-IT-2.1 IT Equipment Lifecycle Management.
- 5.2.1.4 Identify single point of failure within the information systems infrastructure and identify critical applications, systems, and data.
- 5.2.1.5 Prioritize key business functions.
- 5.2.1.6 Determine which methods of incident response team members will use to communicate in the event of a disaster.
- 5.2.1.7 Setup and maintain offsite facilities for data backup storage, electronic vaulting as well as redundant and reliable standby systems.
- 5.2.1.8 The following are ongoing procedures that must be followed:
  - Continuously perform data backup and test those backup regularly for data integrity and reliability. Please refer to DP-IT-3.4 Backup, Recovery and Archiving.
  - Test plans at least annually, document and review the results and update the plans as needed
  - Analyze plans on an ongoing basis to ensure alignment with current business objectives and requirements
  - Provide security awareness and disaster recovery education for all members involved
  - Continuously update information security guidelines and network diagrams. Please Refer to DP-IT-3.2 Information Security and DP-IT-2.3 Local Area Network Maintenance.
  - Secure critical applications and data by patching know vulnerabilities with the latest fixes and software updates. Please Refer to DP-IT-2.1 IT Equipment Lifecycle Management, 5.2.4 Guidelines for IT Equipment Preventive Maintenance.
  - Perform continuous computer vulnerability assessments and audits
- 5.2.1.9 Hands-on training of IT personnel on Disaster Recovery procedures.
- 5.2.1.10 Ensure that all business units have reliable system to update and maintain their files and databases.


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## 5.2.2 Emergency Phase

- 5.2.2.1 Check Status of Server Room: Power Supply, Servers, Uninterruptible Power Supplies (UPS), Network equipment.
- 5.2.2.2 Check Status of Communication Facility: Main Distribution Frame, Intermediate Frame, Private Automatic Branch Exchange (PABX) Equipment, Network Infrastructure.
- 5.2.2.3 If necessary, shut down all servers, UPSs, telephone system and network equipment to prevent electrical damages.
- 5.2.2.4 Establish emergency operation procedures at the secondary site.
  - Recreate as closely as possible original site operations including backup, security, data entry, information distribution and user assistance functions.
- 5.2.2.5 Advise users of the emergency procedures and assist users in emergency operations.

## 5.2.3 Post Disaster Phase

- 5.2.3.1 Conduct a site survey of the affected area and identifying the extent of the damage to all systems.
- 5.2.3.2 Review the overall damage with the Crisis Management Organization
  - Compile a master inventory of salvageable equipment
  - Certify non recoverable items
  - Procure replacement items and supplies
  - Identify repair requirements and arrange for repairs
- 5.2.3.3 Assess the IT operational capability
- 5.2.3.4 Develop a detailed action plan
  - Secure and set up a location
  - Establish phone services
  - Install the Server Local Area Network (DP-IT-2.3 Local Area Network Maintenance)
  - Install the Servers. (DP-IT-3.4 Backup , Recovery and Archiving)
  - Install or connect to the Building LAN
  - Install Wide Area Network (WAN) service
  - Install the Internet service
  - Re-establishment of business systems
- 5.2.3.5 Notify the appropriate vendors and service providers
- 5.2.3.6 Communicate status to Crisis Management Authority

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#### 6.0 Attachments:

None

#### 7.0 Forms:

None

<b>Prepared by:</b> <b>Brainie Rose F. Macaraeg</b> <b>I.T. Specialist</b>	<b>Approved by:</b> <b>Uday Deshpande</b> <b>VP-Group Financial Controller</b>		
<b>Checked by:</b> <b>Christopher D Lazaro</b> <b>I.T. Manager</b>	<b>Initial Issue Date:</b> <b>NA</b>	<b>Supersedes Revision Dated:</b> <b>NA</b>	<b>Revision No.</b> <b>NA</b>

	Title of Manual: <b>Information Technology Department</b>	Document No: <b>DP-IT-3.5.A1</b>
	Document Name: <b>Disaster Recovery Team</b>	Effectivity Date: <b>01/01/2018</b>
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## **I. Purpose**

The disaster recovery team is a group of qualified personnel that will serve as the primary front liners task to organize a quick and responsive recovery in an event of a disaster.

## **II. Disaster Recovery Team and their Responsibilities**

### **Recovery Manager / Group IT Manager – Operations**

This individual needs to be a skilled manager/administrator who is accustomed to dealing with pressure situations. He should be a "problem solver" as there will be many problems arise that have not been anticipated in advance. He must be able to delegate responsibility to others. He must also have signature authority to expend funds as a part of the disaster recovery process.

### **Facilities Coordinator / Chief Engineer**


This individual needs some of the same skills as the Recovery Manager. However, he also needs to be familiar with the process of getting construction work scheduled and completed on time. He should be able to understand and oversee the setup of the electrical, environmental, and communications requirements of a data center.

### **IT Coordinator / IT Manager**

This individual needs to be highly skilled in a number of areas. He must have a strong background in the Local Area Network and Servers setup and interfacing of as many of the platforms in use as possible. He needs to be able to communicate easily with vendor technical representatives and engineers concerning installation options, performance issues, problem resolution, and a myriad of other things.

### **Administrative Coordinator / Asst. HR Manager**


This individual needs to be skilled in the business operations of the Corporation. He should also be a "people person" who can deal with employees and their families during hard times.

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### III. Summary

As the recovery process gets underway, it is imperative that each of the recovery teams remain in close communication and strive to work together to complete the recovery as appropriately as possible.

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	Title of Manual: <b>Information Technology Department</b>	Document No: <b>DP-IT-3.4 A1</b>
	Document Name: <b>Backup, Recovery and Archiving Procedure</b>	Effectivity Date: <b>01/01/2018</b>
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**1.0 Objective:**

To establish the procedure that will provide for the continuity, restoration and recovery of critical data and systems and to ensure recovery of data in the event of an equipment failure, intentional destruction of data, or disaster.

**2.0 Scope:**


This backup procedure applies to all data and systems stored in all servers including the file server, mail server, database server and web server. The backup procedure excludes the desktop

**3.0 Definitions:**

1. Backup - The saving of files onto hard disk drive or other offline mass storage media for the purpose of preventing loss of data in the event of equipment failure or destruction.
2. Restore - The process of bringing off line storage data back from the offline media and putting it on an online storage system such as a file server.
3. Running the backup - actual performance of the backups.
4. Backup generation - copy of backup that was done in the particular course
5. Full Backup – A full backup creates a copy of every file on a storage device. This is absolutely the most complete, comprehensive, and foolproof type of backup.
6. Incremental Backup – An incremental backup creates a copy of files that have changed (modified, added to, or created) since the last backup was performed.
7. Backup Operator – The designated IT Staff conducting the backup and restore procedure
8. Backup Administrator – The role of IT Manager in managing the storage growth, backup retention policy, restore requests and making sure backups are completed.

**4.0 References:**

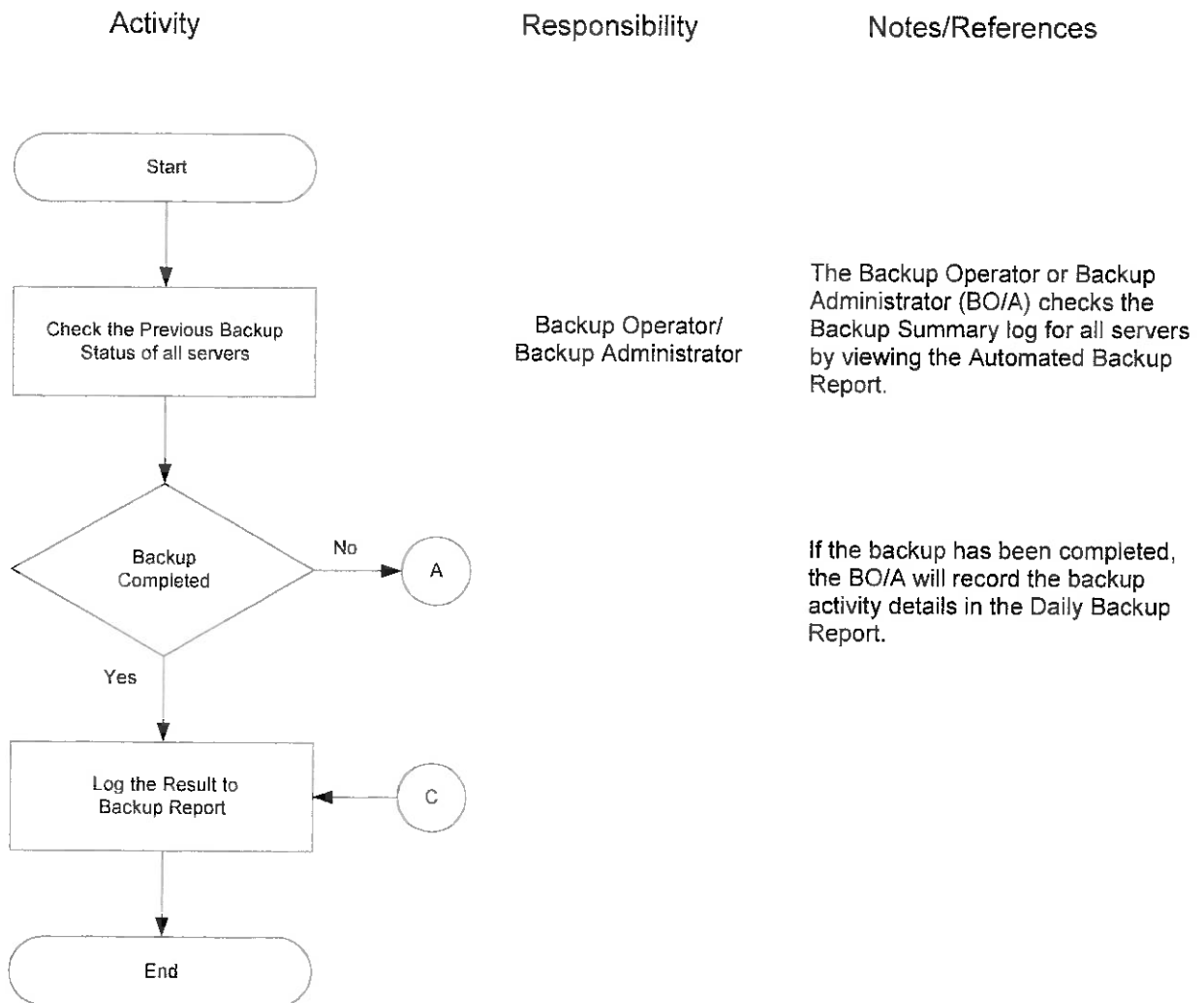
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	Title of Manual: <b>Information Technology Department</b>	Document No: <b>DP-IT-3.4 A1</b>
	Document Name: <b>Backup, Recovery and Archiving Procedure</b>	Effectivity Date: <b>01/01/2018</b>
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## 5.0 Details:

### 5.1 Summary Flow Chart

#### 5.1.1. Backup Procedure



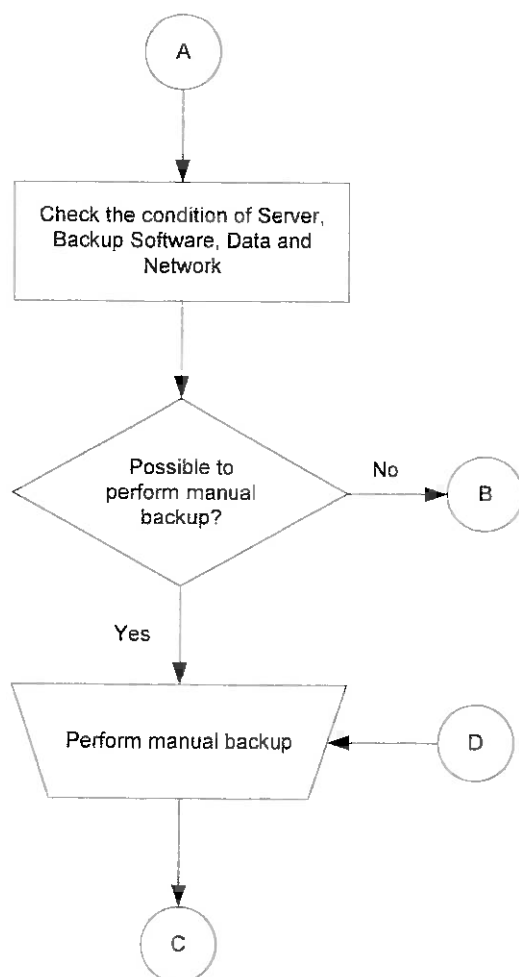


	Title of Manual: <b>Information Technology Department</b>	Document No: <b>DP-IT-3.4 A1</b>
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## Activity

## Responsibility

## Notes/References




Backup Operator/  
Backup Administrator

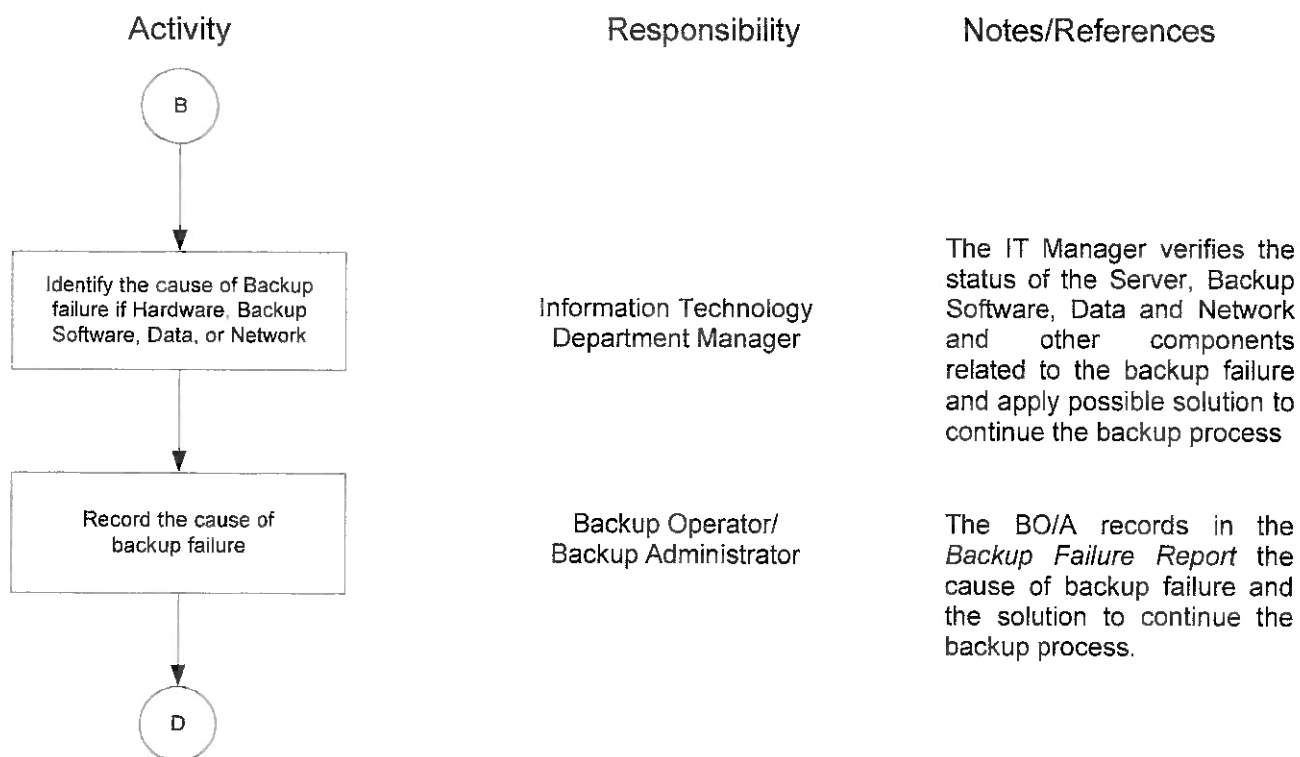
The BO/A checks the condition of the server, backup software, data and network

After checking the condition of the server, backup software, data and network, the BO/A determines if it is possible to perform the manual backup or report to IT Manager the incident.

Backup Operator/  
Backup Administrator

The BO/A performs the manual backup and monitors the activity until completed.


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	Document Name: <b>Backup/Restore Procedure</b>	Effectivity Date: <b>01/01/2018</b>
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## 5.2 Details

### 5.2.1 Guidelines for Backup Generation

- 5.2.1.1 Backups should be generated in all systems that maintain data critical to SPI on local area network while simultaneously backing up the data to an offsite location (Parking Building).
- 5.2.1.2 Backups should include the data stored in all servers identified in DP-IT-2.1.A2.
- 5.2.1.3 An Incremental backup shall be performed Monday through Sunday and stored at Backup Server located Offsite. This is a DAILY backup and shall be retained for two (2) weeks.
- 5.2.1.4 A full backup shall be performed every Monday night and stored at Onsite Backup Storage. This is a WEEKLY backup and shall be retained for four (4) weeks.
- 5.2.1.5 Backup schedule for Lotus Domino (mail servers) is FULL Backup and will be performed daily, seven days per week.
- 5.2.1.6 Second copy of the backup will be stored Onsite in an external hard drive.
- 5.2.1.7 System Administrator shall maintain a log of all backup activities.
- 5.2.1.8 All data, operating systems and utility files are systematically backed up, including patches, fixes and updates.

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## 5.2.2 Guidelines for Backup Documentation

5.2.2.1 Documentation is necessary for orderly and efficient data backup and restoration.

5.2.2.2 The System Administrator should fully document the following items for each generated data backup in the Daily Backup Report:

- Server Code
- Application Software
- Backup Schedule
- Month
- Date of data backup
- Type of data backup (incremental, full)
- Time Started / Completed
- Extent of data backup (directories/ files/bytes)
- Elapsed time

## 5.2.3 Guidelines for Data Restoration

5.2.3.1 Backups shall be accessible in time to allow for system restoration within the required period of time for that system.

5.2.3.2 The restoration of data using data backups must be tested every 3rd Wednesday of the Month to ensure that complete data restoration is possible.


5.2.3.3 This ensures reliable testing as to whether:

- Data restoration is possible
- The data backup procedure is practicable
- There is sufficient documentation of the data backup, thus allowing a substitute to carry
- Out the data restoration if necessary
- The time required for the data restoration meets the availability requirements

5.2.3.4 Data Restoration can be requested through the Restore Request Form

5.2.3.5 All Data Restoration activity shall be log to Weekly Data Restoration Report

5.2.3.6 Unsuccessful Data Restoration shall be recorder to Backup/Restore Failure Report

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## 6.0 Attachments:


None

## 7.0 Forms:

- DP-IT-3.4F1 Daily Backup Report
- DP-IT-3.4F2 Backup/Restore Failure Report
- DP-IT-3.4F3 Weekly Data Restoration Report
- DP-IT-3.4F4 Data Restoration Request
- DP-IT-3.4F5 Quarterly Data Restoration Report

Prepared by: <b>Brainie Rose Macaraeg</b> Information Technology Specialist	Approved by: <b>Uday Deshpande</b> VP-Group Financial Controller		
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# ATTACHMENT 7

	Title of Manual: <b>Purchasing &amp; Office Services Department</b>	Document No: <b>DP-PUR-6.0</b>
	Document Name: <b>VENDOR ACCREDITATION</b>	Effectivity Date: <b>June 1, 2012</b>
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## I. OBJECTIVES

1. To ensure that vendors for goods and services who wish to do business with the Company are duly accredited in terms of legal compliance, financial capability, and technical competency.
2. To establish inter-department representation to the Vendor Accreditation Committee (VAC).


## II. SCOPE

This accreditation process shall cover all vendors of goods and services excluding the following:

- a. Authorized dealers/ distributors of motor vehicles.
- b. Three (3) largest oil companies in the Philippines and their dealers.
- c. Government accredited agencies or institutions including licensed customs brokers
- d. Pharmaceutical companies and its authorized distributors and dealers such as Mercury Drug Stores and their vaccine authorized dealers.
- e. Foreign principals and/or its authorized local distributors or dealers
- f. Vendors which supplies special items which are purchased thru petty cash from their stores/outlets located at Divisoria, Binondo, etc.
- g. Kuok affiliates / subsidiaries
- h. Broadcast / Media Network
- i. Law, Accounting, and Audit Firms
- j. Non-profit and Charitable Institutions
- k. Top 10 Insurance Companies
- l. Hotels & resorts, restaurants & food chains, wine cellars & dealers, training & seminar venues, and exclusive membership clubs
- m. Government Agencies, Cooperatives, and Associations
- n. Hospitals, dental & optical clinics, and medical laboratories
- o. Utility companies (electricity, water, and gas)
- p. Banks
- q. Newspaper or publishing companies, and its dealers
- r. Telecom Companies.

## III. DEFINITION OF TERMS

- VAC** **Vendor Accreditation Committee:** is the authorized body responsible for evaluating the vendors applying for accreditation (composed of representatives from Finance, applicable technical group of requisitioning unit, and Purchasing) subject to the approval of the EVP & General Manager
- VIS** **Vendor Information Sheet:** is a document containing relevant information of vendors applying for accreditation
- VOIR** **Vendor Ocular Inspection Report:** is a document to guide Purchasing & Technical representatives in conducting physical inspection/survey of vendor's place of business, products & services, organization, and other operational site/s.

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**VARs Vendor Accreditation Rating Sheet:** is a document containing result of a formal vendor evaluation system where vendors or suppliers are given standing or status according to their legal compliance, financial capability, and technical competency by the VAC members.

**LAV List of Accredited Vendors:** is a document of all accredited vendors.

**COA Certificate of Accreditation:** is a document issued to vendors who qualify and passed the accreditation


**VM Vendor Master:** is the custodian for recording and updating the LAV.

#### IV. GUIDELINES

1. Only accredited vendors shall be considered for bidding or supplier of goods & services.
2. All potential Vendors who will supply goods and services to the Company must undergo an accreditation process to ensure that the Company deals only with legally compliant, technically competent and financially capable vendors. In emergency cases, or for one - time supply, the accreditation process may not be immediately undertaken. However, prior approval from the Purchasing Head shall be secured before proceeding to other procurement processes.
3. Approval for accreditation by the VAC must be unanimous.
4. Accreditation of Vendors shall be done whenever the following instances are encountered:
  - 4.1 New requirement arises
  - 4.2 Need to make a supply situation more competitive
  - 4.3 Replacement of vendors due to the following reasons:
    - 4.3.1 Vendor has gone out of business
    - 4.3.2 Vendor has discontinued production of a particular line
    - 4.3.3 Vendors' performance review results to poor performance as defined in the Vendor Performance Evaluation
    - 4.3.4 Existing vendor performed below standards
  - 4.4 Annual renewal for existing accredited vendors
5. Source of Potential Vendors for Accreditation:

VM shall source individual Vendors where a product /service are available. These include manufacturers, independent distributors, service providers, dealers, and retailers. These can be done through the following sources:

- 5.1 Company's database of current and past Vendors;
- 5.2 Trade directories, buyer's guide, yellow pages;
- 5.3 Vendors themselves through visits from sales force or direct mail shots;
- 5.4 Exhibitions and conferences;
- 5.5 Periodicals, product catalogues & brochures
- 5.5 Professional colleagues within the Kuok group and outside the Company
- 5.6 Foreign Embassies
- 5.7 E-bay


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## 6. Vendor Accreditation Committee Members

- 6.1 Chairmanship of the Vendor Accreditation Committee shall be the Finance Division Head. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.
- 6.2 The committee shall be composed of representatives from Finance, Technical, and Purchasing who shall conduct and determine the following
  - 6.2.1 The desk top review of all documents and the application form submitted by the Vendor for completeness. Relevant documents to evaluate suitability of the product or services being offered by the vendor shall be reviewed in coordination with the concerned end-user.
  - 6.2.2 The legal existence and business reputation of the Company.
  - 6.2.3 Finance Representative - to conduct an analysis of financial viability of Vendor
  - 6.2.4 Technical representative - shall determine the vendor's technical background & capability to perform required works & services.
- 6.3 User Department's Representative who shall check the acceptability, adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. They shall be coordinated by Purchasing.
- 6.4 The Division Head of the respective VAC Team members shall nominate their representatives on a yearly basis.
- 6.5 Each member of the VAC shall complete the Approval Sheet, indicating their findings/comments/ assessment and/ or recommendations.

## 7. Accreditation Requirements

- 7.1 Vendors applying for accreditation shall submit the minimum required or relevant documents as listed in Annex "A", depending on the type of product or service offered.
- 7.2 Each VAC member (refer to section 6 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 7 for accreditation criteria).
- 7.3 To validate the qualifications of the vendor, an actual site visit shall be done by Purchasing and a representative from the user-department (whenever necessary) who is familiar with the product / service of the Vendor. Representatives from other groups such as Legal, Technical, and Finance may be consulted to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.
- 7.4 Vendor visit is required for:
  - 7.4.1 The accreditation of new / first-time Vendors who will potentially supply Category A and B products / services. The VOIR will serve as a guide for the VAC members during the conduct of the vendor visit and ocular inspection which must be accomplished and signed immediately after the visit

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- Category A - products / services comprising 80% of the total amount of purchases for a given 12-month period. Vendor visit or site ocular inspection is mandatory for vendors under Category A.
- Category B – products / services within the next 20% of the total amount of purchases for a given 12-month period. Vendor visit or site ocular inspection is optional for vendors under Category B

#### 7.4.2 Validation of accreditation or capability of existing Vendors

7.5 Whenever necessary, samples or demonstration units shall be required from the vendor to ensure the quality and interoperability of the products being offered. The testing or application of samples shall be coordinated with the user department. If the product is of such nature that testing is impractical due to the time or expense required, VAC would depend on the user's evaluation of the design and specifications, qualifications and reputation of the vendor.

### 8. Accreditation Criteria and Documentation Requirements

A Vendor applying for accreditation shall be evaluated based on three criteria – legal compliance, financial capability, and technical competency which are generally assigned a corresponding percentage weight of 30%, 30%, and 40% respectively or as determined and approved by the VAC members on a case to case basis. The Vendor Accreditation Rating Sheet shall be used and accomplished by the Committee in rating the vendors.

#### 8.1 LEGAL


8.1.1 The documentary requirements shall be as follows:

- 8.1.1.1 Business Registration Certificates [Certificate of Incorporation / Partnership from the Securities Exchange Commission (SEC) – for corporation/partnership, Certificate from the Department of Trade & Industry (DTI) – for sole proprietorship]
- 8.1.1.2 Incorporation Papers (Articles of Incorporation /Partnership/By-Laws)
- 8.1.1.3 Tax Identification Number (TIN)
- 8.1.1.4 BIR Certificate of Registration
- 8.1.1.5 Mayor's Permit
- 8.1.1.6 Regulatory Requirements:
  - a. SSS, Philhealth, Pag-ibig Certificate of Payments
  - b. Manpower Services: Department of Labor and Employment (DOLE) / NLRC Clearance
- 8.1.1.9 Any other legal requirements that may be deemed necessary for the specific product or service being offered.
- 8.1.1.10 Exclusive Distributorship Agreement (for exclusive distributors only)

8.1.2 If required, Vendors applying for accreditation shall be requested to present the original documents to the Company's authorized representative who will validate the authenticity of submitted documents.

**Note:** In case any of the documents presented were found insufficient, further documentation requirements shall be required.



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## 8.2 FINANCIAL STABILITY

8.2.1 The VAC Approval sheet including the following pertinent documents shall be forwarded to Finance for proper evaluation:

8.2.1.1 Last two (2) years Audited Financial Statement (companies operating for 3 yrs or more) or one (1) year Audited Financial Statement (companies operating for 1 to 2 year/s old)

8.2.1.2 Unaudited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for one (1) - year old companies whose audited FS is not yet available at the time of accreditation)

8.2.1.3 Interim Financial Statements should be certified true and correct by the President / CFO in every page using the company's letterhead (for companies who wishes to present their interim FS given the remarkable performance/recent developments which now becomes more relevant as compared to historical audited.

8.2.2 Finance Representative shall evaluate the financial strengths / capability of all Vendors applying for accreditation (i.e Liquidity Ratio, Profitability Ratio, etc.).

8.2.3 Only those suppliers who pass will be included in the pool of accredited suppliers.

8.2.4 The result of financial evaluation shall be reflected in the VAC approval sheet including the findings / comments / assessment / recommendations.

8.2.5 Re-evaluation of financial capability of regular Vendors:

8.2.5.1 Purchasing & Finance shall perform an updated actual spend analysis annually.

8.2.5.2 VM shall review the Vendor profile and compare against the updated actual total spend per vendor description to check if there are Vendors that change its risk/value profile categories/classification so Finance can perform 8.2.5.3 These Vendors shall be re-classified whenever necessary.


8.2.5.3 Purchasing shall endorse to Finance the Vendors which shall require re-evaluation based on their classification every 2<sup>nd</sup> quarter of the year.

8.2.5.4 If at the middle of the year and there are Vendors who will exceed their credit exposure limit as a result of prospective awards, they will be endorsed by Purchasing to Finance for re-evaluation.

## 8.3 TECHNICAL CAPABILITY

8.3.1 Purchasing & the technical representative of the requisitioning unit shall evaluate on the acceptability and suitability of the product or services offered by the Vendor. This can be verified based on the conformance to regulatory and Company's standards, past performance/ relevant experience relative to do the product/service offered can also be considered, including reference reports, etc.

8.3.2 The vendor's adequacy of facilities, manpower and equipment to deliver the products or services on a continuing basis shall be validated thru any of the following:

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- 8.3.2.1 Site Visit
- 8.3.2.2 3rd Party validation
- 8.3.2.3 Interview of reference sites

8.3.3 The following documents shall be used to check on the product acceptability and adequacy of resources of the Vendor:

- 8.3.3.1 Legal Documentary requirement for Contractors (Min: A): License from Philippine Contractor's Accreditation Board (PCAB)
- 8.3.3.2 Summary of Completed and on-going contracts (related to services offered) or List of Clients who have been using the products offered.
- 8.3.3.3 Certificate of Product Type Approval from regulatory / governing agency / international accrediting bodies, when the type of product requires it
- 8.3.3.4 Table of Organization/ Competencies of Technical Personnel (For service related Vendors)
- 8.3.3.5 Technical Catalogs & Brochures for List of products / services carried
- 8.3.3.6 Statement of Types of Machineries & Equipment Owned

#### 9. Inclusion in the List of Accredited Vendors

- 9.1 Once the overall accreditation process is completed and the Vendor has been successfully accredited, relevant information shall be entered in NAV. For the existing Vendors, their vendor's general information shall be updated based on the accreditation documents.
- 9.2 All units involved in the purchasing process shall be informed of the newly accredited vendors. They should refer to and consider only those included in NAV in the processing of a Purchase Requisition and in the issuance of Request for Quotation / Invitation to Bid or Purchase Order except the vendors in the exclusion list.
- 9.3 Purchasing Officer shall be responsible for:
  - 9.3.1 Ensuring that only accredited vendors are included in NAV.
  - 9.3.2 Categorizing Vendors as to its core and non-core product / service capability or capacity
    - Core Products: Products primarily manufactured by a vendor, main product being carried by a vendor (exclusive distributor or authorized distributor of a product), services offered with full competency (complete resources – with skilled Project Team without any sub-contractor, owned equipments and other facilities)
    - Non-core products: Secondary carrier of a vendor, i.e trader of a product with a local manufacturer; services offered with less competency (resources are outsourced –Project Team with sub-contractor, rented equipments and other facilities)
  - 9.3.3 Ensuring that all changes to critical vendor data are regularly updated in NAV; and,
  - 9.3.4 Securing NAV against unauthorized access / modifications.
- 9.4 Finance shall review all accredited vendors encoded in the system by Purchasing.

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#### 10. Updating of Vendor Master Profile

10.1 All accredited Vendors are required to submit the following documents within the first two (2) quarters of the succeeding year for validation purposes and to update the Vendor Master file:

- 10.1.1 Audited Financial Statement
- 10.1.2 Business Permit (Mayor's Permit)
- 10.1.3 Updated or new product Catalogs


10.2 Above documents will validate legal existence and financial soundness of the existing Vendors of the Company on a continuing basis.

#### 11. Issuance of Certificate of Accreditation

- 11.1 A letter to certify accreditation shall be given to all vendors who have passed the accreditation process of the Company stating the specific product or service to be offered.
- 11.2 The certification shall be valid for three (3) years from the date of issuance
- 11.3 The Company shall treat accredited Vendors as "Partners in Business". They shall sign a non-disclosure agreement to protect the interests of the Company. Contracts entered into by the Company shall always be for the benefit of both parties.

#### V. FORMS

- DP-PUR-6.0F1 – Vendor Information Sheet (VIS)
- DP-PUR-6.0F2 – Vendor Accreditation Rating Sheet (VARs)
- DP-PUR-6.0F3 – Vendor Ocular Inspection Report (VOIR)

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### ANNEX "A"

Vendors shall be requested to submit the following documents for accreditation process:

#### Legal

1. Letter of Intent (with Vendor's company letterhead)
2. Vendor Information Sheet
3. Business Registration Certificate (SEC – for Corporations, DTI – for Sole Proprietor Business)
4. Incorporation Papers (Articles of Incorporation / Partnership / By – Laws)
5. Tax Identification Number
6. BIR Certificate of Registration
7. Mayor's Permit
8. Regulatory Requirements (If applicable)
  - o Contractors (Min: A) : License from Philippine Contractor's Accreditation Board (PCAB)
  - o Manpower Services: Department of Labor and Employment (DOLE)
  - o Any other legal requirements that may be deemed necessary for the specific product or service being offered
9. Exclusive Distributorship Agreement (for exclusive distributors only)

#### Financial

10. Last Two (2) years Audited Financial Statement (co. existent for 3 yrs or more) or One (1) year Audited Financial Statement (for 1-year old companies)

Note: Un-audited Financial Statements, should be certified true and correct by the President / CFO in every page using the company's letterhead (for 1-year old companies whose audited FS is not yet available at the time of accreditation)

#### Technical

11. For Service Providers: Summary of Completed and on-going contracts (related to the services offered)
12. For Goods Vendors: List of Clients who have been using the products being offered.
13. Table of Organization including CV's / Competencies of Technical Personnel (For service related Vendors)
14. Technical Catalogs & Brochures for List of products / services carried
15. Statement of Types of Equipment Owned (for Service Providers only)

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