



SHANG
PROPERTIES

ANNUAL SUSTAINABILITY REPORT 2021

EMBRACING THE
NEW NORMAL

CONTENTS

3 GENERAL INFORMATION

- 4 Contextual Information
- 6 Materiality Process
- 7 Sustainability Framework

8 ECONOMIC

- 9 Economic Performance
- 1 Anti-Corruption
- 13 Procurement Practices

15 ENVIRONMENT

- 16 Resource Management
- 19 Environmental Impact Management
- 23 Environmental Compliance

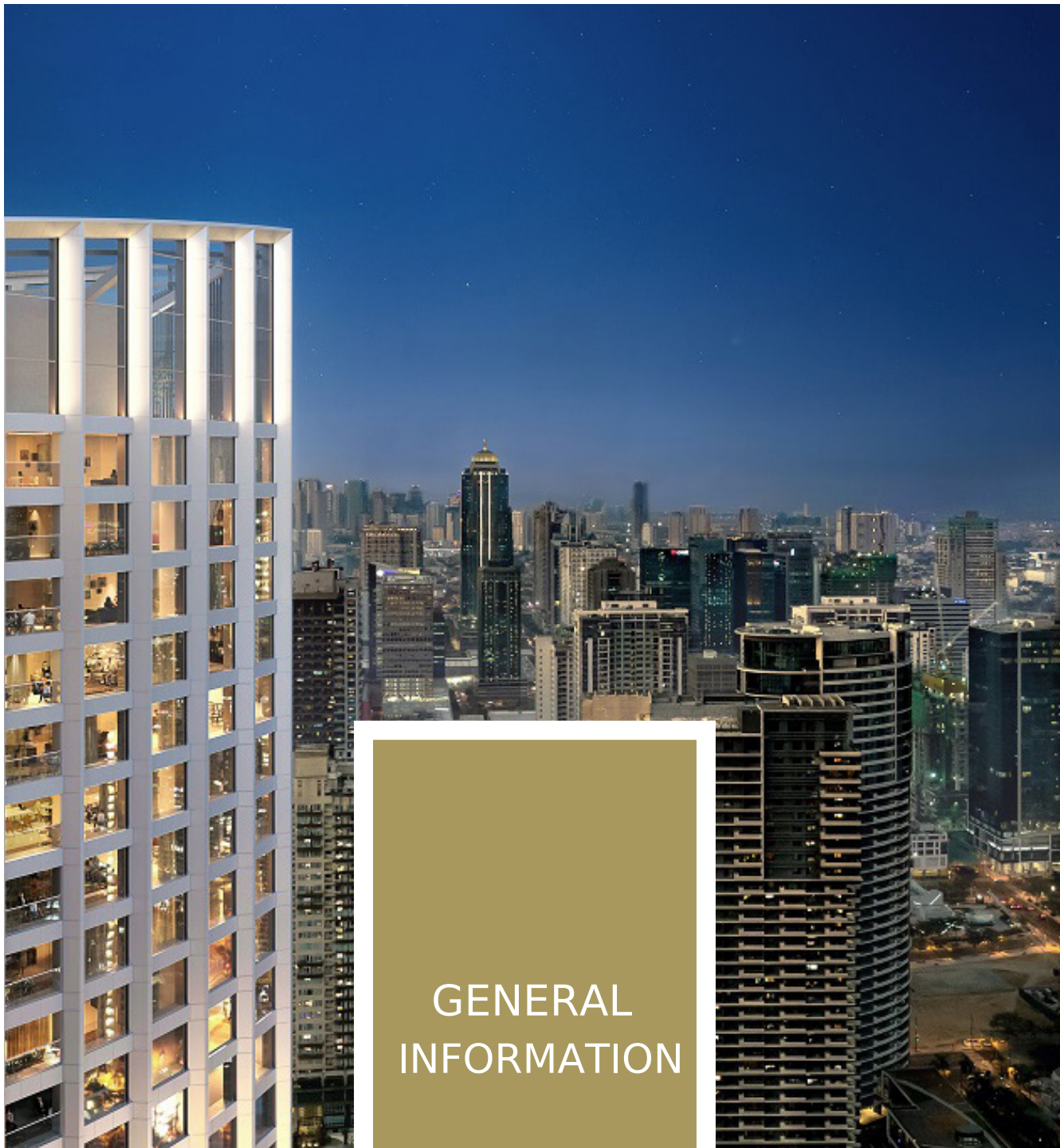
25 SOCIAL

- 26 Employee Management
- 30 Workplace Conditions, Labor Standards, & Human Rights
- 32 Supply Chain Management
- 33 Customer Management
- 36 Data Security

37 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)





38 ANNEX 1: VENDOR ACCREDITATION PROCEDURE

49 ANNEX 2: SUPPLIER CODE OF CONDUCT



GENERAL INFORMATION

Contextual Information

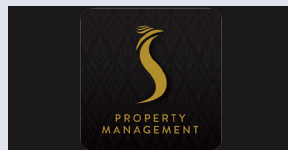
COMPANY DETAILS	
Name of Organization:	Shang Properties, Inc. (SPI)
Location of Headquarters:	Administration Office Shangri – La Plaza EDSA corner Shaw Boulevard, Mandaluyong City
Report Boundary: <i>Legal Entities (e.g. Subsidiaries) included in this Report</i>	<p>This annual sustainability performance report covers the holding company, Shang Properties, Inc. (SPI) and the following subsidiaries / affiliates:</p> <div>  <p>SHANGRI – LA PLAZA CORPORATION (SLPC) SLPC manages the Philippines’ most established premier upscale shopping and lifestyle destination, Shangri – La Plaza Mall.</p> </div> <div>  <p>KSA REALTY CORPORATION (KSA) KSA Realty Corporation is the majority owner of The Enterprise Center, an Information Technology (IT) building registered with the Philippine Economic Zone Authority (PEZA) that offers tax incentives to tenants.</p> </div> <p>SPI PARKING SERVICES, INC. (SPSI) SPSI, formerly EDSA Parking Services, Inc., provides top of the line parking management services.</p> <p>SHANG PROPERTIES REALTY CORPORATION (SPRC) SPRC, formerly The Shang Grand Tower Corporation, is the developer of the following upscale projects: The Shang Grand Tower, which is built along Dela Rosa Street, Legaspi Village, Makati City, as well as St. Francis Shangri – La Place and One Shangri – La Place, which are both located at the Shangri – La Place in Ortigas, Central Business District at the corner of Shaw Boulevard, Internal Drive and EDSA in Mandaluyong City.</p> <p>SHANG PROPERTY DEVELOPERS, INC. (SPDI) SPDI is the developer of the upscale Makati development, Shang Salcedo Place located at Sen. Gil Puyat Avenue Corner Tordesillas Street, Salcedo Viillage, Makati City.</p> <div>  <p>THE RISE DEVELOPMENT COMPANY, INC. (TRDCI) TRDCI is a joint venture with VDCI and the developer of The Rise Makati, a mixed – use condominium project located at Malugay Street, San Antonio Village, Makati City</p> </div> <div>  <p>SHANG WACK WACK PROPERTIES, INC. (SWWPI) SWWPI is a realty development company and the developer of Shang Residences Wack Wack located strategically close to the renown Wack Wack Golf and Country Club in Greenhills, Mandaluyong City</p> </div>

COMPANY DETAILS



SHANG GLOBAL CITY PROPERTIES, INC. (SGCPI)

SGCPI is the owner, developer, and operator of Shangri – La at the Fort, the country's premier and leading luxury hotel located at 3rd Avenue Corner 30th Street, Fort Bonifacio Global City, Taguig City and Horizon Homes at the Fort, the most luxurious condominium development project in the country situated at the top levels of the Shangri – La at the Fort hotel building.



SHANG PROPERTY MANAGEMENT SERVICES, INC. (SPMSI)

SPMSI, formerly EPHI Project Management Services Corporation, provides top of the line property management services.



SHANG ROBINSONS PROPERTIES, INC. (SRPI)

SRPI is a joint venture between Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC) and the developer of the ultra – upscale and posh Aurelia Residences located at Mc Kinley Parkway Corner Fifth Avenue and 21st Drive, Fort Bonifacio Global City, Taguig City, as well as an upcoming posh condominium project located at Bridgetowne Estate, Pasig City.

Business Model, including Primary Activities, Brands, Products, and Services:

Shang Properties, Inc. (SPI) is engaged in property investment and development (residential development and condominium sales), real estate management, office and retail leasing, and mall, carpark, and hotel operations.

Reporting Period:

01 January 2021 – 31 December 2021

Highest Ranking Person Responsible for this Report:

ATTY. ELMER G. PEDREGOSA
Compliance Officer / Deputy General Counsel

Materiality Process

Shang Properties, Inc. (SPI) has compiled its 2021 sustainability performance report in compliance with the Philippines Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019 and has referenced the GRI standards as applicable. The framework that SPI follows for materiality assessment has been consistent across the last three (3) years and continues to remain the same - providing the basis for priorities.

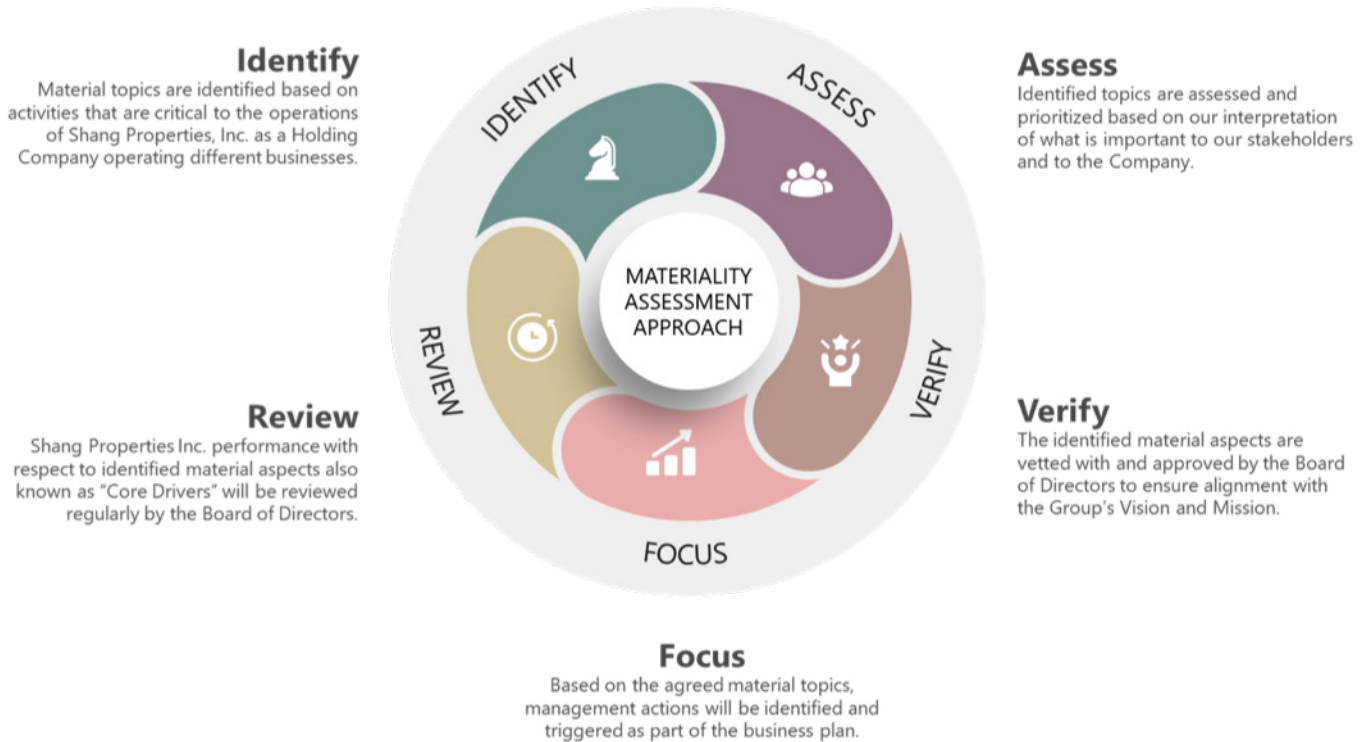


Figure 1 Materiality Assessment Approach

Sustainability Framework

Staying consistent with the materiality approach, the core drivers that form the Company's sustainability framework is reflected below. Employee Welfare and Responsible Business areas have come to the fore as evident in the reporting, keeping up with the current times of getting past the COVID-19 pandemic.

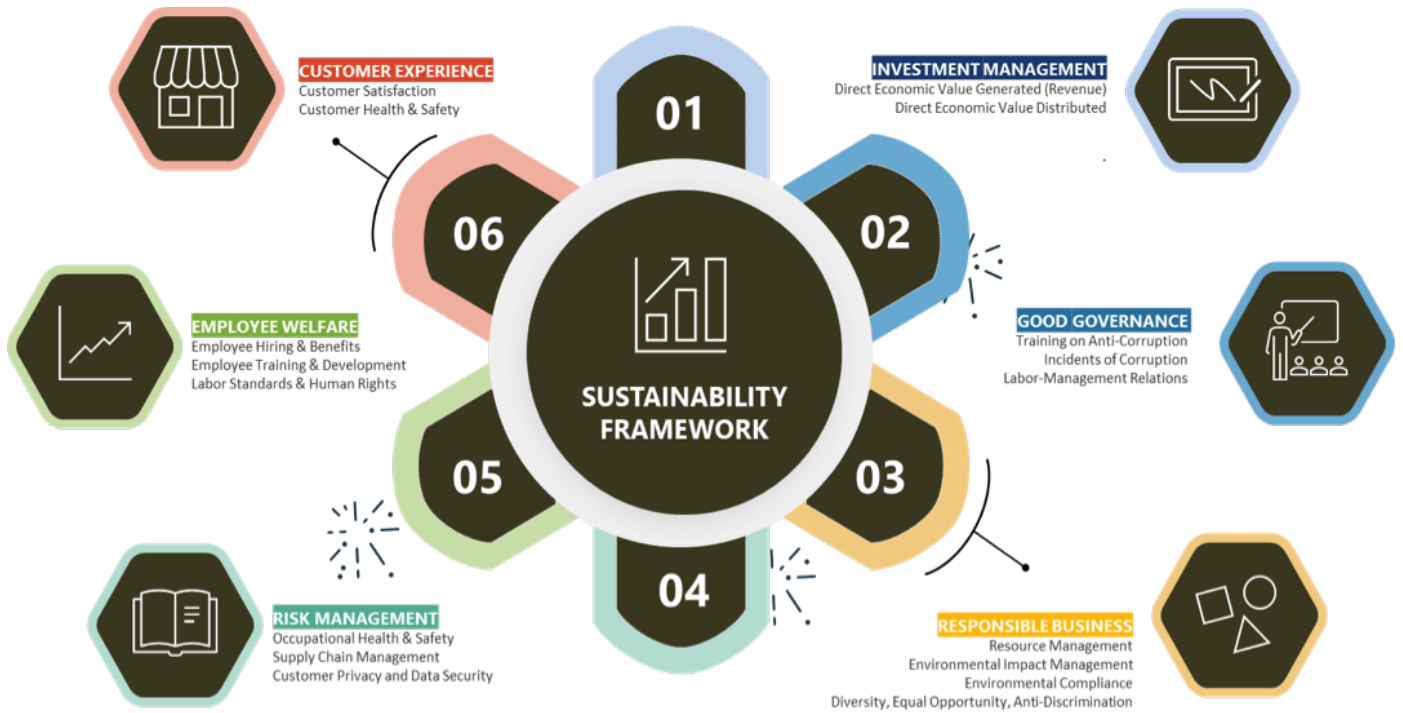
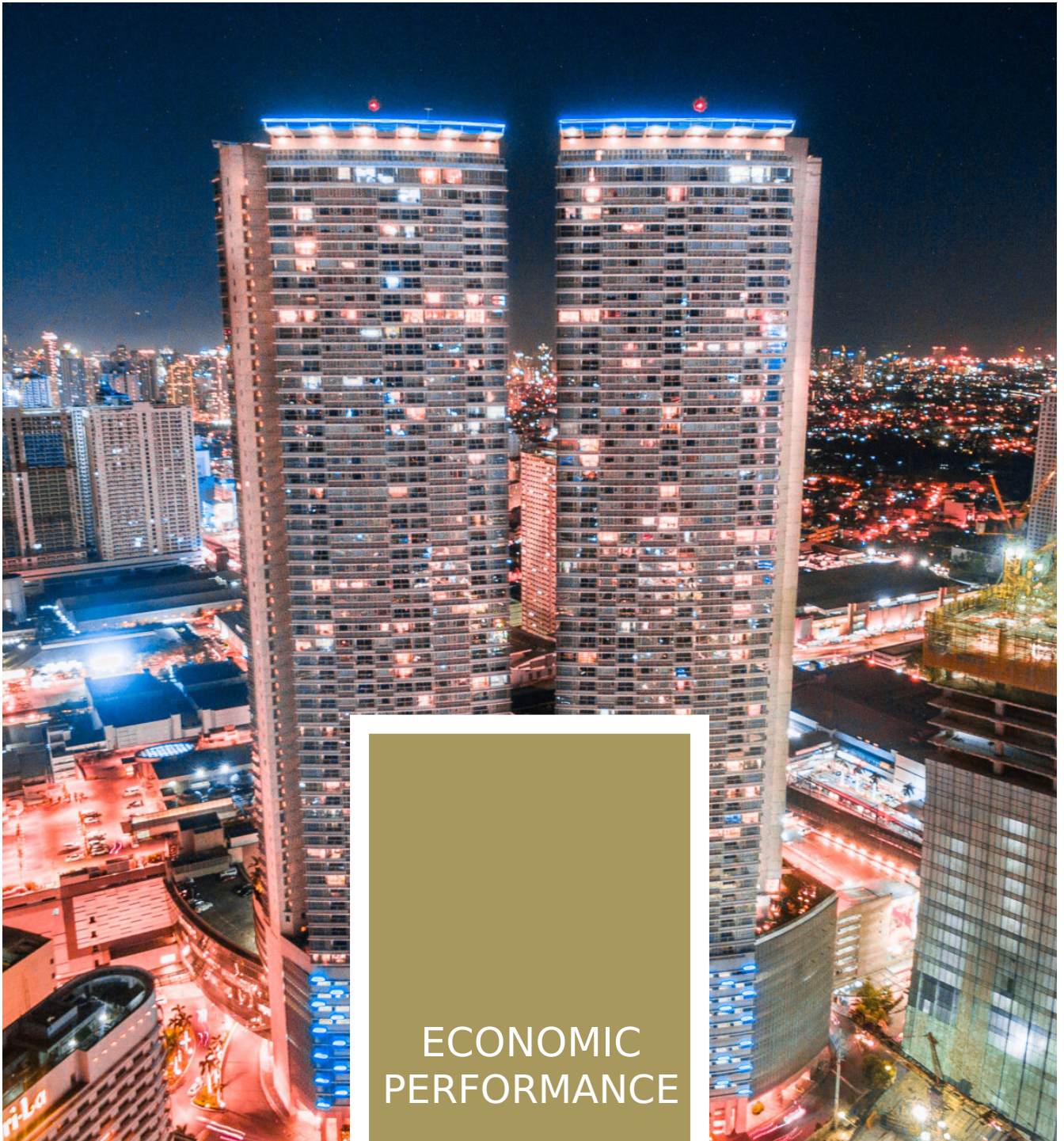


Figure 2 SPI Core Drivers



ECONOMIC
PERFORMANCE

ECONOMIC PERFORMANCE

Direct Economic Value Generated & Distributed

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Direct Economic Value Generated (Revenue)	PHP	5,047,369,943.00	4,975,849,039.62
Direct Economic Value Distributed:			
a. Operating Costs	PHP	2,987,374,564.00	2,839,145,483.59
b. Employee Wages and Benefits	PHP	227,029,031.00	278,096,848.53
c. Payments to Suppliers, Other Operating Costs	PHP	560,029,119.00	260,728,892.30
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	2,380,108,478.00	1,670,720,544.98
e. Taxes given to Government	PHP	99,547,506.00	151,153,258.77
f. Investments to Community (e.g. Donations, CSR)	PHP	106,478,173.00	128,253,014.30

IMPACT

The economic performance has impacts at multiple levels such as influence on the shareholder value, budget spent to develop local businesses (suppliers), develop local community (CSR), and most importantly, the ability to support nation building through taxes.

In 2021, despite the effects of COVID-19 in the Philippine economy and property market, Shang Properties Inc. (SPI) was still able to cope and generated revenue that was only 1% short of the 2020 data. The total direct economic value generated mainly came from leasing, condo sales, hotel operations and management services. Through the Company's determination, it facilitated job and economic opportunities for its employees, retailers and/or food and beverage businesses, and the local community or government unit it operates in.

It is also notable that there is a 17%, (approx. P21.7 million) increase in the investment to community in comparison to 2020. SPI engages in programs to fulfil its social responsibility to the community. Thus, it regularly donates substantial amounts to victims of major calamities such as typhoons and earthquakes. Through its subsidiaries, the Company provides free venues for the hosting of events such as those sponsored by the Philippine Red Cross, World Wildlife Fund, UNICEF, UNESCO, Greenpeace, National Commission on Culture and Arts, etc.

2021 Donations and Corporate Social Responsibility (CSR) Activities

- Feeding and livelihood programs:
 - CARITAS DAMAYAN HUNGER PROJECT - in partnership with Caritas Manila Inc.
 - LZEPP (Lasallian Zero Extreme Poverty Program) - in partnership with De La Salle University Science Foundation Inc.
 - DLSU Foundation Hunger to Hope Project - in partnership with De La Salle University Science Foundation Inc.
 - Kababaihang Gabay ng Bayan - an integrated health and livelihood program amid Covid pandemic.
- COVID Vaccine Donation to the government - Philippine Center for Entrepreneurship Foundation Inc. (GO NEGOSYO) and ICTSI Foundation, Inc.
- Food packs donated to hospitals and local governments
- Typhoon Odette-related donations thru Gokongwei Brothers Foundation Inc.
- Linens, Towels, Toiletries Donation for Red Cross
- Hamper delivery to Kythe Foundation.

RISKS

Economic risks identified by the company:

- Interest rate risk - value will fluctuate due to changes in market interest rates
- Foreign exchange rate risk – possible currency fluctuations
- Credit risk - failure to repay a loan or meet contractual obligations
- Liquidity risk - inability to meet its financial obligations as they fall due

MANAGEMENT APPROACH

Shang Properties, Inc. (SPI) and its subsidiaries are being guided by an organizational culture that optimizes ability to achieve strategic objectives while ensuring management of evolving risks. Each year, the Board reviews the risks affecting the Company and evaluates the effectiveness of the internal control framework covering: (i) setting of objectives and budgets, (ii) the establishment of regular reporting of financial information; (iii) the delegation of authority; and (iv) the establishment of clear lines of accountability.

As part of the Company's financial risk management, periodic financial information is provided to the Executive Directors. Variance analysis between actual performances and targets are prepared and documented for discussion at Board meetings, with explanations noted for any material variances and deviations between actual performances and budgets. This helps the Board and management to monitor the Company's business operations and to plan on a prudent and timely basis.

SPI continuously implements its established interest rate risk management policy that focuses on reducing the overall interest expense and exposure to changes in interest rates by closely monitoring its fluctuations and negotiating with banks to lower the rates. Interest on financial instruments with floating rates is repriced at intervals of less than one (1) year, while, interest on financial instruments with fixed rates is fixed maturity.

SPI also continues to strictly maintain sufficient cash and cash equivalents despite the prevailing COVID – 19 pandemic through the implementation of the following stricter cash flow monitoring and management:

- Prioritizing urgent and critical expenditures;
- Stricter monitoring of Accounts Receivables (ARs) to speed up cash collection;
- Ensuring continuous cash flow forecasting;
- Close monitoring of signs of financial distress;
- Ensuring collection follow ups are done regularly for late paying tenants;

Furthermore, SPI continuously implements its requirements for leasing tenants, whenever necessary, to put up security deposits and pay advance rentals based on the credit evaluation results. Hotel guests may opt to avail and be provided with a credit line based on the credit evaluation results. Credit lines are approved by the Financial Controller and the General Manager and put through an annual review process. Special ad hoc arrangements that require deposits, pre – payments, or credit card guarantees as collaterals are allowed for hotel guests who do not have a credit line.

The policy of the Organization on economic performance is embedded in SPI's Manual on Corporate Governance.

OPPORTUNITIES

As changes in COVID-19 Alert Level are being implemented across the nation, more areas eased to the least restrictive status leading to a gradual recovery of the economy. In line with this, SPI sees opportunities to improve its economic contribution as demands in the real estate sector are also expected, increasing occupancies, leasing, sales, hotel operations and management services.

Another opportunity is for cash flow management, exploring other avenues that would generate revenue streams, including the utilization of SPI's borrowing capacity to further bolster its cash reserves.

Future opportunities include preparing growth plans and looking at new geographies with increasing prospects to acquire more properties for development in the future.

MANAGEMENT APPROACH

SPI will continue to implement its current strategies and adhere to the strict implementation of its Corporate Governance Manual and the Code of Business Conduct and Ethics. The company has stood strong for more than three decades mainly because of valuing the trust of its clients by delivering projects as committed.

SPI has also undertaken the initiative to launch stimulus plans and referral programs, as well as to provide flexible payment schemes and increased cash discounts to boost the sales velocity of its condominium projects.

Furthermore, the hotel operations of SPI remain optimistic on the recovery of the industry and focuses on strengthening SPI's value propositions by:

- Establishing market confidence in the implemented housekeeping and health & safety policies and procedures, leveraging on the hotel's various certifications;
- Creating flexible staycation packages that drive revenue opportunities; and
- Creating demands for virtual corporate events, outside catering, and meeting packages, targeting new and existing industries.

ANTI-CORRUPTION

Training on Anti-Corruption Policies & Procedures

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Percentage of employees to whom the organization's anti – corruption policies and procedures have been communicated to	%	100	100
Percentage of business partners to whom the organization's anti – corruption policies and procedures have been communicated to	%	100	100
Percentage of directors and management that have received anti – corruption training	%	50	50
Percentage of employees that have received anti – corruption training	%	50	50

Incidents of Corruption

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Number of incidents in which directors were removed or disciplined for corruption	#	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	#	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	#	0	0

IMPACT

Corruption can occur across various functions in the Organization and has significant impact to reputation and can impair ability to provide equitable economic value to its key stakeholders. For this reason, SPI still maintained zero incidents of corruption within the Company in 2021; this was possible by ensuring that anti-corruption policies and procedures have been communicated to all of its employees and business partners. To date, 50% of the directors, management and employees have taken the actual anti-corruption training.

RISKS

Corruption is a critical risk and with it comes other associated legal, financial, and reputational risks. Lack of awareness, control and transparency in recording of transactions with suppliers and stakeholders may lead employees to commit fraud or corruption through:

- Conflict of interest
- Use of company assets, resources, and/or information
- Dealing with customers or suppliers
- Accepting of gifts and gratuities

Employees will be at risk of corruption as long as the opportunity to do so exists in the organization.

MANAGEMENT APPROACH

SPI strives to ensure the adequate and strict implementation of all existing anti-corruption policies, rules, regulations, and practices, as well as its supplier accreditation process. It continuously finds ways to reinforce the strict implementation of all existing anti-corruption policies, rules, regulations, and practices through related training programs, including supplier orientation.

The policy of the Organization on anti-corruption is embedded in SPI's Code of Business Ethics, Code of Conduct, Fraud Policy and on SPI's Whistle Blowing Policy.

OPPORTUNITIES

With an amplified reliance on technology and the reality of an economic uncertainty in the prevailing COVID – 19 pandemic that can possibly lead to fraud, SPI has identified the need to increase the number of Directors, Management, Employees, and Business Partners trained on the Organization's Anticorruption Policies and Practices.

MANAGEMENT APPROACH

SPI continuously undertakes initiatives to identify and select the most suitable training program for Directors, Management, Employees, and Business Partners, as well as explore alternative methods of learning i.e. online/virtual trainings, blended learning/training etc. However, implementation has been put on hold as a result of uncontrollable constraints during the prevailing COVID – 19 pandemic and has been re – planned for FY 2022.

PROCUREMENT PRACTICES

Proportion of Spending on Local Suppliers

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	100	100

IMPACT

SPI spent 100% of the procurement budget on local suppliers and service providers. These stakeholders hold significant control in the activities of its value chain, from property development, hotel operations to management services. Thus, their impact on the environment, society and the economy translates to SPI's own impact, with the Company being the project granter. The commitment towards sourcing supplies and services locally supports the growth of local businesses and reduces the environmental footprint of sourcing from abroad. It also builds local community trust in the business due to the knowledge of local brands.

RISKS

Risks may involve awarding contracts to non-compliant suppliers and service providers. Any non-compliance of the laws tampers SPI brand and reputation, causes delay or project extension and generates financial deficits. Other risks include inaccurate forecasting and monitoring of products, delay in delivery, and lack of capacity to check the quality of products and services.

MANAGEMENT APPROACH

SPI requires all suppliers and sub-contractors to uphold the SPI core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Company. These requirements are set out in more detail in the SPI Supplier Code of Conduct (Code).

As a minimum, suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with SPI. The company prefers to do business with Suppliers whose operations and business practices exceed the following requirements of the Code.

1. Compliance with Laws and Regulations
2. Product Quality and Safety
3. Business Integrity and Ethics
4. Labor Standards and Practices
5. Environment Laws and Regulations
6. Community Engagement
7. Anti-Corruption
8. Accurate Books and Records
9. Confidentiality
10. Data Protection
11. Intellectual Property Rights
12. Implementation of the Code

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code.

OPPORTUNITIES

As the economy progresses to gradual recovery after COVID-19 restrictions, SPI sees many opportunities to engage more local suppliers and service providers in the coming year, as well as carry out more inclusive growth engagements with these stakeholders.

MANAGEMENT APPROACH

SPI will continue the strict implementation of the Supplier Code of Conduct and Vendor Accreditation Procedure in selecting reliable suppliers and service providers. To ensure stronger relationships and growth with the suppliers and service providers, assistance with the training and technology may be provided. This will also promote effective delivery of products and services.



ENVIRONMENT
PERFORMANCE

RESOURCE MANAGEMENT

Energy Consumption within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Renewable Resources	GJ	0	0
Gasoline	GJ	2,806.40	249.80
LPG	GJ	16,272.80	12,998.06
Diesel	GJ	4,419.00	11,910.32
Electricity	kWh	118,809,538.00	79,736,507.00

Energy Reduction within the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Renewable Resources	GJ	0	0
Gasoline	GJ	0	2,556.60
LPG	GJ	0	3,274.74
Diesel	GJ	0	-7,491.32
Electricity	kWh	30,602,575.00	39,073,031.00

IMPACT

The impact of energy consumption materializes in both economic and environmental performance of the company. Based on recorded data for the year 2021, overall energy consumption has a significant reduction in gasoline, LPG and electricity while diesel consumption increased during this period, compared to 2020. The reduction in **gasoline** consumption is attributed to its restricted use only in construction sites while **LPG** consumption dropped due to reduced operations of tenants (kitchens etc.). Drop in **electricity** consumption is reflective of reduced office operations during most part of 2021 when compared to 2020 which had a full quarter of regular operations. While there was a semblance of normalcy returning in the last quarter of 2021, it did not contribute to a spike significant enough to reach the consumption pattern in 2020. The rise in **diesel** consumption is owing to the use of gensets in one of the construction sites under Shang Robinsons Properties Inc (SRPI) throughout the year.

RISKS

Energy and environmental problems are closely related, since it is nearly impossible to produce, transport, or consume energy without an impact to the environment. The environmental problems directly related to energy production and consumption includes air pollution, climate change, water pollution, thermal pollution and risk for wastage or improper usage of energy resources leading to depletion or scarcity. Furthermore, the immediate risk of high energy consumption would be the increase in SPI Greenhouse Gas (GHG) Emissions, as these are directly proportional.

MANAGEMENT APPROACH

SPI has undertaken the initiative to identify and implement the most feasible and relevant energy conservation initiatives such as:

- Installation of LED lights in offices;
- Reduction of operational hours of air conditioning units in public areas and other similar energy users;
- Closure of vacant guest floors; and

Additionally, SPI has instituted efforts to establish guidelines for the efficient management of resources such as electricity, water and paper. Below are some notable efforts and recognitions that the operating companies have received for their environmental programs.

- KSA Realty Corporation has been awarded by internationally prestigious bodies for its energy conservation programs for its facility The Enterprise Center which is located at the heart of Makati City (i.e., the Asean Energy Awards, Asean Energy Efficient Building).
- Shangri – La at the Fort owned, developed and operated by Shang Global City Properties Inc (SGCPI) is among the few pioneer developments in the Philippines which conform with the very stringent Leadership in Energy and Environmental Design (LEED standards). Leaders across the globe have made LEED the most widely used green building rating system. LEED certification provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. LEED certification means healthier, more productive places, reduced stress on the environment by encouraging energy and resource-efficient buildings.

OPPORTUNITIES

SPI shall continue to explore opportunities to optimize its energy resources by enhancing energy conservation programs and might take into account using renewable energy technologies in the future. This will further minimize the associated environmental footprint. Maintaining lower rate of energy consumption is essential for SPI to sustain its green building marks and attract more environmentally- conscious tenants to the building.

MANAGEMENT APPROACH

SPI proactively plans and sets strict energy reduction targets, implements measures to reduce energy consumption in the chiller operations while ensuring the comfort of customers/guests and has installed LED lights in offices for better environment, energy efficiency and reduced energy cost. SPI further conducts energy usage inspections and audits to identify potential areas for further energy reduction.

Water Consumption

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Water Consumption	m ³	878,578.00	1,166,734.16
Water Recycled and Reused	m ³	252,362	181,886.00

IMPACT

Similar to energy, improper utilization of water resources has an impact in the economic and environmental aspects of the company and the community. In 2021, SPI's water consumption increased by 25% compared to 2020. In addition to the lessening of community restrictions which lead to increase in operations and occupancy, another main contributor is the progress made in the construction activities of 2 of its subsidiaries. In the contrary, the water being recycled and reused reduced by about 28% this year, as most of the subsidiaries do not yet have the capacity to recycle water. This recycled water is being used in landscape maintenance of SPI.

RISKS

Risk for uncontrolled water consumption may contribute to water shortages or scarcity and will cause inconvenience and interruptions to the Company's operations as well as in the host Community where it operates leading to limited access to clean and safe water.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) - with necessary training and credentials, the PCO fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The dedicated PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for water conservation.

OPPORTUNITIES

Adoption of more water recycling, reuse and conservation initiatives in the future can help SPI optimize water use in the long run.

MANAGEMENT APPROACH

SPI further implements water saving initiatives such as adjusting water supply valves, as well as shutting off water supply valves in unoccupied areas while some of the subsidiaries are also using rainwater for toilets, water closet in public areas and guest rooms.

Materials used by the Organization

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Materials Used by Weight/Volume			
Renewable	Kg or L	0	287,731
Non-Renewable	Kg or L	8,182,068.46	15,382,070.78
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	0

IMPACT

Materials management plays a key role in the transition of our society toward future sustainability. Materials production requires a large amount of energy and it produces large volumes of waste both in production and at end-of-life disposal. More efficient use of materials is important in achieving multiple environmental and economic benefits. SPI uses different materials in its operations – design, development and management of luxury property. There is almost 50% surge in the total volume of non-renewable materials used in 2021. This notable increase is mainly contributed by the ongoing construction of Shang Robinsons Properties Inc (SRPI).

RISKS

Risks associated with materials are increase in energy consumption and increase of waste generated for non-renewable materials, wastage and improper usage of materials leading to resource depletion or scarcity and lastly accidental release or spill of possible hazardous material that impacts the extended community where SPI operates and may result into long – term ill – health effects for exposed individuals and may eventually lead to limited access to decent life / livelihood.

MANAGEMENT APPROACH

In support of material efficiency practices, SPI initiated to use renewable materials as seen on the data table from 0 kg in previous year to 287,731 kg in 2021; this is an improvement in the Environmental Performance of the Company. SPI continuously ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. SPI safeguards the effective and consistent implementation of best practices through the strict enforcement of Environmental, Occupational Health, and Safety (EHS) and security protocols and standards for loading, unloading, and transport of materials.

OPPORTUNITIES

SPI seeks enhancement in project management programs and initiatives to optimize its resource utilization and find ways on how to recycle and repurpose materials to be used in various services and products. The direction is to consider use of other renewable materials i.e. reclaimed/ recycled/ sustainable wood, recycled steel, recycled plastic, bamboo, clay brick, etc.

MANAGEMENT APPROACH

SPI to further invest in boosting its Organizational knowledge on sustainable economy and latest sustainability trends.

ENVIRONMENTAL IMPACT MANAGEMENT

Air Emission GHG

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Direct (Scope 1) GHG Emissions	Tonnes CO ₂ e	292.39*	616.57
Indirect (Scope 2) GHG Emissions	Tonnes CO ₂ e	75,087.63*	50,393.47
Emissions of ozone-depleting substances (ODS)	Tonnes	6.64	0

*Restatement of 2020 data: Direct (Scope 1) GHG Emissions – 292.39 Tonnes CO₂e; Indirect (Scope 2) GHG Emissions 75,087.63 Tonnes CO₂e. Instead of previously reported: Direct (Scope 1) GHG Emissions – 0 Tonnes CO₂e; Indirect (Scope 2) GHG Emissions 0 Tonnes CO₂e. The restatement was made due to GHG computation update.

IMPACT

Greenhouse gases (GHG) have far-ranging environmental and health effects. GHG causes climate change. Climate change encompasses not only rising average temperatures but also extreme weather events, shifting wildlife population and habitats, rising seas, and a range of other impacts. This will also have impact in stakeholders' behavior or shift in its preferences due to increasing awareness of the importance of sustainability.

Overall, the total SPI direct and indirect GHG Emissions for 2021 is 32% lower than the recorded emission in the same period in year 2020. This has a significant influence in the Environmental Impact Management aspect. These records were derived from Scope 1, which constitutes direct GHG emissions from stationary and mobile equipment owned or controlled by SPI such as genset; and Scope 2, the indirect GHG emissions from the company's purchased electricity. Scope 2 dropped considerably owing to the huge reduction in the energy consumption for electricity contrary to Scope 1 which doubled from year 2020 to year 2021 - this is attributed to the increase in genset utilization of SRPI.

RISKS

Environmental footprint is inevitable in the entire operations of SPI and its subsidiaries. Initial risk will be unaccounted GHG Emissions which leads to poor management and improper monitoring that will later contribute to the risk of global warming and will be a threat to human health and the surrounding communities.

MANAGEMENT APPROACH

SPI is committed to minimize its environmental footprint, as well as to ensure its compliance to all applicable environmental laws, rules, and regulations through the proactive accounting of its GHG emissions. SPI further ensures the consistent implementation of good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

OPPORTUNITIES

Use of renewable energy sources rather than fuel to generate electricity is being explored. The advances made in producing renewable energy at lower cost and evolution of refining technology can result in lower GHG emissions. Further, creating awareness among stakeholders regarding the sustainability features of the building including initiatives in energy conservation and environmental footprint reduction is recognized.

Opportunities for carbon-offsetting strategies and programs are looked at including carbon sequestration in soils or forests; tree-planting activities.

MANAGEMENT APPROACH

Review effectivity of existing programs in conserving energy and phase out obsolete equipment that directly contributes to GHG emissions.

Air Pollutants

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
NOX	kg	0.2984	0.02
SOX	kg	0.00012	0
Persistent Organic Pollutants (POPs)	kg	0	0
Volatile Organic Compounds (VOCs)	kg	0	0
Hazardous Air Pollutants (HAPs)	kg	0	0
Particulate Matter (PM)	kg	0	0

IMPACT

Air pollution has a detrimental impact on the health of SPI stakeholders, the community it operates in and the environment as a whole. Total air pollutants recorded in 2021 was drastically reduced by around 93%. The reduction was attributed to the regular preventive maintenance conducted and less operating hours of equipment. Generator sets, company service vehicles, boilers and other combustion equipment are some of the sources of air pollutants in the company.

RISKS

If inhaled in large amounts, air pollutants can cause respiratory ailments and other adverse health effects. Improperly managed emissions may further lead to negative health effects to the surrounding community. Air pollutants going beyond the compliance levels could lead to penalties from the regulators – ex: fugitive emissions that fail to meet the allowable limits set by the Department of Environment and Natural Resources (DENR).

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

OPPORTUNITIES

Implement and maintain the reduction of Air Pollution across SPI and all its subsidiaries through efficient program and operation practices. Explore the need to further enhance SPI's air pollutants monitoring system and indoor air quality checking.

MANAGEMENT APPROACH

SPI further effectively ensures the reliability and optimum operations of its generator sets and boilers through its periodic servicing and maintenance being undertaken based on planned schedule.

Solid Waste

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Solid Waste Generated	kg	1,523,191.30	3,282,062.59
Reusable	kg	0	-
Recyclable	kg	325,127.00	384,883.64
Composted	kg	0	7,769.00
Incinerated	kg	0	-
Residuals / Landfilled	kg	1,198,064.30	2,893,111.32

Hazardous Waste

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Weight of Hazardous Waste Generated	kg	5,058.00	12,958.50
Total Weight of Hazardous Waste Transported	kg	560	7,012.50

IMPACT

There is more than 50% increase in the total generated solid waste in 2021; the sudden change was mainly due to two significant factors: 1.) Ongoing constructions and 2.) More defined and relaxed government restrictions compared to 2020 situation. The solid waste generated comes from the office spaces, retails F&B outlets, events, hotels, parking, malls, condominiums and mix-use complex. Hazardous waste accumulated from the previous year was part of this recording. More than half of it was transported, while the remaining will be hauled in 2022, due to delays in getting the Generators ID and required permits from DENR. The SPI hazardous waste is comprised of light bulbs, oils, batteries and some medical waste due to used PPEs.

RISKS

Improper management of solid waste and hazardous waste is a compliance risk that may lead to penalties from the government, DENR/EMB. If generated waste, especially biodegradable, infectious and hazardous waste will not be handled and disposed properly, it will produce unpleasant odor, bacterial growth and other toxic substances thus exposing employees, tenants, customers/clients, and the surrounding community to certain health risk.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the consistent implementation of good Environmental practices such as the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations. The PCO ensures that all generated solid and hazardous wastes are appropriately transported by the Department of Environment and Natural Resources (DENR) – Environmental Management Bureau (EMB) accredited transporters, treated and disposed to DENR – EMB accredited facilities, consistently employing good environmental practices in the process.

OPPORTUNITIES

Exploring options to improve reusable, recyclable and compost to divert wastes away from the landfill hence supporting the aim of SPI to minimize its environmental footprint.

MANAGEMENT APPROACH

SPI strives to improve its waste reduction and further continues the development stage of its Waste Data Collection System (WDSCS) to manage the various waste streams of SPI by properly implementing suitable waste segregation schemes based on the collected data. The hotel operations of SPI effectively implements paperless check-in through a mobile check-in platform, as well as the recycling of old printed collaterals in creating intricate flower arrangement decorations.

Effluents

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Volume of Water Discharges	m ³	438,366.00	789,430.20
Percent of Wastewater Recycled	%	0	7%

IMPACT

Improperly managed effluents affect the organization at multiple levels including:

- Potential loss in revenues due to imposition of monetary fines and non – monetary sanctions;
- Potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO); and
- Potential impacts to the health and safety of the host Community where the Organization operates.

SPI increased its water discharges in 2021 by 44%, as it is related to the increase in water consumption that was caused by the increase in operations and occupancy and ongoing constructions. Percentage of wastewater recycled increased from the previous year.

RISKS

Failure to treat effluents violate the Clean Water Act and will lead to regulatory or compliance risks. This is a potential risk to the health and safety of the host community where SPI operates.

OPPORTUNITIES

SPI is exploring technologies to increase the percentage of wastewater recycled. This is also aligned with the management goal to reduce water consumption for the operations.

MANAGEMENT APPROACH

SPI ensures its compliance to all applicable environmental laws, rules, and regulations through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.

The PCO monitors the water consumption and wastewater discharges of SPI, ensuring the consistent implementation of good environmental practices and identifying areas for wastewater recycling.

SPI further continues to conduct regular checks, maintenance, and cleaning of its wastewater tanks, as well as conduct quarterly wastewater sampling and analysis of SPI's effluents based on the requirements of the Department of Environment and Natural Resources (DENR).

ENVIRONMENTAL COMPLIANCE

Non-Compliance with Environmental Laws & Regulations

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0

IMPACT

Environmental compliance has multiple impacts such as increase in the economic efficiency, promote health and safety to stakeholders, high productivity of employees, and protect the environment and its resources. For this reason, SPI firmly adheres 100% to all Environmental Laws, Regulations and Compliances which helps the company to maintain zero monetary fines, zero non-monetary sanctions and zero numbers of incidents or cases in 2021.

RISKS

Risk is primarily damage to environment and damage to the company's reputation. However, the current management approach of the organization can address current compliance obligations. Risks may arise should there be any new regulations that could have an impact on operations.

MANAGEMENT APPROACH

SPI effectively ensures its compliance to all applicable environmental laws, rules, and regulations and continuously undertakes cleaning and hauling of all wastewater tanks, as well as continuous quarterly effluent sampling and analysis to ensure compliance to the requirements of the Department of Environment and Natural Resources (DENR).

OPPORTUNITIES

Strategic incorporation of sustainable environmental practices in exploring opportunities for wastewater pre-treatment facility, as well as being proactive and going beyond compliance through Public-Private Partnerships with government to tackle various environmental issues are seriously being considered.

MANAGEMENT APPROACH

SPI continuously ensures its compliance to the conditions stipulated in the environmental permits and consistently implements good environmental practices through the designation of a dedicated Pollution Control Officer (PCO) who took the required PCO training course, as well as other applicable environmental courses, and fulfills the responsibility of managing SPI's compliance to all applicable environmental laws, rules, and regulations.



SOCIAL
PERFORMANCE

EMPLOYEE MANAGEMENT

Employee Data Benefits

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Number of Employees	#	1080	916
a. Number of Female Employees	#	502	431
b. Number of Male Employees	#	578	485
Attrition Rate	Rate	4.60%	3%
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1:1.35	1:1.29

Employee Benefits

DISCLOSURE	Y/N		Female Employees Who Availed for the Year (%)		Male Employees Who Availed for the Year (%)	
	2020	2021	2020	2021	2020	2021
SSS	Y	Y	55.87	58	53.18	57
PhilHealth	Y	Y	51.25	51.95	50.71	52.85
PAG - IBIG	Y	Y	53.38	53.5	51.94	53.5
Parental Leaves	Y	Y	5.78	5.1	4.24	3.885
Vacation Leaves	Y	Y	100	100	100	100
Sick Leaves	Y	Y	79.17	67.5	77.74	65
Medical Benefits (Aside from PhilHealth)	Y	Y	54	75.5	53	67.5
Housing Assistance (Aside from PAG-IBIG)	N	N	0	0	0	0
Retirement Fund (Aside from SSS)	Y	Y	1.6	0.2	1.4	0.2
Further Education Support	N	N	0	0	0	0
Company Stock Options	N	N	0	0	0	0
Telecommuting	N	N	0	0	0	0
Flexible – Working Hours	Y	Y	59.5	51.5	54	51.5

IMPACT

Employee management and benefits impacts their productivity and performance and influences the company's financial and non-financial outcomes. SPI ensures competitive benefits on top of a healthy and safe working environment to its employees. As a key participant in the Philippine property market for several years, it continues to employ around 900 employees excluding the contractors and service providers.

But like other companies in the business, SPI felt the impact of the COVID-19 pandemic in every aspect of its operations. In 2021, the total number of employees is 15% lower than the previous year. SPI implemented a freeze hire guideline while critical roles are still hired subject to management's approval. Some of its subsidiaries started organization restructuring as a measure to mitigate losses. The company ensures support to affected employees during this difficult transition by offering counselling and assistance in-job service. There is a minimal increase in the number of employees who availed the benefits in 2021, mostly in SSS and Medical Benefits, prioritizing health and wellness owing to the COVID-19 pandemic.

RISKS

Non-competitive employment benefits limit access to decent livelihood for the employees and may eventually result in a declining trend for the employment rate in the community. Other risks include risk for exposure of employees to COVID-19 through the tenants, guests and other contractors, and employees' dissatisfaction and attrition / loss of employees to competition.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of all relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID-19 pandemic. The company established and implemented its COVID-19 protocol guidelines requiring all employees to strictly follow or face serious consequences. Sufficient budget was allocated to ensure the health, safety, and well-being of its employees. SPI management ensures continued payment of Employees' salaries and benefits, as well as streamlined its work processes by implementing flexible work arrangements. It continuously conducts its annual Performance Management Review and an annual review of Employees' compensation vis-a-vis industry standards.

OPPORTUNITIES

SPI promotes employee engagement programs and activities to further explore their needs and satisfaction. With the gradual resurgence in demand for the property market, SPI is steadily recovering; the company is starting to look forward to return to normal operations over time. This will stimulate hiring opportunities and fill up of essential positions.

MANAGEMENT APPROACH

To promote the health and wellness of employees, the company implemented several wellness programs in 2021 which includes wellness talks, virtual Zumba class, annual physical exam and Executive check-up and free COVID-19 vaccines for employees and dependents.

Employee Training and Development

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Total Training Hours Provided to Employees			
a. Female Employee	Hours	28,224.00	8,548
b. Male Employees	Hours	38,238.00	12,124
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	56.22	7
b. Male Employees	Hrs/Employee	66.16	8

IMPACT

The impact of appropriately trained Employees happens at multiple levels, including influence on the ability of the organization to operate at the highest level of ethical standards, customer satisfaction, and career advancement of the workforce and promote a safe and healthy workplace. SPI as one of the leading employers in the hospitality industry provides numerous learning opportunities to support people's career growth. However, the employee training hours were lessened by 69% in 2021 compared to the previous years as the development programs were put on hold for a while due to the decrease of number of employees and most of its businesses were not fully operational during the year. Employees can still access Shangri-La Academy, an online course library which offers essential and leadership programs.

RISKS

The lack of commitment from Employees to proactively participate in the provided training due to stress and anxiety experienced, as well as technological challenges encountered are duly recognized.

MANAGEMENT APPROACH

SPI proactively sustained its provision for Employee learning and development opportunities during the prevailing COVID-19 pandemic through the adoption and implementation of online learning platforms. It also deferred several training programs and shifted focus to informational campaign and awareness on COVID-19. The hotel operations of SPI launched its Shangri-La Academy and introduced the program My SLFM Learning Journey to engage its Employees to upskill during the lockdown period. SPI, through the initiative of its management, allocates sufficient budget for Employee training and development. SPI further leverages on digital learning platforms and continues to develop relevant e-learning modules, as well as introduce coaching and mentoring.

OPPORTUNITIES

Enhance training program and refreshment courses to employees. Well trained employees improve the operations of the company through the establishment, implementation, and maintenance of innovative work processes. Additionally, proper trainings and development promotes interest and dedication among employees which may lead to lower absenteeism rates and higher productivity.

MANAGEMENT APPROACH

SPI developed a well-defined and strategic training plan aimed to address the post-pandemic training and development requirements of SPI Employees through an Employee feedback mechanism. SPI further established, implemented, and maintained relevant company policies for training and personnel development.

Labor - Management Relations

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
% of Employees Covered with Collective Bargaining Agreements	%	N/A	N/A
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	21	6

IMPACT

Conflicts and deteriorating relations at workplace have an adverse impact on the overall productivity of the company. SPI encourages open communication between management and employees. In 2021, SPI conducted far fewer consultations compared to 2020 owing to remote working model on one hand and reasonable stability around policies during the COVID-influenced period.

RISKS

If not properly handled, labor relations may decrease employee productivity or lead to demotivation and dissatisfaction amongst the workforce contributing to higher attrition.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of all applicable relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities during the prevailing COVID – 19 pandemic through the proactive implementation and maintenance of established relevant company policies. SPI continuously implements its established Employees’ Grievance and Feedback Mechanism that enables the collection and analysis of data for work – related issues and concerns of SPI Employees.

OPPORTUNITIES

Improvement in employee engagement programs, workshop and activities i.e. employee appreciation, team building, values alignment, strategic planning etc.

MANAGEMENT APPROACH

SPI proactively conducts its annual Organizational Survey for the periodic assessment of Employee’s satisfaction, designates a dedicated HR Account Specialist who remains the focal point for Employees consultation and takes necessary action based on feedback and plans.

SPI further considers the establishment and implementation of regular programmed Employee engagements, as well as to upskill its HR Account Specialists.

Diversity & Equal Opportunity

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
% of Female Workers in the Workforce	%	46.33	47.05
% Male Workers in the Workforce	%	53.67	52.95
Number of Employees from Indigenous Communities and/ or Vulnerable Sector	#	12	28

IMPACT

There is an increasing awareness that creating an inclusive workplace for all, regardless of gender, ethnicity, background, sexual orientation and beliefs, is not just a source of competitive advantage but plays a powerful role in shaping the views of stakeholders: shareholders, employees, suppliers and, probably most important of all, tenants and customers and community as a whole.

SPI regularly practices diversity and equal opportunity as evident on the employee statistics in 2021. The Company still maintains almost equal number of female and male workers. Notable as well is the increasing number of employees from indigenous communities and /or vulnerable sectors, which is around 57% higher than the previous year.

RISKS

Diversity and equal opportunity is a reputational risk, which will influence how stakeholders, including prospective investors, employees, customers and regulators, view the company.

MANAGEMENT APPROACH

SPI effectively ensures its compliance to all applicable relevant diversity and equal opportunity laws, rules, and regulations issued by the Department of Labor and Employment (DOLE) through the proactive implementation of the established anti – discrimination, anti – harassment, and human rights policies and procedures embedded in SPI's Code of Conduct and Business Ethics.

OPPORTUNITIES

Optimize employee awareness on the importance of Diversity and Equal Opportunity.

MANAGEMENT APPROACH

SPI further continuously conducts employees training and seminar programs on diversity and equal opportunity.

WORKPLACE CONDITIONS | LABOR STANDARDS | HUMAN RIGHTS

Occupational Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
Safe Man-Hours	Man-Hours	743,189	579,103
No. of Work – Related Injuries	#	17	9
No. of Work – Related Fatalities	#	0	-
No. of Work – Related Ill-Health	#	18	8
No. of Safety Drills	#	372	254

IMPACT

The Occupational Health and Safety (OHS) performance impacts the organization at multiple levels including influence on employees' welfare, operational costs and quality of service it provides. SPI recognizes and accepts its duties for providing a safe and healthy working environment for all its workers and other interested parties under legal and other requirements to prevent work-related injuries and ill health. In 2021, the impact of COVID-19 affected SPI employment, as mentioned under Employee Management section; this decrease in manpower caused the decline in safe man-hours by 22% compared to 2020. Nevertheless, given the strong OHS policies and practices, in comparison with 2020, there was 50-55% reduction both in the number of work-related injuries and illnesses.

RISKS

Risk of exposing tenants, guests and other contractors to COVID-19. Fatality, serious injury, and / or damage to property resulting from:

- Fire;
- Vehicular accident;
- Chemicals exposure;
- Exposure to equipment / machine parts during maintenance and repair;

- Exposure to high voltage during equipment / machine maintenance and repair;
- Terrorist attack; and / or
- Illumination

This may result in the increase of operational costs and loss of confidence of the community where the company operates, which may eventually lead to a declining trend in the employment preference for the company.

MANAGEMENT APPROACH

SPI enhanced COVID-19 safety protocols for guests and employees by posting infographic posters in the workplace and performing weekly health checks for employees. The company also provided free vaccination to employees and their dependents. SPI has identified and controlled potential OHS hazards in the workplace through proactive implementation of SPI's Hazard Identification, Risk Assessment and Control (HIRAC) procedure, ensuring that no work shall be done without a proper work assessment conducted by a team who has direct knowledge of the work. SPI effectively sustained its compliance to the requirements of applicable international and local OHS laws, rules, and regulations during the prevailing COVID-19 pandemic through an established OHS Management System (OHSMS) in accordance with ISO 45001:2018 supported by a Zero Accident Vision. SPI, with the approval of its management, allocates sufficient budget for providing the required Personal Protective Equipment (PPE) for its employees and for the effective implementation of all Environmental, Health and Safety (EHS) related programs and activities. SPI also conducts EHS trainings and orientations based on the individual employees' training needs, as well as various emergency response and preparedness drills.

OPPORTUNITIES

Boost employees' morale through the allocation of sufficient resources to provide a safe and healthy work environment and reinforce incident reporting protocol.

MANAGEMENT APPROACH

SPI aims to remove, reduce or if possible eliminate risk to the health, safety and welfare of all workers and ensure work activities are done safely. SPI commits to actively pursue ever improving health and safety through programs that enable each employee to do their job right in a safe and healthy workplace. The company shall also consult and seek the cooperation of all workers, customers and other persons, and encourage suggestions for realizing our health and safety objectives to create a safe working environment with a zero accident rate through:

- Providing and maintaining facilities for the safe and healthy welfare;
- Acquisition of information, instruction, training and supervision that is reasonably necessary to ensure that each worker is safe from injury and risks to health; and
- Compliance to safe work practices, with the intent of avoiding injury and damage to machines and equipment.

Labor Standards and Human Rights

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

IMPACT

The impact of non-compliance to all relevant and existing labor laws and human rights happen at multiple levels, including influence on the company's reputation and economic and social performance.

SPI ensures that all its directors, senior management, employees, and subsidiaries, shall be governed by the highest ethical standards in the performance of their duties, and in the conduct of their relationships with internal and external stakeholders through its policies of Code of Conduct and Code of Business Ethics. SPI continued to maintain zero grievances on Forced and Child Labor in 2021.

RISKS

Failure to comply with the relevant and existing labor laws, rules, and regulations may result in the loss of confidence of the extended community where the company operates and may eventually lead to the closure of the business.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to all the requirements of labor standards and human rights of the Department of Labor and Employment (DOLE) through the proactive implementation of SPI's Code of Business Conduct and Ethics and relevant company policies. SPI established an Employees' Grievance and Feedback Mechanism that will enable SPI to collect and analyze data for work – related issues and concerns of the employees. SPI regularly conducts its periodic Employees' Satisfaction Survey.

OPPORTUNITIES

Proactively promote labor standards and human rights awareness among employees, subsidiaries and stakeholders

MANAGEMENT APPROACH

SPI conducts seminars and orientation to all employees on the Code of Business Ethics and Conduct. Copy of policies is being cascaded through electronic mail as well. Further planning for more engaging activities and workshops related to labor standards and human rights to encourage active participation of employees and stakeholders is also being undertaken.

SUPPLY CHAIN MANAGEMENT

TOPIC	Y/N	
	2020	2021
Environmental Performance	Y	Y
Forced Labor	Y	Y
Child Labor	Y	Y
Human Rights	Y	Y
Bribery and Corruption	Y	Y

IMPACT

The impact of supply chain management happens at multiple levels, including influence on the company reputation, economic and operational performance, as well as on the livelihood of Small and Medium Enterprise (SME) suppliers and the extended community where it operates. SPI ensures that all its suppliers comply with the SPI Supplier Code of Conduct and Vendor Accreditation Procedure. These policies include sustainability topics on Environmental Performance, Forced Labor, Child Labor, Human Rights and Bribery/Corruption.

RISKS

Several risks may be associated with Supply Chain Management such as compliance risk, demand and supply, environmental risk, risk of corruption, fraud, confidentiality and data privacy among others.

MANAGEMENT APPROACH

SPI required suppliers to strictly comply with the SPI Supplier Code of Conduct. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with SPI. The company selects Suppliers whose operations and business practices exceed the following requirements:

1. Compliance with Laws and Regulations
2. Product Quality and Safety
3. Business Integrity and Ethics
4. Labor Standards and Practices
5. Environment Laws and Regulations
6. Community Engagement
7. Anti-Corruption
8. Accurate Books and Records
9. Confidentiality
10. Data Protection
11. Intellectual Property Rights
12. Implementation of the Code

These requirements are set out in more detail in Annex 2 Supplier Code of Conduct.

OPPORTUNITIES

Enhance engagement and communication with supplier and service providers, and be able to build a rock-solid line of supply establishing business relationships that it can count on regardless of changing circumstances, including COVID-19.

MANAGEMENT APPROACH

SPI promotes communication with suppliers to know what to expect and understand what is needed to be delivered, most importantly in the quality aspect. Additionally, the company was able to build a mutually beneficial relationship with its venture partners that allows for open exchange of expertise.

SPI proactively ensures its continuous monitoring on compliance of its accredited Suppliers to all applicable relevant supply chain management laws, rules, and regulations through frequent Supplier communication and visitation as the need arises.

CUSTOMER MANAGEMENT

Customer Satisfaction

DISCLOSURE	SCORE		DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY? (Y / N)	
	2020	2021	2020	2021
Customer Satisfaction	91%	89.83%	Y	Y

IMPACT

Customer satisfaction provides a metric to assess SPI's quality of service from a customer perspective. It is crucial to understand what aspects are successful and where improvements need to be made. SPI subsidiary Shang Global City Properties Inc. (SGCPI) uses a third-party vendor who helps to monitor guest satisfaction in the hotels with internal post-stay or post-event surveys. The consolidated score for 2021 was marginally lower than the previous year. SGCPI accommodates Persons Under Quarantine (PUQ) including bookings from Overseas Workers Welfare Administration (OWWA).

RISKS

Disgruntled or angry customers results in discounts, additional service hours or in the worst-case scenario, customer churn and loss of reputation.

MANAGEMENT APPROACH

SPI effectively sustained the overall satisfaction of its customers despite the prevailing COVID-19 pandemic through proactive establishment of a dedicated Customer Relations Unit (CRU), which provides a single point of after-sales customer interface.

CRU is tasked to provide after sales services such as follow-ups on payments and monitoring and tracking customer's overall satisfaction. Every guest's query and complaint is handled by employees who are trained in problem recovery.

The hotel operations of SPI utilizes an independent comprehensive feedback measuring tool, TrustYou, to monitor and track Customer satisfaction, linking the results directly to the Balance Scorecard of the respective employee's regular performance review.

OPPORTUNITIES

Motivated and appropriately informed Employees manifest excellent customer service, as well as provide assurance that the company is operating at the highest standard of business ethics

MANAGEMENT APPROACH

SPI continuously establishes and implements a Customer service culture through the conduct of employee training and awareness programs on customer engagement and complaints management, as well as the conduct of continuous review of SPI's implemented Customer management systems and procedures.

Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Substantiated Complaints on Product or Service Health and Safety	#	4,886	2827
No. of Complaints Addressed	#	4,886	2827

IMPACT

Product or service health and safety greatly affects customer satisfaction and trust on the company, especially nowadays as people are becoming more interested in healthy lifestyle and increasing awareness on potential hazards and dangers around them. SPI and its subsidiaries are committed to keeping guests and crew safe through premium-

grade secured facilities and enhanced sanitation in compliance with its guidelines that allow people to relax in a safe and clean environment. This is manifested by the 42% drop in number of substantiated complaints on product or service health and safety in 2021, that is 2,000+ complaints lesser than the previous year. 100% of the complaints reported in 2021 were immediately resolved by SPI.

RISKS

Risk of unresolved incident(s) on product or service health and safety influences employee's morale, operational cost, and quality of service that the company provides. Reputational risk, health and safety concerns may lead to the loss of trust/confidence of the Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.

MANAGEMENT APPROACH

SPI constantly carries out initiatives to obtain certifications for compliance to relevant local and international standards on quality, food safety, health and safety. Appointment of a dedicated Fire and Life Safety Officer / Health and Safety Officer, and Hygiene Manager ensures ownership of these responsibilities. SPI continues to implement its established preventive maintenance activities for all the health and safety equipment. SPI conducts employee training and awareness programs on complaints management, as well as various emergency response and preparedness drills.

OPPORTUNITIES

Aspire for improvement in the complaint management system, and expand its implementation across all the subsidiaries or affiliates for more accurate reporting.

MANAGEMENT APPROACH

SPI keeps its commitment to improve Customer experience through the regular implementation of its established complaint management system, the DR3 (Defect Reporting, Recording, and Resolution) system. Further development of the system is still needed to maximize its use.

Customer Privacy

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Substantiated Complaints on Customer Privacy	#	0	1
No. of Complaints Addressed	#	0	1
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0

IMPACT

Customer privacy complaints will have an impact to the reputation of company – loss of confidence of the stakeholders. SPI complied with the Data Privacy Act and ensures protection of stakeholders' personal information and other confidential files.

RISKS

Failing to respect customers' privacy can result in reputational harm, loss of personal information, and wasted resources. Increasingly, it can also put the company in violation of the law, and lead to large fines and legal claims.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) through the proactive implementation of its established Data Privacy statements and Data Security practices, as well as the appointment of a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations.

SPI implements its established annual internal and external comprehensive security audits, as well as its strict physical security practices, including installation and 24/7 monitoring of Closed Circuit Televisions (CCTVs) within the areas of SPI's operations.

SPI further identifies its critical files, ensuring these are adequately protected from loss through regular, periodic back – up systems and regular, periodic updating of installed antivirus software.

OPPORTUNITIES AND MANAGEMENT APPROACH

Promote and improve awareness among key staff on data privacy topics. SPI continuously conducts employees training and awareness programs on customer privacy, as well as various data security response and preparedness drills.

DATA SECURITY

DISCLOSURE	UNIT	QUANTITY	
		2020	2021
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

IMPACT

Breaches on data security can be very critical to the Company affecting its economic and social performance. However, with proper and secured privacy management program, data security is a business advantage. SPI established Data Security Best Practices which helped in maintaining zero number of Data Breaches, including Leaks, Thefts, and Losses of Data in this reporting year.

RISKS

Increased possibility of data loss, breach, leak, and theft due to increase online activity during the prevailing COVID – 19 pandemic may lead to financial loss from theft, information, business disruption and damage to reputation.

MANAGEMENT APPROACH

SPI effectively sustained its compliance to the requirements of the Data Privacy Act of 2012 (RA 10173) during the prevailing COVID – 19 pandemic through the proactive implementation of its formulated Privacy Management Programs and created Data Privacy Manual, as well as its established Data Privacy statements and Data Security practices.

SPI has appointed a dedicated Data Privacy Officer (DPO), who fulfills the responsibility of managing SPI's compliance to all applicable data privacy and data security laws, rules, and regulations.

SPI implements regular penetration tests and independent reviews of its IT applications and environment (VAPT).

United Nations Sustainable Development Goals

Shang Properties Inc. (SPI), with the intention to develop its contributions to UN SDG, is dedicated to optimize its operations, strategies and management approach related to economic, environmental and social aspects affecting its stakeholders and the community. For 2021, SPI identified contributions to six (6) SDGs and their summary is articulated below for easy reference.

ECONOMIC

P151.1M

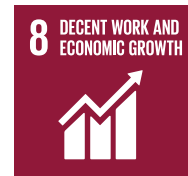
Taxes paid

P128.2M

Investments to community

916

Total no. of organic employees



Material Topic/Disclosure: Economic Performance

As a key participant in the Philippine property market and one of the leading employers in the hospitality industry, SPI contributes to nation-building by generating employment, providing opportunities for suppliers, tax revenues for governments and regular community investments through donations and CSR.

ENVIRONMENT

33%

Energy Reduction

287.731 kg

Renewable Materials Used

100%

Environmental Compliance

32%

GHG Emission Reduction

384,883 kg

Waste Recycled

0

Environmental Fines and Sanctions



Material Topic/Disclosure: Resource Management, Environmental Impact Management and Environmental Compliance

Energy, water and materials (i.e. wood, steel and cement etc.) are the usual resources used in SPI property development projects. Depletion of natural resources will always be a local and global concern, thus, SPI proactively implements efficient management of resources through conservation programs and waste reduction initiatives. Two (2) SPI subsidiaries have received notable efforts and recognitions such as ASEAN Energy Awards, ASEAN Efficient Building, and LEED Certification.

SOCIAL

579,103

Safe man-hours

47%

Female workers in the workforce

28

No. of employees from indigenous communities and vulnerable sector

0

Work-related fatalities

0 Employee

Grievance on Forced or Child Labor

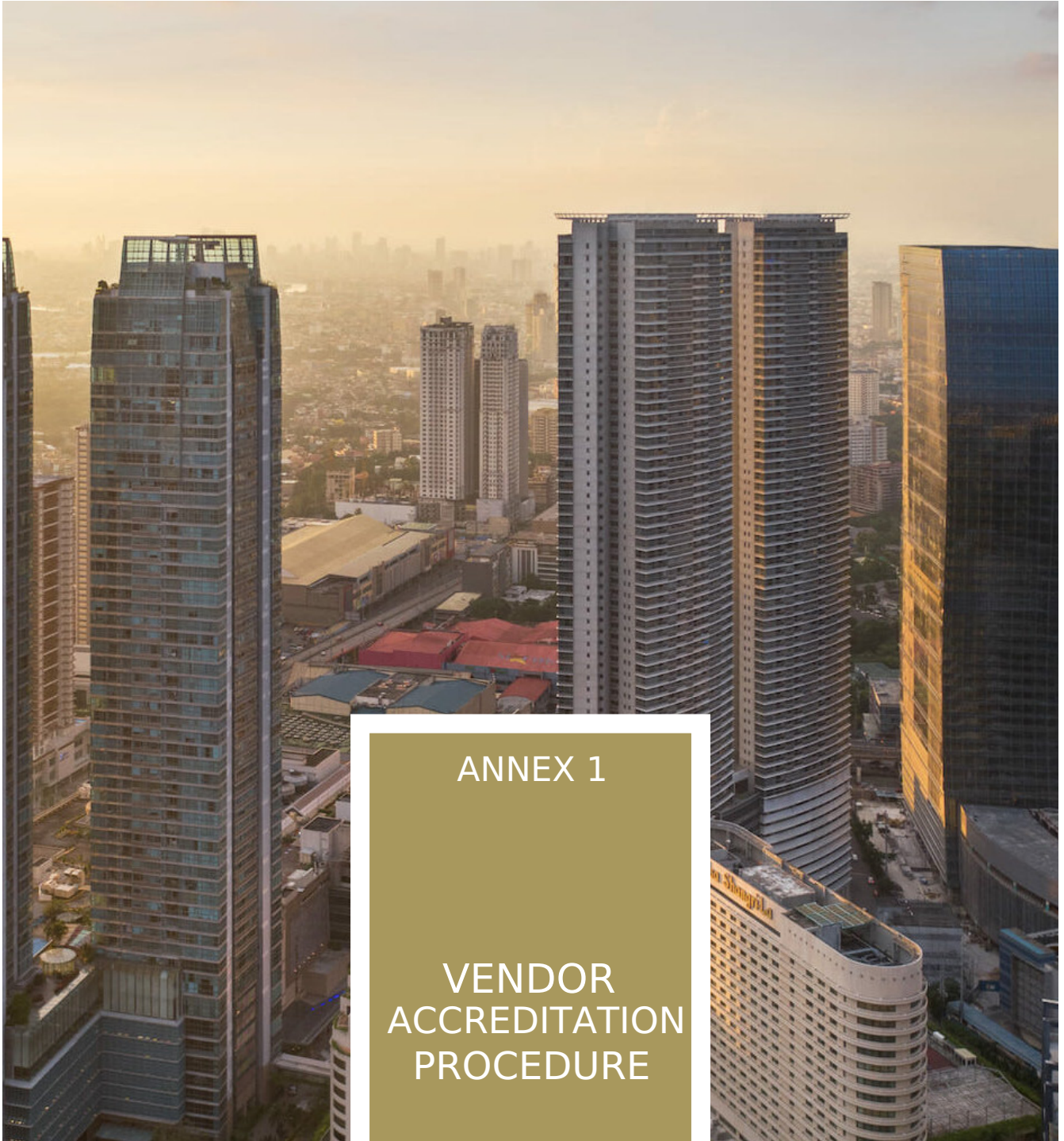
254

No. of Safety drills



Material Topic/Disclosure: Employee Management, Workplace Conditions, Labor Standards and Human Rights

SPI recognizes and accepts its duties for providing a safe and healthy environment to all stakeholders, strict compliance to all applicable relevant and existing labor laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all other appropriate government entities. SPI consistently supports diversity and equal opportunity and has created an inclusive workplace for all, regardless of gender, ethnicity, background, sexual orientation and beliefs.



ANNEX 1

VENDOR ACCREDITATION PROCEDURE



TITLE: Vendor Accreditation Procedures

1. PURPOSE AND SCOPE:

1.1 Purpose: To ensure that the vendors for goods and services who wish to do business with the Shang Properties Inc. are duly accredited in terms of compliance with legal, financial requirements and technical competency and to establish inter-department representation to Vendor Accreditation Committee (VAC).

1.2 Scope: This procedure is applicable to all Shang Properties employees and shall be observed by all business units except the Projects Group Division.

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 authorized dealers.
- c. Government accredited agencies or institution
- d. Pharmaceutical companies or its authorized distributors/dealers such as Mercury Drug Stores and their vaccine authorized dealers
- e. Foreign principals or suppliers
- f. Vendors which supplies special items which are purchased thru petty cash from stores located at Divisoria, Binondo, etc.
- g. Kuok affiliates/subsidiaries
- h. Broadcast/Media Network
- i. Law, Accounting, Audit Firms and other Consultancy Services
- j. Non-profit and Charitable Institutions
- k. Top 10 Insurance Companies
- l. Hotels and resorts, restaurants and food chains, Wine Cellars and Dealers, Training or seminar venues and exclusive Membership Club
- m. Government Agencies, Cooperatives and Associations
- n. Hospitals, Dental and Optical Clinics, Medical Laboratories

- o. Utility companies (electricity, water, and gas)
- p. Banks
- q. Newspaper or publishing companies,
- r. Telecom companies
- s. Garbage Haulers
- t. SPI Mall Tenants
- u. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC).
- v. Spot Purchase less than 3,000.00 PHP.
- w. Vendors with less than Ten (16) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.

1.3 Support Document: Approval Authorization Chart approved by the Chairman.

2. REFERENCED DOCUMENTS

- 2.1 DP-SPI PROC 1.1 PR to PO Procedure
- 2.2 DP-DPI PROC 1.8 Vendor Accreditation Procedures
- 2.3 DP-SPI PROC 1.2 Procurement Bidding Procedure
- 2.4 DP-SPI PROC 1.3 Exemption from Bidding and Canvassing Procedure
- 2.5 Approval Authorization Chart Approved by the Chairman

3. MATERIALS AND EQUIPMENT: N/A

4. SAFETY: N/A

5. PROCESS DEFINITION AND CONTROL

- 5.1 Only accredited vendors shall be considered for bidding of goods and services.
- 5.2 All potential vendors who will supply goods and services to the company must undergo an accreditation process, either through in-house accreditation or under third party assessment, to ensure that the Company deals only with legal, 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 Head-Purchasing shall be secured before proceeding with the procurement processes.

- 5.3 Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.

5.4 There are two (2) types of Assessment:

- 5.4.1 In-House Assessment and Accreditation – All vendors with total cumulative amount of purchase not more than PHP 300,000.00 annually and more than fifteen (15) Purchase Orders must undergo in-house assessment and accreditation.

The initiative must be done by the members of the VAC committee – from the compilation of requirements, assessment and up to issuance of the certificate of accreditation to the vendor.

- 5.4.2 Third Party Assessment – All vendors with total amount of purchase with more than PHP 300,000.00 annually must undergo Third Party Assessment.

Evaluation, Ratings and Issuance of Accreditation Certificate is still under the Vendor Accreditation Committee (VAC).

5.5 Vendors that are exempted to this process may refer to section item 1.2.

5.6 Accreditation of Vendors shall be done whenever the following instances are encountered:

- 5.6.1 New requirement arises

- 5.6.2 Need to make a supply situation more competitive

- 5.6.3 Replacement of vendors due to following reasons:

5.6.3.1 Vendor has gone out of business

5.6.3.2 Vendor has discontinued production of a particular line;

5.6.3.3 Outdated technology; or,

5.6.3.4 Vendors' performance review results to poor performance as defined in Vendor Performance Evaluation

5.6.3.5 Existing vendor is recommended for blocking as defined in Vendor Performance Evaluation

- 5.6.4 Every three (3) years renewal for existing accredited vendor

5.7 Sources of Potential Vendors for Accreditation:

- 5.7.1 Purchasing Department shall source individual vendors where a product /service can be ordered. These include manufacturers or independent distributors and direct service providers. These can be done through the following sources:

5.7.1.1 Company's database of current and past vendors;

5.7.1.2 Trade directories, buyer's guides, yellow pages;

5.7.1.3 Vendors themselves through visits from sales force or direct mail shots;

5.7.1.4 Exhibitions and conferences;

5.7.1.5 Periodicals;

5.7.1.6 Professional colleagues within the Kuok group and outside the Company;

5.7.1.7 Embassies; and,

5.7.1.8 E-bay and other electronic portals

5.8 Vendor Accreditation Committee (VAC) Members

5.8.1 Chairmanship of the Vendor Accreditation Committee shall be the Vice President and Group Financial Controller. The chairman shall convene the committee meetings, resolve issues, and break impasses as regards Vendor Accreditation whenever necessary.

5.8.2 The committee shall be composed of representatives from Finance, Technical and Purchasing who shall conduct and determine the following:

5.8.2.1 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 department.

5.8.2.2 Finance Representative – to conduct an analysis of financial viability of Vendor.

5.8.2.3 Technical representative – shall determine the vendor's technical background and capability to perform required works and services.

5.8.3 Technical Representative who shall check the acceptability and adaptability or interoperability functions of the vendor's products and/or services based on the user's specific and documented requirements and standards. It shall be coordinated with Purchasing.

5.8.4 Each member of the VAC shall complete the Approval Sheet, indicating the findings/ comments/ assessment and/ or recommendations. Refer to the Approval Authorization Chart approved by the Chairman.

5.9 Accreditation Requirements

5.9.1 Vendors applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.

5.9.2 Each VAC member (refer to section 5.8 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).

5.9.3 The actual site visit shall be done by Purchasing and a representative from the Requestor and other subject matter experts (whenever necessary) who are familiar with the product/service of the vendor. Representatives from other groups such as Legal, Technical, HRAS, and Finance may be consulted or invited to confirm findings and observations during vendor visit, which shall serve as basis for accreditation.

5.10 Vendor visit is required for:

5.10.1 The accreditation of new/first-time vendors who will potentially supply both categories of products/services:

5.10.1.1 Category A – service providers with potentially more than PHP 5 Million annual contract. Vendor visit must be done prior of any award.

5.10.1.2 Category B – vendors with one-time contract and has more than PHP 3 Million potential purchase. Vendor visit must be done prior of any award.

5.10.2 Validation of accreditation or capability of existing vendors with regular/repeated contract having an annual spend of PHP 5 Million. Vendor visit must be done at least once every three years.

5.10.3 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 Technical evaluation of the design and specifications, qualifications and reputation of the vendor.

5.11 Accreditation Criteria and Documentation Requirements

5.11.1 A vendor applying for accreditation shall be evaluated based on three criteria - legal requirements compliance, its financial stability, and technical capability.

5.11.2 LEGAL CAPABILITY

5.11.2.1 The documentary requirements shall be as follows:

- a. 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]
- b. Incorporation Papers (Articles of Incorporation/Partnership/By-Laws)
- c. Tax Identification Number (TIN)
- d. BIR Registration 2303
- e. Business Permit/Licenses: Mayor's permit; Health Permit; Fire Clearance Certificate; Sanitary Permit
- f. Exclusive Distributorship Agreement

5.11.2.2 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.

5.11.2.3 Regulatory Requirements:

- a. SSS Certificate of Payments
- b. Service Contracts: Department of Labor and Employment (DOLE) / NLRC Clearance
- c. Philippine Contractor Accreditation Board (PCAB) License
- d. Any other legal requirements that may be deemed necessary for the specific product or service being offered.

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

5.11.3 FINANCIAL STABILITY

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

- a. 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); or
- b. Un-audited 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); or
- c. 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.

5.11.3.2 Finance Representative shall review the financial strengths/capability of all vendors applying for accreditation.

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

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

5.11.3.4.1 Re-evaluation of financial capability of accredited Vendors must be done at least once every three years.

5.11.3.4.2 Purchasing & Finance shall perform an updated actual spend analysis.

5.11.3.4.3 Vendor Master 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. These Vendors shall be re-classified whenever necessary.

5.11.4 TECHNICAL CAPABILITY

5.11.4.1 Purchasing & the technical representative of the requisitioning department 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 the product/service offered can also be considered.

5.11.4.2 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:

5.11.4.2.1 Vendor Visit (Please refer to the section 9.4)

5.11.4.2.2 3rd Party validation

5.11.4.2.3 Interview of reference sites

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

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

5.12 Inclusion in the List of Accredited Vendors

5.12.1 Once the overall accreditation process is completed and the Vendor has been successfully accredited, relevant information shall be entered in Vendor Master Data/Procurement System.

- 5.12.2 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 Vendor Master Data/Procurement System 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.
- 5.12.3 Purchasing shall be responsible for:
 - 5.12.3.1 Ensuring that only accredited vendors are included in Vendor Master Data/Procurement System.
 - 5.12.3.2 Ensuring that all changes to critical vendor data are regularly updated in Vendor Master Data/Procurement System; and,
 - 5.12.3.3 Securing Vendor Master Data/Procurement System against unauthorized access/modifications. Finance shall review all accredited vendors inputted to the system by Purchasing.
- 5.13 All accredited vendors are required to submit the following documents for validation purposes and to update the Vendor Master file:
 - 5.13.1 Audited Financial Statement
 - 5.13.2 Business Permit (Mayor's Permit)
 - 5.13.3 Updated or new product Catalogs
 - 5.13.4 Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.
- 5.14 Issuance of Certificate of Accreditation
 - 5.14.1 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.
 - 5.14.2 The certification shall be valid for three (3) years from the date of issuance.
 - 5.14.3 The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.

6. ACCREDITATION REQUIREMENTS CHART:


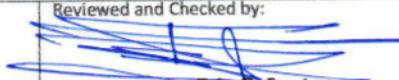
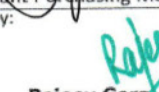
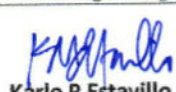
Vendors shall be requested to submit the following documents for accreditation process:

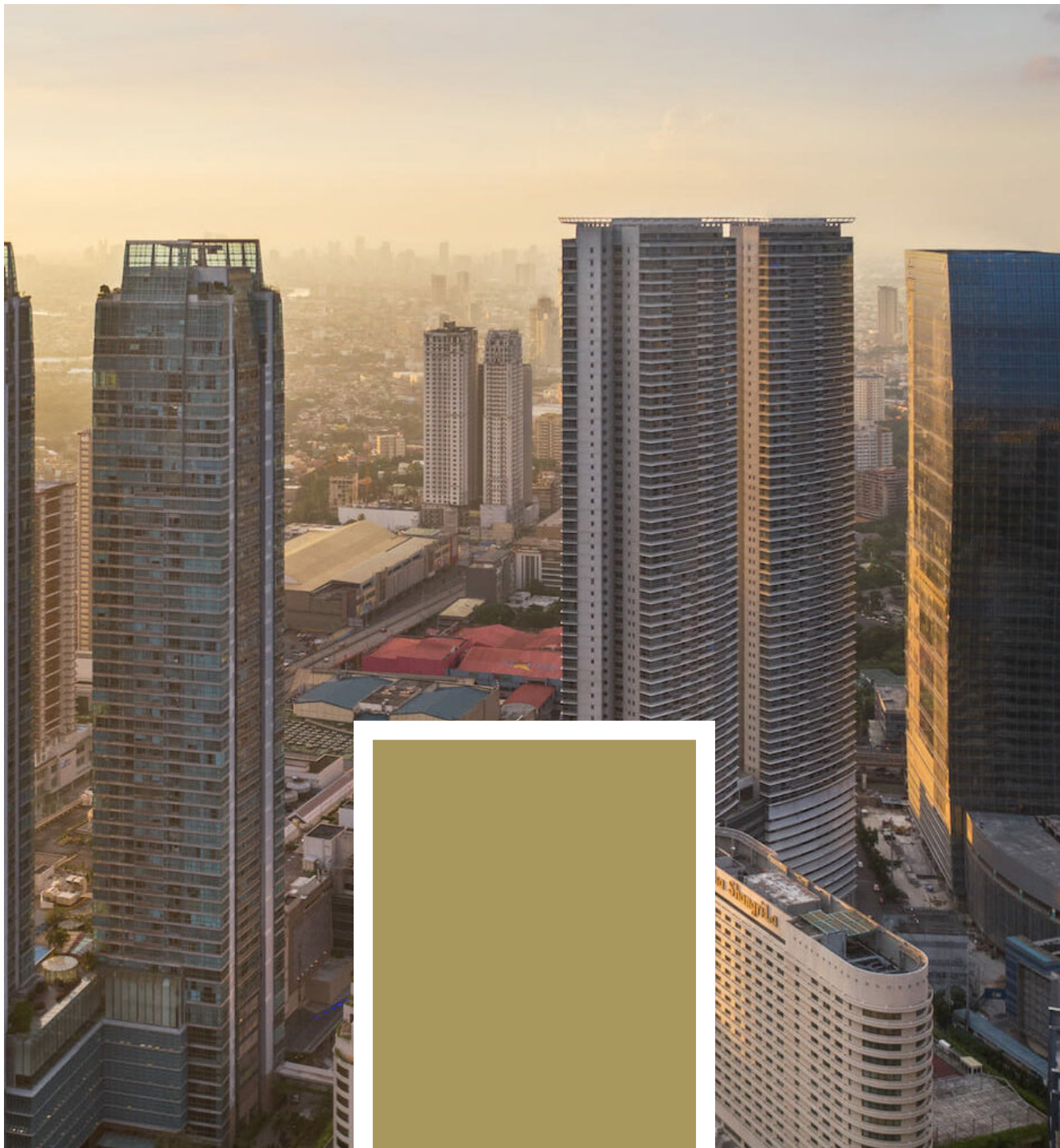
Legal Compliance	Financial Requirement	Technical Competency
<ul style="list-style-type: none"> Letter of Intent (with Vendor's company letterhead) Vendor Information Sheet SEC Business Registration Certificate for Corporations, DTI – Sole Proprietorship (Articles of Incorporation or Partnership / By – Laws) Tax Identification Number Business Permit / Licenses VAT or Non-VAT Registration PCAB and/or DOLE License Exclusive Distributorship Agreement Any other legal requirements that may deemed necessary for specific product or service being offered. 	<p>For In-House Assessment and Accreditation :</p> <ul style="list-style-type: none"> 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). <p>Third Party Assessment:</p> <ul style="list-style-type: none"> Last Five (5) years Audited Financial Statement (co. existent for 3 yrs. or more) or Two (2) years Audited Financial Statement (for 1-year old companies). <p>*** 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)</p>	<ul style="list-style-type: none"> For Service Providers: Summary of Completed and on-going contracts (related to the services offered) For Goods Vendors: List of Clients who have been using the products being offered. Table of Organization including CV's / Competencies of Technical Personnel (For service related Vendors). Technical Catalogs & Brochures for List of products / services carried. Statement of Types of Equipment Owned (for Service Providers only). And other requirements that may deemed necessary for specific product or service being offered.

--	--	--

7. VENDOR ACCREDITATION PROCEDURE

Process	Requirements / Remarks
Letter of Intent/ Invitation Letter	<ul style="list-style-type: none"> Responsible: Purchasing/ Third Party Assessor Purchasing is responsible for informing the vendor about the accreditation process and requirements.
Vendor Information Sheet (VIS)	<ul style="list-style-type: none"> Responsible: Vendor/ Third Party Assessor Vendors shall submit complete details of their company through VIS Form. For Third Party Assessor - must include all required information in their Report.
Compilation of the Requirements	<ul style="list-style-type: none"> Responsible: Purchaser/Third Party Assessor Purchaser must consolidate all Legal, Technical and Financial Requirement, same with the Third Party Assessment through DNB Report.
Vendor Rating Sheet	<ul style="list-style-type: none"> Responsible: Purchasing Purchasing must prepare and seek the approval rating of all VAC Member Committees. Vendor Rating Sheet must be approved in accordance to the Approval Authorization Chart
Vendor Accreditation Certificate	<ul style="list-style-type: none"> Responsible: Purchasing Once accredited and approved as per Approval Authorization chart, Purchasing must issue an Accreditation Certificate to vendor.
Vendor Master File (VMF)	<ul style="list-style-type: none"> Responsible: Purchasing Purchasing must prepare a list of all vendor information necessary in VMF database.

Prepared by:  Lenie M. Parro Assistant Purchasing Manager	Reviewed and Checked by:  Eric G. Santos Senior Purchasing Manager	Initial Issue Date Oct 04, 2018
Recommended by:  Rajeev Garg Vice President/ Group Financial Controller	Approved by:  Karlo P Estavillo Chief Operations Officer/Chief Finance Officer	Revision No.



ANNEX 2

SUPPLIER CODE OF CONDUCT

SUPPLIER CODE OF CONDUCT

The Shangri-La group of companies including Shangri-La Asia Limited, Shangri-La International Hotel Management Limited, their respective subsidiaries, affiliates and controlled entities, as well as hotels and properties operated by the Group (collectively, “**Group**”), are committed to the core values that define the Group’s reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors (collectively, “**Suppliers**”) to uphold the Group’s core values and adhere to ethically, socially and environmentally responsible practices when doing business with the Group. These requirements are set out in more detail in this code of conduct (“**Code**”).

As a minimum, Suppliers are required to comply with the Code. Failure to comply with any provision of the Code could result in termination of the business and/or contractual relationship with the Group. The Group prefers to do business with Suppliers whose operations and business practices exceed the requirements of the Code.

1. Compliance with Laws and Regulations

Suppliers shall comply with all applicable laws, rules and regulations, including (but not limited to) those relating to labour, health and safety, and the environment, of the place in which they operate or conduct business.

Suppliers shall notify the Group immediately of any violation of applicable laws, rules and regulations that may affect their ability to supply products or services to the Group in accordance with the Code.

2. Product Quality and Safety

Suppliers shall supply products and services that are safe, fit for purpose, of merchantable quality and comply with all applicable laws, rules and regulations.

3. Business Integrity and Ethics

Suppliers shall deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners.

Suppliers must not resort to anti-competitive, deceptive, discriminatory, dishonest, unlawful or unethical business practices.

4. Labour Standards and Practices

Suppliers shall comply with all applicable laws, rules and regulations pertaining to working hours, wages, benefits, minimum age, working conditions, occupational health and safety, and industrial relations.

Suppliers shall implement fair, humane and non-discriminatory employment practices, treat their employees fairly, with dignity and respect, and respect diversity and inclusion. Suppliers shall ensure that no threats of violence, physical punishment, or other forms of physical, sexual, psychological or verbal harassment or abuse are used as a method of discipline or control of their employees. Suppliers shall not use any form of forced labour, including coerced, bonded, indentured or child labour. Any form of slavery and/or human trafficking, or any contribution thereto, is strictly prohibited.

Suppliers shall provide a safe and healthy work environment to their employees and take measures to prevent workplace hazards and accidents.

Where employee housing is provided, we expect our Suppliers to meet or exceed the standards for health and safety as those that apply in the workplace.

Suppliers shall provide employees with avenues to raise issues of concern in confidence, without fear of reprisal or negative repercussion.

Where the right to freedom of association and collective bargaining is not restricted under law, Suppliers shall respect the rights of their employees to join or form trade unions and to bargain collectively.

SHANGRI-LA GROUP

5. Environment

Suppliers shall comply with all applicable environmental codes, laws, rules and regulations in the place where they operate and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business.

Suppliers shall adopt appropriate environmentally friendly practices to minimise negative environmental impacts of their operations, products and services through measures such as proper waste management, pollution control and recycling, while continually advancing the sustainability of the products and services provided to the Group.

6. Community Engagement

Suppliers are encouraged to engage with, promote and contribute to the communities in which they operate to help foster social and economic development and sustainability.

7. Anti-Corruption

Any and all forms of corruption and bribery are strictly prohibited. Suppliers must comply with all applicable anti-corruption laws, rules and regulations of the country where their businesses are being conducted.

Suppliers shall not, directly or indirectly, offer, solicit, pay or accept any form of unlawful advantages such as (but not limited to) bribes, kickbacks, secret commissions, reward, favours, cash, gifts, loans, employment, facilitation payments or any other thing of value ("**Advantages**") to secure improper business advantages.

Suppliers doing business with the Group must not offer, solicit, pay or accept any form of Advantages to or from the Group's employee or representative on account of the Supplier's business dealings with the Group. Likewise, Suppliers must not offer any employee or representative of the Group excessive business entertainment that could be seen to compromise their objectivity in making decisions, that creates the appearance of impropriety, or that violates the law.

A Supplier must not offer or transfer any form of Advantages, directly or indirectly, to any public official, body or agency in order to secure any improper business advantage for or on behalf of the Group.

The Group is required to comply with various anti-corruption laws and regulations, including without limitation Hong Kong's Prevention of Bribery Ordinance (Cap. 201). Suppliers doing business with the Group must be familiar and comply with the requirements of these laws and regulations.

8. Accurate Books and Records

Suppliers shall maintain proper, accurate and complete books and records in accordance with applicable laws, rules, regulations and recognised accounting standards and practices.

Suppliers shall promptly and in good faith, provide accurate information reasonably required to enable the Group to comply with its legal, regulatory and reporting obligations to governmental authorities, financial and stock exchange regulators. The intentional creation of false, misleading and deceptive books, records or documents is strictly prohibited.

9. Confidentiality

All information provided by the Group or otherwise obtained by Suppliers in their course of dealings with the Group ("**Group Information**"), including without limitation those pertaining to the Group's businesses, operations and policies, shall be treated as confidential, sensitive and proprietary information. Suppliers shall only use the Group Information for legitimate business purposes, in accordance with non-disclosure agreement(s), local laws, rules and regulations. Unless specifically authorised by the Group or otherwise required under law, Suppliers shall not disclose or communicate any Group Information to unauthorised third parties, the public and/or the media.

10. Data Protection

The Group is required to comply with various data privacy laws and regulations, including without limitation Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). In the event that a Supplier receives, becomes privy to or is given access to the personal data of the Group's guest(s), customer(s) and/or employee(s) ("**Personal Data**"), we expect our Suppliers to collect, use, handle, process, store, disclose and transfer such Personal Data in compliance with the Group's policies, the PDPO and all data protection and privacy laws and regulations of all applicable jurisdictions. Suppliers shall not use or disclose any such Personal Data, or engage and/or authorise any third-party service providers to process any such Personal Data, without the prior written consent from the Group.

Suppliers shall promptly notify us in the event of any unauthorised disclosure, leakage or use of Personal Data ("**Data Incident**") and work with us in good faith to mitigate the impact of any Data Incident on us, our guest(s), customers and employees and in compliance with the applicable data protection and privacy laws and regulations.

11. Intellectual Property Rights

Suppliers shall recognise and respect the Group's intellectual property rights in its trademarks, copyright, design and patents. Suppliers shall not engage in any activities that may infringe upon any of the Group's intellectual property rights or tarnish the Group's reputation.

12. Implementation of the Code

Suppliers shall take appropriate steps to ensure that the principles of this Code are communicated to, adopted and applied by their employees and throughout their own supply chains (including their suppliers, sub-contractors and business partners who are involved in the provision of products and services to the Group), where applicable. The Group reserves the right, upon provision of reasonable notice to Suppliers, to conduct compliance audit with Suppliers on the Code. Suppliers shall promptly and in good faith, provide relevant information to demonstrate compliance with the Code. If necessary, Suppliers shall facilitate site visits by us and/or our auditor(s) to assess compliance with the Code.

Reporting Violations

Suppliers shall report any violations or suspected violations of applicable laws, regulations and the Code to the Group. To report a violation confidentially, please click on the following link: <http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/violation-reporting/>

The Code may be updated from time to time. Suppliers should refer to the Group's website at: <http://www.shangri-la.com/corporate/about-us/supplier-code-of-conduct/> for the most up-to-date version of the Code.