



SHANG

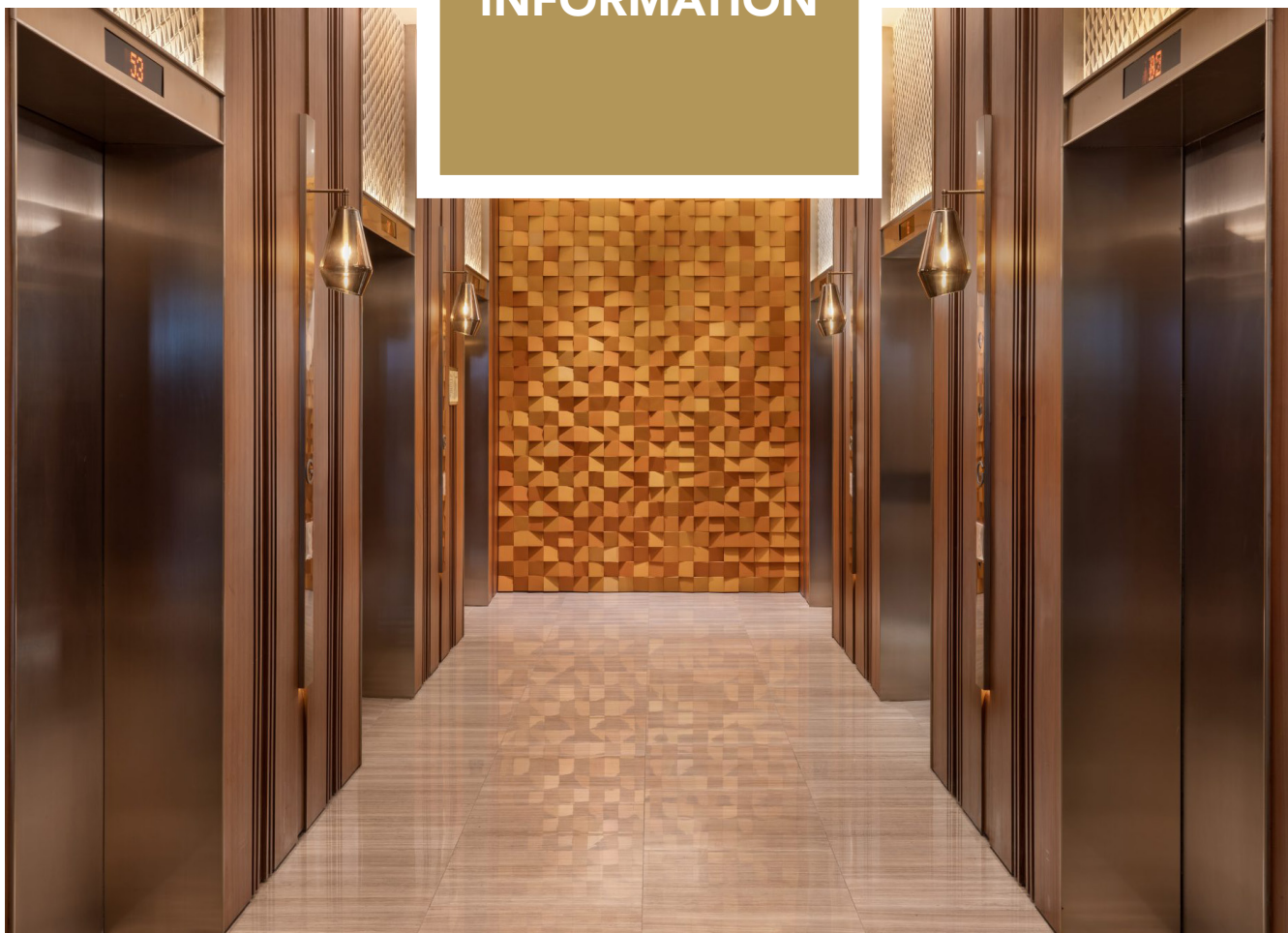
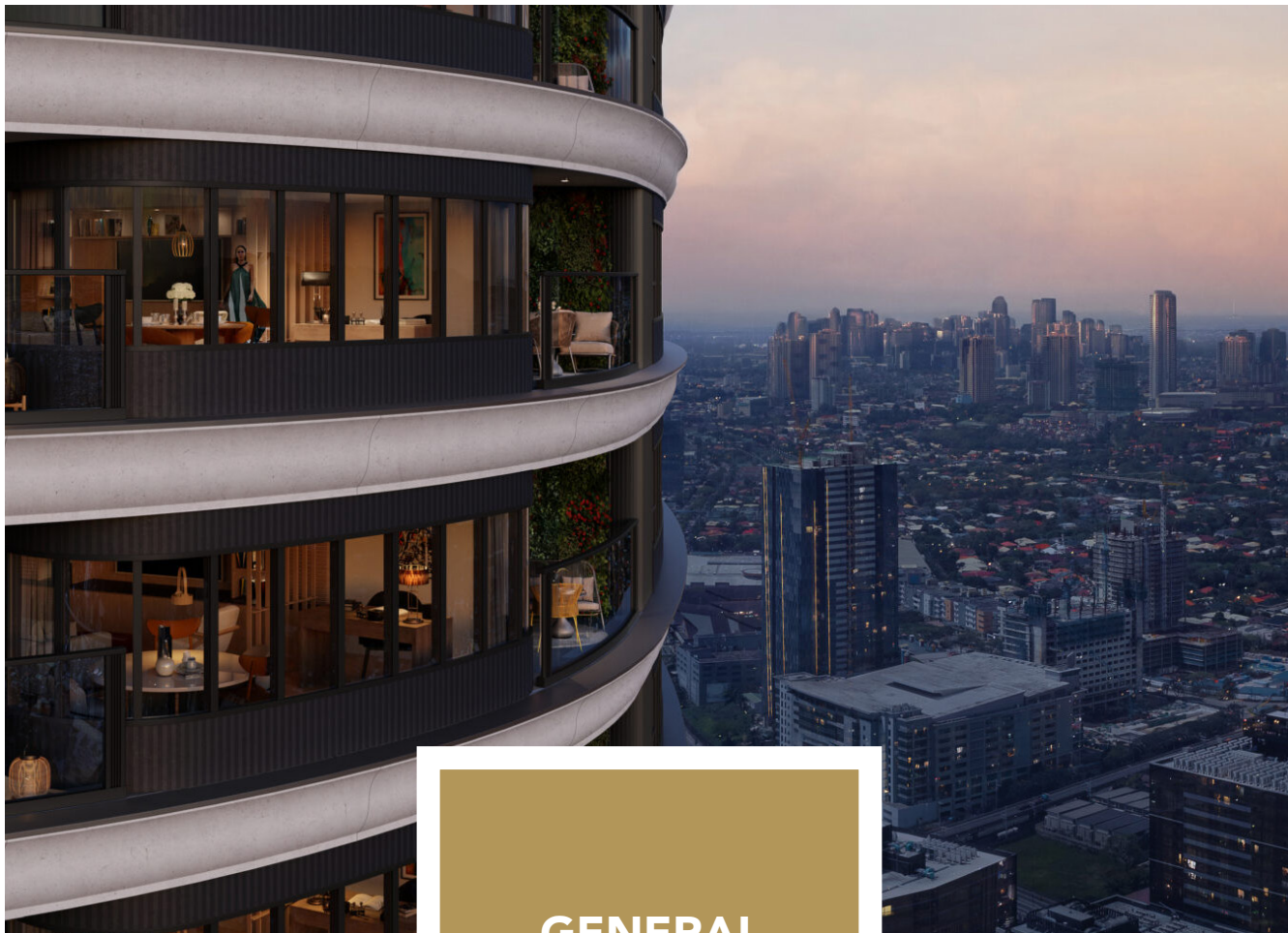
PROPERTIES

NAVIGATING
NEW HORIZONS:
**RESILIENCY
AND GROWTH**

ANNUAL
SUSTAINABILITY
REPORT 2022

CONTENT

3	GENERAL INFORMATION
4	Contextual Information
6	Materiality Process
7	Sustainability Framework
	Stakeholder Engagement
10	INVESTMENT MANAGEMENT
	Direct Economic Value Generated and Distributed
11	GOOD GOVERNANCE
	Training on Anti-Corruption Policies and Procedures
14	RESPONSIBLE BUSINESS
	Resource Management
	Water and Effluents
15	Air Emissions
17	Solid and Hazardous Wastes
	Environmental Compliance
20	Diversity, Equal Opportunity, & Anti-Discrimination
21	RISK MANAGEMENT
22	Occupational Health & Safety
	Supply Chain Management
33	Customer Privacy and Data Security
24	EMPLOYEE WELFARE
	Employee Hiring and Benefits
	Employee Training and Development
	Labor Standards and Human Rights
27	CUSTOMER EXPERIENCE
	Customer Satisfaction
	Customer Health and Safety
28	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
30	ANNEX 1
	VENDOR ACCREDITATION PROCEDURE
	ANNEX 2
	SUPPLIER CODE OF CONDUCT



Contextual Information

COMPANY DETAILS

Name of Organization: Shangri Properties, Inc. (SPI)

Location of Headquarters: Administration Office
Shangri – La Plaza
EDSA corner Shaw Boulevard, Mandaluyong City

Report Boundary:
Legal Entities (e.g. Subsidiaries) included in this Report

This annual sustainability report covers the sustainability performance of the holding company, Shangri Properties, Inc. (SPI) and the following subsidiaries / affiliates:



SHANGRI – LA PLAZA CORPORATION (SLPC)

SLPC manages the Philippines' most established premier upscale shopping and lifestyle destination, Shangri – La Plaza Mall.



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.

SPI PARKING SERVICES, INC. (SPSI)

SPSI, formerly EDSA Parking Services, Inc., provides top of the line parking management services.

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.

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 Village, Makati City.



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



SHANG WACK WACK PROPERTIES, INC. (SWWPI)

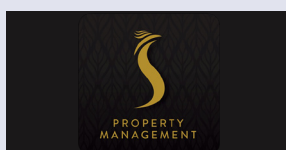
SWWPI is a realty development company and the developer of Shang Residences Wack Wack located strategically close to the renown Wack Wack Golf and Country Club in Greenhills, Mandaluyong City

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 2022 – 31 December 2022

Highest Ranking Person Responsible for this Report:

ATTY. EMILUISA C. PENANO
Deputy General Counsel

Materiality Process

Shang Properties, Inc. (SPI) has compiled its 2022 sustainability performance report, adhering to the guidelines set forth by the Philippines Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019 and utilizing the GRI standards where applicable. SPI's materiality assessment process has remained consistent over the past four years, serving as the foundation for its priorities.

During this reporting period, the team reviewed the material topics and sustainability framework to ensure they meet the business requirements.

Material topics are identified based on activities that are critical to the operations of Shang Properties, Inc. as a Holding Company operating different businesses.

Identified topics are assessed and prioritized based on our interpretation of what is important to our stakeholders and to the Company.

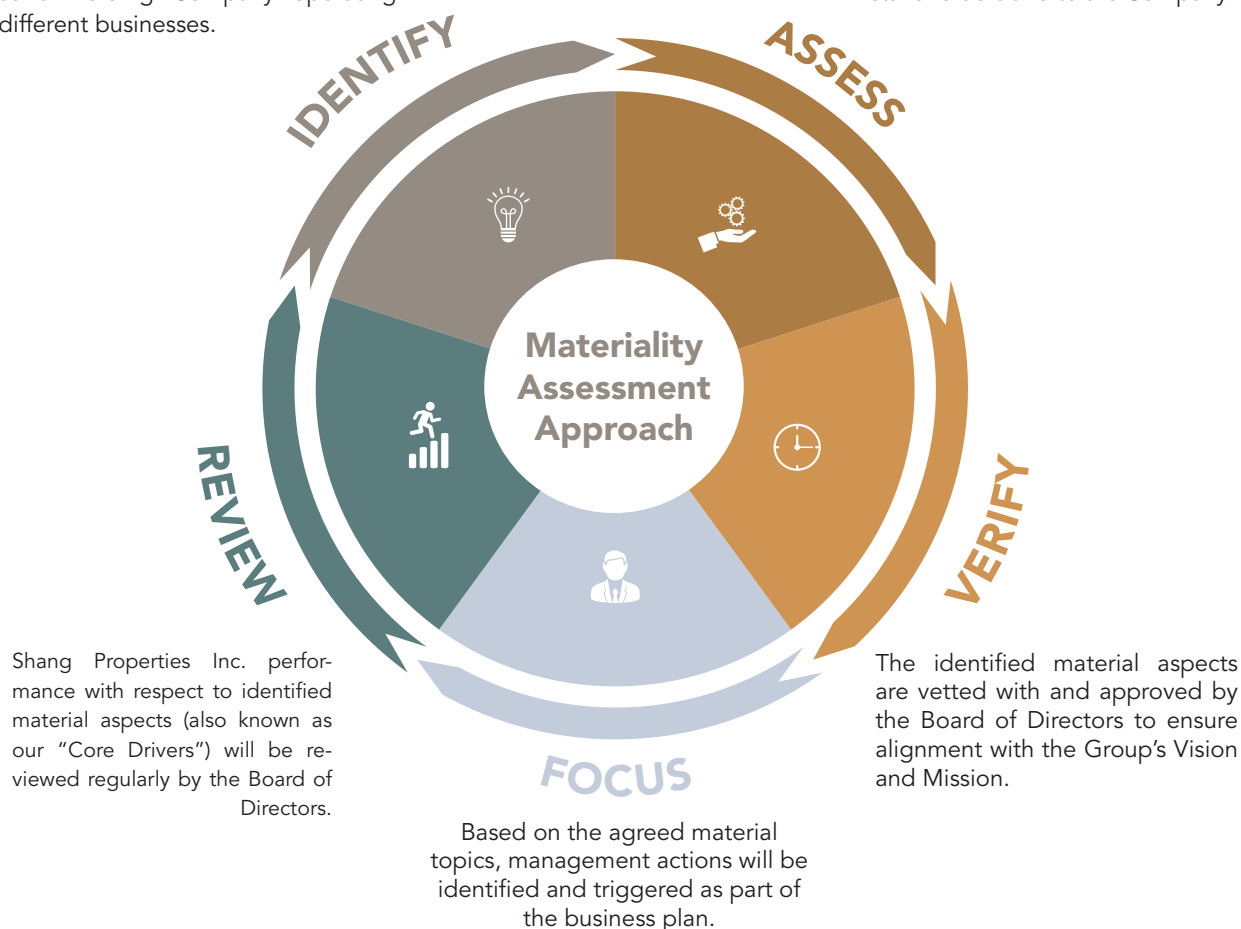


Figure 1 Materiality Assessment Approach

Sustainability Framework

Staying consistent with the approach for materiality assessment, 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 working in a post-pandemic era.



Figure 2 SPI Core Drivers

STAKEHOLDER ENGAGEMENT

At SPI, we recognize the importance of engaging with our key stakeholders to ensure their needs are met and to build strong relationships. To that end, the company has identified its key stakeholders and established viable modes of engagement with them. The table below presents an overview of the key stakeholders and how we engage with them.

STAKEHOLDER	MEANS OF ENGAGEMENT	ASPECTS
Stockholders and Investors	Annual Stockholders Meeting Corporate Disclosure Corporate Website	Financial Performance and Cash Flows Business Outlook Resolutions of Business Concerns ESG Performance
Employees	Training and development programs Email blasts and bulletins Annual performance appraisals Online portals / Social Media Company activity and Events	Skills inventory development General company updates Performance review and improvement Job opportunities Employee activities and socialization Health and well being
Customers and Guests	Customer satisfaction surveys Telephones hotlines Social Media	Customer Feedback / areas for improvement General Information Events, Customer complaints
Residents and Tenants	Email blasts Memorandums Meetings Evacuation drills	Promotions Maintenance and Service Interruption, Escalations, Property Updates Exploratory, Pre-Construction, Egress Fire life and safety Residents/Tenants complaints Other operational issues
Suppliers and Contractors	Emails One on one meetings Group meetings/discussions Telephone / mobile phones Site inspections	Cost proposal Warranties Duration of project Scope/Deliverables Payment for services rendered
Government and Regulators	Emails Site inspections Correspondences Telephone / mobile phones	Coordination of requirements Compliance to regulations Continuous communication and coordination of schedules Payment of taxes and applicable fees



ECONOMIC



Artists' image for illustration purposes only

INVESTMENT MANAGEMENT

Direct Economic Value Generated & Distributed

SPI's economic performance has a direct impact on market demand, which can fluctuate due to changing economic conditions and consumer behavior. The impact of our economic performance extends to various stakeholders such as tenants, investors, shareholders, employees, regulators, and the wider community. SPI's residential development and condominium sales contribute to the growth of the housing market, while its office and retail leasing stimulate business activity in the surrounding area. Our operations in malls, carparks, and hotels have a direct impact on the tourism industry and the local hospitality sector.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Direct Economic Value Generated (Revenue)	PHP	4,975,849,039.62	10,833,823,837.50
Direct Economic Value Distributed:			
a. Operating Costs	PHP	2,839,145,483.59	3,743,630,237.50
b. Employee Wages and Benefits	PHP	278,096,848.53	678,126,824.00
c. Payments to Suppliers, Other Operating Costs	PHP	260,728,892.30	1,867,827,901.59
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	1,670,720,544.98	1,543,106,959.00
e. Taxes given to Government	PHP	151,153,258.77	412,799,411.64
f. Investments to Community (e.g. Donations, CSR)	PHP	128,253,014.30	171,449,802.00

SPI and its subsidiaries have reported a remarkable surge in the direct economic value generated in 2022. This increase can be attributed to the gradual lifting of Covid restrictions by the government, followed by a return to normal operations. As a result, we have witnessed an upswing in business demand, including activities from international and leisure guests. In terms of economic value distribution, the majority of the economic value was allocated to operating costs, employee wages and benefits, and payments to suppliers, while a portion was given back to stockholders, government, and community. We are grateful for the support and collaboration of all our stakeholders, and we look forward to working together towards a more sustainable future.

In 2022, Shang Properties Inc. was one of the major donors for Habitat for Humanity Philippines' Typhoon Odette Disaster Response, which helped at least 1,800 low-income and vulnerable families in Cebu, Southern Leyte, and Negros Occidental affected by Typhoon Odette.

In addition to the above, we are pleased to highlight the diverse range of CSR initiatives conducted during the reporting period. These include supporting the Caritas Damayan Hunger Project, DLSU Foundation Hunger to Hope Project, and Kababaihang Gabay ng Bayan for integrated health and livelihood program for 300 mothers and their families, a housing project by TRDCI, SWWP feeding and livelihood programs and lastly, we supported a Typhoon Paeng relief program in partnership with Gokongwei Foundation and ICM. These CSR efforts showcase our dedication to social responsibility and sustainability, contributing to the betterment of communities.

BALANCING PROFIT AND PURPOSE

Overall, the policy of SPI on economic performance is embedded in SPI's Manual on Corporate Governance and Code of Business Conduct and Ethics, which serve as our guiding framework for the company's management approach towards economic performance. We implement a financial risk management strategy that involves providing periodic financial information to its Executive Directors, closely monitoring interest rates, and maintaining sufficient cash and cash equivalents. We also prioritize urgent and critical expenditures, monitor accounts receivables, and follow up with late paying tenants. By implementing these strategies and continuously monitoring and managing risks, we aim to achieve our strategic objectives and maintain strong economic performance despite the challenges posed by the current business environment. As the real estate market experiences a resurgence in the wake of the pandemic, SPI stands to benefit from increased revenues stemming from property sales, rentals, and management fees.

BALANCING PROFIT AND PURPOSE

As a responsible corporate citizen, we, at SPI, recognize that we have a crucial role to play in ensuring that our operations have a positive impact on society and the environment. To fulfill this obligation we have a Corporate Social Responsibility Policy in place - through this, we regularly engage in social responsibility programs, including donating to victims of calamities and providing free venues for socially relevant events. The company fosters the same cognizance and adherence to CSR among its subsidiaries and their various developments. Furthermore, we are an active contributor to community projects through our charitable coordinating body, Kerry Foundation Phils., a non-profit organization that strives to enhance the lives of underprivileged individuals. These actions demonstrate the company's dedication to social responsibility and sustainability.

GOOD GOVERNANCE

Training on Anti-Corruption Policies & Procedures

The impacts of corruption are felt by a wide range of stakeholders, including governments, businesses, employees, customers, investors, and society at large. At SPI, we realize that anti-corruption efforts are not just a moral imperative, but a critical business strategy. Corruption can have far-reaching consequences, not only damaging our reputation but also exposing us to legal and financial risks. By taking a proactive approach to combat corruption, we are safeguarding our business and stakeholders thus ensuring our long-term success.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
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	
		2021	2022
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

As shown by the data above, SPI has observed no instances of corruption among our management, employees, and business partners. This achievement is a direct result of our efforts to ensure that our anti-corruption policies and procedures are effectively communicated to key stakeholders, raising their awareness and ensuring their compliance with our standards.

TRANSPARENCY IN ACTION

At SPI, we have implemented a range of anti-corruption measures, including robust due diligence processes, transparent financial reporting, and awareness and training programs for our employees and business partners. These measures have not only helped us to mitigate corruption risks but have also improved our operational efficiency and strengthened our relationships with stakeholders. By prioritizing integrity and transparency, we are not only protecting our organization but also setting an example for others in our industry to follow.

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

We may further enhance our anti-corruption efforts through expanding anti-corruption training and promoting transparency and accountability.

LABOR-MANAGEMENT RELATIONS

This topic is particularly relevant for SPI, where coordination between management and labor is crucial to delivering on the company's mission and maintaining worker welfare. Positive relations with our employees can lead to increased productivity, job satisfaction, and reduced turnover, which all contribute to our competitive advantage in the market. Additionally, maintaining fair and equitable labor practices aligns with the company's commitment to responsible business practices and sustainable growth, which is important to stakeholders and investors.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
% of Employees Covered with Collective Bargaining Agreements	%	N/A	N/A
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	6	7

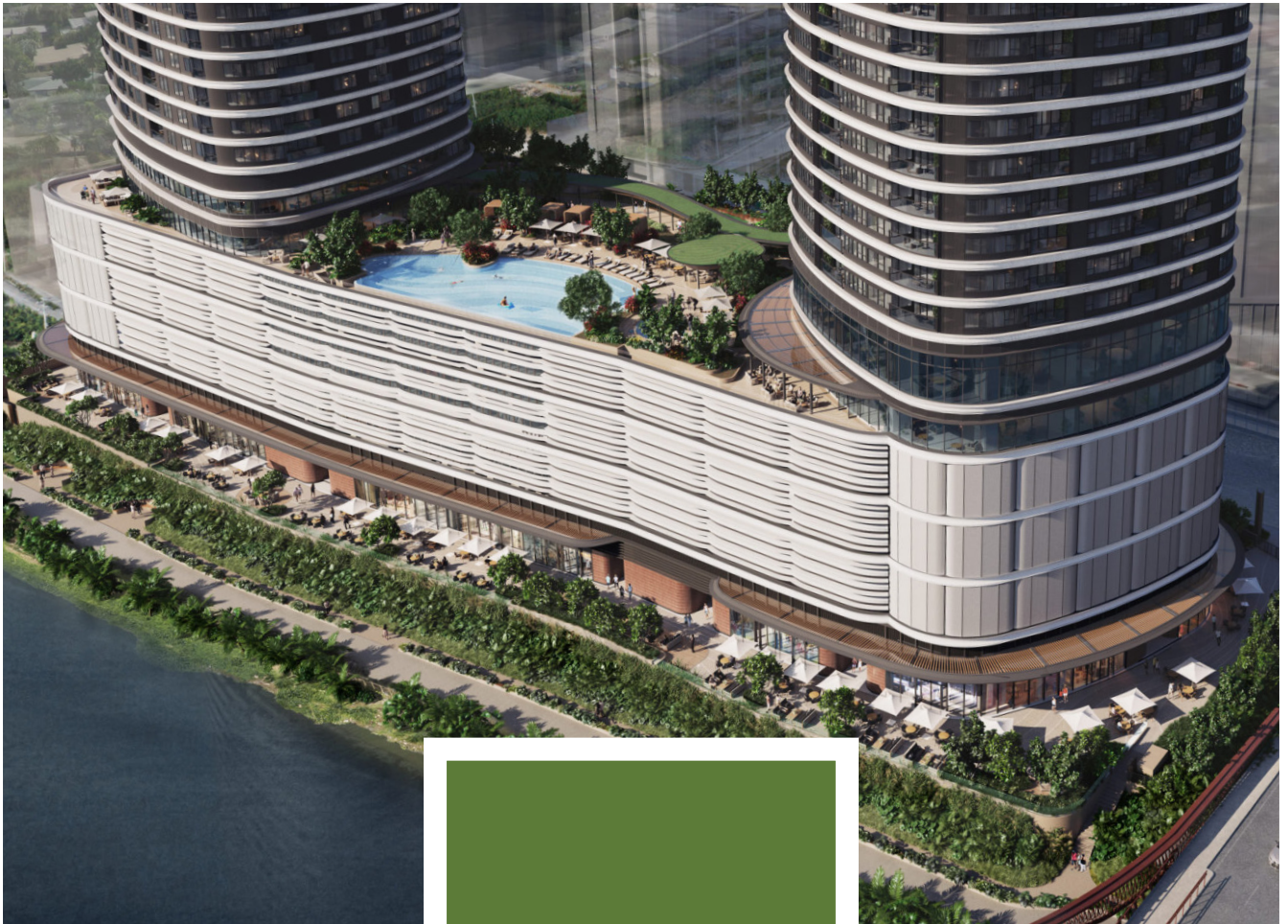
At SPI, we encourage open communication between management and employees, and its effectiveness is reflected in the far fewer consultations held over the last two years. The company's flexible working hours and enhanced employee engagement have contributed to this success, allowing for a more supportive and productive work environment.

EMPOWERING OUR WORKFORCE

SPI has taken a proactive approach to ensure our compliance with all relevant labor laws and regulations. We have implemented a range of policies and procedures to maintain the safety and well-being of our employees, while also meeting our obligations with the requirements of the Department of Labor and Employment (DOLE) and other government entities.

Our management approach is centered around our commitment to open communication and engagement with our employees. The company has established an Employee Grievance and Feedback Mechanism, which allows employees to voice their concerns and provides management with the necessary data to address issues in a timely and effective manner. We also conduct an annual Organizational Climate Survey, which provides insight into employee satisfaction levels and allows the company to make necessary improvements to our employee engagement programs.

To further support our employees, HR Account Specialists are designated as focal points for consultation and HR has implemented a range of employee engagement activities, including team building, values alignment, and strategic planning workshops.



ENVIRONMENT



Artists' image for illustration purposes only

RESPONSIBLE BUSINESS

Resource Management

Energy Consumption within the Organization

Energy consumption poses a crucial challenge to SPI, impacting both our financial performance and environmental footprint. The rising costs of energy usage can result in higher operational expenses, reducing profitability. Moreover, excessive energy consumption can contribute to climate change, posing significant risks to the environment. As a responsible organization, we see the need to curb energy usage and implement sustainable practices.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Renewable Resources	GJ	0	0
Gasoline	GJ	249.80	459.15
LPG	GJ	12,998.06	21,238.16
Diesel	GJ	11,910.32	23,332.81
Electricity	kWh	79,736,507.00	96,858,937.00

As businesses slowly returned to their pre-pandemic demands, our company experienced a significant increase in energy consumption from all sources including gasoline, LPG, diesel, and purchased electricity. This rise in foot traffic at our properties was a clear indication of the market's steady recovery. While we were pleased to see our business return to normal, we are aware that it will also have a noticeable impact on our ESG performance.

THE ENERGY CHALLENGE

SPI has been steadfast in promoting environment-friendly practices both internally and externally. Our subsidiaries have garnered recognition for their energy conservation programs and initiatives. Notably, The Fort Bonifacio Shangri-La Hotel, a mixed-use development located in Bonifacio Global City, Taguig, has been LEED certified for its resource-efficient, high-performing, healthy, and cost-effective buildings.

Around second quarter of 2022, a seven-year energy efficiency performance agreement was signed by Engie, a prominent player in low-carbon energy and services, with Shangri-La Global City Properties Inc. The aim of the partnership was to optimize the chilled water plants at Shangri-La The Fort, Manila, which is a mixed-use development that includes a hotel, residence, retail, and lifestyle and leisure club. By implementing this initiative, the project is expected to save up to 1,100 tons of CO₂ annually. Engie would finance, design, and improve the system to deliver maximum efficiency while reducing consumption, allowing Shangri-La The Fort to reduce its carbon emissions by up to 7,700 tons of CO₂ over the contracted period. This partnership strengthens Shangri Properties' commitment toward building a carbon-neutral nation.

Moving forward, we will continue to explore opportunities to optimize our energy resources by enhancing energy conservation programs and consider using renewable energy technologies in the future. This approach will further minimize the associated environmental footprint, which is essential for us to sustain our green building marks and attract more environmentally conscious tenants to the building. SPI further conducts energy usage inspections and audits to identify potential areas for further energy reduction.

MATERIALS USED BY THE ORGANIZATION

SPI is aware of the potential risks that materials can pose to the environment and the community and is committed to minimizing such impact. These risks include an increase in energy consumption and waste generation for non-renewable materials, as well as wastage and improper usage that may lead to resource depletion or scarcity, and accidental release or spill of hazardous materials that could result in long-term health effects and limited access to a decent life and livelihood. SPI has taken steps to mitigate these risks by enforcing responsible sourcing, usage, and disposal of materials, and fostering a culture of safety and environmental stewardship.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Materials Used by Weight/Volume			
Renewable	kg	287,731	291,320
Non-Renewable	kg	15,382,070.78	16,381,251.38
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	0

We make use of different materials in different stages of our operations involving the design, development and management of luxury property. During the reporting period, there has been a 6% increase in the total volume of non-renewable materials used in our operations. This could be due to the increase in demand for luxury properties, resulting in the use of more resources.

MATERIALS MATTER

SPI is committed to complying with all applicable environmental laws, rules, and regulations. The company has designated a dedicated Pollution Control Officer who has undergone the required training courses and manages our compliance to environmental laws. The company also enforces strict Environmental, Occupational Health, and Safety (EHS) protocols and standards for the loading, unloading, and transport of materials.

As we strive for sustainability, we are constantly seeking opportunities to optimize our resource utilization and embrace circular economy practices. This includes continuously utilizing renewable materials, exploring more options to recycle and reduce waste, and minimizing our environmental footprint.

An additional opportunity for SPI is to enhance our organizational knowledge of sustainable economies and stay abreast of the latest sustainability trends. Such actions would showcase our dedication to sustainable practices and our commitment to continuously enhancing environmental performance.

WATER & EFFLUENTS

Water scarcity and effluent pollution are pressing issues affecting the global community, with far-reaching impacts on the environment, public health, and economic development. As part of real estate industry, we give critical importance to responsible water management and waste disposal practices in addressing this issue.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Water Consumption	m ³	*1,245,265.16	1,327,863.16
Water Recycled and Reused	m ³	*116,254.00	136,921.80
Total Volume of Water Discharges	m ³	789,430.20	618,683.60
Percent of Wastewater Recycled	%	*9.34%	10.31

**Restatement of 2021 data: Water Consumption - 1,245,265.16 m³; Water Recycled and Reused - 116,254.00 m³; Percent of Wastewater Recycled - 9.34%
Instead of previously reported: Water Consumption - 1,166,734.16 m³; Water Recycled and Reused - 181,886.00 m³; Percent of Wastewater Recycled - 7 %
The restatement was made following the review and correction of data provided from the previous year*

In the post-pandemic period of 2022, SPI and its subsidiaries experienced a surge in foot traffic, resulting in increased demands for resources, including water. Despite the challenges presented by the increased demand, SPI remains committed to responsible water management practices.

In 2022, we were able to recycle 10.31% of our water usage, contributing to a significant reduction in the company's overall water footprint. SPI achieved this by implementing various sustainable water management solutions, such as rainwater harvesting and water recycling systems, through our subsidiaries.

WATER STEWARDSHIP

At SPI, we are committed to responsible water management as a critical component of our ESG goals and overall sustainability. We collaborate with our stakeholders, including tenants, customers, and regulatory agencies, to drive awareness and action towards sustainable water management practices. We ensure compliance with environmental regulations through a dedicated Pollution Control Officer (PCO), who monitors water consumption and wastewater discharges, and oversees the maintenance and cleaning of wastewater tanks.

To reduce water consumption, SPI implements water-saving initiatives such as adjusting water supply valves and using rainwater for non-potable purposes. Regular water audits identify areas of potential savings, and the installation of water-efficient fixtures and fittings helps to reduce consumption. Through stakeholder engagement, SPI explores innovative technologies and practices to increase the percentage of wastewater recycled and improve environmental performance, contributing to the sustainability of our operations.

AIR EMISSIONS

As concerns about climate change and environmental sustainability continue to grow, the impact of greenhouse gas (GHG) emissions and air pollutants on the environment has become a critical issue. For SPI, these issues are of particular importance due to the nature of our business. The construction and operation of buildings are major sources of GHG emissions and air pollutants, which can have significant environmental and health impacts.

Reducing GHG emissions and air pollutants is not only important for the environment and public health but also for the long-term financial sustainability of SPI. Implementing sustainable practices and reducing emissions can lead to cost savings, increased energy efficiency, and improved marketability of our properties.

GHG Emissions

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Direct (Scope 1) GHG Emissions	Tonnes CO ₂ e	1,616.87	2,916.92
Indirect (Scope 2) GHG Emissions	Tonnes CO ₂ e	50,393.47	61,214.85

**Restatement of 2020 data: Direct (Scope 1) GHG Emissions – 1,616.87 Tonnes CO₂e
Instead of previously reported: Direct (Scope 1) GHG Emissions – 616.57 Tonnes CO₂e
The restatement was made following the review and correction of data provided from the previous year*

Air Pollutants

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
NO _x	kg	0.02	0.04
SO _x	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

There has been an increase in greenhouse gas (GHG) emissions for SPI in comparison to the previous reporting period. This increase in emissions is correlated to the increase in energy consumption within the company. In terms of air pollutants, we have noted a minimal increase in NO_x levels. The sources of these pollutants include generator sets, company service vehicles, boilers, and other combustion equipment.

CARING FOR OUR PLANET

One of the key management approaches used by SPI is the designation of a dedicated Pollution Control Officer (PCO) who ensures the company's compliance with environmental laws and regulations. We regularly review our existing programs for energy conservation to identify areas where improvements can be made, phasing out obsolete equipment and replacing it with more energy-efficient alternatives.

We are still exploring opportunities to use renewable energy sources, such as solar, to generate electricity. The company is also focused on creating awareness among stakeholders, educating employees and customers on its initiatives in energy conservation and reducing its environmental footprint. This helps to promote a culture of sustainability within our organization and can also help to attract environmentally conscious customers.

Another avenue that we pursue relates to carbon-offset strategies and programs, such as forests and tree-planting activities. These initiatives may help to offset our company's carbon footprint and promote sustainable practices. We are also committed to reducing air pollutants across our operations. This includes implementing efficient programs and practices to minimize air pollution and enhancing our monitoring system to ensure compliance with relevant regulations.

We ensure the reliability and optimum operations of our equipment through periodic servicing and maintenance based on a planned schedule. This helps to ensure that we are operating at maximum efficiency and can also extend the lifespan of our equipment.

SOLID AND HAZARDOUS WASTE

Solid and hazardous wastes are critical environmental issues that have a significant impact on the real estate industry. Improper disposal of such wastes can lead to contamination of soil, water, and air, and cause serious health risks for the community at large. It can also lead to legal liabilities and financial penalties for companies that fail to comply with waste management regulations.

At SPI, proper waste management is of utmost importance. We understand the impact of waste on the environment and its potential to negatively affect the health and well-being of our residents, tenants, guests and workers.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Total Solid Waste Generated	kg	3,282,062.59	3,743,894
Reusable	kg	0	0
Recyclable	kg	384,883.64	502,902.70
Composted	kg	7,769.00	11,4899
Incinerated	kg	-	0
Residuals / Landfilled	kg	2,893,111.32	2,926,043.82
Total Weight of Hazardous Waste Generated	kg	12,958.50	33,892
Total Weight of Hazardous Waste Transported	kg	7,012.50	17,188

We made some progress in our waste management practices during the reporting period and were able to recycle 13% (more than 500,000 kg) of the total waste generated across our operations. While a portion of our waste was composted, further reducing our impact on the environment, we also made strides in managing hazardous waste. We were able to haul more than half of it, minimizing the potential risks associated with these materials.

RETHINKING WASTE

We are taking steps to improve SPI's waste management practices. We are exploring options to increase reuse, recycling, and composting of waste streams to divert them away from landfills. To achieve this, Waste Data Collection System (WDSCS) is in place to manage waste streams effectively and create suitable waste segregation schemes. We also implement paperless check-in and recycle old printed collaterals to reduce paper waste. All practices are monitored by a designated Pollution Control Officer to ensure compliance with environmental laws and regulations.

ENVIRONMENTAL COMPLIANCE

Environmental regulatory compliance is becoming increasingly important for companies across all industries. These regulations are put in place to protect the environment and ensure sustainable practices are being followed. Failure to comply with these regulations can result in severe financial penalties, legal action, and reputational damage. For SPI, complying with environmental regulations is critical to maintaining our reputation as a responsible and sustainable company. By implementing environmentally friendly practices and complying with regulations, we reduce our environmental impact and ensure the long-term sustainability. Additionally, environmentally conscious consumers and investors are more likely to choose companies that prioritize sustainability, making compliance with environmental regulations a key factor in

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
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

We are pleased to report that we have upheld our commitment to comply with all environmental laws and regulations, without any violations or instances of non-compliance throughout 2022. We regularly monitor and review our procedures and obligations to ensure 100% compliance.

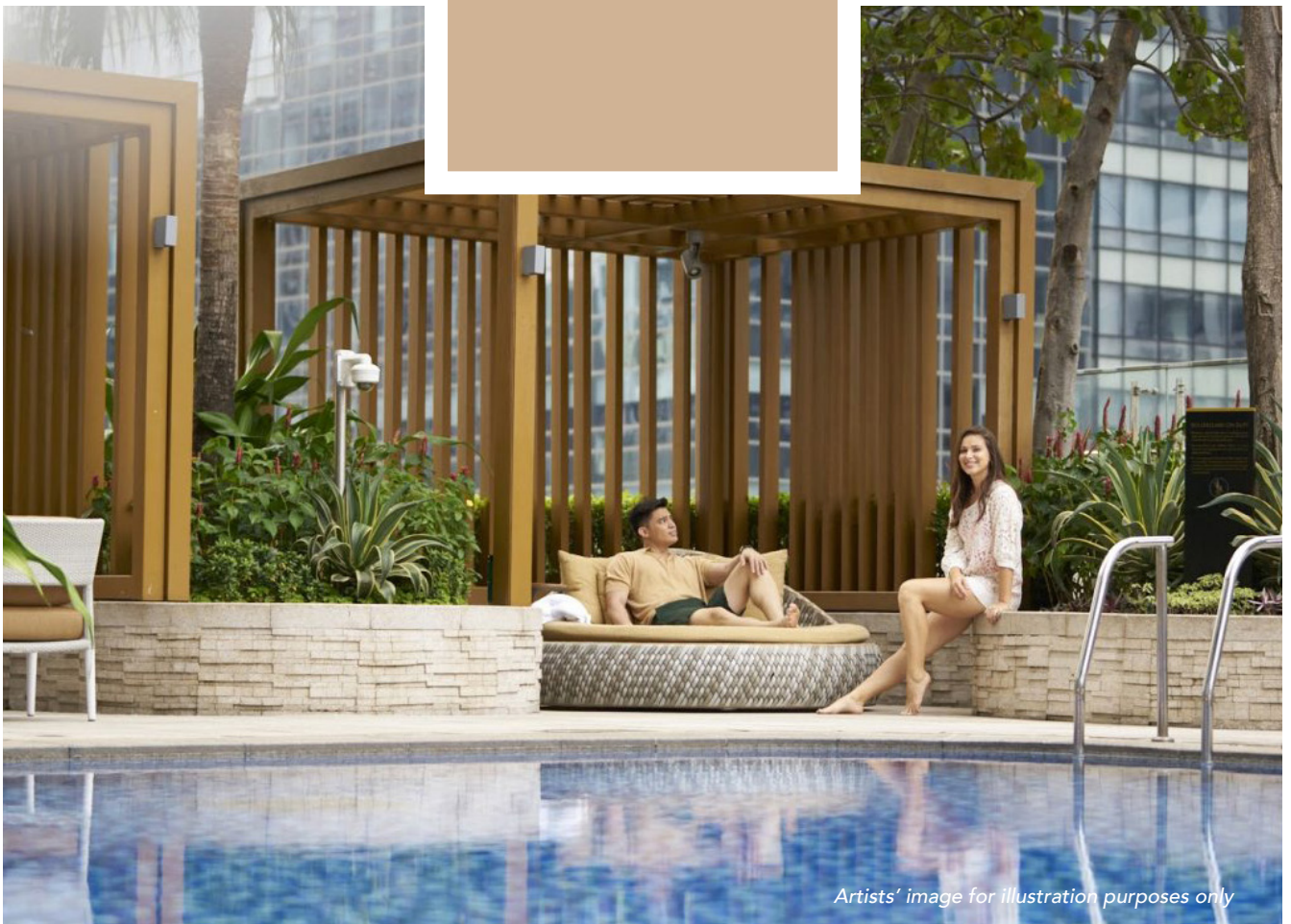
BEYOND COMPLIANCE

At SPI, we are committed to protecting the environment and ensuring compliance with all applicable environmental laws, rules, and regulations. The company has implemented an effective environmental management system and a dedicated Pollution Control Officer to manage our compliance. Regular cleaning and hauling of wastewater tanks and continuous effluent sampling and analysis are also conducted to ensure compliance with DENR requirements.

In addition to compliance, we recognize the importance of going beyond regulatory requirements to promote sustainable environmental practices. We are exploring innovative solutions and other opportunities for sustainable environmental practices and programs.



SOCIAL



Artists' image for illustration purposes only

DIVERSITY, EQUAL OPPORTUNITY, & ANTI-DISCRIMINATION

SPI is well aware of the significant impact that diversity, equal opportunity, and anti-discrimination policies have, on both our employees and our clients. We understand that a diverse and inclusive workplace not only fosters innovation and creativity but also attracts and retains top talent from all backgrounds.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
% of Female Workers in the Workforce	%	47.05	46.50
% Male Workers in the Workforce	%	52.95	53.50
Number of Employees from Indigenous Communities and/ or Vulnerable Sector	#	28	26

We are committed to promoting gender equality, eliminating discrimination, and creating a workplace that welcomes and values individuals from all backgrounds. In our latest ESG report, we are proud to share our progress towards these goals. One of the most significant indicators of this commitment is our female to male ratio, which we maintained across the years. This balance is important to us, as we recognize the benefits of having a diverse workforce with different perspectives and experiences.

We also recognize the importance of supporting vulnerable and underrepresented communities in our workforce. Currently, we have 26 employees who identify as Indigenous and/or from vulnerable sectors. We are proud to provide employment opportunities to individuals from these communities and work to create an inclusive environment that supports their growth and development.

APPROACH TO INCLUSION

At SPI, we are committed to creating an inclusive and diverse workplace. From the top-down, the company's management approach has always been centered around promoting a culture of respect, understanding, and acceptance of all employees, regardless of their background or personal characteristics. Our recruitment and hiring practices are designed to attract a diverse pool of candidates, ensuring that the workforce reflects the diverse communities we serve.

SPI ensures compliance with diversity and equal opportunity laws, as well as labor laws and regulations issued by the Department of Labor and Employment (DOLE), through the implementation of anti-discrimination, anti-harassment, and human rights policies and procedures embedded in SPI's Code of Conduct and Business Ethics. We also conduct ongoing employee training and awareness programs on diversity and equal opportunity to ensure compliance with relevant labor standards.

RISK MANAGEMENT

Occupational Health & Safety

Occupational Health and Safety (OHS) has a significant impact on our operations. Ensuring the safety and well-being of employees, contractors, and customers is not only a legal and moral responsibility but also a critical factor for maintaining productivity and reducing costs associated with workplace accidents and injuries. Our industry involves various tasks and operations that can pose significant risks to employees and workers on construction sites, in maintenance and repair tasks, and in property management. SPI recognizes the importance of prioritizing OHS measures to prevent workplace incidents and maintain a positive reputation in the industry.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Safe Man-Hours	Man-Hours	579,103	916
No. of Work – Related Injuries	#	9	4
No. of Work – Related Fatalities	#	-	0
No. of Work – Related Ill-Health	#	8	6
No. of Safety Drills	#	254	274

We regularly monitor, report, and record our safe manhours, including all the drills conducted and any untoward incidents such as injuries or illness. Despite the challenges brought about by the COVID-19 pandemic, we remain committed to our safety protocols. We implemented strict measures to protect our employees and conducted safety drills to ensure that everyone is prepared for any emergency situation.

In 2022, we are pleased to report that we conducted a total of 274 drills across our subsidiaries. These drills covered a range of scenarios, including fire emergencies, earthquakes, and medical emergencies. Through these exercises, we were able to identify areas for improvement and make necessary adjustments to our safety procedures.

We are also happy to report that there were reduced numbers of work-related injuries and ill-health during the reporting period. This is a testament to the effectiveness of our safety programs and the dedication of our employees to ensure a safe working environment.

BUILDING A SAFER WORKPLACE

SPI has demonstrated our strong commitment to Occupational Health & Safety (OHS) compliance by effectively maintaining adherence to international and local OHS laws, rules, and regulations during the COVID-19 pandemic. We proactively committed to establishing an Occupational Health and Safety Management System (OHSMS) adhering to ISO 45001:2018 requirements, allocated a sufficient budget for Personal Protective Equipment (PPE), and implemented an OHS program that incorporates our commitment to comply with relevant OHS legislation, Codes of Conduct, guidelines, and Zero Accident Vision.

Additionally, SPI prioritizes identifying and controlling potential OHS hazards in the workplace and emphasizes the importance of educating employees on OHS and EHS-related topics. The company also conducts an annual Fire Safety Seminar and Fire Evacuation Drill, encourages employees to undergo annual physical exams or executive check-ups, and provides employees with the anti-flu vaccine shot to help fight viruses and its related complications.

By prioritizing OHS, we aim to create a safe and healthy workplace environment that promotes employee satisfaction and attracts clients who value a responsible and ethical approach to business operations. We are committed to ensuring compliance with legal and regulatory requirements and securing the safety and health of our workers, contractors, and stakeholders in all our operations.

SUPPLY CHAIN MANAGEMENT

The COVID-19 pandemic has highlighted the critical role of supply chain management in ensuring business continuity and resilience. At SPI, efficient supply chain management is crucial for the timely delivery of materials and services necessary for our property management, especially in our real estate development or construction projects.

Effective supply chain management enables SPI to streamline operations, reduce costs, and enhance customer satisfaction by ensuring that projects are completed on-time and within budget. Moreover, it enables us to mitigate supply chain risks such as disruptions caused by natural disasters or global pandemics and identify opportunities for innovation and growth. As such, we recognize the importance of continually improving supply chain management processes to maintain our competitive edge in the market.

Sustainability Topics when accrediting Suppliers

TOPIC	Reference in Company Policy	Y/N	
		2021	2022
Environmental Performance	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct	Y	Y
Forced Labor	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct	Y	Y
Child Labor	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct	Y	Y
Human Rights	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct	Y	Y
Bribery and Corruption	Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure Section 5 of Supplier Code of Conduct	Y	Y

As part of our commitment to responsible sourcing, we ensure that all our suppliers comply with the SPI Supplier Code of Conduct and Vendor Accreditation Procedure. Our policies cover a range of sustainability aspects, including environmental performance, human rights management including anti-forced labor and anti-child labor, anti-bribery and anticorruption. We believe that these are critical to building a supply chain that benefits both our business and society as a whole.

SUPPLIER ACCREDITATION POLICY

Annex 1 DC-SPI-PROC 1.8 Vendor Accreditation Procedure

Annex 2 Supplier Code of Conduct

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	100	99.91%

Local procurement is always a priority for SPI, across the whole organization. We try to go local in order to support the regional economy. While almost all the subsidiaries spent 100% of their procurement budget on local suppliers, only one subsidiary needed to outsource a machine part replacement internationally as it is only available from the original supplier. By "local," we refer to areas within the Philippines.

RESPONSIBLE SOURCING

At SPI, we believe that responsible sourcing is critical to our business success and to building a sustainable future. To this end, we have established a management approach that requires our suppliers to strictly comply with the SPI Supplier Code of Conduct.

Our supplier code of conduct sets out clear standards for compliance with laws and regulations, product quality and safety, business integrity and ethics, labor standards and practices, environmental laws and regulations, community engagement, anti-corruption, accurate books and records, confidentiality, data protection, intellectual property rights, and implementation of the code. We believe that these requirements are essential to ensuring a responsible and sustainable supply chain.

We carefully select our suppliers based on their ability to exceed our requirements and work closely with them to ensure compliance.

CUSTOMER PRIVACY AND DATA POLICY

In today's digital age, the importance of customer privacy cannot be overstated. With the increasing amount of personal information being shared and stored online, it is critical to take proactive measures to protect our customers' data. Failure to do so can result in costly legal and financial consequences, as well as damage to the company's reputation. By prioritizing customer privacy, we at SPI, can ensure that our customers feel confident in our ability to keep their personal information safe, which can help to build long-term relationships and drive business growth.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
No. of Substantiated Complaints on Customer Privacy	#	1	0
No. of Complaints Addressed	#	1	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

Throughout the reporting period, we remained committed to protecting the privacy of our customers' data. As a result of these efforts, we are pleased to report that there were no customer privacy complaints, instances of misuse of customer data, or incidents of data breaches, leaks, thefts, or data losses recorded.

COMMITMENT TO PRIVACY AND SECURITY

Data Privacy Officer (DPO) manages the compliance with the Data Privacy Act of 2012 (RA 10173) and all other relevant data privacy and security laws, rules, and regulations.

To ensure the protection of its critical information assets, SPI has a strong internal management system governing data privacy. This is augmented by regular training and awareness programs on customer privacy and data security preparedness and response drills for employees.

In addition, the company goes through regular penetration tests and independent reviews of its IT applications and environment (VAPT), conducts annual internal audits and comprehensive external security audits. The company also follows regular backup procedures and periodic antivirus software updates.

Moving forward, SPI recognizes the importance of continued employee training on data security and protection, and plans to provide a series of courses to protect the company from data breaches, leaks, thefts, and losses, including cyber-attacks. SPI remains committed to its proactive approach to data privacy and security to safeguard customer information and maintain regulatory compliance.

EMPLOYEE WELFARE

Employee Hiring & Benefits

As a company that places a strong emphasis on employee satisfaction and retention, we know that the quality of our workforce directly impacts the success of our projects and overall business performance. By offering competitive salaries, comprehensive health benefits, and other attractive incentives, SPI is able to attract and retain top talent in the industry. This not only ensures the high quality of work produced by our employees, but also strengthens the company's reputation and credibility in the industry. With a strong and satisfied workforce, we are well positioned to continue delivering exceptional real estate development and property management services to our clients.

Employee Data Benefits

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Total Number of Employees	#	916	985
a. Number of Female Employees	#	485	458
b. Number of Male Employees	#	485	527
Attrition Rate	Rate	3%	4.2%
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1:1.29	1:1.42

Percentage of Employees Availing the Benefits

DISCLOSURE	Y/N		Female	Male
	2021	2022		
SSS	Y	Y	19%	13%
PhilHealth	Y	Y	13%	11%
PAG - IBIG	Y	Y	17%	14%
Parental Leaves	Y	Y	2%	1%
Vacation Leaves	Y	Y	52%	50%
Sick Leaves	Y	Y	49%	46%
Medical Benefits (Aside from PhilHealth)	Y	Y	19%	19%
Retirement Fund (Aside from SSS)	Y	Y	2%	2%
Flexible – Working Hours	Y	Y	9%	9%

We are gradually returning to our pre-pandemic workforce. As the industry continues to recover at a fast pace, we have added 69 new employees during the reporting period. This growth is an indication of our resilience and commitment to providing exceptional service to our clients. As we continue to navigate through the pandemic, we have also observed a reduction in the availment of employee benefits. We attribute this to the more stable work set-up and the diminishing cases of COVID-19. While we remain vigilant and committed to the safety and well-being of our employees, it is encouraging to see our workforce adapting to the new normal and thriving under these conditions.

CULTURE OF CARE

We would like to emphasize on our strong commitment to the health, safety, and welfare of our employees. We believe in promoting good work habits and providing resources that support the well-being of our workforce. Our comprehensive insurance coverage includes accident, critical, life, medical, and hospitalization insurance for employees and their dependents. We also provide regular medical and health updates to our employees through our health partners and service providers.

To promote a healthy workforce, we encourage our employees to undergo an annual executive check-up or physical examination for health maintenance. We also provide anti-flu vaccine shots to our employees and their immediate family members as charged to the employee's account. Additionally, we organize sports fest events and summer outings to foster wellness, teamwork, and camaraderie among our employees outside the work environment.

We recognize and respect our employees' needs for some time away from work, and we promote quality of life through our leave benefit programs. We also provide a retirement plan to ensure financial stability for employees who leave their full-time jobs at retirement. Our regular and confirmed project-based employees are entitled to medical coverage. Overall, our company strives to create a positive work environment that supports the physical and mental well-being of our employees.

EMPLOYEE TRAINING AND DEVELOPMENT

Employee training and development is a critical component of the success of any company. By investing in our employees' skills and knowledge, we ensure that they are able to deliver the highest quality services to our clients and stay ahead of the competition.

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
Total Training Hours Provided to Employees			
a. Female Employee	#	8,548	8,851
b. Male Employee	#	12,124	12,753
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	*19.83	19.33
a. Male Employees	Hrs/Employee	*25.00	24.20

**Restatement of 2021 data: Average Training Hours Provided to Employees a. Female – 19.83 hrs/employee ; b. Male 25.00 hrs/employee
Instead of previously reported: Average Training Hours Provided to Employees a. Female – 7 hrs/employee ; b. Male 8 hrs/employee
The restatement was made following the review and correction of data provided from the previous year*

NURTURING TALENT

SPI sustained employee learning and development opportunities through online platforms and an informational campaign during the pandemic. We allocated sufficient budget and used digital learning platforms, coaching, and mentoring. We have enhanced the training programs and refreshment courses to improve operations and promote interest among employees. We have a strategic training plan and relevant company policies for training and personnel development.

Through ongoing training and development programs, SPI employees are equipped with the tools and resources needed to stay up-to-date with industry trends and best practices, improve their job performance, and develop new skills. This not only benefits the employees by enhancing their job satisfaction and career growth, but also benefits the company by increasing productivity, improving customer satisfaction, and ultimately driving business success.

Labor Standards and Human Rights

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

Policies that explicitly disallow violations of labor laws and human rights:

<https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf>
<https://www.shangproperties.com/app/uploads/2021/05/05.pdf>

TOPIC	Y/N		Reference in Company Policy
	2021	2022	
Forced Labor	Y	Y	Code of Business Conduct and Ethics
Child Labor	Y	Y	Code of Business Conduct and Ethics
Human Rights	Y	Y	Code of Business Conduct and Ethics

We take pride in our company's commitment to upholding the highest ethical standards in all aspects of our operations. As such, we are pleased to report that to date, we have not received any reported legal actions or employee grievances regarding forced or child labor within our organization. Our steadfast policies and practices explicitly prohibit any violations of labor laws and human rights, including forced labor, child labor, and human rights abuses. This is a testament to our unwavering dedication to conducting our business with integrity and respect for human rights, and we remain committed to upholding these values in all of our future endeavors.

RIGHTS AT WORK

At SPI, we adopt a proactive approach in promoting a positive and productive work environment through adherence to labor standards and human rights. Code of Business Conduct and Ethics and relevant policies are being implemented to ensure compliance with the DOLE's requirements. We have also established an Employees' Grievance and Feedback Mechanism and regularly conduct employee satisfaction surveys to identify areas for improvement.

To promote awareness of labor standards and human rights, SPI conducts seminars and orientation sessions for all employees and disseminates policies through electronic mail. Additionally, we are planning to organize more engaging activities and workshops related to labor standards and human rights to encourage active participation from employees and stakeholders. Overall, our management approach has created an open and transparent workplace and demonstrated our commitment to maintaining a respectful and inclusive workplace culture.

CUSTOMER EXPERIENCE

At SPI, customer satisfaction is a top priority, as it not only drives retention and referrals but also influences the company's reputation and brand image. By focusing on meeting and exceeding the needs and expectations of our customers, SPI can maintain a loyal customer base, attract new clients, and ultimately increase revenue. In a progressively competitive market, customer satisfaction is a key differentiator, and SPI understands the importance of providing exceptional service to maintain our position as one of the leader in real estate development and property management.

Customer Satisfaction

DISCLOSURE	UNITS	SCORE	
		2021	2022
Customer Satisfaction Score	%	89.83%	85.48%

Customer Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2021	2022
No. of Substantiated Complaints on Product or Service Health and Safety	#	2,827	3,434
No. of Complaints Addressed	#	2,827	3,434

Shang Global City Properties Inc. (SGCPI), a subsidiary of SPI, has reported strong performance in customer satisfaction despite facing challenges posed by the Covid-19 pandemic. SGCPI utilized a third-party vendor to conduct post-stay or post-event surveys, and achieved an impressive consolidated customer satisfaction score of 85%. This score demonstrates a commendable level of performance and is a testament to our continued efforts to provide an exceptional experience for our guests.

With the easing of restrictions, the number of guests has been rising steadily, resulting in a corresponding increase in the number of complaints received. Specifically, there has been a 20% rise in substantiated complaints. Nevertheless, we are pleased to report that all complaints were dealt with promptly and effectively, resulting in a high level of customer satisfaction.

RAISING THE BAR

At SPI, we are committed to maintaining the highest standards in quality, food safety, health and safety. To ensure this, SPI carries out initiatives to obtain relevant certifications and appoints dedicated officers for fire and life safety, health and safety, and hygiene management. In addition, we implement preventive maintenance activities for all health and safety equipment and conduct employees training and awareness programs on complaint management and emergency response. We remain committed to improving customer experience through our complaint management system, DR3, and the establishment of a dedicated Customer Relations Unit (CRU). Employees training and continuous review of customer management systems and procedures further reinforce SPI's customer service culture.

We recognize the potential for improvement in the complaint management system and aims to expand its implementation across all subsidiaries and affiliates to enhance reporting accuracy.

We believe that addressing complaints and concerns is an integral part of our commitment to sustainability and customer service. By taking the time to understand and resolve issues, we can improve our operations and provide an even better experience for our guests.

Moving forward, SPI and its subsidiaries remain committed to sustainability and continuous improvement in all aspects of our business. We will continue to use customer feedback to enhance our services and ensure that our guests have an extraordinary experience every time they stay with us.

United Nations Sustainable Development Goals

Shang Properties Inc. (SPI), with the intention to further 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 2022, SPI identified contributions to six (6) SDGs and their summary is articulated below for easy reference.

ECONOMIC

P678M

Taxes paid

P171M

Investments
to community

985

Total no. of organic
employees



Material Topic/Disclosure: Economic Performance

SPI, as a significant player in the Philippine property market and a leading employer in the hospitality industry, actively contributes to nation-building by creating job opportunities, generating tax revenues for the government, supporting suppliers, making regular community investments through donations and corporate social responsibility initiatives.

ENVIRONMENT

503MT

Waste
Recycled

100%

Environmental
Compliance

10.31%

Wastewater
Recycled



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

Energy, water, and materials are fundamental resources used in SPI's property development projects. Given the criticality of natural resource depletion at both local and global levels, SPI implements proactive measures, such as conservation programs and waste reduction initiatives, to ensure efficient management of resources.

SOCIAL

546,109

Safe man-hours

46%

Female workers in
the workforce

26

No. of employees
from indigenous
communities and
vulnerable sector

0

Work-related fatalities

0 Employee

Grievance
on Forced or
Child Labor

274

No. of Safety drills



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

SPI acknowledges its responsibility to provide a safe and healthy environment for all stakeholders while strictly complying with applicable labor laws and regulations set by the Department of Labor and Employment (DOLE) and other relevant government entities. The company also supports diversity and equal opportunity by fostering an inclusive workplace that values and respects individuals regardless of their gender, ethnicity, background, sexual orientation, or 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:

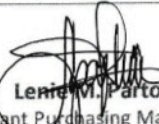
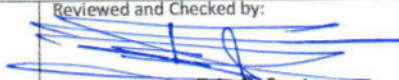
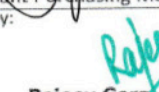
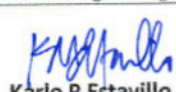
Vendors shall be requested to submit the following documents for accreditation process:

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. Pardo 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



SHANGRI-LA GROUP

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, **the 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, **the 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 (**the 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.

SHANGRI-LA GROUP

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) (the "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) (the "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 (a "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.