



SHANG

PROPERTIES

ANNUAL
SUSTAINABILITY
REPORT
2023

—
A New Chapter
Unveiled: Building
Momentum

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

This annual sustainability performance report covers the holding company, Shang 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 projects: The Shang Grand Tower (built along Dela Rosa Street, Legaspi Village, Makati City), St. Francis Shangri – La Place and One Shangri – La Place, (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 McKinley Parkway corner Fifth Avenue and 21st Drive, Fort Bonifacio Global City, Taguig City, as well as the upcoming posh condominium project located at Bridgetowne Estate, Pasig City known as “Haraya Residences”.

SPI PROPERTY HOLDINGS, INC. (SPI-PHI)

SPI-PHI is a holding company and the realty developer of “Laya by Shang Properties”, an upcoming real estate project that offers vibrant residential spaces to its customers. The project is located at Christian Route, Brgy. Oranbo, Pasig City.

SPI LAND DEVELOPMENT, INC. (SPI-LDI)

SPI-LDI is a realty developer undertaking the construction of a residential condominium development project located along Sgt. Esguerra Avenue corner Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

SPI PROPERTY DEVELOPERS, INC. (SPI-PDI)

SPI-PDI is the realty developer of a proposed office and serviced apartment project known as “Shang One Horizon”, which is located at Shaw Boulevard, Mandaluyong 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

January 1 to December 31, 2023

Highest Ranking Person responsible for this report

Atty. Emiluisa C. Penano
Compliance Officer / Deputy General Counsel

Materiality Process

Shang Properties, Inc. (SPI) is pleased to present its sustainability performance report for the fiscal year 2023. We report key sustainability areas by adhering to the guidelines set forth by the Philippines Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019, and with reference to the GRI standards where they are applicable. Our Company continues to utilize its existing materiality assessment process to identify and prioritize our most important topics.

During this reporting period, the Sustainability Core Team launched a comprehensive review of SPI's sustainability framework and material topics to ensure that these meet the necessary business requirements.

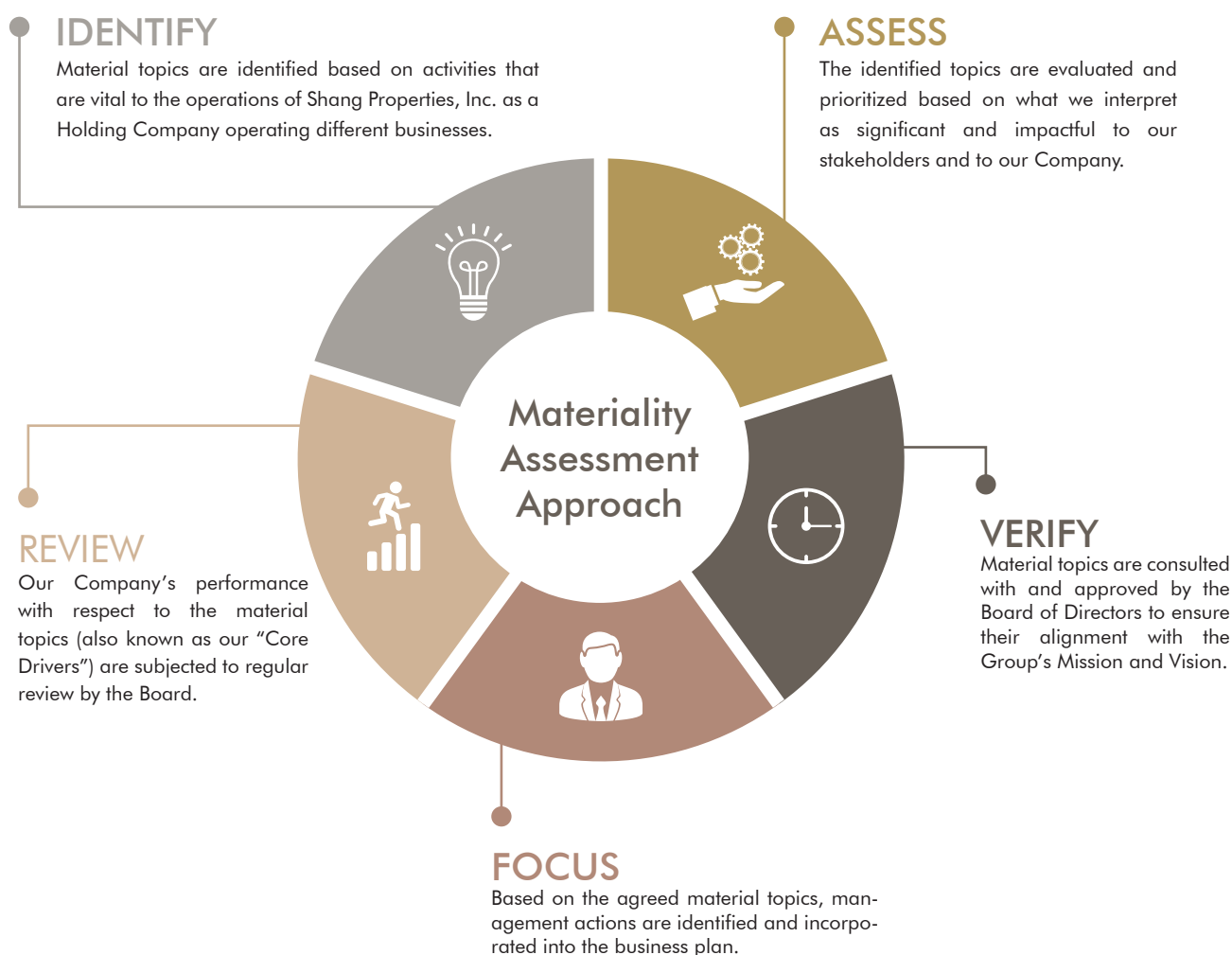


Figure 1 Materiality Assessment Approach

Sustainability Framework

By employing our established materiality assessment process, we identified core drivers crucial for shaping our sustainability framework, as shown below. We continue to report on our most impactful topics in order to evaluate the business resilience of our Company and our progress towards sustainability goals.



Figure 2 SPI Core Drivers

Stakeholder Engagement

Our Company understands that stakeholder engagement is a valuable step towards addressing stakeholder needs and fostering stronger relationships. As such, the Company has identified its key stakeholders and tailored specific engagement methods that best suit each group. The following table provides an overview of these stakeholders and their respective modes of engagement.

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 wellbeing
Customers and Guests	Customer satisfaction surveys Telephone 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



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INVESTMENT MANAGEMENT

Direct Economic Value Generated & Distributed

SPI's economic performance is driven by a diverse portfolio of businesses and properties, which include malls, residential complexes, offices, and other real estate ventures. These businesses are prominently influenced by market demand, which, in turn, not only directly affects the Company's annual economic performance but significantly impacts various stakeholders as well. These impacts are multifaceted, encompassing vital factors such as shareholder value, investment in local businesses (suppliers), community development (CSR), and contributions to nation-building through taxes. The following financial data presents a comprehensive snapshot of the operations and financial commitments of the Company:

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Direct Economic Value Generated (Revenue)	PHP	10,833,823,837	13,339,788,291
Direct Economic Value Distributed:			
a. Operating Costs	PHP	3,743,630,237	5,226,553,499
b. Employee Wages and Benefits	PHP	678,126,824	335,131,480
c. Payments to Suppliers, Other Operating Costs	PHP	1,867,827,902	1,228,283,867
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	1,543,106,959	1,482,528,324
e. Taxes given to Government	PHP	412,799,412	138,687,025
f. Investments to Community (e.g. Donations, CSR)	PHP	171,449,802	51,050,000

This year, SPI experienced a 28.7% increase in revenue, attributed to heightened hotel operations, increased sales in residential units, and a higher number of tenants in our mall and office properties. Further breakdown of generated economic value shows condominium sales as the highest source of revenue for the Company. Other major sources of income include leasing, hotel-related operations, and management services. It is also important to note that our three additional subsidiaries – SPI Property Holdings, Inc. (SPI-PHI), SPI Land Development, Inc. (SPI-LDI), and SPI Property Developers, Inc. (SPI-PDI) – did not generate revenue for the year 2023.

Higher generated revenue consequently resulted in a higher distribution of direct economic value. Similar to the year prior, economic value was most allocated to operating costs, payments to suppliers, and dividends and interest payments. Amidst evolving work dynamics and the changing landscape, SPI is determined to continue upholding its commitment to corporate social responsibility. In line with this, our Company has invested in education, environmental, and social welfare programs primarily directed at the grassroots level. Through our charity coordinating body, Kerry Foundation Phils., we have launched feeding and livelihood programs that greatly address local needs and concerns.

Balancing Profit and Purpose

SPI and its subsidiaries adhere to a stringent set of economic policies and principles embedded in the SPI Manual on Corporate Governance and Code of Business Conduct and Ethics. These serve as our guiding frameworks for the Company's management approach towards the accurate and timely disclosures of our economic performance. In addition, we further integrate a financial risk management strategy to mitigate potential negative impacts of market volatility on our financial performance. This involves the meticulous assessment and monitoring of our financial objectives and budgets, financial information reports, tracking of deviations between targets vs. actual performance, the delegation of necessary authority and leadership, and the establishment of transparent channels for accountability. By doing so, we are able to safeguard our business operations and assets from potential losses, thereby promoting sustainable growth and resilience amid market volatility.

Amid our business ventures, we further acknowledge the impact of our commercial operations to society, and thus it is imperative that we also play a critical role in establishing a better future for all. Guided by our Corporate Social Responsibility policy, we strictly adhere to our non-negotiable commitment to positively impact the people and planet. We seek to enforce programs that are relevant to the needs of local communities and environments, such as launching relief operations to calamity-stricken areas, providing free venues for socially-relevant events, selecting partners with commitments to green practices, and managing our wastes and resources. Moreover, we actively demonstrate our commitment to community wellbeing through Kerry Foundation Phils., a non-profit organization that advances humanitarian advocacies related to education, climate change, livelihood, and other similar areas.

GOOD GOVERNANCE

Training on Anti-Corruption Policies and Procedures

In SPI's pursuit towards business integrity, our Company is strictly governed by the highest ethical standards. Our commitment to anti-corruption and responsible stewardship does not only safeguard the reputation of our organization, but it also serves as a critical business strategy to ensure our successful operations in the long run. In this manner, we are able to uphold the trust and confidence of our stakeholders while protecting our operations from legal and financial risks.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
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	
		2022	2023
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
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0

SPI continues its long-running streak of having zero occurrences of corruption among our management, employees, and business partners. We take great pride in this achievement as it reflects our unwavering dedication to the integrity, transparency, and accountability within our Company. As we continue our journey forward as a responsible business, we remain steadfast in ensuring that these values are reinforced to all our employees, affiliates, and all other parties involved in business proceedings.

Transparency In Action

At the core of our anti-corruption efforts lies an uncompromising set of policies and procedures designed to prevent, detect, and address any instances of corruption within our organization. These policies are built on a zero-tolerance approach to bribery, extortion, embezzlement, and other forms of corrupt practices, all of which are integrated into our Code of Business Ethics, Code of Conduct, and Fraud Policy. As part of our process, we conduct thorough due diligence assessments involving regular audits, reviews, and risk assessments to mitigate any potential risk of interacting with corrupt activities and suspicious groups. Our Company further provides multiple avenues for our stakeholders to disclose unethical and illegal practices through our 2023 Whistleblowing Policy. This ensures that all individuals who come forward to relay information related to malpractice will be guaranteed non-discriminatory treatment, confidentiality, and protection from retaliation.

By maintaining these rigorous measures, we drive a principled, corporate culture that continues to prioritize fair competition, integrity, and due diligence.

Labor-Management Relations

We highlight the significance of positive labor-management relations as part of our commitment to corporate responsibility. We identify fair treatment, open communication, and mutual respect between management and employees as key pillars to achieving a work environment and culture that meets the expectations of both parties.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
% of Employees Covered with Collective Bargaining Agreements	%	N/A	N/A
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	7	0

In our ongoing relationship with our employees, we report an absence of requests for consultations regarding any of our employee-related policies. This suggests positive reception of our current programs and Human Resource mandates, such as flexible working hours, corporate gatherings, and active business involvement. As we progress, our focus remains on nurturing a culture that continues to foster trust, transparency, and collaboration between management and employees.

Empowering Our Workforce

The Company proactively ensures its compliance with all relevant labor laws and regulations. We have put in place various policies and procedures to safeguard the safety and well-being of our employees, while also fulfilling our obligations in accordance with the Department of Labor and Employment (DOLE) requirements and other relevant government entities.

SPI is committed to strengthening its engagement with employees through the Employee Grievance and Feedback Mechanism. This initiative provides an avenue for employees to express their concerns while also equipping management with essential data to address possible gaps promptly and effectively in management. Our Company also conducts an annual Organizational Climate Survey, which serves to determine employee satisfaction levels and make necessary adjustments to existing employee-related policies and programs.



ENVIRONMENT



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RESPONSIBLE BUSINESS

Resource Management

Energy Consumption within the Organization

Understanding and managing energy is a critical component in reducing an organization's environmental footprint. Financial expenses also arise from energy-intensive business operations, and thus energy management is not only an environmental obligation but an economic necessity as well. As a conscientious organization, we are committed to amplifying our initiatives to reduce energy consumption towards greater sustainability practices.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Renewable Resources	GJ	0	2,000
Gasoline	GJ	459	2,130
LPG	GJ	21,238	34,146
Diesel	GJ	23,333	26,074
Electricity	kWh	96,858,937	116,915,734

This year marks an important milestone as we successfully incorporated renewable resources into our energy portfolio. We also observed a significant rise in fuel and electricity consumption compared to 2022, which is associated with three additional subsidiaries under SPMSI disclosing their energy consumption for the current fiscal year. Furthermore, this increase is also associated with sustained and uninterrupted operations in 2023, thereby allowing our businesses to freely operate in the sectors of construction and development, maintenance, and other services.

Energy Challenge

Because energy consumption is a cornerstone of all our business operations, it is necessary for us to adapt our existing energy practices towards environmental and economic resilience. This year, a number of our employees attended courses to acquire certifications on energy and its management. We also continue to adopt energy-optimizing green practices across our subsidiaries to ensure our advancement towards reducing our environmental footprint. We especially highlight one of our outstanding subsidiaries, The Fort Bonifacio Shangri-La Hotel, Inc., for being one of the few developments in the Philippines who successfully adhere to the Leadership in Energy and Environmental Design (LEED) standards. This achievement is a big step towards our transition to environmentally progressive development planning as it encourages the resource efficiency of our buildings. We eagerly anticipate our subsidiaries embracing this initiative and devising their unique green practices. Moving forward, we continue to explore responsible green initiatives that we can further integrate into our business strategies.

Materials Used by the Organization

SPI recognizes the adverse impacts of improper waste generation to both the environment and the community. As such, understanding and managing the impact of materials is crucial for sustainable business practices. We at SPI acknowledge the circular economy principles to transition waste management away from linear consumption and towards a cyclical, regenerative strategy that emphasizes resource optimization.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Materials Used by Weight/Volume			
Renewable	Kg or L	291,320	200
Non-Renewable	Kg or L	16,381,251	21,090
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	0

Large-scale construction projects in 2022 resulted in a surge of renewable and non-renewable materials utilized by our company. Following the completion of SRPI's Haraya Residences project in 2023, we observed a significant reduction in materials used across our operations, in line with our adherence to responsible resource utilization.

Materials Matter

SPI remains committed to abiding by all rules and regulations applicable to material and waste management. Our Company has designated a dedicated Pollution Control Officer who has undergone the required training courses and manages our compliance with environmental laws. We also enforce strict Environmental, Occupational Health, and Safety (EHS) protocols and standards for the loading, unloading, and transport of materials.

In addition to strengthening our existing resource utilization strategies, we plan on taking a step further by exploring avenues to integrate circular economy principles into our waste management systems. We additionally plan to seek external consultations from environmental experts to further enhance our understanding on achieving sustainable economies.

Water and Effluents

Management of water and effluents is one of the most essential aspects in evaluating an organization's advancement towards sustainable practices. Recognized by the UN Sustainable Development Goals as a basic right, clean water and security should be a top priority across industries who especially deal with the natural environment.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Water Consumption	m ³	1,327,863	1,133,242
Water Recycled and Reused	m ³	136,922	177,123
Total Volume of Water Discharges	m ³	618,684	890,261
Percent of Wastewater Recycled	%	10.31	15.74

Even with full operational capacity for fiscal year 2023, we are pleased to report a 17% decrease in our annual water consumption, attributed to regular maintenance of our water facilities and conscious monitoring of our water usage. We were also able to increase our water recycling efforts by 23%, an achievement that reinforces our commitment to reducing our water footprint. Despite a rise in water discharge observed this year, we have diligently ensured that this was offset by heightened action in water and wastewater recycling.

Water Stewardship

Responsible water management remains a critical component in SPI's corporate sustainability strategy. 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.

We will be continuing our water conservation efforts, particularly in our regular maintenance of water supply valves, installation of water-efficient fittings, and the utilization of rainwater for non-potable use. We also continue our regular water audits to identify urgent areas for improvement and we engage with our stakeholders to collaborate on feasible projects geared towards improving water recycling.

Air Emissions

We recognize the critical importance of managing air emissions to protect human health, preserve natural ecosystems, and combat climate change. As stewards of sustainability, we are committed to reducing our environmental footprint and minimizing the impact of our operations on air quality.

GHG Emissions

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Direct (Scope 1) GHG Emissions	Tonnes CO ₂ e	2,917	3,914
Energy indirect (Scope 2) GHG Emissions	Tonnes CO ₂ e	61,215	74,358

Air Pollutants

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
NOX	kg	0.04	N/A
SOX	kg	0	N/A
Persistent Organic Pollutants (POPs)	kg	0	N/A
Volatile Organic Compounds (VOCs)	kg	0	N/A
Hazardous Air Pollutants (HAPs)	kg	0	N/A
Particulate Matter (PM)	kg	0	N/A

We recorded an increase in greenhouse gas (GHG) emissions, brought about by increased construction operations handled by our new subsidiaries. We note that the recording of air pollutants this year was not required by the corresponding environmental regulatory board, hence, no data is provided. However, we identify possible sources of air pollutants to be coming from our generator sets, company service vehicles, boilers, and other combustion equipment.

Caring For Our Planet

Our Pollution Control Officer also oversees the processes needed to monitor all sources of air pollution within the company. Heavy industrial equipment is regularly evaluated to determine necessary maintenance services, repairs, and management. Furthermore, machinery owned by the company that no longer meets environmental standards and regulations are immediately replaced and phased out.

We also continue to pursue carbon-offset strategies through tree-planting initiatives and other programs. In the near future, we look forward to exploring innovative ways to reduce pollutants in our business operations, such as further enhancing our environmental monitoring systems.

Solid and Hazardous Wastes

We recognize that mismanagement of solid and hazardous wastes among large corporations can result in drastic impacts to the environment and surrounding communities. We at SPI value the health and wellbeing of our external stakeholders, and it matters to us that we make a positive impact on the planet. As one of the leading real estate companies in the Philippines, it is also crucial for us to set an example in waste management to be at par with, and/or help set the pace for other major corporations to follow suit.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Total Solid Waste Generated	kg	3,743,894	5,117,882
Reusable	kg	0	0
Recyclable	kg	502,903	854,337
Composted	kg	114,899	277,110
Incinerated	kg	0	0
Residuals / Landfilled	kg	2,926,044	2,476,820
Total Weight of Hazardous Waste Generated	kg	33,892	65,732
Total Weight of Hazardous Waste Transported	kg	17,188	88,873

We experienced a significant increase in total solid waste and total hazardous waste generated as a result of our increased operations for the year 2023. In order to offset this, we ensured that we expedited our recycling and composting operations. As such, we recorded a significant surge of 41% in recyclable waste, alongside a noteworthy 59% rise in composted waste. These accomplishments were driven by waste management technology implemented across our subsidiaries, thus underscoring our progress towards circularity of our material goods.

A significant increase in generated hazardous waste was recorded this year, which stems from maintenance activities which were otherwise not conducted in 2022, such as strenuous oil changes to our generator sets and extensive refurbishment of busted lighting fixtures across the majority of our properties. Furthermore, we noted higher usage of containers compared to 2022.

Rethinking Waste

In order to manage waste across all our subsidiaries, we implement a Waste Data Collection System (WDCS) to streamline and audit the collection and segregation process of our generated wastes. We also continue the implementation of our paperless check-in systems and recycle old, printed collaterals to reduce paper waste.

Furthermore, all our processes related to waste management are overseen by our Pollution Control Officer to ensure our compliance with mandatory environmental laws and regulations.

Environmental Compliance

At SPI, adhering to environmental compliances is not solely to meet environmental requirements. Rather, it's a bold statement of our values and our vision for a better, more sustainable world. As leaders, we make a lasting, positive impact on the environment by forwarding responsible business practices.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
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

This year, we continue our streak in meeting all our environmental laws and regulations without any violations to non-compliance. We also continue to push forward our commitment to transparency and disclosures to ensure that accountability exists when needed, thus driving continuous improvement and progress.

Beyond Compliance

We guarantee adherence to all applicable environmental laws, rules, and regulations. The company has also implemented a comprehensive environmental management system and a dedicated Pollution Control Officer to manage our compliance.

Our journey towards environmental compliance and sustainability is a dynamic and ongoing process. We embrace a culture of innovation, collaboration, and continuous improvement to address emerging environmental challenges and enhance resilience in a rapidly evolving world.



SOCIAL



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Diversity, Equal Opportunity, & Anti-Discrimination

We at SPI understand that having a diverse workforce brings together unique perspectives, collaborations, and talents that enrich our organization and allow us to better serve our stakeholders. This is why we prioritize creating an inclusive environment where individuals come from a wide set of backgrounds; it is important that all our employees feel valued, respected, and empowered, which enables them to contribute their best work.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
% of Female Workers in the Workforce	%	46	45
% of Male Workers in the Workforce	%	54	55
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	26	42

For 2023, we continue to maintain a close ratio of female to male employees. Our Company is also pleased to report an outstanding 50% increase in talents who identify as Indigenous and/or from vulnerable sectors. Overall, we are truly proud to provide equal opportunities for all members of the community, and we continue to extend guidance and help so all our employees reach their full potential.

Approach to Inclusion

Our abidance to equal opportunity policies underscores our unwavering commitment to maintaining a fair and equitable workplace. We prohibit discrimination of any kind, including (but not limited to) race, color, religion, sexual orientation, or any other characteristic protected by applicable law. We are committed to ensuring that all aspects of recruitment and employment follow the labor laws and regulations issued by the Department of Labor and Employment (DOLE).

Furthermore, we strictly follow our anti-discrimination, anti-harassment, and human rights policies and procedures embedded in the SPI Code of Conduct and Business Ethics. By championing equal opportunities and anti-discrimination policies, we not only attract top talent but also build trust and credibility with our stakeholders.

RISK MANAGEMENT

Occupational Health & Safety

Occupational Health and Safety (OHS) plays a crucial role in our daily operations. Prioritizing the safety and well-being of our employees, contractors, and customers is not just a legal and moral obligation but also a vital element for sustaining productivity and minimizing costs related to workplace accidents and injuries. Given the diverse tasks in our industry, spanning construction sites, maintenance, repair, and property management, we acknowledge the inherent risks for employees and workers. SPI recognizes the significance of emphasizing OHS measures to proactively prevent workplace incidents, reinforcing our positive reputation in the industry.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Safe Man-Hours	Man-Hours	546,109	850,250
No. of Work – Related Injuries	#	4	11
No. of Work – Related Fatalities	#	0	0
No. of Work – Related Ill-Health	#	6	4
No. of Safety Drills	#	274	519

We consistently monitor, report, and document our safe man-hours, inclusive of all conducted drills and any incidents such as injuries or illnesses. In 2023, we reported a significant 56% increase in safe man-hours. This rise is a result of heightened safety measures across our properties, which include the establishment of the SPI Core Group OSH Committee, designation of safety officers and an OSH committee for each property, mandatory 8-hour safety and health seminar conducted for all SPI employees, and the conduct of other OSH-related trainings such as Fire and Life Safety Awareness.

In previous years, each property conducted a total of only 4 drills per month. However, with the onset of the 1st quarter in 2023, Property Management issued a directive for all properties to elevate their safety and health standards by conducting a minimum of 6 drills per month. This included 2 fire drills, 2 medical drills, and 2 safety/security-related drills. Furthermore, we diligently maintained our 2 exit drills which were mandatory every year. As a result of these stringent measures, we achieved an impressive 89% increase in the annual number of safety drills conducted within our organization.

Fostering a Safer Workplace Culture

SPI is dedicated to upholding rigorous Occupational Health & Safety (OHS) standards by consistently adhering to international and local OHS laws, rules, and regulations. To reinforce our commitment to a secure work environment, we maintained an Occupational Health and Safety Management System (OHSMS) aligned with ISO 45001:2018 requirements. A substantial budget for Personal Protective Equipment (PPE) underscores our dedication, and we have implemented a comprehensive OHS program that integrates our pledge to comply with pertinent OHS legislation, Codes of Conduct, guidelines, and our Zero Accident Vision.

SPI places a premium on identifying and controlling potential OHS hazards within the workplace. We emphasize the importance of continuous education for employees on OHS and EHS-related topics. Conducting an annual Fire Safety Seminar and Fire Evacuation Drill, encouraging employees to undergo regular physical exams or executive check-ups, and providing anti-flu vaccine shots are integral components of our safety initiatives.

Through our proactive focus on OHS, our objective is to cultivate a workplace environment that is both safe and healthy, fostering employee satisfaction and appealing to clients who value responsible and ethical business practices. SPI remains steadfast in ensuring compliance with legal and regulatory requirements, thereby safeguarding the well-being of our workers, contractors, and stakeholders across all our operations.

Supply Chain Management

The challenges faced during recent global disruptions have emphasized the crucial role of supply chain management in ensuring business continuity and resilience. At SPI, we recognize the significance of efficient supply chain management, especially in the timely delivery of materials and services essential for our property management, particularly in real estate development or construction projects.

Our commitment to effective supply chain management goes beyond operational efficiency. It plays a vital role in streamlining our processes, reducing costs, and enhancing customer satisfaction by ensuring projects are completed on time and within budget. Furthermore, it empowers us to proactively address supply chain risks, including those stemming from natural disasters or unforeseen challenges, while also identifying opportunities for innovation and growth. This experience has heightened our awareness of the continuous need to enhance supply chain management processes to maintain a competitive edge in the market.

Sustainability Topics when Accrediting Suppliers

TOPIC	2022	2023
Environmental Performance	✓	✓
Forced Labor	✓	✓
Child Labor	✓	✓
Human Rights	✓	✓
Bribery and Corruption	✓	✓

Referenced in Company Policy: Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure and Section 5 of the Supplier Code of Conduct.

In our dedication to responsible sourcing, we ensure that all our suppliers adhere to the SPI Supplier Code of Conduct and Vendor Accreditation Procedure. Our policies comprehensively cover various sustainability aspects, including environmental performance, human rights management (anti-forced labor and anti-child labor), and anti-bribery and anti-corruption measures. We firmly believe that these commitments are essential in building a supply chain that not only benefits our business but also contributes positively to society.

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 anti-corruption. 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	
		2022	2023
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	99.91	98.00

Procurement budget on local suppliers slightly decreased in 2023 solely due to Microsoft 365 requirement ride on cost with Hong Kong affiliates. Apart from this, SPI maintains almost full reliance on local suppliers across its value chain. By prioritizing local sourcing, SPI fosters the growth of local enterprises and reduces the environmental footprint associated with sourcing supplies from outside the country.

Responsible Sourcing

At SPI, we value the importance of responsible sourcing for both our business success and the creation of a sustainable future. To uphold these values, we have implemented a management approach that encourages our suppliers to adhere to the SPI Supplier Code of Conduct.

Our supplier code of conduct outlines clear standards regarding 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, and intellectual property rights. We believe these expectations are essential in fostering a responsible and sustainable supply chain.

Our supplier selection process is conducted thoughtfully, focusing on finding partners who not only meet but also exceed our requirements. Through close collaboration, we work alongside our suppliers to ensure ongoing compliance, as we believe this collaborative effort is pivotal in cultivating a supply chain that aligns with our commitment to responsibility and sustainability.

Customer Privacy & Data Security

In the digital era, safeguarding customer privacy is of paramount importance. The proliferation of online data sharing and storage necessitates proactive measures to protect this sensitive information. Neglecting this responsibility can lead to severe legal and financial repercussions, along with potential damage to the company's reputation. At SPI, our commitment to prioritizing customer privacy not only mitigates risks but also raises confidence among our customers, fostering long-term relationships and driving business growth.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
No. of Substantiated Complaints on Customer Privacy	#	0	0
No. of Complaints Addressed	#	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

Throughout the reporting period, our unwavering commitment to protecting our customers' data privacy has yielded positive results. We are pleased to report zero customer privacy complaints, instances of misuse of customer data, or any data breaches, leaks, thefts, or losses.

Commitment to Privacy and Security

Our Data Privacy Officer (DPO) diligently oversees compliance with the Data Privacy Act of 2012 (RA 10173) and other pertinent data privacy and security laws, rules, and regulations.

To fortify the protection of our critical information assets, SPI has implemented a robust internal management system governing data privacy. Regular training programs and awareness initiatives on customer privacy and data security, along with preparedness and response drills for employees, contribute to our proactive approach.

In addition, we subject our IT applications and environment to regular penetration tests and independent reviews (VAPT). Annual internal audits and comprehensive external security audits are conducted and complemented by routine backup procedures and periodic antivirus software updates.

Moving forward, SPI acknowledges the ongoing importance of employee training on data security and protection. We plan to introduce a series of courses to fortify our defenses against data breaches, leaks, thefts, and losses, including cyber-attacks. Our commitment to a proactive stance on data privacy and security remains steadfast to safeguard customer information and ensure regulatory compliance.

EMPLOYEE WELFARE

Employee Hiring & Benefits

As a company dedicated to prioritizing employee satisfaction and retention, we understand the profound impact our workforce has on the success of our projects and overall business performance. At SPI, we attract and retain top talent in the industry by offering competitive salaries, comprehensive health benefits, and other enticing incentives. This not only ensures the high quality of work produced by our employees but also fortifies the company's reputation and credibility in the industry. With a content and engaged workforce, we are well positioned to consistently deliver exceptional real estate development and property management services to our clients.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Total Number of Employees	#	985	783
a. Number of Female Employees	#	458	354
b. Number of Male Employees	#	527	429
Attrition Rate	%	4	9
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1:1.42	1:1.18

Percentage of Employees Availing the Benefits

DISCLOSURE	2022	2023	Female	Male
SSS	✓	✓	16%	19%
PhilHealth	✓	✓	20%	9%
PAG - IBIG	✓	✓	18%	18%
Parental Leaves	✓	✓	0%	1%
Vacation Leaves	✓	✓	8%	8%
Sick Leaves	✓	✓	8%	8%
Medical Benefits (Aside from PhilHealth)	✓	✓	33%	21%
Retirement Fund (Aside from SSS)	✓	✓	11%	4%
Flexible – Working Hours	✓	✓	8%	8%

We recorded a 21% decrease in our workforce for the fiscal year 2023. This is due in part to the exclusion of consultants in our headcount as they are not part of our organic and project-based headcount. As a result, our attrition rate also increased. Notably, we observed an increase in employees availing government-mandated employee benefits, medical benefits, and retirement funding compared to 2022, linked to increased individual interests in security. Ensuring the safety and well-being of our employees remains a priority, and it is encouraging to witness our workforce adapting and thriving under the ever-changing landscape.

Culture of Care

SPI has a strong commitment to the health, safety, and welfare of our employees. We actively promote good work habits and provide resources to support their well-being. Comprehensive insurance coverage, including accident, critical, life, medical, and hospitalization insurance for employees and their dependents, is a cornerstone of our benefits. Regular medical and health updates are communicated through our health partners and service providers.

To foster a healthy workforce, we encourage annual executive check-ups or physical examinations for health maintenance. Anti-flu vaccine shots are provided to employees and their immediate family members, charged to the employee's account. Organizing sports fest events and summer outings contributes to wellness, teamwork, and camaraderie beyond the work environment.

We acknowledge and respect our employees' need for time away from work, promoting quality of life through our leave benefit programs. A retirement plan ensures financial stability for employees leaving full-time roles, and medical coverage is extended to regular and confirmed project-based employees. Overall, our company endeavors to create a positive work environment that supports the physical and mental well-being of our employees.

Employee Training & Development

Employee training and development stand as pivotal components for the success of any company. By dedicating resources to enhance our employees' skills and knowledge, we ensure their ability to deliver top-tier services to our clients and maintain a competitive edge.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
Total Training Hours Provided to Employees			
a. Female Employee	Hours	8,851	9,796
b. Male Employee	Hours	12,753	13,805
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	19.33	60.50
a. Male Employees	Hrs/Employee	24.20	82.50

In 2023, we made a strategic commitment to amplify the skills and expertise of our workforce. As a result, we achieved an astounding 100% surge in training hours compared to the previous year, underscoring our unwavering dedication to employee development and growth.

This rise is the outcome of a substantial escalation in internal training sessions aimed at fostering technology literacy and OSH awareness within the company, which include training on a new management software for HR relations as well as fire, life, and safety seminars. In addition, our workforce engaged in external training programs covering essential areas such as cost management in procurement, strategic purchasing, internal audit certification, and basic training sessions for pollution control officers.

Nurturing Talent

Amidst evolving work dynamics, SPI has consistently prioritized employee learning and development, adapting to the changing landscape by embracing online platforms and informational campaigns. We allocate a sufficient budget to leverage digital learning platforms, coaching, and mentoring, ensuring our workforce remains equipped for the challenges of the contemporary workplace. Our training programs and refreshment courses are continually enhanced to elevate operations and spark interest among employees in this transformed environment. A strategic training plan and relevant company policies underscore our commitment to continuous training and personnel development.

Ongoing training and development programs at SPI provide employees with the tools and resources necessary to navigate industry trends, embrace best practices, enhance job performance, and cultivate new skills. This commitment not only benefits employees by enhancing job satisfaction and fostering career growth but also serves the company by boosting productivity, elevating customer satisfaction, and ultimately driving business success in the current work environment.

Labor Standards & Human Rights

The adherence to labor standards and human rights forms a foundational commitment for SPI. Recognizing the paramount importance of respecting human rights and maintaining labor standards throughout our operations, we emphasize this not only for ethical considerations but also for legal compliance and reputation management. Failing to uphold these standards can lead to detrimental consequences for both the company and its stakeholders, encompassing legal penalties, reputational damage, diminished employee morale, higher turnover, and decreased productivity. Consequently, we remain steadfast in our commitment to champion fair labor practices, ensure workplace safety, and protect the human rights of our employees, customers, and communities.

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

Policies

Our commitment to the highest ethical standards is evident in our policies, explicitly disallowing any violations of labor laws and human rights. For further details, please refer to our Code of Business Conduct and Ethics:

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

<https://www.shangproperties.com/app/uploads/2021/05/05.pdf>

TOPIC	2022	2023	Reference in Company Policy
Forced Labor	✓	✓	Code of Business Conduct and Ethics
Child Labor	✓	✓	Code of Business Conduct and Ethics
Human Rights	✓	✓	Code of Business Conduct and Ethics

We proudly report that, to date, we have not received any legal actions or employee grievances related to forced or child labor within our organization. Our stringent policies and practices explicitly prohibit such violations, serving as a testament to our unwavering dedication to conducting business with integrity and respect for human rights. This commitment remains steadfast in all our future endeavors.

Rights at Work

At SPI, our proactive approach emphasizes fostering a positive and productive work environment by strictly adhering to labor standards and human rights. The implementation of the Code of Business Conduct and Ethics, along with relevant policies, ensures compliance with the Department of Labor and Employment's requirements. Establishing an Employees' Grievance and Feedback Mechanism and conducting regular employee satisfaction surveys enables us to identify areas for improvement.

To raise awareness of labor standards and human rights, SPI conducts seminars, orientation sessions, and disseminates policies through electronic mail. Future plans include organizing engaging activities and workshops related to labor standards and human rights to encourage active participation from employees and stakeholders. Overall, our management approach promotes an open and transparent workplace, demonstrating our unwavering commitment to maintaining a respectful and inclusive workplace culture.

CUSTOMER EXPERIENCE

Customer Satisfaction

At SPI, customer satisfaction is a paramount focus, as it not only cultivates loyalty and referrals but also significantly impacts the company's reputation and brand image. By prioritizing the fulfillment of our customers' needs and exceeding their expectations, SPI aims to sustain a loyal customer base, attract new clients, and ultimately augment revenue. In an increasingly competitive market, customer satisfaction emerges as a crucial differentiator, and SPI comprehends the importance of delivering exceptional service to maintain our standing as leaders in real estate development and property management.

DISCLOSURE	UNITS	SCORE	
		2022	2023
Customer Satisfaction Score	%	85	89

Customer Health & Safety

DISCLOSURE	UNIT	QUANTITY	
		2022	2023
No. of Substantiated Complaints on Product or Service Health and Safety	#	3,434	4,798
No. of Complaints Addressed	#	3,434	4,798

Shang Global City Properties Inc. (SGCPI), a subsidiary of SPI, achieved robust customer satisfaction performance in 2023. Apart from utilizing a third-party vendor for post-stay or post-event surveys, business process improvements to gain customer insights allowed for SGCPI to attain a customer satisfaction score of 89%. This is 5% higher than the year 2022, and reflects our unwavering commitment to delivering an exceptional experience for our guests.

As guest numbers increase, there has been a corresponding uptick in complaints, resulting in a 40% increase in substantiated complaints. This surge is a result of increased business activities across our business units. Despite this rise, we proudly report that all concerns were efficiently and promptly addressed, ensuring ongoing customer satisfaction.

Raising the Bar

At SPI, our unwavering commitment to upholding the highest standards in quality, food safety, and health and safety is at the core of our operational philosophy. To fortify this commitment, SPI actively pursues relevant certifications and appoints dedicated officers overseeing fire and life safety, health and safety, and hygiene management. Our proactive approach extends to implementing preventive maintenance activities for all health and safety equipment, coupled with ongoing employee training and awareness programs focusing on complaint management and emergency response.

We persistently strive to enhance the customer experience through our robust complaint management system, DR3, and the establishment of a dedicated Customer Relations Unit (CRU). Our emphasis on employee training and continuous review of customer management systems and procedures serves to reinforce SPI's customer service culture.

Recognizing the potential for improvement, we aspire to expand the implementation of our complaint management system across all subsidiaries and affiliates, aiming to enhance reporting accuracy and streamline our response mechanisms.

We firmly believe that addressing complaints and concerns is integral to our commitment to sustainability and exceptional customer service. By investing time to comprehend and resolve issues, we not only enhance our operational efficiency but also provide an even better experience for our valued guests.

Looking ahead, SPI and its subsidiaries maintain an enduring commitment to sustainability and continuous improvement across all facets of our business. Harnessing the power of customer feedback, we will persistently refine our services, ensuring that every guest enjoys an extraordinary experience every time they stay with us.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC



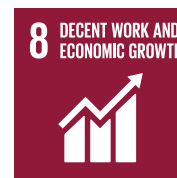
P157M
Taxes paid



P51M
Investments
to community



783
Total no. of
organic employees



Material Topic/Disclosure: Economic Performance

As a prominent entity in the Philippine property market, SPI actively promotes sustainable development by fostering job creation, contributing to government tax revenues, nurturing supplier relationships, and investing in communities through donations, and exploring more impactful corporate social responsibility endeavors.

ENVIRONMENT



854,337 kg
Waste
Recycled



100%
Environmental
Compliance



15.74%
Wastewater
Recycled



Material Topics: Resource Management, Environmental Impact Management, Environmental Compliance

The environment is our most vital partner from which we derive the resources necessary for the success of our business operations. We at SPI recognize the urgency of addressing resource availability, and as such we incorporate new technology and conscious material, water, and energy management initiatives to contribute to a more sustainable and circular economy.

SOCIAL



850,250
Safe man-hours



45.21%
Female workers in the
workforce



42
No. of employees from
indigenous communities
and vulnerable sector



0
Work-related fatalities



0
Employee Grievance
on Forced or Child Labor



519
No. of Safety drills

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

Being one of the largest employers in the Philippines' hospitality and real estate industry, we recognize the grand duty we hold in ensuring a safe and healthy environment for our employees, customers, and all other stakeholders. As such, we strictly comply with applicable labor laws and regulations set by the Department of Labor and Employment (DOLE) and other relevant government entities. Furthermore, we recognize that our company thrives in diversity. We maintain a safe and inclusive workplace that values and respects individuals regardless of their gender, ethnicity, background, sexual orientation, or beliefs.



ANNEX 1

VENDOR ACCREDITATION PROCEDURE



Artists' image for illustration purposes only



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 at all business units including Administrative-Related or Non-Projects purchases of 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 Professional Fees
- j. Non-profit and Charitable Institutions
- k. Top 10 Insurance Companies (Non-Life)
- 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, Mobile Clinics

- o. Utility companies (electricity, water, and gas)
- p. Banks
- q. Newspaper or publishing companies,
- r. Telecom companies
- s. SPI Mall Tenants
- t. Garbage Haulers
- u. Top 100 companies in the Philippines declared by Securities and Exchange Commission (SEC). As support document, vendors belonging to Top 100 companies shall be required to submit SEC Certificate of Top 100 listing the name of the vendor.
- v. Spot Purchase less than 3,000.00 PHP. (Petty Cash)
- w. Vendors with less than Fifteen (15) Purchase Orders and not more than PHP 300,000.00 of annual cumulative purchase.
- x. One time/ Emergency Purchase. However, for Emergency purchase worth >PHP 300K accreditation should commence parallel or right after issuance of Purchase Order (PO).

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 1.8F9 Vendor Information Sheet (VIS)
- 2.3 DP-DPI PROC 1.8F10 Vendor Accreditation Request Form (VARs)
- 2.4 DP-DPI PROC 1.8F11 Vendor Ocular Inspection Sheet (VOIS)
- 2.5 DP-DPI PROC 1.8F12 Vendor Accreditation Certificate
- 2.6 DP-DPI PROC 1.8F13 Business Ethics on Vendor Engagement
- 2.7 DP-DPI PROC 1.8F14 Business Ethics on Consultant Engagement
- 2.8 DP-DPI PROC 1.8F15 Non-Disclosure Form
- 2.9 DP-SPI PROC 1.2 Procurement Bidding Procedure
- 2.10 DP-SPI PROC 1.3 Exemption from Bidding and Canvassing Procedure
- 2.11 Third Party Assessment Report
- 2.12 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 awarding 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. Submission of Government Mandated docs (Not limited to: Company Profile, Business Permit, BIR, Copy of OR or Sales Invoice) and Email Approval from the Senior Procurement Manager shall be secured by Buyer/ Negotiator before proceeding with the procurement processes.
- 5.3 Accreditation process may start simultaneously with the bidding process. Procurement to send an Invitation letter to source vendors for new requirements.
- 5.4 For Bidding related or >300K PR Budget, Notice to prioritize top 3 vendors based on the initial result of on-going bidding is being sent by Procurement to Third Party assessor to ensure that vendor is accredited prior the award.
- 5.5 Once received notification from third party assessor, the assessment report including accreditation documents is already available and can be downloaded from the vendor's portal.
- 5.6 Procurement will print and prepare the Vendor Accreditation Rating Sheet (VARS) and route it to the VAC Committee for review, rating and approval.
- 5.7 Approval for accreditation by the VAC must be unanimous. Refer to the Approval Authorization Chart approved by the Chairman.
- 5.8 There are two (2) types of Assessment:
- 5.8.1 **In-House Assessment**-All vendors with total cumulative amount of purchase not more than PHP 300,000.00 annually and less than fifteen (15) Purchase Orders must undergo in-house assessment.
- The initiative must be done by the assigned Buyer/ Negotiator by compiling documents as stated in DP-SPI-PROC 1.8 Clause No.6. Submitted to Senior Procurement Manager along with Purchase Order (For 1st transaction) for approval.
- 5.8.2 **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).
- Vendor accreditation documents and payment requirement (third party are being communicated by third party assessor.
- 5.9 Vendors that are exempted to this process may refer to section Item 1.2.

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

5.10.1 New requirement arises

5.10.2 Insufficient number of accredited vendors in the pool.

5.10.3 Need to make a supply situation more competitive.

5.10.4 Replacement of vendors due to following reasons:

5.10.4.1 Vendor has gone out of business

5.10.4.2 Vendor has discontinued production of a particular line;

5.10.4.3 Outdated technology; or,

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

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

5.10.5 Every five (5) years renewal for existing accredited vendor

5.11 Sources of Potential Vendors for Accreditation:

5.11.1 Procurement 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:

5.11.1.1 Company's database of current and past vendors;

5.11.1.2 Trade directories, buyer's guides, Third party referrals;

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

5.11.1.4 Exhibitions and conferences;

5.11.1.5 Periodicals;

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

5.11.1.7 Embassies; and,

5.11.1.8 E-bay and other electronic portals

5.12 Vendor Accreditation Committee (VAC) Members

5.12.1 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.

5.12.2 The committee shall be composed of representatives from Accounting/ Finance, Technical/Subject Matter Expert (SME) and Procurement who shall conduct and determine the following:

- 5.12.2.1 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.
- 5.12.2.2 Finance Representative – to conduct an analysis of financial viability of Vendor.
- 5.12.2.3 Technical Representative/Subject Matter Expert (SME) – shall determine the vendor's technical background and capability to perform required works and services.
- 5.12.3 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 Procurement.
- 5.12.4 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.
- 5.13 Accreditation Requirements
 - 5.13.1 Vendors applying for accreditation shall submit relevant documents listed in Annex 1, depending on the type of product or service offered.
 - 5.13.2 Each VAC member (refer to section 5.12 for membership composition) shall be given a set of documents relevant to their review based on the accreditation criteria (refer to section 6).
 - 5.13.3 The actual site visit shall be done by Procurement 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.
- 5.14 Vendor visit is required for:
 - 5.14.1 The accreditation of new/first-time vendors who will potentially supply both categories of products/services:
 - 5.14.1.1 **Category A** – vendors with potentially more than PHP 10 Million annual contract. Vendor visit must be done prior of any award.
 - 5.14.1.2 **Category B** – vendors with one-time contract and has more than PHP 5 Million potential purchase. Vendor visit must be done prior of any award.
 - 5.14.2 Validation of accreditation or capability of existing vendors with regular/repeated contract having an annual spends of PHP 10 Million. Vendor visit must be done at least once every three years.

5.14.3 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.

5.15 Accreditation Criteria and Documentation Requirements

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

5.15.1 LEGAL CAPABILITY

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

5.15.1.2 All vendors applying for accreditation shall be requested to upload the original documents to the Third Party Portal who will validate the authenticity of submitted documents.

5.15.1.3 Regulatory Requirements:

- a. SSS Certificate of Payments
- b. Service Contracts: Compliant to Department of Labor and Employment (DOLE) Requirement (Force Labor, Child Labor & Human Rights)/ NLRC Clearance
- c. SOSIA and PADPAO (if applicable)
- d. License to Operate (if applicable)
- e. License to Own and Possess Fire Arm (if applicable)
- f. Certificate from Bureau of Animals (if applicable)
- g. DOLE 174 (not applicable for trading vendors)

- h. Philippine Contractor Accreditation Board (PCAB) License
- i. Any other legal requirements that may be deemed necessary for the specific product or service being offered.

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

5.15.2 FINANCIAL STABILITY

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 Bank Statement for <1 year
- 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.

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

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

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

5.15.2.4.1 Re-evaluation of financial capability of accredited Vendors must be done as requested by the VAC Committee.

5.15.2.4.2 Procurement and Accounting/ Finance shall perform an updated actual spend analysis (based on PO/NTP).

5.15.2.4.3 Procurement 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.

5.15.3 TECHNICAL CAPABILITY

Procurement & 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.

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:

5.15.3.2 Vendor Visit (Please refer to the section 5.14)

5.15.3.3 3rd Party Validation

5.15.3.4 Interview of reference sites

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
- g. Environmental Performance (If Applicable)

5.16 Third Party Assessor

The Third Party Assessor is a private organization and SPI business partner responsible for conducting assessment activities to the prospective vendors and suppliers under considering the requirements of the SPI Vendor Accreditation Committee (VAC).

Definition and responsibility are as follows:

- 5.16.1 They provide a facility via Vendor Integrity Access (VIA) Portal for easier collection of vendors' accreditation documents.

- 5.16.2 They only collect and assesses documents from VIA portal uploaded by the vendors.
- 5.16.3 They are vetting on the vendors/ suppliers by carefully checking (not limited to) if they meet the organizational standards, obligations once under contract, previous & existing law cases, legitimacy of Government Mandated & other docs (ex. SEC and Audited Financial Statements), Change of Company Names to name a few. The end goal is to secure a legitimate, low-risk, best-in-class vendor and supplier portfolio.
- 5.16.4 Third party assessment does not carry numerical weight in the rating sheet but assessment result is being considered by VAC as guidance on identifying which areas to give special attention to during evaluation.
- 5.16.5 SPI VAC is the only body that can decide if the vendors are rejected or accredited based on their final ratings as indicated on Vendor Accreditation Request Form (VARF).
- 5.17 Issuance of Certificate of Accreditation
 - 5.17.1 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.
 - 5.17.2 The certification shall be valid for five (5) years from the date of issuance.
 - 5.17.3 The Company shall consider accredited vendors as "Partners in Business". Vendors shall sign Business Ethics Agreement to protect the interest of both Parties.
- 5.18 Inclusion in the List of Accredited Vendors
 - 5.18.1 All accreditation status and updates must be recorded to the Vendor Master File
 - 5.18.2 Accounting / Finance process shall be informed of the newly accredited vendors which can be viewed via Shared Folder or Procurement Portal.
 - 5.18.3 Procurement shall be responsible for:
 - 5.18.3.2 Ensuring that vendors are properly tagged in Vendor Master File and Ensure file is updated every month or whenever there is a new update on the Vendor Master File.
 - 5.18.3.3 Ensuring that all changes to critical vendor data are regularly updated in Vendor Master File; and,
 - 5.18.3.4 Securing Vendor Master File/Procurement Portal against unauthorized access/modifications.
- 5.19 All accredited vendors are required to submit the following documents whenever there are changes or needed for validation purposes and to update the Vendor Master file:

- 5.19.1 Audited Financial Statement as needed
- 5.19.2 Business Permit (Mayor's Permit)
- 5.19.3 Updated or new product Catalogs
- 5.19.4 Above documents will validate legal existence and financial soundness of the existing vendors of the company on a continuing basis.

5.20 Vendor Accreditation Renewal

The accreditation shall be renewed every five (5) years. Three (3) months prior to accreditation expiry date, procurement will inform the vendor of the certification renewal agreement. The process to renew /re-certify is the same as new supplier accreditation process.



ANNEX 2

SUPPLIER CODE
OF CONDUCT



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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.

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.