

SUPPLIER SELECTION, ACCREDITATION and PERFORMANCE EVALUATION

I. POLICY STATEMENT

As the Company is committed to strict adherence to laws and regulations, unyielding ethical standards and providing excellent services to its customers, the Company expects the same from our suppliers. The Company believes that having mutually observed values and maintaining professional contacts with its suppliers result to quality products/services and success to both sides.

II. OBJECTIVE

- To provide guidelines on the proper selection and accreditation of suppliers
- To formulate and implement policies and procedures that would help incur the lowest possible cost to meet the Company's needs in terms of quality and service

III. SCOPE

All personnel involved in the Selection, Accreditation and Performance Evaluation of Suppliers

IV. POLICY AND PROCEDURES

- **SUPPLIER SELECTION AND ACCREDITATION**
 - 1) The Administrative Department (Admin) has the main responsibility to search for suppliers to establish a long-term strategic business relationship.
 - 2) Selection of suppliers should be done in an open, competitive and non-discriminatory process. Thus, suppliers are subject to accreditation based on the following standards:
 - quality of the product/service
 - professional and technical competence
 - competitive pricing
 - established delivery timeframe
 - customer service
 - 3) The following documents shall be submitted for accreditation/re-accreditation
 - New Supplier – Company profile, Annual Audited Financial Statements, Certificate of Registration with SEC/BIR, Business Permit, CTC, and other relevant documents as requested by Admin
 - Accredited Supplier – Yearly renewable certificates such as but not limited to Business Permit, Certification of Registration with SEC/BIR and other relevant documents as requested by Admin
 - 4) The above policy on accreditation may be lifted in cases where:
 - The product/service requires requested are not available in any of the accredited suppliers and/or
 - The acquisition requires immediate delivery of which the timeframe cannot be met by the accredited suppliers
 - 5) All Supplier Accreditation and the above exceptions to the process require the approval of the Admin Manager and the Chief Financial Officer

- **PERFORMANCE EVALUATION**

- 1) Suppliers (New and Accredited) will be subjected to periodic Performance Evaluation to assess/update their accreditation, to monitor and assess their performance and compliance to the Company's standards and requirement specifications, and to improve key processes of the suppliers affecting the Company's operations.
- 2) Supplier over-all rating 5 is the highest, with over-all rating of 3 as the passing rate. Any supplier achieving lower than the passing rate for two (2) consecutive years will be demoted/removed from the list.
- 3) The Admin Manager will prepare the Performance Evaluation for each supplier.
- 4) At the end of each calendar year, the Admin Head will report said Performance Evaluation to the Chief Financial Officer. The report will cover results of supplier re-accreditation.

V. REVIEW OF THE POLICY

- This Policy shall be reviewed by the Executive Committee annually.