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Allianz PNB Life (AZPNBL) Procurement Guidelines & Procedures

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Authorization:

The content of this document has been reviewed and approved as follows:

Version	Valid From	Approved by
1.0	1 June 2018	Alexander Grenz - COO

Chief Human Resources Officer
Chief Risk Officer
Chief Information Officer

- President – For Policy Contracts
- Any two of the above signatories for all other contracts, agreements and memoranda of agreement.

IV. GUIDELINES

For AZPNBL's unified and joint appearance to the market, all procurement related activities shall be channeled via Procurement.

The Procurement Process is composed of the following sub-processes: Request for Information; Requisition Process; Vendor Management Process; Purchase Order Process; Product Delivery & Inspection and Acceptance; Request for Payment Process and Documentation/Filing.

A. Request for Information

1. Requestor/Demand Owner should collaborate with Procurement if there is a need for information such as standard specification, available vendors, if vendor is part of the global vendor program etc.
2. The Requestor/Demand Owner should be responsible for the definition on technical specifications, functional requirements, expected prices of the purchase and ensures that the budget has been approved prior to the purchase.
3. Requestor/Demand Owner may directly request for quotation from vendors and submit the same, as attachment to Purchase Request, to Procurement.
4. Requestor/Demand Owner can check the list of accredited suppliers from Procurement in Drive x:\\operations_support\procurement.

B. Requisition Process

1. Requestor/Demand Owner should fill up the following fields in the Purchase Request form and should have it approved by Depart Requestor/Demand Owner to provide complete specification of the product or services being requested. Providing a sample product would be required especially in cases where requirements provided is vague or incomplete.
2. Volume for a purchase must not be split in order to circumvent approval and signature rules.
3. It is the responsibility of the Department Heads to ensure that there is a corresponding budget allocation for the expense and if there is none, a corresponding approval from the CFO/President should be obtained.
4. Requestor/Demand Owner should attach the following supporting documents to the Purchase Request. Only complete Purchase Request shall be processed.
 - a. PR Number – it should be a unique number (PR# format: 00-000-00 (mon-number-year e.i. 01-001-18))
 - b. Indicate Capex, OPEX and Repairs
 - c. Budget allocation

- d. Supplies/ Services (Decryption / specifications)
 - e. Quantity
 - f. Date prepared/needed
 - g. Place of delivery
 - h. Inventory level (if any)
 - i. Purpose / Remarks
 - j. Preferred Supplier, if any
 - k. Preferred order amount
 - l. Unit / Department Account Code
 - m. Item Account code
 - n. Name of the requester, signature, and department.
 - o. Name of Unit head, signature, and date of approval.
5. Upon receipt of the Purchase Request, Procurement should assess the request and check if there is an available stock/item on hand. If there is a stock, Procurement should inform the Requestor/Demand Owner of the availability of such item. If there is no available stock/item on hand, Procurement should proceed in sourcing out quotations (in case the Requestor/Demand Owner did not submit any).

C. Vendor Onboarding Process

1. Procurement should refer to its list of Vendors prior to sourcing to ensure that only duly screened and accredited vendors will be included in the sourcing process. Vendors included in the Global Vendor Program will be preferred.
2. If the Vendor has not been screened and accredited yet, Procurement should conduct the vendor screening and accreditation process first. [Refer to Vendor Integrity Screening & Accreditation process Annex B.C.]
3. Upon sending the vendor screening documents, supplier accreditation form, and the list of government documents needed, Procurement should also send the Non-Disclosure Agreement.
4. Once all documentary requirements are received, Procurement should check the Vendor's beneficial owners from the Sanction List (Dow Jones) and list of companies under the Related Third-Party Transactions (RPT).
5. The entire vendor onboarding process should be documented using the Vendor Screening/Onboarding Checklist form.
6. Vendors who passed the onboarding process will be provided a Vendor Code of Conduct form that must to be signed by the Vendor.
7. Vendor with signed vendor code of conduct terms and conditions will be included in AZPNBL's Database of Vendors. It will be posted in the designated corporate folder (x:\corporate\policies – Procurement).
8. Procurement shall then proceed in requesting for quotation of the product or service being requested by the Requestor/Demand Owner. At least 3 quotations are required in order for Procurement to proceed in the evaluation process.
9. Procurement shall then identify the best suited vendor and product on the market that meets the specific request or demand. Procurement shall inform the Requestor/Demand Owner about this.

D. Purchase Order/Job Order Request

1. After completing the sourcing activities, Procurement shall determine if the purchase amount is less than or equal to the **Minimum Amount of P1,500**. If yes, then it doesn't need to go through the PO/JO process. It can be handled via Petty Cash.
2. If purchase amount is higher than the set minimum amount for Purchase Order, then Procurement shall proceed with the preparation of PO/JO. The following information should be included in the Purchase Order (PO)/Job Order (JO):
 - a. PO/JO Number – it should be a unique number:
 - o PO# format: 000-00 ((number-year) e.i. 001-18)
 - o JO# format: J000-00((letter J_number-year) e.i. J001-18)
 - b. PO/JO Date Name of Vendor/Supplier and its Business Address
 - c. Expected Delivery Date
 - d. Invoice/Bill No.
 - e. Reference Purchase Request Number
 - f. Description of Product or Service
 - g. Quantity & Unit
 - h. Unit Price
 - i. Total Amount (should include VAT, if any)
3. The PO/JO should be approved based on the Approval Limit mentioned above.
4. Procurement should forward the PO/JO to the Vendor for his conforme. Only the Vendor's Authorized Signatories should sign in the Conforme. Vendor's date of signing should be indicated.
5. Vendor should furnish a copy of the PO/JO bearing its original signature. A scanned copy of the PO/JO may be furnished to Procurement in advance in order to expedite the processing of order. However, upon sending the Billing, the Vendor shall be required to submit the originally signed document. Without the originally signed PO/JO, billing will not be processed.

E. Delivery and Inspection

1. Upon receipt of delivery, Procurement shall request the Requestor/Demand Owner to inspect and accept the delivery if acceptable. The Requestor/Demand Owner should check the quality and the quantity of items delivered.
2. If delivery is acceptable, the Requestor/Demand Owner should signify his acceptance by signing on the Delivery Receipt. The duly signed Delivery Receipt should be given to the Vendor, a copy of which should be provided to Procurement and to Requestor/Demand Owner.
3. In case the items delivered amounts to more than Php, 5,000 — either Furniture, Fixtures, Equipment or Computers — a copy of the Delivery Receipt should be forwarded to Facilities Management (Facilities) for Asset Tagging prior to endorsing the items to the Requestor/Demand Owner.
4. In case of completed job order, the Requestor/Demand Owner should signify his acceptance by signing on the JO Report.

F. Request for Payment Process

1. Upon receipt of Billing from the Vendor, Procurement should ensure that items covered by PO/JO have already been delivered and accepted by the Requestor/Demand Owner.

Billings will not be processed unless the items have been completely delivered and accepted.

2. Procurement shall check the payment terms and prepare the Request for Payment (RPF) accordingly. The RPF should contain the following information:
 - Name of Payee – should be the same as in PO/JO
 - Amount to be paid – should be the same as in PO/JO
 - % of Deliveries covered by RPF – this in for request where payment is needed prior to complete delivery
 - Date when the check should be made available
3. The RPF must have the following documents as attachments:
 - Supplier's invoice
 - Delivery Receipt / Acknowledgement Receipt
 - Purchase Order / Job Order
 - Purchase Request
 - Other supporting documents
4. The RPF should be signed by the authorized signatories based on the Approval Limit described above.
5. Accounting should endorse the checks for Vendors to Home Office Cashier for counter releasing. Counter Releasing is done on designated days of the week only. Checks to be sent to the Vendor should be endorsed to Procurement for further handling
6. Payment to suppliers may only be withheld or delayed due to the following instances:
 1. there is a material breach of agreement
 2. errors on the supplier's invoice
 3. to remedy previous over-payments
 4. the supplier's performance is non-conforming or unacceptable to set standards

G. Documentation and Filing

Procurement should ensure that all relevant documents are scanned and saved in the designated Cabinet in Documentum. This is in compliance with the requirement of Allianz Standard for Information & Document Management.

V. VENDOR MANAGEMENT

AZPNBL strives to achieve long term and mutually beneficial partnership with all its vendors. Procurement is required to assess vendor's integrity and performance through the following:

A. Pre-accreditation Phase

1. **Documentary Requirements** - Procurement shall invite potential Vendors who will be requested to submit the following documents:
 - a. Company Profile
 - b. Corporate Documents such as SEC Registration or DTI Registration
 - c. Latest Audited Financial Documents
 - d. VAT # and TIN
 - e. Signed Non-Disclosure Agreement
 - f. Signed Vendor's Code of Conduct
2. **Vendor Integrity Screening (VIS)** - Procurement shall conduct VIS for all new or potential vendors of regularly purchased products and services:

- If one or more answers are red, Procurement should involve Compliance and should conduct an external background check.
4. **Sanction List (Dow Jones)** - Procurement should also check the Vendor and its beneficial owners from the Sanction List (Dow Jones). Positive hits should be coordinated with Compliance for further action.
 5. Another public media search in the internet e.g. Google is also used to check the bidder's perceived integrity, reputation, business ethics, and criminal record.

B. Accreditation Phase

Vendors who passed the Pre-accreditation phase shall advance to the accreditation proper. Procurement shall perform the following:

1. **Assess Vendor Qualification** – assessment of qualification of potential vendors's fulfillment degree against the needs and requirements of AZPNBL. This is typically conducted through Market Research, Performance Indicators, Request for Information, and Request for Proposals/Quotations.
2. **Conduct Vendor Selection** – the best potential Vendors are identified and through negotiations the best in class Vendor for each purchase project is selected.
3. **Check Related Party Transaction (RPT)** – This involves determining if the transactions or dealings with related parties of AZPNBL, regardless of whether or not a price is charged. RPT includes not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party. Refer to Allianz PNB Life Related Party Transaction Policy.

C. Post-Accreditation Phase

This covers various activities leading to the development of a comprehensive list of AZPNBL's Accredited Vendors.

1. **Vendor Performance Measurement** – This pertains to the Vendor's performance on the market, e.g. market shares, as well as to AZPNBL. The performance of active Vendors shall be continuously measured against AZPNBL's benchmark, targets and their historical performance over time. See Annex _____ for the list of AZPNBL's Benchmark and Targets.
2. **Vendor Development** – Vendors of AZPNBL shall strive for continuous development. For mutual benefit of Vendors and AZPNBL, development areas in Vendor's performance shall be identified and concrete improvements shall be agreed upon. See Annex VIII for SLA per Procurement Process.

D. Performance Monitoring Phase

This covers various activities leading to the continuation, renewal, revocation or cancellation of Vendor's accreditation.

1. **Vendor On-going rating and Phase out** – Vendors shall be continuously evaluated and the rating shall be considered in the new purchase projects. It may be necessary to phase

out accreditation of Vendors with poor rating or Vendors without purchase project or transactions within one (1) year.

It is the responsibility of the Procurement Manager, on an order-by-order basis to conduct an evaluation based on the following criteria:

Quality (20%) – refers to the percentage of items rejected for each order. Rejects in excess of 1% shall result in a conference with the Vendor to remedy the situation.

Service (20%) – this includes completeness and timeliness of delivery.

Complete Order Delivery – Each back order shall be recorded against the record of the Vendor. Since back orders cost an amount approximately equal to that of an original order, this performance record can be used as a means of adjusting vendors bid prices to reflect the additional administrative costs associated with doing business with a Vendor who habitually does not ship complete orders.

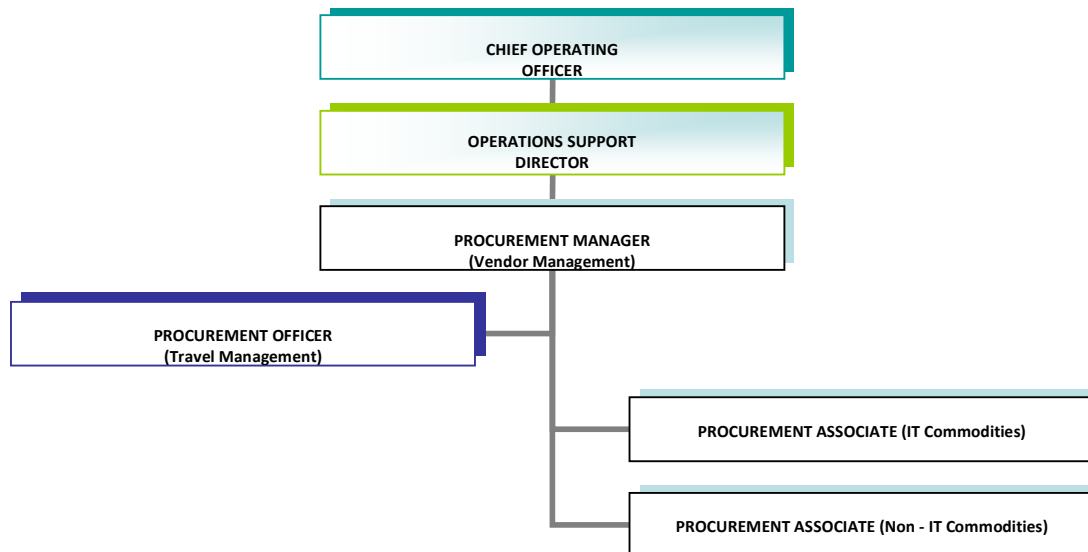
Late Deliveries – Each order delivered later than specific day promised shall be recorded against the record of the Vendor. Vendors who are habitually late with deliveries shall be counseled as to the necessity to abide by the company's need dates and should be replaced if they are unable to improve.

Total Cost (50%) – refers to the cost of the product plus the administrative costs of doing business with a specific Vendor. The cost of such faults as late deliveries or back orders shall be qualified. The average administrative cost per order over the last year shall be added to the Vendor's bid price.

Leading Technology (10%) - optimize processes and to enrich relationships to improve strategic reach and deploy cutting-edge procurement resources.

VI. ROLES AND RESPONSIBILITIES

1. Local Procurement Organizational Chart



8. Procurement Associate forwards original documents and supporting documents to Finance and request to sign in the logbook for acknowledgement receipt of original documents
9. Finance Associate receives and processes RFP
10. Finance Associate endorses the checks for Vendors to Home Office Cashier for counter releasing. Checks to be sent to the Vendor are endorsed to Procurement.
11. Procurement Associates informs vendor/s on the check payment/s availability for pick-up.
12. If check is with Cashier, cashier releases the check payment to vendor
13. If check is endorsed to procurement associate, Procurement associate pick-up the checks from Finance and log in the finance logbook.
 - 13.1. Procurement Associate releases the check to supplier.
 - 13.2. Procurement Associate prepares a list of released checks to vendor and forwards the said list and vendors official receipt and BIR certificates to Finance associate
14. Update P.O. monitoring Tracker.

G. Document Filing

1. Procurement Associate update tracker pertaining to procurement transactions.
2. Procurement Associate scan and stored files in procurement shared folder driver x:\operations_support\procurement\

H. Vendor Management Process

PHASE 1 – PRE-ACCREDITATION PROCESS


- 1) From the vendor's list, Procurement identify all suppliers of the company for the past (3) years and summarize them all into one complete list of existing suppliers.
- 2) Procurement prepares two (2) sub-listing; Regular and irregular purchased goods and service.
- 3) From the various benchmarking or investigation activities, Procurement Associate prepares a 3rd listing for new or potential suppliers of regularly purchased goods and services.
- 4) Procurement Associate sends the Supplier Accreditation (See Appendix II.G) Supply Self-assessment questionnaire (Appendix II.H) to be completed by the potential vendor.
- 5) Vendor forwards the completed form and supporting documents to Procurement Associate.
- 6) If completed, forward all documents to Procurement Manager to do the vendor on-boarding process for assessment and evaluation.
- 7) If incomplete, Procurement Associate must inform vendor on the documents to comply with the requirement

PHASE 2 – ACCREDITATION PROPER

- 8) Upon receipt of all documents pertinent to the application for accreditation of invited suppliers, Procurement Associate proceeds with the evaluation of the suppliers on the basis of the criteria set and point-system;

ANNEX C – Company Forms

1. Purchase Request Form

		9th Floor Allied Bank Center 6754 Ayala Ave., cor. Legaspi St. 1226 Makati city		BUDGET CHECK <input type="checkbox"/> With Budget <input type="checkbox"/> Without Budget		
PURCHASE REQUEST					PR # _____	
REQUIREMENTS: 1. Justify each item being requested in the remarks column, if the space is not sufficient, please attach a separate sheet 2. Please check if Capex, OpeX (Regular and Non-Regular Supplies) & Repairs (Repair & Maintenance) 3. Submit 1 copy of the approved request form to the Procurement Personnel, attached the quotation required and fill-out the below						
<input type="checkbox"/> CAPEX		<input type="checkbox"/> OPEX		<input type="checkbox"/> REPAIRS		
SUPPLIES/SERVICES	Qty	Unit	Unit Cost	Total Cost	Inventory Level	Remarks
TOTAL						
REQUESTED BY/DATE:			APPROVED BY/DATE:			
Signature over Printed Name			DEPARTMENT HEAD			
ABSTRACT OF QUOTATION:						
Name of Supplier		Quoted Price		Remarks / Purpose		
Recommended Supplier:						
CHARGE TO:		DELIVERY DATE:		RECEIVED BY/DATE:		
RQ/UNIT/DEPT./DIV		Signature over Printed Name/Date				