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	<b>SUPPLY &amp; ASSET MANAGEMENT DEPARTMENT</b>	<b>SAMD Policy No.:</b>
	<b>Policy on Accreditation of Suppliers</b>	
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## I. POLICY

It shall be the policy of the Company to transact business with carefully selected suppliers, capable of providing the best products and services at reasonable prices and terms.

## II. GENERAL OBJECTIVES

1. To ensure that the Company deals only with accredited suppliers.
2. To ensure that accredited suppliers are capable of providing products and services that meet the requirements of the Company.
3. To ensure that Suppliers associated with the Company have proven track record, sound financial position and are promoting sound and ethical business practice.


## III. DEFINITION OF TERMS

For purposes of these policies and procedures, the following shall mean:

1. **Supplier** - refers to an entity that can provide the Company with products and/or services for use in its operation.
2. **Product** - refers to equipment and machinery, supplies, other materials.
3. **Service** - refers to repairs and maintenance, construction and design, other general services, and turnkey projects.
4. **Accreditation** - refers to a certification issued by the Department that the Supplier is recognized by the Company as having complied with its minimum standards for supplier selection.
5. **Accredited Supplier** - refers to a supplier who has complied with all the requirements for accreditation and has been awarded a certification relative to its accreditation.
6. **Potential Supplier** - refers to an entity who has conveyed its interest in applying for accreditation or who has applied for accreditation as supplier of the company.
7. **Accreditation Committee or Committee** - refers to the committee tasked by the Company to evaluate, approve, or disapprove applications for accreditation of Potential Suppliers.

## IV. SCOPE

This policy shall cover all suppliers of goods and services.

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## V. GENERAL GUIDELINES

### A. ACCREDITATION

1. The Company shall transact only with accredited suppliers.
2. The Company shall entertain bids only from accredited Suppliers. To administer the accreditation of Supplier, an Accreditation Committee shall be created with the task to evaluate, approve or disapprove application for accreditation. To document the process, the Accreditation Committee shall accomplish the Supplier Accreditation Evaluation Form (SAEF). The SAEF shall serve as the official document that would trigger the awarding of the accreditation of a Supplier.
3. Members of the Committee shall be composed of representatives from SAM and Finance Departments. Under special circumstances representatives from Legal, Engineering, and other end-user department may be invited as member. A representative from the Finance Department shall act as Chairman.

To assist the Committee, a Secretariat shall be formed from the members of Purchasing Section. The Purchasing Section shall maintain the "ACCREDITED SUPPLIERS LIST" that will be the basis in selecting suppliers to participate in the bidding.

Receiving of applications for accreditation shall be a continuing process. At year-end or as the need arises, the Secretariat shall convene the Committee to review and evaluate suppliers performance.

### B. REQUIREMENTS FOR ACCREDITATION

Before the Company may accredit a Potential Supplier, it shall accomplish and submit an Application for Supplier's Accreditation Form (SAF) to Supply and Asset Management Department with the following documents:

#### a. Legal Requirements

1. For Single Proprietorship:
  - Mayor's permit
  - Business Name registered with the Bureau of Domestic Trade of the DTI.
  - VAT Registration
2. For Corporation or Partnership:
  - Mayor's permit
  - Certification of Registration with the Securities and Exchange Commission (SEC)
  - Certified True Copy of the Articles of Incorporation and By-Laws

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- VAT Registration

**b. Service Capability**

1. Company profile
2. Organizational Chart or a complete list of its executive officers and major owners/stockholders.
3. Product Line Catalog/Fliers/Brochures/other materials to showcase field of specialization and services rendered
4. Price list of products offered
5. If dealer or distributor, a copy of the distributorship agreement with the principal supplier
6. Location map and pictures of office, factory (and branches, if any)
7. For engineering contractors with at least PCAB Category B rating, a copy of the PCAB accreditation.
8. Track Record
9. Supplier must have been in business for the last two (2) years
10. List of major customers with addresses and contract numbers

**c. Financial Capability**


1. Audited Financial Statements for the last two (2) years
2. Income Tax Return for the last two (2) years duly received by the BIR
3. List of Major Banks and Creditors

**C. FACTORS IN SUPPLIER EVALUATION**

The following shall be the factors in the evaluation of suppliers:

**a. Potential Suppliers**

1. Compliance with legal requirements
2. Financial capability
3. Service capability based on company profile, product line, principals, accreditation or recognition from known organizations setting quality standards, findings during ocular inspection.

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4. Track record based on results of background investigation

**b. Accredited Suppliers**

1. Price
  - Competitive pricing/cost
  - Price stability and advance notice of price changes
  - Payment terms and conditions
2. Quality of products and services
  - Product reliability or meeting of specifications
  - Warranty coverage (length and terms of warranty)
  - State-of-the-Art recognition
  - Feedback from end-users
  - For accredited suppliers with new product(s) offered, refer to policy on accredited suppliers with new product(s).
3. Delivery
  - Competitive lead-time
  - Delivers on time and as specified in Purchase Order
  - Delivers proper items and quantities as specified in Purchase Order
  - Packaging
  - Accurate documentation and identification of products/services
  - Handles emergency deliveries
4. Customer Service or After-sales Support
  - Compliance with contract terms
  - Recognizes cost effects/sensitive to company's costs
  - Responsiveness to emergency requests
  - Reliability of product repairs/services
  - Market insight and R&D investment plans
  - Training provided on manufacturer's products

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- Technical Support
  1. Type of equipment
  2. Size of facilities
  3. Size of manpower
  4. Capability of manpower
  5. Compliance to quality standards setting bodies, such as, ISO, Philippine Standards, PCAB, etc.
- 5. Responsiveness to Request for Quotations (RFQ), Request for Proposal (RFP) or Invitation to Bid (ITB)
  - Frequency of bids (state reasons)
  - Frequency of wins/losses (state reasons)
- 6. Financial and business stability
  - Updated audited financial statements

#### **D. VALIDITY OF ACCREDITATION**

The Certificate of Accreditation shall be valid for a period of one (1) year from the date of issuance thereof.

#### **E. GROUNDS FOR CANCELLATION OF ACCREDITATION**

The following acts or omissions shall be sufficient ground for the cancellation of application for accreditation or the accreditation of a Supplier:

1. Committing fraud or any act of misrepresentation for the purpose of obtaining the Accreditation.
2. Making false declaration or statement or making use of documents containing the same claiming capability to supply products and services.
3. Failure to meet the minimum standards that have been set by the Company in the event that an Accredited Supplier's performance is appraised.
4. Failure to meet agreed terms and conditions such as quality of products and services, delivery date, among others, three times within six-month period.
5. Violation of or non-compliance with decisions issued by GMA and other concerned government agencies.
6. Bribery or offering of something of value to buyers or end-users with direct participation in the transaction or project in exchange of favor in doing business or awarding of project.

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7. Any other act or omission that works against the interest of the Company.

#### **F. FOREIGN-BASED SUPPLIERS**

1. SAMD shall source for foreign-based suppliers.
2. All foreign suppliers having transaction(s) with the Network shall undergo accreditation. However, foreign suppliers may be accredited as the need for products/services arise and shall be retained in the file for future reference. The accreditation period is good for one (1) year. The accreditation process for foreign suppliers may be integrated with the process of selection of the best supplier for a particular product/service.
3. SAMD shall gather information required for accreditation of foreign-based suppliers as outlined in C. above. SAMD shall evaluate suppliers based on selection criteria, shortlist pre-qualified suppliers and make recommendation of the best supplier based on the result of evaluation. SAMD shall submit to the accreditation committee all pre-qualified suppliers and its recommended supplier together with its justification/basis for selection. Accreditation Committee shall evaluate pre-qualified suppliers based on the selection criteria.
4. Suppliers that meet the requirements for accreditation shall be added to the list of accredited suppliers.
5. For all exceptions, SAMD shall document reasons for non-compliance with C. above and request concurrence from the end-users after technical evaluation has been performed. Submit the documented exceptions to Accreditation Committee for approval.
6. All foreign suppliers shall undergo the reevaluation process by seeking feedback from end-users.
7. Suppliers that do not meet the specified standard or requirements of the Company shall be taken out from the list of accredited suppliers.

#### **V. NARRATIVE PROCEDURES**

##### **A. Suppliers Accreditation**

<u>Step No.</u>	<u>Responsible Personnel</u>	<u>Procedures</u>
1	Secretariat	<ul style="list-style-type: none"> <li>• Receives accomplished Application for Accreditation Form from potential supplier with the supporting documents.</li> </ul>
2	Secretariat	<ul style="list-style-type: none"> <li>• Conducts preliminary evaluation of potential suppliers:               <ol style="list-style-type: none"> <li>1. Reviews or examines completeness of documents submitted and fills up checklist portion of Supplier Accreditation Evaluation Form (SAEF).</li> <li>2. For products subject to testing, testing shall be scheduled and preferably conducted at the Company's premises in the presence of the end-user and purchasing representative.</li> </ol> </li> </ul>



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		<ul style="list-style-type: none"> <li>Submits to committee member respective documents needed in their respective area of expertise.</li> </ul>
3	Committee Member - Purchasing	<ul style="list-style-type: none"> <li>Evaluates service capability based on company profile, product line, principal accreditation or recognition from known organizations setting quality standards.</li> <li>Indicates initial approval pending results of ocular inspection.</li> </ul>
4.	Committee Member - Finance	<ul style="list-style-type: none"> <li>Reviews the financial capability of supplier by examining the financial statements received from the Secretariat.</li> <li>Submits results of review to Secretariat and signs SAEF.</li> </ul>
5	Secretariat	<ul style="list-style-type: none"> <li>Conducts supplier visit or ocular inspection of office, warehouse or plants and takes photos to support evaluation with the supplier's permission.</li> </ul>
6	Committee Member - Purchasing	<ul style="list-style-type: none"> <li>Evaluates results of ocular inspection.</li> <li>Signs SAEF and submits overall evaluation to Secretariat</li> </ul>
7	Secretariat	<ul style="list-style-type: none"> <li>Based on approved SAEF, does the following:               <ul style="list-style-type: none"> <li>Prepares Accreditation Certificates for qualified suppliers for signature by the Chairman of the Accreditation Committee.</li> <li>Awards Accreditation Certificate to qualified Supplier.</li> <li>Prepares list of Accredited Suppliers.</li> </ul> </li> <li>Files documents.</li> </ul>

**B. Suppliers Performance Evaluation**

1	Purchasing	<ul style="list-style-type: none"> <li>Prepares performance report for accredited suppliers based on historical records taking into considerations the following:               <ul style="list-style-type: none"> <li>Price competitiveness</li> <li>Punctuality on the delivery commitment</li> <li>Customer Service or after sales support</li> <li>Responsiveness to RFQ/RFP or invitation to bid</li> <li>Financial and business stability</li> </ul> </li> </ul>
2	Accreditation Committee	<ul style="list-style-type: none"> <li>Evaluates performance of Accredited Suppliers based on the performance report prepared by Purchasing.</li> <li>Prepares final list of accredited suppliers. Note all disqualified</li> </ul>



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		suppliers.
3	Secretariat	<ul style="list-style-type: none"><li>Sends letter of revocation of Accreditation Certificate for Suppliers who perform below minimum standard.</li></ul>
4	Secretariat	<ul style="list-style-type: none"><li>Issues new Accreditation Certificate to Suppliers who perform within minimum standard.</li></ul>
5	Secretariat	<ul style="list-style-type: none"><li>Updates List of Accredited Suppliers by removing from the list supplier/s who did not meet the minimum requirements set up by Company.</li><li>Files Updated List of Accredited Supplier together with the Performance Evaluation Report.</li></ul>

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