

# CONTRACT MANAGEMENT POLICY AND PROCEDURE

## 1. Introduction:

This contract policy (“**Contract Policy**”) of MARICO SEA is effective date from 15<sup>th</sup> Mar 2016

This Contract Policy operates on the following lines of approach:

- (i) ensure an appropriate legality and financial arrangement;
- (ii) ensure appropriate contract signing authority limits;
- (iii) ensure appropriate contract administration; and
- (iv) comply with the audit requirement.

This Contract Policy made reference to currently effective Power of Attorney that is amended from time to time.

### 1.1. General Principle:

#### 1.1.1. All transactions must be in writing and protect MARICO SEA interests:

All transactions must be recorded in writing, and contain specific, clear and the most favourable terms possible for the protection of MARICO SEA interests. All written documentation setting out MARICO SEA's legal obligations, including purchase orders, commercial points of agreement, letters of agreement, engagement letter, documentation applied for certificate and/or license as well as formal deeds and contracts, must comply with this Policy.

**1.1.2. All transactions must have a “Contract Owner/Document Originating Department”:** an authorised employee of the business unit, function or department which requires the contract/services.

Many functions may be involved in the various stages of the contracting process but the overall responsibility for the obligations and commitments in any contract, before, during and after signature, rests with the Contract Owner/Originating Department.

**1.1.3. No business must be undertaken before a contract has been signed:** No activity which creates financial commitment may be undertaken before full contract documentation is signed. In exceptional cases of commercial necessity or if the formal contract is likely to take some time to prepare, at the very least, the pre-contractual work must be covered by a Letter of Intent (“LOI”). The approval of the COO and/or Vice Presidents must be obtained and the LOI must be reviewed by Legal before any financial commitment is incurred.

### 1.2. Criteria for contract preparation

Contract is required in following cases:

- (i) Repeated purchase of goods or services is performed,
- (ii) Goods or services purchased one time with the amount more than VND 20 mil and where we would need more details of terms and conditions with third parties (e.g. warranty, penalty, etc),

- (iii) In some special cases, contracts are also raised as required by both parties.

## **2. Procedures for Review and Approval of Contracts**

In this Contract Policy, the term “Contracts” means:

- (i) new contracts developed with third party including amendments, supplements of those contracts, except for contracts which are renewable on routine basis and remain subject to the same terms and conditions;
- (ii) letter of intent, memorandum of understanding; and
- (iii) any other legal document that creates legal obligations for MARICO SEA;

This Contract Policy sets out process for review and approval of contracts as follows:

### **STEP 1: DRAFTING**

Any MARICO SEA’s department (the “**Originating Department**”) may initiate an agreement with another party that will result in a Contract, or may receive a proposal from another party that will require a Contract (the “**Proposed Contract**”).

The Proposed Contract can be either Marico SEA sample contract or the contracting party’s one.

If the contracting party prepares/drafts the Proposed Contract, the Originating Department shall examine the content and purpose of the Proposed Contract to evaluate whether the subject of the Proposed Contract is consistent with MARICO SEA’s commercial and technical requirements, and where appropriate, proceed with STEP 2 for financial/legal review as provided below.

If the Originating Department prepares/drafts the Proposed Contract, it shall:

- (i) be responsible for gathering and reviewing the commercial and/or technical terms of the Proposed Contract from other functions when required; and add in Marico SEA Legal General Terms; Finance Payment Terms/Fine in case the proposed contract is prepared by the contracting party;
- (ii) discuss with their department heads all transactions with the third party and seek Department Head’s endorsement;
- (iii) provide a draft of a Proposed Contract.

The Originating Department then shall upload the Proposed contract in the form of softcopy via website <http://fin.icpvn.com> and/or hard copy to get Legal and Finance review as the procedure set out in STEP 2. It is strongly encouraged for the Originating Department to send Proposed contract in softcopy form so that Finance & Legal can review and/or revise quickly versus hardcopy.

### **STEP 2: REVIEWING**

Upon receipt of the Proposed contracts from the Originating Department, Finance Department shall be responsible for reviewing the financial/ accounting terms opinion relating to finance related issues, i.e. payment term, invoicing, insurance, tax implication, etc of the Proposed Contract in accordance with the Reviewing Authorization as set out in **Annex 1** of this Contract

Policy in order to ensure compliance of the Proposed Contract with financial requirements, including budget allocations, availability of funds, and audit considerations.

The review by Finance will take appropriate 2 business working days from the date of receipt of the Proposed contract and it will take longer for the Proposed contract prepared by the contracting party depending on the complexity of payment and tax issues.

Meanwhile, the review by Legal will take appropriate 2 business working days from the date of receipt of the Proposed contract and it will take longer for the Proposed contract prepared by the contracting party depending on the complexity of the proposed contract.

Upon completion of the Contract review, the Originating Department shall provide the contractual party the Revised Contract. If there is any material comment from the contractual party, the Originating Department shall repeat STEP 2 for legal and/or financial review (where appropriate).

### **STEP 3:      FINALIZATION AND APPROVAL**

Legal Department and Finance Department shall initiate on each copy of the final contract.

Legal Department and Finance Department shall complete and endorse on the Contract Advice Note (attached as **Annex 2** of this Contract Policy) which is prepared by the Originating Department.

Upon completion of the Contract Advice Note, the Originating Department shall arrange for necessary authorized signature as set out in the POA.

Each Final Contract shall be assigned a Contract Number as specified in STEP 4 below.

### **STEP 4:      CONTRACT ADMINISTRATION**

#### **(a)      Originals and Safe Keeping**

The Originating Department shall be responsible for obtaining stamp/seal on the executed Contracts. Then legal administration staff will give the contract number if the Originating Department uses Marico SEA sample contract, otherwise legal administration staff will use the contract number from the contracting party for filling. Meanwhile, the legal administration will scan the original contract & upload into the system for filling.

Each Department shall maintain a Contract Register (format of which is attached in **Annex 3**) which records information relating to Final Contracts it originates; both in soft and hard copy, the soft copy can be accessed by both Legal Department and the Original Contract Keeper.

The Original Contract Keeper shall have a Master Contract Register containing information regarding contracts, including but not limited to, the parties to the contract, contract number, Originating Department and contract period, and incorporating updates from the Contract Registers retained by the Departments on a monthly basis.

#### **(b)      Contract Index Number**

For convenient reference and filing purpose, contracts shall have a Reference Number. The numbering rules are as follows:

• **Year/Department/Type of Contract/No.**

➤ Department:

Marketing	MK	Finance & Control	FC
Sales	SL	Manufacturing	MF
Supply Chain	SC	Research & Dev.	RD
Human Resources	HR		

➤ Identified type of contract:

Materials (Ex:Procurement, Import/Export,Insurance)	MA	Asset (Ex: IP, production equipment, laptop)	AS
Service (Ex: Consultancy, TVc, EHS services)	SE	Lease (Ex: land rental, house lease)	LE
Sales (Ex: Distribution,ICP club)	SL		

Example: 2015/SC/MA/01

(Contract in 2015 from Supply Chain related to Procurement, No.01)

➤ For renewal of contract/agreement:

No. Plus R+ No. of the renewal

(e.g. 2015/SC/MA/01-R1– First Renewal)

➤ For Amendment of contract/agreement:

No. Plus A+ No. of the amendment

(e.g. 2015/SC/MA/01 –A1 – First Amendment)

(Amendment includes variation, supplement, replacement of annex/schedule, amendment together with renewal, etc.)

ANNEX 1:

**REVIEWING AUTHORIZATION**

AMOUNT (VND)	SIGNING OFF LEVEL	REVIEWED AND ENDORSED BY	
		LEGAL DEPARTMENT	FINANCE DEPARTMENT
Above 3 bil	Upon the currently effective POA	Legal & Regulatory Senior Manager	Commercial Director or Corporate Finance
Up to 3 bil		Legal & Regulatory Senior Manager	Commercial Director or Corporate Finance
Up to 2 bil		Legal & Regulatory Senior Manager	Commercial Director or Corporate Finance
Up to 1 bil		Legal & Regulatory Senior Manager	Commercial Director or Corporate Finance
Up to 500 mil		Legal & Regulatory Senior Manager	Commercial Director or Corporate Finance
Below 20 mil		N/A	Commercial Director or Corporate Finance

ANNEX 2:

**CONTRACT ADVICE NOTE**

Date (Ngày) : \_\_\_\_\_  
To (Trình đến) : The [authorized personnel – Người được ủy quyền]

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**CONTRACT FOR APPROVAL**  
*(Hợp đồng trình duyệt)*

Prepared by : \_\_\_\_\_  
*(Hợp đồng được chuẩn bị bởi)*

Parties to contract : \_\_\_\_\_  
*(Các bên ký hợp đồng)*

Brief details : \_\_\_\_\_  
*(Nội dung hợp đồng)*

Estimated value : \_\_\_\_\_  
*(Giá trị hợp đồng)*

Commencement date : \_\_\_\_\_  
*(Ngày bắt đầu hợp đồng)*

Expiry date : \_\_\_\_\_  
*(Ngày kết thúc hợp đồng)*

Reviewed by (Được kiểm tra bởi):

* Department/Function: <i>(Bộ phận/Phòng ban)</i>	_____ <i>[Name]</i>	_____ <i>Signature &amp; date</i>	_____ <i>Comments, if any</i>
<hr/>			
*Finance Department <i>(Bộ phận tài chính)</i>	_____ <i>[Name]</i>	_____ <i>Signature &amp; date</i>	_____ <i>Comments, if any</i>
<hr/>			
*Legal Department <i>(Bộ phận pháp lý)</i>	_____ <i>[Name]</i>	_____ <i>Signature &amp; date</i>	_____ <i>Comments, if any</i>
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*This note is a part of the contract management for filing purpose.*  
*(Văn bản này là một phần của quy trình quản lý hợp đồng, được dùng cho mục đích lưu trữ hồ sơ).*

ANNEX 3:

**CONTRACT REGISTER**

<b>Contract and Agreement Register</b> <b>Original copy must be passed to Original Contract Register for retention</b>									
<b>Ref. No.</b>	<b>Date of Contract</b>	<b>Expiry Date</b>	<b>Type of Contract</b>	<b>Content of Contract</b>	<b>Originator (Name, Dept.)</b>	<b>Third Party</b>	<b>Original Passed to Contract Keeper? (Yes - No)</b>	<b>Prepared/Reviewed by Legal/Finance (Yes (date?) - No)</b>	<b>File Location</b>
2015/SC/MA/10	12/01/15	01/04/16	Procurement	Purchasing direct material	SC	ABC	Y	Y	Finance Storage - Compactor A-R1

