



| MITSUKOSHI MOTORS PHILIPPINES, INC. | | |
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| POLICY AND PROCEDURE | | |
| POLICY TITLE : | STORE DEVELOPMENT POLICIES AND PROCEDURES | Ref. No. |
| DEPARTMENT : | OPERATIONS SUPPORT DEPARTMENT | OPS-15-12-002 |
| TO : | REGIONAL MANAGER, AREA MANAGER, BRANCH MANAGER | December 4, 2015 |

OBJECTIVE

1. To guide concerned personnel and officers in opening new branch for growth and expansion of the company.
2. To provide comprehensive process to attain the business plan and objectives of the company on developing and prompt opening of new branch based on specific time period or time frame.
3. To define initial stages and responsible personnel and officer developing and opening new branch. Further, this will facilitate collaboration of involved departments or process owners for the set objectives.
4. To plan from a financial perspective by selecting resources required, determining other project expenses, and forecasting capital expenditures.
5. To standardize branch appearance and area on retail functions.

POLICIES

1. It is the responsibility of Branch Manager and Area Manager to prospect for new branch which shall be reviewed by the Regional Manager to ensure its feasibility and viability.
2. The new branch proposal shall be supported by economic profile of the city or municipality where the branch will be situated and the name of cities, municipalities and barangays included in the proposed new branch.
 - 2.1. To improve customer contacts of the branch.
The proposal will be submitted to MSD Department and shall be coursed to Operations Support Department subject for approval of the Executive Officer.
3. The Regional Manager shall determine and ensure the following;
 - 3.1. Capital and Non-Capital Expenses
 - 3.1.1. Non-Capital Expenses
 - 3.1.1.1. Rental
 - 3.1.1.2. Business Permits and Licenses
 - 3.1.1.3. Minor Repairs and/or Refurbishing Cost
 - 3.1.1.4. Internet connection
 - 3.1.1.5. Other incidental expenses before Opening of the new branch
 - 3.1.2. Capital Expenses
 - 3.1.2.1. Major Repairs
 - 3.1.2.2. Furniture and Office equipments, such as but not limited to computer, desktop, printer and scanner, office tables and chairs.
 - 3.1.2.3. Service motorcycle units

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3.2. Manpower

3.2.1. One-(1) Branch Manager that will initially steward or head of the proposed branch. The sourcing must be specified if within the company; promotion or transfer; or outside source. This is to anticipate for any vacuum that it will be creating in the organization.

3.2.2. Procedure

3.2.2.1. Area Manager

3.2.2.1.1. If the Branch Manager will be coming from within the company, forward Employee Movement (EM) recommendation with Performance Evaluation of the concerned employee to Operations Support Department thru MSD Department, indicating the name, branch and current position of person replacing the moving employee with the latter's Performance Evaluation.

3.2.2.2. Regional Manager

3.2.2.2.1. Review recommendation received from Area Manager and review if the candidate fits the job.

3.2.2.2.2. If convince that the candidate is qualify, forward recommendation to Executive Assistant.

3.2.2.3. Executive Assistant to the Chairman-Operations Support Department

3.2.2.3.1. Receive recommendation endorse by the Sales Core Group and evaluate if the candidate is qualify for the position.

3.2.2.3.2. If approval, forward to the Chairman for signature and approval.

3.2.2.3.3. Whether approved or disapproved, the decision must be communicated to the Sales Core Group.

3.2.2.3.4. Forward approved EM with the Performance Evaluation to HR Department to effect the promotion or transfer.

3.2.3. Two-(2) Marketing Assistants (MA); male and female

3.2.3.1. The male MA will be trained to be the Account Counselor of the branch, while;

3.2.3.2. The female MA will be trained to be the cashier of the branch.

3.3. LOCATION



3.3.1. Look for store space in a strategic location preferably in main road or major artery. Secondary or interior road is discouraged, because good location improves "Store Contact".

3.3.1.1. Marketing contacts occurs when consumers come into contact with information, either intentionally or accidentally, about MMPI products, stores or outlets, brands or models, thus a "Good" location is a plus.

3.3.2. Look for store space with minimum size of 80 square meters and submit the following together with the proposal.

3.3.3. Rental amount

3.3.3.1. It is the responsibility of the BM recommending or has the task to look for store space with the most advantageous term to the company.

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3.3.4. Sketch

- 3.3.4.1. The sketch or location map of the proposed branch must relate to the main road and nearest highway; and it must also show permanent landmark for purpose of evaluation of the location.

3.3.5. Floor plan

- 3.3.5.1. The scale must show measurement by square meter and labeled according to use;

3.3.5.1.1. Display area

3.3.5.1.2. Cashier's booth

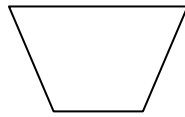
3.3.5.1.3. Entry and exit points

- 3.1.3.2. The frontage of the proposed branch must not be less than 5 square meters.

- 3.1.3.3. Trapezoid shape with narrow frontage is not allowable;

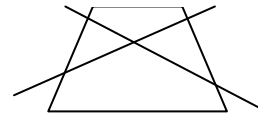
Allowed

Front



Non-Allowed

Front



- 3.3.6. Pictures of proposed store space showing vantage points in both side and front view of the space;

3.3.6.1. Front View

3.3.6.2. Left Side View

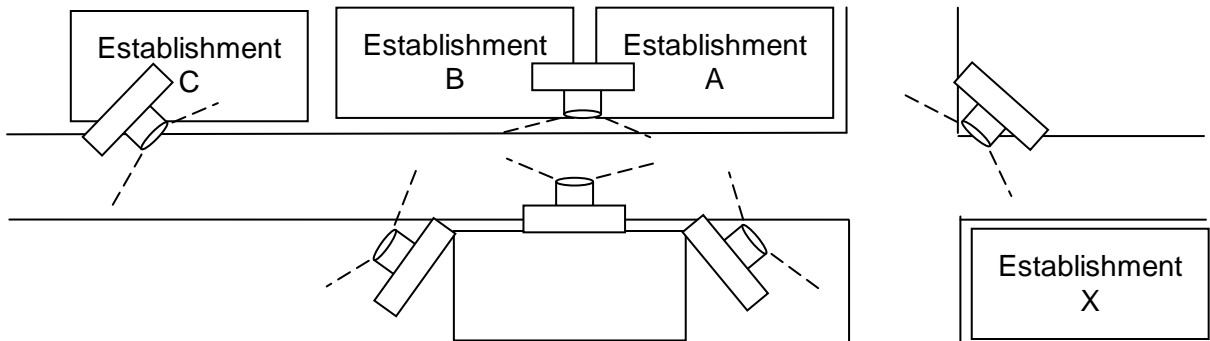
3.3.6.3. Right Side View

3.3.6.4. North/South Traffic

3.3.6.5. East/West Traffic

3.3.6.6. From the proposed Branch Space

Vantage Point of Taking Pictures of Proposed Branch



PROPOSED BRANCH SPACE

- 3.3.7. Available banks in the area; including remittance centers

- 3.3.8. Internet connection

- 3.3.9. Major players/dealers in the area

3.3.9.1. Name of Dealer

3.3.9.2. Number of branches

3.3.9.3. Name of brands

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- 3.3.10. Notable establishment such as but not limited to Jollibee, Mc Donald, Gaisano or SM Mall, Mercury, 7-11.
- 3.3.11. Other factors that will substantiate the opening of branch in the area such as but not limited to economic development, peace and order situation, source of income and place of convergence of the populace.

4. SOFT OPENNING

- 4.1. If the proposed branch was approved by the Chairman, the Operations Support Department with collaboration with Sales Core Group will issue a letter of approval indicating the specific date of the soft opening.
- 4.2. Since the proposed branch still needs to secure the necessary business permits and licenses; renovation on the store space; procurement of the needed furniture and fixtures; and other necessary matters to deal with, it will initially be a satellite of a nearest branch.

5. PERMITS AND OFFICIAL/COLLECTION RECEIPT

Mandatory local business permits must first be secured as a prerequisite in the printing of Official/Collection Receipt having its own address. It takes time to obtain from Bureau of Internal Revenue (BIR) for a printing approval and it normally takes three-(3) months from the soft opening.

6. COLLABORATION WITH OTHER DEPARTMENTS

| Department | Items to be Prepare |
|----------------------------------|---|
| Operations Support Department | Renovation Plan, Signage, Assets such as furniture and fixtures |
| Information Technology (IT) | Computer (Desk Top), Scanner, Printer and Internet Connection |
| Accounting Department | Branch Code |
| Treasury Department | Depository banks |
| DPR Section, Treasury Department | Accountable Forms |
| Training Department | Branch Personnel Training |
| Human Resources Department (HR) | Employee Action Noticed |

7. OTHERS

7.1. Transaction

The approved branch is **NOT ALLOWED** to enter into any business transaction, except for **INVENTORY MOVEMENT** or transfer due to absence of business permit and other government mandatory requirements.



7.2. Grand Opening

One-(1) week after the branch business permit have been secured and printing of Official/Collection Receipts have been made; the Operations Support Department will announce and communicate with Regional Manager of the **GRAND OPENING** date of the outlet as full pledge branch through e-mail and formal letter.

7.3. Branch Personnel Appointments and Additional Personnel



7.3.1. Upon official declaration of the outlet as full pledge branch, the assigned head that is in acting capacity will be appointed as Branch Manager and the Marketing Assistant acting as cashier will be a full pledge branch cashier.

7.3.2. Automatic branch personnel will be added namely: Branch Mechanic and additional Marketing Assistant will be hired c/o HR Department.

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TIME LINE ON STORE DEVELOPMENT

| Particular | Department | 1 st Month | | | | 2 nd Month | | | | 3 rd Month | | | |
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| | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Decide to develop new branch | Sales Core Team | | | | | | | | | | | | |
| Prospect new branch | BM, AM | | | | | | | | | | | | |
| Initial branch space negotiation | BM, AM | | | | | | | | | | | | |
| Received proposal | Sales Core Team | | | | | | | | | | | | |
| Review feasibility of proposal | Sales Core Team | | | | | | | | | | | | |
| Chairman's approval | Office of the Chairman | | | | | | | | | | | | |
| Finalization of space rental | BM, AM | | | | | | | | | | | | |
| Submission of proposed manpower | BM, AM, | | | | | | | | | | | | |
| Government Permits and Licenses (National & Local) | BM | | | | | | | | | | | | |
| Submits BIR Certificate of Registration | BM | | | | | | | | | | | | |
| Application of printing permit | DPR Section | | | | | | | | | | | | |
| Printing of Collection Receipt | DPR Section | | | | | | | | | | | | |
| Furniture, Fixtures & Equipments | | | | | | | | | | | | | |
| Computer, printer, scanner and Internet connection | IT | | | | | | | | | | | | |
| Mechanic's Tools | Spare Parts | | | | | | | | | | | | |
| Furniture & Office equipment | Corporate Service | | | | | | | | | | | | |
| Space Renovation, Signage | CSD/OPS | | | | | | | | | | | | |
| Accountable Forms | DPR Section | | | | | | | | | | | | |
| Office Supplies | 3 Cents | | | | | | | | | | | | |
| LTO Accreditation | LTO/CSD | | | | | | | | | | | | |
| Assignment of Branch Code | Accounting | | | | | | | | | | | | |
| Opening of Bank Account | Treasury | | | | | | | | | | | | |
| PCF and Change Fund | PCF Section | | | | | | | | | | | | |
| Employee Action Noticed | HR Department | | | | | | | | | | | | |
| Branch personnel Training | Training Section | | | | | | | | | | | | |
| BRANCH OPENING | | | | | | | | | | | | | |

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