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	Date of Issuance March 31, 2014	Date of Effectivity April 14, 2014

## PROCEDURE ON HANDLING BREACH OF CONTRACTS

### APPROVALS

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### REVISION HISTORY

AUTHOR	REVISED SECTION/PARAGRAPH	REV	RELEASED
Zaldy C. Lu	Initial Release	00	March 31, 2014

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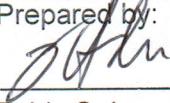
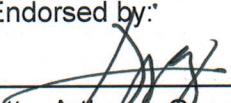
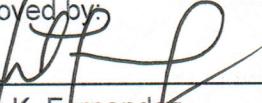
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## 1. PURPOSE

This procedure provides for the system to follow in cases where a breach of a contract to which the company is a party has been committed by the other contracting party (External Contracting Party).

## 2. SCOPE

This procedure shall apply to the following: receiving requests for the determination of breach of contract by an External Contracting Party and leading the administration of possible course(s) of action within the framework of law.

## 3. RECORDS

The following records are to be maintained:

Original Copies of the following records shall be maintained by the Internal Contracting Party and the Legal Affairs Department:

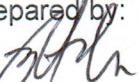
- Signed and/or notarized contracts;
- Correspondences with the other contracting party;
- Monitoring sheets, which shall be with the Administrative Assistant.

## 4. ASSOCIATED DOCUMENTS

The contract breached

## 5. DEFINITIONS

- Contract refers to a legally binding agreement that creates rights and obligations that may be enforced in the courts.

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- Breach of contract refers to a failure to fulfill the duties under the contract terms, i.e. failure to perform any of the ECP's responsibilities, failure by the ECP to deliver agreed goods or service in the quality of the goods or service in case the quality has been agreed upon in the contract, ECP's delay in the performance of responsibility when the time of performance has been agreed upon in the contract.
- Extrajudicial Procedures are means to settle a dispute outside the course of regular court proceedings, i.e. amicable settlement, imposition of fine/penalty, etc.
- External Contracting Party ("ECP") refers to an individual, group, or company that is a party to the subject contract opposite to STI.
  - Internal Contracting Party ("ICP") refers to a group, department, or division of STI that negotiated the contract that the ECP breached.

## 6. RESPONSIBILITIES

- The ICP shall be responsible in regularly ensuring that the provisions of the contracts it negotiated for the company are complied with.
- The Legal Affairs Group shall ensure that the company is legally protected in cases of breach of contract.

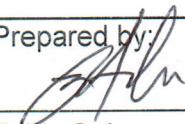
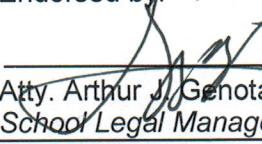
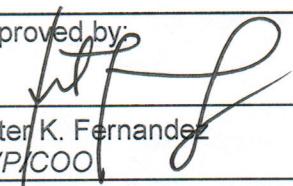
## 7. EQUIPMENT AND TOOLS

- Office Applications
- Pen
- Reference Books

## 8. PROCEDURE

### 8.1 Process Flow

Not Applicable

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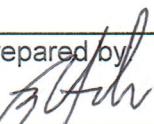
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## 8.2 Procedure

Upon discernment of a probable breach of contract, the ICP shall notify the Legal Affairs Group. The Legal Affairs Group shall:

1. Schedule a conference with the ICP to determine whether or not there has indeed been a breach of contract by the ECP.
2. Identify the probable strategy to take if a breach of contract has been established. Generally, the strategy shall be in the following order:
  - a. Send a formal written notification to the ECP, through the ICP, of the breach and instruct the ECP to cure the breach within a reasonable period. On the occasion of sending the notification, direct the ICP to ensure that the ECP receives the notice and secure a receiving copy therefor.
  - b. If the ECP fails to cure the breach within the given period, undertake extrajudicial procedures provided for by the contract upon consultation with the ICP.
3. In the event that the extrajudicial procedures provided for by the contract and the laws prove to be insufficient and ineffective, initiate and undertake the appropriate legal action.
  - a. For actions for breach of contract, the civil action shall be filed with the Regional Trial Court.
  - b. For civil actions demanding a sum of money not exceeding P400,000, the civil action shall be filed with the Metropolitan Trial Court.
  - c. For civil actions demanding a sum of money exceeding P400,000, the civil action shall be filed with the Regional Trial Court.

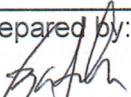
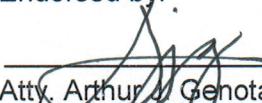
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- d. For criminal actions where the prescribed penalty is six years of imprisonment and below, the criminal action shall be filed with the Metropolitan Trial Court.
- e. For criminal actions where the prescribed penalty is above six years of imprisonment, the criminal action shall be filed with the Regional Trial Court. (Batas Pambansa Blg. 129, as amended by Republic Act 7691)
- 4. Monitor the status of the case and prosecute it until its completion.
- 5. Provide relevant and timely information to the ICP on the status of the case.
- 6. Ensure the appropriate administration of penalty, if any.

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