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	Date of Issuance March 26, 2014	Date of Effectivity April 7, 2014

PROCEDURE ON CONTRACT PREPARATION AND REVIEW

APPROVALS

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REVISION HISTORY

AUTHOR	REVISED SECTION/PARAGRAPH	REV	RELEASED
Zaldy C. Lu	Initial Release	00	March 26, 2014

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Prepared by: Zaldy C. Lu School Legal Officer	Endorsed by: Atty. Arthur J. Genota School Legal Manager	Approved by: Peter K. Fernandez EVP/COO
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Prepared by:	Endorsed by:	Approved by:
 Zaldy C. Lu School Legal Officer	 Atty. Arthur J. Genota School Legal Manager	 Peter K. Fernandez EVP/COO

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1. PURPOSE

This seeks to establish and institutionalize the procedure on the preparation and review of contracts, Memorandum of Agreement (MOA), Memorandum of Understanding (MOU), or other documents of agreement and/or its addendums/addenda.

2. SCOPE

This procedure on contract preparation and review shall apply to the following: receiving request for preparation and review of contract, finalization of the contract, printing, clearing, signing, and documentation.

3. RECORDS

The following records are to be maintained by the Legal Administrative Assistant/Legal Assistant in the Legal Affairs' stockroom:

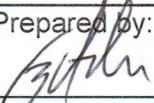
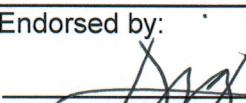
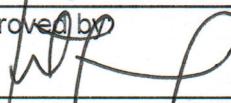
- Signed and/or notarized contract;
- Monitoring list, which shall be with the Legal Administrative Assistant.

4. ASSOCIATED DOCUMENTS

- Guidelines on Contract Negotiation
- Main Contract in case the contract for preparation and review is an Addendum

5. DEFINITIONS

- Contract is a legally binding agreement that creates rights and obligations that may be enforced in the courts, which, for purposes of this procedure, is documented on paper. It encompasses any kind of agreement written on

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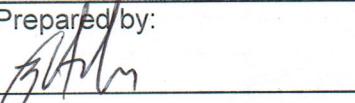
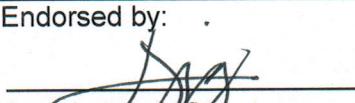
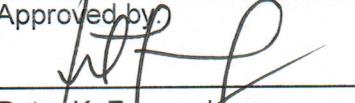
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paper, even when it comes in another name, i.e. Memorandum of Agreement, Memorandum of Understanding, and/or its addendums/addenda.

- Memorandum of Agreement (MOA) is a document written between parties to cooperatively work together on an agreed-upon project or meet an agreed-upon objective. Its purpose is to have a written understanding of the agreement between parties. The MOA can either be a legal document that is binding and hold the parties responsible to their commitment or just a partnership agreement.
- Memorandum of Understanding (MOU) is a legal document describing an agreement between parties, which expresses a meeting of will between the parties, indicating an intended common line of action, rather than a legal commitment. It is a more formal alternative to a gentlemen's agreement, but generally lacks the binding power of a contract.
- Addendum is an addition to a completed written document. This is most commonly a proposed change or explanation (such as a list of goods to be included) in a contract, or some point that has been subject of negotiation after the contract was originally proposed by one party. Real property sales agreements often have addendums/addenda as the buyer and seller negotiate fine points (how payments will be made, what appliances will be included, date of transfer of title, the terms of financing by the seller and the like). Although often they are not, addendums/addenda should be signed separately and attached to the original agreement so that there will be no confusion as to what is included or intended. Unsigned addendums/addenda could be confused with rough drafts or unaccepted proposals or included fraudulently.
- Contract Preparation is the process of formulating the terms and conditions of the agreement.

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 Zaldy C. Lu School Legal Officer	 Atty. Arthur J. Genota School Legal Manager	 Peter K. Fernandez EVP/COO

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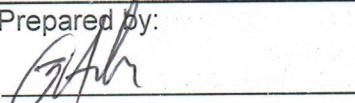
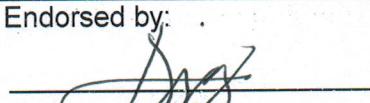
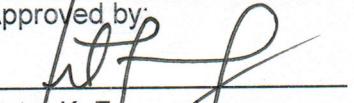
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- Contract Review – is the process of critically evaluating an agreement on paper to ensure that the terms and conditions of the contract are clearly stated for the parties to easily understand and to ensure that the same are not unduly unfair and unnecessarily discriminating against one party.
- External Contracting Party (“ECP”) refers to an individual, group, or company that is a party to the contract opposite to STI.
- Internal Contracting Party (“ICP”) refers to a group, department, or division of STI that negotiated the contract for the company.
- Real right refers to a right that is attached to a thing, i.e. ownership, pledge, mortgage.
- Immovable property refers to property with fixed location and cannot be moved or transferred elsewhere including those that can be built upon or affixed to the ground.
- Public document refers to a document created, executed, or issued by a public official in response to the exigencies of public service, or in the execution of which a public official intervened. It also refers to any instrument notarized by a notary public or a competent public official with the solemnities required by law.
- Real property generally includes the land itself, and all things permanently attached to it, such as buildings, structures and improvements.

6. RESPONSIBILITIES

- The Legal Administrative Assistant is responsible for the monitoring of the stages of the contract preparation and review from receiving the request therefor until its filing in the records of the Legal Affairs (LEGAL).

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 Zaldy C. Lu School Legal Officer	 Atty. Arthur J. Genota School Legal Manager	 Peter K. Fernandez EVR/COO

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- The Legal Affairs is responsible for drafting and maintaining contracts.
- The ICP is responsible for maintaining another copy of the contract it negotiated for STI.
- The ICP shall likewise be responsible in regularly ensuring that the provisions of the contracts it negotiated for the company are complied with.

7. EQUIPMENT AND TOOLS

- Office Applications
- Pen
- Reference Books

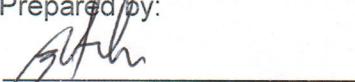
8. PROCEDURE

8.1 Process Flow

Not Applicable

8.2 Procedure

1. For requests solely for the review of ready-made contracts, the Legal Administrative Assistant, upon receipt of the request, shall ask the ICP to fill all the blanks in the contract and advise the same of the appropriate signatory for STI on the contract. Thereafter, the Legal Administrative Assistant shall immediately schedule it for initial review by the School Legal Officer, which shall be validated by the School Legal Manager. The School Legal Officer and the School Legal Manager shall review the contract from two (2) to three (3) days from the schedule of the start of the

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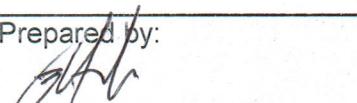
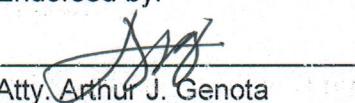
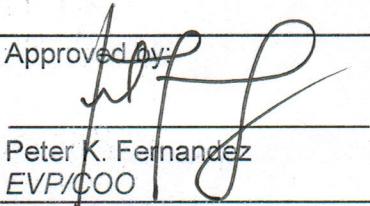
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review process, depending on the complexity of the contract and other necessary delays caused by further negotiations or re-negotiations on the same or other valid reasons. Thereafter, LEGAL shall proceed to step no. 5.

For requests on contract preparation, LEGAL shall provide the ICP a template of the needed contract, if such template is available. LEGAL shall then direct the ICP to fill in the needed information. In the event that no template is available for the needed contract, LEGAL shall set a meeting with the ICP to discuss the details of the contract to be drafted. During the meeting, LEGAL shall recommend terms and conditions, which are necessary to protect the company, of the requested contract.

2. LEGAL shall direct the ICP to negotiate, or renegotiate if there has been a previous negotiation, the terms of the contract with the ECP. LEGAL shall direct the ICP to refer to the Guidelines on Contract Negotiation before negotiating or renegotiating with the ECP.
3. LEGAL shall ask the ICP for all the details of the document of agreement and the terms thereof agreed upon during the negotiation or renegotiation, whichever is applicable.
4. LEGAL shall draft the contract within three (3) to five (5) days depending on the complexity of the contract and other necessary delays caused by further negotiations on the terms thereof or other valid reasons.
5. As soon as the contract has been drafted/reviewed, LEGAL shall forward it to the ICP for feedback.

Prepared by:	Endorsed by:	Approved by:
 Zaldy C. Lu School Legal Officer	 Atty. Arthur J. Genota School Legal Manager	 Peter K. Fernandez EVP/COO

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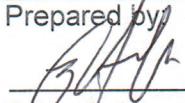
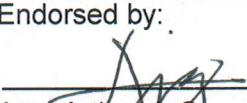
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6. Upon receiving feedback on the drafted/reviewed contract from the ICP, LEGAL shall assess the validity or invalidity of the same, if any.
7. In case of disagreement to the feedback, LEGAL shall discuss the concerns with the ICP.
8. After the concerns have been addressed, LEGAL shall finalize the document incorporating the changes agreed upon and save the document in PDF file in the legal shared drive.
9. LEGAL shall print five (5) copies of the finalized contract, which will be eventually distributed as follows: the ECP, the ICP, LEGAL, the Notary Public, if needed, and the Finance Group, if necessary.

The following contracts must be notarized:

- a. contracts that create, transmit, modify, or extinguish real rights over immovable property;
- b. contracts involving the power to administer property;
- c. contracts that should prejudice person/s not party to the contract;
- d. contracts that abandon actions or rights created by a public document;
- e. contracts that involve a sale of real property;
- f. contracts that are particularly required to be notarized by government agencies, i.e. OJT Agreements

*Those contracts pertaining to special projects such as acquisition or sale of assets or shares of stock, share swap agreements, notes facility/omnibus loan agreements and implementing security documents, merger of subsidiaries, and special transactions like the STI Gift of Knowledge Certificates need to be reviewed further by the Corporate

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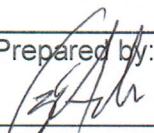
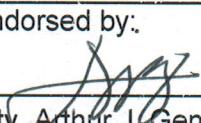
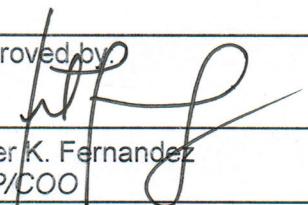
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Secretary. Notwithstanding this enumeration, each contract shall be evaluated by Legal Affairs Group on a case to case basis in order to determine the need to endorse the same to the Corporate Secretary.

10. LEGAL shall affix the requisite initial by the handling lawyer. The requisite initial of the handling lawyer shall be the proof that the contract had been finally reviewed and was cleared by LEGAL. After the final review and clearing process, LEGAL shall forward the contract to the ICP.
11. LEGAL shall direct the ICP to have the contract signed by the signatories of STI and the ECP at the end of the document and on each and every page thereof and have it notarized, if needed.
12. LEGAL shall ask the ICP for a copy of the signed and notarized contract for proper filing and documentation.

Prepared by:  Zainy C. Lu School Legal Officer	Endorsed by:  Atty. Arthur J. Genota School Legal Manager	Approved by:  Peter K. Fernandez EVP/COO
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