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	Policy No. HROD-3.4.2-001	New Addition
	Date of Issuance October 1, 2008	Date of Effectivity April 1, 2009
Subject: <u>Car Plan – Non Functional</u>		

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POLICY STATEMENT

STI shall assist qualified managers with job grade MC to acquire a motor vehicle as part of their benefits. This is mainly to assist in the employee's performance of his/her official duties. Further, it aims to help managers project and maintain a corporate image befitting the individual as well as in keeping with his/her position within the company. It is important to note that any availment of this benefit shall be subject to the Company's capacity to fund such acquisitions.

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QUALIFICATION FOR AVAILMENT

A Manager may avail of the car plan benefit provided that:

1. The Employee is currently holding a “permanent” status and has served the company as a manager for at least two (2) years;
2. The Employee is capable of driving a motor vehicle, possesses a valid driver’s license and he / she has been validated by a qualified STI panel to be capable of competently driving a motor vehicle;
3. The Employee shall be the primary and major user of the vehicle;
4. The total payroll deductions inclusive of car plan deduction shall not **exceed thirty (30%) of the Employee’s monthly gross pay**;
5. The Employee has not availed of any previous STI motor vehicle acquisition benefit for the past five (5) years; and,
6. Management reserves the right to prioritize the selection of Employees who shall be entitled to a car plan in case the cash flows of the Company cannot accommodate all qualified Managers at a given time. Managers with a **Performance Rating of 4** and a longer tenure in their respective levels shall be given preference.

UNIT COST OF ENTITLEMENT AND CONTRIBUTION

1. Qualified Employees shall be entitled to acquire one (1) motor vehicle with the maximum unit cost of Six Hundred Thousand (600,000.00) pesos. The contribution scheme shall be sixty percent (60%) for the account of the company and forty percent (40%) for the Employee’s account.
2. Any amount in excess of the maximum allowable car value shall be shouldered by the Manager and must be paid in cash.
3. Entitlement under this policy is applicable only to brand new vehicles.
4. All acquisitions under the car plan shall be coursed through a financing institution selected by the Company.

To further assist the qualified Employee, no cash down payment shall be required from him/her. Instead, the amount that corresponds to the down payment and other miscellaneous fees shall be included in the lease term agreement. The costs to be shared between the Company and the Manager shall include the following:

1. Interest and financing charges for a period of the sixty (60) months’ financing term;
2. Comprehensive insurance (through an-STI selected insurance company); and,
3. LTO registration.

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The Employee's share in paying off the monthly amortizations should be made at the same time the Company pays off its own share in the vehicle's monthly amortizations to the financing company. The employee may not accelerate payments to save on interest charges.

MOTOR VEHICLE OPERATING EXPENSES

The following costs/expenses shall not be included in the car plan and therefore will be paid by the Employee:

1. Gasoline (Reimbursement for gasoline expenses for official business trips are covered by a separate policy);
2. Car repairs and periodic maintenance;
3. Car accessories;
4. Parking expenses;
5. Expenses on transfer of ownership upon completion of the payment terms; and,
6. Other expenses not specified under the above-mentioned costs to be shared by the Company and the Employee.

TITLE OF OWNERSHIP

The ownership of the vehicle shall only be transferred to the Employee upon full payment of the amortization AND completion of the five (5) year term.

TERMINATION OF ENTITLEMENT

In case of separation from the Company prior to the end of the car plan term, the Employee has the following options:

1. Full settlement of the outstanding balance including the Company's share; or
2. Return of the vehicle to the Company. The Employee shall not be reimbursed for his/her actual contributions thus paid under the car plan.

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PROCEDURES

1. Availment

- 1.1. The employee submits a Letter to HROD indicating his/her desire to avail the Car Plan and a photocopy of his/her Driver's License. The letter should have the endorsement of the employee's Immediate Head.
- 1.2. HROD shall validate the eligibility of the applicant and endorse the same to the COO for approval.
- 1.3. Upon approval, the employee shall prepare the Material Request and Canvass Form (MRCF) and submit the approved letter of request to the Purchasing Group (the approved letter shall serve as attachment to the MRCF). Full specifications of the vehicle including accessories, if any, must be specified in the MRCF.
- 1.4. Upon endorsement of the HROD Head and/or VP - HROD and approval of the COO, the Treasury Group facilitates the processing of the application with the leasing company.
- 1.5. Any addition to the basic unit/car plan limit shall also be subject to approval of the COO
- 1.6. The Treasury Group coordinates with the Asset Management Group for the Car Insurance coverage.
- 1.7. The Purchasing group will inform the Employee the actual date of delivery or pick-up.

2. Car Return

- 2.1. The Employee submits a letter to the HROD Group indicating an intention to return the vehicle, actual date of turn-over, and list of all the items that will be included in the turn-over.
- 2.2. The HROD Group forwards a copy of the letter to the Asset Management Group for reference and basis of acceptance on the actual date of turn-over.
- 2.3. The Asset Management Group will give a copy of the verified list of items for turn-over to the HROD Group and this document shall be attached to the Employee's clearance form.