

**POLICIES
and
PROCEDURES**

Department: **Michael Gleissner Back Office**

Date & Revision: Oct 27, 2011 – R4

Title : **Credit/Debit Card Transactions & Documentation**

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I. Objectives:

To be able to have clear-cut policies and procedures for the following:

- 1) credit card transactions and documentation requirements
- 2) monitoring of charges, payment due dates, and complete documentation
- 3) setup schedules for payments as well as the reimbursements from entities that have charges or bills to avoid finance charges, penalties and surcharges
- 4) proper accounting and/or booking in the entities' books of accounts
- 5) define reportorial requirements and schedules

II. Scope:

These policies and procedures cover all credit card transactions using company issued credit cards, both principal and supplementary cardholders.

III. Payment Method for Credit Cards Charges:

The following payment methods shall be used and these are in particular order:

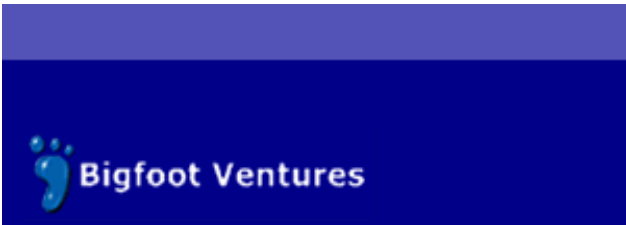
- 1) autopayment or automatic debit from Mr. Gleissner's designated account with the same currency as the credit card,
- 2) bill payment using Mr. Gleissner's bank account with the same currency as the credit card,
- 3) bill payment using the paying entity's bank account with the same currency as the credit card,
- 4) payment using checks when the first three (3) methods are not applicable.

The entities that have credit card charges or have received bills or expense reports must process reimbursement to Mr. Gleissner's account within 48 hours using any of the following payment methods:

- 1) ACH payment
- 2) check payment

IV. Policies:

It is the policy of the organization that all credit/debit card charges shall be properly and timely identified, summarized per entity as to where these

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charges are to be paid, communicated to respective Accountants handling these entities for the timely payment of these charges, at least, four (4) business days before payment due dates. Should there be unidentified charges, timely and proper communications to the credit card company, the merchant or the bank concerned must be done immediately, including successive follows up. However, Mr. Gleissner's personal charges or charges amounting to USD 20 or less shall need no supporting invoice/receipt.

- 1) Generally, credit/debit cards issued, particularly the supplementary cards, are for business related expenses only and shall be used for specific purposes. For instance, when a Traveldesk staff receives a supplementary credit/debit card, he/she must use it for travel related expenses only. Otherwise, proper written approval is necessary or the charge shall be for the account of the cardholder. For this purpose, an email approval will suffice and charges that are charged to the personal account of the cardholder shall be subject to salary/fee deduction and the policies related to the latter shall apply.
- 2) All credit/debit card transactions must be duly approved, supported with valid receipts and/or invoices and must be clearly described for proper charging purposes.
- 3) It is important that credit/debit card payments or transactions that have pre-approved budgets must not exceed the approved amount. Otherwise, another written approval for the excess is necessary. A payment using the credit/debit card without written approval shall be charged to the personal account of the cardholder or to whoever made or executed the transaction, whichever is applicable. For this purpose, an email approval will suffice and charges that are charged to the personal account of the cardholder shall be subject to salary/fee deduction and the policies related to the latter shall apply.
- 4) All credit card transactions must be monitored and all charges must be billed, at least, two (2) business days from billing date and paid by the entities charged, at least, four (4) business days before payment due dates to avoid finance charges, penalties and surcharges. Debit card transactions are billed at the time the charge is posted to the bank account.

Entities that are processing reimbursements must draw the check in the same bank where the charges come from or wire the payment from the bank where Mr. Gleissner's account is maintained. This is to avoid delays or avoid bank transfer fees or other charges, as the case may be, unless



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the entity has no bank account that, ACH Payment shall come from its HSBC US account or from a bank account it currently has.

For reimbursement in different currency and the entity has no bank account in the same currency, the payment must be converted to USD using www.oanda.com/convert/converter as reference to avoid forex losses and other rip off charges by banks. The converted amount must be deposited or paid through ACH or wired to Mr. Gleissner's US bank account.

Any delays in the reimbursement or payment of any bill or expense report, the credit card in-charge in each location as well as the Accounting Head of MGBO must be informed on a timely basis so that alternative actions can be done, if necessary.

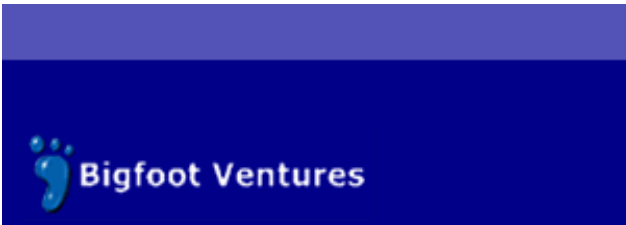
- 5) Generally, a credit/debit card charge or transaction must use the credit/debit card with the same currency to avoid forex losses as well as the 1% to 3% mark-up by credit card companies and/or banks.

If the person doing the transaction does not have a credit/debit card with the same currency as the charge, he/she must look for someone or a supplementary cardholder who is issued a credit/debit card of the same currency as the charge. If there is none, the person can use Mr. Gleissner's credit/debit card by coordinating with the credit card in-charge. The latter shall execute the payment and must be provided with the details of the transaction or the specifications of the item/s purchased, including the written approval for his/her reference. In the absence of the latter, the credit card in-charge has the right to refuse processing the payment using Mr. Gleissner's credit/debit card.

In regard to plane tickets purchased, charges must be in the local currency where the tickets are purchased and these charges shall include charges for any change in flight bookings, etc. that must be done over the phone.

In cases when a cardholder is requested to swipe his card at a travel agency, all charges must be in the local currency where the swiping of the card shall be done.

Credit/debit card details must be treated with utmost confidentiality, therefore, these are not freely given to anyone except to Mr. Gleissner or to the cardholder and to his authorized representative/s. In order to do this, there must be written authorization issued by Mr. Gleissner or by the cardholder and an email authorization will suffice addressed to the Accounting Head of MGBO.

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- 6) Each entity that is charged must reimburse or make payment, at least, four (4) business days before payment due date of the credit card. This means that the payment is credited to the account being paid, at least, three (3) business days before payment due date. Any delays must be brought to the attention of the Accounting Head of MGBO on a timely basis.

The 48 hours reimbursement policy shall apply for billings of debit cards.

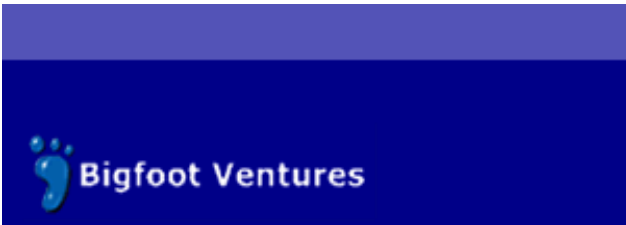
- 7) Mr. Gleissner must be informed on a timely basis for any finance charges incurred regardless of reason.
- 8) Any charge that is amounting to more than USD 2,000 must have an email approval from Mr. Gleissner that such will still be charged to one of his credit/debit cards and not paid through wire transfer or ACH Payment or through check. MG's email approval must be forwarded to the credit card in-charge in the location and to the Accounting Head of MGBO as an attachment to an email and not as a forwarded email.
- 9) All bank's requests for verification requesting to call its Customer Service shall be ignored. Requests via email or in writing are acceptable. For this purpose, Vonage no. +1.310.576.1333 is installed which shall only keep on ringing.

V. Procedures:

Cardholders

The credit/debit cardholder is primarily responsible for all transactions that are done using his/her credit/debit card. Therefore, it is important that the cardholder knows what the policies and procedures on using the credit/debit card/s endorsed or assigned to him/her.

- 1) Upon receipt of the actual credit/debit card, the assignee or cardholder shall submit photocopies of both sides of the card to the MGBO Accounting Assistant in-charge for all credit/debit cards. He/she must ensure that the copies are clear and/or readable.
- 2) Whenever the cardholder uses his/her card, he/she must demand for the credit card slip AND the corresponding receipt or invoice and must ensure that the data on these documents are readable and understandable by the reader.

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- 3) All supporting documents of all credit/debit card transactions must be submitted to the MGBO Accounting Assistant in-charge for credit/debit cards immediately or two (2) business days, whichever is applicable, after the transaction is consummated. The corresponding written approval for said transaction must be forwarded to the latter and for this purpose, email approval will suffice.

When the cardholder is outside the Philippines, scanned or fax copies of the supporting documents must be sent ahead to MGBO credit/debit card in-charge immediately or two (2) business days, whichever is applicable, after the transaction is consummated, together with the written approval that is forwarded thru email.

Failure to comply with this requirement shall be escalated to the immediate superior of the cardholder who shall determine the proper action to be done.

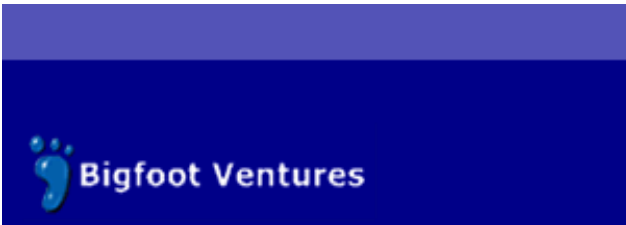
- 4) Whenever there are concerns from MGBO that need to be clarified, it is the cardholder's responsibility to provide comments/feedback or clarification within two (2) business days from receipt of the email inquiry. Otherwise, MGBO has to implement the escalation procedures as detailed in Section VIII below until issues are resolved and charges and/or billings are done accurately and timely.
- 5) In case of lost receipt, the supplementary credit/debit cardholder must advise the credit card in-charge of MGBO, including in the loop his/her immediate superior, and the Accounting Head of MGBO. In the email, all approval and other necessary correspondences in regard to the purchase must be attached or included in the email to support the charges and billings to be done by MGBO. Absence of all these supporting documents, such credit/debit card charge shall be charged to the personal account of the cardholder.

Accounting

- 1) MGBO must ensure that all credit/debit cards can be viewed or accessible online for easy monitoring.

Finance in Singapore is responsible for all cards issued in Singapore while the Hong Kong Office Assistant takes care of the Hong Kong credit/debit card transactions, including the preparation of the necessary expense reports or billing.

- 2) Upon receipt of new credit/debit cards, the MGBO credit card in-charge must retain photocopies of the front and back portions of the card.

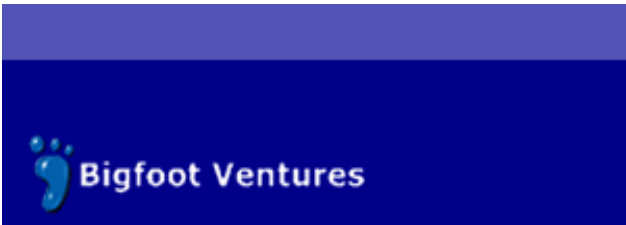
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He/she must obtain the necessary information needed to monitor the cards' transactions and details as follows:

- billing address
- telephone no. used upon registration, if registration was not done by MGBO
- user name and password for online access
- expiry date
- credit limit
- security code
- master secure code (for mastercard only)
- security questions and the corresponding answers

If the new credit/debit card was directly sent to the cardholder, it is the responsibility of the MGBO credit card in-charge to request for the necessary information as well as the photocopies of the two (2) sides of the card. If the credit/debit card was issued in Hong Kong or Singapore, he/she must share the information to the person in-charge of MG's credit card in said country.

- 3) The MGBO credit card in-charge must enter all credit/debit cards' details into the "Card at Glance" file as well as all revisions/changes to these details. Revision history must be retained for reference or for easy traceability purposes.
- 4) Should there be credit/debit card that has no online access, the MGBO Accounting Assistant in-charge for the credit cards must closely coordinate with the person in-charge of mails in the mailing address of this credit card. This process shall ensure that statements are received on time for billing and payment purposes.
- 5) Credit/debit cards must be accessed online and each charge must be identified as to entity to be charged. The credit card in-charge in each location must ensure that receipts are on hand on a regular basis and any receipts that are not received on time must be followed up from the cardholder to ensure that every end of the week, these receipts are in tact, ready for the billing processes to commence. Should there be receipts that are not received, as per set timetable, these must be escalated to the Accounting Head of MGBO for possible alternative action or implementation of the escalation processes described in Section VIII below.
- 6) It is also very important that each credit/debit card charge has written or email approval or has a pre-approved budget and the actual amount must not exceed to the pre-approved budget. Otherwise, another written or

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email approval is needed from the cardholder or from the person who initiated the transaction. An excess charge with no approval shall be charged to the cardholder or to the person who initiated the transaction, whichever is applicable, and shall be subject to salary or consultancy fee deduction and the policies related to this shall apply. In this case, the credit card in-charge in the location shall coordinate with HR and the cardholder or with the person who initiated the transaction, whichever is applicable.

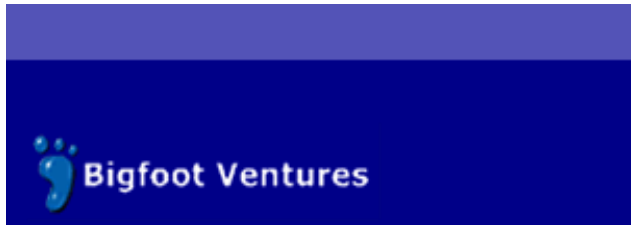
- 7) Once all receipts are received, billing process must be done by the credit card in-charge three (3) business days from statement date and these expense reports/billings must be forwarded to the entities charged, at least, five (5) business days before payment due dates. The MGBO credit card in-charge must always be included in all emails on expense reports/billings.

Charges that have pending receipts must be identified and described by the cardholder, for billing purposes, and shall be booked as deferred charges in the books of the entity charged.

- 8) Four (4) business days before payment due dates, the credit card in-charge in the location with the assistance of MG's Personal Accountant at MGBO must ensure that payments are wired or checks were issued or cut and sent to the bank and/or credit card companies and credited or posted to the account two (2) calendar days before payment due date/s. Otherwise, the situation shall be escalated to the Accounting Head of MGBO for appropriate alternative action.

VI. Reportorial Requirements and Schedules

- A. Weekly Reports
- ✓ All Credit/Debit Card Charges
 - ✓ Supplementary Credit/Debit Card Charges
 - ✓ MG's Credit/Debit Cards and Bank Account Balances
- B. Monthly Reports
- ✓ Documentation – Receipts per Credit Card
- C. Per Occurrence
- ✓ MG's USD Credit Card Payments



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VII. Approving Officers

- A. Entertainment Group
 - ✓ Alan Chang – Global Chief Finance Officer
 - ✓ Ashley Jordan – Chief Executive Officer, BFE
 - ✓ Kacy Andrews – Chief Executive Officer, IAFT
 - ✓ Michael Gleissner – Chairman of the Board

- B. Real Estate Properties & IT Groups
 - ✓ Fabianito Init – Chief Finance Officer
 - ✓ John Joseph S. Mercado – Chief Operating Officer, Consultant

- C. Michael Gleissner Back Office
 - ✓ Alan Chang – Global Chief Finance Officer
 - ✓ Michael Gleissner – Chairman of the Board

VIII. Escalation Processes

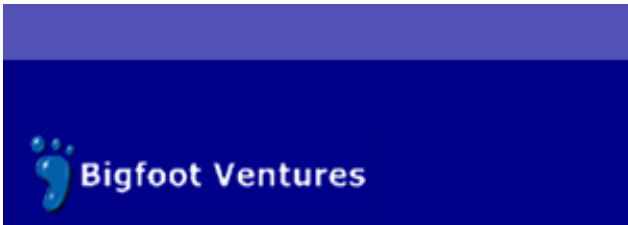
All concerns that need final decision shall be escalated in the following order:

- Global Chief Finance Officer or the Accounting Head for MGBO cases
- Global Chief Finance Officer or the Chief Executive Officer for the Entertainment Group only
- Global Chief Finance Officer or the Chief Executive Officer for the IAFT Group only
- Chief Finance Officer for Real Estate Properties & IT Groups only
- Chairman of the Board

IX. Responsibilities:

Supplementary Cardholder

The credit/debit cardholder is primarily responsible for all transactions using his/her card as well as the compliance of these policies and procedures. The person must take care of the credit/debit card/s assigned to him/her that any damages or lost card must be reported immediately to the credit card in-charge under MGBO or in the country the credit/debit card was originally issued so this can be cancelled and/or replaced immediately.

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Staff In-Charge in Mailing Addresses

The person must open all mails upon receipt and determine if these are bills or invoices that are time sensitive or have payment deadlines and are subject to default interest, surcharges and penalties. All time sensitive mails are scanned and sent as an email attachment to the Accounting Head of MG's back office or to the Finance Officer handling the entity debtor or of the country where the credit card was originally issued.

It is also the responsibility of the staff in-charge in the mailing addresses to prepare weekly mails received report every Monday or every first working day of the week should Monday be a holiday to be submitted to the Accounting Head of Michael Gleissner's back office.

Any delays in payment that caused by the staff in-charge in the mailing addresses shall be subject to sanctions as stated herein.

Accounting Head of MG's Back Office and/or Finance Officer

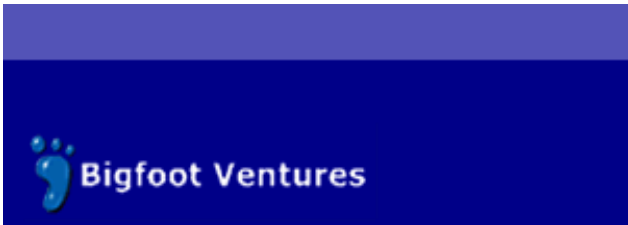
These officers shall be primarily responsible for the implementation of these policies and procedures, particularly the 48 hours turn around time of reimbursements. All outstanding and overdue payables must be brought to the attention of the Chairman for any appropriate action whenever necessary.

Accounts Payable Clerk

The person must be responsible in summarizing all payables for payment approval and once approved, he shall process payment. He must be aware of these policies and procedures, particularly the 48 hours turn around time for reimbursements, to avoid delays in the processing. Should there be problems in a certain invoice or expense report that may cause delay in the processing of the reimbursement or payment, such concern must be brought to the attention of the Accounting Head of MG's back office or to the Finance Officer of the entity debtor. Failure to do so shall be subject to sanctions as described herein.

Authorized Approving Officers

These officers are directly responsible in the approval of payment for each payable/reimbursement. Should they find any concern in a certain bill or invoice or expense report, this must be brought to the attention of the Accounting Head of MG's back office or to the Finance Officer of the entity debtor. Failure to approve a payable/reimbursement on a timely manner may cause the delay in the processing of payment.

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X. Approval

Prepared by:

Approved by:

Leni Lastimoso-Ambayan
MGBO – Accounting Head

Petra Bauernfeind
Chief Compliance Officer