

TERMS OF REFERENCE

DATA CENTER FOR ADVANCE METERING INFRASTRUCTURE (AMI) WITH DISASTER RECOVERY, RECORD DIGITIZATION, AND ONLINE PAYMENT GATEWAY

1. BACKGROUND

DBP Data Center, Incorporated (DCI) is a Government–Owned and Controlled Corporation (GOCC) duly organized and registered with the Securities and Exchange Commission (SEC) and is a wholly–owned subsidiary of the Development Bank of the Philippines (DBP).

Its primary mandate is to provide information and technology facilities management, systems application development, systems integration, IT solutions, contact center operation, business processes outsourcing, consultancy services and other IT related services to government and non–government institutions.

Advance Metering infrastructure (AMI)

On June 6, 2018, the Energy Regulatory Commission (ERC) crafted the rules for Advance Metering Infrastructure (AMI) as a relevant preparation to the kick–off of mandatory Retail Competition and Open Access (RCOA) for the country’s grander ambition of smart grid systems. The agency has laid down the rules for the deployment of AMI by Distribution Utilities (DUs) and other authorized entities.

The AMI rules, as prescribed, shall “set the standards, rules and regulations to govern the use of these smart meters in the provision of AMI services to consumers”.

As envisioned, the AMI rules shall “promote demand–side management and energy efficiency by providing tools/services that empower consumers to manage their consumption. Additionally, it shall enhance “operational efficiency of the distribution utility and the reliability of its network, to provide guidance in the implementation of the AMI, its related features, services and functionalities; and to establish standards for an AMI project, smart meters and other devices, communications platforms and software applications necessary to operate the system.”

The important and major trend in data centers today is the flexible/adaptability to higher levels of security, especially, those that serve the fields of essential services and financial sectors. Large banks need to ensure that there is an absolute continuity of services and reduce the risk of disruption and blackouts to almost zero. It applies to the telecommunications companies, especially after the arrival of the Internet. Day by day, technologies are getting advanced and people are depending more on data centers as they

offer the greater levels of security, flexibility and accessibility to data and information nationwide and around the world.

Online Payment Gateway

Bangko Sentral ng Pilipinas (BSP) Governor Amando Tetangco Jr., in a statement made on December 10, 2015, said that government collections through electronic payments comprise only a small percent. This is consistent with the Case Study conducted by the Better Than Cash Alliance published on July 15, 2015. The study said that this Better Than Cash Alliance diagnostic estimates that Filipinos make about 2.5 billion payments per month, or roughly 64 monthly payments per adult, corresponding to a monthly value of over US\$74 billion. But only 1% of these payments are electronic, with cash and checks accounting for the remainder. While some successes in the development of a healthy electronic payment ecosystem are emerging, they are generally limited in scale and scope. A need exists for a comprehensive strategy among government and key players in the payments industry to expand usage of electronic payments.

It is further the policy of the State to require and/or accept payments and issue receipts acknowledging such payments through systems using electronic data messages or electronic documents. To realize this government policy, the Department of Finance (DOF) and the Department of Trade and Industry (DTI) promulgated the following guidelines:

Joint Department Administrative Order No. 2, Series of 2006: Guidelines Implementing RA8792 on Electronic Payment and Collection System (EPCS) in Government; and

Joint Department Administrative Order No. 10-01: Guidelines on the Use of Access Devices for Payment of Fees, Charges, Assessments and Other Revenues Due to the Government through the Electronic Payment and Collection System (EPCS) of a Government Agency;

The Bureau of Internal Revenue (BIR) also promulgated BIR-RR No. 3-2016: Prescribing the Policies and Guidelines on the Adoption of Credit/Debit/Prepaid Card Payments as Additional Modes of Payment of Internal Revenue Taxes.

The Commission on Audit meanwhile issued the guidelines for the use of electronic Official Receipts (e-OR) to Acknowledge Collection of Income and other Receipts of Government through Circular No. 2013-007 dated September 18, 2013.

DCI, as a government systems technology integrator shall join in the State's pursuit of its declared Policy to promote operational efficiency through information technology and electronic payments. As such, DCI needs resources to be able to fulfill its mandate. This can be achieved by entering into a Contractual Joint Venture Agreement (JVA) with a private entity willing to provide the technology, resources and/or services as agreed upon with the DCI.

2. OBJECTIVES

ADVANCE METERING INFRASTRUCTURE (AMI)

- 2.1. To install advanced metering infrastructure (AMI) in urban and rural areas in cooperation with cooperatives and other utility companies;
- 2.2. To provide proper monitoring and control to detect and reduce fraud including transaction processing and power consumption.
- 2.3. To introduce an integrated single data center platform for DUs and electric cooperatives with multi-functionalities such as databases, disaster recovery centers, records digitization, and online payment infrastructure.

ONLINE PAYMENT GATEWAY

- 2.4. To launch effortless, cashless and paperless transactions from manual to electronic systems capable of transacting using centralized databases.
- 2.5. To monitor real-time payment transactions and generating reports from the government agency to DBM, Bureau of Treasury (BTr) and Commission on Audit (COA).

3. DURATION OF CONTRACT

The contract for the Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery, Record Digitization, and Online Payment Gateway, shall be for Ten (10) Years with a total joint venture estimated cost ranging from One Hundred Million Pesos (PhP 100,000,000) to One Hundred Forty Million Pesos (PhP140,000,000). This contract is renewable under the same terms and conditions, and upon mutual consent of both parties.

4. QUALIFICATION OF JV PARTNER

- 4.1. The JV Partner must have been operational for at least five (5) years.
- 4.2. The JV Partner must have a registered capital of at least 100 Million Pesos based on SEC Registration.
- 4.3. Able to directly connect to Asia Pacific and US companies.
- 4.4. Must have completed a project/s similar in nature, purpose and complexity, aggregating to an amount of at least 100 Million Pesos, within the past five (5) years from the time of the joint venture application.
- 4.5. The JV partner must have had foreign partner/s for the last five (5) years.

5. ELIGIBILITY REOUIREMENTS

5.1 CLASS "A" DOCUMENTS

5.1.1. Legal Documents

- 5.1.1.1. Registration certificate from the Securities and Exchange Commission (SEC);
- 5.1.1.2. Business/Mayor's permit for 2019 issued by the city or municipality where the principal place of business of the JV partner is located;
- 5.1.1.3. Valid and Current Tax Clearance per Executive Order 395, Series or zoos, as finally reviewed and approved by the BIR.

5.1.2. Financial Documents

- 5.1.2.1. Audited financial statements for the past three (3) calendar years. If the prospective JV Partner is Filipino, the audited financial statements to be submitted must be stamped "received" by the BIR or its duly accredited and authorized institutions;
- 5.1.2.2. Latest tax returns, if the JV Partner is Filipino;
- 5.1.2.3. Letter from a domestic universal/commercial bank, or an international bank with a subsidiary/branch in the Philippines, or any international bank recognized by the Bangko Sentral ng Pilipinas (BSP), attesting that the prospective JV Partner is one of its current clients, and is in good financial standing.

5.2 CLASS "B" DOCUMENTS

- 5.2.1. When the JV is already in existence, all JV partners shall issue notarized statements stating that they will enter into and abide by the provisions of the Joint Venture;
- 5.2.2. Agreement (JVA) in the instance that a bid to a government agency is successful;
- 5.2.3. Secretary's Certificate stating the authority of the signatory.

6. SCOPE OF SERVICES

- 6.1. The JV of DCI and JV Partner (JV) shall setup an infrastructure with the following minimum requirements which will serve as the Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery Servers and record digitization to key areas within Central Luzon, National Capital Region (NCR) and/or Visayas and/or Mindanao Region. All hardware, software, and third-party licenses under these enumerated infrastructures to be used for the data center, disaster recovery, digitization, payment gateway operations and monitoring are deemed property of the party who had ownership before contribution to the JV:

- 6.1.1. Database, Web and Production Application Servers shall serve as the

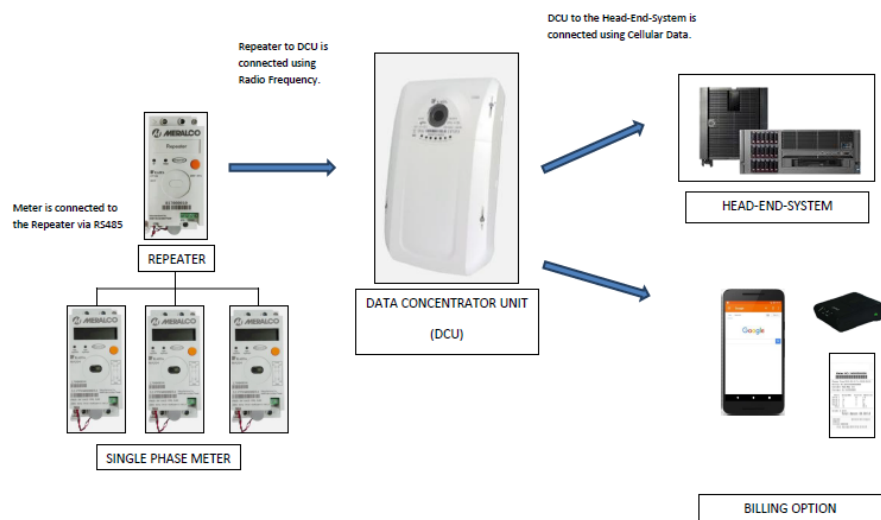
host servers to be used in the live production environment of the payment gateway and other data transactions.

6.1.2. Disaster and Recovery for Business Continuity of the production servers following a natural or human-induced disaster in order for the system to be restored to its full operational functionality.

- 6.2. The JV shall provide marketing support to potential clients in the form of training and/or orientation to the JV Partner's products and services, proposal preparation, product presentation, and assistance with client scoping.
- 6.3. For purposes of the JV, DCI shall be responsible for billing and collection process for Joint Venture services. All collections and revenues for the services of the JV shall be deposited to a special account that shall be opened at DBP under the joint control of both parties.
- 6.4. The JV will install advance metering infrastructure (AMI) in urban and rural areas in cooperation with cooperatives and other utility companies. AMI provides detailed information which may include: cumulative kWh usage, daily kWh usage, peak kW demand, last interval demand, load profile, voltage, voltage profile, logs of voltage sag and swell events, voltage event flags, phase information, outage counts, outage logs, tamper notification, power factor, and time-of-use kWh and peak kW readings.
- 6.5. The JV shall promote convenience, efficiency and transparency in all government transactions supporting R.A 11032 an Act Promoting Ease of Doing Business and Efficient Delivery of Services in Government.

ADVANCE METERING INFRASTRUCTURE (AMI)

AMI is practically a system comprising of “smart” meters, data telecommunications, software and computing hardware that aims to automate most of the electric utility’s management of the flow and the quality of electricity that goes into the homes of customers.



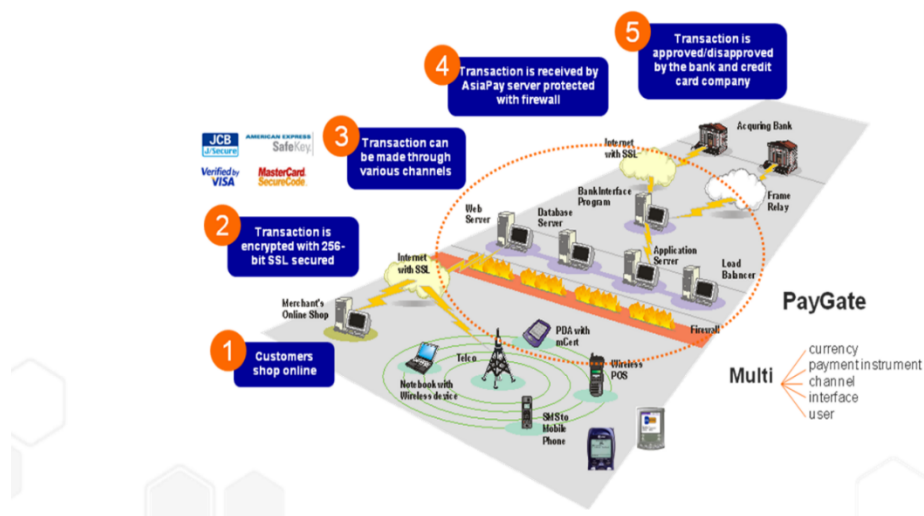
ONLINE PAYMENT GATEWAY

The Joint Venture of DCI and Joint Venture Partner (JV) shall setup an online payment gateway infrastructure that is secured and compliant with card brands regulations.

Following are the requirement to setup the online payment gateway:

- **Web Server** is to host websites and to deliver web content from its hosted websites over the internet.
- **File Server** to provides a location for shared disk access, i.e. shared storage of computer files (such as text, image, sound, video)
- **Database Server** is a server which houses a database application that provides database services to other computer programs or to computers that defined by the client-server model.
- **Datacenter / Physical Server** is a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (e.g. air conditioning, fire suppression) and various security devices.
- **PCI-DSS Version 3.2 Compliance** the Payment Card Industry Data Security Standard is an information security standard for organizations that handle branded credit cards from the major card schemes.
- **Anti-Fraud Mechanism** is the capability of the application to detect and counter fraudulent transactions.

An integrated web solution product built by Java Web technology with 3-Tier System



7. RESPONSIBILITIES OF JV PARTNER

The JV Partner shall provide equity, as its Share to the JV, equivalent to 90% of the estimated total joint venture cost which may be in forms of monetary, services, hardware and/or software to deliver the following IT solutions:

7.1. Advance Metering Infrastructure

7.1.1. The JV Partner shall be responsible for the set-up of the Advance Metering Infrastructure (AMI) including the necessary hardware, software and infrastructure.

7.1.2. The JV Partner shall provide manpower for the operations and supporting services necessary to install, maintain and manage installed products and services throughout the duration of this contract.

7.2. Data Center Infrastructure

7.2.1. The JV Partner shall be responsible for the set-up of the Data Center including the necessary hardware, software and infrastructure.

7.2.2. The JV Partner shall provide Technical Support Staff who will install, maintain, and manage the JV infrastructure set up and the JV Data Center throughout the duration of this contract.

7.3. Online Payment Gateway

7.3.1. The JV Partner shall provide an end-to-end online payment gateway solution that can process payment transactions using various mode of payment such as debit/credit card, mobile wallet and over-the-counter payments.

- Customer Service that provides a dedicated group that will exclusively handle inquiries of affiliated merchants of the JV. Inquiries shall be related to POS settlement, requisition of POS reports and Internet Payment Gateway, supplies and other merchant transactions.
- Chargeback and re-presentment processing involve regular monitoring of each chargeback transaction as well as retrieval of chargeback documents (if any) to and from the end-user. This includes proper communication of a chargeback case to concerned merchant for immediate resolution. The JV Partner's technical staff shall handle review of a dispute case and recommend collection or a representation of the disputed amount, if necessary, from the Issuing

bank.

- Accounting Services that will cover regular monitoring of settlement accounts and recording of the transactions in the DCI's bank client's book of accounts. This also includes daily or monthly reconciliation of settlement and bank accounts involving card transactions of DCI. Monthly analysis of financial debit or credit transactions made by Visa International and/or other Card Associations to DCI or its bank client.

7.3.2. The JV Partner shall provide manpower for the operations and support services.

7.3.3. Provide access to an electronic transactional system with the following capabilities:

7.2.1.1. Know Your Customer (KYC) processing

7.2.1.2. E-Wallet/mobile wallet functionality

7.2.1.3. Be in compliance of all AML laws

7.4. Maintain electronic copies of all records and documentations required by this Agreement for a period of not less than 10 years.

7.5. Provide personnel and technical support for constant and seamless interconnection with Data Center Operation, Disaster Recovery and Online Payment interconnection with Visa/Mastercard as well as mobile and/or e-wallet payments and other Bank accredited institutions.

7.6. Ensure that all agreements/contracts with the payment networks such as but not limited to Bancnet, Visa/Mastercard, mobile wallet and e-Wallet are secured and properly executed.

8. RESPONSIBILITIES OF DCI

8.1. DCI shall provide over-all project management support to the Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery, Record Digitization, and Online Payment Gateway, installations and integrations, and monitor clients' compliance with e-payment operational procedures, best practices and policies.

8.2. DCI shall provide equity, as its share to the Joint Venture, with the value thereof assessed at 10% of the estimated total joint venture cost which may be in the forms of monetary, services, hardware and/or software.

8.3. DCI shall:

- 8.2.1. Assist in the first (1st) level support to all project clients, providing technical support and help desk until DCI personnel is fully capable to perform the task.
- 8.2.2. Provide promotional support of the Project for Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery, Record Digitization, and Online Payment Gateway to DUs and electric cooperatives extensively.
- 8.2.3. Ensure that DBP is depositary bank for the JV.

9. TERMS OF PAYMENT

9.1. Revenue Sharing

- 9.1.1. Per Transaction Base – payment to DCI will be on a per transaction basis, which will be incurred by end-users.
- 9.1.2. The Joint Venture shall provide revenue share based applicable transaction fee/s as follows:

JV Partner	70%	The proposal to be submitted may vary but any proposal for sharing on fees collected should have a percentage of not more than 70% for the JV partner.
DCI	30%	The proposal to be submitted may vary but any proposal for sharing on fees collected should have a percentage of not less than 30% for DCI

10. WARRANTIES OF THE JV PARTNER

- 10.1. The JV Partner warrants that it shall conform strictly to the terms and conditions of this Terms of Reference.
- 10.2. The JV Partner shall comply with the laws governing employee’s compensation, Phil Health, Social Security and labor standard, and other laws, rules and regulations application to the personnel employed by JV Partner on account of the contracted services. The JV Partner shall pay its personnel not less than the minimum wage plus other benefits mandated by law.
- 10.3. The JV Partner in the performance of its services shall secure, maintain at its own expense all registration, licenses or permit required by National or Local Laws and shall comply with the rules, regulations and directives of Regulatory

Authorities and Commission. The JV Partner undertakes to pay all fees or charges payable to any instrument of government or to any other duly constituted authority relating to the use or operation of the installation.

- 10.4. The JV Partner personnel shall take all necessary precautions for the safety of all persons and properties near area of work and shall comply with all the standard and established safety regulations, rules and practices.
- 10.5. The JV Partner shall coordinate with the authorized and/or designated DCI personnel in the performance of their jobs.
- 10.6. The JV Partner is in compliant with the Data Privacy Act of 2002.

11. CONFIDENTIALITY OF DATA

- 11.1. The JV Partner shall document detailed procedures/techniques in identifying systems security risks and breaches and how such shall be handled.
- 11.2. All project staff of both parties shall be required to sign a Non-Disclosure Agreement (NDA).
- 11.3. The project Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery, Record Digitization, and Online Payment Gateway, its components, parts and all products, product samples and specifications, data, ideas, technology and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, shall hereinafter be referred to as the "Proprietary Information") are confidential and proprietary to the JV.
- 11.4. The JV agrees to hold the Proprietary Information in strict confidence. Furthermore, agrees not to reproduce, transcribe, or disclose the Proprietary Information to third parties without prior written approval or the both parties.
- 11.5. To ensure the confidentiality or all information that will come to the knowledge or the JV and its employees detailed with the implementation of the project, the JV and its employees assigned with the project Data Center for Advance Metering Infrastructure (AMI) with Disaster Recovery, Record Digitization, and Online Payment Gateway, shall be considered agents of the JV. The contract that will be executed heretofore shall categorically provide that the JV Partner and its employees, as agents of DCI, shall keep on strict confidentiality any information regarding the business, income or estate of any taxpayer.
- 11.6. The JV and its employees shall be liable to the penalties imposed under Section 270, in relation to Section 269 of the Tax Code of 1997, in case of any unlawful divulgence of any information regarding the business, income, or estate of any taxpayer.

12. CONDITIONS OF CONTRACT

- 12.1. The JV Partner is exclusive to DCI for IT projects with government agencies. As such, the JV Partner shall course through DCI any business opportunities to any government agency related to the line of product and services DCI is offering with the same JV Partner. Whereas, this shall not be construed that DCI is exclusive to JV Partner. DCI shall ensure that this term is incorporated or considered in its contract/s with its clients.
- 12.2. In the event that DCI's client terminates the use of the Services without reasonable cause before the end of the Term of its contract or agreement therewith, a pre-termination penalty applies, which shall essentially cover the minimum charges for the unused term of the contract or agreement. DCI shall include a pre-termination clause in any Contract or Service Agreement it signs with its clients.
- 12.3. The JV Partner shall reserve the right to review the contract prepared by DCI with its client. Any contract drafted by DCI with its client or third party should be in conformity with the JV Agreement between DCI and the JV Partner. Any stipulation contrary to said JV Agreement shall be void, unless mutually agreed upon by both parties.
- 12.4. Joint Venture Partner will be evaluated every six (6) months. Non-performances in terms of project delivery after three (3) years may be a ground for pre-termination.
- 12.5. After the contract, Data ownership will be given to DCI.
- 12.6. This Terms of Reference defines that DCI shall not incur additional payments other than the agreed share in the JV.
- 12.7. Ownership of Hardware, software, thirty party licenses and peripherals shall be in conformity of the agreement between the Client and the JV partner.
- 12.8. After the signing of this agreement, without the prior written consent from the JV partners, the parties shall not engage in any other related activities that may impair the exclusive rights of the JV partners.

13. PRE-TERMINATION OF CONTRACT

- 13.1. The contract for the project may be pre-terminated for any violation of the terms or the contract. In case of pre-termination, the JV Partner shall be informed by DCI sixty (60) days prior to such pre-termination.
- 13.2. The JV shall continue to be in force unless sooner terminated by either party

through a written notice of either party at least sixty (60) calendar days prior to intended date of termination.

- 13.3. Either party shall have the right to recover all amounts which had already become due from the other party prior to the termination or any other pre-termination penalties as well as all the expenses and cost incurred in recovering such amount.
- 13.4. All Agreements, specifically it's Terms and Conditions related to any Project or Activated Service created shall continue to be in force with DCI's clients even after the Termination of this Agreement, until such time that the terms and conditions set forth in the said Agreements with DCI's clients have been fully served. In which case, JV Partner shall continue all its support and maintenance series related to the use of systems and solutions covered by this Agreement.

*** Nothing Follows ***