

SBS PHILIPPINES CORPORATION
REVISED TERMS OF REFERENCE
OF
THE AUDIT and RISK OVERSIGHT COMMITTEE

The Board of Directors of SBS Philippine Corporation (the "Corporation") hereby constitutes an Audit and Risk Oversight Committee (the "Committee") and adopts this amended Committee Charter:

1. Purpose

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, enterprise risk management and system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations.

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board of Directors from among themselves during its annual organizational meeting and each shall hold office for one year and until their successors are elected and qualified, unless sooner replaced or removed by the Board.
- 2.2 It shall be composed of at least five (5) members, majority of whom shall be independent directors. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings.
- 2.3 The Committee members shall have an adequate understanding of accounting and auditing principles and business financial management systems.
- 2.4 Any vacancy in the Committee shall be filled by the Board of Directors. The member elected to fill a vacancy in the Committee shall serve only the unexpired term of his predecessor in office.

3. Duties and Responsibilities

3.1 Financial Reporting

- a. Review the quarterly and annual financial statements, and consider whether they are complete, consistent with information known to the Committee members, and reflect appropriate accounting principles;
- b. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- c. Review with management and the External Auditors the results of any audit, including any difficulties encountered and act on matters or issues raised with a view to accurately present the financial condition of the company.

3.2 Enterprise Risk Management and Internal Control

- a. Review annually the organization's risk profile;
- b. Provide oversight on significant risk exposures and control issues, including fraud risk, governance issues, and other matters needed or requested by senior management and the board;
- c. Obtain from Internal Audit an annual report on management's implementation and maintenance of an appropriate enterprise risk management processes;
- d. Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended;
- e. Advise the Board on its risk appetite levels and risk tolerance limits.
- f. Monitor and review, together with the Company's internal audit division, the adequacy and effectiveness of the Company's internal controls, the security of physical and information assets and Management's response to Internal Audit findings and recommendations;

3.3 Audit Process

- a. Recommend approval of the Internal Audit Charter defining the role of Internal Audit and reporting lines to the Committee;
- b. Review and discuss with the internal audit executive (the "Internal Auditor") the Company's internal audit plans and the periodic report of audit activities, investigations and results of internal audit functions;
- c. Approve the appointment, reassignment or dismissal of the Internal Auditor;
- d. Obtain statements from the External Auditors about their relationship with the organization, including non-audit services performed, and discuss the information with the External Auditors to review and confirm their independence;
- e. Review the scope of the audit programs for the Company in line with the objectives of the Company as well as the outcomes of such audit procedures, and for this purpose, ensure that both Internal and External Auditors of the Company have access to the records, properties and personnel of the Company in connection with their audit;
- f. Obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, and that the Committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements;
- g. The Committee conducts executive session with the Internal and External Auditors at least once a year or as needed without the presence of management;
- h. Review the performance of the External Auditors before making recommendation to the Board on the appointment, re-appointment, resignation or removal of external auditors as

well as their remuneration and terms of engagement; In case of a potential engagement for non-audit work of the external auditor, to evaluate and determine if such work will have some conflict with their independent audit role;

3.4 Compliance

- a. Review and provide advice on the systems and practices established by management to monitor compliance with laws and regulations and review results of investigation and follow-up of any instances of non-compliance;
- b. Obtain regular updates from Management and company legal counsel regarding findings of any examinations by regulatory agencies, and any auditor observations.

4. Performance Assessment

- 4.1** The Committee shall conduct an annual evaluation of the performance of the Committee to ensure that the Committee is in compliance with its Charter, the Revised Manual of Corporate Governance, SEC Memorandum Circular No. 4 Series of 2012 and other pertinent regulations. In this connection, it shall cause members of the Committee to complete a self-assessment questionnaire to benchmark its practices against the criteria provided under the SEC Memorandum Circular No. 4 Series of 2012. Based on the results of its self-rating assessment, the Committee shall prepare plans for the continuous improvement of its performance which may include programs and trainings in leading global best practices and other areas of concern. The Committee shall monitor the implementation of such plans from time to time.

5. Meetings

- 5.1 The Committee shall meet on a quarterly basis or as often as may be necessary. It shall act on the basis of majority vote of its members. The meeting of the Committee shall be held before the meeting of the Board of Directors.
- 5.2 The quarterly meetings shall consider, among others, the quarterly or year-end financial reports, related disclosures and reportorial requirements as well as updates on audit activities.
- 5.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Chairman shall report to the Board on its proceedings after each meeting.
- 5.4 Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings.

6. Authorities of the Committee

- 6.1 The Committee shall have the authority to retain, at the Company's expense, such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.
- 6.2 In discharging its oversight role, the Committee shall have full access to all books, records, facilities and personnel of the Company.

7. Adoption and Effectivity

This Amended Charter was adopted by the Board of Directors of the Corporation with immediate effect.

By: Resolution of the Board

Date: August 5, 2020