

SBS PHILIPPINES CORPORATION
REVISED TERMS OF REFERENCE
OF
THE AUDIT, RISK and RELATED PARTY TRANSACTION COMMITTEE

The Board of Directors of SBS Philippine Corporation (the “Corporation”) hereby constitutes an Audit, Risk and Related Party Transaction 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 to shareholders and other stakeholders to safeguard the Company’s assets, maintain adequate accounting records and effective systems of internal control and enterprise risk management, and ensure the integrity of financial statements and its audit process and compliance with the legal, regulatory and corporate governance requirements and review material related party transactions.

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 Review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company’s financial results;
- 3.2 Recommend approval of the Internal Audit Charter defining the role of Internal Audit, reporting lines to the Committee, the audit plan and its implementation;
- 3.3 Monitor and review, together with the Company’s internal audit division, the adequacy and effectiveness of the Company’s management, financial and accounting controls, the security of physical and information assets and Management’s response to Internal Audit findings and recommendations;

- 3.4 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;
- 3.5 Approve the appointment, reassignment or dismissal of the Internal Auditor;
- 3.6 Review the scope of the audit program 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;
- 3.7 Report to the Board on the adequacy of the Company’s internal controls and results of the auditor’s reports, with particular focus on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concerns assumptions, compliance with accounting standards, and compliance with tax, legal and regulatory requirements;
- 3.8 Appoint the Chief Risk Officer who shall be responsible for the risk identification, assessment, mitigation and monitoring process for the risk management system of the Company;
- 3.9 Monitor and review risk exposures, risk appetite and risk mitigation plans of the Company under the formal enterprise risk management plan and evaluate the Company’s risk management systems for its effectiveness and adequacy;
- 3.10 Make recommendations to the Board on the appointment, re-appointment, resignation, and 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;
- 3.11 Review, ratify and/or approve material related party transactions in accordance with the guiding principles set out in the related party transaction policies adopted by the Board of Directors. The Committee shall determine whether or not the particular related party transaction serves the best interests of the Company and its shareholders, and whether the transaction should be continued or discontinued.
- 3.12 Ensure appropriate disclosures of related party transactions to the Board and regulators and periodic review of RPT policies and procedures.

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 on May 11, 2017 with immediate effect.