

SBS PHILIPPINES CORPORATION

REVISED POLICY ON RELATED PARTY TRANSACTIONS

I. Policy Statement:

It is the policy of the Company that transactions between the Company and/or its subsidiaries and affiliates and with any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), persons with significant influence (participate in the financial and operating policy decisions of an entity or control over policies), or certain entities or persons related to them as defined by relevant rules of the Securities and Exchange Commission ("Related Parties") will be on terms no less favorable to the Company than those entered into with unrelated parties under same or similar circumstances and will not be prejudicial to the Company and its minority shareholders.

II. Purpose:

This policy aims to establish the procedure for the proper reporting, review and approval of transactions between the Company and/or its subsidiaries and affiliates and with any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them ("Related Parties")

III. Coverage (see parties identified in Policy Statement above):

This policy governs related party transactions between the Company and its subsidiaries (the "Group") and its related parties involving the transfer of resources, services or obligations, regardless of whether a price is charged.

IV. General Criteria for the Review of Related Party Transactions (RPTs):

The following factors, among others, shall be considered in the review and evaluation of related party transactions:

- a. All RPTs entered into by the Company or to be entered into by any unit of the Company (including subsidiaries) shall be transacted on an arm's length basis.
- b. The transaction terms should be no less favorable to the Company or Group than those entered into with unrelated parties under same or similar circumstances;
- c. The transaction will not be prejudicial to the Company and its minority shareholders.
- d. The Company shall endeavor to exercise due diligence in determining a fair price for the RPTs.

V. Review and Approval of RPTs

- a. Management shall ensure that each RPT is reviewed and documented following the general criteria mentioned above.

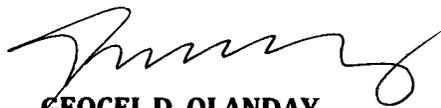
- b. Related party transactions, either individually or part of a series of transactions, other than recurring related party transactions of revenue or trading nature or those necessary for the Company's day-to-day operations, which exceeds Three Million Pesos (PhP3,000,000.00) in value per year shall be subject to the review and approval of the Related Party Transaction Committee.
- c. For internal control purposes, if the value of an RPT, other than recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations, exceeds Ten Million Pesos (PhP 10,000,000.00) but less than the Material RPT limit defined in item "d" below, the same shall be reviewed by the Related Party Transaction Committee, that shall have at least two independent directors who have no interest in the transaction, for their evaluation and endorsement to the Board, for final approval.
- d. For Material RPT transactions, which shall refer to RPT transactions, either individually or part of a series of transactions over a 12 month period, equal to or higher than 10%, of the Company's total assets based on the latest audited financial statements, the specific approval and disclosure requirement for these shall be in accordance with SEC memorandum circular no. 10, Series of 2019.
- e. Management shall report on status and aggregate exposures of each related party to the Related Party Transactions Committee on a quarterly basis.
- f. The Related Party Transaction Committee shall review any internal audit report on RPTs on a quarterly basis and report them to the Board.

VI. Exempt RPTs

The following are considered Exempt Related Party Transactions, which shall not require review and approval by the Related Party Transaction Committee, but may require regular reporting to the Board of Directors:

- a. *De minimis* transactions, which are unusual and non-recurring and the aggregate transaction value of which over a twelve month period is below Three Million Pesos (PhP3,000,000.00)
- b. Recurring related party transactions of revenue or trading nature or those necessary for the Company's day-to-day operations, which does not exceed Three Million Pesos (PhP3,000,000.00) in value per year.
- c. Compensation of directors and chief executive officer and other benefits which may be offered by the Company to officers that forms part of their remuneration which are approved and endorsed by the Remuneration Committee.

Presented by:



GEOCEL D. OLANDAY
Chairman Related Party Transaction Committee

Noted by:



NECISTO U. SYTENGCO
Chairman



GERRY D. TAN
Acting Compliance Officer¹

¹ As authorized to act as such in the absence of the Compliance Officer