



*SBS Philippines*  
CORPORATION

# Annual Report 2019



**SUSTAINABLE  
GROWTH THROUGH  
VALUE CREATION**



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# SBS Philippines Corporation

## OUR COMPANY

SBS Philippines Corporation (the "Company") is an importer, wholesaler and distributor of a wide range of chemical products serving a diverse set of industries which includes food and beverage, industrial and detergents, feeds and agriculture, water treatment, pharmaceuticals and personal care, building & constructions and mining & minerals. As a full line chemical distribution company, it provides for a one-stop-shop business solution for various chemical requirements of its market customers.

The Company engages in multiple sourcing from different chemical producers and sells a broad range of chemical products and ingredients allowing choice and convenience for a more efficient and economical sourcing of various chemical needs of our customers.

## OUR VISION

Our personal aspiration and business endeavor:

*"To be the best-in-class chemical raw materials provider and the chemical supplier of choice"*

## OUR MISSION

To this end, our mission is to create a legacy of growth by creating value for all stakeholders:

- By bringing in returns for our investors and shareholders
- By meeting the sourcing requirements of our customers
- By improving market penetration for our suppliers
- By ensuring the safety and well-being of our employees
- By contributing to resource efficiency and environmental sustainability for the community

## OUR GOAL

We strive to achieve our mission by:

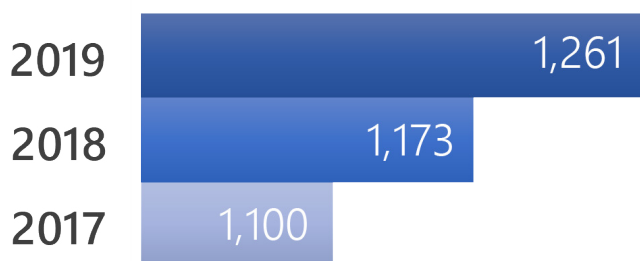
- Distributing a wide range of high quality and cost-effective products
- Extending reliable customer service at all times
- Nurturing strong, long-term relationships with suppliers and customers
- Constantly seeking new markets and new opportunities
- Continuously improving our internal business processes and systems

# 2019 HIGHLIGHTS

SBS ushered the year 2019 with transformation and development, embracing change and transforming challenges into opportunities through value creation.

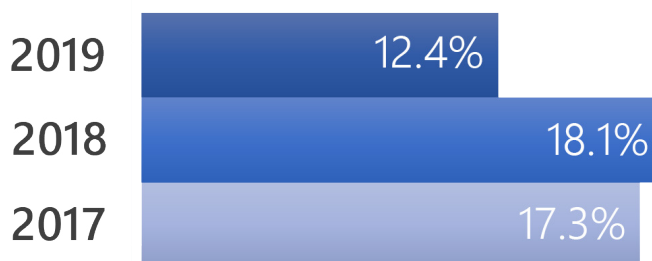
## FINANCIAL PERFORMANCE

### OPERATING REVENUE



(in Millions, Philippine Pesos)

### OPERATING PROFIT



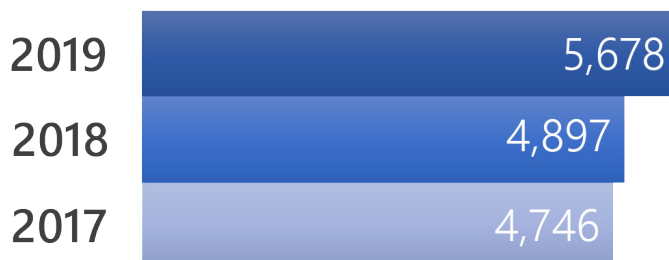
(in Percent)

### TOTAL ASSETS



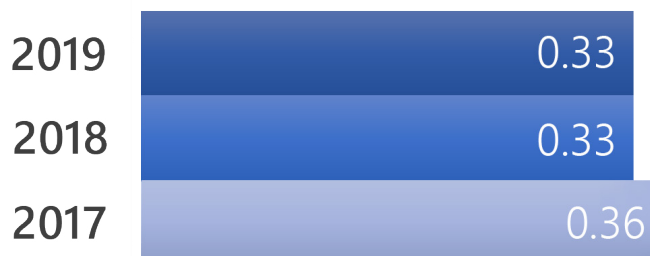
(in Millions, Philippine Pesos)

### TOTAL EQUITY



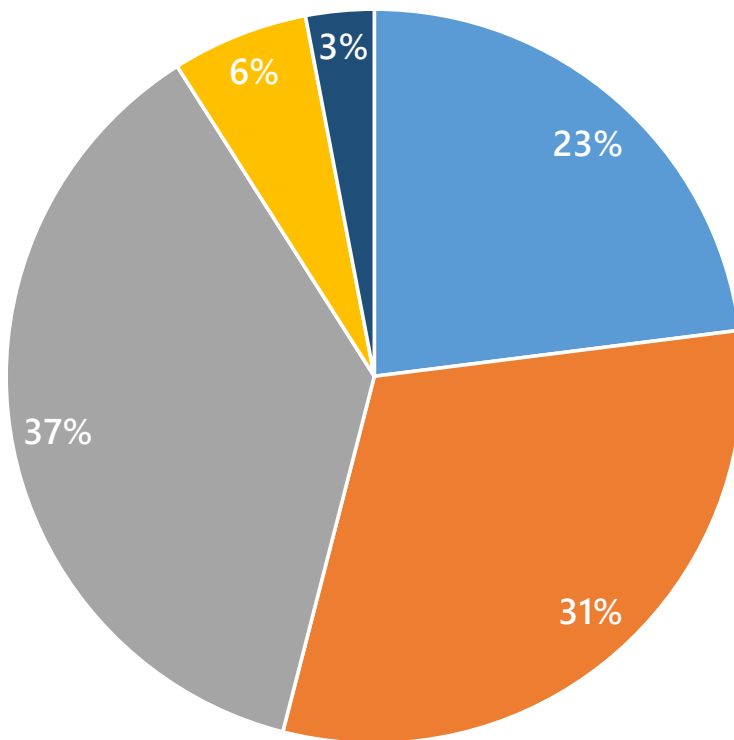
(in Millions, Philippine Pesos)

### DEBT RATIO



(Ratio of Total Debt to Total Assets)

## 2019 Sales by Segment Chemical Distribution



- Food Ingredients
- Industrial Raw Materials
- Feed, Veterinary and Agricultural Inputs
- Pharmaceutical and Cosmetics
- Others

**SBS GROUP AT  
A GLANCE**

GROSS REVENUE  
**P 1,261 M**

NET INCOME  
**P 25 M**

EARNINGS PER SHARE  
**P 0.01**

NUMBER OF ORDERS  
SERVED  
**6,700**

CURRENT RATIO  
**1.30**

# VICE CHAIRMAN'S MESSAGE

*" SBS pursues our founder's vision of building a company that would be one of the largest contributor to the economic development of the country. "*



Dear Shareholders:

It is with a heavy heart that I write this message to you. As 2020 began, I looked forward to celebrating with you not only a profitable 2019 but also 50 years of growth and success which saw SBS Philippines Corporation (SBS) grow from its humble beginnings into the market leader in the chemicals trading business. Instead, your company today finds itself in the midst of a global crisis of unprecedented and unimaginable proportions. Apart from severely affecting its business, the crisis affected everyone in the company on a personal level as well. Last March 2020, it lost its chairman and founder, Mr. Necisto U. Sytengco, who built SBS into what it is today.

There is no doubt that SBS – along with the rest of the nation – faces difficult times as it navigates its way past the crisis. Yet its history of successfully dealing with past crises should be cause for hope. Since its founding in 1970, the company faced times of national political upheaval, natural disasters of biblical proportions and other crises that were unimaginable at the times they occurred. SBS was much smaller than it is today, had less resources and was therefore more likely to fail in such conditions. Yet somehow it managed to overcome these challenges. When asked how he did it, Mr. Sytengco would always point to his vision of building a company that would be one of the largest contributors to the economic development of the Philippines. His “north star”, allied to his values of hard work and integrity, saw SBS through those crises even as much larger competitors faltered. The same vision and values now provide the basis for hope in the future. Whatever may lie ahead, your directors, officers and employees are confident that SBS will find a way through this crisis by continuing to rely on them.

In closing and on behalf of the board of directors, I would like to express my deepest thanks and appreciation to:

- the management team, ably led by our president Mr. Gerry Tan and all employees of SBS for all of the hard work they have rendered above and beyond the normal course of duty since March. Their dedication and effort not only ensured that SBS was able to regain its footing after the initial shock of the crisis but have also positioned it to ride out further shocks that may be in store; and

- all of you, our shareholders, for your continued trust and confidence in the board and management to run SBS through this difficult time. We trust in your prayers and support as you may rely on ours as well

We will not be seeing you in person this year because of the pandemic. With God's help and protection, we shall be together again in 2021.

Sincerely,



**RICARDO NICANOR N. JACINTO**  
**VICE CHAIRMAN**

## 2019 KEY PERFORMANCE INDICATORS

	2019	2018	2017
<b>Liquidity Ratio <sup>1</sup></b>	129.8%	301.8%	824.3%
<b>Debt to Equity Ratio <sup>2</sup></b>	48.8%	48.8%	55.3%
<b>Asset to Equity Ratio <sup>3</sup></b>	148.8%	148.8%	155.3%
<b>Return on Assets <sup>4</sup></b>	0.3%	2.4%	1.8%
<b>Return on Equity <sup>5</sup></b>	0.4%	3.6%	2.5%
<b>Cost to Income Ratio <sup>6</sup></b>	20.2%	16.2%	14.8%
<b>Earnings Per Share <sup>7</sup></b>	Php 0.01	Php 0.11	Php 0.08

<sup>1</sup> Current Assets over Current Liabilities

<sup>2</sup> Total Liabilities over Equity

<sup>3</sup> Total Assets over Equity

<sup>4</sup> Net Income over Average Assets

<sup>5</sup> Net Income over Average Equity

<sup>6</sup> Cost and Expenses over Revenues

<sup>7</sup> Net Income over Weighted Average Number of Common Outstanding Shares

## QUARTERLY HIGH AND LOW SBS SHARE PRICES (IN PHILIPPINE PESO)

	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>LOW</b>	5.24	5.25	5.34	5.40	5.44	6.60	7.68	6.60	7.41	8.51	8.97	8.25
<b>HIGH</b>	6.88	6.29	5.90	6.34	11.80	9.62	8.70	8.00	9.03	9.70	9.56	9.36

\*Adjusted to account for stock dividends and stock rights offering

# PRESIDENT'S REPORT

*" SBS and its subsidiaries  
endeavoured to deliberate  
new concepts, determine  
best strategies and delivered  
our promise of sustainable  
growth. "*



Dear Shareholders,

The vision of embracing change and the ability to transform challenges into opportunities have driven SBS Philippines to innovate and introduce products that answer the needs of our stakeholders.

Your company has ushered in the year 2019 with transformation and development. We have endeavored to deliberate new concepts, determine best strategies, and deliver our promise of sustainable growth, not only in the company but to the Philippine market as well.

## **FINANCIAL PERFORMANCE**

In 2019, the Group generated total revenues of P1.26 billion, up 7.5% from total revenues of P1.17 billion from prior year. This progress validated our growth strategy in the chemical distribution business of generating additional revenue streams from new product applications.

Meanwhile, average gross profit margin declined by 3 percentage points in 2019 as a result of higher import logistic cost which led to local prices remaining stable or declining due to stiff competition. Our comprehensive product mix portfolio cushioned the price erosion that could have worsened the margin decline.

In line with the investment strategy of SBS Holdings, our subsidiary incurred a one-time expense related to its increase in authorized capital stock and issuance of new shares that contributed to the Group's operating expense from P190.2 million in 2018 to P255.1 million in 2019. This is partially compensated with the boost in management income of the subsidiary by P22.1 million reflected under other operating income between 2018 and 2019.

The finance cost slightly decreased to P135.0 million in 2019 from P136.4 million in 2018. However, the Group registered equity in net loss of P19.8 million in 2019 compared to equity in net gain of P97.5 million in the prior year. This resulted in a decline of our net profit to P25.0 million in 2019, of which P18.8 million is attributed to the shareholders of SBS Philippines Corporation.

Total assets increased to P8.45 billion from P7.38 billion in 2018, mainly as a result of the increased capital by the subsidiary. Non-current assets continue to increase by P2.8 billion, most of which are made as additional investments by the Group in its subsidiaries and associated companies funded by the Group's available cash, new loans, and the proceeds of new share issuance by the subsidiary.

Meanwhile, our total liabilities increased by P349 million from P2.42 billion in 2018 to P2.77 billion in 2019 with a net borrowing of P195 million and increase in our trade payables at

the end of year. Total equity had increased from P4.96 billion in 2018 to P5.68 billion, as a result of the additional equity from non-controlling interest in our subsidiary in 2019. Consequently, we maintained our gearing ratio at 0.49X in 2019.

We have generated a net cash flow of P1.06 billion from our operations and financing activities in 2019, while utilizing net cash of P1.90 billion for our investing activities.

## **OPERATION PERFORMANCE**

The increase in total sales revenue by 7.5% in 2019 was driven by higher volume sales in raw material ingredients for animal feeds, industrial chemicals and home care industries. Sales of these segments rose by 20% compared to the previous year. The Company's sales from the key market segments of feed and agricultural inputs, industrial raw materials, food ingredients, pharmaceuticals and cosmetics products accounted for 37%, 31%, 23% and 9%, respectively, of 2019 revenues from the chemical distribution business. Meanwhile, SBS Holdings revenue related to various consultancy services generated P61 million for the Group's revenues.

Your company ensures that we are able to serve the different requirements of our customers with the focus on providing the right solution and flexibility in logistic arrangement for the industries in which we operate. Our knowledge of global market trends and the local customer conditions and their specific potential applications of our products allowed us to establish strong partnership with our customers.

To achieve sustainable growth through value creation, your company had introduced to the Philippine market several products that promotes sustainability of our environment. These includes a proprietary additive that allows reclaimed asphalt from old roads to be partially used in the preparation of recycle asphalt pavement (RAP) of the same performance as a brand new pavement, thereby maximizing the use of limited natural resources through recycling. A range of facultative bacteria blends for wastewater treatment were also introduced in the market to improve the efficacy of cleaning up the wastewater through natural means.

SBS also faced operational challenges in 2019 particularly in managing the escalating import logistic cost due to imbalances on the trade cargo between our product's countries of origin and the Philippines. This indeed resulted in increased average import cost of the products despite the improved operational efficiency we had attained in our supply chain.

## **SUSTAINABILITY**

In 2019, your Company has issued its first Annual Sustainability Report following the Securities and Exchange Commission Reporting Template format as Annex A of the 2019 Annual Report SEC Form 17A.

This is an initial step with a medium term target to bring the Company towards a sustainability-oriented business enterprise based on global standard reporting. The Company continues to invest in safety training on chemical handling and storage of our products to provide a safe working environment to our employees and to all our stakeholders. We take the greatest concern in maintaining a safe environment and ensuring the best quality of products.

We are compliant with the government regulatory agencies requirements related to the importation, storage, transport, and distribution of our chemical products to our customers in the country.

## 2020 BUSINESS PLANS

For 2020, the Group had a strong start in the first 2 months with revenue at double digit growth compared to last year. However, this momentum had been interrupted by the COVID 19 global pandemic upon the enforcement of the enhanced community quarantine in March.

Despite this temporary setback, your Company implemented the business continuity plan to operate at allowable workforce level to serve our customers in the manufacturing industries belonging to the essential category such as pharmaceuticals, food, and livestock industries.

In light with the present challenges, we have adjusted our short term focus and give a high-level of importance on the following plans:

- Increase the net cash flow through efficient sales and collection process, optimize operational expenditures, and review the budgeted capital spending;
- Widen the range of product offering in areas of sanitation and disinfection such as our launching of a retentive disinfectant that can last up to 90 days with single application;
- Implement additional health and safety protocol in the workplace to mitigate any operational disruption brought about by risk of COVID 19 transmission in the workplace;
- Increase our marketing and distribution partnerships through online platforms and channels.

At the same time, SBS Holdings is actively pursuing to generate value from the associate companies landholding to attain an equitized gain for the Group in 2020.

The Company's business resiliency and sustainability is strengthened by a team of dedicated workforce with exemplary devotion to serving our customers. In behalf of the Board of Directors, I would like to give the highest commendation to the management and staff for their unwavering commitment and passionate service to SBS.

To our shareholders, customers, suppliers, and all other stakeholders, we are very grateful for your continued trust and support.

Thank you!



**GERRY D. TAN**  
**PRESIDENT**

# 2019 IN REVIEW

SBS Philippines Corporation attained sustainable growth through value creation in partnership with its suppliers and customers, while expanding its investments and new business activities to provide higher long-term value for its stakeholders.

## RESULTS OF OPERATIONS

In 2019, SBS reported consolidated sales revenue of P1.26 billion from its core chemical distribution business and consultancy income. Operating profit registered P155.8 million while finance cost and non-operating expenses totaled P130.9 million, resulting in a consolidated net income of P24.9 million for the year.

The net cash used in investment activities reached P1.9 billion primarily funded by a combination of available funds, bank loans and the proceeds from issuance of new shares by the subsidiary, SBS Holdings, in 2019. This resulted in finance costs of P135 million in 2019, reducing our current ratio to 1.3 in 2019 from 3.02 in 2018.

In 2019, the Company had paid its shareholders with cash dividend amounting to P34.1 million.

## CORE CHEMICAL DISTRIBUTION BUSINESS

Sales from core chemical business grew by 8.5% to P1.20 billion driven by higher volume sales from core chemical business grew by 8.5% to P1.20 billion driven by higher volume sales of raw material ingredients for feeds, industrial chemicals and chemicals for the home care industries. The Company's sales to the key product segments of feed, veterinary and agriculture inputs, Industrial raw materials, food ingredients, pharmaceutical and cosmetics products accounted for 37%, 31%, 23% and 9%, respectively, of 2019 sales revenues.

All market segments registered higher revenue sales compared to 2018 with the exception of food ingredient chemicals that is suffering from increased competitive pressure due to oversupply of most commodity products in the market leading to price erosion. Gross profit slightly declined from P323 million posted in 2018 to P315 million in 2019 as a result of price erosion and higher import logistic cost.

Meanwhile, our operating expense directly related to the distribution business increased at a moderate rate of 6.5% due to inflation and increasing license fees and other related regulatory compliance cost. We continue to implement initiatives to further improve our operational efficiencies to better serve the needs of our customers.

The Company introduced new product offerings that promotes sustainability of our environment. These includes a proprietary additive that allows reclaimed asphalt from old roads to be partially used in the preparation of recycle asphalt pavement (RAP) of the same performance as a brand new pavement, thereby maximizing the use of limited natural resources through recycling; and, a range of facultative bacteria blends for wastewater treatment were also introduced in the market to improve the efficacy of cleaning up the wastewater through natural means.

## PROPERTY RELATED INVESTMENTS

The principal activity of SBS Holdings and Enterprises Corporation ("Subsidiary") includes investments in companies with land banking investments in prime parcels of land. Its other business segments include property

management and leasing, and distribution and sale of construction materials.

In 2019, the Subsidiary contributed sales revenue of P61 million in consultancy income and additional P32 million from various management services.

Group-wide, our investment in associates grew by P866 million or 37.3% from P1,257 million in 2018 to P2,123 million in 2019 as a result of additional subscription of newly issued shares in several associate companies and partially offset by the equitized net losses of the associate companies amounting to P19.8 million for 2019.

The Group sold certain investment properties comprising of condominium and parking units with carrying amount of P4.2 million for a total consideration of P6.7 million net of taxes and other direct cost of disposal, resulting in gain on sale of investment properties amounting to P2.5 million.

At end of 2019, the Group has investment in 24 associate companies of which 21 of them has investment in landholdings in prime areas in Metro Manila or in other urban cities.

## FINANCIAL CONDITION

As at 31 December 2019, total assets reached P8,447.9 million, consisting of P 2,311.7 million in current assets and P6,136.2 million in non-current assets. Cash in banks decreased by 68.1% or P844.2 million from P1,239.8 million in 2018 to P395.6 million in 2019 as the Group made several investments in associate companies with investment properties.

Trade and other receivables decreased by P109.3 million from P924.8 million in 2018 to P815.6 million in 2019.

The inventory level went down by P71.2 million or 6.6% from P1,075.6 million in 2018 to P1,004.3 million in 2019 as a result of higher sales volume on existing product range and at the same time build-up of inventory for the new product offering.

Investment in associates grew by P866.0 million or 68.9% from P1,257.0 million in 2018 to P2,123.0 million in 2019 as a result of additional new investments made in shares of associate companies made by the Group.

Investment properties decreased by P10.0 million to P934.9 million in 2019 from P944.9 million in 2018 due to Company subsidiary's depreciation charges on its investment property amounting to P5.8 million, and the Company disposal of investment asset with book value of P4.2 million. In addition, property and equipment value decreased by P13.4 million to P92.6 million in 2018 from P106.0 million in 2018, mainly due to depreciation of the assets for the year.

Deferred tax asset increased by 129% or P13.3 million from P10.3 million in 2018 to P23.6 million in 2019. This was mainly due to deferred tax recorded by the subsidiary on account of net loss incurred for the year.

Meanwhile, the total liabilities as at 31 December 2019 amounted to P 2,770.1 million comprised of P1,780.9 million in current liabilities and P989.2 million in non-current liabilities. Current loans payable increased by 24.2% or P315.5 million from P1,302.3 million in 2018 to P1,617.8 million in 2019 due to avilment of new short term bank loan net of payments, and the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has remaining non-current portion of P956.1 million.

Trade and other payables increased by P110.9 million to P138.3 million in 2019 from P27.4 million in 2018 mainly due to increase in trust receipts payable.

Post-employment defined benefit obligation increased by 11.3% or P0.6 million from P5.6 million in 2018 to P6.3 million on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

The total equity as at 31 December 2019 was P5,677.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,091.8 million in retained earnings gross of P2.5 million revaluation reserves and P795.6 million of non-controlling interest.

Retained earnings decreased from P1,107.2 million in 2018 to P1,091.8 million in 2019. This is attributed to the net income of P25.0 million realized for the current period, gross of income by non-controlling interest of P6.2 million, and less the cash dividend distributed in the amount of P34.1 million.

## SUSTAINABLE GREEN CHEMISTRY

A pilot trial in Manila where Zycotherm SP additive is use to achieve higher incorporation of recycled asphalt (RAP) in new asphalt overlay as part of recycling program to conserve on our limited natural resources.



**RETENTIVE SILANE DISINFECTANT:** Zycrobial 50 is an innovative quarternary ammonium silane that delivers retentive “anti-microbial” efficacy applicable on all surfaces and applied as a water based solution for a safer workplace.

## BOARD, BOARD COMMITTEE MEETINGS AND DIRECTOR'S ATTENDANCE

### BOARD

Composition	Name	No. of Meetings Held During the Year	No. of Meetings Attended
Chairman	Necisto U. Sytengco	10	5
Vice Chairman	Ricardo Nicanor N. Jacinto	10	10
Member	Gerry D. Tan	10	10
Member	Aylene Y. Sytengco	10	9
Member	Necisto Y. Sytengco II	10	9
Member	Esmeraldo A. Tepace	10	9
Independent Director	Helen T. De Guzman <sup>1</sup>	5	5
Independent Director	Roberto F. Anonas Jr.	10	10
Independent Director	Geocel D. Olanday	10	10

### EXECUTIVE COMMITTEE (2019)

Composition	Name	No. of Meetings Held During the Year	No. of Meetings Attended
Chairman	Necisto U. Sytengco	8	6
Member	Gerry D. Tan	8	8
Member	Esmeraldo A. Tepace	8	7
Member	Aylene Y. Sytengco	8	7
Member	Necisto Y. Sytengco II	8	7

### AUDIT, RISK MANAGEMENT AND RELATED PARTY TRANSACTION COMMITTEE (2019)<sup>2</sup>

Composition	Name	No. of Meetings Held During the Year	No. of Meetings Attended
Chairman (ID)	Helen T. De Guzman <sup>1</sup>	5	5
Member (NED)	Ricardo Nicanor N. Jacinto	9	9
Member (ED)	Aylene Y. Sytengco	9	7
Member (ID)	Roberto Anonas	9	9
Member (ID)	Geocel D. Olanday	9	9

### CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE (2019)

Composition	Name	No. of Meetings Held During the Year	No. of Meetings Attended
Chairman (ID)	Roberto F. Anonas, Jr.	3	3
Member (ID)	Helen T. De Guzman <sup>1</sup>	1	1
Member (NED)	Ricardo Nicanor N. Jacinto	3	3
Member (ID)	Geocel D. Olanday	3	3

<sup>1</sup>Elected on May 22, 2019

<sup>2</sup>Related Party Transaction Committee created separate from the Audit and Risk Oversight Committee on September 19, 2019

# Board of Directors and Senior Management



## **Necisto U. Sytengco**

NON-EXECUTIVE DIRECTOR  
CHAIRMAN OF THE BOARD

Necisto U. Sytengco is the Founder of the business of the Company and has been its Chairman of the Board since the organization of the Company in 2001. He has over 40 years of experience in the chemical trading business and has been responsible for shaping the Company strategy and leading the growth of the Company. He also currently serves as Board Chairman of the corporations owned by the Sytengco Family which includes Aneco Industries Corporation, Anesy Holdings Corporation, Sytengco Foundation, Baler Industrial Corporation, Sytengco Enterprises Corporation, and Swan Insurance Agency Corporation.



## **Ricardo Nicanor N. Jacinto**

NON-EXECUTIVE DIRECTOR  
VICE CHAIRMAN OF THE BOARD

Ricardo Nicanor N. Jacinto was elected as non-executive director of the Company on 9 July 2015. He currently also serves as a director of Torre Lorenzo Development Corporation as well as an Independent Director of Metro Retail Stores Group, Inc, Etiqa Life and General Assurance Philippines, and Maybank ATR Kim Eng Capital Partners, Inc. He is likewise a Trustee of the Judicial Reform Initiative and the Institute of Corporate Directors where he previously served as its Chief Executive Officer from 2013-2017. He was formerly a Managing Director of Ayala Corporation and President & CEO of Habitat for Humanity Philippines. He also served as a director of Manila Water Corporation from 2011-2014. Mr. Jacinto earned his BS Business Economics magna cum laude from the University of the Philippines and holds a Masters in Business Administration from the Harvard Business School.

**Gerry D. Tan**

EXECUTIVE DIRECTOR  
PRESIDENT & CHIEF EXECUTIVE OFFICER

Gerry D. Tan joined the Company in January 2016 as President & Chief Executive Officer. Mr. Tan has over 30 years of experience in the chemical distribution industry in the Philippines and the Asia-Pacific region. Prior his appointment in the Company, he was Senior Adviser and General Manager of Bluestar Silicones Asia-Pacific and a board director of Bluestar Silicones Shanghai of the China National Bluestar Corporation Group, a global frontrunner in new chemical materials. He led a successful career spanning key senior positions at Bluestar Silicones Asia-Pacific (2007 – 2015), Rhodia Silicones Asia-Pacific (1998-2007) and Rhone-Poulenc Philippines (1986-1998). Mr. Tan earned his BS Chemistry degree magna cum laude from Siliman University and holds a Masters Degree in Business Administration from the Ateneo de Manila University.

**Aylene Y. Sytengco**

EXECUTIVE DIRECTOR  
CHIEF FINANCIAL OFFICER & TREASURER &  
COMPLIANCE OFFICER

Aylene Y. Sytengco joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013 and Compliance Officer since 2018. She is responsible for the day to day management of the financial affairs of the Corporation which covers accounting, financing & treasury, budget & financial planning and investment management. She also currently serves as an executive director (Director & Treasurer) of the corporations owned by the Sytengco Family which includes Anesy Holdings Corporation, ADZ On Wheels Corporation, Aneco Philippines Holdings Corporation, Anase Holdings Corporation, Baler Industrial Corporation, Canon Philippines Holdings Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. She holds a degree in BS Management of Applied Chemistry from the Ateneo De Manila University.

**Necisto Y. Sytengco II**

EXECUTIVE DIRECTOR

SENIOR VICE PRESIDENT FOR MARKETING  
OPERATIONS & ASSISTANT TREASURER

Necisto Y. Sytengco II joined the Company as Purchasing Officer in 2008 and was appointed as VP Sales in 2010 and SVP – Marketing Operations in 2015 and Assistant Treasurer on 9 July 2015. He is responsible for planning and implementing sales and marketing programs of the Company. He also currently serves as the President of Anesy Holdings Corporation, and an executive director (Director & Vice President) of the corporations owned by the Sytengco Family which includes Aneco Philippines Holdings Corporation, Berny Philippines Holdings Corporation, Selec Holdings Corporation, Tamni Holdings Corporation, and ULife Corporation. He earned his BS Entrepreneurial Management Degree cum laude from the University of Asia and the Pacific.

**Esmeraldo A. Tepace**

EXECUTIVE DIRECTOR

EXECUTIVE VICE PRESIDENT & CHIEF OPERATING  
OFFICER

Esmeraldo A. Tepace joined the Company in 2004 and has served as its Chief Operating Officer/ General Manager since 2004. Prior to joining the Company, he was the Sales & Marketing executive of Baler Industrial Corporation, JY International Marketing Corporation, CAWC, Inc. and Chemphil Manufacturing Corporation. Mr. Tepace has over 35 years of experience in the chemical distribution business in the Philippines. He also currently serves as President of the following corporations owned by the Sytengco Family: ADZ on Wheels Corporation; Aneco Industries Corporation, Baler Industrial Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. Mr. Tepace graduated from Manuel L. Quezon University with a degree on BS Chemical Engineering.



**Christine P. Base**  
CORPORATE SECRETARY

Christine P. Base was appointed as Corporate Secretary of the Company in January 2017. Atty C. P. Base is a senior partner of Pacis & Reyes Law offices and is both a lawyer and CPA by profession. She obtained her J.D. degree from the Ateneo De Manila University. She also serves as corporate secretary and director of the following companies: Itaipinas Development Corporation and Anchor Land Holdings, Inc. and other private companies. She also serves as the corporate secretary for SL Agritech Corporation, Ever Gotesco Resources and Holdings, Inc., Asiasec Equities, Inc., and Araneta Properties, Inc..



**Roberto F. Anonas, Jr.**  
INDEPENDENT DIRECTOR  
CHAIRMAN OF THE CORPORATE GOVERNANCE,  
NOMINATION AND REMUNERATION COMMITTEE

Roberto F. Anonas, Jr. was elected as independent director on 9 October 2017 and is also the Chairman of the Corporate Governance, Nomination and Remuneration Committee. He is currently Director and General Manager at Fujihaya Electric Corporation. He is also an Independent Director and Chair of the Audit Committee of Macay Holdings, Inc. He holds a Masters in Business Administration from IMEDE, a Management Development Institute under the University of Lausanne, Switzerland and is currently a member of the faculty of the University of Asia and the Pacific, School of Management as lecturer in Finance and management mentor/coach and Head of the New Business Ventures Module in the Entrepreneurial Management Program. He has attended training programs in financial management, investment and universal banking with Dillon Read & Co, NYC and Dresdner Bank AG, Frankfurt and has previously held senior management and executive positions in PLDT, PCI Capital Corporation and Philippine Commercial Capital, Inc. He is also a director of Pentarch Stalwark Builders, Inc.



### **Geocel D. Olanday**

INDEPENDENT DIRECTOR

CHAIRMAN OF THE RELATED PARTY TRANSACTIONS COMMITTEE

Geocel D. Olanday was elected as independent director on 22 June 2018. He is the Lead Independent Director and Chair of the Related Party Transaction Committee. He is a CPA, holds a Masteral degree in Business Administration from the University of the Philippines where he also graduated with a degree of Bachelor of Science in Business Administration and Accountancy. He is concurrently the CEO and Chief Advisor of Amaris Global Advisory Services (HK) Ltd., a teaching Fellow of the Institute of Corporate Directors, and a director of the board of Star 8 Green Technology Corporation (manufacturer and distributor of Solar E-Vehicles) and Aeternitas Memorial Chapels. Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company). In addition, he has over 40 years of work experience in senior executive positions in General Management, Finance, Marketing and Strategy & Business Development in various companies which include among others : Citibank NA, Unilever Philippines, Habitat for Humanity, Baxter Healthcare Corporation, and several real estate companies and related businesses at the Villar Group of Companies (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable, Vitacare Hospital JV, Transportation, Pest Control, etc.) as well as Moldex Realty Corporation and Greenfield Development Corporation.



### **Helen T. De Guzman**

INDEPENDENT DIRECTOR

CHAIRPERSON OF THE AUDIT & RISK OVERSIGHT COMMITTEE

Helen T. De Guzman was elected as independent director on 22 May 2019 and is also the Chairperson of the Audit and Risk Oversight Committee. Helen holds an Executive Masteral degree in Business Administration dean's list from the Asian Institute of Management. She is a certified public accountant, certified internal auditor and has global certification on risk management assurance. Currently, she is an Audit Committee advisor of the Peace and Equity Foundation Inc., board trustee of the Meralco Employees' Savings and Loan Association and a teaching Fellow and instructor of the Institute of Corporate Directors and the Institute of Internal Auditors Philippines, respectively. Previously she held directorship positions in Miescor Builders, Inc., Customer Frontline Solutions, Inc., and the Philippine Institute of Certified Public Accountants, Institute of Internal Auditors, Philippines, and the Asian Confederation of Institutes of Internal Auditors. Helen is a seasoned chief audit executive and a former external auditor. In addition, she has work experience in senior executive positions in comptrollership, treasury and general management in various companies, which include Metro, Inc., Computer Information System, Inc. and the Manila Electric Company.

**Lali Y. Sytengco**

VICE PRESIDENT FOR SUPPLY CHAIN

Lali Y. Sytengco joined the Company in 2001 and has since served as the VP for Supply Chain. She is responsible for product sourcing and supplier relationship management. She has over 20 years' experience in chemical procurement business. She is a graduate of University of Sto. Tomas, with a degree in BS Medical Technology.

**Sabrina Adamelle Poon-Sytengco**

INVESTOR RELATIONS OFFICER

Sabrina Adamelle Poon-Sytengco is the Investor Relations Officer of the Company. Prior to her joining the Company, Ms. Poon previously worked as Program Officer in the Office of the Presidential Adviser on the Peace Process. She holds a Bachelors of Arts degree in International Studies, Major in International Relations from Miriam College and continuing education units in Women and Gender Studies from University of Delaware.

**Atty. Jose Fidel R. Acuña**

CORPORATE INFORMATION OFFICER

Atty. Jose Fidel R. Acuña earned his Bachelor's Degree in Law at Far Eastern University, and Bachelor of Arts Major in Legal Management at the University of Santo Tomas. He is currently a Senior Associate at Pacis and Reyes, Attorneys. Atty. Acuña is currently a Director of Itapinas Development Corporation, the Deputy Compliance Information Officer for SL Agritech Corporation, and the Corporate Secretary for Tanay Rural Bank. He is also a Director and/or Corporate Secretary for several private corporations.

**Jennifer B. Balao**

ASST. VICE PRESIDENT AND ACCOUNTING HEAD

Jennifer B. Balao joined the Company in 2014 as Assistant Vice President and Accounting Head. She was previously the HR and Finance Director of Pinnacle Real Estate Consulting Services Inc. and the Accounting Manager of Expressions Stationary Shop, Inc. She is a Certified Public Accountant and earned her Accounting degree from the Polytechnic University of the Philippines. She also holds MBA units from De La Salle University.

**Ma. Gemma R. Bien**

INTERNAL AUDIT

Maria Gemma R. Bien is the Internal Auditor of the Company. She manages the operations and business development activities of GRP Compliance and Advisory Services Inc. ("GRP"), a finance and accounting business processing outsourcing company that offers value-added services such as but not limited to management and financial advisory, statutory compliance and tax advisory and internal audit outsourcing. Prior to setting up GRP in August 2016, she was engaged in the practice of providing financial advisory services to corporate and individual clients from 2009 as freelance consultant, leveraging on her ten (10) years extensive experience in Financial Advisory works as Senior Manager from 1997 to 2008 in Manabat San Agustin and Co. (LM & Co.), an affiliate member firm of KPMG. Ms. Bien obtained her Master of Business Administration (MBA) in Dela Salle University, Taft Avenue, Manila in 1995. She completed her Bachelor of Science in Commerce degree Major in Accounting from the University of Sto. Tomas, España Manila and became a Certified Public Accountant.

# CORPORATE GOVERNANCE

The trust of our shareholders and other stakeholders is fundamental to our business and is the source of the success and growth of the Company. We are committed to preserving this relationship of trust by promoting a strong corporate governance culture in the Company that is anchored on transparency, competent leadership, effective internal controls, and prudent risk management.

The business and affairs of the Company are supervised by the Board of Directors. The Board believes that good corporate governance is a critical factor in achieving business success, in fulfilling the Board's responsibilities to shareholders and aligning management and shareholder interests.

We are pleased to report that in compliance with SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 8, Series of 2017, the Company adopted a Revised Manual of Corporate Governance ("CG Manual") on May 11, 2017 essentially adopting the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies issued by the Securities & Exchange Commission on November 22, 2016.

SBS Philippines Corporation was recognized by the Institute of Corporate Directors as one of the Top Performing Publicly-Listed Company in the Philippines under the ASEAN Corporate Governance Scorecard ("ACGS") 2017 on 31 July 2018 at Tower Club, Makati City. The Institute of Corporate Directors is appointed by the Securities and Exchange Commission to measure the adherence of publicly listed companies (PLCs) to the best corporate governance practices through the ACGS, an instrument for the assessment and ranking of PLCs in terms of corporate

governance in six participating ASEAN countries – including the Philippines.

The highlights of the Company's corporate governance practices in 2018 in accordance with the Company's CG Manual are described below. A full report on the Company's compliance with the guidelines set under the Code of Corporate Governance for Publicly-Listed Companies is provided in the 2017 Integrated Annual Corporate Governance Report, a copy of which is available at the Company's website at [www.sbsph.com](http://www.sbsph.com).

## Board Structure and Process

The corporate powers of the Company are exercised and its business conducted by the Board of Directors (the "Board"). There are nine directors on the Board. Four (4) of these are executive directors with specialized competencies in business and supply chain management, sales and marketing, accounting and finance. The rest of the directors consist of non-executive directors, three (3) of whom are independents, with specialized competencies in audit and internal controls, corporate governance and risk management, business development and strategy formulation.

Five directors constitute a quorum for the transaction of corporate business. In general, every decision of a majority of the quorum duly assembled as a Board is valid as a corporate act.

The members of the Board are elected during each regular meeting of the shareholders by the vote of shareholders representing majority of the issued and outstanding capital stock of the Company. Any vacancy occurring in the Board other than by removal of a director

prior to expiration of such director's term may be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum. Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

The Board works together in a spirit of collective responsibility to provide strategic direction, entrepreneurial leadership and guidance to Management. Its duties include approving strategic plans and annual budgets, monitoring financial performance, ensuring that financial statements are true and fair, determining the Company's capital/debt structure, setting dividend policy and declaring dividends, approving major acquisitions and divestments, reviewing its risk management framework and system, overseeing the performance of Management, setting Company values and standards, considering sustainability issues in formulating strategies, and ensuring succession planning.

Upon joining the board, new members go through an orientation process where they are briefed by the Corporate Secretary, Compliance Officer and Management on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory and industry developments affecting its business and operations. As part of the continuing development program for the members of the Board, the directors attended various corporate governance courses conducted by the Institute of Corporate Directors, Center for Global Best Practices, the Securities and Exchange Commission and SGV & Company in 2019. Topics covered during these sessions enhancing board effectiveness and company performance; updates on corporate governance and corporate governance best practices, public corporate governance and technology governance for directors.

The Board agenda for each meeting is set by the Chairman in consultation with the Chief



Executive Officer and Company Secretary. Board papers providing comprehensive information on the agenda items are generally circulated to the Directors at least five (5) business days prior to each meeting to enable them to consider the matters in advance and prepare for the meeting. Operations and financial reports are also provided to the Board on a regular basis. This information included quarterly reports on sales and financial performance versus budget, regulatory compliance, investment proposals, special project and subsidiary developments. Directors have open access to Senior Management, the external auditor and information for the purpose of carrying out their duties.

There were a total of 10 Board meetings were held in 2019.

Non-executive members of the Board regularly conduct executive session meetings among themselves. They also hold separate meetings with the external auditor, internal auditor and compliance officer.



## Board Committees

The Board currently has four (4) principal standing committees to assist it in discharging its responsibilities. The work and actions of these committees are regularly reported to and monitored by the Board.

### Executive Committee (Excom)

To assist the Board on its responsibilities during the periods between Board meetings, the Executive Committee was established with the delegated authority to act on corporate matters which are within the competence of the Board except the following authorities that are specially reserved for the Board: (a) approval of any action of which shareholder approval is also required; (b) amendment or repeal of By-Laws or adoption of new By-Laws; (c) approval of the annual report and accounts; (d) exercise of powers delegated by the Board to other committees; (e) board appointments and removals; (f) selection of the Chairman and President & Chief Executive Officer and appointments for Board membership following recommendations from the Nomination Committee; (g) appointment or removal of the Corporate Secretary and Treasurer; (h) appointment, reappointment or removal of the external auditor; (i) distribution of cash dividends to shareholders and (j) powers delegated by the Board to other Board Committees.

All acts of the Executive Committee are presented to the Board and ratified after careful deliberation.

### Audit and Risk Oversight (AROC) Committee (previously known as Audit, Risk Oversight and Related Party Transactions Committee until September 19, 2019)

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. The Audit and Risk Oversight (AROC) Committee is also responsible for reviewing the independence and objectivity of the external auditor and shall nominate to the Board the appointment of the independent auditor for the ensuing year, subject to approval by the shareholders during the annual stockholders' meeting.

Prior to the creation of the Related Party Transactions Committee, the Audit and Risk Oversight Committee reviewed the significant related party transactions endorsed by Management and were justified as fair and reasonable to the Company.

The Committee is composed of five (5) members, majority or three of whom are independent directors, plus a non-executive

director and the Director-CFO as an ex-officio, non-voting member. The Committee meets at least quarterly or as often as may be necessary.

In 2019, the Audit and Risk Oversight Committee held nine (9) meetings. It reviewed, among others, the annual internal audit plan and the external audit plan; monitored and evaluated the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information systems; reviewed the reports submitted by the internal and external auditors; reviewed the quarterly, half-year and the annual audited financial statements before their submission to the Board for approval and public release; made recommendations to the Board on the re-appointment of external auditors as well as their remuneration and terms of engagement; monitored and reviewed risk exposures and risk mitigation plans of the Company; monitored status of regulatory compliances; reviewed material related party transactions such as investments in affiliate companies and lease agreements for endorsement to the Board for approval; and conducted an annual assessment of the performance of the Audit and Risk Oversight Committee in accordance with the requirements provided under SEC Memorandum Circular No. 4 Series of 2012. The non-executive directors also held executive sessions with the external auditors and internal auditor during the year.

### **Related Party Transactions (RPT) Committee**

To assist the Board in fulfilling its oversight responsibilities in the implementation and review of the Related Party Transaction (RPT) policy of the Company for internal control purposes and in compliance with laws and regulations, the Related Party Transaction (RPT) Committee was created on September 19, 2020 after separating the Audit, Risk Oversight and Related Party Transaction Committee into 2 committees.

The Committee is composed of at least three (3) members, all of whom shall be independent

directors. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings.

On October 25, 2019, a Revised Related Party Transaction Policy of the Company was submitted to Securities and Exchange Commission in compliance with SEC Memorandum Circular No. 10-2019 on Rules on Material Related Party Transactions for Publicly-Listed Companies.

### **Corporate Governance, Nomination and Remuneration (CGNR) Committee**

To support and advise the Board in ensuring To ensure that the Company has the appropriate corporate governance standards and practices in place, the Corporate Governance, Nomination and Remuneration (CGNR) Committee was established to evaluate the qualifications of all candidates nominated for election to the Board of Directors. It also helps identify the senior management skills and expertise required to meet the needs of the Company. The CGNR is likewise tasked to ensure that a succession plan is in place by reviewing the complex leadership requirements of the Company. The Committee is comprised of three (3) regular members, all of whom are independent directors and a non-executive director as an ex-officio, non-voting member.

In 2019, the CGNR Committee held three (3) meetings wherein the Committee performed the following activities:

1. Reviewed the 2018 Integrated Annual Corporate Governance Report (i-ACGR);
2. Reviewed the Revised Manual of Corporate Governance 2019;
3. Reviewed the qualifications of the nominees for election to the Board of Directors during the ASM, including those for independent directors;
4. Approved and endorsed to the Board the list of eligible nominees for election to the Board of Directors;



5. Conducted a search for new independent directors

6. Reviewed the qualifications of nominees for appointment as new independent directors of the Company, and;

7. Conducted the annual Board performance assessment.

The CGNR Committee reviewed the effectiveness of the corporate governance framework through an annual confidential performance evaluation of the effectiveness of the Board, its Committees and the contribution of each director. Factors considered in the performance assessment include regular attendance during meetings, preparedness for meetings, active participation and contribution to board decisions, strategic insights and candid communication, diversity of experience and background of directors, among others.

The Committee is satisfied that all directors carried out their duties adequately and had demonstrated their commitment and availability to attend to the affairs of the Company.

To assist the Board in ensuring that the compensation framework for the organization is aligned to the long-term interests of the Company, the CGNR Committee also reviews the structure and competitiveness of the Company's employee compensation program. The directors receive reasonable

per diem allowances each meeting. There are no other arrangements in which directors are compensated, or are to be compensated, directly or indirectly, for any other services provided.

## Internal Audit and Control

The Company maintains internal controls and systems designed to promote efficiency, reduce risk of asset loss, and help ensure the reliability of financial statements and compliance with laws and regulations. The effectiveness of these controls and systems are monitored and reviewed by the Company's internal auditor and reported to the Audit and Risk Oversight Committee. The Internal Auditor is responsible for ensuring that risk management, control and governance processes are effectively implemented and maintained, and that such internal controls and systems are adequate and function effectively. The Internal Audit Head periodically reports to the Board through the Audit and Risk Oversight Committee on the internal audit activities which covers review of risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board. In 2019, there were no significant issues noted based on the results of the audit reviews conducted. The Company's external auditors also review the effectiveness of the internal controls as part of their audit plan for the year. The Board, on a continuing basis, endeavours to further enhance and improve the Company's system of internal controls.

## **Risk Management**

Due to its dynamic business environment, the Company's business activities are exposed to various types of risks and opportunities. The risk management philosophy of the Company is to mitigate the possible adverse outcomes of these risks while maximizing the positive contribution of opportunities in order to secure long term value to our shareholders.

Risk management is an integral part of the Company's strategic and operational planning, as well as day-to-day management and decision making. The Company is committed to identifying, analyzing, addressing and monitoring various exposures that may impact its business objectives. The Company adopts a bottom-up approach in its risk management process with line management primarily responsible for the identification of risks and the implementation of its control strategies. These activities are regularly reviewed and monitored by supervising committees of the Board such as the Executive Committee as well as the Audit and Risk Oversight Committee.

The Company's operations and financial policies and procedures have been developed with safety and risk management objectives in mind. These are reviewed and updated to address new risks that may arise from time to time. Training programs that emphasize the importance of risk management and the risk responsibilities of personnel at different levels of the organization are held periodically to ensure that sound risk management and safety practices are implemented in day-to-day operations.

As a Company with chemical distribution activities, safety in transport, storage, operational practices and working conditions is a primary focus of its risk management efforts. Developing a strong safety culture is an integral part of the Company's operations. It strictly adheres to all relevant laws, regulations and safety standards that govern its operations. It continuously seeks to improve

its processes and enhance its recognition, evaluation and control of hazards.

## **Protection of Shareholder's Rights and Interests**

The Company attaches great importance to the protection of shareholder rights and interests. In line with this, the Company facilitates the exercise of their rights by ensuring shareholders have the opportunity to participate effectively in and vote at the Shareholders' Meetings, either in person or by proxy.

To encourage shareholder participation at shareholders' meetings, the Board of Directors ensures that the venue for meeting is centrally located and easily accessible by public transportation and the voting procedures explained in advance. Notice of shareholder meetings is communicated to shareholders through the Company website and the PSE Edge Disclosure System. Shareholders are provided with sufficient information in the Information Statement which is sent to them at least 21 days in advance to enable them to make informed decisions on matters submitted for their consideration. Resolutions on each agenda item are tabled separately to enable shareholders to vote for each item and the results of the votes taken are reported during the meeting and made publicly available in the Company's website the day following the meeting. Shareholders are given the opportunity to communicate their views and direct questions to Directors and Senior Management regarding the Company during shareholder meetings and by communicating through the Company's Investor's Relations Office.

Material information such as corporate developments and financial and operational results are timely disclosed to all shareholders

via the Philippine Stock Exchange Edge Portal, the Company's website, press releases, annual reports and shareholders' meetings.

The Company has adopted a written policy regarding transactions with related persons where no significant related person transaction shall be consummated or shall continue without the approval or ratification of the Related Party Transactions Committee. The Related Party Transaction Committee considers all factors it deems relevant and will only approve or ratify those that are in the best interests of the Company and all its stockholders.

## Stakeholder Relationships

In SBS, we value relationships and we are. The Company is committed to building strong relationships with all its stakeholders by promoting trust, proper stewardship and confidence in its integrity.

To ensure that its business is operated responsibly and with integrity, the Company has established a code of conduct that sets out the personal and professional behavior expected from all its members.

- All directors, officers and employees have a duty to always act in, and uphold the best interests of the Company. They shall work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency. They are expected not to use their position in the Company to acquire a benefit or advantage for their own or related interests and shall treat everyone with honesty, courtesy, consideration, friendly spirit of cooperation and mutual respect. Dealings with suppliers and contractors are to be conducted in a professional and objective manner and no director, officer or employee shall engage in any unfair dealing practices nor take undue advantage of customers, suppliers, business partners, competitors and the government through manipulation, concealment or misrepresentation of material facts.

- The Company is committed to promoting the safety, well-being and professional

development of its employees and maintaining a work environment that fosters harmonious, productive working relationships and encourages mutual employee respect. There is zero tolerance for sexual harassment and other actions that violate the basic safety or dignity of an employee.

- The Company promotes a culture of learning and employee involvement and values diversity of opinion and open debate. Conflicts or disputes are addressed through discussion, negotiation, mediation, arbitration and lastly resort to judicial processes. For conflicts of interest, the Conflict of Interests Policy provides for the framework for conflict avoidance and management.

- The Company imposes disciplinary measures on directors, officers and employees whose conduct deviates from those prescribed under the Company policies and guidelines such as but not limited to those provided under the Company's Revised Manual of Corporate Governance 2019, Code of Conduct and Ethics, Employee Handbook, Conflict of Interests Policy and By-Laws and subject to the grievance procedure and requirements prescribed by law.

- Under the Company's Whistleblowing policy, employees are encouraged to confidently raise genuine issues and concerns of serious wrongdoing, improprieties or risks in the conduct of the business of the Company to his service line manager and if there are reservations to raise the matter to service line managers, the concern may be raised either to the Compliance Officer or any of the Independent Director by submitting an incident report. This Policy aims to deter and uncover corrupt, illegal, unethical, fraudulent and other conduct detrimental to the interests of the Company.

- The Company has adopted a code of conduct on securities dealing which provide that the Company, its directors and officers undertake not to deal in the Company's securities at any time after a price sensitive

development has occurred, or has been subject of a decision, until the price sensitive information has been publicly announced.

### Approach to Sustainability

The Company is committed to ensure business sustainability by promoting a culture of responsibility in managing the environmental, social and governance effects of its strategies and operations. Its approach to sustainability involves giving importance to customer experience and workplace safety, promoting trade and industry and a risk-focused organization, supporting the development of the communities in which it operates and managing its environmental impact.

- To keep customer loyalty, the Company ensures appropriate sourcing support and suitable products are offered to its customers and customer feedbacks are dealt with in a prompt and effective manner. Its sales personnel work closely to better understand and meet customer needs and expectations.
- To ensure workplace safety and well-being, the Company employs safety standards and practices that include accident prevention efforts through risk planning and safety trainings.
- To contribute to the promotion of trade and industry, the Company continuously expands its product range and enhances its various product offerings to help our customers innovate and explore new market opportunities.
- To safeguard the interests of stakeholders, the Company promotes a risk-aware culture in the organization by making risk management a responsibility of every employee.
- To contribute to the well-being and development of local communities, the Company continues with its long tradition of community service by supporting social projects extending medical care to depressed communities, granting educational assistance to support education of youths with financial need, and supporting community welfare institutions through sponsorships, donations and scholarships.
- To improve the impact of its business on the environment and in the communities where it operates, the Company has been adopting green practices in its operations like using energy efficient lighting, participating in recycling programs, reducing waste generation and introducing more 'green' products and natural ingredients for customers.



The Company issued its 2019 Annual Sustainability Report following the Securities and Exchange Commission Reporting Template format as Annex A of the 2019 Annual Report SEC Form 17A. A copy of the report is available from the Company's website [www.sbsph.com](http://www.sbsph.com)

# CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Sytengco Foundation and the SBS Group values the opportunity to facilitate assistance to communities that surrounds our operations. Yearly, we commit to proactively extend help involving our stakeholders in our desire to improve their lives.



## INVESTING IN EDUCATION

In November 2018, SBS PHILIPPINES CORPORATION entered into a Memorandum of Agreement with the MAPUA UNIVERSITY where the Corporation granted scholarship to financially needy and academically deserving Mapua Students. The Agreement is being implemented by their respective CSR arm, the Malayan Colleges Foundation, Inc. and Sytengco Foundation, Inc.

The first beneficiaries of these programs are three (3) third-year students of Mapua in Accountancy, Chemical Engineering and Chemistry courses. One of the scholars with the course of BS Chemistry already graduated

during the second term of School Year 2019-2020 while the two remaining scholars in Accountancy and Chemical Engineering have two remaining terms and are expected to graduate on the fourth term of this School Year.



## ASSISTANCE TO SOCIAL PROGRAMS

### *Vertical Housing Program of the City of Manila*

The SBS Group rallies behind concrete and viable programs of local governments who have laid out concrete and executable plans for long term development of their respective territories.



Thus, with the intention of curbing poverty, domestic violence in actual homes, as well as to create discipline through provisions of socialized housing programs, Chairman Necisto U. Sytengco, through SBS Holdings Corporation awarded a Five Million Peso (Php 5,000,000.00) donation to the city of Manila under the helm of Mayor Francisco Isko Moreno Domagoso. This is to realize the city's massive vertical housing program, similar to that of Singapore.

Through this donation, we look forward to see Manila stimulate its growth and development, which may be used as a model to replicate its best practices to different parts of our country.

### *Food Assistance to Non-Profit Organizations*

In December 2019, the Sytengco Foundation has been given the task to continue the annual charity operations of Chairman Sytengco to distribute donations of rice to key non-profit social welfare organizations which shelters disadvantaged children and citizens. The Foundation has donated

a total of two thousand five hundred (2,500 kgs.) kilos of rice to Hospicio De San Jose, Tuloy sa Don Bosco Foundation and White Cross Home to name a few.



## DISASTER AND RELIEF PROGRAMS

With the onset of massive earthquakes during the last quarter of 2019 in Mindanao, SBS Philippines Corporation, through The Sytengco Foundation, facilitated the donation of primary and essential food and hygiene products to affected areas in the cities of Sultan Kudarat, Maguindanao and South Cotabato. Through the assistance of the officers and staff of St. Louis Hospital in Sultan Kudarat, we were able to send food, personal care and water packs which were distributed to families affected in aforementioned areas.





# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**Necisto U. Sytengco**  
Chairman

**Ricardo Nicanor N. Jacinto**  
Vice Chairman

**Gerry D. Tan**  
Executive Director

**Esmeraldo A. Tepace**  
Executive Director

**Aylene Y. Sytengco**  
Executive Director

**Necisto Y. Sytengco II**  
Executive Director

**Roberto F. Anonas, Jr.**  
Independent Director

**Geocel D. Olanday**  
Independent Director

**Helen T. De Guzman**  
Independent Director

## EXECUTIVE COMMITTEE

Chairman  
**Mr. Necisto U. Sytengco**

Members  
**Gerry D. Tan**  
**Esmeraldo A. Tepace**  
**Aylene Y. Sytengco**  
**Necisto Y. Sytengco II**

## AUDIT & RISK OVERSIGHT COMMITTEE

Chairman  
**Helen T. De Guzman**

Members  
**Roberto F. Anonas, Jr.**  
**Ricardo Nicanor N. Jacinto**  
**Aylene Y. Sytengco**  
**Geocel D. Olanday**

## CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Chairman  
**Roberto F. Anonas, Jr.**

Members  
**Geocel D. Olanday**  
**Ricardo Nicanor N. Jacinto**  
**Helen T. De Guzman**

## RELATED PARTY TRANSACTIONS COMMITTEE

Chairman  
**Geocel D. Olanday**

Members  
**Helen T. De Guzman**  
**Roberto F. Anonas, Jr.**

## EXECUTIVE OFFICERS

**Gerry D. Tan**  
President & Chief Executive Officer

**Esmeraldo A. Tepace**  
Executive Vice President & Chief Operating Officer

**Aylene Y. Sytengco**  
Chief Financial Officer, Treasurer and Compliance Officer

**Necisto Y. Sytengco II**  
Senior Vice President for Marketing Operations & Assistant Treasurer

**Lali Y. Sytengco**  
Vice President for Supply Chain

**Christine P. Base**  
Corporate Secretary

**Sabrina Poon-Sytengco**  
Investor Relations Officer

**Atty. Jose Fidel R. Acuña**  
Corporate Information Officer

**Jennifer B. Balao**  
Assistant Vice President & Accounting Head

**Maria Gemma R. Bien**  
Internal Auditor

## STOCK TRANSFER AGENT BDO Unibank, Inc. –Trust & Investments Group

15/F BDO Corp Center South Tower  
7899 Makati Avenue  
Makati City 0726

## INDEPENDENT AUDITORS

**Punongbayan & Araullo**  
19th and 20th Floor, Tower 1  
The Enterprise Center  
Ayala Avenue, Makati City  
Partner in Charge: Mr. Anthony L. Ng

## PRINCIPAL BANKERS

**BDO Unibank, Inc.**  
**China Banking Corporation**  
**Metropolitan Bank and Trust Co.**  
**Security Bank Corporation**

## LISTING AND TRADING SYMBOL

Listed on the Main Board of the Philippine Stock Exchange under the stock trading symbol "SBS"

## INVESTOR RELATIONS & MAILING ADDRESS

Investors Relations Office  
SBS Philippines Corporation  
10 Resthaven Street  
San Francisco del Monte  
Quezon City

**T (632) 8371-1111**  
**F (632) 8371-1288**  
**E ir@sbsph.com**  
Website: <http://www.sbsph.com>



***SBS Philippines***  
CORPORATION

10 Resthaven Street  
San Francisco del Monte, Quezon City 1105  
Philippines

+632 8371-1111  
[www.sbsph.com](http://www.sbsph.com)

**2019**