

COVER SHEET

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(Company's Full Name)

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(Business Address : No. Street City / Town / Province)

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FORM TYPE

I-ACGR

Department Requiring the Report

C G F D

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

ir@sbsph.com

Company's Telephone Numbers

8 3 7 1 - 1 1 1 1

Mobile Number

No. of Stockholders

11

Annual Meeting

Month/Day

Last Friday of June

Fiscal Year

Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

GERRY D. TAN

Email Address

g.tan@sbsph.com

Telephone Number's

(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2021
2. SEC Identification Number A200110402
3. BIR Tax Identification No. 213-054-503-000
4. Exact name of issuer as specified in its charter SBS PHILIPPINES CORPORATION
5. Province, Country or other jurisdiction of incorporation or organization: Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: 10 RESTHAVEN ST., SAN FRANCISCO DEL MONTE, QUEZON CITY
8. Issuer's telephone number, including area code: (02) 8371-1111
9. Former name, former address, and former fiscal year, if changed since last report:
Not Applicable

2021 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT – SBS PHILIPPINES CORPORATION

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Complied.	<p>The Company's Directors have the experience, qualifications and skills across a wide range of professional specialization, possessing a broad diversity of the background, skills and expertise to make a significant contribution to the Board, to the Company and to its subsidiaries. Collectively, it provides leadership and direction for the members of the Board and executive management.</p> <p>Their qualification standards are set out in the Company's Revised Manual of Corporate Governance (2021) attached herewith as Appendix I and posted at SBS website through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/03/REVISED-MANUAL-ON-CORPORATE-GOVERNANCE-WITH-ANNEXES-as-of-Dec-10-2021.pdf</p> <p>and the Amended Board Charter attached herewith as Appendix II and which is posted in this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Board-Charter-Amended-March-2021.pdf</p>	
2. Board has an appropriate mix of competence and expertise.	Complied.	Specifically, the executive directors have a high level leadership experience in business administration with specialized expertise in the chemical trading and distribution activities involving general business and supply chain	

3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Complied.	<p>management, sales and marketing, accounting and finance, regulatory compliance and chemical safety management. Its non-executive directors, including its three (3) independent directors, have specialized competencies in audit and internal controls, corporate governance and risk management, business development and strategy formulation. There is also an appropriate degree of female representatives and age diversity in the Board composition.</p> <p>The biographical information of the Directors and their qualifications, including their present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE, and are accessible at SBS website through this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p> <p>https://www.sbsph.com/wp-content/uploads/2021/05/NOTICE-AND-AGENDA-AND-INFORMATION-STATEMENT.pdf</p>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Not Complied.	<p>There is sufficient independent oversight in the Board, being comprised of three (3) independent directors, one (1) non-executive director and five (5) executive directors.</p> <p>The individual director qualifications are described in the Company's Annual Report (17-A) and Information Statement (20:IS) that are accessible through this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p> <p>https://www.sbsph.com/wp-content/uploads/2021/05/NOTICE-AND-AGENDA-AND-INFORMATION-STATEMENT.pdf</p>	<p>The company's business requires specialized expertise and need a number of key senior management personnel as members of the board. However, the Board has set the plan for the Board to be composed of a majority of non-executive directors by 2025 at the latest.</p>

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Complied.	<p>Section B 1.9 (m) of the Company's Revised Manual for Corporate Governance (2021) and Section B.2.2 (i) of the Amended Board Charter require the provision of a continuing development program for the members of the Board.</p> <p>A comprehensive list of the 2021 training attended by the directors and officers of the Company is attached herewith as Appendix III.</p>	
2. Company has an orientation program for first time directors.	Complied.	New directors go through an orientation program whereby they are briefed by the Corporate Secretary on the Company's Articles of Incorporation and Bylaws, their obligations as directors, the Company's governance practices, and the statutory and regulatory requirements applicable to the business. They are also briefed by Management on the Company's businesses and operations, which include a tour of the logistics facilities of the Company.	
3. Company has relevant annual continuing training for all directors.	Complied.	<p>This policy is provided in the Section B 1.9 (m) of the Corporation's Revised Manual for Corporate Governance (2021) and Sections B.1 and B. 2.2 (i) of the Amended Board Charter.</p> <p>A comprehensive list of the 2021 training attended by the directors and officers of the Company is attached herewith as Appendix III.</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Complied.	<p>Please see attached link below:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/11/Amended-Board-Diversity-Policy-2021.pdf</p>	
Optional: Recommendation 1.4			

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Complied.	<p>In 2021, the company has exhibited its compliance regarding its Policies on Board Diversity as it discloses details on the following category: (1) Independence; (2) Gender Diversity; (3) Age group of SBS Directors; and (4) Length of service of SBS Directors.</p> <p>Further details are can be seen through the link below:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/04/Board-Diversity-Disclosure-2021.pdf</p>	
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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Complied.	<p>Atty. Christine P. Base is the appointed Corporate Secretary and assists the Board in the performance of its duties and responsibilities. She does not hold any other position in the Corporation, whether as a member of the Board of Directors or as compliance officer.</p> <p>Her biographical information and qualifications, including her present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE. The 2021 Information Statement (20:IS) is attached herein as Appendix IV.</p> <p>Her duties as Corporate Secretary are described in Part B, Section 3.5 of the Revised Manual of Corporate Governance (2021).</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Complied.		
3. Corporate Secretary is not a member of the Board of Directors.	Complied.		
4. Corporate Secretary attends training/s on corporate governance.	Complied.	<p>Atty. Christine C. Base, Corporate Secretary, has attended the following trainings on Corporate Governance:</p> <p>For 2019: Board Effectiveness Best Practices conducted by Center for Global Best Practices on November 9, 2019.</p> <p>For 2020: New Code of Corporate Governance for Public Companies and Registered Issuers by Center for Global Best Practices Foundation attended on January 12, 2021</p> <p>For 2021: AMLA Compliance in the Age of Digital World conducted by Institute of Corporate Directors attended on April 27, 2021</p>	

Optional: Recommendation 1.5

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Complied.	As a general rule, agenda materials for consideration of the Board are distributed to them at least 5 business days before the scheduled meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Complied.	Jose Fidel R. Acuña is the appointed Compliance Officer. He assists the Board in the performance of its duties and responsibilities. He is also the concurrent Chief Information Officer of the Company.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Complied.	His biographical information and qualifications, including his present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE.	
3. Compliance Officer is not a member of the board.	Complied.	His duties as Compliance Officer are described in Part B, Section 3.8 of the Revised Manual of Corporate Governance (2021), and he is not a member of the Board.	
4. Compliance Officer attends training/s on corporate governance.	Complied.	<p>The Compliance Officer has attended the following trainings on Corporate Governance from 2019 to 2022.</p> <ol style="list-style-type: none"> 1. ICD: Technology Governance for Directors, conducted by Institute of Corporate Directors on October 23, 2019 2. 7th SEC-PSE Corporate Governance Forum, conducted by SEC-PSE on November 19, 2020 3. Technology Governance for Directors Conducted by the Institute of Corporate Directors on January 28, 2022 	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Complied.</p>	<p>The Board of Directors attaches great importance to responsible and prudent corporate governance and to this end perform their duties and responsibilities to the best of their abilities. The specific responsibilities of a Director are mentioned in the Amended Board Charter Part B (2.2).</p> <p>The Board acts with due diligence and care as illustrated in this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=496a368500e878055d542af6f1e997b9</p>	
<p>Recommendation 2.2</p>			

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p> <p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Complied.</p> <p>Complied.</p>	<p>Sections B.1.8 and 1.9 of the Corporation's Revised Manual for Corporate Governance (2021) set out the Board responsibility for formulating the Corporation's business objectives and defining its strategic priorities for sustainability.</p> <p>The Management Committee (ManCom), comprising of senior and middle management executives from different functions and departments of the Corporation initiates the process for the development of the strategic plan by determining material factors affecting the business and operation, identifying opportunities and risks, and exploring new business models for growth. The medium- and long-term strategic objectives proposed by Management were then assessed and reviewed by the Board. The review involved a series of discussions and presentations, and drew on the directors' extensive experience, knowledge and insight.</p> <p>Once the strategic objectives were formulated and agreed upon with the Board, the ManCom developed the business plan identifying the strategic projects and associated growth initiatives to implement the plan. This was further reviewed by the Board, who approved and determined the strategic priorities for implementation.</p> <p>The Board and Management review the strategy of the Group regularly. In 2021, the Board reviewed the Group's annual business plans in relation to these strategies to oversee Management's performance in relation to such strategies.</p> <p>The strategic direction and business plans of the Group are explained in the President's Report (page 11 and 12) found in the 2020 Annual Report of Management to the Shareholders delivered last June 25, 2021 during the Annual Stockholders Meeting.</p> <p>https://www.sbsph.com/wp-content/uploads/2021/06/SBS-2020-Annual-Report-Final-Version-a1.pdf</p>	
Supplement to Recommendation 2.2			

1. Board has a clearly defined and updated vision, mission and core values.	Complied.	<p>The Company's vision and mission statement and core values are disclosed in the Annual Report of Management to the Shareholders.</p> <p>The Board reviews the Company's vision and mission at least once a year and, when necessary, updates it.</p> <p>For better strategy execution, the Board has adopted the Balance Scorecard system to better communicate the Corporation's business strategy across the organization and track performance. Progress against the target set in the Balance Scorecard is reviewed monthly at the Mancom level. The Company performance, financial statements and management's discussion and analysis and results of operation are reviewed on quarterly basis at the Board level.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Complied.		
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Complied.	<p>Mr. Ricardo Nicanor N. Jacinto was elected Chairman on September 17, 2020 and previously served as Vice-Chairman of the Board. He currently also serves as 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.</p> <p>His biographical information and qualifications, including his present occupation and business experience, are described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE.</p>	
Recommendation 2.4			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Complied.	<p>An organization-wide leadership succession framework has been drawn by management, providing for management talent pool and succession plans. Employees with potential are given opportunities to hone their leadership skills through trainings and mentoring programs to groom them for senior posts.</p> <p>The Company is implementing the plan in 2021 and putting specific program in place.</p>	
2. Board adopts a policy on the retirement for directors and key officers.	Complied.	<p>The Company's By-Laws provide for a one-year term for elected Directors who may stand for re-election. All nominees for election or re-election for Board membership undergo an assessment process through the Nomination and Remuneration Committee (NomRem).</p> <p>The Company has in place a retirement policy for its key officers.</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Complied.	<p>Other than the payment of reasonable per diem allowances as discussed below, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Complied.	<p>Currently, each independent and non-executive Director receives a per diem allowance of P25,000.00 for every attendance in regular meetings and special meetings of the Board of Directors, respectively. In addition, the independent and non-executive directors also receive a per diem allowance of P10,000.00 for each Board Committee meeting attended.</p> <p>Executive directors are basically compensated as part of</p>	

		senior management and are provided compensation and benefits that rewards the officer's performance in supporting the business strategies and meeting defined goals.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Complied.	<p>No director is involved in deciding his/her own remuneration. Non-executive directors do not receive options, share-based incentives or bonuses.</p> <p>The director compensation is also described in the Company's Annual Report (17-A) and Information Statement (20:IS) duly submitted to the SEC and PSE.</p>	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Complied.	The Nomination and Remuneration Committee reviews and recommends the remuneration package of Directors and the President & Chief Executive Officer. It was also tasked to review them as necessary.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Complied.	The variable remuneration package of the President & CEO and Top 4 senior officers is based on achievement of certain target performance criteria linked with the annual budget and other parameters set in the balance scorecard.	
Recommendation 2.6			

1. Board has a formal and transparent board nomination and election policy.	Complied.	<p>The Board has adopted a formal and transparent board nomination and election policy which is made part of Section 4 of the Board Committee Charter of the Nomination and Remuneration Committee Charter that is accessible through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/04/SBS-Nomination-and-Remuneration-Committee-Terms-of-Reference-March-2021.pdf</p> <p>This policy is also disclosed in the Definitive Information Statement provided to the Shareholders in connection with the holding of the Corporation's Annual Stockholders' Meeting.</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Complied.	Sec 1.2 Process and Criteria for Nominations and Election of Directors to the Board is disclosed in the Company's Revised Manual of Corporate Governance (2021).	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Complied.	<p>The Board nomination and election policy provides that written nominations by the stockholders shall be received by the corporation at least 60 days before the date of the Annual General Meeting of the Stockholders. In case of a vacancy in the Board other than removal of a director or expiration of term, the NomRem Committee shall identify and recommend, for approval of the Board, nominees to fill Board vacancies as and when they arise. In identifying suitable candidates, the NomRem Committee may make use of professional search firms or services of external advisers to facilitate the search for qualified candidates to the Board.</p>	
4. Board nomination and election policy includes how the board shortlists candidates.	Complied.		

5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Complied.	<p>This policy is disclosed in the Section 4 of the Board Committee Charter of the Nomination and Remuneration Committee Charter.</p> <p>The NomRem Committee's annual performance assessment includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director as required under the guidelines set for nomination and election procedures and criteria.</p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Complied.	The Board and NomRem Committee's assessment of a proposed candidate involve considerations of the diversity in the Board's composition including a review of the nominee's experience, specialized expertise in the industry, understanding of issues affecting the Company, as well as the current composition of the Board, the balance of management and independent directors, the need for independent oversight and evaluations.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Complied.	In 2019, in search of candidates for independent directors, the Company sought the assistance of the Institute of Corporate Directors to recommend candidates from their roster of ICD members who have undergone the professional directors program.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system	Complied.	The Company has adopted written policies regarding transactions with related persons, the Revised Policy on Related Party Transactions (please refer to Appendix I Annex D) and Conflict of Interests Policy that is posted in SBS	

governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.		<p>website through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2020/02/Conflict-of-Interest-Policy.pdf</p> <p>Under the Conflict of Interests Policy, all directors, officers and employees have to declare any interest which could conflict with the Company's interest and abstain from voting or approving on matters in which they have potential conflict of interest.</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Complied.	The Company's Revised Policy on Related Party Transactions sets the guidelines for the proper reporting, review and approval of transactions between the Company and/or its subsidiaries 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") with related parties to ensure that transactions entered by the Company or its subsidiaries with related parties will be on terms no less favourable to the Company and/or subsidiaries than those entered into with unrelated parties on arm's length normal commercial terms and will not be prejudicial to the Company, its subsidiaries and its minority shareholders.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Complied.	<p>In 2021, some of the related party arrangements approved pursuant to the policy are the related party lease arrangements, and related party sale and purchase of goods transactions.</p>	
Supplement to Recommendations 2.7			

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Complied.</p>	<p>Under Revised Related Party Transaction Policy, related party transactions, either individually or part of a series of transactions, other than recurrent related party transactions of revenue or trading nature or those necessary for its 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.</p> <p>If the related party transaction if exceeds Ten Million Pesos (PhP 10,000,000.00) 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.</p> <p>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.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Not complied.</p>	<p>The Board adopted a policy requiring the approval by at least two independent directors of the RPT Committee for related party transactions exceeding P10 million in value. P10 million is way below the threshold of 10% of Total Assets of the Company. The Board has not established a voting system whereby non-related party shareholders approve specific types of RPTs during shareholders meeting.</p>	<p>The independent directors act on behalf of the minority shareholders in approving or disapproving related party transactions, and all its act are then subject for ratification by all the shareholders during the ASM. The Company shall endeavor to identify specific material RPTs that may be voted upon by a majority of non-related party shareholders during the shareholders' meeting such as those involving material divestment in business, mergers and acquisitions, etc.</p>

Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Complied.	<p>Under Section B. 1.9 (q) of the Company's Revised Manual of Corporate Governance (2021), it is the duty of the Board to approve the selection and appointment of the Chief Compliance Officer, the Chief Risk Officer and Chief Audit Executive.</p> <p>Under Article IV, Section 1 and 3 of the Company's Bylaws, it is the duty of the Board to select and appoint the President who shall be the Chief Executive Officer. The By-Laws is accessible from SBS website through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2020/06/SBS-By-Laws.pdf</p> <p>The list of individuals comprising the company's Management Team is available under the Company's website at the following link:</p> <p>http://www.sbsph.com/directors-officers/</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Not Complied.	The Board assesses the performance of the CEO annually. The CEO, in coordination with the Board Committees, assesses the performance of the control function heads.	The Board through the various committees will include the performance assessment of the Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive for the incoming year.
Recommendation 2.9			

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Complied.	The Board has adopted the Balance Scorecard system for evaluation of executive performance.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Complied.	Same as above.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Complied.	<p>Under Section B. 1.9 (f) of the Company's Revised Manual of Corporate Governance (2021) the Board has the responsibility to ensure the adoption, adequacy and effectiveness of organizational and operational internal controls. Further, under the Audit and Risk Oversight Committee Charter, the Committee through the Chief Audit Executive monitors and reviews, the adequacy and effectiveness of the Company's systems of internal controls.</p> <p>A discussion of the Company's internal control systems is provided in the Corporate Governance Section of the Annual Report of Management to the Shareholders.</p> <p>As part of the internal control system, the Company has adopted a Conflict of Interest Policy, a copy attached herein for reference and is also available at the Company's</p>	

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Complied.	website at the following link: http://www.sbsph.com/wp-content/uploads/2020/02/Conflict-of-Interest-Policy.pdf	
3. Board approves the Internal Audit Charter.	Complied.	The Board through the Audit and Risk Oversight Committee reviews and approves the Internal Audit Charter. A copy of the Amended Internal Audit Activity Charter (2021) is attached herein as Appendix V for reference.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Complied.	Section B 1.9 (g) of the Company's Revised Manual of Corporate Governance (2021) sets out the Board's responsibility to ensure that a sound ERM system is in place. The identified risk factors and the risk mitigation measures adopted by the Company are discussed in its 2021 Annual Report SEC 17A page 9 to 14. https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Complied.	SBS Enterprise Risk Management Policy 2021 is available at the Company's website at the following link: https://www.sbsph.com/wp-content/uploads/2021/05/SBS-ERM-Policy-May-6-2021.pdf	
Recommendation 2.12			

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Complied.	A copy of the Amended Board Charter is attached herein for reference as Appendix II.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Complied.		
3. Board Charter is publicly available and posted on the company's website.	Complied.	Please see the link: https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Board-Charter-Amended-March-2021.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Complied.	A copy of the Company's Insider Trading Policy is posted in SBS website and accessible through this link: https://www.sbsph.com/wp-content/uploads/2019/05/SBS-POLICY-ON-INSIDER-TRADING-27-March-2018.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Complied.	The Revised Related Party Transactions Policy of the Company requires transactions with related parties to be on terms no less favorable to the Company than those entered into with unrelated parties on arm's length normal commercial terms and should not be prejudicial to the minority shareholders. (see link) http://www.sbsph.com/wp-content/uploads/2019/10/25-OCT-19-RPT-POLICY-ONLY.pdf	

2. Company discloses the types of decision requiring board of directors' approval.	Complied.	Section 2.1 of the Amended Board Charter and Section B 1.8 of the Company's Revised Manual of Corporate Governance (2021) list the matters under the responsibility and authority of the Board to act upon. Significant matters approved by the Board are immediately disclosed by the Company through the PSE Edge Disclosure System and reported to the SEC under SEC Form 17-C, copies of which are available in the Company.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Complied.	Section B.2 of the Company's Revised Manual of Corporate Governance (2021) sets out the standing committees of the Board.	
Recommendation 3.2			

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Complied.	Section B.2.1 of the Company's Revised Manual of Corporate Governance (2021) has set out the creation of board committees. The Charter of the Audit and Risk Oversight Committee defined the oversight responsibility of the Committee on the company's financial reporting, risk management and internal control systems, the internal and external audit processes and compliance with laws and regulations.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is	Complied.		

independent.			
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Complied.	The composition of the Audit and Risk Oversight (ARO) Committee is set out in Section B.2.1 of the Company's Manual of Corporate Governance (2021) and Revised ARO Committee Charter (terms of reference) accessible through this link in SBS website: https://www.sbsp.com/wp-content/uploads/2020/06/SBS-By-Laws.pdf	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Complied.	Information on the chairperson and members of the ARO Committee, including their qualifications and type of directorship, the background, knowledge, skills, and/or experience are available through the Company's website at the following link: http://www.sbsp.com/wp-content/uploads/2021/04/Background-Information-on-Audit-and-Risk-Oversight-Committee-Members-ASM-2019-1.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Complied.	The 2021 Information Statement (20-IS) page 20-21 attached herein as Appendix IV showed the audit and non-audit services provided by the external auditor. The document also explained the Audit and Risk Oversight Committee's policies and procedures in reviewing audit fees and other fees of external auditors.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Complied.	Attached is a copy of the Report of the Audit & Risk Oversight Committee (Appendix VI) to the Board of its activities and accomplishment in 2021 including an executive session that was held with the external audit team without anyone from management present	
Optional: Recommendation 3.2			

1. Audit Committee meet at least four times during the year.	Complied.	Attached is a copy of the Report of the Audit & Risk Oversight Committee to the Board of its activities and accomplishment in 2021. The Committee held a total of four (4) regular meetings in 2021 in addition to one executive session held with internal and external auditors. The Committee Charter set the meeting of the committee to be held on a quarterly basis or as often as may be necessary.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Complied.	The Audit & Risk Oversight Committee has provisions authorizing the Committee to appoint and remove the Internal Auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Complied.	<p>Following Section B 2.3 of the Company's Revised Manual of Corporate Governance (2021), the Corporate Governance (CG) Committee was established in 2017, its Amended Charter 2021 defined the functions and responsibilities of the Committee.</p> <p>The Corporate Governance Committee is responsible in assisting the Board in the performance of its corporate governance responsibilities. The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.</p>	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Complied.	<p>The composition of the CG Committee is set out in Section B.2.3 of the Company's Manual of Corporate Governance (2021) and CG Committee Amended Charter 2021 (terms of reference) that is accessible through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Corporate-Governance-Committee-Terms-of-Reference-Amended-2021.pdf</p>	
3. Chairman of the Corporate Governance Committee is an independent director.	Complied.	<p>Information on the chairman and members of the CG Committee, including their qualifications and type of directorship, the background, knowledge, skills, and/or experience are available through the Company's website at the following link :</p> <p>http://www.sbsph.com/wp-content/uploads/2021/03/Information-on-Corporate-Governance-Committee-Members.pdf</p>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	Complied.	<p>In 2021, the CG Committee held three (3) meetings wherein the Committee reviewed the following items for approval of the Board:</p> <ul style="list-style-type: none"> i. 2020 Integrated Annual Corporate Governance Report (i-ACGR); ii. Amended Board Charter; iii. Revised Manual of Corporate Governance and its annexes iv. Amended Committee Charters for the approval of the Board. <p>In addition, the CG Committee also conducted the annual Board and Committee performance assessment.</p>	
Recommendation 3.4			

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Complied.	Given the company's size and the nature of its business operations, it was decided that the management and supervision of its enterprise risk framework can be performed by the Audit and Risk Oversight Committee in addition to its other responsibilities such as the oversight of company's audit and compliance processes.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Complied.	The Audit and Risk Oversight Committee is composed of 5 members; the majority are independent directors including the Chairman.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Complied.	The Chairman of the Audit and Risk Oversight Committee is an independent director and is not the Chairman of the Board or of any other committee.	

4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Complied.	In the period under review 2021, the Chairman of the Audit and Risk Oversight Committee is a certified public accountant, certified internal auditor and has global certification on risk management assurance. She is a seasoned chief audit executive and is a former external auditor. In addition, she has work experience in senior executive positions in comptrollership, treasury and general management in various companies.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Complied.	The Company has adopted written policies regarding transactions with related persons, the Revised Policy on Related Party Transactions which has been attached for reference.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Complied.	The committee is composed of at least three non-executive directors and an independent director as its committee chairman.	
Recommendation 3.6			

<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Complied.</p>	<p>The charters of the different committees of the Board are posted at SBS website through this link:.</p> <p>Executive Committee Charter https://www.sbsph.com/wp-content/uploads/2020/07/SBS-Executive-Committee-Charter-Amended.pdf</p> <p>Audit and Risk Oversight Committee Charter https://www.sbsph.com/wp-content/uploads/2017/06/SBS-Audit-and-Risk-Oversight-Committee-Charter-Amended-2020.pdf</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Complied.</p>	<p>Related Party Transaction Committee Charter https://www.sbsph.com/wp-content/uploads/2017/06/SBS-Related-Party-Transaction-Committee-Charter-2020.pdf</p> <p>Corporate Governance Committee Charter https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Corporate-Governance-Committee-Terms-of-Reference-Amended-2021.pdf</p> <p>Nomination and Remuneration Committee Charter https://www.sbsph.com/wp-content/uploads/2022/04/SBS-Nomination-and-Remuneration-Committee-Terms-of-Reference-March-2021.pdf</p> <p>Finance and Investment Charter https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Finance-and-Investment-Committee-Charter.pdf</p> <p>The ExeCom, ARO, RPT, CG, NomRem, and FI Charters defined the duties and responsibilities of the committee and its members which is use as reference for its evaluation of the performance of the Committees. The 2021 evaluation has been conducted.</p>	

3. Committee Charters were fully disclosed on the company's website.	Complied.	<p>Yes. You may refer to the following links:</p> <p>http://www.sbsph.com/wp-content/uploads/2020/07/SBS-Executive-Committee-Charter-Amended.pdf</p> <p>http://www.sbsph.com/wp-content/uploads/2017/06/SBS-Audit-and-Risk-Oversight-Committee-Charter-Amended-2020.pdf</p> <p>http://www.sbsph.com/wp-content/uploads/2017/06/SBS-Related-Party-Transaction-Committee-Charter-2020.pdf</p> <p>http://www.sbsph.com/wp-content/uploads/2021/03/SBS-Corporate-Governance-Committee-Terms-of-Reference-Amended-2021.pdf</p> <p>https://www.sbsph.com/wp-content/uploads/2022/04/SBS-Nomination-and-Remuneration-Committee-Terms-of-Reference-March-2021.pdf</p> <p>https://www.sbsph.com/wp-content/uploads/2021/03/SBS-Finance-and-Investment-Committee-Charter.pdf</p>	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Complied.	<p>The board conducts its meetings in person. For directors who are not present and would wish to join via teleconferencing, management sets up video conferencing facilities for their attendance and thus votes are counted.</p> <p>The 2021 Annual Report (SEC 17A) provides for the attendance of the board of directors (see Page 26) on this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Complied.	<p>The directors actively review the board and committee materials prior to the meeting and ask for clarificatory questions when necessary.</p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Complied.	<p>The directors actively participate in Board and Committee meeting discussions and ask questions or explanation on topics that they deemed requires clarification.</p>	
Recommendation 4.2			

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Complied.	<p>The Company's Revised Manual on Corporate Governance (2021) provides for the limit in serving publicly listed companies.</p> <p>You may refer to the 2021 Annual Report SEC 17-A for the information on the directorship of the Board of Directors. (page 27 to 29)</p>	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Complied.	While the company does not have a formal policy of notifying the board about other board appointments, the board directors however practiced this recommendation.	The Board will consider adopting this into formal policy.
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Complied.	Executive directors of the company do not serve in more than two boards of listed companies outside of the group.	
2. Company schedules board of directors' meetings before the start of the financial year.	Complied.	The board of directors in its last meeting of the fiscal year decides on the schedule of the regular meetings for the following year.	

4. Board of directors meet at least six times during the year.	Complied.	The board met 9 times in 2021.	
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Not complied.	The BOD only requires majority attendance for a quorum. However, the board has always had more than 2/3 rd attendance in its meetings.	The Company will consider in the future to set as minimum quorum the attendance of at least 2/3 for board decisions.

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Complied.	The company's Revised Manual on Corporate Governance (2021) attached herein provides for the requirement to have at least 3 Independent Director or 1/3 of the board whichever is higher.	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Complied.	The qualifications of independent directors are provided for in the Company's Revised Manual on Corporate Governance (2021) attached herein.	
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Complied.	There are no shareholder agreements or provision in the by-laws or other arrangement that constrain the directors' ability to vote independently. The family relationship among some officers and directors are described on item 5.E of the Company's Information Statement (20-IS) which is accessible on this link: https://www.sbsph.com/wp-content/uploads/2021/05/NOTICE-AND-AGENDA-AND-INFORMATION-STATEMENT.pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Complied.	The Company's independent directors serve as such for a period of one year or until its successor is elected. The Company's revised manual on corporate governance provides that an independent director who has served the maximum cumulative term of 9 years as independent director shall be disqualified from being re-elected as independent director of the Company.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Complied.	Please refer to the Revised Manual on Corporate Governance (2021) attached herein.	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Complied.	The Company never had such incident as of issuance of this report.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Complied.	In 2021, Ricardo Nicanor N. Jacinto held the chairmanship of the board of directors while Gerry D. Tan is the president.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Complied.	<p>The Revised Manual on Corporate Governance (2021) provides the following:</p> <p>The President/CEO, in addition to his duties and responsibilities under the By-Laws, the Chief Executive Officer shall have the following responsibilities:</p> <ul style="list-style-type: none"> a) Provide general supervision of the business, affairs, and property of the Company and over its employees and officers; b) See that all orders and resolutions of the Board of Directors are carried into effect; c) Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the 	

Company for the preceding year, and the state of its affairs; and

- d) Report to the Board from time to time all matters within his knowledge which will have a bearing on the interest of the Company and may require to be brought to the Board's attention.

The Chairman of the Board on the other hand has the following responsibilities:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;

		<p>f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and</p> <p>g. Maintain qualitative and timely lines of communication and information between the Board and Management.</p> <p>The Chairman and the CEO are not related by affinity or consanguinity.</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Complied.	Mr. Geocel Olanday was appointed as the Lead Independent Director on May 22, 2019 and was re-appointed on September 17, 2020 and June 25, 2021	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Complied.	Related party transactions are reviewed and approved by the RPT committee and such transactions are covered by the Revised RPT policy attached herein.	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Complied.	Please refer to the Audit and Risk Oversight Committee Report 2021 (Appendix VI).	
2. The meetings are chaired by the lead independent director.	Complied.	The meeting was organized by the lead independent director and attended by the Audit and Risk Oversight Committee Members without the management executives present.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Complied.	None of the Directors is a former CEO of the Company in the past 2 years	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Complied.	See sample evaluation forms attached as Appendix VII	

2. The Chairman conducts a self-assessment of his performance.	Complied.	The Chairman is assessed by the Directors. See sample evaluation forms attached as Appendix VIII	
3. The individual members conduct a self-assessment of their performance.	Complied.	See sample evaluation forms attached as Appendix VIII	
4. Each committee conducts a self-assessment of its performance.	Complied.	See sample evaluation forms attached for Execom as Appendix IX.	
5. Every three years, the assessments are supported by an external facilitator.	Complied.	In 2021, the Board has tapped the services of Institute of Corporate Directors (ICD) for a preliminary corporate governance assessment to assess the Company's corporate governance including board effectiveness. See Appendix X for reference on the title page of the report submitted in March 2021.	
Recommendation 6.2			

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Complied.	<p>The Board:</p> <ul style="list-style-type: none"> - through CG Committee, reviews the performance of the committees and board performances, and defines actions to improve these performances. - through the NR Committee, reviews the performance of individual directors and propose suitable training plans. 	
2. The system allows for a feedback mechanism from the shareholders.	Complied.	The Company website has provided a feedback mechanism from the shareholders with an email address ir@sbsph.com	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Complied.	<p>Please refer to the company's Code of Business Conduct and Ethics posted in SBS website through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2017/08/codeofbusiness.pdf</p>	
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2. The Code is properly disseminated to the Board, senior management and employees.	Complied.	Upon approval of the board, copies were reproduced and given to them individually. Management also reproduced the code for senior management and heads of departments for dissemination to the employees.	
3. The Code is disclosed and made available to the public through the company website.	Complied.	Please refer to this link: http://www.sbsph.com/wp-content/uploads/2017/08/codeofbusiness.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Complied.	Please refer to Section E of the Company's Code of Business Conduct and Ethics through this link: https://www.sbsph.com/wp-content/uploads/2017/08/codeofbusiness.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Complied.	Please refer to the Whistleblowing Policy (see below link) which provides for the email address wc@sbsph.com https://www.sbsph.com/wp-content/uploads/2019/04/Whistleblowing-Policy-27-March-2018.pdf As provided in the Code of Business Conduct and Ethics, all directors, officers and employees of the Company are expected to observe and comply with the standards of conduct set out in the Code of Business Conduct and Ethics.	

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Complied.	Please refer to the Amended Internal Audit Activity Charter and Whistleblowing Policy which provides for the email address ia@sbsph.com	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Complied.	<p>Section 7 of the Company's Revised Manual on Corporate Governance (2021) provides:</p> <p>xxx</p> <p>To promote trust and confidence in the integrity of the Company, it is the policy of the Company to fully and timely disclose material information and dealings and to disseminate such information in a non-exclusionary and non-selective way. Shareholders and the investing public shall be regularly, timely and clearly informed of the developments involving the Company, its strategies and prospects to promote greater understanding of the Company.</p> <p>Company disclosures pertaining to the Company, its operation, employees, directors or officers shall be reviewed and approved by Management and/or the Board for public dissemination. Corporate financial disclosures are reviewed by the ARO Committee and endorsed to the Board for its public release.</p> <p>The Company shall employ the following modes of communication for disseminating Company information</p>	

		and results on a regular basis to its stakeholders:	
		<ul style="list-style-type: none"> a. Company website b. Press releases c. Structured and unstructured corporate disclosures d. Meetings between Company officers and analysts/institutional investors e. Annual report f. Local participation in industry-oriented exhibits and conferences g. Stockholders' meeting h. Email alerts <p>The Company shall have an Investor's Relations Officer who shall primarily responsible for communicating developments involving the Company, and serve as a feedback channel for shareholders and other stakeholders.</p>	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Not complied. Complied.	<p>The consolidated AFS are published usually within the statutory period of 105 days. Please refer to the link:</p> <p>The link to SBS website page on 2021 Annual Consolidated Financial Statement. http://www.sbsph.com/disclosure-filings/invezstors/financial-reports/</p> <p>The link to the 2021 Audited Consolidated Financial Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p> <p>The interim FS on the other hand are published within 45 days from the end of the reporting period.</p>	Due to the Company's business model of investing minority stakes in many affiliate companies, it takes longer period for consolidation of the result by equity method into the Parent Company. Management has to maximize the period to finalize (and disclose) its annual reports.

		<p>Please refer to Appendix XI that showed the SEC form 17Q for the period ended as of September 30, 2021 duly disclosed in the PSE showing the period of submission. This is in accordance with SEC Guidelines for publicly-listed companies that the date of disclosure in PSE Edge is considered as the date of submission to SEC while the COVID-19 Pandemic exists.</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	Complied.	<p>Please refer to the Annual Report SEC Form 17-A, also available in the Company's website through this link http://www.sbsph.com/disclosure-filings/investors/financial-reports/</p> <p>Then, the link to the 2021 PSE disclosure where the SEC 17-A can be downloaded from this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p> <p>1. On Pages 32 and 33 of the Annual Report, the security ownership of directors and management and beneficial owners has been disclosed.</p> <p>Also, on page 34, the following information was provided to the minority shareholders that states the principal risks associated with the Company's controlling shareholders. To quote, <i>"The Company in the regular course of its business, engages in transactions with its affiliates and other related parties principally in the form of sale of goods, advances and reimbursement of expenses, leasing, and management and administrative service agreements"</i>.</p> <p>It provided reference on the details in Note 19 of the Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the twelve month period ended 31 December 2021 which forms part of the Annex of the Annual Report.</p>	

		<p>2. On the SEC Form 17-A Annual Report, the 2021 Supplementary Schedule that forms part of the Annex showed the relationship between the Company and all its related entities.</p> <p>3. Every outstanding share of stock entitles the registered holder to one vote, thus voting power of controlling shareholders is directly equivalent to its overall equity position.</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Complied.	<p>The Company's Insider Trading policy posted at SBS website and accessible through this link provides:</p> <p>https://www.sbsph.com/wp-content/uploads/2019/05/SBS-POLICY-ON-INSIDER-TRADING-27-March-2018.pdf</p> <p>DUTY TO DISCLOSE SECURITIES TRANSACTIONS</p> <p>All directors and officers of the Company shall inform the Company of their transactions and changes in direct interests involving Company securities within three (3) business days from date of the share transaction. In addition, all directors and officers shall also inform the Company of the changes in their indirect beneficial ownership of securities held by the following, within three (3) business days from date of the share transaction:</p> <p>(a) A member of his/her immediate family sharing the same household;</p> <p>(b) A partnership of which he/she is the general partner;</p> <p>(c) A corporation of which he is the controlling shareholder;</p> <p>(d) Those subject to any contract, arrangement or understanding which gives him/her voting power or investment power with respect to such securities.</p>	

2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Complied.		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Complied.	<p>Changes in ownership of the members of the Board in 2021 are provided in the Company Website with the following link http://www.sbsp.com/disclosures-filings/</p> <p>This is found under the Statement of Beneficial Ownership and Change in Shareholdings of Directors and Principal Officers.</p> <p>We are attaching herewith as Appendix XII a sample of the disclosure relative to the changes in ownership of the members of the board as disclosed in the PSE and filed with the SEC for 2021.</p>	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Complied.	<p>The material qualifications of the members of the board and its key officers are provided for in its 2021 Information Statement (20-IS), as well as in the Annual Report 17-A with the link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p>	

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Complied.	The material qualifications of the members of the board and its key officers are provided for in its 2021 Information Statement (20-IS) attached herein as Appendix IV, as well as in the Annual Report 17-A.	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Complied.	<p>Section 5 of the Company's Board Charter (amended March 19, 2021) provides:</p> <p>The Directors shall be entitled to receive reasonable per diem allowance to be fixed by the Board for their meeting attendance. Any other arrangement or arrangements pursuant to which directors of the Company are to be compensated for services provided as a director shall be subject to the prior recommendation of the Nomination and Remuneration Committee and subject to the approval or ratification of the shareholders.</p> <p>Nothing herein shall preclude any director from serving the Company in any other capacity and receiving compensation therefor.</p>	

2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Complied.	<p>The Nomination and Remuneration Committee Charter provides in Item 3.5 that The Committee shall establish a policy for fixing the remuneration packages of the Directors and Senior Executive Officers ensuring that the compensation is consistent with the Company's culture, strategy and control environment and review annually the performance of such directors and executives.</p> <p>It also provided in Item 3.6 that the Company's executive officer compensation programs consider the following factors:</p> <ol style="list-style-type: none"> 1. Attraction and retention of executive officers; 2. Motivation of executive officers to achieve the Corporation's business objectives; and 3. Alignment of the interests of executive officers with the long-term interests of the Corporation's shareholders and other stakeholders. 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Not Complied.	The Company listed the names of the Top 5 Executive in its disclosure.	<p>The Company executive remuneration is presented as a group of Top 5 Most Highly Compensated Officers, as reflected in the 2021 SEC Form 17A, on page 31.</p> <p>The names of the Top 5 Executives are disclosed.</p>
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and	Complied.	<p>Please refer to the attached Revised Policy on Related Party Transactions.</p> <p>It can be accessed from Company website through this link:</p>	

other unusual or infrequently occurring transactions in their Manual on Corporate Governance.		http://www.sbsp.com/disclosure-filings/corporate-governance/company-policies/	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Complied.	<p>The Company discloses significant Related Party Transactions reviewed and approved during the year as reflected in Note 19 of the Audited Consolidated Financial Statement as of December 31, 2021.</p> <p>In addition, details of investments in associate companies are disclosed in Note 8 of the Audited Consolidated Financial Statement as of December 31, 2021.</p> <p>No Material Related Party Transaction was transacted in 2021.</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Complied.	<p>2.2.1 b of the Revised Manual on Corporate Governance (2021) provides:</p> <p>b. Review and endorse for approval the Related Party Transactions of the Company as defined in the approved RPT Policy and Guidelines, whether they are in the best interest of the Company and shareholders and ensure that all RPTs are conducted in fair and at arm's length basis. In evaluation these transactions, the Committee shall take into account, among others, the following:</p> <p>i. The related party's relationship to the Company and interest in the transaction;</p> <p>ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;</p> <p>iii. The benefits to the Company and the shareholders of the</p>	

		<p>proposed RPT;</p> <p>iv. The availability of other sources of comparable products or services; and</p> <p>v. An assessment of whether the proposed RPT is on terms and conditions that are no less favorable than the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;</p> <p>For every transaction being entered into, the board through the committee checks any RPTs, and the directors and officers concerned are required to disclose the same to the committee.</p> <p>Section B.1.10 (a) of the Revised Manual on Corporate Governance (2021) provides: A director shall observe the following norms of conduct:</p> <p>a. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</p> <p>i. A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests.</p> <p>ii. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p>	
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		<p>iii. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same. All material related party transactions by the directors with the company are disclosed and brought to the attention of the Board for prior review and approval. The company adheres strictly to the definition and treatment of related party transactions as provided by the SEC rules and regulations.</p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Complied.	<p>Please refer to the attached Revised Policy on Related Party Transactions which states 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.</p>	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Complied.	<p>Please refer to this link for the list of disclosures of material information</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=3c19d5aa087a8af55d542af6f1e997b9</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=a1da5f3bf2513c135d542af6f1e997b9</p> <p>The same disclosure was disclosed with PSE and submitted to SEC and posted on Company website (Other disclosures/2021/Acquisition or Disposition of Shares of Another Corporation 03 Jun 2021)</p>	

		http://www.sbsph.com/disclosures-filings/	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Complied.	The Board appoints an independent appraiser to evaluate the fairness of transaction prices on acquisition or disposal of assets.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Complied.	The Company's Information Statement as attached herein discloses existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company, or the absence thereof.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Complied.	Please refer to the Company's Revised Manual on Corporate Governance (2021) as attached.	
2. Company's MCG is submitted to the SEC and PSE.	Complied.	<p>Please refer to the Revised Manual on Corporate Governance (2021) duly received by the SEC and PSE. The link is provided as follows:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=57062b70f8c0ab545d542af6f1e997b9</p>	

3. Company's MCG is posted on its company website.	Complied	<p>Please refer to this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/03/REVISED-MANUAL-ON-CORPORATE-GOVERNANCE-WITH-ANNEXES-as-of-Dec-10-2021.pdf</p>	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Complied.	Please refer to the attached updated Revised Manual on Corporate Governance which was updated in December 2021 as approved by the board in order to keep up with the operations of the company as well as the revised rules on CG.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Complied.	<p>Please refer to the 2020 Annual Report to the Shareholders presented during the 2021 Annual Stockholders meeting with the following link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/06/SBS-2020-Annual-Report-Final-Version-a1.pdf</p>	
a. Corporate Objectives	Complied.	Corporate Goals is provided on page 4-5 and Chairman's message on page 6-7.	
b. Financial performance indicators	Complied.	<p>Please refer to 2021 SEC 17-A Annual Report on Page 23 that is accessible from SBS website through this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p>	

c. Non-financial performance indicators	Complied	Please refer to the 2021 Sustainability Report as part of the Annual Report SEC 17-A which is also accessible from SBS website: https://www.sbsph.com/wp-content/uploads/2022/04/SBS-Sustainability-Report-2021-Final.pdf	
d. Dividend Policy	Complied.	Please refer to the 2021 Annual Report SEC Form 17-A in page 18.	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Complied.	Please refer to the 2021 Annual Report SEC 17-A page 27 to 29.	
f. Attendance details of each director in all directors meetings held during the year	Complied.	Please refer to the 2021 Annual Report SEC 17-A page 26.	
g. Total remuneration of each member of the board of directors	Complied	The 2021 Annual Report SEC 17-A page 32 provides the remuneration of each member of the board as directors of the Company. Executive directors do not receive any compensation or per diem by reason of their directorship.	

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Complied.	<p>The 2021 Annual Report SEC Form 17-A item 13 (page 34) stated its reference to the submitted I-ACGR with the link provided, and appended among the Annexes in Part V, in the list of SEC submissions in 2021 (page 34).</p> <p>The submitted 2020 I-ACGR is the document that specifically showed the compliance, and where non-compliance is identified, explanation is given for such issue.</p>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Complied.	The 2020 Annual CG Report submitted in May 2021 discloses that the board of directors conducted review of the company's material controls and risk management systems, and this is specifically found in the ARO charter and the ARO committee report to the Board.	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Complied.	The 2020 Annual CG Report submitted in May 2021 discloses that the board of directors conducted review of the company's material controls and risk management systems, and this is specifically found in the ARO charter and the ARO committee report to the Board.	

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Complied.	Please refer to the risk factors under part 1, (2) L of the 2021 Annual Report SEC 17A (page 9 to 14) that is accessible through this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f	
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Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Complied.	The 2021 Information Statement (20-IS) page 20-21 described the process to quote: "The Audit and Risk Oversight Committee ("Committee") of the Company makes recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement. Prior to the appointment of the external auditor, the Committee meets with the external auditor to review and discuss the nature and scope of its audit program for the Company as well as to evaluate and determine the expenses and fees for the audit and other related work. Subject to shareholder approval, the Company will appoint the external auditors to audit the Company. The Committee review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results before they are submitted for the consideration and approval of the Board of Directors."	
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2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Complied.	<p>The appointment and reappointment of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p> <p>During the 2021 ASM, shareholders ratified the appointment of Punongbayan and Araullo as the company's Independent Auditor as reflected in the Minutes of the Annual Stockholders Meeting dated June 25, 2021. Please refer to this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/06/SBS-ASM-Minutes-JUNE-25-2021-FINAL.pdf</p> <p>The determination of fees was delegated to the board of directors.</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Complied.	The Company has not removed its Independent Auditor during the period, therefore, has not made any disclosure on such.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Complied.	Please refer to the ACGR Updated for the Year 2017, on pages 55 and 75. See Link: http://www.sbsph.com/wp-content/uploads/2018/03/ACGR-Updated-6feb18.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on:	Complied.	<p>Please refer to the ARO Committee Charter that is accessible through this link:</p> <p>http://www.sbsph.com/wp-content/uploads/2017/06/SBS-</p>	

<p>i. assessing the integrity and independence of external auditors;</p> <p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>Audit-and-Risk-Oversight-Committee-Charter-Amended-2020.pdf</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Complied.</p>	<p>Please refer to Section 3, item 3.3, paragraph (h) of the ARO Committee Charter.</p> <p>http://www.sbsph.com/wp-content/uploads/2017/06/SBS-Audit-and-Risk-Oversight-Committee-Charter-Amended-2020.pdf</p>	
<p>Supplement to Recommendations 9.2</p>			

1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Complied.	Please refer to the 2021 Information Statement (20-IS) page 21, and the Charter of the Audit and Risk Oversight Committee. The Committee meets with external auditor to discuss and review the nature and scope of their work program.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Complied.	Please refer to the ACGR Updated for the Year 2017, on page 55 and page 60 Item 5(b). see link: http://www.sbsp.com/disclosure-filings/corporate-governance/annual-corporate-governance-reports/	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Complied.	The Company discloses the nature of non-audit services performed by its external auditor in the 2021 Annual Report SEC 17-A page 25.	

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Complied.	<p>Please refer to Item 3.3 (d) of the amended ARO Charter which specifically states: "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."</p> <p>The amended ARO Charter is accessible from SBS website through this link: https://www.sbsph.com/wp-content/uploads/2017/06/SBS-Audit-and-Risk-Oversight-Committee-Charter-Amended-2020.pdf</p>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Complied.	<p>The fees of the non-audit services of the independent auditors do not outweigh the fees for audit services.</p> <p>Non-audit related service fees comprise of external auditor assistance in the tabulation and validation of votes during the 2021 annual stockholders' meeting in the amount of Php 50,000.00.</p>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Complied.	<p>As of 2021, the Company's external auditor is as follows:</p> <p>1. Name of the audit engagement partner; Anthony L. Ng</p> <p>2. SEC Group A Accreditation number; Partner No. 109764 Firm No. 0002</p> <p>3. Expiry date of accreditation; and Partner- December 31, 2023 Firm- December 31, 2024</p>	

		4. Name, address, contact number of the audit firm. Punongbayan and Araullo 20 th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue 1200 Makati City (02) 89882288	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Complied.	Punongbayan & Araullo agreed to be subjected to the SOAR.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Complied.	<p>The Company discloses as Annex A to the 2021 Annual Report SEC 17A the non-financial information related to the Sustainability Report.</p> <p>Information is available in the Company website through this link:</p> <p>https://www.sbsph.com/disclosure-filings/sustainability/</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p>	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Complied.	The Company adopts the Global Reporting Initiative (GRI) Standards: Core option in reporting sustainability and non-financial issues.	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Not Complied.	<p>The Company in its Revised Manual of Corporate Governance (2021) provides:</p> <p>The Company shall employ the following modes of communication for disseminating Company information and results on a regular basis to its stakeholders:</p> <ol style="list-style-type: none"> Company website Press releases Structured and unstructured corporate disclosures Meetings between Company officers and analysts/institutional investors Annual report Local participation in industry-oriented exhibits and conferences Stockholders' meeting Email alerts <p>Please refer to the link below showing disclosure of material information of the company.</p> <p>http://www.sbsph.com/disclosures-filings/</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=fda4f6a4055ac1925d542af6f1e997b9</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=1a0</p>	<p>The Company sends articles to the media for possible press releases but does not yet conduct regular media and analysts briefing.</p> <p>The Company meets with analysts and institutional investors for briefing upon individual request.</p>
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Complied.	www.sbsph.com	
		http://www.sbsph.com/disclosure-filings/investors/financial-reports/	
a. Financial statements/reports (latest quarterly)	Complied	http://www.sbsph.com/disclosures-filings/	

b. Materials provided in briefings to analysts and media	Complied.	http://www.sbsph.com/disclosure-filings/investors/financial-reports/	
c. Downloadable annual report	Complied.	http://www.sbsph.com/disclosure-filings/investors/annual-stockholders-meeting/	
d. Notice of ASM and/or SSM	Complied.	http://www.sbsph.com/disclosure-filings/investors/annual-stockholders-meeting/	
e. Minutes of ASM and/or SSM	Complied.	http://www.sbsph.com/article-incorporation-laws/	
f. Company's Articles of Incorporation and By-Laws	Complied.		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Complied.	http://www.sbsph.com	
Internal Control System and Risk Management Framework			

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Complied.	<p>Please refer to the Amended Internal Audit Activity Charter 2021 as attached.</p> <p>The Audit and Risk Oversight Committee reviewed and validate the Annual Internal Audit Plan, and its progress is presented and discussed at the Committee meetings. Attached as Appendix XVI is example of the Annual Internal Audit plan validated by the Committee in 2021.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Complied.	<p>The Company has an adequate and effective enterprise risk management framework as described in this link:</p> <p>https://www.sbsph.com/disclosure-filings/corporate-governance/enterprise-risk-management/</p> <p>The Company Enterprise Risk Management policy can be found in this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/05/SBS-ERM-Policy-May-6-2021.pdf</p>	

Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Complied.	<p>The Chief Operating Officer (COO), together with the Chief Compliance Officer, prepares and reports to the board the compliance plans it conducts for the year. This reporting done by the COO gives the board an opportunity to review said processes annually.</p> <p>Please refer to Appendix XIII as example of some of the relevant laws and regulations to be complied by the Company.</p> <p>The Company attends briefings and seminars related to compliance matters when there are new regulations to be implemented.</p>	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Complied.	The Chief Risk Officer together with the Company's IT team that oversee all IT related processes have identified the key risks related to IT issues. The IT team established their risk mitigation plan, back-up and recovery procedures as part of the overall IT Policy manual.	
Recommendation 12.2			

1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Complied.	The internal audit team is headed by the Chief Audit Executive – Mr. Emerson Paulino.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Complied.	The Board has appointed a qualified Chief Audit Executive. Mr. Emerson Paulino is a certified public accountant (CPA) and a certified internal auditor (CIA).	

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Complied.	For the period, the CAE oversees and is responsible for the internal audit activity of the organization including portion that is outsourced to third party service provider.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Complied	The Chief Audit Executive manages the outsourced internal audit activity.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Complied.	The Company's risk management function is headed by the Chief Risk Officer, Mr. Emerson Paulino.	
Supplement to Recommendation 12.4			

1. Company seeks external technical support in risk management when such competence is not available internally.	Complied.	The Company engaged the services of third party professionals in the area of environmental impact assessment of its storage facilities.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Complied.	The Company's CRO is the ultimate champion of the Enterprise Risk Management.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Complied.	The CRO is a senior officer and has adequate authority, stature, resources and support to fulfill his responsibilities.	
Additional Recommendation to Principle 12			

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Complied.	Please refer to the attached internal control and compliance attestation (Appendix XIV).	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Complied.	8.0 of the Revised Manual of Corporate Governance (2021) provides for the shareholder rights and rights of minority shareholders.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Complied.	The basic shareholders rights are disclosed in the Revised Manual of Corporate Governance (2021) that is posted on the company's website. https://www.sbsph.com/wp-content/uploads/2022/03/REVISED-MANUAL-ON-CORPORATE-GOVERNANCE-WITH-ANNEXES-as-of-Dec-10-2021.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Complied.		

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Complied.</p>	<p>The Company only has common shares. Each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date for all agenda items for approval.</p>	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Complied.</p>	<p>The voting procedure is sent out to shareholders through the Information Statement disseminated and posted in the website of the company. It provides:</p> <p>Except in the case of election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date for all agenda items for approval.</p> <p>For the election of directors, each stockholder may vote such number of shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.</p> <p>Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be given a ballot to enable him to vote in writing on each item or proposal in the Agenda. The votes will be counted and tabulated by the Office of the Corporate Secretary and verified by the Company's external auditors, Punongbayan & Araullo.</p>	

4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Complied	The Board through the RPT Committee which is composed of all 3 independent directors review, approve, and or ratify related party transactions of the Company in accordance with the established RPT policy. The RPT Committee voting fulfills the "majority of minority" concept that protect minority shareholders of the Company.	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Complied.	The Revised Manual of Corporate Governance (2021) provides the right of minority shareholders to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Complied.	8.0 of the Revised Manual of Corporate Governance (2021) provides for the rights of the shareholders and minority shareholder rights.	
7. Company has a transparent and specific dividend policy.	Complied.	The Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or	

		programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies. Said dividend policy is provided for in the Company's Annual Report and Information Statement attached herein.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Complied.	Punongbayan and Araullo, an independent party, counted the votes during the Annual Shareholders' Meeting.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Complied.	<p>In the 2021 Annual Stockholders Meeting, the Notices were sent at least 28 days before the meeting date. (starting from May 26, 2021)</p> <p>The Agenda was also posted in the Company website in this link:</p> <p>http://www.sbsp.com/disclosure-filings/investors/annual-stockholders-meeting/</p>	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Complied.	<p>The Notice of Annual Stockholders' Meeting in 2021 was posted in the company website</p> <p>http://www.sbsph.com/disclosure-filings/investors/annual-stockholders-meeting/</p> <p>and the link on the PSE disclosure:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=7536f0487ff40a225d542af6f1e997b9</p> <p>The Notice of ASM sent to the Stockholders' includes the Information Statement (20-IS) which can be found in this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=3b44d8114bed57795d542af6f1e997b9</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Complied.	<p>The Information is provided in the Information Statement that was sent together with the Notice of Annual Stockholders' Meeting.</p> <p>Please refer to pages 12 to 14 of the 20-IS Information Statement for the 2021 Annual Stockholders meeting held last June 25, 2021.</p>	
b. Auditors seeking appointment/re-appointment	Complied.	<p>Please refer to page 20 of the 20-IS Information Statement for the 2021 Annual Stockholders meeting held last June 25, 2021.</p>	

c. Proxy documents	Complied.	<p>Please see attached Appendix XV, a sample Proxy Form used and can be found in this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/05/Proxy-Form-for-Manually-Filled-Ballot.pdf</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Complied.	<p>Please refer to this link:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=3b44d8114bed57795d542af6f1e997b9</p> <p>The Rationale is found in the Explanatory Notes to the Agenda section of the Notice of Annual Stockholders' Meeting (page 2 to 5).</p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Complied.	<p>The voting result during the Annual Stockholders' Meeting is disclose through the PSE website the following working day and can be viewed at:</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=0cfdec31ccf352745d542af6f1e997b9</p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Complied.	<p>The Minutes of the Annual Stockholders' Meeting is made available at the Company website within five business days from the end of the meeting:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/06/SBS-ASM-Minutes-JUNE-25-2021-FINAL.pdf</p>	
Supplement to Recommendation 13.3			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Complied.	The External Auditor as well as the external counsel attended the 2021 Annual Shareholders' Meeting.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Complied.	The Revised Manual of Corporate Governance 2019 provides that the Board shall establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Complied.	<p>The Revised Manual of Corporate Governance (2021) provides that the board shall:</p> <p>Establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.</p> <p>The Company's Alternative Dispute Resolution Policy can be accessed through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/11/Alternative-Dispute-Resolution-Policy.pdf</p>	
Recommendation 13.5			

1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Complied.	The Company's Investor Relations Officer is Ms. Sabrina Adamelle Poon-Sytengco, with telephone number (02) 8371-1111, fax number 8371-1288 and can be reached at ir@sbsph.com .	
2. IRO is present at every shareholder's meeting.	Complied.	The IRO was present during the ASM.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Complied.	The board does not have any anti-take-over measures.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not complied.	The public float of the company is 23.83% as of December 31, 2021.	The Company endeavors to keep public float high as much as possible and while it is below 30%, the company's public float is more than the minimum required by the rules of the PSE.
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Complied.	The Company provides direct access by the shareholders through the Investors Relations Office.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Complied.	The Company provides secure electronic voting during the Annual Shareholders' Meeting held on June 25, 2021.	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Complied.	The 2021 Annual Report SEC 17-A submitted includes the Annex A – Sustainability Report that identifies the Company's various stakeholders and the relationship and cooperation between them and the company. https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f	
Recommendation 14.2			

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Complied.</p>	<p>The company's policies and programs for the protection and fair treatment of company's stakeholders are well entrenched in its Revised Manual of Corporate Governance (2021) attached herein for reference, such as but not limited to:</p> <p>“The Company shall employ the following modes of communication for disseminating Company information and results on a regular basis to its stakeholders:</p> <ul style="list-style-type: none"> a. Company website b. Press releases c. Structured and unstructured corporate disclosures d. Meetings between Company officers and analysts/institutional investors e. Annual report f. Local participation in industry-oriented exhibits and conferences g. Stockholders' meeting h. Email alerts <p>The Company shall have an Investor's Relations Officer who shall primarily responsible for communicating developments involving the Company, and serve as a feedback channel for shareholders and other stakeholders.”</p>	
<p>Recommendation 14.3</p>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Complied.</p>	<p>The Revised Manual of Corporate Governance (2021) provides that:</p> <p>“The Company shall have an Investor's Relation Officer who shall primarily responsible for communicating developments involving the Company, and serve as a feedback channel for shareholders and other stakeholders.”</p> <p>Hence, the Company has appointed Ms. Sabrina Adamelle Poon-Sytengco as the Investor Relations Officer, with telephone number (02) 8371-1111, fax number 8371-1288 and can be reached at ir@sbsph.com</p>	

		<p>the whistleblowing policy is posted in SBS website through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2019/04/Whistleblowing-Policy-27-March-2018.pdf</p> <p>If an employee or stakeholder in good faith believes that wrongdoing or impropriety exists in the workplace, this should be reported immediately through an incident report either to his/her service line manager or the Internal Auditor at ia@sbsph.com. Alternatively, the matter or concern may be raised either to the Company's Compliance Officer or any of the Company's Independent Directors by submitting an incident report through the Whistleblower Channel at wc@sbsph.com</p> <p>The Incident Report shall include details of the parties involved, dates or period of time, type of concern, evidence substantiating the claim, where possible, and contact details, in case further information may be required.</p> <p>Subject to the gravity and credibility of the concern raised and the probability of validating the concern from reliable sources, the matter will be investigated by the Company's Internal Auditor.</p>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Complied.	<p>The Company's Alternative Dispute Resolution Policy can be accessed through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2021/11/Alternative-Dispute-Resolution-Policy.pdf</p>	

Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Complied.	For the period, the Company have not availed any exemption from the application of a law regarding corporate governance issue.	
2. Company respects intellectual property rights.	Complied.	<p>The Company has never had issues with violating any IP law, and has sought protection of IP laws in its own intellectual properties through registration of its Trademark with Registration No. 42016010698.</p> <p>It is also illustrated in the Company website under this link: http://www.sbsph.com/legal/ </p>	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Complied.	<p>The Company has Customer Feedback Mechanism that can be found in the Company website:</p> <p>http://www.sbsph.com/contact-us/</p>	

2. Company discloses its policies and practices that address supplier/contractor selection procedures	Complied.	The Company discloses on its website the policies and practices that address suppliers selection procedure and is accessible through this link: https://www.sbsph.com/responsible-sourcing-policy/	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Complied.	<p>The Board, through the Executive Committee, establishes programs and procedures in employees training and development to encourage them to actively contribute to the realization of the Company's goals and its governance.</p> <p>Please refer to the following link showing the 2021 training and development activity of the Company: https://www.sbsph.com/wp-content/uploads/2022/03/TRAINING-AND-DEVELOPMENT-PROGRAMS-IMPLEMENTED-2021.pdf</p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Complied.	<p>The Company has performance based variable remuneration scheme that is aligned to company's objective. As of 2021, the Company does not have employee stock option plan.</p> <p>The Company also provides additional benefits linked to the employee's length of service.</p>	

<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Complied.</p>	<p>The Company has policies on health, safety and welfare of its employees, as provided for in this link:</p> <p>http://www.sbsph.com/wp-content/uploads/2018/03/Employee-Safety-Health-and-Welfare.pdf</p> <p>The list of the 2021 programs can be accessed through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/03/HEALTH-SAFETY-AND-WELFARE-TRAINING-PROGRAMS-IMPLEMENTED-2021.pdf</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Complied.</p>	<p>The Company conducts internal training and development programs for its employees, and provide them access to external training programs based on employee's nature of work.</p> <p>Please refer to the following links:</p> <p>https://www.sbsph.com/wp-content/uploads/2022/03/TRAINING-AND-DEVELOPMENT-PROGRAMS-IMPLEMENTED-2021.pdf</p>	
<p>Recommendation 15.2</p>			


<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Complied.</p>	<p>The Whistleblowing policy was adopted to provide for a mechanism where genuine issues and concerns of wrongdoing, impropriety or irregularity involving or affecting the Company may be raised in a confidential manner. This Policy aims to deter and uncover corrupt, illegal, unethical, fraudulent and other conduct detrimental to the interests of the Company.</p> <p>E of the Company's Code of ethics also provides:</p> <p>The Company does not tolerate any form of corruption by its employees and suppliers. Any solicitation or offering of gifts, payments, fees, rewards or contributions, or any advantage, financial or otherwise, by Company employees and their relatives, or by suppliers and their representatives, in exchange for business or for personal gain is strictly prohibited. Under no circumstances shall Company employees make or authorize, directly or indirectly any illegal or improper payment to employees of customers. All employees are expected to report any such violations or suspected violations.</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Complied.</p>	<p>The Board actively supports employees' training across the organization and directs the management to incorporate in the orientation and training programs that they consider appropriate for the development of the Company and align to its CORE VALUES:</p> <p>Honesty and Integrity Hard work and Perseverance Productivity and Excellence Customer Satisfaction Loyalty and dedication Faith in God Almighty</p>	
<p>Supplement to Recommendation 15.2</p>			


1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Complied.	<p>Please refer to Item (E) of the Company's Code of Conduct and Business Ethics through this link:</p> <p>https://www.sbsph.com/wp-content/uploads/2017/08/codeofbusiness.pdf</p> <p>For the period in review, there was no reported violation.</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Complied.	Please refer to the attached whistleblowing policy of the company. Said policy includes procedure to protect the employees from retaliation. Illegal or unethical behaviors may be reported to wc@sbsph.com which is handled by the Company's independent director.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Complied.	The employees may have a direct access through wc@sbsph.com which is handled by the Company's independent director.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Complied.	Any whistleblowing reports are eventually reported to the board of directors. Furthermore, the email address here the incidents are sent are being handled by an independent director.	


Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Complied.	<p>The 2021 Annual Report SEC 17-A submitted includes the Annex on Sustainability Report that identifies the Company's various stakeholders and how a mutually beneficial relationship allows the company to grow its business while contributing to the advancement of the society it operates.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=31c42334a3497efb3470cea4b051ca8f</p> <p>and is posted at SBS website through this link:</p> <p>https://www.sbsph.com/disclosure-filings/sustainability/</p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Complied.	The Company complies with all the regulatory requirements in storage, handling, and distribution of its products. It also provide the customers and transport provider with the necessary document and information to properly handle the materials that it supply and ensure that it sources its material from suppliers that are compliant with environment regulation in their respective countries.	

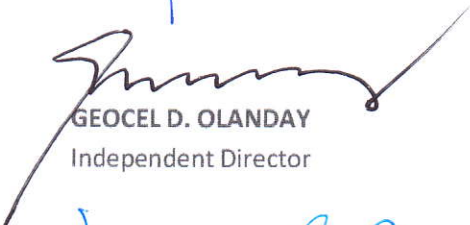
2. Company exerts effort to interact positively with the communities in which it operates	Complied.	<p>Please refer to page 38 and 39 of this link on example of Company's annual interaction with the communities that it operates in.</p> <p>https://www.sbsph.com/wp-content/uploads/2021/06/SBS-2020-Annual-Report-Final-Version-a1.pdf</p>	
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Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, hereunto duly authorized, in Quezon City on May 17, 2022.



RICARDO NICANOR N. JACINTO
Chairman of the Board

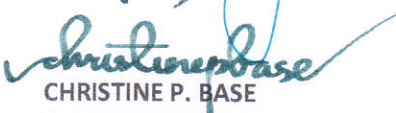

GERRY D. TAN
President and CEO


ROBERTO F. ANONAS, JR.
Independent Director


GEOCEL D. OLANDAY
Independent Director


HELEN T. DE GUZMAN
Independent Director



JOSE FIDEL R. ACUÑA
Compliance Officer


CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 17 2022, affiants exhibiting to me their proof of identity as follows:

NAME	IDENTIFICATION NO.	DATE ISSUED / VALID UNTIL
Ricardo Nicanor N. Jacinto	Passport ID No. P6245151B	9 February 2021 - 8 February 2031
Gerry D. Tan	Passport ID No. P9198056A	17 October 2018 – 16 October 2028
Roberto F. Anonas, Jr.	Passport ID No. P4279751B	02 January 2020 – 01 January 2030
Geocel D. Olanday	DL No. N10-75-034050	03 November 2024
Helen T. De Guzman	Passport ID No. P6347226A	09 March 2018 - 08 March 2028
Jose Fidel R. Acuña	IBP Lifetime ID No. 62644	Lifetime Membership
Christine P. Base	IBP Lifetime ID No. 08661	Lifetime Membership

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Book No. 5
Series of 2022


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Matter no. 204 June 24, 2021 to Dec. 31, 2022
IBP O. R. No. 132134 MD 2021 & IBP O. R. No. 133076 MD 2022
PTR O. R. No. 246326 D 1/3/22 Rok No. 33862 / TIN# 129-871-009
MCLE No. VI-0029583 valid from 12/16/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q. C.

APPENDIX I

COVER SHEET

A	2	0	0	1	1	0	4	0	2
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(Company's Full Name)

S	B	S		P	H	I	L	I	P	P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N			
(F	O	R	M	E	R	L	Y		S	Y	T	E	N	G	C	O		P	H	I	L	I	P	P	I	N	E	S
C	O	R	P	O	R	A	T	I	O	N)																		

(Business Address : No. Street City / Town / Province)

N	O	.		1	0		R	E	S	T	H	A	V	E	N		S	T	R	E	E	T		S	A	N		
F	R	A	N	C	I	S	C	O		D	E	L		M	O	N	T	E		Q	U	E	Z	O	N			
C	I	T	Y																									

FORM TYPE

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Department Requiring the Report

C	G	F	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

ir@sbsph.com

Company's Telephone Numbers

8	3	7	1	-	1	1	1	1
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Mobile Number

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No. of Stockholders

11

Annual Meeting

Month/Day

Last Friday of June

Fiscal Year

Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

GERRY D. TAN

Email Address

g.tan@sbsph.com

Telephone Number's

(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City



REVISED MANUAL ON CORPORATE GOVERNANCE

PREAMBLE:

The trust of our stakeholders (which includes among others our shareholders, customers, employees, creditors, suppliers, business partners, government and communities where we operate) is the source of 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, integrity, competent leadership, effective internal controls, and prudent risk management.

This Corporate Governance Manual ("CG Manual") of the Company supplements the Articles and By-Laws of the Company in setting the standards for the corporate governance process, structures, principles, policies and practices that govern the performance of the duties and responsibilities of the board of directors (the Board), management (Management) and employees (Employees) for the effective and prudent management of Company in a manner consistent with the long-term best interests of its stakeholders.

A. Guiding Principles

The Company's corporate governance framework is anchored on the core values of honesty, integrity, hard work, perseverance, productivity and excellence.

In line with the Company's objectives to create a legacy of sustainable growth and be the preferred partner in value creation for all its stakeholders, the Board, Management and Employees of the Company are committed to follow best practices of corporate governance contained in this Manual which in turn are guided by the following principles: .

- *Leadership.* The Company shall be headed by a competent, working board which will foster the long-term success of the Company, sustain its competitiveness and profitability in a manner consistent with its corporate objectives and support the long-term best interests of its stakeholders.
- *Effectiveness.* The Board and its committees shall have the appropriate balance of skills, experience, independence and knowledge of the Company and the industry in which the Company operates.

- *Accountability.* The Board shall act in the best interests of the Company and all stakeholders on a fully informed basis with due diligence and care. It shall ensure that sound risk management and internal controls are in place.
- *Disclosure and Transparency.* The Board shall ensure that its corporate policies and procedures are consistent with all regulatory requirements and best practices regarding disclosure.

B. Corporate Governance Framework

1. Board of Directors

All corporate powers of the Company shall be exercised by the Board unless otherwise provided under the law. The Board is the governing body elected by the shareholders that shall have responsibility for the conduct of the business and control of all assets of the Company.

As the principal governing body of the Company, the Board is tasked to cultivate a strong good corporate governance culture in the Company that is anchored on transparency, competent leadership, effective internal controls, and prudent risk management. The Board of Directors shall have nine (9) members, with the number of independent directors to constitute at least one-third of the members of the Board, but in no case less than three (3).

It shall endeavor to foster the long term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its stakeholders.

1.1 Composition of the Board

The membership of the Board shall be a combination of executive and non-executive directors (including independent directors) who shall be elected individually by the shareholders in accordance with the Company's By-Laws.

The Company shall endeavor that majority of the Board shall consist of non-executive directors , with the number of independent directors to constitute at least one third of its members but in no case less than three (3).

The Board shall at all times encourage inclusivity and diversity in its composition as to age, gender, culture, skills, competence and knowledge. In this regard, the Board shall develop a diversity policy to ensure that it has an appropriate mix of expertise, experience, independence, knowledge of industry and skills that would encourage critical discussion and promote a balanced decision in the attainment of the Company's strategic objectives and sustainable development. Attached herein as Annex A is the Amended Board Diversity Policy of the Company.

The directors should likewise be all persons of proven integrity. Each of them shall endeavour to exercise objective and independent judgment in the performance of their duties and responsibilities.

1.2 Process and Criteria for Nominations and Election of Directors to the Board

The following procedure and criteria shall be observed in the review and screening of persons nominated for election to the Board of Directors:

- a. Written nominations by the stockholders shall be received by the corporation at least 60 days before the date of the Annual General Meeting of the Stockholders;
- b. The Nomination & Remuneration Committee (“NRC”) shall assess and determine if the person nominated for election to the Board of Directors meet the following qualification standards for directorship as defined in sections 1.3, 1.4 and 1.5 of this CG Manual;
- c. The NRC may also consider the following matters in their evaluation:
 - I. Directorships in other corporations;
 - II. Any possible conflict of interest.
- d. The NRC shall pre-screen and identify the individual nominees who possess all the qualifications and none of the disqualifications for directorship set for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations;
- e. Thereafter, the NRC shall identify and recommend a list of qualified nominees for Board approval for endorsement for election at the Annual Meeting of the Stockholders;
- f. The directors shall be elected by plurality of votes using the cumulative voting method;
- g. In case of a vacancy in the Board other than removal of a director or expiration of term, the NRC shall identify and recommend, for approval of the Board, nominees to fill Board vacancies as and when they arise. In identifying suitable candidates, the Committee may make use of professional search firms or the services of external advisers to facilitate the search for qualified candidates to the Board.

1.3 Qualifications of a Director

In addition to the qualifications provided in the Revised Corporation Code, the Securities Regulation Code and other relevant laws, a Director shall also possess the following qualifications:

- a. Must be at least twenty one (21) years old and owner of at least one (1) share of the capital stock of the Company;

- b. Possess a college degree or its equivalent or shall have been engaged or exposed to the general business of the Company for at least five (5) years;
- c. Possess relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry, business or professional organizations and practical understanding of the business of the Company and its subsidiaries;
- d. Exhibit high standards of integrity, probity and assiduousness; and
- e. Have none of the director disqualifications prescribed under the By-Laws, Revised Corporation Code, Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations.

1.4 Permanent and Temporary Disqualifications of a Director

In addition to the disqualifications provided in the By-Laws, Revised Corporation Code, Securities Regulation Code and other relevant laws, the following persons shall be permanently disqualified for election to the Board:

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporate Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any

rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
- e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
- f) Any person judicially declared as insolvent;
- g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (a) to (d) above;
- h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
- i) Any person who is engaged in any business which competes with or is antagonistic or harmful to the business of the Corporation, its subsidiaries and affiliates, or where such person is serving as a director, will suffer a serious conflict of interest which adversely affects the business of the Corporation, its subsidiaries and affiliates;
- j) An independent director who has served the maximum cumulative term of nine (9) years as independent director shall be disqualified from being re-elected as independent director of the Company; and
- k) Any other ground as the Securities and Exchange Commission may hereafter provided.

Unless otherwise decided by the Board, a director may be temporarily disqualified for any of the following reasons:

- a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- c) Dismissal or termination for cause as director of any public or listed corporation. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- d) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. However, the disqualified independent director may run for election as a regular director provided there is a vacancy in the Board.
- e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- f) Violation of the provisions of this CG Manual (and/or the Company's Code of Ethics and Conduct

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. Failure to do so for unjustified reasons shall cause the disqualification to become permanent unless otherwise decided by the Board.

1.5 Additional Qualifications of Independent Directors

An Independent Director is one who, apart from his/her fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who:

- a) Is not a director or officer of the Company or any of its related companies or any of its substantial shareholders except when said directors is an independent director thereof;

- b) Has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;
- c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus,” “Ex-Officio” Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
- d) Is not an owner of more than two percent (2%) of the outstanding shares of the Company or of its related companies or any of its substantial shareholders;
- e) Is not related to any director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f) Is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or its substantial shareholders pursuant to a Deed of Trust or under any contract or arrangement;
- g) Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h) Is not retained, either in his personal capacity or through a firm, or similar entity as a professional adviser by the Company, or any of its related companies or any of its substantial shareholders within the last five (5) years;
- i) Has not engaged and does not engage whether by himself or with other persons or through a firm of which he is a partner, or a company of which he is a director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions which are conducted at arm’s length and are immaterial or insignificant;

A related company shall mean another company which is its holding company and/ or its subsidiary and/or subsidiary of its holding company.

1.6 Onboarding of new directors

Newly elected directors shall be properly oriented and briefed by management on the strategy, operations as well as the corporate governance policies and practices of the company. They are further enjoined to visit the company's various locations for a deeper appreciation of the company's operations. If they have not undergone a seminar on corporate governance within the last three years prior to appointment, they should enroll in a corporate governance orientation program or its equivalent before taking their seats on the Board.

Attached herein as Annex B is the Directors' Orientation Policy of the Company.

1.7. Board Commitment

The directors shall devote the necessary time and attention for the proper and effective performance of their duties and responsibilities.

Directors should regularly attend and actively participate in the Board and Shareholder meetings. The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

The non-executive directors of the Board shall concurrently serve in other directorships up to a maximum of five (5) publicly listed companies to demonstrate their commitment and availability to attend to the affairs of the Company and carry out their duties adequately. All directors with director appointments in other non-listed non-group companies must ensure to have adequate time to attend to the demand of their respective directorships.

In the event that a director is appointed to the board of another company, s/he will advise the Board of such appointment. Should the Board decide that such appointment will conflict with the director's responsibilities to the Company, it may ask him/her to choose between remaining on the Board or resigning.

1.8 General Responsibilities of the Board

The Board shall:

- a. Foster the long-term success of the Company, and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stakeholders;

- b. Always act in a manner characterized by fairness, transparency, integrity, and accountability; and
- c. Formulate the Corporation's vision, mission, strategic objectives, policies and procedures and the means to effectively monitor management's performance.

The Board shall be assisted in its duties by the Corporate Secretary and the Compliance Officer, which position shall be held by separate individuals who are not members of the Board.

1.9. Specific Duties and Functions of the Board

The Board shall adhere to best practices in the performance of its functions as set out in the Company's By-Laws and additionally as follows:

- a. Implement a judicious process for the selection of directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. In this regard, it will adopt an effective succession planning program for its directors, officers and key managers to promote growth and dynamism in the Company;
- b. Develop sound business and strategic plans, policies and programs such as but not limited to corporate strategies, major plans of action, risk management policies, annual budgets and business plans, major capital expenditures, acquisitions and divestitures. It shall periodically evaluate and monitor the implementation of such plans, policies and programs. It shall likewise create a remuneration policy for its Directors, Management and Employees that are aligned with the long-term best interests of the Company and will help ensure the business sustainability of the Company;
- c. Ensure of a strong compliance culture in the Company by faithful adherence to all relevant laws, rules and regulations, internal charters and policies;
- d. Establish and maintain an investor relations program that will keep stakeholders informed on a timely and regular basis of the important developments with regards to the Company and also serve as its feedback channel. It shall also ensure that appropriate corporate disclosure policies and procedures are in place to provide for accurate, reliable and timely disclosures that are disseminated in a non-exclusionary and non-selective way. It should also strive to fairly present Company's financial condition, results and business operations to its stakeholders;
- e. Promote a mutually beneficial, positive and progressive relationship with the Company's stakeholders and the communities in which it operates or are directly affected by its operations, and promulgate clear policies and programs for the effective communication and engagement of the Company's

stakeholders for their fair treatment and protection, including redress of rights violated;

- f. Ensure the adoption, adequacy and effectiveness of sound organizational and operational internal controls and systems (including those for conflict of interest situations) for good governance through regular review and monitoring;
- g. Ensure that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key risks of the Company and establish its risk strategies and approach;
- h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- i. Constitute an Audit and Risk Oversight Committee (“ARO Committee”), Related Party Transaction Committee (“RPT Committee”), Corporate Governance Committee (“CG Committee”) Executive Committee (“Execom”), Nomination and Remuneration Committee (“NRC”), Finance and Investment Committee (“FIC”) and such other committees it may deem necessary to assist the Board in the performance of its duties and responsibilities;
- j. Establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities. The Company’s Alternative Dispute Resolution Policy is provided herein as Annex C.
- k. Provide stockholders with a balanced and comprehensible assessment of the Company’s performance, position and prospects on an annual and quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law;
- l. Conduct an annual self–assessment of the performance and the effectiveness of the Board, its committees, and each member with the assessment criteria and process based on the mandates, functions, roles and responsibilities provided in its charters and have the assessment supported by an external facilitator every three (3) years;

- m. Ensure that all newly appointed Directors shall go through an orientation process whereby they are briefed on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory requirements and industry developments affecting the Company's business and operations, and provide for the continuing development program for the members of the Board;
- n. Adopt a comprehensive set of policies (i.e., Code of Business Conduct and Ethics) that sets out the personal and professional conduct expected from members of the Company to ensure that directors, officers and employees shall uphold the best interests of the Company and work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency. It shall monitor and ensure compliance and disseminate copies thereof to the Board, senior management and employees and made available in the Company's website;
- o. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration;
- p. Keep the activities and decisions of the Board within its authority under the Company's Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and
- q. Approve the selection and appointment to the Chief Compliance Officer who shall have the rank of at least senior vice president, the Chief Risk Officer and Chief Audit Executive and monitor their performance.

1.10 Specific Responsibilities of a Director

A director shall observe the following norms of conduct:

- a. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.
 - i. A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests.
 - ii. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

- iii. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same. All material related party transactions by the directors with the company are disclosed and brought to the attention of the Board for prior review and approval. The company adheres strictly to the definition and treatment of related party transactions as provided by the SEC rules and regulations.
- b. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
 - i. A director shall devote sufficient time to familiarize himself with the Company's business. He shall be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work.
 - ii. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.
- c. Act judiciously.

Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.
- d. Exercise independent judgment.

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. Corollarily, he shall support plans and ideas that he thinks are beneficial to the Company.
- e. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director shall also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.
- f. Observe confidentiality.

A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not reveal

confidential information to unauthorized persons without the authority of the Board.

- g. Observe compliance with the laws, polices, rules of the Philippines and other regulatory agencies.

This shall include reporting to the public of any dealings in the Company's shares within three business day.

2.0 Board Committees

To assist the Board in discharging its responsibilities and ensure the effective performance of the function of the Board with respect to audit, risk management, related party transactions, nominations and remuneration and other key corporate governance concerns, the Board has constitute the following Board Committees as its principal standing committees: (a) Audit and Risk Oversight Committee, (b) Related Party Transaction Committee, (c) Corporate Governance Committee, (d) Nomination and Remuneration Committee, (e) Finance and Investment Committee, and (f) Executive Committee,

The composition, functions and responsibilities, organizational, reporting and operating processes of the Board committees shall be defined by the Board in the Committee Charter which shall be posted and made publicly available in the Company website. The work and actions of these Committees shall be regularly reported to and monitored by the Board and its performance annually evaluated.

2.1 Audit and Risk Oversight Committee ("ARO Committee")

The Board shall constitute an Audit and Risk Oversight Committee to be composed of at least five (5) members, majority of whom shall be independent directors, including its Chairman. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings. As far as practicable, the Chairman of the Committee shall not be a Chairman of the Board and of any other Committee. Each member of the Committee shall have relevant background, knowledge, skills and/or experience in the areas of financial and risk management systems.

The non-executive directors of the Committee shall meet separately with external auditor and heads of internal audit, compliance and risk functions for further check and balance.

The duties and responsibilities of the ARO Committee are as follows:

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, enterprise risk management and system of

internal control, the audit process, and the company's process for monitoring of compliance with applicable laws, rules and regulations;

- b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c. Recommend the appointment and removal of the Internal Auditor and External Auditor who shall be accredited with the Securities and Exchange Commission. It should ensure that the internal and external auditors act independently from each other, free from interference from other parties, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
- e. Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f. Establish an internal audit function, adopt an Internal Audit Charter and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal;
- g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- h. Review the reports submitted by the internal and external auditors;
- i. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to their independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; and
- m. Monitor and review risk exposures and risk management plans of the Company.

2.2 Related Party Transactions Committee ("RPT Committee")

The Related Party Transactions Committee shall be composed of at least three (3) members, all of whom shall be independent directors, including its Chairman. The RPT Committee assist the Board in fulfilling its oversight responsibility in the implementation and review of the RPT policy of the Company for internal control purposes and in compliance with laws and regulations.

The duties and responsibilities of the RPT Committee are as follows:

2.2.1 Related Party Transactions (RPT)

- a. Review and endorse to the Board the Related Party Transactions Policy and Guidelines of the Company. The Company's Policy on related party transactions is attached herein as Annex D.
- b. Review and endorse for approval the Related Party Transactions of the Company as defined in the approved RPT Policy and Guidelines, whether they are in the best interest of the Company and shareholders and ensure that all RPTs are conducted in fair and at arm's length basis. In evaluation these transactions, the Committee shall take into account, among others, the following:
 - i. The related party's relationship to the Company and interest in the transaction;

- ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the Company and the shareholders of the proposed RPT;
 - iv. The availability of other sources of comparable products or services; and
 - v. An assessment of whether the proposed RPT is on terms and conditions that are no less favorable than the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensure appropriate disclosures of related party transactions to the Board and regulators and periodic review of RPT policies and procedures in accordance with regulations.
 - d. All approvals made by the Committee will require a majority vote of its members.

2.2.2 Compliance

- a. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up of any instances of non-compliance;
- b. Obtain regular updates from Management regarding any auditor observations.

2.3 Corporate Governance Committee ("CG Committee")

The Corporate Governance Committee assists the Board in the performance of its corporate governance responsibilities. The committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It shall be composed of five (5) regular members, three (3) whom shall be independent directors. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings.

The duties and responsibilities of the Corporate Governance Committee are as follows:

- a) The Committee shall review the size, structure and composition of the Board having regard of the strategic plans of the Company, the prevailing market conditions and scale and complexity of the business and make recommendations to the Board regarding any adjustments necessary to ensure compliance with the Corporation's Articles and By-Laws, Manual for Corporate Governance and applicable legal, regulatory and listing requirements.
- b) It shall conduct an annual evaluation of the Board's performance as well as the Board Chairman's performance and ensure that the results of the said evaluation are shared and discussed among its members. It will see to it that concrete action plans for improvement are developed and implemented. It will ensure that its evaluation will externally facilitated once every three years.
- c) The Committee shall oversee the implementation of the corporate governance framework and periodically review its adequacy and effectiveness. It shall develop and recommend to the Board the corporate governance policies, and keep the Board abreast on the best practices developments on corporate governance.
- d) It shall adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance.
- e) It shall review and recommend to the Board for approval the Corporate Governance report for inclusion in the Annual Report to the Shareholders.
- f) It shall make available to new members of the Board a suitable orientation process and for existing members on going trainings (See Annexes B1 and B2).
- g) It shall be responsible for the onboarding of new directors as well as proposing and planning a relevant continuing education program for the members of the Board to ensure their continued effectiveness (See Annexes B1 and B2).
- h) It shall oversee the development of a Data Privacy Policy in order to safeguard data privacy matters, and shall be reflected in the Company's Operations Manual. A copy on the Policy shall be attached herein as Annex E.

2.4 Nomination and Remuneration Committee ("NRC")

The Nomination and Remuneration Committee supports and advises the Board in ensuring that it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors. It shall also see to it that the Company has the appropriate nomination and remuneration standards and practices in place. It shall be composed of at least (3) regular members including the lead independent director.

A non-executive director shall be designated as the Chairman of the Committee and preside over its meetings.

The duties and responsibilities of the NRC are as follows:

- a) The Committee shall lead the screening process for nominations for election to the Board of Directors. It shall review and evaluate the qualifications of all persons nominated for election to the Board of Directors in accordance with the requirements of the Corporation's By-Laws, Manual of Corporate Governance and applicable legal, regulatory and listing requirements. It shall identify, approve and recommend to the Board of Directors the list of eligible nominees to be elected as members of the Board of Directors.
- b) The Committee shall consider and determine if nominees for election as independent directors are qualified according to the criteria set under the Listing rules, Revised Code of Corporate Governance of 2016, and other applicable laws and regulations.
- c) The Committee shall oversee the annual performance evaluation of each director, including its executive directors. It shall develop an action plan addressing the results.
- d) The Committee shall assess effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director.
- e) The Committee shall establish a policy for fixing the remuneration packages of the Directors, Management and Employees to ensure that the compensation is consistent with the Company's culture, strategy industry, and business environment. It shall also undertake an annual review of the performance of Directors and key executives. A policy on remuneration and performance with specific metrics shall be developed and attached herein as Annex F.
- f) Review the structure and competitiveness of the Corporation's executive officer compensation programs considering the following factors: (i) to the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Corporation's business objectives; (iii) industry benchmarks and (iv) the alignment of the interests of executive officers with the long-term interests of the Corporation's shareholders and other stakeholders.
- g) Recommend a succession plan for the Board and senior officers. A policy on succession planning shall be developed and attached herein as Annex G.

2.5 Finance and Investment Committee (“FIC”)

The Finance and Investment Committee assists the Board in the performance of its oversight function to ensure that: a) all projects and investment proposals and their funding requirements are consistent with the business strategy of the Corporation; b) are within approved policies and budgets for said projects; and c) major financing initiatives and proposals are reviewed prior to submission to the Board for securing Board approval and subsequently monitored on behalf of the Board. It shall be composed of (5) regular board members, two (2) of whom shall be independent directors. There should be present at least one regular member-independent director for a valid quorum with majority of members present.

The duties and responsibilities of the FIC are as follows:

- a) The Committee shall define policy and review all major capital expenditures and investments, including fixed income securities, of the Company.
- b) The Committee shall review and recommend capital or debt raising options or activities which may be undertaken by the Company; and
- c) The Committee shall review the capital structure of the Company and recommend to the Board measures to address any and all issues relative to the capital structure and shares of the Company.

2.6 Executive Committee (“Execom”)

The Execom shall assist the Board by taking responsibility when the Board is not in session for day-to-day operational matters that require Board approval for compliance purpose by counter-parties. The Execom shall be composed of at least five executive members of the Board and shall have the authority to act on day-to-day operational corporate matters which are within the authority of the Board. In no case shall the Execom be authorized to undertake the following actions which are especially 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; and
- i) distribution of property and cash dividends to shareholders.

The Execom shall regularly report to the Board of its actions for Board's review and ratification.

3.0 Principal Officers

3.1 Chairman of the Board

The Board shall be headed by a competent and qualified Chairman who shall not concurrently hold the position of Chief Executive Officer of the Company. In addition to his/her duties and responsibilities under the By-Laws, the Chairman of the Board, shall have the following roles and responsibilities, among others:

- a. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors.
- f. Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and
- g. Maintain qualitative and timely lines of communication and information between the Board and Management.

3.2 Chief Executive Officer

In addition to his duties and responsibilities under the By-Laws, the Chief Executive Officer shall have the following responsibilities:

- a) Provide general supervision of the business, affairs, and property of the Company and over its employees and officers;
- b) see that all orders and resolutions of the Board of Directors are carried into effect;
- c) Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Company for the preceding year, and the state of its affairs; and
- d) Report to the Board from time to time all matters within his knowledge which will have a bearing on the interest of the Company and may require to be brought to the Board's attention.

3.3 Chief Operating Officer

The Chief Operating Officer oversees the day-to-day administrative and operational functions of the Company and shall be responsible for the following:

- a) Directs internal operations covering warehouse and logistics, quality systems, health and safety, and regulatory compliance to ensure an affective and efficient operation level of the Company.
- b) Participates in the development of short-term and long-range plans and budgets based upon broad organization goals and objectives of the Company.
- c) Ensures that all Company activities and operations are performed in compliance with local and national regulations and laws governing business operations.
- d) Oversees the installation of the necessary action plan, operating guidelines and policies, and resources to achieve Good Warehousing Practices (GWP) in all storage sites, increase productivity rate of operations, and meet customers expectations of the Company's services.
- e) Continuous progress in term of Safety, Environment, Quality, Product Stewardship of the products and services.

3.4 Chief Financial Officer

The Chief Finance Officer may also be the Treasurer of the Company and shall be responsible for the following:

- i. Provide management with accurate, relevant, and timely operating and financial reports;
- ii. Monitor the financial condition of the Company, including analysis of financial strengths and weaknesses and propose actions.
- iii. Conduct financial planning and tracking of cash flow for optimal utilization of the financial resources of the Company
- iv. Establishing and developing relations with senior management and external partners and stakeholders
- v. Maintain the integrity of accounting records as the basis of financial statements; and
- vi. Strengthen internal controls by monitoring compliance with policies; recommend to Management appropriate actions and changes in systems and procedures as circumstances may require

3.5 Corporate Secretary

A Corporate Secretary shall be appointed to assist the Board in the performance of its duties and responsibilities.

The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines and shall possess organizational and interpersonal skills as well as a legal, financial and accounting knowledge. As far as practicable, he/she shall not be appointed as a member of the Board nor as Compliance Officer on a concurrent basis.

The Corporate Secretary shall have the following duties and responsibilities, among others:

- i. Serve as adviser to the directors on their responsibilities and obligations;
- ii. Assist the Board and its Committees in the conduct of their meetings, including preparation of an annual schedule of meetings and assist the Chairman of the Board and Committee Chairman to set the agenda for the meeting;
- iii. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;

- iv. Provide advice and assistance in connection with the establishment of board committees and their terms of reference;
- v. Be loyal to the mission, vision and objectives of the Company;
- vi. Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- vii. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company; advises the Board and the Chairman on all relevant issues as they arise;
- viii. Have a working knowledge of the operations of the Company;
- ix. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- x. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- xi. Performs required administrative functions;
- xii. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements;
- xiii. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- xiv. Attend a training in corporate governance on an annual basis; and
- xv. Such other responsibilities as may be required by the Board of Directors.

3.6 Chief Audit Executive

The Chief Audit Executive shall be appointed to head the Internal Audit function of the Company and shall have the following responsibilities:

- a) Provides Leadership in the strategic planning and execution of the Internal Audit Department activities

- b) Ensures that annual risk-based internal audit plan is developed and submitted for Audit & Risk Oversight Committee review and approval
- c) Formulates and coordinates control implementation strategies with the Board, through the Audit & Risk Oversight Committee, and Senior Management
- d) Communicate the results of audit and risk assessment activities with the Board, through the Audit & Risk Oversight Committee, and the Senior Management

3.7 Chief Risk Officer

The Chief Risk Officer shall be appointed to oversee and supervise the entire enterprise risk management process and shall have the following responsibilities:

- a) Oversees the design and implementation of the company's risk management policies and ensures that it is embedded in the organization's plans, structure and activities
- b) Documents the risk management processes and activities in accordance with the risk management policies
- c) Ensures the development of risk related plans and formulation of strategies to identify and mitigate risks and monitor its progress
- d) Ensures that the process of identification and evaluation of potential threats/risk on business processes, data protection, operations and EHS, and financial stability of the company are implemented.
- e) Provides advise and monitors management responses in mitigating risks
- f) Promotes risk management culture throughout the organization.

3.8 Chief Compliance Officer

The Board shall be assisted in the performance of its duties by a Chief Compliance Officer shall have a rank of a Senior Vice President or its equivalent having adequate stature and authority in the Company and shall have direct reporting responsibilities to the Chairman of the Board. The Chief Compliance Officer shall not be a member of the Board as far as practicable and shall annually attend a training on corporate governance.

The Chief Compliance Officer shall perform the following duties:

- i. Ensure that all directors appointed to the Board have gone through an orientation process whereby they were briefed by the Corporate Secretary, Chief Compliance Officer and Management on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the

regulatory and industry developments affecting Company's business and operations, and attend and participate in the continuing development program for the members of the Board;

- ii. Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, rules and regulations and all governance issuances of regulatory agencies, this CG Manual and the Code of Ethics and Conduct;
- iii. Report violations to the Board and recommend to the Board the imposition of appropriate disciplinary action on the parties responsible and the adoption of measures to prevent a repetition of the violation thereof;
- iv. Appear before the Commission when summoned in relation to compliances with the requirements of the Corporate Governance Code for Publicly Listed Companies;
- v. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- vi. Ensure fulfilment of reportorial and disclosure obligations of the Company to the Securities and Exchange Commission and the Philippine Stock Exchange;
- vii. Identify and monitor compliance risks and possible issues and works towards the resolution or control of the same; and
- viii. Performs such other duties and responsibilities as may be provided by the Commission.

4.0 Employees

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.

Subject to the grievance procedure and requirements prescribed by law, 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 Manual of Corporate Governance, Code of Conduct and Ethics, Anti-Corruption Policy, Whistleblowing policy, Employee Handbook, Conflict of Interests Policy, Insider Trading Policy, and By-Laws. Copies of all these documents are made available during their orientation program and can also be found on the Company's website.

The Company shall also develop policies on health, safety, and welfare of employees, training and development of employees to ensure their continued wellbeing and professional development while on the job.

5.0 Audit and Compliance

5.1 Internal Audit

The Internal Audit function shall be headed by a Chief Audit Executive who shall preferably be a Certified Public Accountant and/or a Certified Internal Auditor and shall report functionally to the Audit and Risk Oversight Committee of the Board of Directors and administratively to the Chief Executive Officer.

The scope of internal audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. When appropriate, it shall also evaluate and monitor risk exposures relating to achievement of the organization's strategic objectives.

To execute their mandate, internal audit develops an annual audit plan for approval of the Audit & Risk Oversight Committee, which is based on a prioritization of the audit universe using risk-based methodology and also taking into consideration past audit results, inputs from the Audit & Risk Oversight Committee, the CEO, CRO and the external auditors. Internal Audit is authorized unrestricted access to any and all of SBS Philippines Corporation's records, physical properties, and personnel pertinent to carrying out any engagement approved by the Board through the Audit & Risk Oversight Committee.

5.2. External Auditor

In the selection of the external auditor, the Company shall consider among others, the suitability and adequacy of the experience, competence and resources of the external auditor as well as their independence and objectivity. The external auditor should have a good understanding of the Company's business, risk management and operational issues.

An SEC accredited external auditor shall be appointed by the stockholders upon recommendation by the Board, after consultations with the Audit and Risk Oversight Committee. It shall have for its principal function to conduct an independent audit and provide an objective assurance on the manner in which the financial statements shall have been prepared and presented.

The reason/s for the resignation, dismissal or cessation from service of an external auditor and the effective date thereof shall be reported in the Company's annual and current report. Such report shall include a discussion of any disagreement regarding accounting principles or practices, financial disclosures or auditing scope or procedure which the former auditor of the Company failed to resolve satisfactorily.

The Company shall ensure that the external auditor's independence will not be compromised by any non-audit services to be provided and the amount of non-audit fees to be paid. The external auditor of the Company shall not at the same time provide the services of an internal auditor to the same client.

The Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency.

6.0 Risk Management

The Company shall promote a risk-aware culture by making risk management a responsibility of every employee and an integral part of the Company's strategic and operational planning, and day-to-day management and decision making.

The Company shall manage and minimize risks by identifying, analyzing, evaluating and treating exposures that may impact on the achieving its objectives and the continued efficiency and effectiveness of its operations.

The Company shall appoint a Chief Risk Officer who shall oversee and supervise entire enterprise risk management process and recommend improvement of ERM processes and documentation. These activities are reviewed and monitored by supervising committees of the Board such as the Executive Committee and the Audit and Risk Oversight Committee.

The Company shall adopt 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. Training programs to explain the value of risk management and understand the risk responsibilities of personnel in the different organization levels shall be held periodically to ensure that sound risk management and safety practices are implemented in the day-to-day operations.

7.0 Disclosure and Transparency

The trust of the shareholders and other stakeholders is fundamental to the business of the Company and thus the Company adheres to the principles of transparency, fairness and integrity.

To promote trust and confidence in the integrity of the Company, it is the policy of the Company to fully and timely disclose material information and dealings and to disseminate such information in a non-exclusionary and non-selective way. Shareholders and the investing public shall be regularly, timely and clearly informed of the developments involving the Company, its strategies and prospects to promote greater understanding of the Company.

Company disclosures pertaining to the Company, its operation, employees, directors or officers shall be reviewed and approved by Management and/or the Board for public dissemination. Corporate financial disclosures are reviewed by the ARO Committee and endorsed to the Board for its public release.

The Company shall employ the following modes of communication for disseminating Company information and results on a regular basis to its stakeholders:

- a. Company website
- b. Press releases
- c. Structured and unstructured corporate disclosures
- d. Meetings between Company officers and analysts/institutional investors
- e. Annual report
- f. Local participation in industry-oriented exhibits and conferences
- g. Stockholders' meeting
- h. Email alerts

The Company shall have an Investor's Relations Officer who shall primarily responsible for communicating developments involving the Company, and serve as a feedback channel for shareholders and other stakeholders.

8.0 Stockholders' Rights and Protection of Minority Stockholders

The Company shall attach considerable importance to shareholder rights and interests. In line with this, the Company shall:

- a. Facilitate the exercise of the shareholders of their rights by ensuring that they can participate effectively in and vote at the Shareholders' Meetings, either in person or by proxy.

- b. Encourage shareholder participation at shareholders meetings by ensuring that the venue for meeting is centrally located and easily accessible by public transportation and the voting procedures explained in advance. The notice of meetings shall be communicated to shareholders also through the Company website and the PSE Edge Disclosure System. Shareholders shall be provided with sufficient information in the Information Statement provided to them to enable them to make informed decisions on matters submitted for their consideration. Resolutions on each agenda item shall be tabled separately to enable shareholders to vote for each item and the results of the votes taken are reported during the meeting and make publicly available in the Company's website the day following the meeting. Shareholders shall be 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.
- c. Respect the following rights of the stockholders:
 - i. Right to vote on all matters that require their consent or approval;
 - ii. Right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
 - iii. Exercise cumulative voting in the election of directors.
 - iv. No director shall not be removed without cause if it will deny minority shareholders representation in the Board.
 - v. Right to inspect corporate books and records;
 - vi. Right to information;
 - vii. Right of minority shareholders to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose;
 - viii. Right to receive dividends that may be declared by the Board;
 - ix. Appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code of the Philippines.

9.0 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.

10.0 Effectivity

This Revised Manual of Corporate Governance was adopted by the Board of Directors on November 9, 2021 with immediate effect.

The Company shall align its Corporate Governance structures, policies and procedures in accordance with the requirements of this Manual within a period of one hundred twenty (120) days from effectivity of this Revised Corporate Governance Manual.


This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of this Manual, both in printed or electronic form, must be reproduced and disseminated, with a minimum of at least one (1) hard copy of the Manual per Department.

Signed this 9th day of November 2021 in Quezon City.

By order of the Board of Directors:


RICARDO NICANOR N. JACINTO
Chairman of the Board


JOSE FIDEL R. ACUNA
Chief Compliance Officer

ANNEX A



SBS PHILIPPINES CORPORATION

AMENDED BOARD DIVERSITY POLICY

I. PURPOSE

In line with SBS Philippines Corporation's ("SBS" or the "Company") commitment to adhere to the principles of good corporate governance, the SBS Board Diversity Policy (the "Policy") is hereby established to ensure that the Board of Directors of the Company has an appropriate mix of expertise, experience, independence, knowledge and skills that will encourage critical discussion and promote sound decision making in the attainment of the Company's strategic objectives and sustainable development.

II. POLICY STATEMENT AND PRINCIPLES

1. The Company recognizes the benefits of having a board that possesses a diversity of functional expertise, professional experience, qualifications and skills regardless of age and gender, in order to achieve a balance of perspectives appropriate to the requirements of the businesses of the Company and for the effective discharge of the duties and responsibilities of the Board.
2. The Board shall aim to have at least two (2) female directors as members. The Company is not averse to having more than two female directors at any given time.

III. MEASURABLE OBJECTIVES

The members of the Board of Directors shall be selected from a broad pool of qualified nominees. In order to achieve a diverse board, varied aspects are to be considered, including, but not limited to variety in terms of: academic, professional and business background, age, gender, and other regulatory requirements. The final composition of the board shall be grounded on merit and potential contribution of the selected directors to the Company.

IV. MONITORING AND REPORT

The Corporate Governance Committee shall conduct, from time to time, a review of this Policy, and other Corporate Governance policies as often as necessary to ensure that the provisions remain applicable to the Company. The Committee shall also recommend any practicable amendments to the Policy.

V. DISCLOSURE

1. This Policy, as well as the final composition of the Board, shall be published on the Corporate Governance section of Company's website for public information.
2. A summary of this Policy will be disclosed in the Integrated Annual Corporate Governance Report (I-ACGR).

VI. EFFECTIVITY

The Board Diversity Policy was approved by the Board of Directors upon endorsement of the Corporate Governance Committee effective November 9, 2021.

ANNEX B1



SBS PHILIPPINES CORPORATION

DIRECTORS' ORIENTATION POLICY

SBS PHILIPPINES CORPORATION ("SBS" or the "Company") hereby formalizes this Directors' Orientation Policy (the "Policy").

As a rule, the Chairman of the Corporate Governance Committee and the Corporate Secretary shall ensure that each new Director shall comply with the requirements set out in this Policy on the orientation programs for first time newly-elected Directors ("New Directors")

1. ORIENTATION PROGRAM FOR NEWDIRECTORS

1.1. Rationale

This Policy aims to provide New Directors of the Company with the necessary knowledge of and familiarity with the Company's day-to-day operations in order to be able to make a more meaningful contribution to the Company. This can be achieved through a comprehensive orientation program for all new directors upon their appointment to the Board.

1.2. Orientation of the New Directors

The Orientation Program of the New Directors will provide an overview of the overall operations of the Company and will allow them to interact with the key decision makers of the Company.

The New Directors should meet with the Chairman of the Board, the Chief Executive Officer, the Corporate Secretary as well as all C-suite managers. Other managers may be called to meet with them if required.

- 1.2.1 An overview of the Company including the introduction of the Company's business and brief discussion of Charter documents;
- 1.2.2 The Company's latest audited financial results together with Management's Discussion and Analysis;
- 1.2.3 Corporate Governance Structure and Policies, including the duties and responsibilities of a director;
- 1.2.4 Present Business Strategy and Plans;
- 1.2.5 Company's Data Privacy Policy
- 1.2.6 Director remuneration and benefits

The orientation program for New Directors shall be completed ideally within the first 30 days of the Director's tenure, and if possible, before the Director's first Board meeting.

1.3. Visit and Inspection of Sites

New Directors are encouraged to visit the Company's sites of operations within the same period provided in item 1.2 above or as soon as practicable. Management will make the necessary arrangements for this visit.

The objective is to help the New Directors gain familiarity with the business environment and the actual operations of the Company. In addition, this will be an opportunity for New Directors to interact with the middle management and the other employees of the Company.


2. EFFECTIVITY

This Policy shall be effective immediately.

3. APPROVAL

Endorsed For Board Approval By: *Endorsed For Board Approval By:* *Endorsed For Board Approval By:*


Jose Fidel R. Acuña
Chief Compliance Officer


Gerry D. Tan
President & Chief Executive
Officer (CEO)


Roberto F. Anonas, Jr
Chairman, Corporate
Governance Committee

**APPROVED BY THE BOARD OF DIRECTORS
ON NOVEMBER 9, 2021**

ANNEX B2



DIRECTORS' CONTINUING EDUCATION PROGRAM

SBS PHILIPPINES CORPORATION ("SBS" or the "Company") hereby formalizes this Directors' Program (the "Program").

As a rule, the Chairman of the Corporate Governance Committee and the Corporate Secretary shall ensure that each Director shall comply with the requirements set out in this Program.

- I. **Rationale.** This Program aims to ensure that the members of the Board and Company's principal officers ("Officers") are provided with the necessary, relevant and appropriate training and/or development programs annually. The annual training of the members of the Board and Officers ensures that they are informed of the developments in the business and regulatory landscapes of the industry to enhance their effectiveness and competency in addressing the needs of the Company.
- II. **The Program.** The Corporate Governance Committee and the office of the Chief Compliance Officer are responsible for arranging and facilitating the relevant and/or required training and/or development programs or courses for the members of the Board and Officers. A reasonable annual budget for the trainings and development programs shall be made available by the Company.
- III. **Coverage.** All Directors and Officers of the Company are required to comply with the Program.
- IV. **All Directors and Officers are required to complete at least a total* of 4 hours of accredited seminar, workshop or program annually, whether sponsored by the Company or by external accredited service provider/s, whether in or outside the Philippines. Directors may also choose to pursue a director certification program, if available. (*Note: minimum 4 hours required by SEC for compliance purposes)**
- V. **Continuing education programs for the members of the Board and Officers may include but are not be limited to the following:**
 - i. Business Operations of SBS;
 - ii. Revised Code of Corporate Governance
 - iii. ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report;
 - iv. Board Responsibilities
 - v. Illegal activities of corporations/directors/officers;
 - vi. Insider trading;

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- vii. Protection of minority shareholders;
- viii. Short Swing Transactions;
- ix. Liabilities of Directors;
- x. Confidentiality;
- xi. Conflict of Interest;
- xii. Related Party Transactions;
- xiii. Case studies; and
- xiv. Financial Reporting and Audit.

The following activities shall likewise be made available:

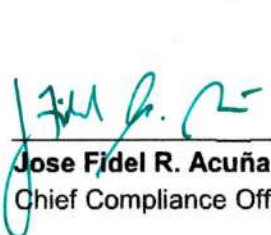
- i. Management shall provide Directors and Officers updates on items of interest regarding the Company and its business, along with pertinent articles and reports published regarding the Company and its business;
- ii. Presentation by the Chief Finance Officer and/or Chief Compliance Officer on new accounting, legal, regulatory requirements, rules and/or policies affecting the Company;
- iii. Site visits from time to time.

The Corporate Secretary shall keep records of the details of attendance at seminars and participation in directors' and officers' training courses of each director and officer.

VI. Effectivity. This Program shall be effective immediately.

VII. Approval

Endorsed For Board Approval By: Endorsed For Board Approval By: Endorsed For Board Approval By:



Jose Fidel R. Acuña
Chief Compliance Officer



Gerry D. Tan
President & Chief Executive
Officer (CEO)



Roberto F. Anonas, Jr
Chairman, Corporate
Governance Committee

**APPROVED BY THE BOARD OF DIRECTORS
ON NOVEMBER 9, 2021**

ANNEX C



ALTERNATIVE DISPUTE RESOLUTION POLICY

As part of its commitment to good corporate governance, SBS Philippines Corporation ("SBS" or the "Company") aims to maintain a harmonious relationship with all its stakeholders. Part of these involves having an effective dispute resolution process to manage disagreements with stakeholders. In this regard, SBS is adopting this policy which encourages all sides to seek alternatives to legal interventions that seek judicial relief.

COVERAGE

The Company's Alternative Dispute Resolution ("ADR") System shall cover disputes between the Company and its stockholders, and the Company and third parties as herein provided. A dispute shall mean a conflict of claim or rights, or an assertion of claim or demand by a stockholder or a third party, including regulatory authorities, met by contrary claim or assertion on the part of SBS and vice versa (hereinafter, "Dispute")

The ADR System shall not cover mere complaints. A complaint shall mean a statement of some grievance or dissatisfaction by a stockholder or a third party. As far as practicable, and when the parties so agree, SBS shall aim to seek ADR in all grievances and disputes.

PROCESS:

The Company's management through its Executive Committee shall determine the materiality of the case based on the Company's risk appetite as approved by the Board in its Risk Management Policy.

For non-material disputes, Management shall handle the ADR process.

For material disputes, Management shall endorse the dispute to an ad hoc committee to be formed as follows:

- a. Disputes with shareholders shall be handled by an ad hoc committee composed of the Corporate Secretary, a representative from the Executive Committee, and the lead Independent Director;
- b. Disputes with external parties shall be handled by an ad hoc committee composed of the Legal Counsel, a representative from the Executive Committee, and the lead Independent Director;

MONITORING AND REPORTING

All dispute referred to the ADR process shall be monitored as follows:

- a. Non material disputes shall be monitored and reported by the Company's President.
- b. Material disputes with the Company's stockholders shall be monitored and reported by the Office of the Corporate Secretary
- c. Material disputes between with third parties shall be monitored and reported by the Company's Counsel;

All Disputes referred to the ADR process shall be reported to the Corporate Governance Committee.

SETTLEMENT

Any settlement during negotiation or mediation shall be submitted by the Executive Committee to the Corporate Governance Committee which shall in turn endorse it to the Board of Directors for approval or other appropriate action.

SBS Alternative Dispute Resolution Policy was approved by the Corporate Governance Committee on November 5, 2021 and by the Board of Directors on November 9, 2021

ANNEX D

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

ANNEX E

 SBS PHILIPPINES CORPORATION	Manual Title SBS DATA PRIVACY POLICY	Version No. [REDACTED]
	Document Title DATA PRIVACY POLICY	Effective Date [REDACTED] Page 1 of 9

1.0 OBJECTIVES

This Privacy Manual is hereby adopted in compliance with Republic Act No. 10173 or the Data Privacy Act of 2012 (DPA), its Implementing Rules and Regulations, and other relevant policies, including issuances of the National Privacy Commission (NPC). SBS Philippines Corporation (SBS) respects and values data privacy rights and makes sure that all personal data collected from its clients, customers, employees, and other third parties are processed in adherence to the general principles of transparency, legitimate purpose, and proportionality.

This Manual shall inform about SBS' data protection and security measures and may serve as a guide in exercising one's rights under the DPA.

2.0 SCOPE

All personnel of SBS, regardless of the type of employment or contractual arrangement, must comply with the terms set out in this Privacy Policy.


3.0 DEFINITION OF TERMS

- 3.1 **Data Subject** – refers to an individual whose personal, sensitive personal or privileged information is processed by SBS. It may refer to customers, suppliers, officers, employees, job applicants, consultants, and shareholders of this organization
- 3.2 **Personal Information** – refers to any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.
- 3.3 **Processing** – refers to any operation or any set of operations performed upon personal information including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data.

4.0 PROCESSING OF PERSONAL DATA

4.1 COLLECTION

SBS collects the basic contact information of customers, including their full name, address, email address and contact number together with the products that they would like to purchase. The sales representative attending to customers will collect such information through accomplished order forms.

 SBS PHILIPPINES CORPORATION	Manual Title SBS DATA PRIVACY POLICY	_____	Version No. _____
	Document Title DATA PRIVACY POLICY	Effective Date _____	Page 2 of 9

In the course of supplier accreditation, SBS also collects the basic information of suppliers, including their full name, tax identification numbers, contact number, address and email addresses. The purchasing assistant gathers these data through the supplier accreditation form and required documents.

The Human Resource department collects information of employees and job candidates through the employee information sheet and job application form.

SBS may also collect information from shareholders and other parties for documentation and reporting purposes.

4.2 **USE**

Personal data collected shall be used by SBS for documentation and reporting purposes, for warranty tracking vis-à-vis purchased items, and for the inventory of products.

4.3 **STORAGE, RETENTION AND DESTRUCTION**


SBS will ensure that personal data under its custody are protected against any accidental or unlawful destruction, alteration and disclosure as well as against any other unlawful processing. SBS will implement appropriate security measures in storing collected personal information, depending on the nature of the information. As a general rule, personal information gathered shall not be retained for a period longer than two (2) years if the information is not in active use. After two (2) years of inactivity, all hard and soft copies of personal information shall be disposed and destroyed, through secured means. This general retention guideline shall not apply to transactional documents and information whose retention are prescribed by other laws and regulation. Such exemption includes, but are not limited to, sales and purchases records, contracts and tax documents.

4.4 **ACCESS**

Due to the sensitive and confidential nature of the personal data under the custody of SBS, only the customer and the authorized representative of SBS shall be allowed to access such personal data, for any purpose, except for those contrary to law, public policy, public order or morals.

4.5 **DISCLOSURE AND SHARING**

All employees and personnel of SBS shall maintain the confidentiality and secrecy of all personal data that come to their knowledge and possession, even after resignation, termination of contract, or other contractual relations. Personal data under the custody of SBS shall be disclosed only pursuant to a lawful purpose, and to authorized recipients of such data.

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5.0 SECURITY MEASURES

5.1 ORGANIZATION SECURITY MEASURES

5.1.1 Data Protection Officer (DPO)

SBS shall designate a Data Protection Officer (DPO) who will be accountable for compliance with the DPA, its IRR, and other issuances by the NPC. The DPO designation is further described in Appendix A..

5.1.2 Functions of the DPO

The DPO shall oversee the compliance of SBS with the DPA, its IRR, and other related policies, including the conduct of a Privacy Impact Assessment, implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.

5.1.3 Conduct of trainings or seminars to keep personnel, especially the DPO updated vis-à-vis developments in data privacy and security

SBS shall sponsor a mandatory training on data privacy and security at least once a year for personnel directly involved in the processing of personal data. Management shall ensure their attendance and participation in relevant trainings and orientations as often as necessary.

5.1.4 Conduct of Privacy Impact Assessment (PIA)


SBS shall conduct a PIA relative to all activities, projects and systems involving the processing of personal data. SBS may choose to outsource the conduct of a PIA to a third party.

5.1.5 Duty of Confidentiality

All employees will be asked to sign a Non-Disclosure Agreement. All employees with access to personal data shall operate and hold personal data under strict confidentiality if the same is not intended for public disclosure.

5.1.6 Review of Privacy Manual

This Manual shall be reviewed and evaluated annually. Privacy and security policies and practices within SBS shall be updated to remain consistent with current data privacy best practices.

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5.2 PHYSICAL SECURITY MEASURES

5.2.1 Format of data to be collected

Personal data in the custody of SBS may be in digital/electronic format and paper-based/physical format.

5.2.2 Storage type and location

All personal data being processed by SBS shall be stored in a data room, where paper-based documents are kept in locked filing cabinets while the digital/electronic files are stored in computers provided and installed by SBS. Access to working files that are currently stored in the departmental storage cabinets shall be strictly limited to the process owners.

5.2.3 Access procedure of agency personnel

Only authorized personnel shall be allowed inside the data room. For this purpose, they shall each be given a duplicate of the key to the room. Other personnel may be granted access to the room upon filing of an access request form with the DPO and the latter's approval thereof.

5.2.4 Monitoring and limitation of access to room or facility

All personnel authorized to enter and access the data room or facility must fill out and register with the online registration platform of SBS, and a logbook placed at the entrance of the room. They shall indicate the date, time, duration and purpose of each access.

5.2.5 Design of office space/workstation


The computers are positioned with considerable spaces between them to maintain privacy and protect the processing of personal data.

5.2.6 Persons involved in processing, and their duties and responsibilities

Persons involved in processing shall always maintain confidentiality and integrity of personal data. They are not allowed to bring their own gadgets or storage device of any form when entering the data storage room.

5.2.7 Modes of transfer of personal data within SBS, or to third parties

Transfers of personal data via electronic mail shall use a secure email facility with encryption of the data, including any or all attachments. Facsimile technology shall not be used for transmitting documents containing personal data.

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5.2.8 Retention and disposal procedure

Except for the Human Resource department, which shall retain the personal data of a data subject for a period of five (5) years from the date of inactivity, SBS shall generally retain the personal data of a data subject for two (2) years from the date of last transaction or activity. Upon expiration of such period, all physical and electronic copies of the personal data shall be destroyed and disposed of using secure technology.

5.2.9 Request for data correction/deletion

Any request for data correction or deletion by the data subject shall be in writing and addressed or forwarded to the appropriate department concerned. The head of the concerned department shall evaluate such request and cause the necessary correction or deletion. After successful data correction or deletion, the concerned department shall issue a certification to such effect, stating the action or procedure undertaken, and if the data was completely deleted or wiped out, a statement to that effect.

5.3 TECHNICAL SECURITY MEASURES

5.3.1 Monitoring of security breaches

SBS shall use an intrusion detection system to monitor security breaches and alert SBS of any attempt to interrupt or disturb the system.

5.3.2 Security features of the software/s and application/s used


The IT Manager shall first review and evaluate software applications before the installation thereof in computers and devices of SBS to ensure the compatibility of security features with overall operations.

5.3.3 Process for regularly testing, assessment and evaluation of effectiveness of security measures

The IT Manager shall review security policies, conduct vulnerability assessments and perform penetration testing within SBS on regular schedule to be prescribed by the appropriate department or unit.

5.3.4 Encryption, authentication process, and other technical security measures that control and limit access to personal data

Each personnel with access to personal data shall verify his or her identity using a secure encrypted link and multi-level authentication.

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5.4 BREACH AND SECURITY INCIDENTS

5.4.1 Creation of a Data Breach Response Team

A Data Breach Response Team (DBRT) comprising of five (5) officers shall be responsible for ensuring immediate action in the event of a security incident or personal data breach. It shall also execute measures to mitigate the adverse effects of the incident or breach. Members of the DBRT are detailed in Appendix B.

5.4.2 Measures to prevent and minimize occurrence of breach and security incidents

SBS shall regularly conduct a Privacy Impact Assessment to identify risks in the processing system and monitor for security breaches and vulnerability scanning of computer networks. Personnel directly involved in the processing of personal data must attend trainings and seminars for capacity building. There must also be a periodic review of policies and procedures being implemented in SBS.

5.4.3 Procedure for recovery and restoration of personal data

SBS shall always maintain a backup file for all personal data under its custody. In the event of a security incident or data breach, it shall always compare the backup with the affected file to determine the presence of any inconsistencies or alterations resulting from the incident or breach.

5.4.4 Notification protocol


The DPO and the Head of the Data Breach Response Team shall inform the management of the need to notify the NPC and the data subjects affected by the incident or breach within the period prescribed by law. Management may decide to delegate the actual notification to the head of the Data Breach Response Team. Below is the Security Incident flow:

5.4.4.1 Security Incident Flow



5.4.5 Documentation and reporting procedure of security incidents or a personal data breach

The Data Breach Response Team shall prepare a detailed documentation of every incident or breach encountered, as well as an annual report, to be submitted to management and the Audit and Risk Oversight Committee of the Board of Directors.

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5.4.6 **Mandatory notification to the NPC and the affected data subject/s**

The Data Breach Response Team shall notify the NPC and the affected data subject/s within seventy-two (72) hours upon knowledge of, or when there is reasonable belief, that a personal breach data has occurred, provided, the following circumstances are present:


- There is a breach of sensitive personal information or other information that may, under the circumstances, be used to enable identity fraud;
- The data is reasonably believed to have been acquired by an unauthorized person; and
- Either the management or the NPC believes that the data breach is likely to give rise to a real risk of serious harm to the affected data subject.

If there is doubt as to whether notification is indeed necessary, consider:

1. The likelihood of harm or negative consequences on the affected data subject/s;
2. How notification, particularly of the data subject/s, could reduce the risks arising from the personal data breach reasonably believed to have occurred; and
3. If the data involves:
 - o Information that would likely affect national security, public safety, public order, or public health;
 - o At least one hundred (100) individuals;
 - o Information required by all applicable laws or rules to be confidential; or
 - o Personal data of vulnerable groups.

The following information must be included in any Data Breach notification:

- **Nature of the breach** – there must be, at the very least, (a) a description of the breach; (b) a chronology of events, and (c) an estimate of the number of data subject/s affected.
- **Personal data involved** – stating the description of sensitive personal information or other information involved.
- **Remedial measures** – there must be (a) a description of the measures taken or proposed to be taken to address the breach; (b) action/s being taken to secure or recover the personal data that were compromised; (c) action/s performed or proposed to mitigate possible harm or negative consequences, and limit the damage or distress to those affected by the incident; (d) action/s being taken to inform the data subjects affected by the incident, or reasons for any delay in the notification; and (e) measure/s being taken to prevent a recurrence of the incident.
- **Name and contact details** – of the DPO or contact person designated by the Data Breach Response Team to provide additional information.

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6.0 INQUIRIES AND COMPLAINTS

Data subjects may inquire or request for information regarding any matter relating to the processing of their personal data under the custody of SBS, including the data privacy and security policies implemented to ensure the protection of their personal data. They may write to the DPO at dpo@sbsph.com and briefly discuss the inquiry, together with their contact details for reference.


Complaints shall be sent to dpo@sbsph.com. The DPO shall conduct an initial assessment of the incident or breach in order to ascertain the nature and extent thereof. After assessment, the DPO shall forward his recommendation/legal opinion to the Data Breach Response Team for immediate action.

7.0 EFFECTIVITY

The provisions of this Manual are effective this 1st of October, 2021 until revoked or amended by SBS.

8.0 FORMS, REPORTS, TEMPLATES AND REFERENCES

Document Code	Document Title	Distribution
	Consent Form	
	Inquiry Summary Form	
	Access Request Form	
	Privacy Notice	
	Request for Correction or Erasure	

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APPENDIX A: DESIGNATION OF THE DATA PRIVACY OFFICER (DPO)

Date of appointment: _____

Name of person: _____

Contact number: _____

Email address: _____

APPENDIX B: DATA BREACH RESPONSE TEAM

Name	Position	Email	Mobile Number
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ANNEX F

TERMS OF REFERENCE FOR THE REMUNERATION AND PERFORMANCE METRICS SBS Philippines Corporation Nomination & Remuneration Committee

I. Purpose

The Nomination and Remuneration Committee (the “Committee”) has been established by the Board of Directors (the “Board”) of SBS Philippines Corporation (“SBS” or the “Company”) to assist the Board with ensuring that the Company has a compensation plan that is both motivational and competitive for its employees so that the Company will attract, hold and inspire performance of its employees of a quality and nature that will enhance the sustainable profitability and growth of the Company.

II. General Principles

- i. SBS shall hire skilled, professional and motivated employees to achieve its long-term growth and profitability.
- ii. Employee Remuneration is a key component in attracting, motivating, and retaining key employees.
- iii. SBS will pay a fair wage and provide benefits to all its employees.
- iv. Wages and benefits shall be based on an employee’s performance. Neither age nor gender shall be considered in determining an employee’s wage and benefits.
- v. SBS recognizes that giving key performers the opportunity to participate in the company’s long-term growth and value creation is essential to attracting, motivating and retaining them.

III. Policies

- i. SBS will undertake to benchmark the compensation and benefits package of its employees versus similarly situated companies (same industry, similarly-sized publicly listed companies, similar function) at least once every 3 years. Provided that its profitability can justify the expense, SBS shall offer compensation and benefits within the median range of these companies.
- ii. SBS will institute a bonus system that will encourage growth and profitability and be paid out whenever the company meets its budget targets. Bonuses shall be paid out of a pool to be created by the Board for this purpose and be allocated to key managers on the basis of their performance and annual performance evaluations as may be determined by the Committee.
- iii. SBS will create and maintain a stock options plan for critical and key employees. The stock options plan will use vesting as a means to retain these employees for the long-term.

- iv. SBS shall ensure that there is no discrimination in pay or benefits between employees on the basis of age or gender.
- v. The President, with the support of the head of Human Resources, shall be responsible for preparing compensation and benefit proposals for all key employees. These proposals will be reviewed and endorsed by the Nomination & Remuneration Committee prior to being presented to the Board for its approval. Upon receiving such approval, the Nomination & Remuneration Committee shall be responsible for monitoring compliance of these proposals.
- vi. Management is free to recommend other forms of incentives for the key employees for as long as it is based on the principles of this TOR.

Approved by the Board of Directors on November 9, 2021.

ANNEX G



MANAGEMENT SUCCESSION PLANNING OF SBS PHILIPPINES CORPORATION

1. Statement of Policy

In order to ensure that the Company is able to continue to grow in a profitable and sustainable manner over the long-term, it is the policy of the Company to ensure the availability at all times of qualified personnel for all mission-critical functions, particularly at the Executive and Middle Management levels.

2. Guiding Principles

- 2.1 Responsibility for management succession planning rests with organization managers from line executives up to the President since these operating executives are in the best position to develop the plans that influence future succession. The Human Resource Department is tasked in providing staff support and guidance to these managers in the design and implementation of their succession plans.
- 2.2 It is the Board's duty to exercise oversight functions over these plans and ensure that they are regularly updated and in line with the strategic direction of the Company.
- 2.3 The Company must ensure that the best possible candidates for senior positions are considered, hired and retained.
 - a. It will always consider both internal and external candidates for management positions. However, if an internal candidate and an external candidate are equally qualified, the internal candidate will always be given preference.
 - b. Among internal candidates, the Company shall consider loyalty and make sure that the candidate possesses the core values of the Company and embodies its culture as indicated in the Company's mission and vision statement.
 - c. The Company is responsible for developing future leaders by providing them with training and development opportunities. At the same time, however, employees should realize that they have the primary responsibility for managing their personal and professional growth during their incumbency in Company.
 - d. In line with its thrust to foster diversity, equity and inclusion within the Company's work force, it should always seek to hire the best person qualified for the job regardless of gender, creed and background.

3 General Guidelines

3.1 This policy covers all executive, middle management and key personnel in the Company.

3.2 Management succession planning follows a process consisting of 5 steps, as follows:

STEP	ACTIVITY	RESPONSIBILITY CENTER
1	Determination of KSAO (knowledge, skills, abilities and other characteristics such as attitude, cultural fit, soft skills) of the job.	HR Department
2	Identification of potential candidates (internal and external)	HR Manager
3	Evaluation of strengths and weaknesses of candidates.	HR Manager and N+1
4	Selection of the candidate of best fit and determination of developmental needs.	N+1 and N+2
5	Development and implementation of appropriate developmental experience.	HR Manager and N+1

3.3 The Management Succession Planning Program will be carried out as follows:

3.3.1 Each concerned Executive/ Manager of a unit presents a formal Management Succession Planning Proposal for approval of the Company President and subsequent endorsement to the NomRem Committee.

The Management Succession Planning Proposal, will consist of:

- Replacement Chart - This is designed to provide a pictorial representation of key management positions, their relationships, and need for and availability of replacements.
- KSAO Requirements of the Job - This will help the concerned Executive/ Manager matches the qualification requirements of likely candidates.
- Summary of Evaluation and Recommendation – This detailed evaluation of the candidates (based on the KSAO Requirements of the job) including their main areas of strengths and weaknesses, will guide the decision makers as they prepare the most qualified replacements to assume future positions.

- Development Plan - This includes seminars, workshops, on-the-job training, cross assignments, etc. (with timeframe), will equip the candidate with the needed developmental experience to prepare him/ her for the job.

3.3.2 Coinciding with the performance appraisal period of each fiscal year or calendar as the case maybe and as part of the performance appraisal of the incumbent Executive/ Manager, the Company President will discuss and review with the incumbent Executive/ Manager the progress in developing his/her identified successor from the previous year's development efforts and to plan for the present year's process.

3.3.3 A review of the management succession plan should be undertaken by the Nomination and Remuneration Committee at least once a year. The results of the review should be reported to the Board.

4 Effectivity

This Policy shall be effective immediately.

5 Amendment

This policy shall not be amended, altered or revoked unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

APPROVED BY THE BOARD OF DIRECTORS: December 9, 2021



SBS PHILIPPINES CORPORATION

CHARTER OF THE BOARD OF DIRECTORS

PREAMBLE:

This Charter of the Board of Directors (the “Charter”) has been adopted by the Company’s Board of Directors, acting on the recommendation of the Corporate Governance Committee, to assist the Board and its committees in the exercise of their responsibilities with a view to protect and enhance the value of the Company and achieve sustainable growth.

The Charter serves to supplement the Company’s Articles of Incorporation, By-Laws, and Manual of Corporate Governance in promoting a strong corporate governance culture in the Company and sets out the corporate governance structures, principles, policies and practices to govern the performance of the duties and responsibilities of the Board of Directors,

The Board of Directors will review this Charter at least annually and, if appropriate, revise this Charter from time to time.

A. Guiding Principles

All of the corporate powers of the Company shall be exercised by the Board of Directors unless otherwise provided under the law. The Board is the governing body elected by the shareholders that shall have the primary responsibility for the conduct of the business and control of all of the properties of the Company.

- *Leadership.* The Board shall primarily be responsible for the governance of the Company and shall set the policies for the accomplishment of its corporate objectives to foster the long-term success of the Company, sustain its competitiveness and profitability and safeguard the long-term best interests of its shareholders and other stakeholders.
- *Effectiveness.* The Board shall have the appropriate balance of skills, experience, independence and knowledge of the Company and the industry in which the Company is involved with.
- *Accountability.* The Board shall act on a fully informed basis with due diligence and care and in the best interests of the Company and all stakeholders and shall ensure that sound risk management and internal controls are in place.

- *Disclosure and Transparency.* The Board shall ensure that its corporate disclosure policies and procedures are consistent with the regulatory requirements and best practices.

B. Board Governance Framework

1. Composition and Selection of the Board

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee shall consider candidates for Board membership nominated by shareholders, including members of the Board.

New members of the Board shall go through an orientation process to be 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, respectively.

1.1 Board Membership and Independence

The membership of the Board shall be a combination of executive and non-executive directors (which include independent directors) who shall be elected individually by the shareholders in accordance with the Company's By-Laws and applicable laws and regulations.

- (a) Independent Directors - The number of independent directors shall constitute at least one-third of the entire membership of the Board as currently fixed in the Articles of Incorporation. The independent director must meet the qualification criteria set by under applicable laws, regulations and the policies of the Company.
- (b) Non-Executive Directors - To promote objective, independent judgment on corporate affairs and provide for check and balance, Non-Executive Directors, together with Independent Directors, shall be comprised of a minimum of four members of the Board. A non-executive director shall have no executive responsibility and does not perform any work related to the operations of the Company.

1.2 Selection and Diversity

The Board shall be composed of directors of proven integrity and who possess the background, skills and expertise to make a significant contribution to the Board, to the Company and to its subsidiaries, with demonstrated experience in an area helpful to the Board, including high level leadership experience in business or administrative activities, specialized expertise in the industry, knowledge of issues affecting the Company and its subsidiaries, and the ability and willingness to provide objective and independent oversight to Board activities.

The Board shall regularly review its composition, taking into account the evolving requirements of the business, regulatory environment and SEC corporate governance standards.

The Board shall also consider diversity in its composition as to age, gender, culture, skills, competence and knowledge as may be appropriate.

1.3 Qualifications of a Director

In addition to the qualifications provided in the Revised Corporation Code, Securities Regulation Code, the Code of Corporate Governance for Publicly Listed Companies and other relevant laws and regulations, a Director shall also possess the following qualifications:

- a. Must be at least twenty-one (21) years old and owner of at least one (1) share of the capital stock of the Company;
- b. With a college degree or its equivalent education or shall have been engaged or exposed to the general business of the Company for a least five (5) years;
- c. With relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry and membership in business or professional organizations and practical understanding of the business of the Company and its subsidiaries
- d. With high standards of integrity, probity and assiduousness;
- e. Has none of the director disqualifications prescribed under the By-Laws, Revised Corporation Code, Securities Regulations Code and its implementing rules, SEC Code of Corporate

Governance and such other applicable laws and regulations;
and

- f. Shall submit to a low indicative limit on director appointments in other non-listed non-group companies. The non-executive directors of the Board may concurrently serve in other directorships up to a maximum of five publicly listed companies to demonstrate their commitment and availability to attend to the affairs of the Company and carry out their duties adequately.

1.4 Permanent and Temporary Disqualifications of a Director

In addition to the disqualifications provided in the By-Laws, Revised Corporation Code, Securities Regulation Code and other relevant laws, the following persons shall be permanently disqualified to be elected to the Board:

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code or

any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
- e) Any person earlier elected as independent director who becomes concurrently an officer, employee or consultant of the Corporation.;
- f) Any person judicially declared as insolvent;
- g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (d) above;
- h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment;
- i) Any person who is engaged in any business which competes with or is antagonistic or harmful to the business of the Corporation, its subsidiaries and affiliates, or where such person is serving as a director, will suffer a serious conflict of interest which adversely affects the business of the Corporation, its subsidiaries and affiliates;

- j) An independent director who has served the maximum cumulative term of 9 years as independent director shall be disqualified from being re-elected as independent director of the Company; and
- k) Any other ground as the Securities and Exchange Commission may hereafter be provided.

Unless otherwise decided by the Board, a director may be temporarily disqualified for any of the following reasons:

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- b. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- c. Dismissal or termination for cause as director of any public or listed corporation. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- d. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. However, the disqualified independent director may run for election as a regular director provided there is a vacancy in the Board.
- e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, unless otherwise decided by the Board.

1.5 Additional Qualifications of Independent Directors

An Independent Director is one who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who:

- a) Is not a director or officer of the Company or any of its related companies or any of its substantial shareholders except when said directors is an independent director thereof;
- b) has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;
- c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d) Is not an owner of more than two per cent (2%) of the outstanding shares of the Company or of its related companies or any of its substantial shareholders;
- e) Is not a related to any director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f) Is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or its substantial shareholders pursuant to a Deed of Trust or under any contract or arrangement
- g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

- h) Is not retained, either in his personal capacity or through a firm, or similar entity as a professional adviser by the Company, or any of its related companies or any of its substantial shareholders within the last five (5) years;
- i) has not engaged and does not engage whether by himself or with other persons or through a firm of which he is a partner, or a company of which he is a director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions which are conducted at arm's length and are immaterial or insignificant;

A related company shall mean another company which is its holding/parent company and/ or its subsidiary and/or subsidiary of its holding company.

1.6. Term of Office and Term Limits

Directors shall hold office for a term of one year from their election during the annual meeting of the shareholders and until their successors are elected and qualified.

Independent directors who shall have a maximum cumulative term of nine (9) years.

1.7 Vacancies in the Board

Any vacancy occurring in the Board of Directors other than by removal of the shareholders or by expiration of term which may occur between annual meetings of the shareholders may be filled by vote of at least majority of the remaining members of the Board if still constituting a quorum and in each case based upon the recommendation of the Nomination and Remuneration Committee; otherwise, the vacancy shall be filled by the shareholders at a meeting of the stockholders called for the purpose. A director so elected to fill the vacancy shall serve only the unexpired term of his/her predecessor in office.

2. Board Responsibilities

The Board shall have the following general responsibilities:

- a. Foster and sustain the long-term success of the Company, its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders;
- b. Formulate the Company's vision, mission, strategic objectives, policies and procedures;
- c. Monitor and oversee the business and affairs of the Company.

2.1 Powers, Duties and Attributes of the Board

In addition to the powers and duties conferred to the Board of Directors under the Revised Corporation Code, other applicable laws and the Company's By-Laws, the Board shall have the following authorities and duties:

- a. Implement a judicious process for the selection of directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies and adopt an effective succession planning program for its directors, officers and key managers to promote growth and dynamism in the Corporation as well as leadership succession;
- b. Approve business and strategic plans, policies and programs such as but not limited to corporate strategies, major plans of action, risk management policies, annual budgets and business plans, major capital expenditures, acquisitions and divestitures as well as a remuneration policy for its key and board members that are aligned with the long-term best interests of the Company and will help ensure the business sustainability of the Company and periodically evaluate and monitor the implementation of such plans, policies and programs;
- c. Ensure a strong compliance culture in the Company by faithful compliance with all relevant laws, rules and regulations, internal charters and policies, and as far as practicable best business practices;
- d. Establish and maintain an investor relations program that will keep stockholders and other stakeholders informed on timely, regular and clear basis, of the important

developments in the Company and serve as feedback channel, and ensure that appropriate corporate disclosure policies and procedures are in place to provide for accurate, reliable and timely disclosures that are disseminated in a non-exclusionary and non-selective way and a fair presentation of Company's financial condition, results and business operations to shareholders and other stakeholders;

- e. Promote a mutually beneficial, positive and progressive relationship with the Company's stakeholders and the community in which it operates or are directly affected by its operation, and promulgate clear policies and programs for the effective communication and engagement of the Company's stakeholders and their fair treatment and protection, including redress of rights violated;
- f. Ensure the adoption, adequacy and effectiveness of sound organizational and operational internal controls and systems (including those for conflict of interest situations) for good governance through regular review and monitoring;
- g. Ensure that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key risks of the Company and establish its risk strategies and approach;
- h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- i. Constitute an Audit and Risk Oversight Committee, Related Party Transaction Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Executive Committee and such other committees it may deem necessary to assist the Board in the performance of its duties and responsibilities;
- j. Establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between

the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities;

- k. Provide stockholders with a balanced and comprehensible assessment of the Company's performance, position and prospects on an annual and quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law;
- l. Conduct an annual self-assessment of the performance and the effectiveness of the Board, its committees, and each member with the assessment criteria and process based on the mandates, functions, roles and responsibilities provided in its charters and have the assessment supported by an external facilitator every three years;
- m. Through the Corporate Governance Committee, ensure that all members of the Board shall go through an orientation process whereby they are briefed on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory requirements and industry developments affecting the Company's business and operations, and provide for the continuing development program for the members of the Board;
- n. Adopt a comprehensive set of policies (i.e., Code of Business Conduct and Ethics) that sets out the personal and professional conduct expected from members of the Company to ensure that directors, officers and employees shall uphold the best interests of the Company and work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency. It shall monitor and ensure compliance and disseminate copies thereof to the Board, senior management and employees and made available in the Company's website.
- o. Meet at such times or as frequently needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
- p. Keep the activities and decisions of the Board within its authority under the Company's Articles of Incorporation

and By-Laws, and in accordance with existing laws, rules and regulations; and

- q. Approve the selection and appointment to the Chief Executive Officer, Chief Compliance Officer who shall have the rank of at least senior vice president, the Chief Risk Officer and Chief Audit Executive and monitor their performance.

2.2 Specific Responsibilities of a Director

A director shall observe the following norms of conduct:

- a. Always act in a manner characterized by transparency, accountability and fairness;
- b. Ensure the conduct of fair business transactions of the Company, and ensure that his personal interest does not conflict with the interests of the Company.
 - (i) A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests.
 - (ii) He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.
 - (iii) A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations and recuse themselves from taking any vote.
- c. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

(i) A director shall devote sufficient time to familiarize himself with the Company's business. He shall be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work.

(ii) He shall regularly attend and actively participate in meetings of the shareholders and of the Board and its committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

d. Act judiciously.

Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.

e. Exercise independent judgment.

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. He shall support plans and ideas that he thinks are beneficial to the Company.

f. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director shall also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.

g. Observe confidentiality.

A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not reveal confidential information to unauthorized persons without the authority of the Board.

h. Observe compliance with the laws, policies, rules of the Philippines and other regulatory agencies.

This shall include reporting to the Company of any dealings in the Company's shares within three business days.

- i. Attend a training in corporate governance on an annual basis

3. Board Committees

The Board may establish such committees as may be necessary to assist it in the discharge its responsibilities. In accordance with the Company's By-Laws, it shall constitute the following committees to ensure the effective performance of the function of the Board with respect to audit, risk management, related party transactions, nominations and remuneration and other key corporate governance concerns: (a) Audit and Risk Oversight Committee, (b) Related Party Transaction Committee, (c) Corporate Governance Committee, (d) Nomination and Remuneration Committee, and (e) Executive Committee.

The composition, functions and responsibilities, organizational, reporting and operating processes of the Board committees shall be defined by the Board in the Committee Charter. The work and actions of these Committees shall be regularly reported to and monitored by the Board and its performance annually evaluated.

4. Meetings

- 4.1 The Board shall hold its regular meetings at least six (6) times during the calendar year, which shall be held after the end of the financial year for performance assessment, after the Annual Shareholders' Meeting for its organizational meeting and on a quarterly basis or as often as may be necessary. The quarterly meetings shall consider, among others, the quarterly financial results.
- 4.2 Special meetings of the Board may be convened at the request of the Chairman or Vice Chairman or by at least three members of the Board.
- 4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting shall be forwarded to the directors at least five (5) business days in advance of each scheduled meeting date together with the agenda and supporting

papers. The notice of meeting may be transmitted by e-mail, facsimile transmission, personal delivery or through courier.

- 4.4 The Board agenda for each meeting shall be set by the Chairman of the Board in consultation with the Chief Executive Officer and Company Secretary. Board papers providing comprehensive information on the agenda items shall be circulated to the Directors at least five (5) business days prior to the 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.
- 4.5 The meetings shall be presided by the Chairman of the Board, or in his absence, by the Vice Chairman or such other members of the Board who may be designated for the purpose.
- 4.6 Five directors, which is a majority of the Directors, constitute a quorum for the transaction of corporate business.
- 4.7 A director who is unable to physically attend a meeting in person may participate via audio/video conference or convey his/her views in writing through another director or the company secretary.
- 4.8 The Board seek to make decisions by consensus. Where there is a divergence of views, decisions are made by majority vote.
- 4.9 Deliberations and decisions of the Board and Board Committees are minuted and filed.
- 4.10 Minutes of the meeting will be recorded and maintained by the Corporate Secretary and presented to the Board at the next meeting for approval. It shall be signed by the Secretary and attested by the directors present during the meeting.
- 4.11 At least once a year, the Non-Executive Directors shall meet on an executive session without the presence of management or any of the executive directors. The non-executive directors shall also hold separate meetings with the external auditor, internal auditor, compliance officer and risk officer without the presence of Management. Such executive session shall be presided by the Lead Independent Director.
- 4.12 The Board may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

5. Compensation

The Directors shall be entitled to receive reasonable per diem allowance to be fixed by the Board for their meeting attendance. Any other arrangement or arrangements pursuant to which directors of the Company are to be compensated for services provided as a director shall be subject to the prior recommendation of the Nomination and Remuneration Committee and subject to the approval or ratification of the shareholders.

Nothing herein shall preclude any director from serving the Company in any other capacity and receiving compensation therefor.

6. Miscellaneous Provisions

- 6.1 Directors shall have full and free access to Management and staff, the external auditor and information, data, records and properties of the Corporation for the purpose of carrying out their duties.
- 6.2 The Board shall have the authority to retain, at the Company's expense, such independent advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

Amended by Resolution of the Board

March 19, 2021

APPENDIX III



SBS PHILIPPINES CORPORATION

CORPORATE GOVERNANCE 2021			
NAME	DATE	SEMINAR	PROVIDER
GERRY D. TAN	27-Aug-21	ICD Masterclass Personal Governance: Life with a Purpose is a Life well-lived	Institute of Corporate Directors
AYLENE Y. SYTENGCO	16-Aug-21	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards can do against Ransomware Attacks	Institute of Corporate Directors
ESMERALDO A. TEPACE	25-Nov-21	Future Proofing Business with Sustainable Practices	Institute of Corporate Directors
NECISTO Y. SYTENGCO, II	16-Aug-21	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards can do against Ransomware Attacks	Institute of Corporate Directors
GEOCEL OLANDAY	27-May-21	Governance That Speaks: The ASEAN Corporate Governance Scorecard	Institute of Corporate Directors
RICARDO NICANOR JACINTO	27-Sep-21	Advance Corporate Governance Training	Institute of Corporate Directors
HELEN DE GUZMAN	3/11/2021 & 3/18/2021	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
ROBERTO F. ANONAS, JR.	17-Jun-21	AMLA Compliance in the Age of the Digital World	Institute of Corporate Directors
CHRISTINE P. BASE	12-Jan-21	New Code of Corporate Governance for Public Companies and Registered Issuers	Center for Global Best Practices Foundation
	27-Apr-21	AMLA Compliance in the Age of Digital World	Institute of Corporate Directors
LALI Y. SYTENGCO	10-Dec-21	Governing with Analytics: Building a Predictive Enterprise	Institute of Corporate Directors
GEMMA BIEN	18-Aug-21	Corporate Governance Seminar	Phil. Chamber of Commerce & Industry
JOSE FIDEL R. ACUÑA	28-Jan-22	Technology Governance for Directors: Sink, Float, or Swim in the Wares of E-Commerce	Institute of Corporate Directors
AILEEN G. CODAMON	10-Dec-21	Governing with Analytics: Building a Predictive Enterprise	Institute of Corporate Directors

APPENDIX IV

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **SBS Philippines Corporation (SBS)** will be conducted virtually at https://agm.conveneagm.com/sbs_asm2021 on **Friday, June 25, 2021 at 3:00 o' clock in the afternoon**, information about said virtual meeting can be accessed at the link provided in SBS' website at <http://www.sbsph.com/disclosure-filings/investors/annual-stockholders-meeting/> with the following agenda:

A G E N D A

1. Call to Order
2. Proof of Notice, Determination of Quorum
3. Rules of Conduct and Procedures
4. Approval of Minutes of the previous Annual Stockholders' Meeting
5. Presentation of the 2020 Annual Report of Management to the Stockholders and Approval of the 2020 Audited Consolidated Financial Statements of the Company and its Subsidiaries
6. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Stockholders
7. Appointment of Independent Auditors
8. Election of Directors
9. Consideration of Such Other Business as May Properly Come Before the Meeting
10. Adjournment

Only stockholders of record at the close of business on May 17, 2021 are entitled to notice of, and to vote at this meeting. For this purpose and in accordance with Section 8, Article II of the Company's Amended By-Laws, the Stock and Transfer Book of the Company will be closed from May 18, 2021 to June 25, 2021.

The conduct of this Annual Stockholders' Meeting will be streamed live and stockholders of record as of May 17, 2021 may attend, participate and vote only through proxy, remote communication or in absentia through https://agm.conveneagm.com/sbs_asm2021. The requirements and procedures on how to participate in this meeting and for voting in absentia are set forth in Annex "C" of the Information Statement. These are likewise published and made accessible through the Company's website www.sbsph.com.ph.

Stockholders who opt to vote by proxy on manually filled ballot must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg., Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at pacisreyes@pacisreyes.com for inspection, validation and recording at least ten (10) days before the opening of the Annual Stockholders' meeting, or on or before June 15, 2021.

May 11, 2021, Quezon City.


CHRISTINE P. BASE
Corporate Secretary

EXPLANATORY NOTES TO AGENDA ITEMS

SBS adopted measures to afford our stockholders' the opportunity to attend, participate and vote in this meeting as effectively as a physical distancing by holding this year's annual stockholders' meeting via remote communication or in absentia pursuant to Sections 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020. Please refer to Annex C: Guidelines for Participating via Remote Communication and Voting in Absentia.

1. Proof of notice, determination of quorum and rules of conduct and procedures

Rationale: *To inform the stockholders that the notice requirements for the 2021 Annual Stockholders' Meeting have been complied with in accordance with the Company's By-Laws and applicable laws and regulations, that a quorum exists for the transaction of business and the procedures to govern the conduct of voting for the agenda items being put to a vote.*

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business. Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting in absentia by the stockholders, the Corporation has set up a designated online web address which may be accessed by the stockholders to register and vote in absentia on the matters presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting:

- (i) Stockholders may attend the meeting remotely through the online web address https://agm.conveneagm.com/sbs_asm2021 provided. Questions and comments may be sent prior to the meeting and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown during the livestreaming as the same is taken up at the meeting.
- (iii) Stockholders must pre-register through the online web address https://agm.conveneagm.com/sbs_asm2021 to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (iv) Voting shall only be allowed for Stockholders registered in the Voting in Absentia and Shareholder System or through the Chairman of the meeting as proxy.
- (v) Stockholders voting in absentia, who have previously registered through the online web address https://agm.conveneagm.com/sbs_asm2021, may cast their votes electronically within the voting period provided using such online web address prior to the meeting.
- (vi) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.
- (vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes .

- (viii) The Committee of Inspectors of Proxies and Ballots will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
- (ix) The meeting proceedings shall be recorded in audio and video format.

2. Approval of minutes of previous meeting

RATIONALE: To allow the stockholders to confirm that the proceedings of the Annual Stockholders Meeting held on September 17, 2020 were recorded accurately and truthfully.

The minutes of the meeting held on September 17, 2020 are posted at the Company website, www.sbsph.com.

A resolution approving the minutes will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

3. Annual Report by Management and Audited Financial Statements for 2020

RATIONALE: To apprise the stockholders of the Company's operating performance, financial condition and outlook and present to the stockholder the audited financial results of the Company's operations in 2020, in accordance with Section 75 of the Corporation Code.

The Chairman, Mr. Ricardo Nicanor N. Jacinto, and the President & Chief Executive Officer, Mr. Gerry D. Tan, will render a report to the stockholders on the highlights of the Company's operating performance and financial condition in 2020 and its business outlook for 2021. Such performance results are summarized in the Company's 2020 Annual Report by Management to the Stockholders, copies of which will be distributed to the stockholders before the meeting.

The Company's audited financial statements (AFS) as of December 31, 2020 will be included in the Definitive Information Statement to be sent to the stockholders at least twenty one (21) days prior to the meeting. The AFS has been reviewed by the Audit and Risk Oversight Committee and by the Board of Directors and were audited by the Independent Auditors who have expressed an unqualified opinion.

The Stockholders will be given an opportunity to ask questions about the Company's performance and financial results before the AFS is presented for consideration and approval of the stockholders.

A resolution noting the annual report and approving the audited financial statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

4. Ratification of all acts and resolutions of the Board of Directors and Management since the last meeting of the stockholders to the date of this meeting

RATIONALE: To allow the stockholders to ratify the acts and resolutions of the Board and Management in the conduct of business of the Corporation

The Company regularly discloses material transactions approved by the Board and these disclosures are available and posted at the Company's website, www.sbsph.com. Other resolutions approved by the Board since the annual stockholders' meeting of September 17, 2020 are described in the Information Statement sent to all stockholders.

A resolution to ratify the acts and resolutions of the Board of Directors and Management since the meeting of the stockholders on September 17, 2020 to up to the date of the meeting shall be presented to the stockholders for approval.

5. Election of independent auditor

RATIONALE: To appoint an independent auditor that can provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls, as evaluated and endorsed by the Company's Audit and Risk Management Committee and to authorize the Board of Directors to fix their remuneration.

The Board of Directors, acting through its Audit and Risk Oversight Committee, will endorse to the stockholders the appointment of an independent auditor for the current fiscal year. The profile of the Punongbayan & Araullo who is recommended for appointment as independent auditor is provided in the Information Statement and in the Company website for examination by the stockholders.

A resolution for the appointment of the independent auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

6. Election of directors (including the independent directors)

RATIONALE: To allow stockholders to elect the Company's Board of Directors in the exercise of their rights as stockholder in accordance with Section 24 of the Corporation Code and the Company's By-Laws.

The following persons have been nominated for election to the Board of Directors and have accepted their nominations:

Mr. Ricardo Nicanor N. Jacinto
Mr. Gerry D. Tan
Mr. Esmeraldo A. Tepace
Ms. Aylene Y. Sytengco
Ms. Lali Y. Sytengco
Mr. Necisto Y. Sytengco II
Mr. Geocel D. Olanday, Independent Director
Mr. Roberto F. Anonas, Jr. Independent Director
Ms. Helen T. De Guzman Independent Director

All nominees are incumbent members of the Board of Directors of the Company. The nominees were formally nominated by shareholders to the Nomination and Remuneration Committee who reviewed their qualifications. All nominee-directors have been found to possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations. Of the nominees, Mr. Geocel Olanday, Mr. Roberto F. Anonas, Jr. and Ms Helen T. De Guzman are eligible for election as independent directors in accordance with SRC Rule 38 and its implementing rules and regulations.

The directors may be elected by plurality of votes using the cumulative voting method. A stockholder may distribute his voting shares for as many nominees as there are directors to be elected, or he may cumulate his voting shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

7. Consideration of such other business as may properly come before the meeting

The Chairman of the meeting will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter : **SBS PHILIPPINES CORPORATION**
 (the "Company")
3. Province, country or other jurisdiction of incorporation or organization : **PHILIPPINES**
4. SEC Identification Number: **A200110402**
5. BIR Tax Identification Code : **213-054-503**
6. Address of principal office & Postal Code : **NO. 10 RESTHAVEN STREET**
SAN FRANCISCO DE MONTE, QUEZON CITY 1105
7. Registrant's telephone number, including area code : **(63 2) 8371 1111**
8. Date, time and place of the meeting of security holders :
 DATE : **June 25, 2021**
 TIME : **3:00 IN THE AFTERNOON**
 PLACE : **Due to the Covid-19 situation, there will be no physical venue for the meeting which will be conducted virtually via https://agm.conveneagm.com/sbs_asm2021**
9. Approximate date on which the Information Statement is first to be sent or given to security holders : **May 26, 2021**
10. **In case of Proxy Solicitations: NOT APPLICABLE**
Name of Person Filing the Statement/Solicitor: _____
Address and Telephone No.: _____
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

	Title of Each Class (as of March 31, 2021)
No. of Shares Issued and Outstanding	1,549,999,999 common shares
Amount of Debt Outstanding	With Par Value of P1.00 per share N/A
12. Are any or all of registrant's securities listed in a Stock Exchange?
 Yes ☒ No ☐
 If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
 A total of 1,549,999,999 common shares of the Company are listed on the Philippine Stock Exchange.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

(a) 2021 Annual Stockholders' Meeting

Date : June 25, 2021
Time : 3 o'clock in the afternoon
Place : Due to the Covid-19 situation, there will be no physical venue for the meeting which will be conducted virtually via https://agm.conveneagm.com/sbs_asm2021
Mailing Address : No. 10 Resthaven Street
San Francisco del Monte, Quezon City 1105
Philippines

(b) Approximate date on which the information statement is to be sent or given to security holders. May 26, 2021

Item 2. Dissenters' Right of Appraisal

The Philippine Revised Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of changing or restricting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension or shortening of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares in accordance with the following procedure:

- (a) The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right.
- (b) If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.
- (c) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained

earnings in its books to cover such payment: and Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

The Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

In relation to the Annual Stockholders' Meeting scheduled for June 25, 2021, there are no special matters or actions to be taken up at the meeting may give rise to a possible exercise by stockholders of their appraisal rights under Section 81 of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) Other than their election to office, there is no matter to be acted upon in which any director or officer is involved or had a direct, indirect or substantial interest.
- (b) No director has informed the Company of his intention to oppose any matter to be acted upon at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of March 31, 2021, the number of shares outstanding, net of treasury shares, is 1,549,999,999 common shares. Each common share is entitled to one vote.
- (b) All stockholders of record as of May 17, 2021 shall be entitled to notice and to vote at the annual stockholders' meeting.
- (c) Under the Company's By-Laws, each holder of the Company's common share has full voting rights. Each stockholder is entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy.

The vote at the elections of Directors is by stock vote and by ballot. In accordance with the Revised Corporation Code, each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as are to be elected as Directors, or he may give to one candidate as many votes as, the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

However, the Revised Corporation Code and the Company's By-Laws provide that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal.

- (d) Security Ownership of Certain Record and Beneficial Owners and Management
 - i. Security ownership of certain record and beneficial owners of more than 5% as of March 31, 2021.

Class of Shares	Name & Address of Record Owner & Relationship with Company	Name of Beneficial Owner & Relationship with Record Owner ²	Citizenship	Number of Shares held as of 31 March 2021	Ownership Percentage
Common	PCD Nominee Corporation (Filipino) ¹ 37 F Tower I The Enterprise Center, Ayala Avenue, Makati City	BDO Securities Corporation ³	Filipino	1,018,910,076	65.74%
		Abacus Securities Corporation ³	Filipino	339,889,559	21.93%
Common	Necisto U. Sytengco*	Necisto U. Sytengco	Filipino	86,907,300	5.61%

- 1 PCD Nominee Corporation is not related to the Company. PCD Nominee Corporation is the registered owner of shares beneficially owned by Participants of the Philippine Depository and Trust Corporation (PDTC), a private company organized to implement an automated book entry system for the handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible security will hold a stockholders' meeting, PCD Nominee Corporation shall execute a pro-forma proxy in favor of the Participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the Participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the Participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.
- 2 Out of the 1,452,387,206 common shares registered in the name of PCD Nominee Corporation (Filipino), 1,018,910,076 common shares (65.74% of the capital stock) and 339,889,559 common shares (21.93% of the capital stock) are for the accounts of BDO Securities Corporation and Abacus Securities Corporation, respectively.
- 3 This includes the 1,014,852,295 common shares owned by the Company's parent company, Anesy Holdings Corporation, representing 65.47% shareholding interest in the Company. Mr. Necisto Y. Sytengco II, chairman of Anesy, will vote on the shares held by Anesy Holdings Corporation.
- 4 86,907,300 common shares are registered in the name of Necisto U. Sytengco. However, this is now under his estate for distribution among the heirs of Necisto U. Sytengco.

ii. Security ownership of Directors and Management as of March 31, 2021

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)*	Ownership Percentage
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%
Common	Aylene Y. Sytengco	Filipino	D: 11,462,441 I: 30,728,626*	0.74% 1.98%
Common	Necisto Y. Sytengco II	Filipino	D: 8,364,629 I: 22,717,649*	0.54% 1.47%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Lali Y. Sytengco	Filipino	D: 2,991,030 I: 55,954,843*	0.19% 3.61%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%

Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Helen T. De Guzman	Filipino	D: 1,000	0%
Common	Christine P. Base	Filipino	0	-
Common	Aileen Lou G. Codamon	Filipino	0	-
Common	Jose Fidel R. Acuña	Filipino	0	-
Common	Maria Gemma R. Bien	Filipino	0	-
Common	Sabrina Adamelle Poon-Sytengco	Filipino	D: 0	-

** includes the assumed legitimate on the direct shareholding of the estate of Necisto U. Sytengco*

*** held by member of officer's immediately family sharing the same household*

- Security Ownership of Nominees for Election to the Board of Director as of March 31, 2021:

As of the date of this report, the Company received nominations for nine (9) members of the Board. The deadline for submission of nominations to the Board was on April 25, 2021.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)	Ownership Percentage
Common	Lali Y. Sytengco	Filipino	D: 2,991,030 I: 55,954,843 *	0.19% 3.61%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Aylene Y. Sytengco	Filipino	D: 11,462,441 I: 30,728,626*	0.74% 1.98%
Common	Necisto Y. Sytengco II	Filipino	D: 8,364,629 I: 22,717,649*	0.54% 1.47%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%
Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Helen T. De Guzman	Filipino	D: 1,000	0%
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%

** includes the assumed legitimate on the direct shareholding of the estate of Necisto U. Sytengco*

iii. Voting trust holders of 5% or more

The Company knows of no person holding more than 5% of a class of shares of the Company under a voting trust or similar agreement.

iv. Change in control

Since the beginning of its last fiscal year, there have been no arrangements that resulted in a change in control of the Company

Item 5. Directors and Executive Officers

A. Directors

As of the date of this report, the Board of Directors of the Company is composed of the following individuals:

Name	Age	Nationality	Position	Year First Elected/ Appointed	Date of Last Election
RICARDO NICANOR N. JACINTO	60	Filipino	Chairman of the Board	2015	17 September 2020
AYLENE Y. SYTENGCO	37	Filipino	Vice-Chairperson, CFO and Treasurer	2008	17 September 2020
NECISTO Y. SYTENGCO II	36	Filipino	Vice-Chairman, SVP Marketing Operations and Assistant Treasurer	2010	17 September 2020
GERRY D. TAN	54	Filipino	Executive Director	2016	17 September 2020
ESMERALDO A. TEPACE	68	Filipino	Executive Director	2013	17 September 2020
LALI Y. SYTENGCO	70	Filipino	Executive Director	2020	17 September 2020
GEOCEL D. OLANDAY	65	Filipino	Independent Director	2018	17 September 2020
ROBERTO F. ANONAS, JR	65	Filipino	Independent Director	2017	17 September 2020
HELEN T. DE GUZMAN	63	Filipino	Independent Director	2019	17 September 2020

B. Principal Officers

As of the date of this report, the following are the Officers and Senior Executives of the Company:

Name	Age	Nationality	Position	Date First Appointed
RICARDO NICANOR N. JACINTO	60	Filipino	Chairman of the Board	17 September 2020
AYLENE Y. SYTENGCO	37	Filipino	Vice Chairperson, Chief Financial Officer and Treasurer	17 September 2020 5 March 2015
NECISTO Y. SYTENGCO II	36	Filipino	Vice Chairman, Senior Vice-President - Marketing Operations & Assistant Treasurer	17 September 2020 9 July 2015

GERRY D. TAN	54	Filipino	President & Chief Executive Officer	29 January 2016
ESMERALDO A. TEPACE	68	Filipino	Executive Vice President, Chief Operating Officer	5 March 2015
LALI Y. SYTENGCO	70	Filipino	Vice President - Supply Chain	17 September 2020
CHRISTINE P. BASE	50	Filipino	Corporate Secretary	1 January 2017
AILEEN LOU G. CODAMON	40	Filipino	Assistant Vice President - Controller	17 September 2020
JOSE FIDEL R. ACUÑA	35	Filipino	Compliance Officer Corporate Information Officer	17 September 2020 1 April 2018
SABRINA ADAMELLE POON- SYTENGCO	36	Filipino	Investor Relations Officer	1 January 2017
MARIA GEMMA R. BIEN	52	Filipino	Internal Auditor	29 October 2018
GEOCEL D. OLANDAY	65	Filipino	Lead Independent Director	22 May 2019

C. Business Experience

Ricardo Nicanor N. Jacinto, 60 years old, was elected as a non-executive director of the Company on 15 July 2015. On 17 September 2020, he was elected as the Chairman of the Board of the Company, and as the Chairman of the Nomination and Remuneration Committee on 09 November 2020. 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.

Aylene Y. Sytengco, 37 years old, was elected as Vice Chairperson on 17 September 2020. She joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013. 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 was first elected as director of the Company in 2008. 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, 36 years old, was elected as Vice Chairman on 17 September 2020 and as a member of the Executive Committee. On November 9, 2020, he was elected as a member of the Corporate Governance Committee. He 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 Chairman 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.

Gerry D. Tan, 54 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016. 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.

Esmeraldo A. Tepace, 68 years old, joined the Company in 2004 and has served as its Chief Operating Officer/General Manager since 2004. He was first elected as director of the Company in March 2013. 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.

Lali Y. Sytengco, 70 years old, joined the Company in 2001 and has since served as the VP for Purchasing. On 17 September 2020, she was elected Director of SBS Philippines, and a member of the Executive Committee. On November 9, 2020, she was elected as member of the Corporate Governance Committee. She is responsible for overall procurement including product sourcing, supplier relationship management and supply chain of the company. 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.

Geocel D. Olanday, 65 years old, 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. (Corporate Restructuring, Business Development & Financial Advisory; Transportation, Real Estate, ICT, etc.), 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), President of i-Home Foundation Inc. (Poverty & Socialized Housing NGO). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries to the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable, Vitacare Hospital JV, Transportation, Pest Control, etc.). 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, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation.

Roberto F. Anonas, Jr., 65 years old, was elected as independent director on 9 October 2017 and is also the Chairman of the Corporate Governance 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.

Helen T. De Guzman, 63 years old, was elected as independent director of SBS Philippines Corporation 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., Treasurer of Couples for Christ Global Mission Foundation, Inc. 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., Meralco Employees' Savings and Loan Association, 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.

Christine P. Base, 50 years old, 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: Itapinas 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..

Aileen Lou G. Codamon, 40 years old, joined the Company in 2020 and was appointed as Assistant Vice-President - Controller on 17 September 2020. She was previously the AVP-Finance for Gigawatt Power Inc. She also served as Manager for Financial Planning Analysis for Solaire Resort and Casino, and as Finance Manager for World Citi Group and Crowne Plaza Manila Galleria. She is a Certified Public Accountant, and has ongoing studies in Master in Business Administration with the De La Salle University's Graduate School of Business.

Atty. Jose Fidel R. Acuña, 35 years old, is the Chief Information Officer and Compliance Officer of the Company. He 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 the Managing Partner of Acuña and Francisco Law and the Corporate Secretary for TRBank, Inc. He is also a Director and/or Corporate Secretary for several private corporations.

Sabrina Adamelle Poon-Sytengco, 36 years old, 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.

Maria Gemma R. Bien, 52 years old, 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.

The following persons have been nominated for election to the Board of Directors at the Annual Stockholders' Meeting to held on September 17, 2020 and have accepted their nominations:

1. **RICARDO NICANOR N. JACINTO**, Director & Chairman - 60 years old, was elected as a non-executive director of the Company on 15 July 2015. On 17 September 2020, he was elected as the Chairman of the Board of the Company, and as the Chairman of the Nomination and Remuneration Committee on 09 November 2020. 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.

2. AYLENE Y. SYTENGCO, Director, Vice-Chairperson, Chief Finance Officer and Treasurer - 37 years old, was elected as Vice Chairperson on 17 September 2020. She joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013. 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 was first elected as director of the Company in 2008. 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.
3. GERRY D. TAN, Director, President & Chief Executive Officer - 54 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016. 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.
4. ESMERALDO A. TEPACE, Director, Executive Vice-President & Chief Operations Officer - 68 years old, joined the Company in 2004 and has served as its Chief Operating Officer/General Manager since 2004. He was first elected as director of the Company in March 2013. 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.
5. LALI Y. SYTENGCO, Director & Vice-President for Supply Chain - 70 years old, joined the Company in 2001 and has since served as the VP for Purchasing. On 17 September 2020, she was elected Director of SBS Philippines, and a member of the Executive Committee. On November 9, 2020, she was elected as member of the Corporate Governance Committee. She is responsible for overall procurement including product sourcing, supplier relationship management and supply chain of the company. 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.
6. NECISTO Y. SYTENGCO II, Director, Vice-Chairman, Senior Vice-President for Marketing, Operations & Assistant Treasurer - 36 years old, was elected as Vice Chairman on 17 September 2020 and as a member of the Executive Committee. On November 9, 2020, he was elected as a member of the Corporate Governance Committee. He 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 Chairman 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.

7. ROBERTO F. ANONAS, JR., Independent Director - 65 years old, was elected as independent director on 9 October 2017 and is also the Chairman of the Corporate Governance 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.
8. GEOCEL OLANDAY, Lead Independent Director - 65 years old, 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. (Corporate Restructuring, Business Development & Financial Advisory; Transportation, Real Estate, ICT, etc.), 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), President of i-Home Foundation Inc. (Poverty & Socialized Housing NGO). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries to the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable, Vitacare Hospital JV, Transportation, Pest Control, etc.) . 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, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation.
9. HELEN T. DE GUZMAN, Independent Director - 63 years old, was elected as independent director of SBS Philippines Corporation 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., Treasurer of Couples for Christ Global Mission Foundation, Inc. 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., Meralco Employees' Savings and Loan Association, 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

Mr. Necisto Y. Sytengco II, a shareholder, formally nominated the first 5 nominees to the Nomination and Remuneration Committee (composed of Mr. Ricardo Nicanor N. Jacinto, Chairman & Independent Director, and Ms. Aylene Y. Sytengco, Mr. Necisto Y. Sytengco II and Mr. Geocel D. Olanday as Members)). Ms. Aylene Y. Sytengco, a shareholder nominated the 6th nominee on the list. Meanwhile, Ms. Nancy Legaspi, a shareholder and no relation to the independent directors, formally nominated the 3 nominees for independent directors. Of the nominees, Mr. Roberto F. Anonas, Jr., Ms. Helen T. De Guzman, and Mr. Geocel Olanday are eligible for election as Independent Directors in accordance with SRC Rule 38 and its implementing rules and regulations. The nominees for independent director comply with term limit set the Securities and Exchange Commission. Their certification of their qualifications and non-applicability of the disqualifications as Independent Directors are attached hereto as Annexes A-1 to A-3.

Under the Company's Manual of Corporate Governance, the Board shall be composed of nine (9) directors, one-third of which shall be composed of independent directors, all of whom shall have a term

of one year from date of the annual meeting of the stockholders or until their successors have been elected and have qualified.

The following are procedure and criteria for the screening of persons nominated for election to the Board of Directors:

- (a) Written nominations by the stockholders shall be received by the Company not later than sixty (60) calendar days before the date of the Annual General Meeting of the Stockholders;
- (b) The Nomination and Remuneration Committee (the “Committee”) shall assess and determine if the person nominated for election to the Board of Directors possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company’s Manual of Corporate Governance and such other applicable laws and regulations.
- (c) Thereafter, the Committee shall identify and recommend a shortlist of qualified nominees for election at the Annual Meeting of the Stockholders.

To date, no director has resigned from, or declined to stand for re-election to the Board since the date of the 2018 Annual Meeting of Stockholders due to any disagreement with the Company relative to its operations, policies and practices.

The officers of the Company are elected annually by the Board during its organizational meeting.

None of the directors and officers of the Company work for the Government of the Republic of the Philippines as certified by the Corporate Secretary, a copy of such certification is attached herewith as Annex B.

D. Significant Employee

The Company has no employee who is not an executive officer and who is expected in his individual capacity to make a significant contribution to the business.

E. Family Relationships

Ms. Lali Y. Sytengco, VP for Purchasing and director, is the mother of Aylene Y. Sytengco, Director, Vice-Chairperson, CFO & Treasurer, and Necisto Y. Sytengco II, Director, Vice-Chairman & SVP-Marketing Operations & Assistant Treasurer. Aylene Y. Sytengco and Necisto Y. Sytengco II are siblings. Ms. Sabrina Adamelle Poon-Sytengco, Investor Relations Officer, is the wife of Necisto Y. Sytengco II.

There are no known family relationships between the current members of the Board and key officers of the Company other than the above.

F. Involvement in Certain Legal Proceedings

There has been no occurrence of any of following events during the past five (5) years up to the date of this report which are material to an evaluation of the ability or integrity of any director, any person nominated to become a director, executive officer or control person of the Company:

- (i) Any insolvency or bankruptcy petition filed by or against any business of which such persons was a general partner or executive officer either at the time of insolvency or bankruptcy or within two years prior to that time;
- (ii) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (iii) Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
- (iv) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

G. Ownership Structure and Parent Company

As of December 31, 2020, Anesy Holdings Corporation owns 65.47% of the outstanding voting shares of the Company. Anesy Holdings Corporation is owned and controlled by the Estate of Necisto U Sytengco (55.5%) and Sytengco family members, Aylene, Necisto II and Ned Bryan all surnamed Sytengco (12.5% each respectively) and Evelyn T. Ching (7%), hereafter referred to as the “Sytengco Family”.

I. Certain Relationships and Related Transactions

The Company, in the regular course of business, engages in transactions with its affiliates and other related parties, principally in the form of sale of goods, advances and reimbursement of expenses, leasing and management and administrative service agreements. All these affiliates are directly and majority owned by the Sytengco Family who are also members of the Board of Directors and/or Management.

These transactions are generally carried out at the prevailing market rates or on terms which are no less favourable than the usual commercial terms extended to unrelated third parties. All related party transactions are reported and monitored by the Related Party Transactions Committee with material related party transactions reviewed and approved by the Committee and/or the Board of Directors.

The following are the transactions of the Company with its related parties:

- (i) Purchase and Sale of Goods - The Company in the normal course of business provides or obtains goods from its affiliates. Sales and purchases of goods to and from its related parties are made at arms-length and at terms no less favourable than those entered between unrelated parties.
- (ii) Lease Agreements - The Company is leasing its corporate offices and warehouse facilities from its affiliates. The lease arrangement allows the Company to continue with its asset-light approach to its chemical business operations. The lease rates charged by affiliate-lessors of the Company’s leased offices and warehouses are at terms comparable to prevailing market rates offered by unrelated parties within the localities.
- (iii) Advances - The Company, from time to time, borrows and lends certain portion of its funds to related parties as temporary financing measures to address short term funding gaps, or as part of its working capital management for the enhanced ability to manage inventory and cash flow. These are non-interest bearing and unsecured transactions that are payable on demand and in cash. These payables normally have no fixed repayment dates. The advances are generally settled between the parties within a brief period of time.
- (iv) Shared Business and Management Services - The Company and its affiliates have entered into a resource sharing arrangement to benefit from the operating efficiencies created from the pooling of certain manpower resources and the sharing of services. Under these shared services agreements, the Company extends back office services. These include provision for corporate services to attend to the statutory and regulatory reportorial obligations of the affiliate as well as the provision of general company secretarial, management information systems, and administrative services. It also covers treasury services accounting and tax services such as records keeping, billing and collection, order processing, preparation of financial reports and tax return preparation. The shared services operations provide for a centralized delivery of back-office services and are intended to manage costs through the sharing of facilities and equipment and the standardization of business processes for greater efficiency especially on compliance matters.

Under this arrangement, the Company is paid a monthly service fee which take into consideration the fully allocated or distributed costs of the services provided depending whether the serviced company is an inactive company or an operating company.

For a more detailed discussion on these related party transactions, please refer to Note 19 of the Company’s Consolidated Audited Financial Statements for the twelve month period ended 31 December 2020 which forms part of the Appendix of this report.

Item 6. Compensation of Directors and Executive Officers

Each independent and non-executive Director receives a per diem allowance of P25,000.00 for every attendance in regular meetings and special meetings of the Board of Directors, respectively. In addition, the independent and non-executive directors also receive a per diem allowance of P10,000.00 for each Board Committee meeting attended.

DIRECTOR	DIRECTORS' FEES (2019)	DIRECTORS' FEES (2020)	DIRECTORS' FEES (Projected 2021) ¹
Necisto U. Sytengco	Executive Directors do not receive any compensation or per diem by reason of their directorship.		
Gerry D. Tan			
Esmeraldo A. Tepace			
Aylene Y. Sytengco			
Necisto Y. Sytengco II			
Ricardo Nicanor N. Jacinto	Php345,000.00	Php345,000.00	Php300,000.00
Geocel D. Olanday	Php345,000.00	Php375,000.00	Php300,000.00
Roberto F. Anonas, Jr	Php345,000.00	Php350,000.00	Php300,000.00
Helen T. De Guzman	Php160,000.00	Php350,000.00	Php300,000.00

Other than the payment of reasonable per diem allowances as discussed above, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

The total remuneration paid to the President & CEO and the top four highly compensated officers as well as to the other directors and officers as of 31 December 2020 is disclosed in the table herein below provided.

The officers of the Company are covered by appointment letters which describe their responsibilities, compensation package and other conditions of work. Except for the legally mandated benefits for termination of employment or retirement from office, there are no special arrangements for compensation to be paid to executive officers in the event of termination of employment or resignation or change in control of the Company. No options or stock warrants are payable to director and executives.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Others
<ul style="list-style-type: none"> Gerry D. Tan, President & CEO Esmeraldo A. Tepace - EVP & COO Aylene Y. Sytengco - Chief Financial Officer & Treasurer Necisto Y. Sytengco II -SVP Marketing Operations & Assistant Treasurer Aileen G. Codamon - AVP Accounting Head / Controller 	Projected 2021	7,182,500	276,944	3,050,102
	Actual 2020	5,804,458	203,773	3,853,360
	Actual 2019	4,497,651	188,818	3,348,904
	Actual 2018	4,069,522	164,281	2,440,208
All other officers and directors as a group unnamed	Projected 2021	2,367,300	51,144	952,912
	Actual 2020	1,179,633	32,731	977,747
	Actual 2019	976,887	19,096	11,243
	Actual 2018	1,143,594		287,345

¹ Based on 8 scheduled board meetings and 10 committee meetings

Item 7. Independent Public Accountants

- (a) Having considered the adequacy of its resources and experience, the Board of Directors has recommended the re-appointment of the accounting firm of Punongbayan & Araullo as external auditor of the Company for the financial year 2021.

The firm has been the Company's independent auditors since 2013. The Company's Audit and Risk Oversight Committee (composed of Ms. Helen T. De Guzman, Independent Director as Chairman, Mr. Geocel D. Olanday, Independent Director, Mr. Roberto F. Anonas, Jr, Independent Director, Mr. Ricardo Nicanor N. Jacinto, Non-Executive Director, and Ms. Aylene Y. Sytengco, Executive-Director, as members) has satisfied itself of the suitability of the Punongbayan & Araullo to meet the audit requirements of the Company for financial year 2021 and has recommended their re-appointment as external auditors of the Company

- (b) Mr. Anthony L. Ng, a partner in the Audit and Assurance Division of Punongbayan & Araullo is the audit engagement and signing partner assigned to handle the account of the Company and its subsidiaries since FY 2018.
- (c) Representatives of the firm for the current year and for the most recently completed fiscal year will be expected to be present at the Annual Meeting of Stockholders to be held on 25 June 2021 and they will have the opportunity to make a statement, if they so desire, and are expected to be available to respond to appropriate questions.
- (d) Punongbayan & Araullo has been the Independent Accountants/external auditor of the Company since 2013. For the three most recent fiscal years, there was no instance where the Company's external auditor resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure with the said external auditor.

Audit and audit related fees

The aggregate fees paid, inclusive of the value added tax and out of pocket expenses, for each of the last three (3) financial years for professional services rendered by the external auditor as approved by the Audit and Risk Oversight Committee are as follows:

	FY 2018	FY 2019	FY 2020
Fees for Audit & Audit Related Services	P 1,300,000.00	P 1,415,000.00	P 1,345,000.00
Fees for tabulation of voting results of the Annual Stockholder's Meeting	50,000.00	50,000.00	50,000.00
Other fees	0	0	0

The Company engaged Punongbayan & Araullo to audit its annual financial statements including its 2 subsidiaries, its disbursements of the IPO proceeds in 2019, agreed upon procedures on the quarterly consolidated condensed financial statements, and agreed upon procedures on the increase in authorized capital stock of its subsidiary in 2019. Punongbayan & Araullo also assisted in the tabulation and validation of votes during the 2020 annual stockholders' meeting. No tax consultancy services were secured from Punongbayan & Araullo for the past three years.

Audit and Risk Oversight Committee Policies and Procedures

The Audit and Risk Oversight Committee ("Committee") of the Company makes recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement. Prior to the appointment of the external auditor,

the Committee meets with the external auditor to review and discuss the nature and scope of its audit program for the Company as well as to evaluate and determine the expenses and fees for the audit and other related work. Subject to shareholder approval, the Company will appoint the external auditors to audit the Company. The Committee review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results before they are submitted for the consideration and approval of the Board of Directors.

Item 8. Compensation Plans

There are no existing or planned stock options. No action is to be taken at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 9. Authorization or issuance of securities other than for exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

- (a) The following financial reports and related documents are herewith attached as Appendix 1.
- (i) Statement of Management's Responsibility for Consolidated Financial Statements of the Company and its Subsidiary as of December 31, 2020 and 2019.
 - (ii) Report of Independent Auditors
 - (iii) Consolidated Financial Statements as of December 31, 2020 and 2019 and Notes to Consolidated Financial Statements
 - (iv) Report of Independent Auditors to Accompany Supplementary Information Required by the SEC to be filed separately from the Basic Financial Statements
 - (v) Supplementary Schedules to Consolidated Financial Statements as of December 31, 2020. (Annex 68-J, SRC Rule 68)
 - (vi) Report of Independent Auditors on Components of Financial Soundness Indicators
 - (vii) Supplemental Schedule of Financial Soundness Indicators December 31, 2020 and 2019.
 - (viii) Interim Condensed Consolidated Financial Statements (Unaudited) as of March 31, 2021 and 2020 and Notes to Financial Statements
 - (ix) Supplementary Schedules to Interim Condensed Consolidated Financial Statements as of March 31, 2021 (Annex 68-J, SRC Rule 68)
 - (x) Management Discussion and Analysis of Financial Condition and Results of Operations as of March 31, 2021 as compared with the financial condition and results of operations as of March 31, 2020.

(b) Description of the General Nature and Business of the Company and Plan of Operations

SBS Philippines Corporation (the "Company") was incorporated on 17 July 2001 and was formerly known as Sytengco Philippines Corporation. The change to its present name was approved by the SEC on 18

November 2014. On 10 August 2015, the Company became a public company and was admitted to the Main Board of the Philippine Stock Exchange.

As of 31 December 2020, the Company is 65.47% owned by Anesy Holdings Corporation, 10.04% by the directors, officers, employees and affiliates of the Company, and 24.49% by the public. Its registered office address and principal place of business is 10 Resthaven Street, San Francisco Del Monte, Quezon City.

The Company's principal business is in chemical trading and distribution. This business was founded by Mr. Necisto U. Sytengco in the 1970s which begun as a single proprietorship merchandising firm engaged in the import-wholesale trade of chemicals and other products. As its chemical trading business grew, the Sytengco family began setting up large dedicated and strategic distribution and warehousing facilities to better manage the flow of materials, gain economies of scale and have a more leveraged cost structure. By the 1990's, the Company became an important chemical supplier to leading manufacturing businesses.

Currently, the Company provides a one-stop-shop business solution to its customers by offering a comprehensive selection of chemical products to service a wide range of industries: (i) food ingredients, (ii) industrial, (iii) agribusiness, feeds and veterinary care, (iv) pharmaceutical, and (v) personal care and cosmetics. It also provides value-added services to its customers by providing logistics management in sourcing, procuring, warehousing and transporting chemical products and materials. Its highly diversified portfolio of products allows the Company to bundle and combine multiple orders of different products in smaller volumes, providing for a convenient stable source and "one-stop shop" single partner for the various chemical needs of its market customers. Clients are offered a full line of chemical and ingredient products on stock for which they can order in great variety and are programmed for dispatch and delivery in accordance with their requirements.

To create further value for its shareholders and transform the Company beyond its core business of chemical distribution, the Company embarked on a strategy of making investments in property related assets and businesses. This investment strategy will allow the Company to grow and diversify the Company's revenue and earnings streams by exploiting opportunities in the fast-growing real property sector while at the same time counteracting cyclical and volatility in its core chemical trading business.

In 2016, the Company established a wholly-owned subsidiary, SBS Holdings and Enterprises Corporation ("SBS Holdings") which was set up to eventually be the holding company for all real estate investments. Apart from these investments, its other business segments include property management and leasing as well as the distribution and sale of construction materials.

In November 2017, the Company also formed a new subsidiary, Lence Holdings Corporation, with the Company subscribing to a 65% equity interest, 25% by the Corporation's wholly owned subsidiary, SBS Holdings and Enterprises Corporation and 10% by the Sytengco family. The new subsidiary served as the acquisition vehicle for the investment in a warehouse facility complex which will be partly used in the warehouse and distribution operations of the Corporation to serve as a key distribution center for regional market customers south of Metro Manila. Given that SBS customers are looking for savings, the south depot will allow greater opportunities for customers cut down on their logistics and sourcing organization, integrate the Corporation's procurement and logistic capabilities in their business processes, and promote collaborations for supply chain optimization to simplify their operations. The arrangement will also allow the lease or use of the other areas for additional business building projects of SBS group.

In 2018, the Company subscribed to additional shares of its subsidiaries, SBS Holdings and Enterprises Corporation and Lence Holdings Corporation. It also invested 5.5% shareholding interest in Berny Philippines Holdings Corporation.

In 2019, the Company subscribed to additional shares of SBS Holdings and Enterprises Corporation. The Company also continued to acquire minority stakes in companies investing in prime real properties. These investments consist of shareholdings of 25.5% in Smyte Phils. Holdings Corporation and 7.75% in Goldchester Holdings Corporation.

Except as stated in the preceding paragraphs, there has been no other business development such as bankruptcy, receivership or similar proceedings or any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets that is not in the ordinary course of business.

(c) **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussions should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements of the Company as of and for the period 31 March 2021 (with comparative figures as of 31 December 2020 and for the period ended 31 March 2020).

Results of Operations (1Q 2021 versus 1Q 2020)

SBS Philippines Corporation (“SBS” or the “Company”) and its subsidiaries generated sales of P174.1 million in the first three months of 2021, down by 38% compared to previous year comparable period of P283.4 million with lower volume sales in feed ingredients and other veterinary inputs. For 1st quarter 2021, the feeds and other veterinary and agricultural inputs accounts only for 23% share in the total revenue of the Company as compared to 37% in the same period in 2020.

The Company posted a 29% decline in its gross profit in the first three months of 2021 compared to 1st quarter of 2020 as a result of lower sales volume but partially compensated with improvement in gross margin by 4.6 percentage points due to favorable product mix and stable prices.

Operating profit on a consolidated basis declined by 19.8% from P42.1 million to P33.8 million on comparable period year on year with the Group incurring lower operating expenses due to limited business activities. Meanwhile, equity in net losses of associates increased from P9.6 million in 1st quarter 2020 to P21.3 million for the first three months of 2021. With lower currency gain posted during the 1st quarter 2021, the net finance cost increased by P8.7 million from P20.2 million to P29.0 million even if the interest payment for the quarter had slightly decreased due to lower amount of outstanding loan as compared to the same quarter of the prior year. The net loss for the period amounted to P20.8 million versus a net profit of P6.4 million registered for 2020 comparable period.

Material Changes to the Statement of Comprehensive Income for the three months ended 31 March 2021 compared to the Statement of Comprehensive Income for the three months ended 31 March 2020.

Sales for the period decreased by P109.3 million from P283.4 million in 2020 to P174.1 million in 2021. The revenue in core chemical business declined by 36.7% from P275.2 million in 2020 to P174.1 million in 1st quarter 2021 significantly affected by the African Swine Flu that hit the swine industry in Luzon and the prevailing community quarantine that limit the business activities in non-essential industries. Meanwhile, no revenue from consultancy services during the 1st quarter of 2021 as compared to P8.2 million in 1st quarter of 2020.

Cost of goods sold decreased by 42.1% or P81.1 million in the first three months of 2021, from P192.5 million in 2020 comparable period to P111.3 million in 2021, reflecting the decrease in sales volume, favorable product mix and lower average import cost for the quarter due to stronger peso currency. Meanwhile, no cost of services incurred by the Group during the period as compared to P1.9 million in the same period of 2020.

Gross profit from operations decreased by P26.2 million from P89.0 million posted in 2020 to P62.7 million in 2021, although the percentage gross margin improved by 4.6 percentage points. Other operating expenses decrease by 18.9% or P9.0 million to P38.8 million in 2021 from P47.8 million posted in 2020 as the Group scale down on advertising and promotions and defer non-essential spending due to limited business activities.

Equity in net losses of an associate increased to P21.3 million in 2021 as compared to P9.6 million in the same period of 2020 due to increase in interest payments serviced by the associate companies as they completed the acquisition of certain properties in 2020 funded by long term loans.

In the first three months of 2021, the net finance cost incurred increased by P8.7 million due to lower unrealized foreign currency gain recorded for the period as compared to the prior year.

For the first quarter of 2021, the Group incurred a Net Loss of P20.8 million with a loss of P16.4 million from continuing operations and P4.4 million loss incurred from discontinued operations. In the same period of 2020, the Group posted a Net Profit of P6.4 million with a net profit of P9.9 million from continuing operations while incurring a net loss of P3.5 million from discontinued operations.

Material Changes to the Statement of Financial Position as at 31 March 2021 Compared to the Statement of Financial Position as at 31 December 2020

Assets

As at 31 March 2021, total assets on consolidated basis reached P8,513.8 million, consisting of P2,282.7 million in current assets, P5,683.0 million in non-current assets and P548.1 million in asset held for sale. As at 31 December 2020, total assets reached P8,770.5 million, consisting of P2,516.0 million in current assets, P5,703.3 million in non-current assets and P551.2 million in asset held for sale.

Cash in banks decreased by 42.8% from P238.4 million in 2020 to P136.3 million in 2021. For the first three months ended 31 March 2021, a total collection of P161.2 million were received comprising of P157.6 million from operations and P3.6 million gain in foreign exchange rate. Against this, a total of P263.3 million in disbursement were made consisting of the following: P217.0 million for settlement of loan; P29.7 million for interest payment, P9.7 million for acquisition of property and equipment and P6.9 million for payment of lease liabilities.

Trade and other receivables decreased by 13.3% from P723.9 million in 2020 to P627.6 million in 2021 with the collection of the receivables.

Inventory level decreased by P32.3 million or 3.6% from P894.5 million in 2020 to P862.2 million in 2021 as the stock replenishments are delayed by tight shipping container availability from most of our supplier's country of origin.

Prepayments and other current assets decreased by P2.6 million from P659.3 million in 2020 to P656.7 million as of March 31, 2021 with reduction in input VAT asset.

Investments in associates decreased to P2,884.0 million in the first quarter of 2021 from P2,905.3 million in December 31, 2020 which corresponds to the equity net losses amounted to P21.3 million incurred by the Group on its investments in the associate companies.

Carrying cost of property and equipment increased by P8.3 million or 64.2% to P21.2 million in 2021 from P12.9 million in 2020 as a result of additional acquisition of property and equipment in the amount of P9.7 million and partially offset by depreciation expense of P1.4 million during the period.

Investment properties and Other non-current assets remains the same as at March 31, 2021 and December 31, 2020.

Liabilities

The total liabilities as at 31 March 2021 amounted to P2,158.3 million, comprising of P1,973.7 million in current liabilities, P182.8 million in non-current liabilities and P1.9 million in liabilities attributable to assets held for sale. For 31 December 2020, the total liabilities amounted to P2,394.2 million comprised of P2,043.9 million in current liabilities, P349.8 million in non-current liabilities and P0.5 million in liabilities attributable to assets held for sale.

Current loans payable decreased by 2.8% or P50.8 million from P1,840.1 million in 2020 to P1,789.3 million as of 1st quarter 2021 with additional reclassification of P166.2 million in the current portion of the long term debt offset with total settlement of P217.0 million made during the period.

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 an outstanding balance of P833 million of which P667 million is reflected as part of the current liabilities and P166 million under non-current liability.

Total equity

The total equity as at 31 March 2021 was P6,355.5 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,784.6 million in retained earnings, gross of the P4.1 million revaluation reserves and 782.1 million non-controlling interest in the subsidiaries. As of 31 December 2020, the total equity was P6,376.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,800.5 million in retained earnings, gross of P4.1 million revaluation reserves and P787.1 million non-controlling interest in a subsidiary.

Retained earnings decreased by P15.9 million from P1,800.5 million in 2020 to P1,784.6 million in 2021 on account of current period loss of P15.9 million attributable to Company shareholders.

Liquidity and Capital Resources

Net cash flows from operating activities

As at March 31, 2021, the cash flows from operating activities resulted to a net inflow of P157.6 million. The cash collection results from operating profit, decrease in inventories, prepayments, trade and other receivables and partially offset by decrease in trade and other payables.

Net cash flows from investing activities

The cash flow in investing activities resulted to a net outflow of P9.6 million mainly due to acquisition of property and equipment.

Net cash flows used in financing activities

The cash flow from financing activities resulted in a net outflow of P253.6 million. The cash outflow mainly comprised of loan settlement, interest payment and payment of lease liabilities.

The following discussions should be read in conjunction with the 2020 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2020 (with comparative figures as of 31 December 2019).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2020 compared to the Statement of Comprehensive Income for the year ended 31 December 2019.

Sales revenue for the period decline by 24.3% from P1,261.0 million in 2019 to P954.0 million in 2020. The COVID 19 pandemic and the resulting community quarantine for several months has negatively affected the sales of industrial chemicals and to some extent the food ingredients business. In addition, the African Swine Flu that impacted the swine industry in Luzon had affected the sales of animal feed ingredients of the Company in 2020. Meanwhile, the Company has seen increase in sales pharmaceutical ingredients and raw materials for the home care industries.

Cost of goods sold decreased by P251.0 million or 28.3%, from P885.2 million in 2019 to P634.2 million in 2020. The decrease in cost of goods is primarily due to decline in sales volumes across several industries. Meanwhile, the cost of services incurred in 2020 by the Group amounted to P0.6 million as compared to P2.4 million in 2019.

Gross profit declined by P54.3 million or 14.5% from P373.4 million in 2019 to P319.1 million in 2020. The decrease in sales revenue and decline in service income contributed to the decrease in gross margin for the year.

Other operating expenses decreased by 26.7 % or P62.0 million from P232.3 million in 2019 to P170.3 million in 2020. P37.3 million of this reduction was due to decrease in taxes and licenses paid by the Company since it incurred a one-time expense in 2019 in relation to the filing fee of P23.8 million paid by its subsidiary for its application to increase its authorized capital stock. Expenses related to the Group's operation decrease by P24.7 million as a result of lower business activities for the year.

Other operating income increase by P1.6 million or 4.3% from P37.5 million in 2019 to P39.1 million in 2020 with increase in its various management services.

With significant reduction in operating expenses, the Group registered an increase in operating profit by P9.2 million or 5.2% from P178.6 million in 2019 to P187.9 million in 2020.

Finance charges dropped by P11.1 million from P135.0 million in 2019 to P123.9 million in 2020 with declining interest rate on short term loans and lower level of outstanding debt in 2020 as compared to prior year. Meanwhile, finance income declined by P14.6 million from P21.4 million in 2019 to P6.8 million in 2020. Consequently, the Group registered a net finance expense of P117.1 million in 2020 from P113.6 million in 2019.

In 2020, the Group's Equity investment registered a net gain of P674.8 million on the account of one-time gain contributed by an associate as a result of its disposal of an investment property. This compared to a net loss of P19.8 million in 2019 mainly due to the Group's share in the organization costs, interest payments, taxes and licenses of the associate companies.

The Company sold certain investment properties in 2019 resulting in gain on sale of investment properties amounted to P2.5 million. There was no similar transaction in 2020.

The Group's income tax expenses increase by P23.3 million from P6.8 million credit in 2019 to P30.1 million tax expense in 2020. Consequently, net profit from continuing operations increase by P674.6 million from P41.0 million in 2019 to P715.5 million in 2020.

Net loss after tax from discontinuing operations slightly decrease from P16.0 million in 2019 to P15.4 million in 2020. Consolidated net profit for the year increased from P25.0 million in 2019 to P700.2 million in 2020 due to significant contribution of equity in net income of associates to the consolidated result of the Group.

Material Changes to the Statement of Financial Position as at 31 December 2020 compared to the Statement of Financial Position as at 31 December 2019.

Assets

As at 31 December 2020, total assets reached P8,770.5 million, consisting of P2,516.0 million in current assets, P5,703.3 million in non-current assets and P551.2 million in asset held for sale. As at 31 December 2019, the 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 39.7% or P157.2 million from P395.6 million in 2019 to P238.4 million in 2020. For the period, total cash collection amounted to P502.0 million and was received from the following: P500.4 million generated from operating activities; P1.1 million on foreign exchange effect and P0.5 million of interest received. Against such collections, the cash disbursements or settlements made for the period totaled P659.2 million, comprised of the following: P400.0 million in loan repayments; P119.7 million in interest payments for bank loans and bank trust receipts; P107.5 million in investments in associates; P27.0 million for payment of lease liabilities; P4.1 million for acquisition of property and equipment; and P0.9 million for acquisition of computer software.

Trade and other receivables decreased by P91.7 million from P815.6 million in 2019 to P723.9 million in 2020

The inventory level went down by P109.9 million or 10.9% from P1,004.3 million in 2019 to P894.5 million in 2020 as a result of lower volume of importation for stock replenishment in light with a decrease in market demand from the customers.

Prepayments and other current assets increased by P563.1million to P659.3 million in 2020 from P96.2 million in 2019 as certain non-current asset held by the Group in the previous year is expected to be refunded in the next 12 months on the account of cancellation of the intended transaction due to unfavorable result of the due diligence of the property. Consequently, other non-current assets in 2020 decreased by P763.5 million to P2,105.5 million in 2020 from P2,869.0 million in 2019 mainly due to the reversal of the deposit previously held as non-current asset.

Investment in associates grew by P782.3 million or 36.8% from P2,123.0 million in 2019 to P2,905.3 million in 2020 as a result of net equity gain of P674.8 million and additional new investments made in shares of associate companies made by the Group amounting to P107.5 million.

Property and equipment value decreased by P79.7 million to P12.9 million in 2020 from P92.6 million in 2019, as a result of P15.5 million as depreciation of the assets and P68.3 million for reclassification of the asset held for sale, while partially offset by addition of P4.1 million of asset purchase.

In 2019, the Group adopted PFRS 16, Leases, which resulted in changes in the accounting of lease transactions. Right-of-use asset decrease by P41.6 million from P93.1 million in 2019 to P51.5 million in 2020 consisting of P25.6 million in depreciation and amortization while P16.1 million has been reclassified into short term lease.

Investment properties decreased by P309.2 million to P625.7 million in 2020 from P934.9 million in 2019 due to Company subsidiary's depreciation charges on its investment property amounting to P5.8 million, and reclassification of its subsidiary's property as asset held for sale in the amount of P303.4 million.

Net deferred tax asset from continuing operations decreased by P21.2 million from P23.6 million in 2019 to P2.4 million in 2020.

Liabilities

The total liabilities as at 31 December 2020 amounted to P 2,394.2 million comprised of P2,043.9 million in current liabilities P349.8 million in non-current liabilities and P0.5 million liabilities attributable to assets held for sale. For 31 December 2019, the total liabilities was at 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 13.7% or P222.4 million from P1,617.8 million in 2019 to P1,840.1 million in 2020 due to 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 P333 million.

Trade and other payables increased by P39.4 million to P177.7 million in 2020 from P138.3 million in 2019 mainly due to increase in trust receipts payable.

Lease liabilities decreased by P18.1 million from P44.1 million in 2019 to P26.0 million in 2020 comprising of P27.0 million in lease payment and partially offset with P6.7 million in additional lease liabilities and P2.1 million of interest accretion.

There is no income tax payable outstanding for December 31, 2020, and for December 31, 2019.

Post-employment defined benefit obligation increased by 44.0% or P2.7 million from P6.3 million in 2019 to P9.0 million in 2020 on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2020 was P6,376.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,800.5 million in retained earnings gross of P4.1 million revaluation reserves and P787.1 million of non-controlling interest. For the period ended 31 December 2019, total equity 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 increased by P708.7 million from P1,091.8 million in 2019 to P1,800.5 million in 2020. Meanwhile, the Non-controlling interest decrease by P8.5 million from P795.6 million in 2019 to P787.1 million in 2020 as attributed from the Group's consolidated net income of P700.2 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2020 cash flows from operating activities resulted to a net inflow of P500.4 million. The cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in inventories and increase in trade and other payables, decrease in prepayments, increase in trade payables and partially offset by income tax payment.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P112.0 million. The cash balance decreased on account of the investments in shares of associate companies, additional acquisition of equipment and computer software, while partially offset by interest income earned from short term placement.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net outflow of P546.7 million. The cash outflow was due to the settlement of bank loan, interest payment and payment of lease in 2020.

The following discussions should be read in conjunction with the 2019 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2019 (with comparative figures as of 31 December 2018).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2019 compared to the Statement of Comprehensive Income for the year ended 31 December 2018.

Sales revenue for the period grew by 7.5% from P1,172.8 million in 2018 to P1,261.0 million in 2019. The increase is contributed by higher sales volume in raw material ingredients for animal feeds, industrial chemicals and the home care industries.

Cost of goods sold increased by P102.1 million or 13.0%, from P783.1 million in 2018 to P885.2 million in 2019. The increase in cost of goods is primarily due to increases in sales volumes as well as destination charges of imported raw materials, and depreciation of Philippine Peso currency against the US Dollar in the 2nd half of 2019. Meanwhile, the cost of services incurred in 2019 by the Group amounted to P2.4 million which was around the same level as that of 2018.

Gross profit declined by P13.9 million or 3.6% from P387.3 million in 2018 to P373.4 million in 2019. A combination of higher average import costs and a decline in service income contributed to the decrease in gross margin for the year.

Other operating expenses increased by 34.2 % or P65.0 million from P190.2 million in 2018 to P255.1 million in 2019. P8.3 million of the increase was due to a rise in taxes and licenses paid by the Company, while another P7.7 million was accounted for by an increase in the Company's various operational expenses. Meanwhile, the Company's subsidiary incurred a one-time expense of P23.8 million as filing fee on its increase in authorized capital stock and P22.8 million increase in organization expense as it ramped up its manpower and marketing activities. On the other hand, other operating income increased by P22.1 million from P15.4 million in 2018 to P37.5 million in 2019 due to increase in management services revenue generated by Company subsidiary, SBS Holdings.

Finance charges dropped slightly by P1.4 million from P136.4 million in 2018 to P135.0 million in 2019 with the stable interest rate on short term loans in 2019. Meanwhile, finance income declined by P10.8 million from P32.2 million in 2018 to P21.4 million in 2019. Consequently, the Group registered a net finance expense of P113.6 million in 2019 from P104.1 million in 2018.

In 2019, the Group's Equity investment registered a net loss of P19.8 million mainly due to the Group's share in the organization costs, interest payments, taxes and licenses of the associate companies. This compared to a net gain of P97.5 million in 2018 on the account of one-time gain contributed by an associate as a result of its disposal of an investment property.

The Company sold certain investment properties in 2019 resulting in gain on sale of investment properties amounted to P2.5 million compared to P1.0 gain achieved in 2018.

The Group's income tax expenses declined by P31.4 million from P31.3 million in 2018 to P0.07 million credit in 2019 due to losses incurred at Company's subsidiaries.

Consolidated net profit declined from P175.6 million in 2018 to P25.0 million in 2019 as a result of decrease in operating profit for the Group, and a loss incurred on investment in associates in 2019 compared to positive contribution of the investment in associates in 2018.

Material Changes to the Statement of Financial Position as at 31 December 2019 compared to the Statement of Financial Position as at 31 December 2018.

Assets

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. As at 31 December 2018, the total assets registered P7,376.5 million consisting of P4,035.1 million in current assets and P3,341.4 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. For the period, total cash collection amounted to P2,375.6 million and was received from the following: P1,045.0 million cash from bank loan availment; P731.0 million proceeds from issuance of subsidiary shares; P244.7 million proceeds from redemption of investment securities; P193.1 million generated from operating activities; P139.2 million settlement from related party; P15.9 million

interest earned on short term bank placements; and P6.7 million net proceeds from disposal of investment property. Against such collections, the cash disbursements or settlements made for the period totalled P3,219.8 million, comprised of the following: P1,319.8 million for various prepayment for investment and asset acquisition; P850.0 million in loan repayments; P842.6 million in investments in associates; P122.7 million as interest payments on short term and long term bank loans and secured bank trust receipts; P43.0 million for payment of lease liabilities; P34.1 million as payment for cash dividend; P4.2 million in unrealized foreign exchange loss; P1.9 million for acquisition of property and equipment; and P1.5 million for acquisition of computer software.

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.

Prepayments and other current assets decreased by P698.7 million to P96.2 million in 2019 from P794.9 million in 2018 as previous year prepayments are now part of the non-current assets of the Group. Meanwhile, other non-current assets in 2019 increased by P2,090.1 million to P2,869.0 million in 2019 from P778.9 million in 2018 on the account of deposits for asset acquisitions by the subsidiaries in relation to their respective purchases of certain investment properties which will be deducted from the total purchase price of these investment properties as well as deposits for future subscription made by the Group in certain affiliates that are yet to be completed or executed.

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.

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.

In 2019, the Group adopted PFRS 16, Leases, which resulted in changes in the accounting of lease transactions. Prior to 2019, lease payments were treated as rent expense. Upon adoption of this standard, right-of-use assets are recognized in view of the right obtained by the Group to use the leased facilities. As of December 31, 2019, the carrying amount of right-of-use assets amounted to P93.1 million.

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.

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.

Liabilities

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. For 31 December 2018, the total liabilities was at P2,420.8 million comprised of P1,336.9 million in current liabilities and P1,083.8 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 availment 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.

Lease liabilities amounting to P44.1 million, including current portion of P24.8 million, were recognized as of December 31, 2019 in relation to the adoption in 2019 of PFRS 16 representing the present value of future lease payments throughout the expected lease period.

There is no income tax payable outstanding for December 31, 2019 as compared to the income tax payable outstanding as of December 31, 2018 is P7.3 million.

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.

Total equity

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. For the period ended 31 December 2018, total equity was P4,955.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,107.2 million in retained earnings gross of P2.6 million revaluation reserves and P58.3 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.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2019 cash flows from operating activities resulted to a net inflow of P193.1 million. The cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in inventories and increase in trade and other payables, partially offset by prepayments and other assets.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P1,898.5 million. The cash balance decreased on account of the investments in shares of several associate companies, deposits for investments and asset acquisitions by the group, additional acquisition of equipment, partially offset by cash dividends received from HTM securities held and interest income earned from short term placement, and the net proceeds from disposal of investment properties and investment securities.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net inflow of P865.4 million. The major inflows comprised of proceeds from issuance of shares by a subsidiary, bank loan availment and payment received from related parties while cash outflows was due to the settlement of bank loan, interest payment, payment of lease liabilities and cash dividend paid to shareholders in 2019.

The following discussions should be read in conjunction with the 2018 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2018 (with comparative figures as of 31 December 2017).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2018 compared to the Statement of Comprehensive Income for the year ended 31 December 2017.

Sales for the period grew by 6.6% from P1,100.3 million in 2017 to P1,172.8 million in 2018. The increase is contributed by higher volume sales and price increase in raw material ingredients for animal feeds, recovery of industrial chemical volume, and higher consultancy income of subsidiary.

The cost of goods sold increased by P32.7 million or 4.4%, from P750.4 million in 2017 to P783.1 million in 2018. The increase in cost of goods is primarily due to increase in volume sales and depreciation of Philippine Peso currency against the US Dollar in 2018 which is the main currency of transaction for imported chemical materials. Meanwhile, the cost of services incurred in 2018 by the Group amounted to P2.4 million as compared to P3.2 million in 2017.

Gross profit increased by P40.6 million or 11.7% from P346.7 million in 2017 to P387.3 million in 2018. Combination of higher volume growth and lower import cost achieved in the 1st half of 2018 are the main drivers of improve gross margin for the year.

Other operating expenses increased by 17.1 % or P27.8 million from P162.4 million in 2017 to P190.2 million in 2018 of which P22.3 million are operating expenses incurred in Company's subsidiary, Lence Holdings, with its acquisition of a warehouse facility complex in 2018, and which were not part of the 2017 operating expenses of the Group. Meanwhile, other operating income increased by P9.9 million from P5.6 million in 2017 to P15.4 million in 2018 as a result of new management services provided by Company subsidiary, SBS Holdings, to the affiliate companies in line with the diversification plan of the Group.

Finance charges increased by P64.6 million from P71.8 million in 2017 to P136.4 million in 2018 on account of long term debt availment by the Group to partially finance its diversification program and increase in interest rates on trust receipts and short term loans for its working capital. Meanwhile, finance income declined by P2.4 million from P34.7 million in 2017 to P32.2 million in 2018. Consequently, the Group registered a net finance expense of P104.1 million in 2018 from P37.1 million in 2017.

In 2018, the Group's Equity in net gain of associates registered P97.5 million on the account of one-time gain contributed by an associate as a result of its disposal of an investment property in 2018. This compared to 2017 which incurred a net loss of P15.8 million mainly due to the investments in shares in eleven (11) associate companies, reflecting share in the organization costs, interest payments, taxes and licenses expense of the associate companies.

Also, the Company sold certain investment properties in 2018 resulting in gain on sale of investment properties amounted to P1.0 million. No similar transaction was recorded in 2017.

The income tax expenses declined by 12.2% or P4.4 million from P35.7 million in 2017 to P31.3 million in 2018 as a result of higher finance cost incurred by the Group for the year.

Net profit increased from P101.3 million in 2017 to P175.6 million in 2018 as a result of improved gross margin in the chemical distribution business and the positive contribution of equity in net income of associates, tapered off by the increased finance cost incurred for the year.

Material Changes to the Statement of Financial Position as at 31 December 2018 compared to the Statement of Financial Position as at 31 December 2017.

Assets

As at 31 December 2018, total assets reached P7,376.5 million, consisting of P4,035.1 million in current assets and P3,341.4 million in non-current assets. As at 31 December 2017, the total assets registered P7,377.7 million comprising of P5,449.8 million in current assets and P1, 927.8 million in non-current assets.

Cash in banks decreased by 47.6% or P1,128.3 million from P2,368.1 million in 2017 to P1,239.8 million in 2018. For the period, total cash collection amounted to P3,064.4 million and was received from the following: P1,300.0 million cash from bank loan availment; P1,677.7 million settlement from related party; P54.3 million proceeds from issuance of subsidiary shares; P28.3 million interest earned on short term bank placements; P3.1 million net proceeds from disposal of investment property; and P1.0 million as foreign exchange gains. Against such collections, the cash disbursements or settlements made for the period totalled P4,192.7 million, comprised of the following: P1,450.0 million in loan repayments; P775.0 million deposit made on behalf of an associate; P772.8 million for various prepayment for investment and asset acquisitions; P472.5 million used in operating activities; P320.3 million in acquisition of investment property; P136.8 million in investment in associates; P133.0 million as interest payments on short term and long term bank loans and secured bank trust receipts, ; P99.8 million for acquisition of property and equipment; P26.4 million as payment for cash dividend; and P6.1 million for acquisition of computer software.

Trade and other receivables decreased by P915.6 million from P1,840.4 million in 2017 to P924.8 million in 2018 after payment received by Company from an affiliate in 2018.

The inventory level went down by P1.95million or 0.2% from P1,077.5 million in 2017 to P1,075.6 million in 2018 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.

Prepayments and other current assets increased by P631.1 million to P794.9 million in 2018 from P163.8 million in 2017 on account of refundable deposit made by the Company to a certain related party in relation to a memorandum of agreement executed in 2018 which may be refunded upon the performance of certain conditions which is expected to be within 12 months from the end of the reporting period; prepaid expenses, and input VAT credits. Meanwhile, other non-current assets in 2018 increased by P671.9 million to P778.9 million in 2018 from P107.0 million in 2017 on the account of deposits for asset acquisitions by the subsidiaries in relation to their respective purchases of certain investment properties which will be deducted from the total purchase price of these investment properties; and deposits for future subscription made by the Group in certain affiliates that are yet to be completed or executed.

Investment in associates grew by P341.4 million or 37.3% from P915.6 million in 2017 to P1,257.0 million in 2018 as a result of additional new investments made in shares of nine (9) associate companies and net equity gain of associates realized in 2018.

Property and equipment value increased by P84.8 million to P106.0 million in 2018 from P21.2 million in 2017, net of depreciation, due to the acquisition by Company subsidiary of investment property that includes warehouse facility and equipment.

Investment properties increased by 312.9 million to P944.9 million in 2018 from P632.0 million in 2017 with the acquisition by Company subsidiary of investment property amounting to P320.3 million, gross of the depreciation charges amounting to P5.3 million, and the Company disposal of investment asset with book value of P2.1 million.

Deferred tax asset increased by 41.6% or P3.0 million from P7.3 million in 2017 to P10.3 million in 2018. This was mainly due to deferred tax recorded by the subsidiary on account of net loss incurred for the year.

Liabilities

The total liabilities as at 31 December 2018 amounted to P 2,420.8 million comprised of P1,336.9 million in current liabilities and P1,083.8 million in non-current liabilities. For 31 December 2017, the total liabilities was at P2,626.4 million comprised of P661.1 million in current liabilities and P1,965.3 million in non-current liabilities.

Current loans payable increased by 130.5% or P737.3 million from P565.0 million in 2017 to P1,302.3 million in 2018 due to availment 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 P1,073.2 million.

Trade and other payables decreased by 69.2% or by P61.6 million to P27.4 million in 2018 from P89.0 million in 2017 mainly due to settlement of trust receipts payable.

Income tax payable outstanding as of December 31, 2018 is P7.3 million refers to the balance of the year income tax due for payment on 15 April 2019.

Post-employment defined benefit obligation has declined by 31.8% or P2.62 million from P8.25 million in 2017 to P5.63 million due to contributions paid by the Company and on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2018 was P4,955.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,107.2 million in retained earnings gross of P2.6 million revaluation reserves and P58.3 million of non-controlling interest. For the period ended 31 December 2017, total equity was P4,751.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P956.3 million in retained earnings gross of P3.5 million revaluation reserves and P5.6 million of non-controlling interest.

Retained earnings increased from P956.3 million in 2017 to P1,107.2 million in 2018. This is attributed to the net income of P177.2 million realized for the current period, gross of non-controlling interest loss and less the cash dividend distributed in the amount of P26.4 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2018 cash flows from operating activities resulted to a net outflow of P472.5 million. The cash receipts were mainly used for inventory purchases and refundable deposit in relation to a memorandum of agreement executed in 2018.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P1,304.4 million. The cash balance decreased on account of the investments in shares of several associate companies, acquisition of investment properties by a subsidiary, deposits for investments and asset acquisitions by the subsidiaries, additional acquisition of equipment, partially offset by cash dividends received from HTM securities held and interest income earned from short term placement, and the net proceeds from disposal of investment properties.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net inflow of P647.6 million. The major inflows comprises of bank loan availment, payment received from related parties and proceeds from issuance of shares by a subsidiary while cash outflows was due to the settlement of bank loan, and interest payments.

KEY PERFORMANCE INDICATORS

SBS Philippines Corporation and Subsidiaries

Schedule of Financial Indicators for December 31, 2020, 2019 and 2018

	2020	2019	2018
Liquidity Ratio ¹	123.1%	129.8%	301.8%
Debt to Equity Ratio ²	37.5%	48.8%	48.8%
Asset to Equity Ratio ³	137.5%	148.8%	148.8%
Return on Assets ⁴	8.0%	0.3%	2.4%
Return on Equity ⁵	11.0%	0.4%	3.6%
Interest rate coverage ratio ⁶	6.90	1.24	2.29
Earnings per Share ⁷	PHP 0.46	PHP 0.01	PHP 0.11

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets

^{5/} Net Income over Average Equity

^{6/} Earnings before interest and taxes (EBIT) divided by Interest expense

^{7/} Net Income over Weighted Average Number of Common Outstanding Shares

Key Performance Indicators (31 March 2021 versus 31 March 2020)

	2021	2020
Liquidity Ratio ¹	115.7%	123.3%
Debt to Equity Ratio ²	34.0%	48.8%
Asset to Equity Ratio ³	134.0%	148.8%
Return on Assets ⁴	-0.2%	0.1%
Return on Equity ⁵	-0.3%	0.1%
Cost to Income Ratio ⁶	22.3%	16.9%
Interest Cost Coverage Ratio ⁷	28.1%	143.3%
Earnings per Share ⁸	(PHP 0.01)	PHP 0.01

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets

^{5/} Net Income over Average Equity

^{6/} Cost and Expenses over Revenues

^{7/} EBIT over Interest Expense

^{8/} Net Income over Weighted Average Number of Common Outstanding Shares

Other qualitative and quantitative factors

- (i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

In light of the reimposition of enhanced community quarantine (ECQ) implemented in National Capital Region from March 29, 2021 until April 11, 2021 and modified enhanced community quarantine (mECQ) until May 14, 2021, the Company had to adapt work process and schedule decreasing the productivity level. The impact on sales revenue due to reduction of swine population in Luzon is still affecting the sales revenue of the Company. Based on the risk assessment of the scenarios analyzed by the Company, the projection showed that the Company has liquidity to cope with the current situation. At of this date, the Company is not in default of any financial obligations. The Company has complied with the existing loan covenants and restrictions as of 31 March 2021.

- (ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

- (iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

None

- (iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures

The Company is spending up to P50 million in capital expenditure for 2021 in line with its strategic plan to consolidate warehouse operations and the use of renewable energy. This will be funded by internally generated cash from its business operation and/or disposal of non-strategic assets.

- (v) Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.

The Company's sales revenue had declined from the 4th quarter of 2020 due to the African Swine Flu that affected the swine population in Luzon and continue to prevail as of this date. This is projected to affect negatively the result of the Company during the 1st half of 2021.

The logistic costs of the imported chemical products are increasing due to limited availability of shipping containers and will result in higher landed cost that is expected to decrease the gross margin of the Company if unable to pass these increasing cost to the customers in the 2nd half of 2021.

- (vi) Any significant elements of income or loss that did not arise from continuing operations.

The Group posted a net loss after tax from discontinued operations of P4.4 million in the 1st quarter 2021.

- (vii) Seasonal aspects that had material effect on the financial condition or results of operations.

For some end markets served by the Company, there is a pronounced cyclicity in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicity creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicity of specific industries.

(a) Market price of and dividends

(i) Market Information

The Company was admitted to the Main Board of the Philippine Stock Exchange on 10 August 2015 and its shares listed and traded on the Philippines Stock Exchange (PSE).

The following are the high and low sales prices for the Company's Common Shares SBS for the following quarterly periods:

	<u>2018</u>		<u>2019</u>				<u>2020</u>				<u>2021</u>
(In ₱)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Low	7.68	6.60	7.41	8.51	8.97	8.25	5.40	4.81	3.94	4.10	4.20
High	8.70	8.00	9.03	9.70	9.56	9.36	9.44	5.98	5.07	6.55	5.60

Source: Philippine Stock Exchange

The closing price as of March 31, 2021, being the Latest Practicable Trading Date, is 4.25.

(ii) Holders

As of 31 March 2021, the total number of registered stockholders based on the records of the Company's Stock and Transfer Agent is eleven (11)².

The following are the top registered shareholders of the Company as of the period:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. PCD Nominee Corporation (Filipino)	1,452,387,206	93.702%
2. Necisto U. Sytengco ³	86,907,300	5.607%
3. PCD Nominee Corporation (non-Filipino)	10,319,781	0.666%
4. Aylene Y. Sytengco	380,911	0.025%
5. Haidee A. Generoso &/or Sandy Edward A. Generoso	4,240	nil
6. Jesus San Luis Valencia	300	nil
7. Alexander S. Timbol	208	nil
8. Owen Nathaniel S. Au ITF Li Marcus Au	52	nil
9. Botschaft N. Cheng or Sevila Ngo	1	nil
TOTAL	1,549,999,999	100%

As of 31 March 2021, there are 97 PDTC participants registered under PCD Nominee Corporation the following are the top 20 shareholders of the Company under PCD Nominee Corporation:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. BDO SECURITIES, CORPORATION* c/o PCD Nominee Corporation	1,018,910,076	65.74%
2. ABACUS SECURITIES CORPORATION*	339,889,559	21.93%

² Three (3) accounts are under the name of Mr. Necisto U. Sytengco

³ Registered under three (3) accounts and consolidated herein.

<i>c/o PCD Nominee Corporation</i>		
3. EVERGREEN STOCK BROKERAGE & SECURITIES <i>c/o PCD Nominee Corporation</i>	58,521,435	3.78%
4. TIMSON SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	10,536,647	0.68%
5. IGC SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	6,512,567	0.42%
6. WEALTH SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	4,678,865	0.30%
7. COL FINANCIAL GROUP, INC <i>c/o PCD Nominee Corporation</i>	4,177,206	0.27%
8. HDI SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	1,868,186	0.12%
9. BPI SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	1,684,133	0.11%
10. MAYBANK ATM KIM ENG SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	1,669,477	0.11%
11. THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,646,349	0.11%
12. TRITON SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,483,839	0.10%
13. GLOBALINKS SECURITIES & STOCKS, INC. <i>c/o PCD Nominee Corporation</i>	1,134,184	0.07%
14. FIRST METRO SECURITIES BROKERAGE CORP <i>c/o PCD Nominee Corporation</i>	1,051,210	0.07%
15. CHINA BANK SECURITIES CORPORATION <i>c/o PCD Nominee Corporation</i>	1,033,358	0.07%
16. A & A SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	720,920	0.05%
17. R.S. LIM & CO., INC. <i>c/o PCD Nominee Corporation</i>	514,400	0.03%
18. SOLAR SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	476,931	0.03%
19. E. CHUA CHIACO SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	420,284	0.03%
20. MERIDIAN SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	364,931	0.02%

* This includes the 1,014,852,295 shares beneficially owned by the Company's parent company, Anesy Holdings Corporation.

(iii) Dividends

The table below sets forth the dividend history of the Company:

Year	Record Date	Payment Date	Type	Dividend Rate
2014	29 December 2014	25 March 15	Cash	P0.622 per share
2015	05 March 2015	28 April 2015	Cash	P0.128 per share
2016	01 June 2016	22 June 2016	Cash	P0.037 per share
2017	29 June 2017	17 July 2017	Stock	4% stock dividend
2018	01 June 2018	22 June 2018	Cash	P0.017 per share
2019	10 May 2019	22 May 2019	Cash	P0.022 per share

Dividend Policy

The Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

Recent Sales of Unregistered or Exempt Securities

On 18 November 2014, the Company issued 250,000,000 Common Shares to the following subscribers as part of the increase in its authorized capital stock:

Name	No. of Shares	Amount paid up (P)
Anesy Holdings Corporation ¹	245,000,000	80,000,000 ¹
Necisto U. Sytengco	3,850,000	3,850,000
Aylene Y. Sytengco	1,100,000	1,100,000
Edwin R. Abella	25,000	25,000
Ricardo Nicanor N. Jacinto	25,000	25,000
Total	250,000,000	85,000,000

¹Anesy Holdings Corporation fully paid the P165,000,000 subscription balance on 23 March 2015.

On 18 December 2014, the Company further increased its authorized capital stock to P1,550,000,000.00 divided into 1,550,000,000 common shares with a par value of P1.00 per share. Anesy Holdings Corporation subscribed to and fully paid 155,000,000 Shares equivalent to P155,000,000.00.

On 5 March 2015, Anesy Holdings Corporation subscribed to an additional 353,000,000 Common Shares which it fully paid by virtue of the conversion of its P350,000,000.00 advances as of 31 December 2014 into Common Shares of the Company and the balance paid in cash by Anesy Holdings to the Company.

The foregoing additional issuances of the Common Shares are exempt transactions under Sections 10.1 (e), and 10.1(i) of the SRC and do not require any written confirmation of exemption from the SEC

On 9 June 2017 the Company's shareholders approved the declaration of stock dividends to be payable at the rate of one (1) common share for every twenty five (25) common shares owned by stockholders as of record date (or approximately up to 47,999,999 Common Shares) which were distributed on 17 July 2017. The issuance of the stock dividends is an exempt transaction under Section 10.1(d) of the Securities Regulation Code, as amended, or distribution by a corporation, actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus. The additional issuance of shares for the stock dividends does not require any written confirmation of exemption from the SEC.

In December 2017, the Company offered for subscription (the "Offer") up to 302,000,000 common shares (the "Rights Shares" or "Offer Shares") by way of a rights offering ("SRO" or the "Offer") to existing holders of common shares of Company as of November 22, 2017 (the "Record Date") at the proportion One (1) Share of common share for every 4.1325 common shares held as of the Record Date at an offer price of P4.67 per Rights Share. On December 12, 2017, the Company has successfully completed its stock rights offering ("Offer") with a total of 302,000,000 Rights Shares having been subscribed which shares were issued and listed on December 22, 2017. In connection with the Offer, a Request for Confirmation of Exemption was filed by Company on 18 July 2017 with the Securities and Exchange Commission ("SEC") based on Section 10.1 (e) of the Securities Regulation Code. On 25

September 2017, the SEC approved the Company's Request for Confirmation of Exemption, confirming that the Offer is exempt from the registration requirements of the SRC.

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.

For the year under review, we are pleased to report that our corporate governance practices are consistent with the requirements under the Revised Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission pursuant to SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 8, Series of 2017.

On May 22, 2019 the Board of Directors approved its Revised Manual of Corporate Governance ("CG Manual") with effectivity from May 30, 2019. The Revised CG Manual serves to supplement the Articles and By-Laws of the Company in providing standards of governance in the performance of the duties and responsibilities of the Board of Directors, Management and employees to shareholders of the Company and other stakeholders. The Company's corporate governance report is summarized in the Integrated Annual Corporate Governance Report of the Company, a copy of which is available at <http://www.sbsph.com/disclosure-filings/corporate-governance/annual-corporate-governance-reports/>

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up at this year's annual stockholders' meeting with respect to a merger, consolidation, sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Corporation Code.

Item 14. Restatement of Accounts

There are no actions of matters to be taken up at this year's annual stockholders' meeting, which involves a restatement of any of the assets, capital or surplus account of the Company.

Item 15. Action with Respect to Reports

The following reports and minutes of meetings will be submitted for approval by the stockholders in the Annual Stockholders' Meeting scheduled on June 25, 2021:

- (a) Minutes of the annual meeting of the stockholders of the Company held on 17 September 2020;

The minutes of Annual Stockholders' Meeting ("ASM") held on 17 September 2020 are posted on the Company's website, www.sbsph.com and will be made available to the shareholders on the day of the annual meeting. Essentially, the 17 September 2020 ASM minutes provide for the following:

- (i) Discussion of the Rules and Voting Procedures for the Meeting;;
- (ii) Approval of the Minutes of the Previous Annual Stockholders' Meeting held on May 22, 2019;
- (iii) Chairman's Message and President's Report;;
- (iv) Approval of Financial Statement as of December 31, 2019;;
- (v) Confirmation and Ratification of all Resolutions, Contracts and Acts of the Board of Directors and Officers;

- (vi) Confirmation of the Appointment of the External Auditor
- (vii) Election of Board of Directors
- (viii) Amendment of By-Laws

- (b) 2020 Annual Report by Management to the Stockholders together with the Audited Financial Statements for the twelve month period ended 31 December 2020 which reports cover the performance of the Company in FY 2020 and its outlook for FY 2021.

Item 16. Other proposed actions

The following matters are to be proposed for approval at this year's annual shareholders' meeting:

- (a) Ratification of all acts and resolutions of the Board and management to implement the resolutions since the annual stockholders' meeting on September 17, 2020 until this year's annual stockholders' meeting on June 25, 2021 involving:
 - i. Approval of the 3rd Quarter Financial Report;
 - ii. Creation of Nomination and Remuneration Committee and Removal of the such functions from the Corporate Governance, Nomination and Remuneration Committee;
 - iii. Renaming of the Corporate Governance, Nomination and Remuneration Committee to Corporate Governance Committee;
 - iv. Revision of the Corporate Governance Committee Charter to: a. increase the number of members to five (5); b. require the presence of at least 2 independent directors to obtain quorum and the vote of at least 2 independent directors to pass or approve any resolutions;
 - v. Lease Agreement with Canon Philippines Holdings Corporation;
 - vi. Approval of SBS Philippines Corporation's Strategic Plan;
 - vii. Approval of the Amended Corporate Governance Committee Charter;
 - viii. Approval of the Nomination and Remuneration Charter;
 - ix. Approval of the Amended Board Charter;
 - x. Approval of the Setting of the Annual Meeting of the Shareholder to June 25, 2021, its agenda, time, record date, closing date;
 - xi. Approval of the Authority to sell Lence Holdings shares held by the Company;
 - xii. Ratification of Executive Committee Acts;
 - xiii. Ratification of Related Party Transactions;
 - xiv. Board resolution for authorized filer of SEC Online Submission Tool
 - xv. Approval of 2020 Audited Financial Statements;
 - xvi. Approval of the 2020 Annual Report SEC 17-A and Sustainability Report Annex A;
 - xvii. Approval of the 1st Quarter 2021 Financial Report;
 - xviii. Approval of the 2020 Interated Annual Corporate Governance Report; and
 - xix. Approval of the Enterprise Risk Management Policy

Item 17. Amendment of Charter, Bylaws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to any amendment of the Company's Articles of Incorporation or By-laws.

Item 18. Voting Procedures

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

On the election of the member of the Board of Directors, the nominees receiving the highest number of votes shall be declared elected under Section 23 of the Revised Corporation Code of the Philippines and as provided for in Item 4 hereof. Likewise, the nominee for external auditor with the highest number of votes shall be declared elected as such.

The method by which the votes of security holders will be counted is in accordance with the general provisions of the Revised Corporation Code of the Philippines. The counting of votes will be done by the Corporate Secretary

with the assistance of his staff and the Corporation's stock and transfer agent. In addition, shareholders who are unable to attend the meeting may choose to execute a proxy form or vote electronically in absentia using the link https://agm.conveneagm.com/sbs_asm2021. The requirements and procedures for voting in absentia and participation in the Annual Stockholders' Meeting through remote communication are set forth under Annex "C" of this Information Statement.

Stockholders who opt to vote by proxy on manually filled ballots must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg., Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at pacisreyes@pacisreyes.com not later than 5:00 p.m. on or before June 15, 2021.

Stockholders may view the Notice and Agenda, Proxy Form, Definitive Information Statement, SEC Form 17-A (2020 Annual Report), SEC Form 17-Q (1st Quarter Report of 2021) and other pertinent documents related to SBS' Annual Stockholders' Meeting at link https://agm.conveneagm.com/sbs_asm2021; www.sbsp.com and via the PSE Electronic Disclosure Generation Technology (PSE EDGE) portal at <https://edge.pse.com.ph>.

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT (SEC FORM 17-A) FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF THE ANNUAL REPORT SHALL BE ADDRESSED AS FOLLOWS:

**ATTENTION : ATTY. JOSE FIDEL R. ACUÑA
CORPORATE INFORMATION OFFICER**

**SBS PHILIPPINES CORPORATION
10 RESTHAVEN ST., SFDM, QUEZON CITY 1105**

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City May 11, 2021.

By:


CHRISTINE P. BASE
Corporate Secretary

REPUBLIC OF THE PHILIPPINES]
MAKATI CITY] S.S.

SECRETARY'S CERTIFICATE

I, **CHRISTINE P. BASE**, Filipino, of legal age and with office address at the 8th Floor Chatham House, 116 Valero St., Salcedo Village, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected Corporate Secretary of **SBS Philippines Corporation** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City;
2. As such Corporate Secretary, I have in my custody the books and records and other papers of the Corporation;
3. I hereby certify that to the best of my knowledge, none of the named directors and officers of the Corporation works for the Government of the Republic of the Philippines.

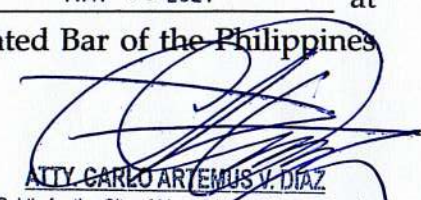
IN WITNESS WHEREOF, I have hereunto set my hand this MAY 10 2021 at Makati City, Philippines.


CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 10 2021 at Makati City, Philippines, affiant exhibiting to me her Integrated Bar of the Philippines Lifetime Member ID with No. 08661, Albay Chapter.

Doc. No. 164;
Page No. 33;
Book No. XV111
Series of 2021.




ATTY. CARLO ARTEMUS V. DIAZ
Notary Public for the City of Makati / Appointment No.: M-17
[Valid Until June 30, 2021 under B.M. No.: 3795]
2/F ACT Tower, 135 H.V. Dela Costa St.,
Salcedo Village, Makati City, 1227
Roll No.: 65662 / IBP Lifetime No.: 014850 / Manila I
MCLE Compliance No.: VI-0017273 / January 24, 2019
PTR No.: 8535065 / Makati City / January 5, 2021

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Roberto F. Anonas, Jr.**, Filipino, of legal age and a resident of 216 Habenaria St., Pacific Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
University of Asia & the Pacific	Faculty	20 years
Fuji-Haya Electric Corporation	Director	3 years
Macay Holdings, Inc.	Independent Director	7 years
Pentarch Stalwark Builders, Inc.	Director	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director / Officer / Substantial Shareholder	Company	Nature of Relationship
NONE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged / Investigated	Tribunal or Agency Involved	Status
NONE		

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governances and other SEC issuances.

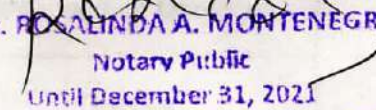
7. I shall inform the Corporate Secretary of SBS Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 25th of March 2021, at Quezon City, Philippines.


ROBERTO F. ANONAS, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 day of Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P4279751B issued at DFA NCR SOUTH on 02 January 2020 valid until 01 January 2030.

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Page No. 24
Book No. 68
Series of 2021.


Atty. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No. 9296384 - 1/04/2021 - Q.C.
IBP No. AR40998326 - 1/04/2021
Roll No. 68465
MCLE Compliance No. VI-005347
Unit 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **HELEN T. DE GUZMAN**, Filipino, of legal age and a resident of U512 Hudson, Riverfront Residences Condominium, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since May 22, 2019.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Peace & Equity Foundation	Audit Committee Advisor	November 2018 to present
Meralco Employees Savings & Loan Association	Board of Trustee	May 2019 to present
Institute of Corporate Directors	Teaching Fellow	2016 to present
Institute of Internal Auditors Philippines	Governance Committee Chairperson	Since January 2020 to present
Couples for Christ Global Mission Foundation, Inc.	Treasurer	February 23, 2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director / Officer / Substantial Shareholder	Company	Nature of Relationship
NONE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged / Investigated	Tribunal or Agency Involved	Status
NONE		

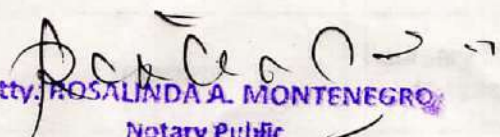
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governances and other SEC issuances.
7. I shall inform the Corporate Secretary of SBS Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 29th of March 2021, at Quezon City, Philippines.


HELEN T. DE GUZMAN
 Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 at Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me her Philippine Passport No. P6347226A issued on 09 March 2018 valid until 08 March 2028.

Doc. No. 167:
 Page No. 34:
 Book No. 68:
 Series of 2021.


Atty. ROSALINDA A. MONTENEGRO
 Notary Public
 Until December 31, 2021
 PTR No. 9296384 - 1/04/2021 - Q.C.
 IBP No. AR40998326 - 1/04/2021
 Roll No. 68465
 MCLE Compliance No. VI-005347
 Unit 312 Acre Bldg., 137 Malakas St.
 Brgy. Central, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **GEOCEL D. OLANDAY**, Filipino, of legal age and a resident of 12 Padilla St., Pacific Malayan Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since June 22, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Star 8 Green Tech (PH) Ltd. HK	Director	May 2017 to Date
Pure Electric Transport Holdings, Inc.	Director	Feb 2020 to Date
Amaris Global (HK) LTD	CEO & Chief Advisor	June 2006 to Date
i-Home Foundation, Inc.	President	Feb 2019 to Date
Institute of Corporate Directors	Teaching Fellow	May 2013 to Date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 32.2.3 of the Securities & Exchange Commission
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governances and other SEC issuances.
7. I shall inform the Corporate Secretary of **SBS Philippines Corporation** of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 31st of March 2021, at Quezon City, Philippines.


Signature

GEOCEL D. OLANDAY
Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 at Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P2806350A issued on 27 April 2017 valid until 26 April 2022.

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Page No. 99
Book No. 69
Series of 2021.


ATTY. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No. 9296384 - 1/04/2021 - Q.C.
IBP No. AR40998326 - 1/04/2021
Roll No. 68465
MCLE Compliance No. VI-005347
Unit 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City



Purpose and Mission

The purpose of SBS Philippines Corporation's ("SBS") internal audit is to provide independent, objective assurance and consulting services designed to add value and improve SBS's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit helps SBS accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

Internal audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Internal Audit Head or chief audit executive will report periodically to senior management and the Audit and Risk Oversight Committee regarding the internal audit's conformance to the Code of Ethics and the Standards.

Authority

The chief audit executive will report functionally to the Audit and Risk Oversight Committee and administratively (i.e., day-to-day operations) to the President. To establish, maintain, and assure that SBS's internal audit has sufficient authority to fulfill its duties, the Audit and Risk Oversight Committee will:

- Approve the internal audit's charter.
- Approve the risk-based internal audit plan.
- Ensure approval of the internal audit's budget and resource plan by management, which includes resources for outsourced internal audit services.
- Receive communications from the chief audit executive on the internal audit's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the chief audit executive.
- Approve the remuneration of the chief audit executive in consultation with management.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the Audit and Risk Oversight Committee, including in private meetings without management present.

The Audit and Risk Oversight Committee authorizes the internal audit and its outsourced service provider to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of SBS, as well as other specialized services from within or outside SBS in order to complete the engagement.

Independence and Objectivity

The chief audit executive will ensure that internal audit and its outsourced service provider remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for SBS or its affiliates.
- Initiating or approving transactions external to internal audit.
- Directing the activities of any SBS employee not employed by internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit executive will confirm to the Audit and Risk Oversight Committee, at least annually, the organizational independence of internal audit.

The chief audit executive will disclose to the Audit and Risk Oversight Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit and Risk Oversight Committee and senior management on the adequacy and effectiveness of governance, risk management, and control processes for SBS. Internal audit assessments include evaluating whether:

- Significant risks relating to the achievement of SBS's strategic objectives are appropriately identified and managed.
- The actions of SBS's officers, directors, employees, and contractors are in compliance with SBS's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact SBS.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

In addition, internal audit may provide advisory and consulting services on policies, procedures, process enhancements, new business areas or projects to be undertaken and any management requests for reviews of areas considered mutually critical, provided that its recommendations are purely advisory in nature and that management retains full responsibility of the decision made and the implementation thereof.

The chief audit executive will report periodically to senior management and the Audit and Risk Oversight Committee regarding:

- The internal audit's plan and performance relative to its plan.
- The internal audit's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Risk Oversight Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to SBS.

The chief audit executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Submit, at least annually, to senior management and the Audit and Risk Oversight Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit and Risk Oversight Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in SBS's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Audit and Risk Oversight Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Review the whistle blowing set-up and process annually.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit and Risk Oversight Committee corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure internal audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact SBS are considered and communicated to senior management and the Audit and Risk Oversight Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit.
- Ensure adherence to SBS's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit and Risk Oversight Committee.
- Ensure conformance of the internal audit activity with the Standards, with the following qualifications:
 - If internal audit is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the chief audit executive will ensure that internal audit conforms with the Standards, even if the internal audit activity also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of internal audit's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Audit and Risk Oversight Committee on the internal audit's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside SBS.

Amended by Resolution of the Board

August 10, 2021

APPENDIX VI

SBS Philippines Corporation and Subsidiaries **REPORT OF THE AUDIT AND RISK OVERSIGHT COMMITTEE** For the Year ended December 31, 2021

Members

The Committee is comprised of the following during the period:

Helen T. de Guzman, Independent Director, Chairperson
Geocel D. Olanday, Independent Director
Roberto F. Anonas, Jr., Independent Director
Ricardo N. Jacinto, Non-Executive Director
Aylene Y. Sytengco, Executive Director

For the calendar period 2021, the Committee held four regular meetings and one executive session with the internal and external auditors exclusively attended by independent directors only.

Attendance of Members for the 2021 meetings of the Committee is 100%, details of which is set out in the Corporate Governance Report.

Highlights of the Committee's Work

As publicly listed company, the Committee devoted considerable time in reviewing the audited and the quarterly financial statements of the company. The Committee is cognizant of the prevailing pandemic condition in the country and the related effects to business in general. The Committee reviewed the accounting treatment of key items including any material judgment and estimates of management and their appropriate disclosure in the financial reports filed with the SEC.

The Committee monitors the material risks faced by the Group. Management regularly apprised the Committee on the developments and progress of these risks and is guided by the approved Risk Appetite Statement approved by the Board.

Internal and external audit reports on the other hand are reviewed thoroughly to obtain reasonable assurance that its risk management and internal control systems are adequate and working effectively.

The following table provides an overview of the specific meeting agenda of the Committee during the Period and related action done:

	Mar	May	Aug	Nov	Dec
Financial Reporting and Disclosure					
Reviewed and approved the annual and quarterly financial statements & reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reviewed External Auditor's audit plan, issues and reports					<input type="checkbox"/>
Reviewed External Auditor's representation of independence					<input type="checkbox"/>
Risk Management and Internal Control					
Reviewed and approved the Enterprise Risk Management policy		<input type="checkbox"/>			
Reviewed the Company's Risk profile and management update		<input type="checkbox"/>			
Reviewed and approved the Risk appetite policy statement update				<input type="checkbox"/>	
Confirmed the appointment of the new Chief Risk Officer			<input type="checkbox"/>		
Reviewed Internal Auditors internal control issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reviewed management update on health and safety issues		<input type="checkbox"/>			
Audit Mechanism					
Reviewed and approved the Internal Audit charter		<input type="checkbox"/>	<input type="checkbox"/>		
Reviewed and approved the Internal Audit plan for 2021	<input type="checkbox"/>				
Reviewed the quarterly and annual reports of Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Confirmed the appointment of the new Chief Audit Executive			<input type="checkbox"/>		
Evaluated and nominated the appointment of incumbent external auditor for the ensuing year	<input type="checkbox"/>				
Compliance with Laws and Regulations					
Reviewed data privacy compliance actions of management and general update on other compliance matters		<input type="checkbox"/>			
Others					
Undertook board committee self-assessment and reviewed its results for improvement					<input type="checkbox"/>
Reviewed and updated the Committee Charter		<input type="checkbox"/>			

On behalf of the Audit and Risk Oversight Committee.


HELEN T. DE GUZMAN
 Chairperson

APPENDIX VII

SBS PHILIPPINES CORPORATION

Board Performance Evaluation

Please check a box with (N/A) not applicable (1) needs improvement (2) meets expectations (3) exceeds expectation. Whenever possible, please include descriptions of situations where the director justified your rating in the SPECIFICS section. Feel free to add as many pages as you wish if the space provided is insufficient. 3. ALL directors should complete this feedback form. Kindly submit the completed form to the Chairman.

Composition, Design and Understanding	N/A	1	2	3	SPECIFICS
1. The board consists of a diverse set of directors with an appropriate mix of knowledge, skills and experience to maximize performance given its vision, mission and values.					
2. The board has a sufficient number of committees with clearly defined charters to support its work.					
3. The board makes effective use of its committees to support its work.					
4. Board members understand their roles and responsibilities.					
5. The powers, roles, responsibilities and accountabilities between the board and management are clearly defined, understood and documented.					
6. The corporate secretary effectively supports the work of the board.					
7. The board has a robust nomination process that ensures selection of appropriately qualified directors who can add value to the Board.					
8. The board encourages directors to refresh their knowledge and skills as needed to be able to competently perform their duties. It provides sufficient funds for this purpose.					
9. The board has appointed a Lead Independent Director.					
10. The board has at least 3 female directors.					

Board Processes	N/A	1	2	3	SPECIFICS
1. The board spends the majority of its meeting talking about the Company's strategy and its execution.					
2. When setting director compensation, the board is guided by third party benchmarks.					
3. The board agenda includes a review or and discussion of corporate governance practices and their improvement at least once a year.					
4. The board conducts simulations of high-risk situations or crisis at least once a year in order to be prepared for emergencies.					
5. The board schedules all of its board and committee meetings for the succeeding year by December of the current year.					

6. Special meetings of the board are called whenever warranted.					
7. The board reviews its onboarding process for new directors at least once every 3 years.					
8. The non-executive directors hold an executive session at least once a year.					

Strategy Formulation and Execution	N/A	1	2	3	SPECIFICS
1. The board works proactively with the CEO to develop the company strategy. This strategy is reviewed and updated at least once a year in a board meeting specially set for the purpose.					
2. The board reviews the company charter (vision, mission and values) at least once every three years.					
3. The board incorporates sustainability into its strategic and operating policies.					
4. The board approves the company's risk management strategy and oversees its implementation.					

Monitoring and Accountability	N/A	1	2	3	SPECIFICS
1. The board, together with the CEO, sets appropriate financial and non-financial measures to be able to evaluate the progress of the company towards accomplishing its objectives. These measures are reviewed on a quarterly basis.					
2. The board appraises its performance, its committees and its members on an annual basis.					
3. The board appraises the performance of the CEO on annual basis.					
4. The board regularly checks whether its decisions and policies are implemented with dispatch.					
5. The board has written policies regarding conflicts of interest and related party transactions which it regularly communicates to its management and staff.					
6. There is no individual or small group of individuals that dominate the board's discussion and decision making.					
7. The board respects the boundary between it and management.					

Board Culture	N/A	1	2	3	SPECIFICS
1. Directors regularly ask incisive questions – anticipating, rather than reacting to, issues of major concern.					

2. The board encourages a culture that promotes candid communication and rigorous decision making. (previously a separate section; integrated into this one now)					
3. The board is not unduly influenced by the Chairman and/or the CEO					
4. The board provides a challenging yet supportive environment for management.					
5. The board functions as an effective team.					
6. Directors are empowered and expected to exercise independent judgment in providing guidance and direction to the execution of strategy.					

Succession	N/A	1	2	3	SPECIFICS
1. The board has an identified successor for the CEO					
2. The Board actively monitors the recruitment and retention of high potential and high performance key employees.					
3. The board meets at least once a year with potential successors to the senior management team.					

Stakeholders Relations	N/A	1	2	3	SPECIFICS
1. The board has identified its key stakeholders and regularly engages them.					
2. The board has adopted a corporate social responsibility program and actively monitors its execution.					

Ethics and Integrity	N/A	1	2	3	SPECIFICS
1. The board ensures that there is a formal channel which will allow employees to report unethical conduct within the corporation.					
2. The board reviews adherence of the directors and all employees to the code of conduct. It recognizes exemplary behavior while penalizing violations.					

Committees	N/A	1	2	3	SPECIFICS
1. The board ensures that each committee has a charter which defines its role and responsibilities.					
2. The board ensures that all directors are given the opportunity to serve and contribute on at least board committees.					

ESSAY

1. What are the 1-2 main things that the board did this year that really made a difference to SBS?

2. What does the board need to focus on in 2022?

3. How can we improve our board processes?

4. Are there are any skills that the board needs to acquire to better implement its strategy in the future and help the company prosper in the long-term?

APPENDIX VIII

SBS PHILIPPINES CORPORATION

Individual Director Performance

Please check a box with (N/A) not applicable (1) needs improvement (2) meets expectations (3) exceeds expectation . Whenever possible, please include descriptions of situations where the director justified your rating in the SPECIFICS section. Feel free to add as many pages as you wish if the space provided is insufficient. Each director should be assessed by the Chairman, an executive director and an independent director. The Chairman will take care of giving the appraisal assignments for each director so that he will be the only one to know which directors are appraising each director. The Chairman will endeavor to spread out the responsibility for providing appraisals equally among all directors. The average of all ratings and each remark will be shared with the director. (Note: directors who have served a term of less than one year shall NOT be appraised.)

NAME OF INDIVIDUAL DIRECTOR: _____

ASSESSOR: _____

Contribution	N/A	1	2	3	SPECIFICS
1. Makes quality contributions to board meetings					
2. Contributes new ideas/insights on business issues raised by management					
3. Provides thoughtful and constructive feedback to management					
4. Anticipates new issues that management and the board should consider					
5. Steps in to defuse situations that can disrupt board decision-making and harmony					
6. Provides valuable introductions to, or support with, business partners, government authorities, outside consultants, etc.					
7. Understands and actively exercises board governance responsibilities					
8. Maintains an independent frame of mind (i.e. does not let himself be bullied by others into accepting their position)					
9. Assists the company in recruitment of employees (including interviewing)					
10. Keeps informed about the company's business operations, prospects and risks					

Qualitative Issues	N/A	1	2	3	REMARKS
1. Does not distract the board with side or irrelevant issues					
2. Brings a different and valuable perspective and experience to the board.					
3. Willing to listen to other directors and management					
4. Facilitates open and interactive discussion of issues					
5. Participates in rigorous decision making					
6. Takes ownership of an issue on behalf of the board					

Attendance, Participation and Responsiveness	N/A	1	2	3	REMARKS
1. Attends at least 80% of the board meetings					
2. Is always prepared for board meetings					
3. Actively participates in board meetings attended					
4. Available for consultation with management between meetings					
5. Returns calls in a timely manner					
6. Makes time available as necessary for previously unscheduled calls/meetings					
7. Makes it a point to be briefed on what happens at meetings that are not attended					
8. Keeps informed about the company's business operations, prospects and risks					

APPENDIX IX

SBS PHILIPPINES CORPORATION						
Executive Committee						
For each of the following statements, select a number between 1 and 5, with 1 indicating that you strongly disagree and 5 indicating that you strongly agree with the statement. Leave blank if the point is not applicable or you do not have enough information on a particular statement.						
Membership	Strongly Disagree				Strongly Agree	REMARKS
1. Members of the Executive Committee, (Committee for brevity) are composed of at least five (5) directors, majority are executive directors.	1	2	3	4	5	
2. One (1) of the five (5) Directors is the Chairman of the Committee and presides over its meetings. The Committee acts on the basis of majority vote of its members.	1	2	3	4	5	
3. Members of the Committee is appointed by the Board of Directors every annual organizational meeting. Each member will hold office for one year until their successors are elected and qualified. Subject to be replaced or removed sooner by the Board.	1	2	3	4	5	
4. Vacancies in the Committee is filled by the Board of Directors and shall serve only the unexpired term of his predecessor in office.	1	2	3	4	5	
Powers, Duties and Responsibilities of the Executive Committee	Strongly Disagree				Strongly Agree	REMARKS
5. The Committee assists the Board with its responsibilities related to day to day operations requiring board approval for the implementation of an actions that are urgent and for compliance purposes by the counter parties when the Board is not in session.	1	2	3	4	5	
6. The Committee insures appropriate reporting to the Board either for information or for ratification as the case may be.	1	2	3	4	5	
7. The Committee religiously monitor and implement the plans and ensure its execution accordingly.	1	2	3	4	5	
Meetings	Strongly Disagree				Strongly Agree	REMARKS
8. Actions of the Committee is in written consent of the majority of the members when deemed necessary by the Committee or its Chairman.	1	2	3	4	5	
9. The Secretary of the meeting records and maintain the minutes of the meeting and be presented to the Committee at the next meeting.	1	2	3	4	5	
10. Technical Assistance is provided by the Corporate Secretary, Management and Personnel of the Company.	1	2	3	4	5	

Access to Information and Technical Assistance	Strongly Disagree				Strongly Agree	REMARKS
11. The Committee shall have full access to all relevant information, data, records, properties and personnel of the Company.	1	2	3	4	5	
12. The Corporate Secretary, management and personnel of the Company shall provide technical assistance and support to the Committee.	1	2	3	4	5	
Other Matters	Strongly Disagree				Strongly Agree	REMARKS
13. Annual Review - This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.	1	2	3	4	5	

APPENDIX X

SBS PHILIPPINES CORPORATION

Corporate Governance Assessment



Submitted: 2021

APPENDIX XI

Danica Renardo

From: MSRD COVID19 <msrd_covid19@sec.gov.ph>
Sent: Thursday, November 11, 2021 11:14 AM
To: Danica Renardo
Cc: LOURVIC D. PACIS
Subject: Fwd: SBS PHILIPPINES CORPORATION_SEC FORM 17-Q_11 NOVEMBER 2021
Attachments: SBS PHILS CORP_17-Q FINANCIAL STATEMENT Q3 2021 WITH PSE DISCLOSURE.pdf

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

----- Forwarded message -----

From: Danica Renardo <d.renardo@sbsph.com>
Date: Thu, Nov 11, 2021 at 11:07 AM
Subject: SBS PHILIPPINES CORPORATION_SEC FORM 17-Q_11 NOVEMBER 2021
To: <ictdsubmission@sec.gov.ph>, <msrd_covid19@sec.gov.ph>

Good Morning Sir/Madam,

We submit herewith the Company's SEC Form 17-Q (QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER). Attached herewith the following file report/s:

1. SEC Form 17-Q FINANCIAL STATEMENT Q3 2021 with PSE Approved Disclosure

Kindly acknowledge receipt thereof.

Thank you.

Danica Renardo

Office of the President and CEO



Address: #10 Resthaven Street

San Francisco Del Monte, Quezon City

Tel. No.: +63 2 8371 1111 loc. 2055

APPENDIX XII

Danica Renardo

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Tuesday, December 07, 2021 4:00 PM
To: d.renardo@sbsph.com
Subject: Re: SBS PHILIPPINES CORPORATION_SEC FORM 23-B_07 DECEMBER 2021

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

MC28_S2020@sec.gov.ph

For your information and guidance.

Thank you and keep safe.

COVER SHEET

A	2	0	0	1	1	0	4	0	2
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(Company's Full Name)

S	B	S		P	H	I	L	I	P	P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N			
(F	O	R	M	E	R	L	Y		S	Y	T	E	N	G	C	O		P	H	I	L	I	P	P	I	N	E	S
C	O	R	P	O	R	A	T	I	O	N)																		

(Business Address : No. Street City / Town / Province)

N	O	.		1	0		R	E	S	T	H	A	V	E	N		S	T	R	E	E	T		S	A	N		
F	R	A	N	C	I	S	C	O		D	E	L		M	O	N	T	E		Q	U	E	Z	O	N			
C	I	T	Y																									

FORM TYPE

23-B

Department Requiring the Report

M S R D

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

ir@sbsph.com

Company's Telephone Numbers

8 3 7 1 - 1 1 1 1

Mobile Number

No. of Stockholders

11

Annual Meeting

Month/Day

Last Friday of June

Fiscal Year

Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

GERRY D. TAN

Email Address

g.tan@sbsph.com

Telephone Number's

(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City

SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

FORM 23-B

REVISED

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

☐ Check box if no longer subject to filing requirement
Filed pursuant to Section 23 of the Securities Regulation Code

1. Name and Address of Reporting Person SYTENCGO NECISTO II Y. (Last) (First) (Middle) 37 JUDGE JUAN LUNA ST., (Street) SAN FRANCISCO DEL MONTE, QC (City) (Province) (Postal Code)		2. Issuer Name and Trading Symbol SBS PHILIPPINES CORPORATION (SBS)		3. Tax Identification Number 213-000-284-000		5. Statement for Month/Year Nov-21		7. Relationship of Reporting Person to Issuer (Check all applicable) <div> <div> <input type="checkbox"/> X Director <input checked="" type="checkbox"/> X Officer (give title below) </div> <div> <input type="checkbox"/> 10% Owner <input type="checkbox"/> Other (specify below) </div> </div> Vice Chairman, SVP Marketing Operations, and Assistant Treasurer	
4. Citizenship FILIPINO		6. If Amendment, Date of Original (Month/Year) N/A							

1. Class of Equity Security COMMON SHARES	2. Transaction Date (Month/Day/Year)	3. Amount of Securities Owned at End of Month			4. Ownership Form: Direct (D) or Indirect (I) *	6. Nature of Indirect Beneficial Ownership
		led (A) or Disposed of (D)	Amount	(A) or (D)		
	Beg. Bal as of 10/30/2021					
	17-Nov-21	200,000.00	A	4.00		N/A
	17-Nov-21	200,000.00	A	4.05		N/A
	17-Nov-21	30,000.00	A	4.06		N/A
	22-Nov-21	100,000.00	A	4.00		N/A
	23-Nov-21	800,000.00	A	4.00		N/A
	TOTAL HOLDINGS AS OF NOV. 31, 2021				D - 1.066% I - 1.53%	D - 15,199,678 I - 23,781,334

If the change in beneficial ownership is 50% of the previous shareholdings or is equal to 5% of the outstanding capital stock of the issuer, provide the disclosure requirements set forth on page 3 of this form.

Reminder: Report on a separate line for each class of equity securities beneficially owned directly or indirectly.

(1) A person is directly or indirectly the beneficial owner of any equity security with respect to which he has or shares:

- (A) Voting power which includes the power to vote, or to direct the voting of, such security; and/or
- (B) Investment power which includes the power to dispose of, or to direct the disposition of, such security.

(2) A person will be deemed to have an indirect beneficial interest in any equity security which is:

- (A) held by members of a person's immediate family sharing the same household;
- (B) held by a partnership in which such person is a general partner;
- (C) held by a corporation of which such person is a controlling shareholder; or
- (D) subject to any contract, arrangement or understanding which gives such person voting power or investment power with respect to such security.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., warrants, options, convertible securities)

1. Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Yr)	4. Number of Derivative Securities Acquired (A) or Disposed of (D)		5. Date Exercisable and Expiration Date (Month/Day/Year)		6. Title and Amount of Underlying Securities		7. Price of Derivative Security	8. No. of Derivative Securities Beneficially Owned at End of Month	9. Ownership Form of Derivative Security; Direct (D) or Indirect (I) *	10. Nature of Indirect Beneficial Ownership
			Amount	(A) or (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
NONE												

Explanation of Responses:

Note: File **three (3)** copies of this form, one of which must be manually signed.
Attach additional sheets if space provided is insufficient.

Date

**DISCLOSURE REQUIREMENTS
IN CASE OF MATERIAL CHANGES IN BENEFICIAL OWNERSHIP
(50% INCREASE/DECREASE OR EQUIVALENT TO 5% OF THE OUTSTANDING CAPITAL STOCK OF ISSUER)**

Item 1. Security and Issuer

State the title of the class of equity securities to which this Form relates and the name and address of the principal executive offices of the issuer of such securities.

Item 2. Identity and Background

If the person filing this Form is a corporation, partnership, syndicate or other group of persons, state its name, the province, country or other place of its organization, its principal business, the address of its principal office and the information required by (d) and (e) of this Item. If the person filing this statement is a natural person, provide the information specified in (a) through (f) of this Item with respect to such person(s).

- a. Name;
- b. Residence or business address;
- c. Present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted;
- d. Whether or not, during the last five years, such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give the dates, nature of conviction, name and location of court, any penalty imposed, or other disposition of the case;
- e. Whether or not, during the last five years, such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, domestic or foreign, and as a result of such proceeding was or is subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking; and
- f. Citizenship.

Item 3. Purpose of Transaction

State the purpose or purposes of the acquisition of securities of the issuer. Describe any plans or proposals which the reporting persons may have which relate to or would result in:

- a. The acquisition by any person of additional securities of the issuer, or the disposition of securities of the issuer;
- b. An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the issuer or any of its subsidiaries;
- c. A sale or transfer of a material amount of assets of the issuer or of any of its subsidiaries;
- d. Any change in the present board of directors or management of the issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;
- e. Any material change in the present capitalization or dividend policy of the issuer;
- f. Any other material change in the issuer's business or corporate structure;
- g. Changes in the issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any person;
- h. Causing a class of securities of the issuer to be delisted from a securities exchange;
- i. Any action similar to any of those enumerated above.

Item 4. Interest in Securities of the Issuer

- a. State the aggregate number and percentage of the class of securities identified pursuant to Item 1 beneficially owned (identifying those shares which there is a right to acquire within thirty (30) days from the date of this report) by each person named in Item 2. The abovementioned information should also be furnished with respect to persons who, together with any of the persons named in Item 2, comprise a group.

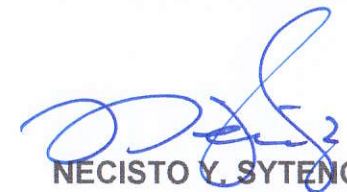
- b. For each person named in response to paragraph (a), indicate the number of shares as to which there is sole power to vote or to direct the vote, shared power to vote or to direct the vote, sole or shared power to dispose or to direct the disposition. Provide the applicable information required by Item 2 with respect to each person with whom the power to vote or to direct the vote or to dispose or direct the disposition is shared.
- c. Describe any transaction in the class of securities reported on that were effected during the past sixty (60) days by the persons named in response to paragraph (a). The description shall include, but not necessarily be limited to: (1) the identity of the person who effected the transaction; (2) the date of the transaction; (3) the amount of securities involved; (4) the price per share or unit; and (5) where or how the transaction was effected.
- d. If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of such securities, a statement to that effect should be included in response to this Item and, if such interest relates to more than five (5%) percent of the class, such person should be identified.
- e. If the filing is an amendment reflecting the fact that the reporting person has ceased to be the beneficial owner of more than five (5%) percent of the class of securities, state the date on which such beneficial ownership was reduced.

Item 5. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Describe any contract, arrangement, understanding or relationship among the person named in Item 2 and between such persons and any person with respect to any securities of the issue, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, naming the person with whom such contracts, arrangements, understandings or relationships have been entered into. Include such information for any of the securities that are pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Report is true, complete and accurate.
This report is signed in the City of QUEZON CITY on December 3, 2021

By:



NECISTO V. SYTENGCO II

Vice Chairman, SVP Marketing Operations, and Assistant Treasurer

APPENDIX XIII

SBS PHILIPPINES CORPORATION LIST OF PERMITS AND LICENSES (Updated for 2021)

1. Securities and Exchange Commission (SEC)

SEC Registration No. A200110402

2. Bureau of Internal Revenue (BIR)

BIR Tax Identification Number 213-054-000.

Under its Certificate of Registration, SBS is registered with BIR for the following tax types: (a) income tax, (b) value-added tax, (c) expanded withholding tax, (d) withholding tax on compensation, and (e) final withholding tax.

3. Quezon City Local Government

SBS was issued a business permit by the Office of the Mayor of Quezon City for 2021 on January 26, 2021.

4. Social Security System (SSS)

SBS is registered with the SSS with Employer ID No. 03-9052279-3 as indicated in the Certificate of Membership issued on August 12, 2016.

5. Home Development Mutual Fund (HDMF)

SBS is registered with the HDMF with Employer No. 201806690009 as indicated in the Certificate of Registration dated June 22, 2016.

6. Philippine Health Insurance Corporation (PhilHealth)

SBS is registered with the PhilHealth as Employer No. 002000000490 as indicated in its Certificate of Registration dated November 14, 2016.

7. Department of Environment and Natural Resources-Environmental Management Bureau

Environmental Clearance Certificate registered under SBS Philippines Corporation as amended dated March 14, 2016, with registration number ECC-NCR-0303-0172, issued on December 19, 2014. The ECC was issued for Warehousing and Trading of Industrial Chemicals located on a 3,000 square meter parcel of land at Lot 3, Gozon Compound, Letre Road, Tonsuya, Malabon City.

8. Philippine Drug Enforcement Agency (PDEA)

SBS holds the License to Handle Controlled Precursors and Essential Chemicals (CPECS) with PDEA Control No. P5I-017810001-R115. The P-License was issued on October 21, 2020 and valid until July 30, 2021.

9. Food and Drug Administration

SBS hold the License to Operate No. CDRR-NCR-DI-23861 issued by the FDA to operate as drug distributor/importer valid until April 19, 2024.

SBS hold the License to Operate No. LTO-3000002319002 issued by the FDA to operate as food distributor/importer valid until April 01, 2023.

Examples of Certificates of Product Registrations issued by the FDA are as follows:

FDA PRODUCT REGISTRATION NO.		VALIDITY
1.	FR-4000001605705	June 13, 2022
2.	FR-4000008590022	October 12, 2026
3.	FR-4000000613073	June 16, 2023
4.	FR-4000000613305	June 10, 2023
5.	FR- 4000008233475	August 3, 2026
6.	FR-4000001748785	August 4, 2022
7.	FR-4000000705260	January 3, 2024
8.	FR-4000008233550	August 18, 2026
9.	FR-4000008233707	August 19, 2026
10.	FR-4000003998238	March 26, 2024
11.	FR-4000000613347	June 13, 2023
12.	FR-4000000687854	June 21, 2023
13.	FR-4000000619185	June 10, 2023
14.	FR-4000000619215	June 2, 2023
15.	FR-4000001899483	July 26, 2022
16.	FR-4000007890815	June 13, 2026
17.	FR-4000000619329	June 10, 2023
18.	FR-400000705316	December 7, 2023
19.	FR-4000002026354	September 7, 2022
20.	FR-4000001480933	May 5, 2022
21.	FR-4000004612582	August 28, 2024
22.	FR-4000003546639	January 16, 2024
23.	FR-4000007888313	June 10, 2026
24.	FR-400000705361	August 5, 2023
25.	FR-4000004985561	November 5, 2024

10. Bureau of Animal Industry (BAI)

SBS is registered with the BAI with license number VDAPDI-0029 valid until March 25, 2022. Also, Feed Establishment (RA) Importer with License No. IM-201 valid until December 31, 2021 was issued to SBS.

Examples of the product registrations issued by the BAI are as follows:

BAI PRODUCT REGISTRATION NO.		VALIDITY
1.	VRI-12-4716	7/4/2024

2.	VRI-17-7667	11/3/2024
3.	VRI-18-9194	10/4/2025
4.	VRI-14-5458	2/17/2026
5.	VRI-18-9162	9/21/2025
6.	VRI-19-9452	2/6/2026
7.	VRI-12-4916	12/14/2026
8.	VRI-17-7245	3/21/2024
9.	VRI-14-5445	1/8/2026
10.	VRI-18-9193	10/4/2025
11.	VRI-18-7774	1/19/2025
12.	VRI-14-5482	3/25/2026
13.	VRI-14-5483	3/25/2026
14.	VRI-19-9495	2/26/2026
15.	VRI-14-5387	12/19/2025
16.	VRI-18-9312	11/22/2025
17.	VRI-12-4766	7/27/2024
18.	VRI-13-5298	9/6/2025
19.	VRI-18-8016	6/1/2025
20.	VRI-14-5386	12/19/2025
21.	VRI-12-4761	7/24/2024
22.	VRI-16-6822	7/1/2023
23.	VRI-14-5457	2/17/2026
24.	VRI-14-5481	3/24/2026
25.	VRI-13-5041	3/12/2025

11. Bureau of Plant Industry (BPI)

SBS is registered with BPI with the Certificate of Registration as Importer with Certificate No. BPI-NPQSD-IREG-18R1-508 for authority to import black pepper powder, maltodextrin, potato starch, rice flour, wheat starch, glutinous rice flour, garlic powder, chili powder, onion powder, cassava starch, corn starch, cocoa powder and soya bean meal valid until January 12, 2024.

12. Office of the President- Fertilizer and Pesticide Authority (FPA)

SBS holds a license with FPA with License No. NCR-82-F-I-00070 to operate as Importer of fertilizers and is valid until December 21, 2021.

13. Philippine National Police- Firearms and Explosives Office (PNP-PEO)

SBS was issued a license to Import Explosive Ingredients/Controlled Chemical with PI No. 1221-165-2021 valid until January 19, 2023. Also, SBS holds a license to Possess Explosives by the PNP-PEO with License No. DMA05-070414-03658 and is valid until April 13, 2022.

14. Bureau of Customs (BOC)

SBS is registered with the BOC with registration number IM0003433935 and is valid until April 21, 2022.

APPENDIX XIV



SBS PHILIPPINES
CORPORATION

2021 INTERNAL CONTROL AND COMPLIANCE ATTESTATION

SBS Philippines Corporation's corporate governance system include a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and overseeing the implementation of adequate internal control mechanisms and risk management processes;
- Management has the primary responsibility for designing and implementing an adequate and effective system of internal controls and risk management processes to ensure compliance with rules and regulations, and the law;
- Management is responsible for developing a system to monitor and manage risks;
- Punongbayan & Araullo, the Corporation's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy and effectiveness of the Corporation's internal controls which include but not limited to governance, risk management processes, operations, safeguarding of assets, information system security, compliance with internal policies, governing laws and regulatory requirements;
- The Chief Audit Executive reports functionally to the Audit and Risk Oversight Committee to ensure independence and objectivity, allowing Internal Audit to fulfill its responsibilities;

Based on the above and the assurance provided by the internal auditors as well as the external auditors, we attest that SBS Philippines Corporation's system of internal audit, control and compliance processes are generally adequate. Improvement opportunities are continuously carried out to address risk exposures and control issues highlighted in the audit reports

Gerry D. Tan
President & Chief Executive Officer

Emerson P. Paulino
Chief Audit Executive

APPENDIX XV

PROXY FORM FOR MANUALLY FILLED BALLOT



PROXY

The undersigned, stockholder of **SBS Philippines Corporation** (the “Company”), do hereby constitute and appoint the **Chairman of the meeting**, as attorney-in-fact and proxy, to represent and vote all shares registered in the name of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 25 June 2021 at 3 o’clock in the afternoon to be held virtually at https://agm.conveneagm.com/sbs_asm2021, and at any of the adjournments thereof. The above-named proxy is to vote as follows:

SUBJECT MATTER	YES	NO	ABSTAIN
1. Approval of Minutes of the previous Annual Stockholders’ Meeting			
2. Approval of the 2020 Audited Consolidated Financial Statements of the Company and its Subsidiaries			
3. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Shareholders ¹			
4. Appointment of Punongbayan & Araullo as independent auditors of the Company for 2021 and to authorize the Board of Directors to fix their remuneration as independent auditors of the Company.			
5. Election of Directors Vote for all nominees listed below: RICARDO NICANOR N. JACINTO GERRY D. TAN ESMERALDO A. TEPACE AYLENE Y. SYTENGCO NECISTO Y. SYTENGCO II LALI Y. SYTENGCO GEOCEL D. OLANDAY, Independent Director ROBERTO F. ANONAS, JR., Independent Director HELEN T. DE GUZMAN, Independent Director For cumulative voting			

¹ Summary of resolutions are included in the information statement disseminated to shareholders and published in the company’s website, and via PSE EDGE.

This proxy should be received by the Corporate Secretary on or before 15 June 2021, the deadline for submission of proxies. This proxy is not required to be notarized, and when properly executed, will be voted in the manner as provided herein by the stockholder. If no instruction is made, this proxy will be voted for the election of all nominees and the approval of all the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors. This proxy and the powers and authorities conferred therein shall remain valid and subsisting unless otherwise revoked or amended in writing by the undersigned and duly served to the Corporate Secretary of the Company before the meeting.

Date: _____

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY²

Number of Shares

Owned: _____

NAME OF STOCKHOLDER

² In case of a corporate stockholder and other entities, a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity should be attached to this Proxy.

APPENDIX XVI

1. 2021 AUDIT PLAN

AUDIT FOCUS AREAS	2021			
	Q1	Q2	Q3	Q4
1. Internal Control Evaluation (Subsidiaries & Associated Cos) Period-end Procedures Audit (Parent & Consolidated)		●	●	
2. Environment, Health and Safety		●	●	
3. HR Audit		●	●	
4. Continuation of backlogs	●	●		
5. Internal Control Review of Acumatica	●			●
6. Financial and Management Reporting		●		●
7. Coordinate with External Auditor				
8. Continuous Monitoring of Action Plan	●		●	
9. Special Projects/Assignment				