





**SBS PHILIPPINES**  
CORPORATION

# 2022

## Sustainability Report

**PROGRESSING IN A SUSTAINABLE WAY**

## About The Cover



The 2022 Sustainability Report exemplifies SBS Philippines Corporation's contribution in mitigating climate change by reducing the greenhouse gas (GHG) emissions within its operations.

The adoption of renewable energy source, such as the installation of solar panels at the SBS corporate office, is among the actions that the Company has implemented as part of its Sustainability strategy.

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## Message to Our Shareholders



My message in the first Sustainability Report of SBS Corporation which was released last year highlighted the importance of sustainability as it relates to the company's long-term viability and our commitment to it. I am pleased to report that SBS made the following significant strides in this regard in 2022:

- The Company's solar panel installations and other energy saving initiatives resulted in a 46% reduction of electricity consumption from carbon-sourced energy compared to our 2019 baseline consumption.
- Each employee underwent an average of 21.2 training hours last year. The capacity building efforts of the Company focused on operations safety as well as enhancement of people skills to deliver efficiency and effectiveness at work.
- We achieved encouraging sales growth in our Environment and Infrastructure market segment particularly in water and wastewater treatment applications.

Notwithstanding these early accomplishments, we need to remember that this is just the beginning of a long journey. During the year, our sustainability effort faced several challenges:

- Balancing the need to meet annual budget targets while also undertaking initiatives that require upfront commitments but whose effects will only be felt several years hence;
- Defining key metrics for success, as well as the scope of measurement; and
- Promoting greater employee involvement in sustainability initiatives.

These challenges forced us to articulate a clearer vision of what we believe sustainability actually means to SBS and ensure that such a vision was regularly communicated to the company's stakeholders together with the status of our various initiatives. We also learned not only that significant resources need to be committed to the effort but that you, our stakeholders, need to accompany us on this journey as well if the effort is to ultimately prove successful.

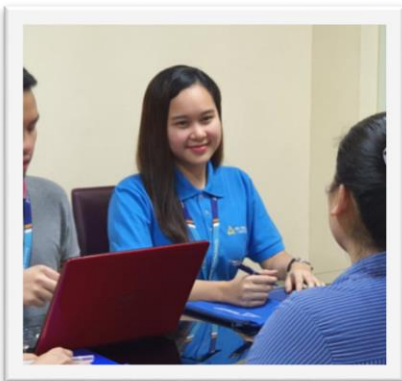
I hope that this year's report will give you a better idea of the progress of SBS's sustainability initiatives and look forward to the pleasure of your company as we embark on this path together.



**RICARDO NICANOR N. JACINTO**

CHAIRMAN OF THE BOARD

# Our Company



SBS Philippines Corporation (the Company) is an importer, wholesaler, and distributor of a wide range of chemical products serving a diverse set of industries which include food and beverage, industrial and detergents, feeds and agriculture, water treatment, pharmaceuticals and personal care, building and constructions, and mining and minerals. As a full-line chemical distribution company, it provides a one-stop shop business solution for various chemical requirements by engaging in multiple sourcing from producers and sells a broad range of products and ingredients, allowing choice and convenience for a more efficient and economical sourcing of its customers.

# Vision, Mission, Goals and Core Values

## VISION

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

## MISSION

Establish a legacy of growth and value creation for all stakeholders:

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

## GOALS

We strive to achieve this mission by:

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

## CORE VALUES

- Honesty and Integrity
- Hard work and Perseverance
- Productivity and Excellence
- Customer Satisfaction
- Loyalty and dedication
- Faith in God Almighty



## SBS Philosophy on Sustainability

SBS employs sustainable approach to our future and integrates the best practices and standards along the scope of Environment –Social – Governance (“ESG”) in its strategy.

*We are committed to take this journey not only because we are expected to but also, it makes good business sense to do so in the long-run.*



### OUR COMMITMENT

- Provide service excellence and continuously seek new business opportunities to improve the Company's financial viability and maximize shareholder value.
- Prioritize the introduction of sustainable products and solutions to offer our customers access to eco-friendly and safe raw materials, additives and process aids across the entire value chain.
- Operate the company in a safe working condition that protects the health and well-being of our employees, service providers and the communities we operate in.
- Create a dynamic workplace environment anchored on a diverse and passionate workforce, investing in our employees' professional and personal development and respecting every employee's fundamental rights at work.
- Promote a strong corporate governance culture and conduct its business following ethical business principles across the organization.
- Intensify our action in support of circular economy and invest in appropriate technology to reduce Greenhouse gases emission and enhance the use of available environmental protection initiatives needed as a result of our operations.
- Collaborate with our business partners, customers, local communities, regulators, civil society, and other stakeholders to advance all efforts including our Corporate Social Responsibility activities in support of United Nation's Sustainable Development Goals.

# Organizational Profile and Business Activities

SBS Philippines Corporation (the Company or SBS) - formerly known as Sytengco Philippines Corporation - was incorporated on 17 July 2001. The change to its present name was approved by the Securities and Exchange Commission (SEC) on 18 November 2014 while the Company became a publicly listed company and was admitted to the Main Board of the Philippine Stock Exchange on 10 August 2015.

The Company has the following industry memberships:

1. Philippine Rubber Industries Association, Inc. (PRIA)
2. Philippine Chamber of the Pharmaceutical Industry, Inc. (PCPI)
3. Chamber of Cosmetics Industry of the Philippines, Inc. (CCIP)
4. German-Philippine Chamber of Commerce and Industry, Inc. (GPCCI)
5. Samahan sa Pilipinas Ng Mga Industriyang Kimika (SPIK)
6. Philippine Association of Chemical Suppliers, Inc. (PACSI)
7. Philippine Chamber of Commerce (PCCI)

The Company's principal place of business is at No. 10 Rest Haven Street, San Francisco Del Monte, Quezon City, Philippines. Currently, the Company maintains a network of 15 distribution warehouses in five (5) sites in the Greater Manila Area and province of Bulacan. Furthermore, the warehouse operations follow appropriate warehousing practices in the pursuit of its vision and goals in the supply of products and services to stakeholders, particularly its customers. SBS also has a Halal-certified warehouse that stores various raw ingredients to supply the manufacturers in the food industry.

The Company adheres to applicable regulatory measures and standards implemented by various government institutions.

## The Core Chemical Distribution Business

### FOOD INGREDIENTS



We pride ourselves on our extensive and ever-expanding range of products, which include sweeteners, stabilizers, emulsifiers, minerals, antioxidants, phosphates, vitamins, hydrocolloids, basic and functional ingredients, acidulants and preservatives.

### INDUSTRIAL



SBS has been supplying the needs of Philippine industries for more than 50 years. We understand that competitive pricing and superior quality for raw materials ensures that our clients' products are amongst the best performers in their respective markets. Whether our customers are big or small, established multinationals or local start-ups, we strive to provide them with our best service.

## ANIMAL HEALTH AND NUTRITION



SBS Philippines Corporation continues to add value to the Agribusiness, Feeds and Veterinary Care sectors by offering an extensive range of raw materials for formulators and manufacturers. We continually seek new sources of materials to improve the quality of our customers' products and lower their costs.

## PHARMACEUTICAL



Our careful selection of quality products from all corners of the globe allows our stakeholders in the Pharmaceutical and Nutraceutical sectors the freedom to tailor their products and take advantage of innovative technologies and trends.

## PERSONAL CARE AND COSMETICS



Our careful selection of quality products developed through new technologies from all the corners of the globe allow formulators in the Personal Care and Cosmetics sectors to tailor their products according to the needs of their clients.

## INFRASTRUCTURE AND CONSTRUCTION



SBS supplies a range of environment friendly chemical products and additives for waterproofing of concrete structures, effective dust control of unpaved roads, enhance the performance of asphalt road surfaces, and for an economical and sustainable soil bases for most types of road infrastructure.

## WATER TREATMENT



SBS Philippines Corporation has a proud tradition of supplying quality water and wastewater treatment products to many industrial customers and service providers. We know that innovation, safety, efficiency, and dependability is paramount in the treatment of one of the world's most precious resources: water.

## AGRICULTURE AND SUSTAINABLE BIO-FARMING



Through the strengthening of established relationships, SBS Philippines Corporation continues to add value to the Agriculture and Sustainable Farming Sector with supply of quality fertilizers, fertilizer trace elements, soil improvers, and specialty materials.

# Governance

## SBS Board and Committees

The corporate powers of the Company are exercised, and its business conducted, by the Board of Directors (the Board). There are nine directors on the Board headed by its Chairman who is a non-executive director. To assist the Board in its oversight function, six (6) committees were created namely, the Executive Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee, the Audit and Risk Oversight Committee, the Related Party Transaction Committee, and the Finance and Investment Committee.

The Executive Committee (ExeCom) supports the Board in the discharge of its responsibilities during the periods between Board meetings by acting on ministerial items related to day-to-day operations that require board approval for compliance purposes by government agencies, customers, and suppliers. All acts of the Executive Committee for the period immediately prior to regular Board meetings are presented to the Board for ratification. The Executive Committee is composed entirely of Executive Directors.

The Corporate Governance (CG) Committee aids the Board in the performance of its corporate governance responsibilities by ensuring compliance with and proper observance of corporate governance principles and practices. The Committee is composed of five (5) directors, three of whom are independent. All decisions by the CG Committee require a majority vote among the independent directors for the motion to be approved.

The Nomination and Remuneration (NomRem) Committee is responsible for evaluating the qualifications of all candidates nominated for election to the Board of Directors as well as the effectiveness of the processes and procedures for the nomination, election, or replacement of a director. It also reviews the effectiveness of the directors through an annual appraisal process. When necessary, it recommends areas for strengthening or development for directors. The Committee likewise helps oversee the Company's human capital strategy particularly the succession planning and competitiveness of its compensation and benefits. The Committee is led by the Chairman of the Board and is presently composed of four (4) directors including the lead independent director.

The Audit and Risk Oversight Committee (AROC) backs the Board in fulfilling its oversight responsibilities for the financial reporting process, enterprise risk management and systems of internal control, the external audit process, and the Company's process for monitoring compliance with laws and regulations. It is also responsible for reviewing the independence and objectivity of the external auditor and recommending the appointment of the independent auditor for the ensuing year to the Board, subject to approval by the shareholders during the annual stockholders' meeting. The Committee is composed of three (3) directors, all of whom are independent directors.

The Related Party Transaction (RPT) Committee helps the Board in fulfilling its oversight responsibilities in the implementation and review of the RPT policy of the Company for internal control purposes as well as compliance with all relevant laws and regulations. The Committee is composed of three (3) directors, all of whom are independent directors.

The Finance and Investment Committee (FIC) counsels the Board in the performance of its oversight function to ensure that all projects and investment proposals and their funding requirements are:

- consistent with the business strategy of the Company;
- made within the approved policies and budgets for said projects; and
- meet the required hurdle rates and other financial metrics prior to submission to the Board for approval and then subsequently monitor its performance on behalf of the Board after the investments have been made. It is composed of five (5) directors, two (2) of whom are independent directors.

A valid quorum for the committee requires the presence of at least one (1) independent director.

## About This Report

### Reporting Scope and Boundary



The 2022 Sustainability Report (the Report) is the second comprehensive report of SBS on the Company's sustainability performance as of and for the year ended December 31, 2022, unless otherwise indicated.

The Report covers the operations and the employees of SBS Philippines Corporation excluding its subsidiary SBS Holdings and Enterprises Corporation and associated companies.

We have considered the following stakeholders in our assessment of key material topics: customers, suppliers, employees, shareholders, regulators, and the local communities where SBS operates.

All financial data and general information about the business found in this report have been disclosed in our 2022 Annual Report. Internal reviews and verification processes have been conducted to ensure the accuracy of the non-financial information presented in this report. We have not sought external assurance for this report.

## Economic Performance Boundary

The economic performance data presented in this report is taken from the financial statements as of and for the year ended December 31, 2022, covering SBS Philippines Corporation.

## Reporting Approach

The SBS Sustainability Core Team (the Core Team) developed a framework using the principle of *Materiality* to identify the key material topics considered to have a significant impact on the Company's operations and its various stakeholders using both qualitative and quantitative metrics that were gathered from internal and external sources.

## Sustainability Reporting Guidelines and Standards

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the sustainability reporting guide provided by the Philippines SEC in Memorandum Circular No. 4, series of 2019.

## Materiality Assessment

The key topics addressed in our sustainability strategy are based on the materiality assessment.

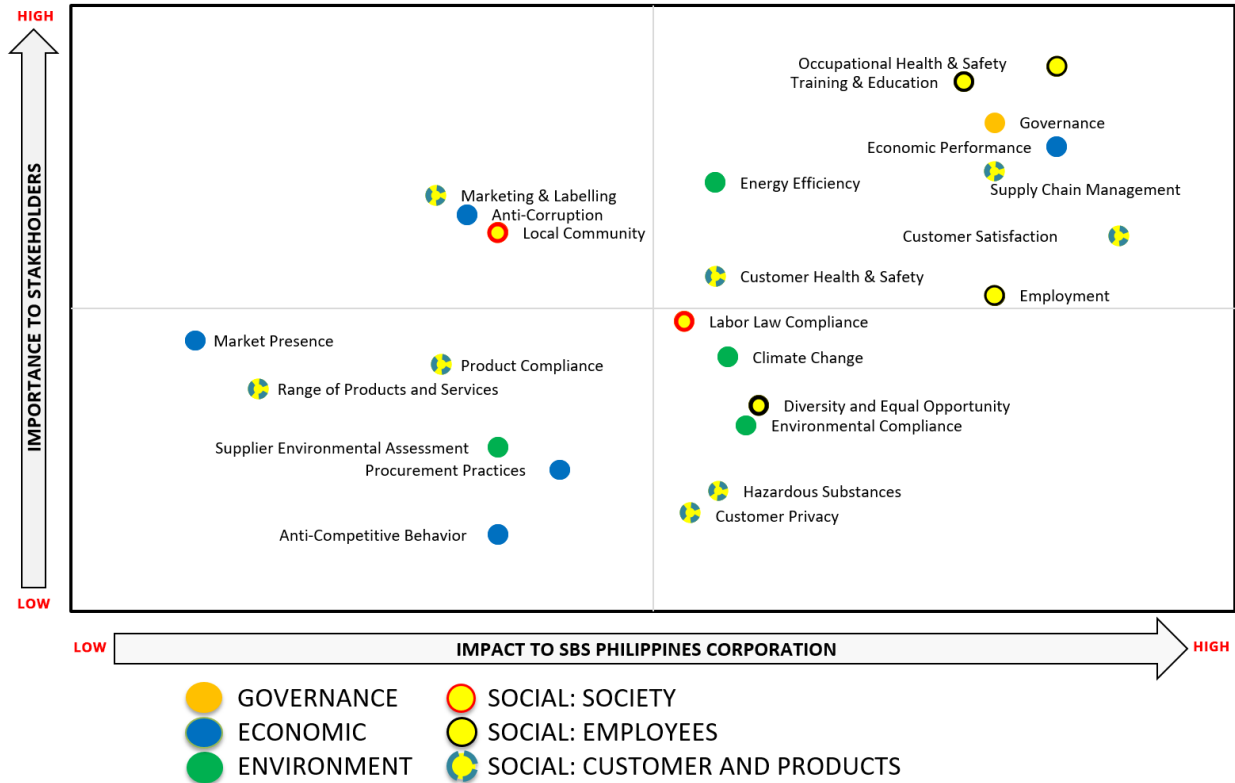
In 2021, the Core Team conducted a series of workshops and internal review processes to generate a list of potential material topics and a list of stakeholder groups. Based on the feedback generated from these activities, the Core Team identified two (2) criteria that would determine whether a topic is material to the Company: its importance to stakeholders and the significance of impact of SBS (in terms of economic, environment, social, and governance).

This has been reviewed and re-confirmed in 2022 to be of importance to the stakeholders.

From a list of 34 potential topics, the governance, economic, environmental, and social aspects have emerged as material and important to various stakeholders after being evaluated and prioritized by the Core Team and validated and approved by the Executive Committee.



## Materiality Matrix



## Our Material Aspects

Category	Key Material Topic
Governance	Governance
Economic	Economic Performance Anti-Corruption
Environment	Climate Change Environmental Compliance Energy Efficiency
Social-Employees	Employment Training and Education Diversity and Equal Opportunity Occupational Health and Safety

Social-Society	Local Community Labor Law Compliance
Social-Customers and Products	Customer Health and Safety Customer Satisfaction Marketing and Labelling Customer Privacy Supply Chain Management

### Stakeholders Engagement

Our sustainability approach places primary importance on the sustainability issues of concern of our stakeholders. Stakeholders are considered important contributors and/or influencers in the implementation of our strategies and attainment of our objectives. Their feedback helps us develop our initial materiality matrix and define our targets.

The Company continues to strengthen its engagement with the stakeholders through various activities and channels and with variety of frequency depending on these activities, which include, but are not limited to the following:

Stakeholders	Stakeholders Engagement	Frequency
Customers	<p>SBS nurtures a strong, long-term relationship with its customers, and it is the Company's goal to extend reliable customer service at all times.</p> <p>SBS engages with its customers through:</p> <ul style="list-style-type: none"> <li>customer satisfaction surveys that generate customers' feedback on SBS products and services; and</li> <li>regular customer calls and visits, exchange of information and technical cooperation.</li> </ul>	<p>ANNUAL</p> <p>DAILY / AS NEEDED</p>
Employees	<p>Ensuring the safety and well-being of employees is important to SBS, especially with the types of products it handles. Effective engagement with employees is a prerequisite for the Company in achieving its targets, and we do this through:</p>	



	<ul style="list-style-type: none"> <li>• a Performance Management System that includes a review of employee training and development paths in the organization;</li> <li>• regular meetings of the Health and Safety Committee which focus on employees’ health and work safety issues.</li> </ul>	<p>ANNUAL</p> <p>MONTHLY</p>
Shareholders	<p>SBS is committed to generate competitive returns for its investors and shareholders and seeks to establish regular lines of communication with them through:</p> <ul style="list-style-type: none"> <li>• Annual Shareholders’ Meeting;</li> <li>• announcements, press releases and updates through the website <a href="http://www.sbsph.com">www.sbsph.com</a> and on the PSE website <a href="https://edge.pse.com.ph/">https://edge.pse.com.ph/</a>; and</li> <li>• the Investor Relations Office which can be contacted through email <a href="mailto:ir@sbsph.com">ir@sbsph.com</a>.</li> </ul>	<p>ANNUAL</p> <p>QUARTERLY AS NEEDED</p>
Suppliers	<p>SBS collaborates with its suppliers to seek new markets and opportunities, as well as improve penetration of existing markets. The Company continuously engages with them through:</p> <ul style="list-style-type: none"> <li>• Supplier Information forms that evaluate their reliability in providing quality products and services for SBS; and</li> <li>• collaboration and constant communication to ensure alignment of each party’s expectations and actions.</li> </ul>	<p>ANNUAL</p> <p>DAILY / AS NEEDED</p>
Regulators	<p>The Company conducts regular dialogues with and participates in seminars and workshops conducted by various regulating agencies to keep up-to-date with any changes in rules and regulations that affect the business.</p> <p>SBS endeavors to adhere to all the compliance requirements imposed by the different regulatory bodies in pursuit of excellence in its business operations.</p>	<p>ANNUAL</p>

Local Community	SBS engages with the communities where it operates in through local government units and various social organizations. The Company aims to be a good corporate citizen by aiding the development of these communities in the areas of health and wellness, education and by providing assistance to those in public service.	ANNUAL / AS NEEDED
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**Sustainability Report Feedback**

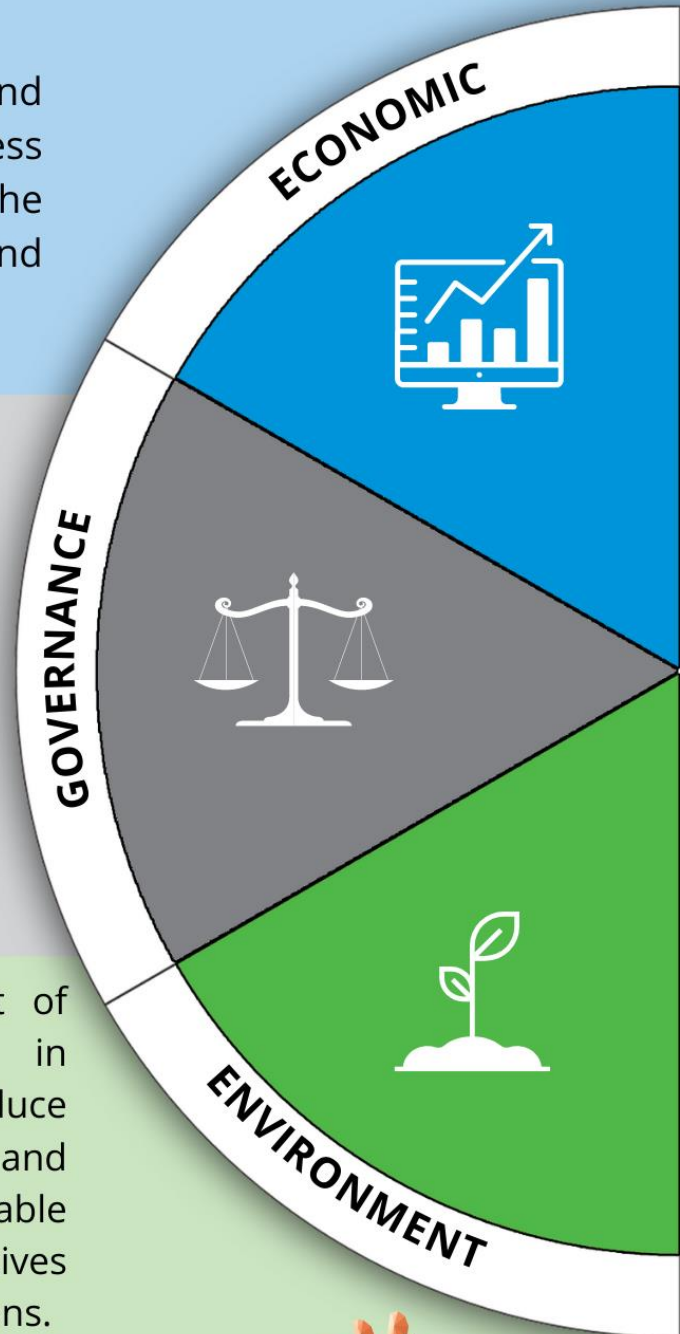
We welcome feedback from all stakeholders. Kindly send your comments, questions or suggestions relating to this report to [sustainability@sbsph.com](mailto:sustainability@sbsph.com).

## Key Sustainable Development Goals

Provide service excellence and continuously seek new business opportunities to improve the Company's financial viability and maximize shareholder value.

Promote a strong corporate governance culture and conduct its business following ethical business principles across the organization.

Intensify our action in support of circular economy and invest in appropriate technology to reduce Greenhouse gas emission and enhance the use of available environmental protection initiatives needed as a result of our operations.



**WE COLLABORATE  
WITH EVERYONE**



Prioritize the introduction of sustainable products and solutions to offer our customers access to eco-friendly and safe raw materials, additives and process aids across the entire value chain.

Operate the company in a safe working condition that protects the health and well-being of our employees, service providers and the communities we operate in.

Create a dynamic workplace environment anchored on a diverse and passionate workforce, investing in our employees' professional and personal development and respecting every employee's fundamental rights at work.

Collaborate with our business partners, customers, local communities, regulators, civil society, and other stakeholders to advance all efforts including our Corporate Social Responsibility activities in support of United Nation's Sustainable Development Goals.



## SBS' Contribution to The UN SDG's

The United Nations has vowed that its members would implement 17 Sustainable Development Goals (SDGs) between 2015 and 2030 to decrease poverty, promote prosperity, and safeguard the planet and its inhabitants. The SDGs encompass environmental, social, and economic objectives.

We have combined the SBS Sustainability Pillars with the UN SDGs to achieve our goals. We compared our initiatives to the best practices of comparable industries in order to improve people's lives, safeguard the environment, and create an environmentally friendly tomorrow.

SDG Goal	Strategy	Progress
Goal 1. End poverty in all its forms everywhere	Create more employment opportunities by growing the Company's business activities in a sustainable way	Invested in additional warehouses to support company growth objectives and provide additional employment opportunities to the local community
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Introduce Products for Bio farming and Farm Revival to improve the yield of the farmland at competitive cost	Created the agriculture business segment which will be one of the growth drivers in the next five years.
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Incorporate health-related policies (e.g. Company Policy on Alcohol and Drug abuse, etc.) in the employee handbook	Firmly implemented company policies
	Provide additional medical benefits to regular employees by 2030, apart from the mandated government health benefits that they can already use	Enrolled HMO plans for regular employees meeting the employment service requirement in accordance to prevailing company policy
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Increase the average number of training hours for all employees by 2030 to 24 hours annually	Averaged 21.3 training hours per employee in 2022
	Measure the parity indices (female/male, by employee category)	To establish this new metrics for 2023 onwards

<p>Goal 5. Achieve gender equality and empower all women and girls</p>	<p>Company policy on non-discrimination; equal opportunity employer</p> <p>Company policy on anti-bullying, anti-harassment, etc.</p> <p>Company's Diversity Policy</p>	<p>Generally balanced number of male and female employees (52:48 ratio in 2022 employee population)</p> <p>Availability of treatment room and lactation area accessible to the employees</p>
<p>Goal 6. Ensure availability and sustainable management of water and sanitation for all</p>	<p>Adopt measures that will reduce water consumption through improvement in water-use</p>	<p>Created the environment and infrastructure business segment, which is one of the growth drivers in the next five years</p>
<p>Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>Obtain at least 50% of electricity consumption from renewable energy source by 2025 and seek opportunity for growth in this field</p>	<p>Installed solar panels in Rest Haven office and warehouses</p>
<p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Provide information to customers about proper disposal of the product and its packaging material, as defined in the material safety data sheet</p>	<p>Provided copies of Material Safety Data Sheet and Technical Data Sheets to customers</p>
	<p>Provide all means necessary required for the well-being of its most important asset – the employees with a goal of always zero accidents and injuries</p>	<p>Conducted regular training and seminars for all employees from Environment, Health &amp; Safety team</p> <p>Provided group personal accident insurance to all employees</p>
<p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>Introduce new products and technologies that support the development of sustainable manufacturing processes and resilient infrastructures</p>	<p>Created the environment and infrastructure business segment for which is one of the growth drivers in the next five years</p>
<p>Goal 13: Take urgent action to combat climate change and its impacts</p>	<p>Reduce its electric consumption by at least 50% and develop an efficient transport strategy to further reduce fuel consumption.</p>	<p>Conducted regular preventive maintenance of delivery trucks to minimize carbon footprint</p>

# Our Strategy and Performance

## Governance

### Corporate Governance

#### Objective

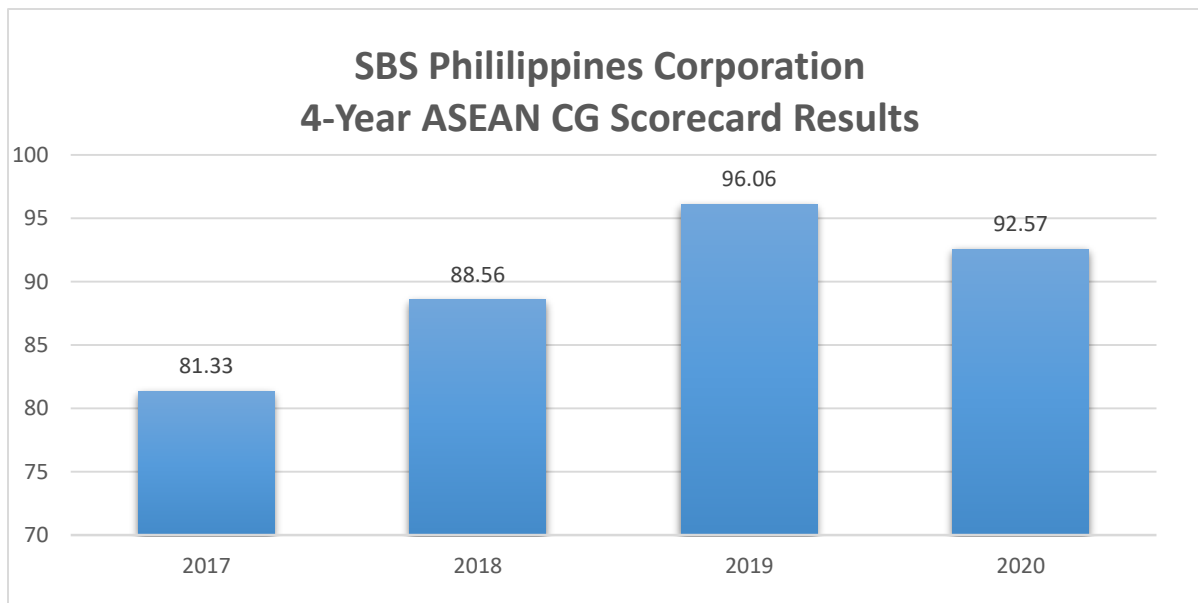
SBS believes that the trust of its shareholders and other stakeholders is fundamental to the business and is the source of success of the Company. We are committed to preserve this relationship of trust by promoting a strong corporate governance culture and framework that is anchored on transparency and accountability, competent leadership, effective internal controls, and prudent risk management.

#### Management Approach

We have adopted the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission. Our Manual on Corporate Governance is reviewed annually by the Corporate Governance Committee and any revision(s) is/are endorsed to our Board of Directors for approval. Details about our overall corporate governance practices can be found in the Corporate Governance Report section.

#### Performance Highlights

ASEAN Corporate Governance Scorecard Performance



In 2022, the Institute of Corporate Directors (ICD), in partnership with the Securities and Exchange Commission (SEC), announced the conclusion of the 2020 assessment of the Philippine Publicly Listed Companies (PLCs) under the ASEAN Corporate Governance Scorecard (ACGS) where SBS attained a score of 92.57. The ACGS is a globally benchmarked scoring system designed for improving the

corporate governance performance of PLCs from participating ASEAN countries. It consists of 146 questions based on the G20/OECD Principles of Corporate Governance. Bonus and penalty sections are included to recognize conformance with accepted best governance practices and to encourage addressing the problematic areas among PLCs. The assessment is done annually by ICD as the SEC’s duly appointed domestic ranking body in the Philippines. For this year, an additional process was conducted, wherein the companies were also independently assessed by other corporate governance experts in the region.

**Targets & Plans**

SBS will continue to uphold the principles of good corporate governance which are essential for business sustainability.

**Economic**

**Economic Performance**

**Objective**

To create long-term sustainable value for our shareholders and society.

**Management Approach**

SBS is working towards becoming a one-stop shop for products, solutions and services in the Philippine chemicals market. The five-year business strategy formulated in 2021 called for management to do the following:

- 1. Focus on reliable and delightful customer experience.
- 2. Integrate digitalization and data analytics into supply chain operations.
- 3. Increase organizational productivity and resource utilization.
- 4. Generate recurring income from its real-estate investments.

In 2022, SBS has made significant progress towards the key economic targets as business activities gradually increased with the easing of pandemic restrictions. The improved performance is in line with the Company’s commitment to contribute to the country’s economic recovery by generating funds for the government and providing employment opportunities.

SBS has also placed increased financial value on its commitment to conserving energy and reducing dependence on fossil fuels by introducing more renewable infrastructure in its capital expenditure plan in the coming year.

**Performance Highlights**

Direct Economic Value Generated and Distributed

	2022(in PHP)	%	2021(in PHP)	%	2022vs 2021(in PHP)
<b>Direct economic value generated</b>	1,199,671,611	<b>100%</b>	1,023,319,574	<b>100%</b>	176,352,037



<b>Direct economic value distributed:</b>					
• Operating cost and payments to suppliers	829,952,562	<b>69%</b>	627,905,698	<b>61%</b>	202,046,864
• Employee wages and benefits	40,010,650	<b>3%</b>	35,481,522	<b>3%</b>	4,529,128
• Dividends given to stockholders and interest payments to loan providers	135,694,708	<b>11%</b>	123,674,153	<b>12%</b>	12,020,555
• Government Taxes	74,099,153	<b>6%</b>	55,790,900	<b>5%</b>	18,308,253
• Community Investments	341,509	<b>0.03%</b>	550,000	<b>0.1%</b>	(208,491)
<b>Direct economic value retained</b>	<b>119,573,029</b>	<b>10%</b>	<b>179,917,301</b>	<b>18%</b>	<b>(60,344,272)</b>

SBS has not availed any financial assistance, tax relief and tax credits, subsidies, grants, awards, royalty holidays and other forms of financial benefits from the government during 2022.

## Anti-Corruption

### Objective

Honesty and integrity are part of the core values of SBS. The Company stands by on its strong commitment to fair and equitable business practices and strong long-term relationships with its suppliers, customers, and other business partners.

### Management Approach

SBS has a Code of Business Conduct and Ethics that includes the policy against corruption. It is included in the employee orientation program and specific trainings are conducted to comply with anti-corruption laws and regulations. SBS has a zero-tolerance policy on employee misconduct related to corruption and strictly enforces disciplinary measures in this regard.

SBS also has a Conflict of Interest and Whistle-blowing Policy that complements its Code of Business Conduct and Ethics.

### Performance Highlights

A general onboarding activity took place on November 29, 2022. The Human Resources Department (HRD) held the New Employee Orientation Program to all staff who joined in 2022, with an aim to not only provide information but to underscore positive employee experience among the newbies in the company.

This event, attended by 17 new employees, convened speakers who talked about the overall direction of the company for the next four years, the Code of Business Conduct and Ethics, the Anti-Corruption Policy, the Whistleblowing Policy, the Data Privacy Policy, the Risk Management Policy, the Human Resource and Environment and Health & Safety Policies, and the Introduction to Enterprise Resource Planning. The New Employee Orientation was institutionalized by the HR, scheduled to happen twice a year.

### Training in Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	50	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0

### Targets & Plans

To firmly incorporate anti-corruption training awareness into the company's onboarding program.

To continuously measure the percentage of business partners that have acknowledged receipt of the communication regarding the company's anti-corruption policies and procedures.

# Environmental

## Climate Change

**Objective**

The Company recognizes the need to manage the risks related to climate change and ensure that proper action plans are in place to mitigate or avoid potential hazards that they may pose to the organizations’ operations and financial position.

**Management Approach**

Risk assessment activities performed by the Company to manage key risks and opportunities include, but are not limited to, the following:

1. An Enterprise Risk Management or ERM policy was formalized by management and approved by the Board last May 2021. The ERM policy guides the entire organization in managing its risks including those related to climate change. In 2022, the Risk Management team continually monitors the risk profile of the Company and the effectiveness of mitigating strategies to address the material risks faced by the organization. In addition, key risk indicators are being developed for measurement of risks which may be related to climate change.
2. The creation and regular updating of a Risk Register which lists all the key risks faced by the organization. The Risk Management team and the Internal Audit team of the organization are monitoring the related action plans. Risks are being continually assessed using the Impact and Likelihood criteria which are also based on the ERM policy.
3. An orientation on Risk Management into employee training and education programs was incorporated to promote risk awareness, especially with regard to those that will affect the Company’s operations. The first session of the risk orientation training was conducted last October 2021 and continues in 2022 (see Employee training and education).
4. Available online platforms such as the Hazard assessment from GeoRisk PH were utilized by the Risk Management team to identify potential hazards to SBS warehouses. No significant and immediate hazards were identified in the team’s latest report.

<b>HAZARDS ASSESSMENT</b>			
<b>Location</b>	<b>Seismic</b>	<b>Volcanic</b>	<b>Hydro-Meteorological</b>
<b>RH QUEZON CITY</b>	Prone on Ground Shaking up to Intensity 8	Prone on Ash fall; Nearest Active Volcano is Taal	Low Susceptibility on Flood

<b>JL QUEZON CITY</b>	Prone on Ground Shaking up to Intensity 8	Prone on Ash fall; Nearest Active Volcano is Taal	Low Susceptibility on Flood
<b>BMC MANDALUYONG</b>	Prone on Ground Shaking up to Intensity 8; High Potential for Liquefaction	Prone on Ash fall; Nearest Active Volcano is Taal	Low Susceptibility on Flood
<b>MALABON</b>	Prone on Ground Shaking up to Intensity 8; High Potential for Liquefaction; Prone to Tsunami (2 to 2.99 meters)	Prone on Ash fall; Nearest Active Volcano is Taal	High Susceptibility on Flood (1 to 2 meters of height; more than 3 days)
<b>MARILAO</b>	Prone on Ground Shaking up to Intensity 8; Moderately Susceptible for Liquefaction	Prone on Ash fall; Nearest Active Volcano is Pinatubo	Low Susceptibility on Flood

5. Developing energy consumption strategies to minimize greenhouse gas (GHG) emissions (see Energy).
6. Updating the Company's Business Continuity Plan regularly to ensure that any impacts or hazards caused by climate change are anticipated and proper response and recovery action plans are in place.
7. The development of key metrics to measure financial impacts and cost to the company of climate change is currently ongoing and will be reported in the succeeding years' Sustainability Reports.

## **Environmental Compliance and Hazardous Substances**

### **Objective**

Through the Company's environmental commitment, which covers its entire value chain, SBS implements measures such as evaluating suppliers and products, establishing partnerships and policies for responsible sourcing and environmental awareness and education campaigns, and supporting consumers in the best end use of products.

## Management Approach

The Company contains an integrated environmental policy that outlines its commitment to implement the necessary measures to protect the environment in its operations – including pollution prevention. This preserves natural resources and the health of the surrounding population. Therefore, we undertake to:



Guarantee compliance with current environmental legislation and regulations.



Optimize the use of natural and renewable energy resources.



Reduce environmental impacts such as emissions, discharges, and waste.

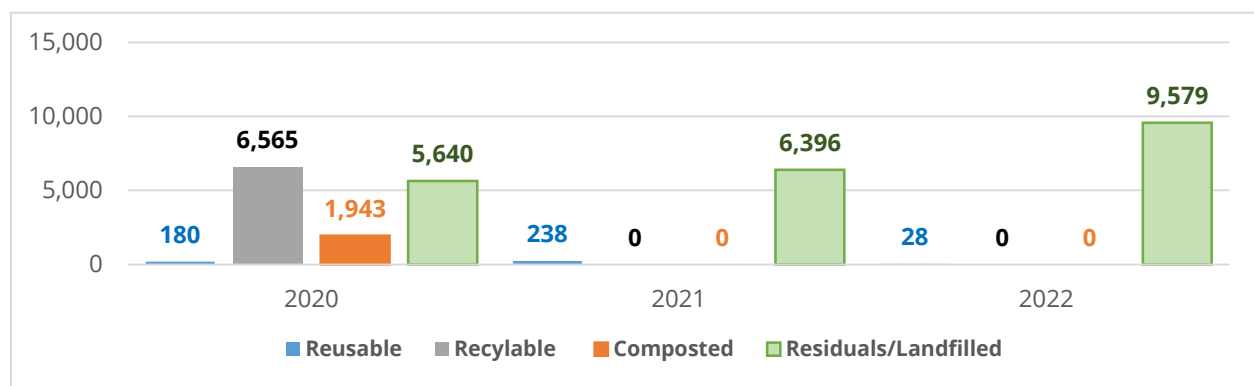


Integrate environmental criteria in the development of new projects

## Performance Highlights

SBS Philippines is fully committed to reducing and eliminating adverse impacts of waste materials on human health and the environment to support economic development and superior quality of life. In 2022, the Company generated 28 kg and 9,579 kg of reusable and residual wastes, respectively. The 33% increase in residual waste was due to the complete return of on-site work setup for all employees and the increase in business activities by more than 40% compared to 2021. Employees were trained in waste segregation and the practice of keenly separating different waste classifications has been observed.

**Total Solid Waste Generated, in kg**



There is no hazardous waste generated and transported throughout the reporting year. There is also no incinerated waste within the company premises, parallel with its commitment to help build a healthier and safer environment. The Company has maintained its commitment to environmental compliance with no violations throughout the reporting year.

## **Strategy and Plans**

To ensure that there are no violations of environmental laws and regulations in the next years and to continue conserving energy and promoting renewable energy to aid the environment, the Company adds these as its objectives and long-term commitment.

## **Energy Efficiency**

Energy is a vital component on the daily operation of the company's office, warehouse sites and supply chain. The organization's practice on energy utilization and consumption has a direct impact on the environment.

### **Objective**

SBS aims to reduce its energy consumption, save on energy costs, and minimize greenhouse gas (GHG) emissions. The Company is committed to reduce its office and warehouses' electricity consumption from carbon sources by 50% at year 2025 compared to its 2019 baseline consumption.

### **Management Approach**

The Company has developed an energy management plan, which focuses on initiatives to improve the utilization of energy. Its operations consume energy mainly from electricity and fuel.

In the prior year, the Company has gradually shifted to energy-efficient technologies such as (1) LED lighting system, (2) inverter-type air-conditioning system, (3) electric forklifts to replace the diesel-powered units, and (4) installation of solar-tied grid system. During this reporting period, the Company continued its gradual shift to LED lighting and inverter-type air-conditioners whenever replacements or new installations are required. Also, two additional electric forklifts were deployed in 2022 for use in its warehouses.



The Company has also reviewed and strategized its delivery route and vehicle trips to save on fuel consumption. This transition to a low carbon future will contribute to the decrease in GHG emission and carbon footprint.

Based on the annual energy consumption threshold set by the Department of Energy, SBS is classified as Other Designated Establishment (100,000 kWh but less than 500,000 kWh). The Company has submitted the following compliance reports under the Efficiency and Conservation Act of 2019: (1) Annual Energy Efficiency and Conservation Report, and (2) Annual Energy Utilization Report.

## Performance Highlights

### Energy consumption within the organization

Disclosure	2019	2020	2021	2022
Energy consumption (electricity), kWh	185,694	161,954	131,952	100,758
Energy consumption (diesel), GJ	No data	800	1,117	828
Energy consumption (gasoline), GJ	No data	82	35	3

The 2019 electricity consumption is regarded as the baseline data since it represents the Company's normal operation. Meanwhile, as there was no compiled data for the diesel and gasoline consumption for the said year, the Company uses the 2021 gasoline and diesel consumption data as its baseline considering its normal operation after the pandemic year of 2020.

### Reduction on energy consumption for 2022

Disclosure	vs. 2019	vs. 2021
Energy reduction (electricity), kWh	84,936	31,194
Energy reduction (diesel), GJ	n/a	289
Energy reduction (gasoline), GJ	n/a	32

Comparing the overall annual electricity consumption from carbon-sourced energy, the 2022 consumption is 46% lower than its 2019 baseline and 24% lower than the prior year as a result of all the Company's actions.

Meanwhile, diesel and gasoline consumption has decreased by 26% and 92%, respectively, compared to its 2021 baseline data. The drastic decline in gasoline consumption is attributed to the disposal of most of the gasoline-powered vehicles by the last quarter of 2021.

### Environmental Impact

	vs. 2020	vs. 2021
Reduction on GHG Emissions (electricity), t-CO <sub>2</sub>	60.49	22.22
Reduction on GHG Emissions (diesel), t-CO <sub>2</sub>	n/a	57.17
Reduction on GHG Emissions (gasoline), t-CO <sub>2</sub>	n/a	6.33
Estimated no. of trees planted per year (based on reduction of carbon-sourced energy consumed compared to baseline year)	2,775	3,932

\* Based on DOE's 2015-2017 National Emission Grid Factor of .0007122 t-CO<sub>2</sub>/kWh

\* Based on DOE's Conversion Factor 1 Gigajoule = 277.78 kWh

\* Per Arbor Day Foundation, 1 mature tree can absorb 0.0218 tonnes of CO<sub>2</sub>/year

## **Targets and Plans**

To achieve its 2025 target of reducing electricity consumption from carbon-sourced energy by at least 50%, the Company will further invest in 2023-2024 in installing additional solar panels in its rooftop to increase the utilization rate of renewable energy.

## **Social Employees**

### **Employment**

#### **Introduction**

SBS Philippines recognizes the importance of employees' expertise and commitment in building the Company's success and competitiveness in the long-term. SBS employees strive to live with the core values of honesty and integrity, hard work and perseverance, productivity and excellence, customer satisfaction, loyalty and dedication, and faith in God Almighty with a sustainability perspective embedded in everything they do.

#### **Management Approach**

At SBS, we have policies on hiring, promotion, transfer, resignation, separation, employee benefits, training and development, among others, that are regularly reviewed by management.

These policies have been created in accordance with industry practices and prevailing labor laws. Our commitment is to make all these efforts viable and evident is anchored on the following focused areas:

- *Promote employee retention*
  - The company implements mid-year and annual performance evaluations to examine how our employees' performance contributes to a more efficient and productive workforce to continue our operation and meet stakeholders' expectations. This activity encourages team members to communicate more openly to adequately address the established expectations of the company's goals, vision, purpose, and values.
  - On September 17-18, 2022, the very first company-wide outing and teambuilding activity took place in Morong, Bataan. Indeed, it was a very good employee engagement activity and an equally good retention strategy, especially if done yearly. The feeling of anticipation is felt among employees, and everyone got excited about the prospect of a short period of fun and excitement, of building a team and strategizing with coworkers during the conduct of the games, and to be in a different place when masks can be removed at a time when pandemic has started to weaken. This activity created a positive experience to all employees and essentially boosted good working relationship among coworkers within SBS.



- *Provide training and development programs*
  - As an organization that has developed a culture of learning, the management supports the development plan of all employees such that every employee in SBS receives ample training throughout the year. Learning does not stop in the company, thus, even if a portion of the employee population is already in their senior years, professional growth and development enhances employee engagement.

**Performance Highlights**

For 2022, our year-end workforce count is at 100 full-time employees, of which 19% are new hires (12% male and 7% female). Employee turnover is recorded at 23% of which 11% are male and 12% are female. The new hires in 2022 include more males, at 5 percentage points higher than females.

***2022 Total number of new hires per category by gender, by age group***

	Male	Female	Total
<b>Under 30</b>	2	4	6
<b>30-50</b>	10	3	13
<b>Over 50</b>	0	0	0
<b>Total</b>	12	7	19
<b>%rate</b>	12%	7%	19%

***2022 Total number of new turnover per category by gender, by age group***

	Male	Female	Total
<b>Under 30</b>	5	6	11
<b>30-50</b>	6	6	12
<b>Over 50</b>	0	0	0
<b>Total</b>	11	12	23
<b>%rate</b>	11%	12%	23%

\*per total no of employees at end of the reporting period which is 100.

On top of all the government-mandated benefits provided to employees by the Company, there are also supplementary incentives like paid leaves, healthcare insurance, personal accident insurance, and retirement provision under the law and Company policy.

The retirement plan of SBS provides for post-employment benefits to employees through an unfunded, non-contributory defined benefit plan that covers all regular full-time employees. The cost of employee benefits under the defined benefit plan is determined using the projected unit credit method.

As of December 31, 2022, actuarial valuations estimated net retirement liability at PhP 8.2 million and reflected in the company's statement of financial position under non-current liabilities. The Company has sufficient available resources to cover expected benefit payments from the plan as they retire.

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***Percentage of employees who availed their benefits for the year, by gender***

Benefits	Y/N	Male	Female
SSS	Y	100%	100%
PHLHEALTH	Y	100%	100%
PAG-IBIG	Y	100%	100%
Parental Leaves - Entitled	Y	4%	6%
Parental Leaves - Availed	Y	4%	6%
Vacation Leaves	Y	85%	96%
Sick Leaves	Y	27%	56%
Medical Benefits - HMO	Y	75%	81%
Housing Assistance	Y	25%	35%
Flexible Working Hours	Y	0%	0%
Telecommuting (WFH)	Y	25%	10%
Bereavement Leave	Y	4%	4%
Retirement Provision	Y	100%	100%
Retirement Availed	Y	2%	0%
Personal Accident Insurance Coverage	Y	98%	96%

Number of employees availing of parental leave, by gender	Gender	
	Male	Female
Entitled to parental leave	2	3
Availed of parental leave	2	3

Number of employees returning to work after parental leave, by gender	Gender	
	Male	Female
Employees due to return after parental leave	2	3
Employees that return after parental leave	2	2
Return to work rate (%)	100%	66.7%

For the year 2022, SBS registered an increase of 1,641 man-hours in training and development of our people, which translate to a more proactive drive to strengthen the skills of the employees. These are combination of webinars, in-house workshops, orientations and seminars.

Total number of hours of training, by gender	# of hours	Ave. hours of training
Female	1168.5	24.3
Male	951.5	18.3
Total	2120	21.2

Average hours of training per category, by employee	# of hours	Ave. hours of training
Executives	35	8.8
Managers and Supervisors	167.5	9.9
Rank and File	1917.5	24.3
Total	2120	21.2

An average of 24.3 training hours and 18.3 training hours were registered for female and male employees, respectively. The capacity building effort of the Company is focused on enhancing people skills to produce expected efficiency and effectiveness at work.

**Targets and Plan**

SBS recognizes that succession planning is a way to strengthen the company’s viability. It encourages internal promotion as deemed necessary, particularly for the deserving employees who have both the required skills, the qualifications, and the right attitude.

Aside from succession planning, the Company will be keen on improving further its employee engagement, as this manifests the emotional commitment the employee has to the organization and

its goals. Such emotional commitment means engaged employees care about their work and their company. With these strategies, the Company targets to reduce its attrition rate for the coming years at below 15%.

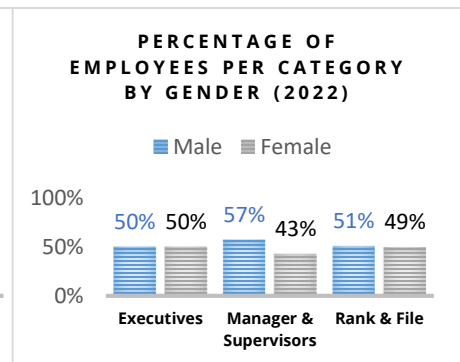
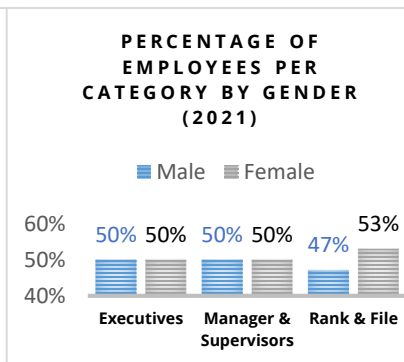
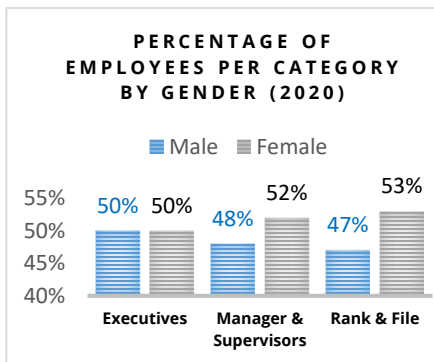
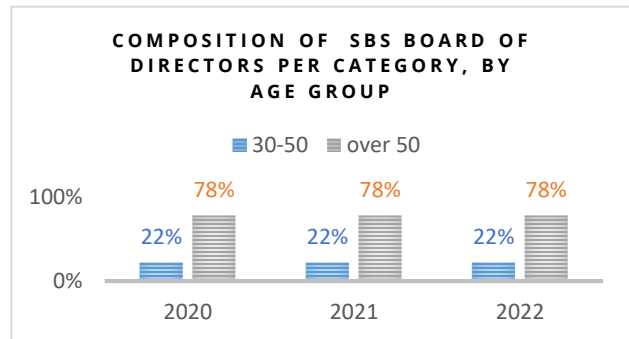
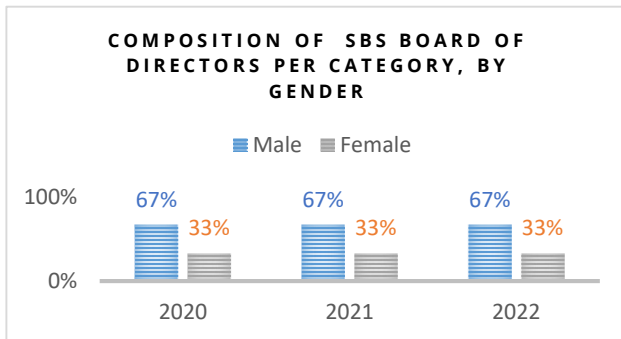
## Diversity and Equal Opportunity

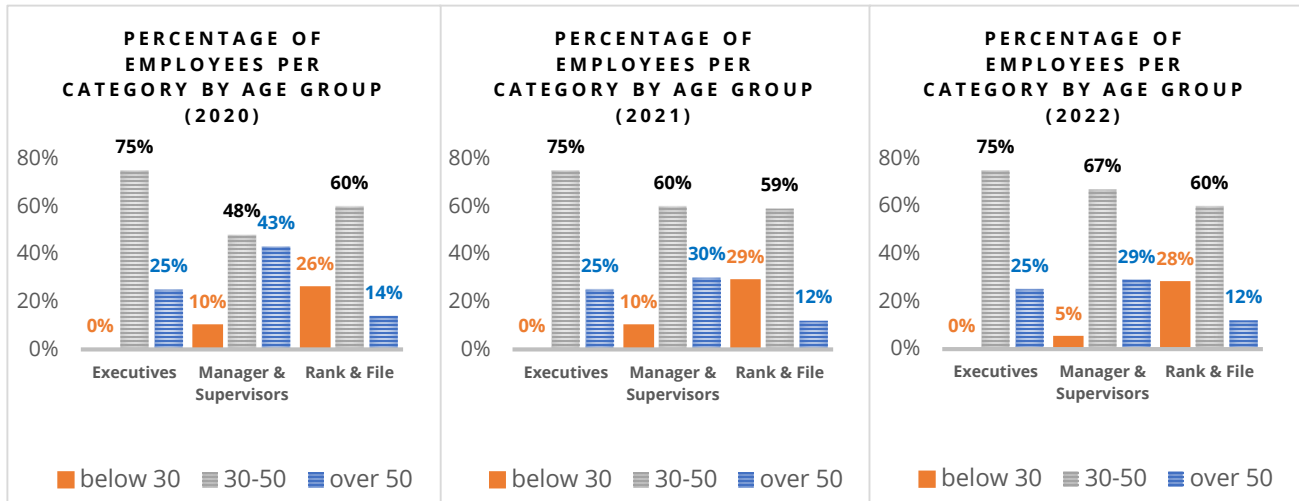
### Diversity and Inclusion

The Company recognizes the benefits of having employees that possess a diversity of functional expertise, professional background and experience, qualifications and skills regardless of age and gender, in order to attain a cohesive and complementary team to effectively implement the Company's strategies and policies in pursuit of achieving its goals and targets. We also ensure that there is no discrimination in the basic salaries of the employees due to gender, and that hiring, and promotion are based on job performance and merit.

In this reporting period, the SBS workforce of 100 employees is composed of 52 males and 48 females. The data suggests there is little disparity in terms of sexual orientation in its workforce composition. Likewise, SBS does not discriminate older people from becoming part of the team, where focus is on qualifications and abilities of the person. It is evident in the openness of the Company in the recruitment and selection process that everyone is given an opportunity to influence and contribute and bring their unique selves at work. SBS acknowledges that empowering its employees and recognizing their talent is part of creating an inclusive company.

### Employee Profile 2022





### **Management Approach**

At present, Human Resource Information System is in the process of parallel testing, which involves balancing of manual payroll with automated payroll processing. In addition to automation, Employee Self Service is also nearing its launch wherein employees can have access to time logs, online filing and approval of Official Business form, and online filing and approval of leave application. Changes in the mandatory contributions to government-mandated benefits such as SSS and PhilHealth are now being accommodated in the system. Target spin off from the HRIS is end of the first quarter of 2023.

### **Strategy and Plans**

The target and strategy of SBS Human Capital can be summed up in our efforts to recruit, train and retain talented, capable, and motivated individuals; respect their contributions to the company; and keep them safe. To do so, the Company will review their performance regularly and seek to enhance their contribution through feedback and coaching. It will also regularly measure industry benchmarks to ensure that SBS employee compensation and benefits remain competitive.

## **Occupational Health and Safety**

### **Objective**

SBS continuously adheres to its commitment in ensuring protection of every employee, including its stakeholders, from any harm, injury, sickness, or death through safe and healthy working conditions. The Company also guarantees effective utilization of its manpower resources, maximization of production output, and ultimately prevention of any loss or damage of the valuable lives of its workers and properties.

### **Management Approach**

The Company has a dedicated Environmental, Health and Safety department under the supervision of the Chief Operating Officer. The Company is compliant with different mandates of various government regulatory agencies as to licensing and permits, product registrations, importation clearance, customs documentation, reportorial obligations, and responsibilities. Moreover,

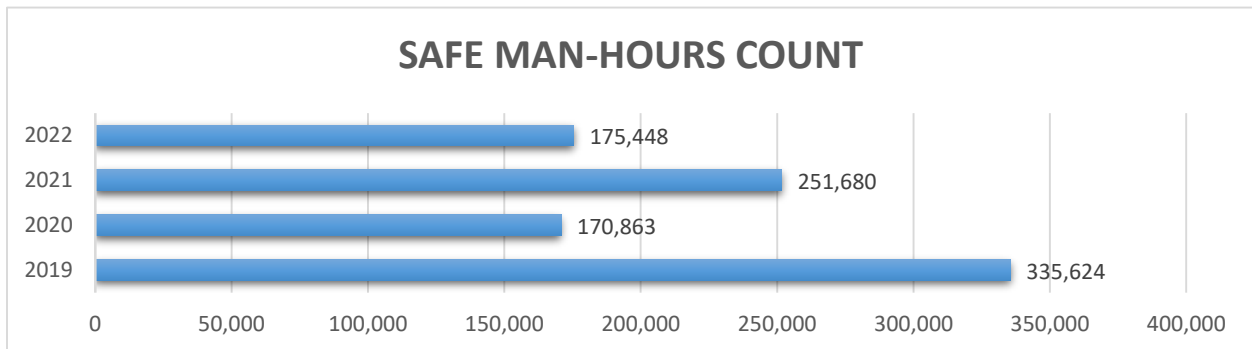
employees' health and safety in the workplace should be given the utmost attention, not only as compliance with DOLE requirements, but most of all, to ensure an accident-free workplace to achieve an efficient and productive output of its manpower resources. Likewise, the optimum utilization of its machinery/equipment and facilities at a lesser cost is to be considered.

**Performance Highlights**

Following its successful implementation of various health and safety policies, programs, and pieces of training in the reporting year, the company-wide health and safety program went into a more extensive rollout. SBS's programs aim to encourage employees to help shape leadership, learn from each other, increase well-being at work, and promote innovations and improvements in occupational health and safety.

In this reporting period, there was one (1) reported case of injury, and immediate assistance was provided to the affected employee.

Overview of Incidents and Accidents	2020	2021	2022
Number of work-related injuries	0	0	1
Number of work-related fatalities	0	0	0
Number of work-related illness	0	0	0



Following the single case of injury, the Company has registered 933,615 Safe Man-hours beginning 2019 up to September 16, 2022. A total of 69,056 Safe Man-hours has been tallied thereafter until the end of this reporting period.

Measures of Injuries/Illnesses Experience	2019	2020	2021	2022
Frequency Rate	0.0	0.0	0.0	1.0
Severity Rate	0	0	0	12

Measuring the effectiveness of the implemented health and safety policies and programs from 2019 up to the current reporting period, SBS has recorded a 1.0 frequency rate and 12 severity rate. The frequency rate and severity rate measurements, in terms of per million man-hour units, relate that

starting 2019 until the end of this reporting period, there is an average of one (1) injury and twelve (12) lost working days, respectively.

The Company has also conducted the mandated 8-hour safety and health seminar for all of its employees as required by the Labor Department. This is to make sure that the health and safety of the Company's most important asset – the employees – is always on top priority.

### **Targets and Plans**

The health and safety of every employee is of primary importance. To the greatest degree possible, the Company will provide all means necessary required for the well-being of its most important asset – the employees. The goal is always zero accidents and injuries.

## **SOCIAL: SOCIETY**

### **Local Community**

#### **Objective**

SBS Philippines Corporation fully understands its fundamental responsibility and role in contributing to the betterment of society. The Company continuously commits to making a significant impact in the areas of education, health, and wellness in promoting the advancement of the communities where it operates and for the public.

#### **Management Approach**

SBS Group and the Sytengco Foundation, Inc. value the opportunity to facilitate assistance to communities directly surrounding its operation centers. The Company commits to proactively extend its helping hand to various sectors involving its stakeholders in their desire to help society and countrymen improve their lives.

#### **Performance Highlights**



At the start of the reporting period, SBS Philippines, together with the Sytengco Foundation, donated 200 cases of 2-liter bottled water (1,200 bottles) to the victims of Typhoon Odette through Philippine Red Cross. The donation has reached the affected families by the typhoon in the areas of Cebu and Siargao.



Residents in Negros Oriental, who also needed water supply due to water shortage, have received assistance from the Company. Bayawan Water District and SBS have joined hands to distribute water supply to the people affected in Negros Oriental. The effort was called “Free Water Distribution Operation” which has helped many people in the community, especially the senior citizens.

In line with Blood Donors Month in the country every July, the Company enjoined the altruistic cause of blood donation and acknowledged the blood donors for their noble act of saving lives through their gift of blood.

In addition, a 2,500-gallon water capacity fire truck, which was handled and maintained by Kabalikat Fire Volunteer group, was made readily available by the Company to aid the local Fire Department suppress fire in the future.

## **SOCIAL: CUSTOMERS AND PRODUCTS**

### **Customer Health and Safety**

#### **Objective**

The Company takes all reasonable steps to ensure the health and safety of its customers by offering quality and safe chemical raw material products while at the company premises.

#### **Management Approach**

To attain and keep the clients safe and healthy, SBS assesses risks to health, safety, and the environment associated with the workplace. It ensures that information, instructions, and training are timely and appropriate. The Company also provides value-added services to its customers and guarantees that the products it sells are registered with their respective regulatory agencies and undergo required tests to check their quality and safety prior to distribution.

#### **Performance Highlights**

##### **NO VIOLATION**

In 2022, there was still no incident of non-compliance with local and national regulations concerning the health and safety impact of the Company's products and services.

##### **38 Quality and Affordable New Products**

For the same reporting period, the Company proudly presents its thirty-eight (38) newly registered products with various government regulating bodies.



Staying true to its Quality and Safety Policy, the Company always ensures that all products we import, sell, and distribute comply with all applicable international and local regulations for product quality and safety. This is in line with the Company's commitment to provide quality and safe, yet affordable chemical raw materials and services to its valued customers.

**Targets and Plans**

SBS will continuously offer more sustainable products with the highest quality and the necessary safety guarantees. To ensure the safety and health of users, the Company has protocols in place to guarantee product quality and safety at all business phases of its importation, storage, and distribution process.

**Customer Satisfaction**

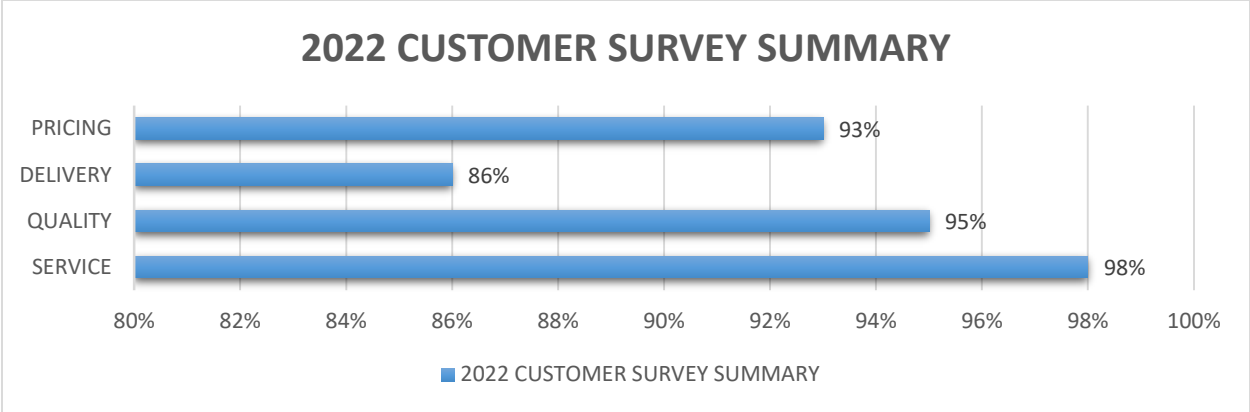
**Objective**

To identify our customers' priorities and meet their expectations in an efficient and cost-effective manner.

**Management Approach**

SBS generates a quarterly customer feedback summary to measure the customer satisfaction level. In addition, the Company seeks ways to improve its services to enhance positive customer experience.

**Performance Highlights**



The customer survey for 2022 covered 90 respondents: 98% were satisfied on how they were serviced by the sales team; 95% were pleased with the quality of the products; 86% were contented on the promptness of delivery; and 93% of the customers said that our pricing met their expectations.

An overall of 93% customer satisfaction has been fulfilled for the year 2022 versus the set target at 95%.

Steps are being taken for the improvement of delivery, including proper maintenance of trucks and plans on expanding service fleet.

Note: The 2021 parameters for customer survey has been revised and incorporated with current survey to provide better understanding of customer needs.

### **Targets and Plans**

- To achieve a minimum customer satisfaction level of at least 95%.

## **Marketing and Labeling**

### **Objective**

To safeguard people and the environment from hazardous chemicals by ensuring that all chemical raw materials sold and dispatched are properly classified, packaged, and labeled.

### **Management Approach**

SBS is committed in ensuring chemical products are handled safely by providing sufficient and accurate information on all products sold.

The Company has also adopted the Globally Harmonized System (GHS) of classification and labeling of chemicals which is organized around three major hazard groups: **Physical, Health and Environmental hazard groups.**

### **Performance Highlights**

For the year 2022, there has been no case of non-compliance with regulations concerning product labeling.

### **Targets and Plans**

Zero cases of non-compliance.

## **Data Privacy**

### **Objective**

To be compliant with applicable statutory, regulatory, and contractual duties on the use and protection of personal information received by the Company from our customers, suppliers, employees, and other stakeholders.

### **Management Approach**

SBS actively promotes its Data Privacy Policy to protect customers' rights and to comply with government regulations. The program revolves around the Five Pillars of Data Privacy Accountability and Compliance:

1. Appoint a Data Privacy Officer;
2. Conduct a Privacy Impact Assessment;

3. Implement a Privacy Management Program codified in a Manual;
4. Implement data privacy and protection measures;
5. Exercise breach reporting protocols.

The Company conducts regular training to ensure that employees are guided on the proper collection, use, storage, retention, access, and disclosure of personal data.

**Performance Highlights**

In 2022, the company invested in network and electronic security equipment to improve the level of data protection. SBS has not received any substantiated complaints concerning breaches of customer privacy or losses of customer data.

**Targets and Plans**

With the increased adoption of digital technology, we recognize both the benefits and the risks of storing customers’ data on digital platforms. Hence, SBS limits its data collection to data that is necessary for transactional documentation.

The Company aims to orient 100% of its employees in the coming year to ensure that everyone in the organization understand their roles in the information security protocols.

**Supply Chain management**



The Company has a highly diversified supplier base which is currently made up of over 500 companies across our supply chain. Furthermore, no single supplier is relied upon to supply a particular chemical or group of chemicals. The Company’s business is not dependent on one or a limited number of suppliers. While the Company holds some distributor arrangements with certain chemical producers, it generally maintains strong long-term relationships with various chemical producers and global distributors to ensure flexibility in sourcing and protection against disruptions in supply.

The Company generally procures its chemical supplies through spot purchase orders rather than long-term supply contracts. For key producers, the Company normally enters into supply framework agreements which operate on an annual basis. These agreements provide for an annual order volume forecast subject to shipment orders issued by the Company.

In 2022, the Company incurred significant expenses related to storage, demurrage, and detention charges of its imported chemicals due to port congestion and inability of some shipping lines to promptly accept the return of empty containers. In addition, the overall transit time from exporting countries to Philippines increased between 10 to 30 days compared to pre-COVID 19 pandemic level depending on the country of origin, resulting in higher working capital requirement for the Company.

Despite these challenges, the Company's strategy of carrying high inventories enabled it to continue serving its customers with high degree of reliability.

# Appendix

## Global Reporting Initiative (GRI) Context Index

GRI Standard	Disclosure	Page No.	Omissions
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	<i>Organizational Profile</i>		
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	GRI 102 - 19	Delegating authority	20
GRI 102 - 20	Executive-level responsibility for economic, environmental, and social topics	34	
GRI 102 - 22	Composition of the highest governance body and its committee	20, 33	

	GRI 102 - 23	Chair of the highest governance body	20	
	GRI 102 - 26	Role of highest governance body in setting purpose, values, and strategy	20	
	GRI 102 - 30	Effectiveness of risk management process		
	GRI 102 - 32	Highest governance body's role in sustainability reporting	11	
<i>Stakeholder Engagement</i>				
	GRI 102 - 40	List of stakeholder groups	10	-
	GRI 102 - 41	Collective Bargaining Agreements	-	No employee is covered under Collective Bargaining Agreement
	GRI 102 - 42	Identifying and selecting stakeholders	10	-
	GRI 102 - 43	Approach to stakeholder engagement	11 - 12	-
	GRI 102 - 44	Key topics and concerns raised	12 - 13	-
<i>Reporting Practice</i>				
	GRI 102 - 45	Entities included in the consolidated financial statements	11	-
	GRI 102 - 46	Defining report content and topic Boundaries	11	-
	GRI 102 - 47	List of material topics	11 - 12	-
	GRI 102 - 48	Restatements of information	-	
	GRI 102 - 49	Changes in reporting	-	
	GRI 102 - 50	Reporting period	10	
	GRI 102 - 51	Date of most recent report	10	
	GRI 102 - 52	Reporting cycle	10	
	GRI 102 - 53	Contact point for questions regarding the report	15	
	GRI 102 - 54	Claims of reporting in accordance with the GRI Standards	11	
	GRI 102 - 55	GRI content index	Annex	
	GRI 102 - 56	External assurance	-	
<i>Material Topics</i>				
<i>GRI 201: Economic Performance 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	21	
	GRI 103 - 2	The management approach and its components	21	

GRI 201: Economic Performance 2016	GRI 201 - 1	Direct economic value generated and distributed	21	
	GRI 201 - 2	Financial implications and other risk and opportunities due to climate change	21	
	GRI 201 - 3	Defined benefit plan obligations and other retirement plans	29	
	GRI 201 - 4	Financial assistance received from government	22	
<i>GRI 205: Anti-Corruption 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	22	
	GRI 103 - 2	The management approach and its components	22	
	GRI 103 - 3	Evaluation of the management approach	22	
GRI 205: Anti-Corruption 2016	GRI 205 - 2	Communication and training about anti-corruption policies and procedures	23	
	GRI 205 - 3	Confirmed incidents of corruption and actions taken	23	
<i>Climate Change</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	24	
	GRI 103 - 2	The management approach and its components	24	
	GRI 103 - 3	Evaluation of the management approach	24	
GRI 201: Economic Performance 2016	GRI 201 - 2	Financial implications and other risks and opportunities due to climate change	24	
<i>GRI 307: Environmental Compliance 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	24	
	GRI 103 - 2	The management approach and its components	24 - 25	
	GRI 103 - 3	Evaluation of the management approach	25	
GRI 307: Environmental Compliance	GRI 307 - 1	Non-compliance with environmental laws and regulation	26	
<i>GRI 302: Energy 2016</i>				
GRI 103: Management	GRI 103 - 1	Explanation of the material topic and its boundary	27	

Approach 2016	GRI 103 - 2	The management approach and its components	27 - 29	
	GRI 103 - 3	Evaluation of the management approach	27 - 29	
GRI 302: Energy 2016	GRI 302 - 1	Energy consumption within the organization	27 - 28	
<i>GRI 306: Effluents and Waste 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	26	
	GRI 103 - 2	The management approach and its components	26	
	GRI 103 - 3	Evaluation of the management approach	27	
GRI 306: Effluents and Waste 2016	GRI 306 - 2	Waste by type and disposal method	26	
<i>GRI 401: Employment 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	29	
	GRI 103 - 2	The management approach and its components	29 - 30	
	GRI 103 - 3	Evaluation of the management approach	29 - 30	
GRI 401: Employment 2016	GRI 401 - 1	New employee hires and employee turnover	30	
	GRI 401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31	
	GRI 401 - 3	Parental leave	31 - 32	
<i>GRI 403: Occupational Health and Safety 2018</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	34-35	
	GRI 103 - 2	The management approach and its components	34 - 35	
	GRI 103 - 3	Evaluation of the management approach	34 - 36	
GRI 403: Occupational Health and Safety 2018	GRI 403 - 1	Occupational health and safety management system	35- 36	
	GRI 403 - 2	Hazard identification, risk assessment, and incident investigation	35	
	GRI 403 - 3	Occupational health services	35 - 36	
	GRI 403 - 4	Worker participation, consultation, and communication on occupational health and safety	35 - 36	



	GRI 403 - 5	Worker training on occupational health and safety	36	
	GRI 403 - 6	Promotion of worker health	36	
	GRI 403 - 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	34 - 36	
	GRI 403 - 8	Workers covered by an occupational health and safety management system	34 - 36	
	GRI 403 - 9	Work-related injuries	35 - 36	
<i>GRI 404: Training and Education 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	29	
	GRI 103 - 2	The management approach and its components	29 - 30	
	GRI 103 - 3	Evaluation of the management approach	32	
GRI 404: Training and Education 2016	GRI 404 - 1	Average training hours per year per employee	32	
<i>GRI 405: Diversity and Equal Opportunity 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	33	No objective included
	GRI 103 - 2	The management approach and its components	33 - 34	No management approach
	GRI 103 - 3	Evaluation of the management approach	33 - 34	No management approach
GRI 405: Diversity and Equal Opportunity 2016	GRI 405 - 1	Diversity of governance bodies and employees	33 - 34	
<i>GRI 417: Marketing and Labeling 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	39	
	GRI 103 - 2	The management approach and its components	39	
	GRI 103 - 3	Evaluation of the management approach	39	
GRI 417: Marketing and Labeling 2016	GRI 417 - 1	Requirements for product and service information and labeling	39	
	GRI 417 - 2	Incidents of non-compliance concerning product and service information and labeling	37	

	GRI 417 - 3	Incidents of non-compliance concerning marketing communications	39	
<i>GRI 416: Customer Health and Safety 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	37	
	GRI 103 - 2	The management approach and its components	37	
	GRI 103 - 3	Evaluation of the management approach	37 - 38	
GRI 416: Customer Health and Safety 2016	GRI 416 - 1	Assessment of the health and safety impacts of product and service categories	37	
	GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	37	
<i>Customer Satisfaction</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	38	
	GRI 103 - 2	The management approach and its components	38	
	GRI 103 - 3	Evaluation of the management approach	38 - 39	
GRI 102: General Standard Disclosures 2016	GRI 102 - 43	Approach to stakeholder engagement	13	
	GRI 102 - 44	Key topics and concerns raised	13 - 15	
<i>Labor Law Compliance</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	36	
	GRI 103 - 2	The management approach and its components	36	
<i>GRI 418: Customer Privacy 2016</i>				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	39	
	GRI 103 - 2	The management approach and its components	39	
	GRI 103 - 3	Evaluation of the management approach	39 - 40	
GRI 418: Customer Privacy 2016	GRI 418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	40	

GRI 413: Local Communities 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	36	
	GRI 103 - 2	The management approach and its components	36	
GRI 413: Local Communities 2016	GRI 413 - 1	Operations with local community engagement, impact assessments, and development programs	36 -37	
	GRI 413 - 2	Operations with significant actual and potential negative impacts on local communities	36 - 37	

## Task Force on Climate-related Financial Disclosures (TCFD) Content Index

RECOMMENDED DISCLOSURES	LTG SR DISCLOSURE CONTENT (PAGE NO.)
<b>Governance</b> <i>Disclose the organization's governance around climate-related risks and opportunities.</i>	
a) Describe the board's oversight of climate related risks and opportunities.	2, 24 - 25
b) Describe management's role in assessing and managing climate-related risks and opportunities.	2, 24 - 26
<b>Strategy</b> <i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.</i>	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	24 - 26
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	24 - 26

<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>24 – 26</p>
<p style="text-align: center;"><b>Risk Management</b> <i>Disclose how the organization identifies, assesses, and manages climate-related risks.</i></p>	
<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>24 – 26</p>
<p>b) Describe the organization’s processes for managing climate- related risks.</p>	<p>24 – 26</p>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated in to the organization’s overall risk management.</p>	<p>24 - 26</p>
<p style="text-align: center;"><b>Metrics and Targets</b> <i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</i></p>	
<p>a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Processes are still to be set up for the future reporting of this metric</p>
<p>b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Processes are still to be set up for the future reporting of this metric</p>
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Processes are still to be set up for the future reporting of this metric</p>