

 SBS PHILIPPINES CORPORATION	REVISED POLICY ON RELATED PARTY TRANSACTIONS	Approval Date 25 February 2025	
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1. **POLICY STATEMENT**

It is the policy of the SBS Philippines Corporation (the “Company”) that transactions between the Company and its Related Parties are conducted in a fair, reasonable and transparent manner and in the best interests of the Company and its shareholders as a whole, considering relevant circumstances.

In this connection, the Company’s Board of Directors, through the Related Party Transaction Committee of the Board, shall endeavor to ensure that transactions between the Company and its Related Parties are carried out in accordance with the corporate interest, on arms’- length terms, ensuring transparency in the process and observing the principle of equitable treatment of shareholders in the same condition, and in accordance with applicable laws and regulations.

2. **PURPOSE**

This policy defines Related Party relationships and transactions and sets the general criteria and procedure for the review, approval, and ratification of these transactions by the Related Party Transaction Committee of the Board, the Board of Directors and Shareholders of the Company and its disclosure in accordance with Philippine Accounting Standard (PAS) 24 on Related Party Disclosures and the rules of the Securities and Exchange Commission on Material Related Party Transactions.

3. **DEFINITIONS**

For purposes of this Policy, the following terms shall have the following meanings:

3.1 Related Party shall refer to any of the following persons and entities:

- (a) The Company’s directors, officers, Substantial Shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have Control, joint Control or Significant Influence over the Company;
- (b) Any of the Company’s parent, subsidiary, fellow subsidiary, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

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- 3.2 Related Party Transaction shall mean a transaction that involves the transfer of resources, services or obligations, including write-offs, between the Company and a Related Party, and outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party. This includes but shall not be limited to the following
- (a) Finance, including credit accommodation and equity contribution in cash or in kind;
 - (b) Purchases, sales and supply of goods and materials;
 - (c) Rendering or receiving of services;
 - (d) Outsourcing arrangements;
 - (e) Leasing of property of any kind;
 - (f) Selling or disposing or buying of property of any kind;
 - (g) Management contracts; and
 - (i) Extending guarantees or sureties.
- 3.3 Material Related Party Transactions shall mean any Related Party Transaction, regardless of whether a price is charged, either individually, or in aggregate over a twelve (12) – month period with the same Related Party, amounting to ten percent (10%) or higher of the Company’s consolidated total assets based on its latest audited financial statement, including any subsequent alterations to the terms and conditions, or increase in exposure level, of such transactions.
- 3.3 Materiality Threshold shall mean ten percent (10%) of the Company’s total assets based on its latest audited financial statement, and if the Company is a parent company, the total assets shall pertain to its total consolidated assets.
- 3.4 Affiliate shall mean any entity linked directly or indirectly to the Company through any one or a combination of any of the following:
- (i) Ownership, Control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice versa;
 - (ii) Interlocking directorship or officership, except on cases involving independent directors as defined under existing regulations;
 - (iii) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
 - (iv) Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice versa;

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- 3.5 Associate shall mean an entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has Significant Influence;
- 3.6 Control shall mean a person or an entity controls the Company and only if the person or entity has all of the following:
- (i) Power over the Company;
 - (ii) Exposure or rights, to variable returns from its involvement with the Company; and
 - (iii) The ability to use its power over the Company to affect the amount of the Company's returns.
- 3.7 Officers shall refer to key management personnel who are appointed by the Board of Directors and have the authority and responsibility for planning, directing and/or controlling the activities of the Company.
- 3.8 Significant Influence shall mean the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies;
- 3.9 Substantial Shareholder shall mean any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Company's equity security;
- 3.10 Related Party Registry shall refer to the record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.
- 3.11 Abusive Related Party Transaction shall refer to Related Party Transactions that are not entered at arm's length terms and unduly favor a Related Party.
- 3.12 SBS Group shall refer to its subsidiary and associate companies of SBS Philippines Corporation.

4. IDENTIFICATION OF RELATED PARTIES

- 4.1 The Company's Related Parties are the persons and entities that meet the definition of "Related Parties" as provided in Section 3.1 hereof.
- 4.2 The Accounting Department shall identify and prepare a list of the Company's Related Parties and establish and maintain the Related Party Registry, including its

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processes and controls to ensure its accuracy and completeness. It shall undertake a quarterly review of the Related Party Registry and update the same as may be necessary in coordination with the Company's Legal Department to capture the organizational and structural changes in the Company and its Related Parties.

- 4.3 Internal Audit shall periodically conduct an audit of the effectiveness of the Company's internal systems and controls on Related Party Transactions and shall submit its report to the Audit and Risk Oversight Committee.

5. GENERAL CRITERIA FOR THE REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- 5.1 **Review Criteria.** The following factors, among others, shall be considered in the review and evaluation of Related Party Transactions (RPTs):

- 5.1.1 All RPTs entered into by the Company shall be transacted on a fair and arm's length basis to promote the best interests of the Company and its shareholders. The Company shall adopt generally accepted practices and principles in determining whether the Related Party Transaction is at "arm's length". The arm's length principle requires the transaction with a Related Party to be made under terms and conditions no less favorable to the Company than what could be obtained in an arm's length negotiation with a non-related or independent party taking into consideration similar facts and circumstances, and prevailing market terms. Determination of arm's length price or terms is a matter of judgment and it shall be assessed on a case to case basis depending on the facts of each transaction.
- 5.1.2 The RPT shall not be unfairly prejudicial to the Company and other shareholders.
- 5.1.3 The Company shall endeavor to exercise due diligence in determining a fair price for the RPTs. The price discovery mechanism may include, but is not limited to, acquiring the services of an external independent expert such as auditing/accounting firms and third party consultants and appraisers, opening the transaction to a bidding process, or publication of available property for sale.
- 5.1.4 The Related Party Transaction should not present an improper conflict of interest for any director, Substantial Shareholder or Officer of the Company.
- 5.1.5 The Related Party Transaction Committee shall review any internal audit report on RPTs and report them to the Board.

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5.2 **Exempt RPTs** The following transactions, with an aggregate transaction value in a twelve month period per category amounting to Three Million Pesos (P3,000,000.00) and less and which are recurring, customary or normal transactions in the ordinary course of business or de minimis unusual and non-recurring transactions that meet the requirements set out below are considered Exempt Related Party Transactions and shall not require the approval by the Related Party Transaction Committee but will require regular reporting to the Related Party Transaction Committee and the Board of Directors on a quarterly basis.:

- (a) Sharing of administrative and support services (Shared Services and Facilities) for company secretarial and legal services, accounting and treasury services, human resources and general administrative services between the Company and Related Party on a cost basis, where the cost of services is identifiable and allocated on a fair and equitable basis;
- (b) Provision of goods or services to a Related Party which is sold or rendered based on terms and conditions that are standardized and apply on an across-the-board basis to a large number of customers;
- (c) Acquisition of goods in the ordinary and usual course of business from a Related Party on normal commercial terms or at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and
- (d) Compensation of directors and chief executive officer and other benefits which may be offered by the Company to its officers that forms part of their remuneration which are approved by the Board of Directors and endorsed by the Remuneration Committee;

5.3 **Review Procedures.** The following procedure shall be observed for the review and approval of the Non-Exempt Related Party Transactions:

- 5.3.1 Management shall report on the status of all RPTs and aggregate exposures of each Related Party to the Related Party Transaction Committee and the Board of Directors on a quarterly basis.
- 5.3.2 All Related party transactions, either individually or part of a series of transactions, which exceed 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 before the execution of the transaction.

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- 5.3.3 If the value of the 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 Materiality Threshold, shall be referred to the Related Party Transaction Committee for its prior independent review, evaluation and endorsement to the Board of the terms thereof for approval. The transaction shall be subject further to the final review and approval of the Board of Directors which shall have at least two independent directors who have no interest in the transaction favorably voting for its approval.
- 5.3.4 The Related Party Transaction Committee shall consider in their review criteria set out in Clause 5.1 hereof and such other factors as may be prescribed by applicable law or regulations on the matter.
- 5.3.5 The Related Party Transaction Committee shall regularly monitor the alignment of the Related Party Transactions with the principles and rules embodied in this Policy.
- 5.3.6 All material facts and terms to the Related Party Transaction (RPT) as well as any direct and indirect financial interest of directors, Substantial Shareholders and officers in the RPT shall be fully disclosed to the Related Party Transaction Committee and the Board at the meeting where the Related Party Transaction will be presented for review and/or approval. The Related Party Transaction Committee is entitled to reasonable request any supporting documents in order to determine whether the RPT complies with this policy.
- 5.3.7 All Material Related Party Transactions, either individually or in aggregate over a twelve (12) – month period with the same Related Party, that amount to ten percent (10%) or higher of the Company’s total consolidated assets based on its latest audited financial statements shall be subject to the prior independent review of the Related Party Transaction Committee who shall analyze and assess the qualitative and quantitative aspects of the transaction from the perspective of compliance with this Policy and applicable laws and regulations. If appropriate and justified, the Related Party Transaction Committee shall conclude that the Material Related Party Transaction is compliant with the provisions of this Policy and issues a favorable report thereon to the Board endorsing its approval.
- 5.3.8 An independent expert report will be required in respect of Material Related Party Transactions to evaluate the fairness of the terms of the Material RPT. The Board of Directors shall appoint the external independent party to prepare such report which shall be provided to the Board of Directors before approval and execution of the relevant transaction.

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5.4 Approval of Related Party Transactions, including Material Related Party Transactions. Other than an Exempt RPT, the undertaking of any transaction by the Company with a Related Party shall be subject to the final review and approval of the Board of Directors, after receiving the report thereon by the Related Party Transaction Committee.

5.4.1 Non-Material Related Party Transaction. The approval of the Board of Directors for the RPT other than Material RPT shall be obtained by affirmative vote of majority of the Board of Directors, with at least majority of the independent directors with no interest in the transaction voting to approve the RPT.

5.4.2 Material Related Party Transaction. The approval of the Board of Directors for Material RPT shall be obtained by affirmative vote of two-thirds (2/3) of the entire membership of the Board of Directors, with at least majority of the independent directors with no interest in the transaction voting to approve the Material RPT. In case that a majority vote of the independent directors is not secured, the Material Related Party Transaction may be ratified by vote of the stockholders representing at least two-thirds of the outstanding capital stock entitled to vote.

5.4.3 If the Company becomes aware of a Related Party Transaction that has not been approved in accordance with this Policy, the Related Party Transaction shall be reviewed in accordance with the procedures set forth herein and, if the Board determines it to be appropriate, ratified at the Board's next regularly scheduled meeting. In case of abusive RPTs or where the Board determines not to ratify a Related Party Transaction that has been commenced without its approval, the Board shall evaluate all options available and may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification, seeking the approval of the shareholders, or payment of compensation for the loss suffered by the related party. etc.

6. DISCLOSURE, REPORTING AND MANAGEMENT OF CONFLICTS OF INTERESTS

6.1 All Related Party Transactions shall be reported to the RPT Committee. Each Director of the Company, its Substantial Shareholders and officers is responsible for providing notice to the Board and the RPT Committee of any potential Material Related Party Transaction involving him/her and their relatives and shall fully disclose all material facts related to such RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Directors and substantial shareholders with conflict due to a personal interest in the transaction with the Company shall refrain from participating in the deliberations and abstain from voting on the resolution or decision on the matter. In case they refuse to abstain, their attendance shall not be

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counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

- 6.2 A summary of the Material Related Party Transactions entered into during the reporting year shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually to the Securities & Exchange Commission (SEC) every May 30th. The Company shall also file to the SEC the Advisement Report, attached as Annex A of Material RPT, within three (3) calendar days from execution date of the material RPT which Report shall be signed by the Company's Corporate Secretary providing for the following information:
- (a) Complete name of the Related Party;
 - (b) Relationship of the parties to the Material RPT
 - (c) Execution date of the Material RPT;
 - (d) Financial or non-financial interests of the related parties;
 - (e) Type and description of the transaction as well as description of the assets involved;
 - (f) Total consolidated assets;
 - (g) Amount or contract price;
 - (h) Percentage of the contract price to the total consolidated assets of the Company;
 - (i) Carrying amount of the collateral, if any;
 - (j) Terms and conditions of the Material RPT;
 - (k) Rationale for entering into the transaction; and
 - (l) Approval obtained (i.e., names of directors present, those who approved the transaction and corresponding voting percentage obtained)
- 6.3 In order to ensure transparency in the treatment of Related Party Transactions, this Policy shall be uploaded on the Company's website and the web link thereto shall be provided in the Annual Report of the Company.
- 6.4 Appropriate disclosures will be submitted to the Philippine Stock Exchange (PSE) as required under its rules as may be applicable.

7. ABUSIVE MATERIAL RPTS

- 7.1 Employees, stakeholders, or third parties with knowledge of actual or suspected illegal, unethical or questionable material RPTs can report their concerns immediately via the Company's confidential whistleblower channel at wc@sbsph.com.
- 7.2 The reporting and investigation of abusive Material RPTs shall be handled following the guidelines provided in the Company's Code of Conduct and Whistleblowing Policy.
- 7.3 The Company reserves the right to impose corresponding sanctions and/or penalties for violation of this Policy, which includes dismissal from service or

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from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense.

8. SELF-ASSESSMENT AND PERIODIC REVIEW OF THE POLICY


- 8.1 The Related Party Transaction Committee shall review and update this Policy as may be appropriate but not later than every two (2) years to ensure that the procedures and processes for the approval and management of Related Party Transactions provide for an adequate, transparent and effective system to identify and monitor that the RPTs are carried out in accordance with the corporate interests and on arms'- length terms, adhering to the principle of equitable treatment of shareholders in the same condition, and observing transparency in the process. The Committee may recommend amendments to the Board from time to time as it may deem appropriate.
- 8.2 All RPT reviews by the Related Party Transaction Committee shall be reported to the Board for its further action. The Board may consider amendments to this Policy based on the recommendations of the RPT Committee as it may deem appropriate.
- 8.3 The Corporate Secretary and the Chief Compliance Officer shall keep the RPT Committee and the Board informed of regulatory developments pertaining to Related Party Transactions and shall ensure that the Company's RPT Policy is kept updated and compliant with the legal requirements.

9. APPLICABILITY

- 9.1 In compliance with SEC Memorandum Circular No. 10, Series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, the provisions of this policy relating to Material Related Party Transactions shall also be observed by member companies of the SBS Group with regard to their Related Party Transactions that meet the Materiality Threshold of ten percent (10%) of Company's total consolidated assets based on its latest audited financial statement.
- 9.2 This Policy shall be without prejudice to the provisions to the Company's Manual of Corporate Governance, the applicable requirements of the Revised Corporation Code for related party transactions, the SEC rules and regulations on related party transactions for publicly listed companies, and other applicable laws and regulations, including any subsequent new or amended laws, rules and regulation on Related Party Transactions which shall be observed and shall apply to the fullest extent possible.
- 9.3 This Revised RPT Policy shall be applicable to the Company with effect from 25 February 2025.

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Approved on 25 February 2025 by Resolution of the Board of Directors.


RICARDO NICANOR N. JACINTO
Chairman of the Board


MONINA JANE S. NAZAL
Chief Compliance Officer

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