ATTACHMENTS TO THE INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

I. Revised Manual on Corporate Governance

II. Charter of the Board of Directors

III. SEC 17 – A (Annual Report) with Annex A – Sustainability Report

IV. SEC Form 20 - IS (Information Statement)

V. Amended Terms of Reference of Corporate Governance, Nomination and Remuneration Committee (CGNR Committee Charter)

VI. Revised Policy on Related Party Transactions

VII. Amended By – Laws

VIII. Revised Terms of Reference of the Audit, Risk and Related Party Transaction Committee (ARRPT Committee Charter)

IX. Internal Audit Activity Charter

X. Policy on Insider Trading

XI. Audit & Risk Oversight Committee Report

XII. Code of Business Conduct and Ethics

XIII. Whistleblowing Policy

XIV. Conflict of Interest Policy

XV. Executive Committee Charter

XVI. Internal Control and Compliance Attestation (Annex D)

XVII. Corporate Governance Training Seminar (Annex E)

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COVER SHEET

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(Company's Full Name)

SBS PHILIPPINES CORPORATION
(FORMERLY SYTENGCO PHILIPPINES
CORPORATION)

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

NO. 10 RESTHAVEN STREET SAN
FRANCISCO DEL MONTE QUEZON
CITY

FORM TYPE	Department Requiring the Report	Secondary License Type, If Applicable
	CGFD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
ir@sbsph.com	371 - 1111	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
8	Last Friday of June	12/31

CONTACT PERSON INFORMATION:

The designated contact person MUST be an Ofiicer of the Corporation

Name of Contact Person	Email Address	Telephone Number's
GERRY D. TAN	g.tan@sbhph.com	(02) 371-1111

Contact Person's Address:

10 Resthaven Street, San Francisco Del Monte, Quezon City

SBS PHILIPPINES CORPORATION

23 May 2019

SECURTIES AND EXCHANGE COMMISSION
Secretariat Building PICC Complex
Pasay City, Metro Manila

Attention: **ATTY. RACHEL ESTHER J. GUMTANG- REMALANTE**
OIC, Corporate Governance and Finance Department

Sir/Madame:

Greetings!

In compliance with SEC Memorandum Circular No.19, Series of 2016, pertaining Code of Governance for Pulicly-Listed Companies, we submit herewith the Revised Manual of Corporate Governance of SBS Philippines Corporation.

Sincerely yours,

MR. GERRY D. TAN
President/CEO

SBS PHILIPPINES CORPORATION

REVISED MANUAL ON CORPORATE GOVERNANCE

PREAMBLE:

The trust of our stakeholders, which includes our shareholders, customers, bankers, suppliers, business partners, government and communities where we operate, is fundamental to our business and is the source of success and growth of the Company. We are committed to preserving this relationship of trust by promoting a strong corporate governance culture in the Company that is anchored on transparency, competent leadership, effective internal controls, and prudent risk management.

This Corporate Governance Manual ("CG Manual") of the Company supplements the Articles and By-Laws of the Company in setting the standards for the corporate governance process and the corporate governance structures, principles, policies and practices to govern the performance of the duties and responsibilities of the Board of Directors, Management and employees for the effective and prudent management of Company in line with the long-term best interests of the shareholders and other stakeholders.

A. Guiding Principles

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

In line with the Company's objective to create a legacy of sustainable growth in support of its goal to be the preferred partner in value creation of its stakeholders, the Board of Directors, Officers, Management and Employees of the Company is committed to responsible corporate governance and is guided by the principles and best practices in corporate governance contained in this Manual.

- *Leadership*. The Company shall be headed by a competent, working Board who will foster the long-term success of the Company, sustain its competitiveness and profitability in a manner consistent with its corporate objectives and supporting the long-term best interests of its shareholders and other stakeholders.

- *Effectiveness*. The Board and its committees shall have the appropriate balance of skills, experience, independence and knowledge of the Company and the industry in which the Company is involved with.

- *Accountability*. The Board shall act on a fully informed basis with due diligence and care and in the best interests of the Company and all stakeholders and shall ensure that sound risk management and internal controls are in place.

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

B. Corporate Governance Framework

1. <u>Board of Directors</u>

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

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

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

The Board shall, at all times, encourage inclusivity and diversity in its composition. The Board values difference, promotes equality and is committed to excellence.

1.1 Composition of the Board

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

To promote objective, independent judgment on corporate affairs and provide for check and balance, majority of the Board of Directors shall be comprised of non-executive directors, with the number of independent directors to constitute at least one third of the members of the Board but in no case less than three (3).

The Board shall be composed of directors of proven integrity and having the appropriate mix of core competencies that would be relevant to the Company and help build a sustainable business. The Board shall encourage diversity in its composition as to age, gender, culture, skills, competence and knowledge. It shall endeavor to exercise an objective and independent judgment in the performance of its duties and responsibilities.

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

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

a. Written nominations by the stockholders shall be received by the corporation at least 60 days before the date of the Annual General Meeting of the Stockholders;
b. The Committee shall assess and determine if the person nominated for election to the Board of Directors meet the following qualification standards for directorship as defined in 1.3, 1.4 and 1.5;
c. The Committee may also consider the following matters in their evaluation:
    I. Directorships in other corporations;
    II. Age of the director; and
    III. Any possible conflict of interest.
d. The Committee shall pre-screen and identify the individual nominees who possess all the qualifications and none of the disqualifications for directorship set for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations;
e. Thereafter, Committee shall identify and recommend a shortlist of qualified nominees for Board approval and endorsement of the final list of nominees for election at the Annual Meeting of the Stockholders;
f. The directors shall be elected by plurality of votes using the cumulative voting method;

g. In case of a vacancy in the Board other than removal of a director or expiration of term, the Committee shall identify and recommend, for approval of the Board, nominees to fill Board vacancies as and when they arise. In identifying suitable candidates, the Committee may make use of professional search firms or services of external advisers to facilitate the search for qualified candidates to the Board.

1.3 Qualifications of a Director

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

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

b. With a college degree or its equivalent or shall have been engaged or exposed to the general business of the Company for a least five (5) years;

c. With relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry and membership in business or professional organizations and practical understanding of the business of the Company and its subsidiaries;

d. With high standards of integrity, probity and assiduousness; and

e. Has none of the director disqualifications prescribed under the By-Laws, Corporation Code, Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations.

1.4 Permanent and Temporary Disqualifications of a Director

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

a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

   The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporate Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

d) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;

e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;

f) Any person judicially declared as insolvent;

g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (d) above;

h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;

i) Any person who is engaged in any business which competes with or is antagonistic or harmful to the business of the Corporation, its subsidiaries and affiliates, or where such person is serving as a director, will suffer a serious conflict of interest which adversely affects the business of the Corporation, its subsidiaries and affiliates;

j) An independent director who has served the maximum cumulative term of nine (9) years as independent director shall be disqualified from being re-elected as independent director of the Company; and

k) Any other ground as the Securities and Exchange Commission may hereafter provided.

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

a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

c) Dismissal or termination for cause as director of any public or listed corporation. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

d) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

However, the disqualified independent director may run for election as a regular director provided there is a vacancy in the Board.

e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

1.5 <u>Additional Qualifications of Independent Directors</u>

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

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

b) Has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;

c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

d) Is not an owner of more than two percent (2%) of the outstanding shares of the Company or of its related companies or any of its substantial shareholders;

e) Is not a related to any director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f) Is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or its substantial shareholders pursuant to a Deed of Trust or under any contract or arrangement;

g) Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

h) Is not retained, either in his personal capacity or through a firm, or similar entity as a professional adviser by the Company, or any of its related companies or any of its substantial shareholders within the last five (5) years;

i) Has not engaged and does not engage whether by himself or with other persons or through a firm of which he is a partner, or a company of which he is a director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions which are conducted at arm’s length and are immaterial or insignificant;

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

1.6. Board Commitment

The directors shall devote the necessary time and attention for the proper and effective performance of their duties and responsibilities as directors and shall regularly attend and actively participate in the Board and Shareholder meetings.

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

The non-executive directors of the Board shall concurrently serve in other directorships up to a maximum of five (5) publicly listed companies to demonstrate their commitment and availability to attend to the affairs of the Company and carry out their duties adequately. All directors shall submit to a low indicative limit on director appointments in other non-listed non-group companies.

1.7 General Responsibilities of the Board

The Board shall:

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

b. Always act in a manner characterized by transparency, accountability and fairness; and

c. Formulate the Corporation's vision, mission, strategic objectives, policies and procedures and the means to effectively monitor management's performance.

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

1.8. Specific Duties and Functions of the Board

The Board shall ensure a high standard of best practice in the performance of its functions as set out in the Company's By-Laws and additionally as follows:

a. Implement a judicious process for the selection of directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies and adopt an effective succession planning program for its directors, officers and key managers to promote growth and dynamism in the Corporation as well as leadership succession;

b. Develop sound business and strategic plans, policies and programs such as but not limited to corporate strategies, major plans of action, risk management policies, annual budgets and business plans, major capital expenditures, acquisitions and divestitures as well as a remuneration policy for its key and board members that are aligned with the long-term best interests of the Company and will help ensure the business sustainability of the Company and periodically evaluate and monitor the implementation of such plans, policies and programs;

c. Ensure of a strong compliance culture in the Company by faithful compliance with all relevant laws, rules and regulations, internal charters and polices, and as far as practicable best business practices;

d. Establish and maintain an investor relations program that will keep stockholders and other stakeholders informed on a timely, regular and clear basis, of the important developments in the Company and serve as feedback channel, and ensure that appropriate corporate disclosure policies and procedures are in place to provide for accurate, reliable and timely disclosures that are disseminated in a non-exclusionary and non-selective way and a fair presentation of Company's financial condition, results and business operations to shareholders and other stakeholders;

e. Promote a mutually beneficial, positive and progressive relationship with the Company's stakeholders and the community in which it operates or are directly affected by its operations, and promulgate clear policies and programs for the effective communication and engagement of the Company's stakeholders and their fair treatment and protection, including redress of rights violated;

f. Ensure the adoption, adequacy and effectiveness of sound organizational and operational internal controls and systems (including those for conflict of interest situations) for good governance through regular review and monitoring;

g. Ensure that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key risks of the Company and establish its risk strategies and approach;

h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

i. Constitute an Audit, Risk Oversight and Related Party Transaction Committee and a Corporate Governance, Compensation and Nomination Committee and such other committees it may deem necessary to assist the Board in the performance of its duties and responsibilities;

j. Establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;

k. Provide stockholders with a balanced and comprehensible assessment of the Company's performance, position and prospects on an annual and quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law;

l. Conduct an annual self –assessment of the performance and the effectiveness of the Board, its committees, and each member with the assessment criteria and process based on the mandates, functions, roles and responsibilities provided in its charters and have the assessment supported by an external facilitator every three (3) years;

m. Ensure that all members of the Board shall go through an orientation process whereby they are briefed on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory requirements and industry developments affecting the Company's business and operations, and provide for the continuing development program for the members of the Board;

n. Adopt a comprehensive set of policies (i.e., Code of Business Conduct and Ethics) that sets out the personal and professional conduct expected from members of the Company to ensure that directors, officers and employees shall uphold the best interests of the Company and work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency. It shall monitor and ensure compliance and disseminate copies thereof to the Board, senior management and employees and made available in the Company's website;

o. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration;

p. Keep the activities and decisions of the Board within its authority under the Company's Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and

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

1.9 <u>Specific Responsibilities of a Director</u>

A director shall observe the following norms of conduct:

a. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.

   i. A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests.

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

   iii. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same.

b. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

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

ii. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

c. Act judiciously.

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

d. Exercise independent judgment.

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

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

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

f. Observe confidentiality.

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

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

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

2.0 <u>Board Committees</u>

To assist the Board in discharging its responsibilities and ensure the effective performance of the function of the Board with respect to audit, risk management, related party transactions, nominations and remuneration and other key corporate governance concerns, the Board has constitute the following Board Committees as its principal standing committees: (a) Audit, Risk

Oversight and Related Party Transaction Committee, (b) Corporate Governance, Nomination and Remuneration Committee, and (c) Executive Committee.

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

2.1 Audit, Risk Oversight and Related Party Transaction Committee ("ARRPT Committee")

The Board shall constitute an Audit, Risk Oversight and Related Party Transaction Committee to be composed of at least three (3) non-executive directors, two of whom shall be independent directors, including its Chairman. As far as practicable, the Chairman of the Committee shall not be a Chairman of the Board and of any other Committee. Each member of the Committee shall have relevant background, knowledge, skills and/or experience in the areas of financial and risk management systems.

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

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

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

c) Recommend the appointment and removal of the Internal Auditor and External Auditor who shall be accredited with the Securities and Exchange Commission. It should ensure that the internal and external auditors act independently from each other, free form interference from other parties, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Establish an internal audit function, adopt an Internal Audit Charter and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to their independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the ARRPT Committee. The ARRPT Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;

m) Monitor and review risk exposures and risk management plans of the Company;

n) Oversee the implementation of systems for identifying, monitoring, measuring, controlling and reporting of material related party transactions, including the periodic review of related party transaction policies and procedures.

o) Evaluate on an ongoing basis all related party transactions (RPT for brevity) to ensure that such transactions are not to the detriment of the Company's business and to determine any potential reputational risk issues that may arise as a result or in connection with the transactions. In evaluating these transactions, the ARRPT Committee shall take into account, among others, the following:

i. The related party's relationship to the Company and interest in the transaction;

ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

iii. The benefits to the Company of the proposed RPT;

iv. The availability of other sources of comparable products or services; and

v. An assessment of whether the proposed RPT is on terms and conditions that are no less favorable than the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

2.2 Corporate Governance, Nomination and Remuneration Committee

The Corporate Governance, Nomination and Remuneration Committee shall be composed of at least three (3) independent directors of the Board, including the Chairman of the Committee.

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

a) Oversee the implementation of corporate governance policies and systems of the Company and evaluate and monitor its continuing relevance in the light of the changes in the Company, business and regulatory environment and update and recommend such changes as may be necessary;

b) Assess the effectiveness of the Board's processes and procedures and provide for the continuing development program for the members of the Board;

c) Ensure that appropriate corporate governance standards and practices in place;

d) Evaluate the qualifications of all persons nominated for election to the Board of Directors and recommend such adjustments in the Board structure and the skills and expertise required to meet the needs of the Company;

e) Guide the succession planning process by reviewing the leadership needs of the Company and the adequacy of proposals for succession to key leadership positions in the Company;

f) Ensure that the compensation framework for directors and key executives are aligned to the long-term interests of the Company and consistent with the Corporation's culture, strategy and the business environment in which it operates; and

g) Review the structure and competitiveness of the Company's compensation program to attract and retain directors, officers and employees who are needed to run the Company successfully.

2.3 Executive Committee

To assist the Board on its responsibilities during the periods between Board meetings, an Executive Committee composed of at least five members of the Board shall be established with the delegated authority to act on corporate matters which are within the competence of the Board except the following authorities that are specially reserved for the Board:

a) approval of any action of which shareholder approval is also required;

b) amendment or repeal of By-Laws or adoption of new By-Laws;

c) approval of the annual report and accounts;

d) exercise of powers delegated by the Board to other committees;

e) board appointments and removals;

f) selection of the Chairman and President & Chief Executive Officer and appointments for Board membership following recommendations from the Nomination Committee;

g) appointment or removal of the Corporate Secretary and Treasurer;

h) appointment, reappointment or removal of the external auditor; and

i) distribution of property and cash dividends to shareholders.

3.0 Principal Officers

3.1 Chairman of the Board

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

a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;

c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;

f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and

g. Maintain qualitative and timely lines of communication and information between the Board and Management.

3.2 Chief Executive Officer

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

a) Provide general supervision of the business, affairs, and property of the Company and over its employees and officers;

b) see that all orders and resolutions of the Board of Directors are carried into effect;

c) Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of the Company for the preceding year, and the state of its affairs; and

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

3.3 Corporate Secretary

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

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

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

i. Serve as adviser to the directors on their responsibilities and obligations;

ii. Assist the Board and its Committees in the conduct of their meetings, including preparation of an annual schedule of meetings and assist the Chairman of the Board and Committee Chairman to set the agenda for the meeting;

iii. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;

iv. Provide advice and assistance in connection with the establishment of board committees and their terms of reference;

v. Be loyal to the mission, vision and objectives of the Company;

vi. Work fairly and objectively with the Board, Management, stockholders and other stakeholders;

vii. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company; advises the Board and the Chairman on all relevant issues as they arise;

viii. Have a working knowledge of the operations of the Company;

ix. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

x. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;

xi. Performs required administrative functions;

xii. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements;

xiii. Ensure that all Board procedures, rules and regulations are strictly followed by the members;

xiv. Attend a training in corporate governance on an annual basis; and

xv. Such other responsibilities as may be required by the Board of Directors.

3.4 Compliance Officer

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

The Compliance Officer shall perform the following duties:

i. Ensure that all directors appointed to the Board have gone through an orientation process whereby they were briefed by the Corporate Secretary, Compliance Officer and Management on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory and industry developments affecting Company's business and operations, and attend and participate in the continuing development program for the members of the Board;

ii. Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;

iii. Report violations to the Board and recommend to the Board the imposition of appropriate disciplinary action on the parties responsible and the adoption of measures to prevent a repetition of the violation thereof;

iv. Appear before the Commission when summoned in relation to compliances with the requirements of the Corporate Governance Code for Publicly Listed Companies;

v. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;

vi. Ensure fulfillment of reportorial and disclosure obligations of the Company to the Securities and Exchange Commission and the Philippine Stock Exchange;

vii. Identify and monitor compliance risks and possible issues and works towards the resolution or control of the same; and

viii. Performs such other duties and responsibilities as may be provided by the Commission.

3.5 Chief Financial Officer

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

i. Provide management with accurate, relevant, and timely operating and financial reports;

ii. Monitor the financial condition of the Company,

iii. Maintain the integrity of accounting records as the basis of financial statements; and

iv. Strengthen internal controls by monitoring compliance with policies; recommend to Management appropriate actions and changes in systems and procedures as circumstances may require

4.0 Employees

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

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

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

5.0 Audit and Compliance

5.1 Internal Audit

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

The internal audit function shall review, audit and report the effectiveness of the system of organizational and procedural controls of the Company and governance and risk management systems. It shall be independent of the activities that it audits.

Its scope of work covers risk exposures relating to achievement of the Company's strategic objectives, reliability and integrity of information systems, systems established to ensure compliance with the policies, plans, procedures, laws, and regulation with significant impact on the organization, the means to safeguarding assets and the effectiveness and efficiency by which resources are employed, the effectiveness of the organization's risk management processes and specific operations at the request of the Board or management, as appropriate.

5.2. External Auditor

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

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

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

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

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

6.0 Risk Management

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

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

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

The Company shall adopt a bottom-up approach in its risk management process, with line management primarily responsible for the identification of risks and the implementation of its control strategies. Training programs to explain the value of risk management and understand the risk responsibilities of personnel in the different organization levels shall be held periodically to ensure that sound risk management and safety practices are implemented in the day-to-day operations.

7.0 Disclosure and Transparency

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

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

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

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

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

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

8.0 Stockholders' Rights and Protection of Minority Stockholders

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

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

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

c. Respect the following rights of the stockholders:

   i. Right to vote on all matters that require their consent or approval;

   ii. Right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

   iii. Exercise cumulative voting in the election of directors.

   iv. No director shall be removed without cause if it will deny minority shareholders representation in the Board.

   v. Right to inspect corporate books and records;

   vi. Right to information;

   vii. Right of minority shareholders to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose;

   viii. Right to receive dividends that may be declared by the Board;

   ix. Appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code of the Philippines.

9. 0 Approach to Sustainability

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

10. 0 Effectivity

This Revised Manual of Corporate Governance was adopted by the Board of Directors on May 22, 2019 and shall be effective on 1 July 2019.

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

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

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

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

Signed this 22 May 2019 in Quezon City.

By order of the Board of Directors:

NECISTO U. SYTENGCO	**AYLENE Y. SYTENGCO**
Chairman of the Board	Corporate Compliance Officer

CHARTER OF THE BOARD OF DIRECTORS

PREAMBLE:

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

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

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

A. Guiding Principles

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

- *Leadership.* The Board shall primarily be responsible for the governance of the Company and shall set the policies for the accomplishment of its corporate objectives to foster the long-term success of the Company, sustain its competitiveness and profitability and safeguard the long-term best interests of its shareholders and other stakeholders.

- *Effectiveness.* The Board shall have the appropriate balance of skills, experience, independence and knowledge of the Company and the industry in which the Company is involved with.

- *Accountability.* The Board shall act on a fully informed basis with due diligence and care and in the best interests of the Company and all stakeholders and shall ensure that sound risk management and internal controls are in place.

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

B. ***Board Governance Framework***

1. ***Composition and Selection of the Board***

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

New members of the Board shall go through an orientation process to be briefed by the Corporate Secretary, Compliance Officer and Management on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory and industry developments affecting its business and operations, respectively.

1.1 <u>Board Membership and Independence</u>

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

(a) Independent Directors - The number of independent directors shall constitute at least one-third of the entire membership of the Board as currently fixed in the Articles of Incorporation. The independent director must meet the qualification criteria set by under applicable laws, regulations and the policies of the Company.

(b) Non-Executive Directors - To promote objective, independent judgment on corporate affairs and provide for check and balance, majority of the Board of Directors shall be comprised of non-executive directors. A non-executive director shall have no executive responsibility and does not perform any work related to the operations of the Company.

1.2 Selection and Diversity

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

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

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

1.3 Qualifications of a Director

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

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

b. With a college degree or its equivalent education or shall have been engaged or exposed to the general business of the Company for a least five (5) years;

c. With relevant experience and credentials such as previous business experience in a corporation, membership in good standing in relevant industry and membership in business or professional organizations and practical understanding of the business of the Company and its subsidiaries

d. With high standards of integrity, probity and assiduousness;

e. Has none of the director disqualifications prescribed under the By-Laws, Corporation Code, Securities Regulations Code and its implementing rules, SEC Code of Corporate

Governance and such other applicable laws and regulations; and

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

1.4 Permanent and Temporary Disqualifications of a Director

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

a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.

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

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

c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

d) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;

e) Any person earlier elected as independent director who becomes concurrently an officer, employee or consultant of the Corporation.;

f) Any person judicially declared as insolvent;

g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (d) above;

h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;

i) Any person who is engaged in any business which competes with or is antagonistic or harmful to the business of the Corporation, its subsidiaries and affiliates, or where such person is serving as a director, will suffer a serious conflict of interest which adversely affects the business of the Corporation, its subsidiaries and affiliates;

j) An independent director who has served the maximum cumulative term of 9 years as independent director shall be disqualified from being re-elected as independent director of the Company; and

k) Any other ground as the Securities and Exchange Commission may hereafter be provided.

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

a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

b. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

c. Dismissal or termination for cause as director of any public or listed corporation. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

d. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. However, the disqualified independent director may run for election as a regular director provided there is a vacancy in the Board.

e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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

1.5 Additional Qualifications of Independent Directors

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

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

b) has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;

c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;

d) Is not an owner of more than two per cent (2%) of the outstanding shares of the Company or of its related companies or any of its substantial shareholders; ;

e) Is not a related to any director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f) Is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or its substantial shareholders pursuant to a Deed of Trust or under any contract or arrangement

g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

h) Is not retained, either in his personal capacity or through a firm, or similar entity as a professional adviser by the Company, or any of its related companies or any of its substantial shareholders within the last five (5) years;

i) has not engaged and does not engage whether by himself or with other persons or through a firm of which he is a partner, or a company of which he is a director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions which are conducted at arm's length and are immaterial or insignificant;

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

1.6. <u>Term of Office and Term Limits</u>

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

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

1.7 <u>Vacancies in the Board</u>

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

2. Board Responsibilities

The Board shall the following general responsibilities:

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

b. Formulate the Company's vision, mission, strategic objectives, policies and procedures and the means to effectively monitor management's performance;

c. Supervise the business and affairs of the Company

2.1 <u>Powers, Duties and Attributes of the Board</u>

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

a. Implement a judicious process for the selection of directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies and adopt an effective succession planning program for its directors, officers and key managers to promote growth and dynamism in the Corporation as well as leadership succession;

b. Approve business and strategic plans, policies and programs such as but not limited to corporate strategies, major plans of action, risk management policies, annual budgets and business plans, major capital expenditures, acquisitions and divestitures as well as a remuneration policy for its key and board members that are aligned with the long-term best interests of the Company and will help ensure the business sustainability of the Company and periodically evaluate and monitor the implementation of such plans, policies and programs;

c. Ensure of a strong compliance culture in the Company by faithful compliance with all relevant laws, rules and regulations, internal charters and polices, and as far as practicable best business practices;

d. Establish and maintain an investor relations program that will keep stockholders and other stakeholders informed on timely, regular and clear basis, of the important developments in the Company and serve as feedback channel, and ensure that appropriate corporate disclosure policies and procedures are in place to provide for accurate, reliable and timely disclosures that are disseminated in a non-exclusionary and non-selective way and a fair presentation of Company's financial condition, results and business operations to shareholders and other stakeholders;

e. Promote a mutually beneficial, positive and progressive relationship with the Company's stakeholders and the community in which it operates or are directly affected by its operation, and promulgate clear policies and programs for the effective communication and engagement of the Company's stakeholders and their fair treatment and protection, including redress of rights violated;

f. Ensure the adoption, adequacy and effectiveness of sound organizational and operational internal controls and systems (including those for conflict of interest situations) for good governance through regular review and monitoring;

g. Ensure that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key risks of the Company and establish its risk strategies and approach;

h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

i. Constitute an Audit, Risk Oversigth and Related Party Transaction Committee and a Corporate Governance, Nominationa and Remuneration Committee and such other committees it may deem necessary to assist the Board in the performance of its duties and responsibilities;

j. Establish and maintain an alternative dispute resolution system to amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities;

k. Provide stockholders with a balanced and comprehensible assessment of the Company's performance, position and prospects on an annual and quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law;

l. Conduct an annual self–assessment of the performance and the effectiveness of the Board, its committees, and each member with the assessment criteria and process based on the mandates, functions, roles and responsibilities provided in its charters and have the assessment supported by an external facilitator every three years;

m. Ensure that all members of the Board shall go through an orientation process whereby they are briefed on their fiduciary responsibilities as directors, the Company's governance policies and processes, and the regulatory requirements and industry developments affecting the Company's business and operations, and provide for the continuing development program for the members of the Board;

n. Adopt a comprehensive set of policies (i.e., Code of Business Conduct and Ethics) that sets out the personal and professional conduct expected from members of the Company to ensure that directors, officers and employees shall uphold the best interests of the Company and work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency. It shall monitor and ensure compliance and disseminate copies thereof to the Board, senior management and employees and made available in the Company's website.

o. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.

p. Keep the activities and decisions of the Board within its authority under the Company's Articles of Incorporation and By-Laws, and in accordance with existing laws, rules and regulations; and

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

2.2 Specific Responsibilities of a Director

A director shall observe the following norms of conduct:

a. Always act in a manner characterized by transparency, accountability and fairness;

b. Ensure the conduct of fair business transactions of the Company, and ensure that his personal interest does not conflict with the interests of the Company.

(i) A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests.

(ii) He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

(iii) A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations and recuse themselves from taking any vote.

c. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

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

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

d. Act judiciously.

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

e. Exercise independent judgment.

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

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

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

g. Observe confidentiality.

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

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

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

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

3. Board Committees

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

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

4. Meetings

4.1 The Board shall hold its regular meetings at least six (6) times during the calendar year, which shall be held after the end of the financial year for performance assessment, after the Annual Shareholders' Meeting for its organizational meeting and on a quarterly basis or as often as may be necessary. The quarterly meetings shall consider, among others, the quarterly financial results.

4.2 Special meetings of the Board may be convened at the request of the Chairman or Vice Chairman or by at least three members of the Board.

4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting shall be forwarded to the directors at least five (5) business day in advance of each scheduled meeting date together with the agenda and supporting papers. The notice of meeting may be transmitted by e-mail, facsimile transmission, personal delivery or through courier.

4.4 The Board agenda for each meeting shall be set by the Chairman of the Board in consultation with the Chief Executive Officer and Company Secretary. Board papers providing comprehensive information on the agenda items shall be circulated to the Directors at least five (5) business days prior to the meeting to enable them to consider the matters in advance and prepare for the meeting. Operations and financial reports are also provided to the Board on a regular basis.

4.5 The meetings shall be presided by the Chairman of the Board, or in his absence, by the Vice Chairman or such other members of the Board who may be designated for the purpose.

4.6 Five directors, which is a majority of the Directors, constitute a quorum for the transaction of corporate business.

4.7 A director who is unable to attend a meeting in person may participate via telephone and/or video conference or convey his/her views through another director or the company secretary.

4.8 The Board seek to make decisions by consensus. Where there is a divergence of views, decisions are made by majority vote.

4.9 Deliberations and decisions of the Board and Board Committees are minuted and filed.

4.10 Minutes of the meeting will be recorded and maintained by the Corporate Secretary and presented to the Board at the next meeting for approval. It shall be signed by the Secretary and attested by the directors present during the meeting.

4.11 At least once a year, the Non-Executive Directors shall meet on an executive session without the presence of management or any of the executive directors. The non-executive directors shall also hold separate meetings with the external auditor, internal auditor, compliance officer and risk officer without the presence of Management. Such executive session shall be presided by the Lead Independent Director.

4.12 The Board may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

5. Compensation

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

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

6. Miscellaneous Provisions

6.1 Directors shall have full and free access to Management and staff, the external auditor and information, data, records and properties of the Corporation for the purpose of carrying out their duties.

6.2 The Board shall have the authority to retain, at the Company's expense, such independent advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

SEC REGISTRATION NO. A200110402

SBS PHILIPPINES CORPORATION

(COMPANY'S FULL NAME)

10 RESTHAVEN STREET
SAN FRANCISCO DEL MONTE
QUEZON CITY 1105

(COMPANY'S ADDRESS)

8371 1111

(TELEPHONE NUMBER)

31 DECEMBER 2019

(FISCAL YEAR END)

SEC FORM 17-A

(FORM TYPE)

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 DECEMBER 2019**

2. SEC Identification Number **A200110402** 3. BIR Tax Identification No. **213-054-503**

4. Exact name of issuer as specified in its charter **SBS PHILIPPINES CORPORATION**

5. **PHILIPPINES**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **10 RESTHAVEN STREET, SAN FRANCISCO DEL MONTE, QUEZON CITY** **1105**
   Address of principal office Postal Code

8. **(632) 8371-1111**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding as of 31 December 2019
COMMON SHARES	**1,549,999,999 common shares,**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [√] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    PHILIPPINE STOCK EXCHANGE (PSE) **COMMON SHARES**

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [√] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [√] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

AGGREGATE MARKET VALUE OF
VOTING STOCK HELD BY NON-AFFILIATES: Approximately Php1,926,421,119.14 *

Computed by reference to the closing price of Php5.14 per share as of 30 April 2020 based on 374,790,101 shares held by the public as of 31 March 2020

APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **NOT APPLICABLE**

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- **Incorporated by reference in Part II on Financial Information is the Audited Consolidated Financial Statements of SBS Philippines Corporation and Subsidiaries (the Group) for the twelve-month period ended 31 December 2019 and Accompanying Supplementary information required to filed separately by the Securities and Exchange Commission (Supplementary Schedules to the Financial Statements) which is appended as Annexes I to III this Report**

- **Incorporated by reference in Part IV on Corporate Governance is the Integrated Annual Corporate Governance Report (I-ACGR) of the SBS Philippines Corporation for 2018 which is appended as Annex IV of this Report.**

PART I - BUSINESS AND GENERAL INFORMATION

1. Business Development

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

As of 31 December 2019, the Company is 65.47% owned by Anesy Holdings Corporation, 10.34% by the directors, officers, employees and affiliates of the Company, and 24.19% by the public. Its registered office address and principal place of business is 10 Resthaven Street, San Francisco Del Monte, Quezon City.

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

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

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

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

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

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

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

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

2. **Description of Business**

The Company is one of the leading chemical trader-distributors in the Philippines, supplying a diverse base of more than 1,800 customers nationwide with over 3,000 chemical products sourced from more than 500 suppliers. The core of the Company's operations lies in the trading and warehouse distribution business as the Company generally procures chemicals by bulk and sells and distributes them to market customers in relatively smaller quantities. These chemicals are used by customers in their manufacturing processes and/or as components of or ingredients in their products.

a. Products

The Company offers a comprehensive selection of chemical products to service the following industries: (i) food, (ii) industrial, (iii) agribusiness, feeds and veterinary care, (iv) pharmaceuticals, and (v) personal care and cosmetics. It has a diversified portfolio of chemical products used as food ingredients, industrial raw materials, inputs in feeds, agriculture and veterinary care, pharmaceutical materials, and ingredients for personal care and cosmetics products. Since 2016 it has not entered into any foreign sales but continues to be open to explore opportunities for export sale in the future.

The Company's sales to the key product segments of food ingredients, industrial raw materials and feed inputs as a percentage of sales revenue are as follows:

	2017	2018	2019
Food Ingredients	32%	27%	23%
Industrial Chemicals	30%	27%	31%
Feed, Veterinary and Agro inputs	29%	35%	37%
Others	9%	11%	9%

b. Distribution

The Company markets its chemical products to domestic customers through direct selling efforts or through other traders on a wholesale basis.

A great majority of the Company's business lies in warehouse distribution where customers are offered a full line of chemical and ingredient products on stock for which they can order in great variety and programmed for dispatch and delivery in accordance with their requirements.

The Company also engages in direct distribution where the Company mainly provides its customers with sourcing and logistics services, with the product orders delivered directly from the producer-supplier facilities to end-market customer without the products entering the warehousing system of the Company. These direct distribution sales are made pursuant to indent and commission sales where the Company generally does not take title to the goods.

c. Product Development

The Company principally operates as a trading company with some value added services such as repacking and mixing of products. At present, its operations do not include product research and development activities as part of its operations. While the Company may extend some application support or technical assistance for its customers' product development activities, in no case does it engage in any product research and development on its own.

In 2018, the Company embarked on business development initiatives for new product offerings for water treatment chemicals, additives for construction and infrastructure, and other new product segments. These business development initiatives are starting to take hold and the Company expects to capture more new business gains from these products moving forward.

In 2019, the Company introduced chemical product additives for road infrastructure applications as well as waterproofing chemicals for concrete buildings and structures.

d. Competition

The Company mostly deals in commodity chemicals which are either produced by, or available from, various chemical producers and chemical distributors worldwide. As these chemicals are typically made to standard industry specifications and are essentially fungible goods, commodity chemicals can be purchased from a variety of sources which include chemical traders, brokers, wholesalers and distributors and also directly from producers. As a result, the chemical trading and distribution business is highly competitive in the Philippines as well as abroad.

The Company competes with both local traders and regional distributors that have comparable ranges of chemical products sold by the Company as well as with niche players focusing on a specific industry market or a particular chemical product market. It competes on the basis of price, product diversity, supply availability, product reliability and market compatibility.

The Company also competes with a number of chemical traders, brokers, wholesalers and distributors as well as certain chemical producers in the distribution of such products which includes third party local distributors such as Himmel Industries, Inc., Neco Philippines, Inc., Alysons Chemical Enterprises, Inc., subsidiaries of key global chemical distributors such as Brenntag Ingredients, Inc., DKSH and Connell Brothers. Most of these competitors are domestic. The Company does not have information on hand of the relative sizes, financial strength and market positions of its competitors.

Most distributors differ from the Company in their product offerings and in their customer and industry orientation. Compared to SBS, these distributors generally handle a limited number of products catering to certain specific industries. The Company believes that it is able to differentiate itself through its unique one-stop-shop business solution that allows for single sourcing. In addition, other specialty chemical distributors and overseas global producers and distributors usually cannot match its speed and flexibility in delivery.

e. Suppliers

The Company sources chemicals from chemical producers and global chemical distributors, many of whom have been supplier-partners of the Company since the 1980s. The Company's sourcing trend as percentage of its total purchases of products from Asia and outside Asia are as follows:

Product Sourcing	2017	2018	2019
Asia	88%	81%	95%
Outside Asia	12%	19%	5%

The Company has a highly diversified supplier base which is currently made up of over 500 suppliers, with no single supplier accounting for more than 20% of the Company's chemical inventory for 2019. Furthermore, no single supplier is relied upon to supply any 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 2019, chemical raw material manufacturers in Asia provided a stable supply of product with minimal delay.

f. Customers

The Company sells to a broad and diverse range of customers comprising of manufacturers, integrators, processors, refineries, millers and traders. These entities vary from small and mid-sized companies to multinational corporations and conglomerate businesses involved in industrial manufacturing, food and beverage, agriculture, pharmaceutical, personal care and cosmetics, and veterinary health. With over 1,800 customers, no single customer is material to the business of the Company. As of 31 December 2019, no customer of the Company accounted for 6% or more of its sales revenues.

g. Transactions with Related Parties

The Company, in the regular course of business, engages in transactions with its affiliates and other related parties, principally in the form of sales and warehouse leasing arrangements, management/administrative service agreements and, from time to time, advances and reimbursement of expenses. These transactions are conducted on terms no less favourable to the Company than those entered into with unrelated parties under same or similar circumstances and are not prejudicial to the Company's minority shareholders.

h. Intellectual Property

The Company mostly trades and deals with commodity chemicals which are typically made to standard industry specifications and are essentially fungible goods. The Company has registered 2 trademarks in connection with the products it sells but is generally not dependent on any intellectual property rights for its business.

i. Government/Regulatory Approvals

The operations of the Company are subject to a number of regulatory requirements which relate to product importation and registration, environmental protection, storage, handling, transportation and disposal of hazardous chemicals and controlled substances, and occupational health and safety matters. The Company secures government permits and licenses for these activities as part of the normal course of its business.

j. Effect of Existing or Probable Government Regulations

The Company is required to comply with government regulations as discussed above, and to adhere to the terms of the permits and licenses issued by the pertinent government authority. Failure to comply with the terms and conditions of such government permits and licenses may bar the Company from distributing the products covered by such permits and licenses.

In 2019, The Department of Environment and Natural Resources revised the processing time and quantity allocation of the Chemical Controlled Order (CCO) and Priority Chemical List (PCL) chemical products which limit the quantity of products made available to the market.

i. Research and Development

The Company does not undertake research and development activities as part of its operations. On certain occasions, however, the Company may extend some application support or technical assistance for its customers' product development activities.

j. Compliance with Environmental Laws

The operations of the Company are subject to various laws related to the protection of the environment, human health, and safety of employees. These safety regulations govern the treatment, handling, and storage of food chemicals and ingredients, pharmaceuticals, veterinary and feed chemicals as well as certain hazardous chemicals. Compliance with these regulations requires some testing, special policies and procedures and segregation of products. In addition, the warehousing facilities of the Company are subject to periodic inspections by national and local authorities to ensure compliance with such business permits, operating licenses and health and safety regulations. Specifically, the Company holds an Environmental Clearance Certificate ("ECC") for its warehouses that store flammable and hazardous chemicals. Costs related to environmental compliance have been minimal.

k. Labor Matters

As of 31 December 2019, the Group has a workforce of 107 broken down as follows: Executives (5), Managers and Supervisors (18), and Staff (84), of which the Company has a workforce of 97.

The Company's personnel complement in the past three (3) years are as follows:

Number of Employees	2017	2018	2019
Group level	109	96	107
Company level	109	92	97

The Company is committed to promoting the safety, well-being and professional development of its employees. All regular personnel are provided with health and insurance benefits. It makes learning opportunities available to its staff to improve professional competence, keep abreast of new business concepts and market trends, and comply with regulatory requirements. Performance merit pay adjustments are awarded to deserving employees.

There is no organized labor union in the Company since its organization in 2001 and there has been no record of a strike or threat of a strike. The Company continues to nurture open, cooperative and harmonious relationships with its personnel.

l. Risk Factors

A. Chemical Trading Business

Major Risks	Risk Mitigation Measures
1. Socio-Political and Economic Risks Results of operations of the Company have generally been influenced, and will continue to be influenced, by the performance of the Philippine economy. The Company sells chemicals that are primarily required by the manufacturing and production sectors. As components predominantly for industrial and manufacturing processes, demand for the Company's chemical products is affected by fluctuations in the general level of industrial production and manufacturing output which activities are heavily linked to the condition of the economy and macroeconomic trends.	The Company maintains a diverse portfolio of chemical products for its diverse customer base from different industries. Short-run downturns in chemical demand for certain industry sectors may be cushioned by an increase in demand in other sectors due to the diversity of the Company's products and customer base.
2. Market Risks Supply shortages may be experienced from time to time due to factors beyond the control of the Company such as severe weather conditions and natural disasters, port congestions, industrial accidents and production outages, labor strikes and adverse financial conditions of the Company's suppliers. Volatility in prices and supply availability can affect sales and results of operations	To protect against these contingencies and mitigate the effects of such supply disruptions, the Company maintains a reasonable safety inventory position level and buffer to ensure optimal supply flexibility and operations resilience There is no concentration or over reliance on a particular supplier. The Company keeps and maintains good relationships with a number of suppliers for its sourcing and does not depend on a limited number of suppliers for its chemical procurement. In addition, the Company cultivates close relationships with its suppliers who generally provide the Company with insights and information on future supply and demand trends such as potential shortfalls in supply as a result of chemical producer plant breakdowns or planned shutdowns or insufficient feedstock supply due to natural calamities. As a result of the solid relationships nurtured with suppliers, there is information sharing on market developments and trends which helps the Company identify potential bottlenecks as well as opportunities in supply conditions. The diversity of the Company's product portfolio and the cross industry application of such product offerings allows it to generally average out pricing differentials. Furthermore, the Company's ability to purchase chemicals in bulk allows it to get favorable prices thus partly shielding it from price fluctuations.
3. Industry Risks	

Intense competition can limit the growth and earnings of the Company	To address competition, the Company continuously works to improve the quality of its services, the price competitiveness of its products, and the range of products offered by the Company. The Company believes that it is able to differentiate its services by offering single sourcing, speed and flexibility in delivery that are not available through specialty chemical distributors and direct distribution by overseas global producers and distributors.
4. Inventory Risks of Obsolescence The Company is exposed to inventory risk that may adversely affect its operating results on account of limited product shelf life, new product launches, and changes in consumer demand and consumer tastes affecting industries and market sectors supplied by the Company	The Company endeavors to keep track of the changing trends and adequately forecast demand and avoid overstocking. Chemical products distributed by the Company are of multi-use and multi-purpose products with wide application in many industries, hence, it may be less affected by changing trends in certain specific end user markets. A number of chemical products sold by the Company generally have very long product shelf lives and some like inorganic chemicals are chemically stable indefinitely. For products with comparatively shorter shelf lives, such as certain food ingredients and pharmaceutical chemicals would have comparatively shorter shelf lives, these products, under accepted industry practice, generally have extended uses as products originally intended for human consumption may also be used for animal feeds or other agricultural uses long after the shelf life expiry date has been reached.
5. Distribution Risks In the forward flow of products along the distribution chain, the Company is exposed to distribution risks such as hazards and product fragility. The products can be subject to shocks in case of dropped and tilting freight, vibrations due to road, motor, wheels and sea waves, compression due to stacking, handling equipment and strapping, and tears on account of objects and tapes. The goods also are affected by changes in temperature, humidity, air pressure and exposure to sunlight.	The Company tries to avoid or control such occurrences through careful handling, storage and transport, request for more improvement in the packaging design or for product reinforcement with the manufacturer-producer, and improvements in the Company's distribution facilities.
6. Foreign Exchange Risks A considerable portion of the products distributed by the Company is imported and purchased in foreign exchange. A significant weakening of the Philippine peso versus the US dollar could affect the financial results of the Company as it will make the products more expensive and depress margins if the additional	To lessen the Company's exposure to currency risks especially sudden and severe exchange fluctuations, the Company hedges some of its foreign exchange exposure. The hedging is typically by way of a forward contract which will lock in an exchange rate currently for the currency transaction that will occur at the future date. Moreover, the

foreign exchange costs are not captured in the Company's pricing.	Company also requires its clients to share some of the risk with pricing subjected to a foreign exchange adjustment mechanism.
7. Operating Risks The business of the Company could be adversely affected by events such as accidents, power failures, fire, explosion, weather, natural disasters and other events which could lead to interruptions in business operations or could lead to significant costs.	The Company maintains insurance against some, but not all, of these events from several reputable insurance agencies.
8. Credit Risk Exposure	The Company generally transacts with recognized and credit worthy third parties. It is the policy of the Company that customers who wish to trade on credit terms are subject to credit verification procedures. The billing and collection division of the Company continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. There is no excessive concentration of credit risk.

B. Real Estate Operations

Major Risks	Risk Mitigation Measures
1. Market Risks The Company owns prime properties and has invested minority shares in companies that have also invested in real estate in order to seize capital gain opportunities from the eventual sale of such investments. The market value of land can fluctuate significantly as a result of changing market conditions. In the event of significant adverse changes in economic, political, security or market conditions, the level of liquidity and value of the Company's real estate investments may be reduced.	While the property market conditions have generally been favorable in the last five years, future market conditions may not continue to be as favorable. The Company tries to mitigate such market risks by careful due diligence and research on the potential of the property. The Company acquires properties taking into account the constrained supply and eminent demand in the locality.
2. Industry Risks The real estate property market is a highly competitive industry.	The Company competes with other landowners on the basis of the location, size of area and underlying value of the real estate properties it holds. While competition could affect the Company's ability to readily sell its real property investments at its desired profitable positions, the Company believes that the prime locations of its properties where

	there is a prevalent constraint in sizeable contiguous urban landholdings put the Company in a unique position to obtain better terms of sales and readily find offers from qualified buyers for its prime properties.

Other general risks that the Company may be exposed to are as follows:

- Changes in interest rates
- Changes in government policy, laws and regulations affecting the business and operations of the Company
- Changes in labor costs and power rates
- Natural catastrophes such as typhoons and floods
- Health and safety risks

To manage the general risks, the Company continues to adopt risk management and business continuity measures, as well as financial and operational controls to mitigate aforementioned risks by having a business continuity plan in place in the event of the occurrence of such general risks.

2. Description of Property

a. Properties used in business

The Company is leasing its principal place of business, including certain warehouses, at No 10 Resthaven St., San Francisco Del Monte, Quezon City from Aneco Philippines Holdings Corporation, an affiliate. The monthly rental for 6,230 sqm. property is ₱1.05 million, inclusive of VAT in 2019. The lease is renewed and is valid until 31 December 2022 and is extendible by mutual agreement of the parties. There is no lien or encumbrance on this leased property.

The Company leases its warehouse facilities from related and non-related parties as follows:

Location	Use	Lessor	Area (in sqm.)	Monthly Rental (Inc. of VAT)	Expiration
Resthaven, San Francisco Del Monte, Quezon City	Warehouse Facility	Aneco Philippines Holdings Corporation*	4,724.60	₱793,732.80	31 December 2022
Resthaven, San Francisco Del Monte, Quezon City	Office Space	Aneco Philippines Holdings Corporation*	1,505.30	₱252,890.40	31 December 2022
BMC, Mandaluyong City	Warehouse facility	Canon Philippines Holdings Corporation*	13,727.00	₱1,500,000.00	31 December 2020
Marilao, Bulacan	Warehouse facility	Icare Holdings Corporation*	1,341.00	₱103,100.00	31 December 2022
Marilao, Bulacan	Warehouse facility	Icare Holdings Corporation*	11,363.00	₱873,752.00	

Marilao, Bulacan	Open Warehouse Common facility area	Icare Holdings Corporation*	1,408.00 7,230.00	₱218,300.00	31 December 2022 31 December 2022
Malabon	Warehouse facility & all common areas	Everfield Holdings Corporation	2,749.67	₱274,967.00	31 December 2022
Judge Luna, San Francisco Del Monte, Quezon City	Warehouse facility	Necisto U. Sytengco*	1,890.00	₱236,250.00	31 December 2019

**Related Party*

The 2019 lease contract with Mr. Necisto Sytengco has been renewed for another year.

b. Properties held for investment

Over the years, the Company took advantage of the opportunities in the real estate market and bought certain parcels of land for Company value enhancement. As of 31 December 2019, the following are the investment properties owned directly by the Company:

Location	Area in sqm.	Date of Acquisition	Description	Purpose
Ayala Avenue, Makati City	2,400	9 October 2008	Commercial	For landbank-capital appreciation
Alabang-Zapote Road, Barangay Almanza, Las Piñas City	15,318	9 December 2010	Residential/ Commercial	
Barangay South Triangle, Quezon City	3,300	25 June 2001	Commercial	
Barangay Sta.Cruz, Gapan, Nueva Ecija	49,966	20 January 2004	Agricultural	

As determined by independent and SEC-accredited property appraisers, the fair market values of these investment properties as of December 31,2018 amounted to P4.9 billion. The Company's management believes that these investment properties hold the same fair market value as of December 31, 2019 by reference to current and most recent prices for similar property in the same location and condition.

3. Legal Proceedings

As of December 31, 2019 and date of this report, there are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law to which the Company or any of its subsidiaries or associate companies, or its directors or executive officers is a party, or of which any of its material properties are the subject of any pending court or administrative government agency proceedings.

4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Meeting of Stockholders held on 22 May 2019, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

5. Market for Issuer's Common Equity and Related Stockholder Matters

A. Market Information

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

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

	2017*				**2018**				**2019**			
(In ₱)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Low	5.24	5.25	5.34	5.40	5.44	6.60	7.68	6.60	7.41	8.51	8.97	8.25
High	6.88	6.29	5.90	6.34	11.80	9.62	8.70	8.00	9.03	9.70	9.56	9.36

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

Source: Philippine Stock Exchange

The closing price as of 24 June 2020, being the Latest Practicable Trading Date, is P 5.00.

B. Holders

As of 31 December 2019, the total number of registered stockholders based on the records of the Company’s Stock and Transfer Agent is seven (7), with the shares held in the name of PCD nominee corporation belonging to 102 PDTC participants.

As of 31 December 2019, the following are the top 20 shareholders of the Company:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. BDO SECURITIES CORPORATION *c/o PCD Nominee Corporation*	1,018,799,638	65.73%
2. ABACUS SECURITIES CORPORATION *c/o PCD Nominee Corporation*	395,207,892	25.50%
3. EVERGREEN STOCK BROKERAGE & SECURITIES *c/o PCD Nominee Corporation*	63,611,401	4.10%
4. TIMSON SECURITIES, INC. *c/o PCD Nominee Corporation*	31,340,013	2.02%
5. WEALTH SECURITIES, INC *c/o PCD Nominee Corporation*	8,653,396	0.56%

6. IGC SECURITIES INC. *c/o PCD Nominee Corporation*	6,499,651	0.42%
7. COL FINANCIAL GROUP, INC. *c/o PCD Nominee Corporation*	5,422,678	0.35%
8. THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. *c/o PCD Nominee Corporation*	1,893,549	0.12%
9. HDI SECURITIES, INC *c/o PCD Nominee Corporation*	1,849,186	0.12%
10. MAYBANK ATM KIM ENG SECURITIES, INC. *c/o PCD Nominee Corporation*	1,672,637	0.11%
11. BPI SECURITIES, INC. *c/o PCD Nominee Corporation*	1,631,286	0.10%
12. TRITON SECURITIES CORP. *c/o PCD Nominee Corporation*	1,507,839	0.10%
13. GLOBALINKS SECURITIES & STOCKS, INC. *c/o PCD Nominee Corporation*	1,160,060	0.07%
14. CHINA BANK SECURITIES CORPORATION *c/o PCD Nominee Corporation*	1,028,758	0.07%
15. FIRST METRO SECURITIES BROKERAGE CORP *c/o PCD Nominee Corporation*	967,918	0.06%
16. A & A SECURITIES INC. *c/o PCD Nominee Corporation*	677,496	0.04%
17. DEUTSCHE BANK MANILA-CLIENTS A/C *c/o PCD Nominee Corporation*	601,900	0.04%
18. SOLAR SECURITIES, INC *c/o PCD Nominee Corporation*	525,681	0.03%
19. R.S. LIM & CO., INC. *c/o PCD Nominee Corporation*	514,400	0.03%
20. E. CHUA CHIACO SECURITIES INC. *c/o PCD Nominee Corporation*	407,284	0.03%

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

C. Dividends

1. Dividend History

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

Year	Record Date	Payment Date	Type	Dividend Rate
2014	29 December 2014	25 March 15	Cash	₱0.622 per share
2015	05 March 2015	28 April 2015	Cash	₱0.128 per share
2016	01 June 2016	22 June 2016	Cash	₱0.037 per share
2017	29 June 2017	17 July 2017	Stock	4% stock dividend
2018	01 June 2018	22 June 2018	Cash	P0.017 per share
2019	10 May 2019	22 May 2019	Cash	P0.022 per share

2. Dividend Policy

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

3. Recent Sales of Unregistered or Exempt Securities

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

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

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

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

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

The foregoing additional issuances of the Common Shares are exempt transactions under Sections10.1 (e), and 10.1(i) of the SRC and do not require any written confirmation of exemption from the SEC

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

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

6. Management's Discussion and Analysis or Plan of Operation.

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

Results of Operations

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

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

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

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

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

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

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

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

The Group's income tax expenses declined by P31.4 million from P31.3 million in 2018 to P0.07 million credit in 2019 due to losses incurred at Company's subsidiaries.
Consolidated net profit declined from P175.6 million in 2018 to P25.0 million in 2019 as a result of decrease in operating profit for the Group, and a loss incurred on investment in associates in 2019 compared to positive contribution of the investment in associates in 2018.

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

Assets

As at 31 December 2019, total assets reached P8,447.9 million, consisting of P P2,311.7 million in current assets and P6,136.2 million in non-current assets. As at 31 December 2018, the total assets registered P7,376.5 million consisting of P4,035.1 million in current assets and P3,341.4 million in non-current assets

Cash in banks decreased by 68.1% or P844.2 million from P1,239.8 million in 2018 to P395.6 million in 2019. For the period, total cash collection amounted to P2,375.6 million and was received from the following: P1,045.0 million cash from bank loan availment; P731.0 million proceeds from issuance of subsidiary shares; P244.7 million proceeds from redemption of investment securities; P193.1 million generated from operating activities; P139.2 million settlement from related party; P15.9 million interest earned on short term bank placements; and P6.7 million net proceeds from disposal of investment property. Against such collections, the cash disbursements or settlements made for the period totalled P3,219.8 million, comprised of the following: P1,319.8 million for various prepayment for investment and asset acquisition; P850.0 million in loan repayments; P842.6 million in investments in associates; P122.7 million as interest payments on short term and long term bank loans and secured bank trust receipts; P43.0 million for payment of lease liabilities; P34.1 million as payment for cash dividend; P4.2 million in unrealized foreign exchange loss; P1.9 million for acquisition of property and equipment; and P1.5 million for acquisition of computer software.

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

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

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

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

Property and equipment value decreased by P13.4 million to P92.6 million in 2018 from P106.0 million in 2018, mainly due to depreciation of the assets for the year.

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

Investment properties decreased by P10.0 million to P934.9 million in 2019 from P944.9 million in 2018 due to Company subsidiary's depreciation charges on its investment property amounting to P5.8 million, and the Company disposal of investment asset with book value of P4.2 million.

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

Liabilities

The total liabilities as at 31 December 2019 amounted to P 2,770.1 million comprised of P1,780.9 million in current liabilities and P989.2 million in non-current liabilities. For 31 December 2018, the total liabilities was at P2,420.8 million comprised of P1,336.9 million in current liabilities and P1,083.8 million in non-current liabilities.

Current loans payable increased by 24.2% or P315.5 million from P1,302.3 million in 2018 to P1,617.8 million in 2019 due to availment of new short term bank loan net of payments, and the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

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

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

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

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

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

Total equity

The total equity as at 31 December 2019 was P5,677.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,091.8 million in retained earnings gross of P2.5 million revaluation reserves and P795.6 million of non-controlling interest. For the period ended 31 December 2018, total equity was P4,955.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,107.2 million in retained earnings gross of P2.6 million revaluation reserves and P58.3 million of non-controlling interest.

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

Liquidity and Capital Resources

Net cash flows from operating activities

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

Net cash flows from investing activities

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

Net cash flows used in financing activities

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

Key Performance Indicators

SBS Philippines Corporation and Subsidiaries

Schedule of Financial Indicators for December 31, 2019, 2018 and 2017

	2019	2018	2017
Liquidity Ratio [1]	**129.8%**	301.8%	824.3%
Debt to Equity Ratio [2]	**48.8%**	48.8%	55.3%
Asset to Equity Ratio [3]	**148.8%**	148.8%	155.3%
Return on Assets [4]	**0.3%**	2.4%	1.8%
Return on Equity [5]	**0.4%**	3.6%	2.5%
Cost to Income Ratio [6]	**20.2%**	16.2%	14.8%
Earnings per Share [7]	**PHP 0.01**	PHP 0.11	PHP 0.08

1/ *Current Assets over Current Liabilities*

2/ *Total Liabilities over Equity*

3/ *Total Assets over Equity*

4/ *Net Income over Average Assets*

5/ *Net Income over Average Equity*

6/ *Cost and Expenses over Revenues*

7/ *Net Income over Weighted Average Number of Common Outstanding Shares*

Other qualitative and quantitative factors

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether

or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

In light of the enhanced community quarantine (ECQ) implemented in Luzon in 2020, the Company is expecting a decline in sales revenue during the said period. Based on the risk assessment of the scenarios analyzed by the Company, the projection showed that the Company has liquidity to cope with the current crisis. Nevertheless, the extent of business impact on the Covid-19 pandemic is not yet fully understood at this time, and the Company estimates are based only on the parameters of the scenarios that it has considered in its analysis.

At of this date, the Company is not in default of any financial obligations. The Company has complied with the existing loan covenants and restrictions as of 31 December 2019.

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

None

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

None

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

None

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

The Company experienced a significant slowdown in sales revenue as a result of the ECQ implemented Luzon wide from March 17, 2020 and this weak demand is expected to continue until the Covid-19 problem is resolved or controlled. The situation will be assessed on monthly basis.

While the disruption is currently considered to be temporary, management anticipates the prolonged suspension of businesses could negatively impact the Group's financial condition and operations – specifically in its distribution and retail channels as, in the immediate aftermath of the outbreak, the Group is currently limited to distributing food-grade, pharma-grade, agricultural chemicals and materials for home-care segment, as is currently allowed by the Philippine Government. These market segments accounts for roughly 65 to 70% of the Group's annual sales revenues in 2019. As such, while the enhanced community quarantine persist, the Group does not have access to existing customers that accounts roughly to 30 to 35% of its average revenues that remains non-operational, barring any ease up in their activity restrictions. Further, management is yet to assess possible obsolescence of its inventories, but will make the assessment moving forward in consideration of circumstances at present and in the foreseeable future.

Also as a result of the ECQ, the Company is greatly affected with the delay in clearing its imported cargos from the Manila port due to breakdown of the clearing procedures at the port by the different agencies and stakeholders. This has significantly increased the logistic cost resulting in higher landed cost and is expected to negatively impact the profitability of the products during the 1st half of 2020.

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

In 2019, the Group incurred expense of P23.8 million is SEC filing fee for the Company's subsidiary increase in authorized capital stock and P30.5 million in documentary stamp tax payment in relation to the subscribed shares in the same exercise.

The Company registered a gain on sale on investment properties in the amount of P2.5 million in 2019 from Company disposal of investment properties.

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

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

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

7. Financial Statements

The audited financial statements and accompanying schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17 A.

8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Punongbayan & Araullo has been the Independent Accountants/external auditors of the Company starting 2013. Since then, there was no instance where the external auditors resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure with the said external auditors.

Punongbayan & Araullo was engaged to audit the annual financial statements of the Company and its subsidiaries and the disbursements of the IPO proceeds in 2019. Punongbayan & Araullo also assisted in the tabulation and validation of votes during the 2018 and 2019 annual stockholders' meeting which is classified as non-audit services. The Corporation's subsidiary also engaged Punongbayan & Araullo to conduct the verification procedures required under Section 2 of the SEC Memorandum Circular No.6 (Series of 2008) in relation to the subsidiary's application for increase in its authorized capital stock in 2019.

Mr. Anthony L. Ng, a partner in the Audit and Assurance Division of Punongbayan & Araullo is the audit engagement and signing partner assigned to handle the account of the Company and its subsidiaries since FY 2018.

No tax consultancy services were secured from Punongbayan & Araullo for the past three years.

PART III - CONTROL AND COMPENSATION INFORMATION

9. Directors and Executive Officers of the Issuer

A. Directors

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

Name	Age	Nationality	Position	Year First Elected/ Appointed	Date of Last Election
NECISTO U. SYTENGCO	65	Filipino	Chairman of the Board	2001	22 May 2019
RICARDO NICANOR N. JACINTO	58	Filipino	Vice-Chairman of the Board	2015	22 May 2019
GERRY D. TAN	53	Filipino	Executive Director	2016	22 May 2019
ESMERALDO A. TEPACE	66	Filipino	Executive Director	2013	22 May 2019
AYLENE Y. SYTENGCO	36	Filipino	Executive Director	2008	22 May 2019
NECISTO Y. SYTENGCO II	35	Filipino	Executive Director	2010	22 May 2019
GEOCEL D. OLANDAY	64	Filipino	Independent Director	2018	22 May 2019
ROBERTO F. ANONAS, JR	64	Filipino	Independent Director	2017	22 May 2019
HELEN T. DE GUZMAN	62	Filipino	Independent Director	2019	22 May 2019

From the election of the Directors on May 22, 2019 up to the end of the period, or December 31, 2019, the following are the Board attendance:

NAME OF DIRECTOR	% of ATTENDANCE
NECISTO U. SYTENGCO	60%
RICARDO NICANOR N. JACINTO	100%
GERRY D. TAN	100%
ESMERALDO A. TEPACE	80%
AYLENE Y. SYTENGCO	80%
NECISTO Y. SYTENGCO II	80%
GEOCEL D. OLANDAY	100%
ROBERTO F. ANONAS, JR	100%
HELEN T. DE GUZMAN	100%

From the appointment to the board committees on May 22, 2019 up to the end of the period, or December 31, 2019, the following are the committee attendance:

COMMITTEE	NAME OF DIRECTOR	% of ATTENDANCE
EXECUTIVE	NECISTO U. SYTENGCO	100%
	GERRY D. TAN	100%
	ESMERALDO A. TEPACE	100%
	AYLENE Y. SYTENGCO	80%
	NECISTO Y. SYTENGCO II	80%

AUDIT, RISK OVERSIGHT, AND RELATED PARTY TRANSACTIONS	HELEN T. DE GUZMAN	100%
	ROBERTO F. ANONAS, JR	100%
	GEOCEL D. OLANDAY	100%
	RICARDO NICANOR N. JACINTO	100%
	AYLENE Y. SYTENGCO	75%
CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION	ROBERTO F. ANONAS, JR	100%
	GEOCEL D. OLANDAY	100%
	HELEN T. DE GUZMAN	100%
	RICARDO NICANOR N. JACINTO	100%

B. Principal Officers

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

Name	Age	Nationality	Position	Date First Appointed
NECISTO U. SYTENGCO	65	Filipino	Chairman of the Board	5 March 2015
GERRY D. TAN	53	Filipino	President & Chief Executive Officer	29 January 2016
ESMERALDO A. TEPACE	66	Filipino	Executive Vice President & Chief Operating Officer	5 March 2015
AYLENE Y. SYTENGCO	36	Filipino	Chief Financial Officer & Treasurer Compliance Officer	5 March 2015 April 1, 2018
NECISTO Y. SYTENGCO II	35	Filipino	Senior Vice President – Marketing Operations & Assistant Treasurer	9 July 2015
LALI Y. SYTENGCO	69	Filipino	Vice President for Purchasing	5 March 2015
CHRISTINE P. BASE	49	Filipino	Corporate Secretary	1 January 2017
JENNIFER B. BALAO	49	Filipino	Assistant Vice President & Accounting Head	1 December 2014
JOSE FIDEL R. ACUÑA	34	Filipino	Corporate Information Officer	1 April 2018
SABRINA ADAMELLE POON-SYTENGCO	35	Filipino	Investor Relations Officer	1 January 2017
MARIA GEMMA R. BIEN	51	Filipino	Internal Auditor	29 October 2018

C. Business Experience

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Significant Employee

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

E. Family Relationships

Mr. Necisto U. Sytengco, Company Chairman, and Ms. Lali Y. Sytengco, VP for Purchasing are husband and wife and the parents of Aylene Y. Sytengco, Director, CFO & Treasurer and Compliance Officer, and Necisto Y. Sytengco II, Director & SVP-Marketing Operations & Assistant Treasurer. Aylene Y. Sytengco and Necisto Y. Sytengco II are siblings. Ms. Sabrina Adamelle Poon-Sytengco is the spouse of Necisto Y. Sytengco II.

F. Ownership Structure and Parent Company

As of 31 December 2019, Anesy Holdings Corporation owns 65.47 % of the outstanding voting Shares of the Company.

G. Involvement in Certain Legal Proceedings

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

(i) Any insolvency or bankruptcy petition filed by or against any business of which such persons was a general partner or executive officer either at the time of insolvency or bankruptcy or within two years prior to that time;

(ii) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(iii) Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

(iv) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

10. Executive Compensation

The total remuneration paid to the President & CEO and the top four senior officers as well as other officers are shown in the table herein below provided. The total annual compensation reported includes the basic salary, variable bonus pay and other allowances received.

The officers of the Company are covered by appointment letters which describe their responsibilities, compensation package and other conditions of work. Except for the legally mandated benefits for termination of employment or retirement from office, there are no special arrangements for compensation to be paid to executive officers in the event of termination of employment or resignation or change in control of the Company. Neither are options or stock warrants are also payable to executives.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Others
• Gerry D. Tan, President & CEO • Esmeraldo A. Tepace - EVP & COO • Aylene Y. Sytengco - Chief Financial Officer & Treasurer; Compliance Officer • Necisto Y. Sytengco II -SVP Marketing Operations & Assistant Treasurer • Emerson P. Paulino – ERP Project Head	Projected 2020	7,010,000.00	221,162.31	1,545,383.39
	Actual 2019	4,497,651.36	188,817.89	3,348,903.73
	Actual 2018	4,069,522.24	164,281.15	2,440,208.43
	Actual 2017	3,640,724.62	150,095.85	3,760,390.29
All other officers and directors as a group unnamed	Projected 2020	630,000.00	58,333.33	360,000.00
	Actual 2019	976,887.38	19,095.80	11,243.13
	Actual 2018	1,143,594.26		287,345.20
	Actual 2017	3,114,692.90	57,507.99	816,199.68

Standard Arrangements for Board of Directors

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

DIRECTOR	DIRECTORS' FEES (2019)	DIRECTORS' FEES (Projected 2020)[1]
Necisto U. Sytengco	Executive Directors do not receive any compensation or per diem by reason of their directorship.	
Gerry D. Tan		
Esmeraldo A. Tepace		
Aylene Y. Sytengco		
Necisto Y. Sytengco II		
Ricardo Nicanor N. Jacinto	Php345,000.00	Php270,000.00
Geocel D. Olanday	Php345,000.00	Php270,000.00
Roberto F. Anonas, Jr	Php345,000.00	Php270,000.00
Helen T. De Guzman	Php160,000.00	Php270,000.00

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

11. Security Ownership of Certain Beneficial Owners and Management

i. Security ownership of certain record and beneficial owners of more than 5% as of 31 December 2019.

[1] Based on 6 scheduled board meetings and 4 scheduled meetings per committee.

Class of Shares	Name & Address of Record Owner & Relationship with Company	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares held as of 31 December 2019	Ownership Percentage
Common	PCD Nominee Corporation (Filipino)[2] 37 F Tower I The Enterprise Center, Ayala Avenue, Makati City	BDO Securities Corporation	Filipino	1,018,799,638	65.73%
		Abacus Securities Corporation	Filipino	395,207,892	25.50%

[2]PCD Nominee Corporation is not related to the Company. The Company has no record relating to the power to decide how the shares held by PCD are to be voted. This reflects the shares registered in the name of PCD Nominee Corporation and beneficially owned by Anesy Holdings Corporation (1,014,852,295 common shares).

Security ownership of directors and management as of 31 December 2019.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)*	Ownership Percentage
Common	Necisto U. Sytengco	Filipino	D: 91,474,971 I: 6,458,318	5.90% 0.42%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Aylene Y. Sytengco	Filipino	D: 10,662,441 I: 20,555,018	0.69% 1.33%
Common	Necisto Y. Sytengco II	Filipino	D: 5,367,629 I: 12,544,041	0.35% 0.81%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%
Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%
Common	Helen T. De Guzman	Filipino	D: 1,000	0%
Common	Lali Y. Sytengco	Filipino	D: 2,991,030	0.19%
Common	Christine P. Base	Filipino	0	-
Common	Jennifer B. Balao	Filipino	0	-
Common	Maria Gemma R. Bien	Filipino	0	-
Common	Sabrina Adamelle Poon-Sytengco	Filipino	D: 0	-

a. Voting trust holders of 5% or more

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

b. Change in control

There are no arrangements which may result in a change in control of the Company.

12. Certain Relationships and Related Transactions

The Company, in the regular course of business, engages in transactions with its affiliates and other related parties, principally in the form of sale of goods, advances and reimbursement of expenses, leasing and management, and administrative service agreements.

For detailed discussion on these related party transactions, please refer to Note 19 of the Group's Audited Consolidated Financial Statements for the twelve-month period ended 31 December 2019 which forms part of the Annex of this SEC 17-A report.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The detailed discussion of this Section has been dispensed with pursuant to SEC Memorandum Circular No. 5, Series of 2013 dated March 20, 2013 and replaced with the Annual Corporate Governance Report (ACGR). Subsequently, SEC issued SEC memorandum circular no. 15 series of 2017 and replaced the ACGR with the integrated annual corporate governance report (I-ACGR). A copy of the I-ACGR has been uploaded in the company website: http://www.sbsph.com/disclosure-filings/corporate-governance/annual-corporate-governance-reports/

PART V - EXHIBITS AND SCHEDULES

14. Annexes and Reports on SEC Form 17-C

(a) Annexes

I. 2019 Audited Consolidated Financial Statements

1. Statement of Management's Responsibility for Consolidated Financial Statements
2. Report of Independent Auditors on Consolidated Financial Statements of SBS Philippines Corporation and Subsidiaries
3. Consolidated Statements of Financial Position as at December 31, 2019 and 2018.
4. Consolidated Statements of Profit or Loss, Comprehensive Income, Changes in Equity and Cash Flows for the Years Ended December 31, 2019, 2018 and 2017.
5. Notes to Consolidated Financial Statements December 31, 2019, 2018 and 2017.

II. 2019 Supplementary Schedules

1. Report of Independent Auditors to Accompany Supplementary Information Required by the SEC filed separately from the Basic Consolidated Financial Statements

2. Supplementary Schedules to Financial Statements (Annex 68-J, SRC Rule 68)

   A. Financial Assets

B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D. Long-term Debt
E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
F. Guarantees of Securities of Other Issuers
G. Capital Stock

3. Reconciliation of Retained Earnings Available for Dividend Declaration

4. Map Showing Relationship between Company and its Related Entities

5. Report of Independent Auditors on Components of Financial Soundness Indicators

6. Supplemental Schedule of Financial Soundness Indicators, December 31, 2019 and 2018

III. 2019 Original BIR/Bank Stamp "Received"

1. Independent Auditors' Report on SBS Philippines Corporation Financial Statements
2. Statements of Financial Position as at December 31, 2019 and 2018.
3. Statements of Comprehensive Income, Changes in Equity and Cash Flows for the Years Ended December 31, 2019, 2018 and 2017.

IV. Sustainability Report

(b) Reports on SEC Form 17-C

In 2019, the Company filed the following structure and unstructured reports:

- Annual and Quarterly Financial Reports;
- Annual and Quarterly Reports on the Disbursement of the IPO Proceeds and Progress Report
- Reports on changes in shareholdings of Directors and Officers
- *Press Releases on Audited Consolidated Financial Results for the ended year 2018; SBS expands its investment portfolio*
- Changes in director and officer appointments
- Participation of Directors and Officers in corporate governance seminars
- Quarterly reports on Public Ownership
- Quarterly Reports on list of shareholders
- GIS and amendments thereto
- Monthly reports on foreign ownership and number of shareholders
- Setting of the 2019 Annual Shareholders' Meeting
- Notice and Agenda of the 2019 Annual Shareholders' Meeting with explanatory notes
- Results of the ASM and organizational meeting of the Board of Directors
- Declaration of Cash Dividends
- List of Top 100 shareholders
- Information Statement
- Change in Beneficial ownership
- Integrated Annual Corporate Governance Reports
- Revised Related Party Transaction Policy
- Update on Corporate Actions/Material Transactions/Agreements
- Acquisition/Disposition of Shares of Another Corporation
- Initial Statement of Beneficial Ownership of Securities
- Change in Corporate Contact Details and/or Website

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Quezon City on 25 JUNE 2020.

By:

GERRY D. TAN
President & Chief Executive Officer

ESMERALDO A. TEPACE
EVP & Chief Operating Officer

AYLENE Y. SYTENGCO
Chief Financial Officer

JENNIFER B. BALAO
AVP & Accounting Head

CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 25 JUN 2020 day of ________ 2020, affiant(s) exhibiting to me his / their Government Identification Numbers as follows:

NAME	GOVERNMENT IDs	DATE ISSUED/EXPIRY
GERRY D. TAN	Passport No.P9198056A	17 Oct. 2018 /16 Oct 2028
ESMERALDO A. TEPACE	DL No. N17-78-002624	Valid until 16 March 2023
AYLENE Y. SYTENGCO	Passport No. P6002921A	12 Feb 2018 / 11 Feb 2028
JENNIFER B. BALAO	DL No. D16-02-256643	Valid until 11 Nov 2024
CHRISTINE P. BASE	IBP Lifetime ID 08661	Lifetime Membership

ATTY. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No.: 9296384 - 1/02/2020 - QC
IBP No. AR30027671 - 1/02/2020
Roll No. 68465
ADM MATTER NO. NP. 024 (2020-2021)
MCLE Compliance No. VI-005347
Unit: 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City

Doc No.: 59;
Page No.: 02;
Book No.: 42;
Series of 2020.

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	SBS Philippines Corporation
Location of Headquarters	10 Resthaven Street, SFDM, Quezon City
Location of Operations	10 Resthaven Street, SFDM, Quezon City, including its leased warehouses in Mandaluyong, Malabon, and Marilao, Bulacan
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	SBS Philippines Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Importer, Wholesaler and Distributor of wide range of chemical products as raw materials for various industries including food and beverage, industrial and detergents, feeds and agriculture, building and construction and other industries.
Reporting Period	December 31, 2019
Highest Ranking Person responsible for this report	Gerry D. Tan – President and CEO

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
In order to identify the sustainability issues that are of material importance to SBS and the relevant stakeholder groups, the SBS Sustainability Core Team conducted a Stakeholder Identification and Prioritization as the primary step of the process. More than 20 stakeholder groups had been identified in this initial step. The SBS Sustainability Core Team also conducted desktop review of trends, key drivers, and risks identified by national and international agencies, as well as industry specific sustainability issues as our reference to enable the grouping and prioritization of the relevant stakeholders and identification of probable material topics prior to comprehensive engagement with the stakeholders. Six sets of stakeholders interviews covering internal and external stakeholders will be conducted in 2020 to deep dive into the stakeholder perspective the issues that they considered relevant, their corresponding impacts, and expectation from SBS. Upon completion of this process, a list of sustainability topics that are material to the business of SBS and where we can create the most impact will be presented to SBS Board.

[1] See *GRI 102-46* (2016) for more guidance.

Based on the list of material issues and our sustainability strategy, management will set sustainability target and the planned actions for SBS for the next 3 years.

In the next annual sustainability reporting, the final list of the Material topics will be presented covering Economic, Environmental, and Social areas.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,233,056,387	PhP
Direct economic value distributed:		
a. Operating costs	109,991,906	PhP
b. Employee wages and benefits	31,170,017	PhP
c. Payments to suppliers, other operating costs	780,938,532	Php
d. Dividends given to stockholders and interest payments to loan providers	169,106,587	PhP
e. Taxes given to government	31,328,155	PhP
f. Investments to community (e.g. donations, CSR)	1,537,152	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*(e.g. employees, community, suppliers, government, vulnerable groups)* - Customers - Employees - Shareholders - Suppliers and Business	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company has a medium term strategic plan reviewed by the Board to ensure clarity of its direction and utilization of capital and resources.

SBS's economic value generated primarily impacts the manufacturing processes and ultimately the value chains of its clients. The Company's business operation and distribution activities also directly supports employment in the Company as indirect employment in its network of suppliers and service providers. The Company also creates value for its shareholders through the capital appreciation of its stocks since its initial public offering in 2015 as well as the cash dividends paid out since then. It also contributes to the national government through the payment of national and local business taxes.	partners - Communities - Government	The Company also has an annual revenue and expense budget that is used to manage its short term operations. This budget is aligned with the abovementioned strategic plan. The Company conducts an Annual stockholders meeting where it explains the Company's direction and results to its shareholders and listens to their views.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Increasing operational and logistic cost; securing permits and licenses (either new or during renewals) on a timely basis from various government regulatory agencies the); increasing competition from other players; unforeseen crisis and events (Please refer to SBS 2019 SEC Disclosure 17-A, page 9-12 for the list of Risks)	- Customers - Employees - Shareholders - Suppliers and Business partners - Communities - Government	The Company regularly reviews its risk assessment and management processes to improve its handling of any significant identified risks. The Company has also established a Business Continuity Plan. It aims to ensure resilience and proper risk management so that it is able to function quickly in the event of a crisis or disaster. (Please refer to SBS 2019 SEC Disclosure 17-A, page 9-12 for the list of Risk mitigation measures)
What are the Opportunity/ies	**Which stakeholders are**	**Management Approach**

Identified?	affected?	
Identify the opportunity/ies related to material topic of the organization The Company has begun to offer environment friendly products as alternatives to some of its existing products in anticipation of possible shifts in the market towards increasing preferences for these products. The Company is also exploring the creation of new sales and marketing channels through e-commerce platform to increase its market visibility to the digital community.	Success in the introduction of more sustainable products will create value for shareholders, employees, customers, business partners and the community where we operate in, as well as improve the country's environment.	The Company's medium term development plan includes the identification of key growth opportunities by understanding the current unmet needs in the market, as well as possible shift in market trends driven by consumer preferences and by government regulations. The Company sources these products from leading manufacturers that have track records in the various application, and spend development cost to support the product introduction in the local market.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	*Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material*	*Disclose how the organization identifies, assesses, and manages climate-related risks*	*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material*
The Company's Revised Corporate Governance Manual of 2019 provides: Approach to Sustainability "The Company is committed to ensure business sustainability	The Company still needs to conduct further study to be able to quantify the potential impacts of climate- related risk on its business. In general terms, severe weather	To protect against these contingencies and mitigate the effects of such supply disruptions, the Company maintains a reasonable safety inventory position level and buffer to ensure optimal supply	At present, the Company has not yet set definitive metrics and targets to assess and manage relevant climate-related risk and opportunities. The Company's management will include the setting of

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

by promoting a culture of responsibility in managing the environmental, social and governance effects of its strategies and operations. Its approach to sustainability involves giving importance to customer experience and workplace safety, promoting trade and industry and a risk-focused organization, supporting the development of the communities in which it operates and managing its environmental impact".	conditions and natural disasters may lead to port congestions and production outages which may cause supply shortages. Such events may have adverse effect on its finances such as loss of sales revenue, or increases in logistic cost depending on the degree of disruption.	flexibility and operational resilience.	relevant targets in the priority actions to be completed in the next 2 years.
Recommended Disclosures			
a) *Describe the board's oversight of climate-related risks and opportunities* The Audit and Risk Oversight Board Committee monitors risk exposures and reviews risk management plans of the Company. This includes inherent operational risks arising from natural disasters and severe weather conditions. The Committee has not yet incorporated a	a) *Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term* The organization has identified the following climate-related risks: Severe weather conditions may cause product shortages and port congestions that will disrupt the Company's supply chain leading to loss in sales revenue and increase logistic cost. Flooding may also limit	a) *Describe the organization's processes for identifying and assessing climate-related risks* The Company still requires further study to develop a structured assessment method in quantifying the impact and prioritizing the actions required on the identified climate-related risk.	a) *Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process* At present, the Board has not yet set the definitive metrics to be used to assess and manage the relevant climate-related risk and opportunities. The setting of the metrics is to be finalized in the next 2 years.

thorough review of the potential quantifiable impact of climate-related risks and opportunities to the Company.	access to and from the Company's storage facilities. This may cause disruption of its supply chain even if the Company's facilities are presently not located in flood prone areas. Increase in average climate temperature also increases the energy consumption of the Company's temperature controlled storage facilities, thus, resulting in increase of operating cost of the Company. The organization has identified the following climate-related opportunities: The Company foresee the increase use of advance technology and process chemicals to treat and recycle water for further use by the industrial sectors. Another business opportunity is increase demand of process chemicals in waste to energy facilities as more facilities are installed in the country.		
b) Describe management's role in assessing and managing climate-related risks and	*b) Describe the impact of climate-related risks and opportunities on the organization's*	*b) Describe the organization's processes for managing climate-related risks*	*b) Describe the targets used by the organization to manage climate-related risks and*

opportunities	*businesses, strategy and financial planning.*		*opportunities and performance against targets*
Management ensures that the Company's approach to Sustainability is implemented. This includes managing Company's own environmental impact, mitigating actions required, as well as identifying the opportunities on how the Company can be positioned to promote and benefit from it.	The Company's management has not yet quantified the impact of the identified climate-related risk and opportunities on the Company's businesses. In general terms, the climate-related risk identified in the preceding table may lead to loss of sales revenue in case of product shortages and supply chain disruption or increase in its operating cost due to scarcity of resources or logistic difficulty. On the other hand, the climate-related opportunities identified in the preceding table may support increase in sales revenue through increase demand of process chemicals for water treatment and in waste to energy facilities.	Besides maintaining reasonable and safety levels of inventories~~,~~ the Company also ensure that there is no concentration or over reliance on one particular supplier. The Company keeps and maintains good relationships with a number of suppliers for its sourcing (at least from 2 different countries) and does not depend on a limited number of suppliers for its chemical procurement. The Company has started the shift to energy-efficient bulbs in its office and warehouse facilities; use of inverter technology air-conditioners, which decrease the energy usage for the Company.	At present, the Company has not yet set the targets used to assess and manage the relevant climate-related risk and opportunities. Management will include the setting of relevant targets and priorities to be completed in the next 2 years.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	*c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management*	

	The organization's strategy has not been assessed of its resiliency to different climate-related scenarios. Management will include this assessment in the next strategic planning session in 2021.	The Company still requires further study to develop a structured assessment method in quantifying the impact and prioritizing the actions required on the identified climate-related risks. Since the Company promotes a risk-aware culture by making risk management a responsibility of every employee and an integral part of the Company's strategic and operational planning, and day-to-day management and decision making, the processes that will be used for identifying, assessing, and managing climate-related risks will most likely be deployed in similar way for ease of integration into the overall risk management system of the Company.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	24	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it	*(e.g. employees,*	*What policies, commitments, goals and*

occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* For the scope of this disclosure, "local suppliers" shall refer to Metro Manila and Bulacan based companies and businesses, including distributors of imported products. "Non-local suppliers" are those outside the parameters of the "local suppliers". The Company directly imports chemical products intended for sale from foreign suppliers being the business model of the Company as an importer, indentor, distributor of chemical raw materials to various industries in the country. These trade goods from "non-local/foreign suppliers" accounts for 76% of the Company's total procurement for the year. The Company procures its non-trade goods and various services from "local suppliers", which is essential in sustaining the business operations of the Company. The Company through this supply chain network of various service providers and suppliers provide indirect business and employment opportunities to other groups.	*community, suppliers, government, vulnerable groups)* - Suppliers - Service Providers - Logistics - Employees - Customers - Local Communities	*targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company deals with the foreign suppliers through its trade purchasing department. Various departments are assigned to deal with the non-trade suppliers, repairs and maintenance services, and logistics / service providers and directly monitors the performance of these suppliers. The Company values close cooperation with suppliers to achieve mutually-beneficial business relationship. At present, the Company has not yet established a formal supplier accreditation policy. A procurement strategy and a formal supplier accreditation policy will be put in place within the next 12 months.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify risk/s related to material topic of the organization The Company has identified the following risks: 1. Counterparty risk - Financial stability of the suppliers and service providers cannot be assured - Inability of service providers to provide the contracted services at all times (irrespective of external prevailing circumstances) - Quality / Conformity to specification of the purchased / delivered products is not consistent 2. Stock availability risk - Delays in the arrival / delivery of the products from our logistic providers for various reasons. 3. Compliance risk - Available stocks in the market may not be compliant with standards and regulations.	Suppliers Customers Service Providers	The Company assess its suppliers based on its ability and consistency to supply goods at competitive price, track record in industry, financial capability, and regular review of its performance to the Company. We ensure that they are compliant with any standards and regulations that they or we must comply with and that their company morals are aligned with the Company. The Company implements a multi-supplier concept in its critical areas to ensure reliability of supply and services.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The Company can further improve its procurement practice with better demand forecasting, and	Suppliers Customers	The Company is in its implementation phase for an enterprise resource planning system to improve its business information and analysis of demand

implementation of formal supplier accreditation policy. Improved procurement practice can yield savings in the value chain.	Service providers	trend. A formal supplier accreditation policy will be put in place within the next 12 months. The procurement process shall ensure that value is realized through contract management and supplier relation management. It shall be a driver for sustainable savings across the Company.

Anti-corruption

Training on 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	No proper documentation of its communication.	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Data gathering on-going	%
Percentage of directors and management that have received anti-corruption training	64%	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
As an importer and distributor of products, the Company through its employees transacts with multiple external stakeholders across	Suppliers Customers	The company has established its Code of Business Conduct and Ethics that includes its anti-corruption policy. The Code is shared with all its stakeholders' through

different contact points in the organization. The Code of Business Conduct and Ethics is intended to provide guidance to all officers and employees in resolving legal and ethical challenges of their daily work and encourage adherence to integrity, governance, and responsible business practices. The Company identified the need for specific training program on anti-corruption to its employees.	Directors, Officers and Employees of the Company	its publication on the company's website. This is accompanied by the adoption of management systems designed to help us honor our commitment in our day-to-day operations such as a Conflict of Interest Policy and its requirement for proper disclosure. In 2020, the Company will document its communications with each employee with regards to Company policies including the Code of Business Conduct and Ethics, among others to report on our performance in this area.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization 1. Regulatory and Legal risk Exposure to losses for noncompliance to existing or future laws, rules and regulations. **2.** Reputational risk	Suppliers Customers Directors, Officers and Employees of the Company	The Company will develop an effective anti-corruption framework including sourcing of appropriate external training programs or formulate its own training program for phased deployment to the officers and employees
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Ensure value creation and long term resilience of the business through proper business conduct. Embedding ethical culture.	Suppliers Customers Directors, Officers and Employees of the Company	The Company will develop an effective anti-corruption framework by sourcing external training program or formulating its own program for phased deployment to officers and employees.

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Incidents of corruption may occur when a director, officer or employee fails to comply with Company's Code of Business Conduct and Ethics. This may cause reputational and financial risks to the Company including potential fines and legal cases.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Suppliers Customers Directors, Officers and Employees of the Company	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company has adopted Whistleblowing Policy to provide for a mechanism where genuine issues and concerns of wrongdoing, impropriety or irregularity involving or affecting the Company may be raised in a confidential manner. This is shared with all the stakeholders through the Company's website.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization No identified material risk without recorded incident of corruption recorded.	Directors, Officers and Employees of the Company	The Company will provide training programs on anti-corruption to its employees.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization No identified material opportunity without recorded incident of corruption recorded.	Directors, Officers and Employees of the Company	The Company will provide training programs on anti-corruption to its employees.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	Ongoing data gathering	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	Ongoing data gathering	GJ
Energy consumption (electricity)	185,694	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Ongoing data gathering	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	Ongoing data gathering	GJ
Energy reduction (electricity)	Ongoing data gathering	kWh
Energy reduction (gasoline)	Ongoing data gathering	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Energy is an integral part of the operations of SBS. It is utilized in the head office and its several warehouse sites, and across its supply chain for its daily operations.	*(e.g. employees, community, suppliers, government, vulnerable groups)* The stakeholders affected are suppliers, customers and employees.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company makes systemic use of various management techniques, processes, and tools to improve its energy performance. It gets its energy supply from the accredited energy provider in the area, and will continue to do so. We ensure compliance with energy regulations and policies. The Company has started the shift to energy-efficient bulbs in its office and warehouse facilities; use of inverter technology air-conditioners which decrease the energy usage for the Company. The Company will set up a process to evaluate its management approach to this topic to cover comprehensive and comparable measurements on energy. The Company will be able to have comparable data and targets within the next two to three years.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization The risks identified are: 1. Power supply interruption risk - Brownout interrupts operations as order processing is done through computers; - Prolonged brownouts may cause damage to products that need to be stored in	The stakeholders affected are customers and employees.	The Company will develop an energy management plan aimed at controlling and reducing energy consumption in the company's premises. It shall make available a standby generator should energy fluctuations happen or when energy supply fails.

controlled temperature and should not be placed in high temperature for a prolonged period of time; - Brownout affects the productivity of employees as they will be inconvenienced. 2. Energy efficiency risk - There may be wasted energy from undetected line to ground faults of certain electrical facilities; - Non-replacement of high consuming lighting bulbs with energy-efficient ones		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The Company supplies processed chemicals for "waste-to-energy" facilities. The company noted Increase in the number of similar installation across the country. Potentially, this will also increase the demand for processed chemicals providing business opportunity for the Company.	The stakeholders affected are customers and employees.	The Company continue to develop new businesses towards a greener future for everyone. The Company manages the inventory and ensures that supply of such raw materials needed by its customers are on hand.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	5128	Cubic meters
Water consumption	5128	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The overall company operation has negligible use of water. Water consumption is mainly for usage at the offices. This is not considered a material topic.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company sources its water requirement from the accredited water provider in the area, and will continue to do so. The Company has implemented water conservation measures such as replacing or repairing leaky faucets, awareness activities to promote sustainable management of water resources, etc.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Water supply risk - Lack of water or interruption in the water supply will inconvenienced employees at the workplace and may affect their productivity.	Employees at the workplace.	The Company has an overhead water tank in its premises which can store water pump directly from a water tank should it be necessary to get water supply elsewhere.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The Company has identified the following opportunities: - Installation of waterless urinals - Conduct water saving	Employees Suppliers Customers	The Company has a property administrator responsible to conduct preventive maintenance on company facilities and assign personnel to make immediate repairs such as leaks, etc. In addition, daily water consumption is

campaigns to increase awareness and reduce water consumption As a chemical distributor, we supply products that are used for water treatment by our customers.		monitored and monthly comparison is made to check on abnormal use or fluctuation. The Company continuously keeps itself aware of the water treatment needs of the different industries in relation to its business activity of supplying chemical products to them for water treatment.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	600	Kg
• non-renewable	3400	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	18	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
The Company's business operation is importation and distribution of chemical products in its packaged containers. Imported chemicals are all transported to customers when organization fulfills delivery. Such chemicals are in drums, carbouys, sacks, and pallets. The packaging materials use as input by the Company are sourced	Stakeholders affected are customers and employees	Responsible resource management is an integral part of our strategy. It is applied within the company through our sourcing processes and the use of renewable raw materials, whenever possible. In the search for alternative raw materials, we employ solutions that contribute to sustainability. The Company has minimal packaging material input as products imported for sale are already in standard packing. Additional material input by the company

locally such as plastic for shrink wrapped, paper sacks, plastic sacks and carbouys, few steel drums when required to meet customer specific requirements on packaging.		is limited to those specified by the customer.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Regulatory compliance risk (emerging) - Future regulation or policy regarding use of non-renewable material input	Customers	The Company coordinates with affected customers and potential suppliers of alternative packaging for consideration.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Consider alternative packaging to the non-renewable materials.	Customers Communities	The Company coordinates with affected customers and potential suppliers of alternative packaging for consideration.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites) none	
Habitats protected or restored	none	ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	(list) none	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business	*(e.g. employees, community, suppliers,*	*What policies, commitments, goals and targets, responsibilities, resources,*

[4] International Union for Conservation of Nature

operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* No material impact from Company's operation.	*government, vulnerable groups)* This is not a material topic of the organization.	*grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* This is not a material topic of the organization.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization There is no material risk identified.	This is not a material topic of the organization.	This is not a material topic of the organization.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization This is no material opportunity identified.	This is not a material topic of the organization.	This is not a material topic of the organization.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Ongoing data gathering	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	Ongoing data gathering	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Ongoing data gathering	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business	*(e.g. employees, community, suppliers,*	*What policies, commitments, goals and targets, responsibilities, resources,*

operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* From Company's operation, the cause of air emission is from our delivery trucks and service vehicles affecting communities in its route, and usage of refrigerants for air-conditioners in the office and controlled-temp warehouse facility. Indirectly, the electricity consumption sourced from the electricity grid also has air emission but is managed by the electricity power generation companies.	*government, vulnerable groups)* Employees Customers Communities	*grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company ensures that all its delivery trucks and vehicles emissions are compliant with government regulations through preventive maintenance and annual monitoring. The Company implements an efficient transportation strategy to reduce emissions produced. Refrigerants of air-conditioners are gradually replaced with environment friendly grades over a three-year period.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Any future regulation that reduces emission standard from vehicles may require acquisition of new units to be compliant with any new regulation.	Employees Customers Communities	Emission profile of a vehicle is part of the assessment criteria for purchase of new vehicles.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Potential use of renewable energy and more sustainable technologies available in the market.	Employees Customers Suppliers Investors Communities	The Company continues to explore available technologies and/or renewable energy systems that have lesser negative impact on the environment.

Air pollutants

Disclosure	**Quantity**	**Units**
NO_x	Not yet determined	kg

SO_x	Not yet determined	kg
Persistent organic pollutants (POPs)	Not yet determined	kg
Volatile organic compounds (VOCs)	Not yet determined	kg
Hazardous air pollutants (HAPs)	Not yet determined	kg
Particulate matter (PM)	Not yet determined	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* As the organization uses air-conditioning and vehicles to operate its business, it contributes to output of air pollutants.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Stakeholders affected are community, government, customers.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* We apply adequate housekeeping and disposal of wastes. The Company has an efficient maintenance program for its vehicles to ensure that these are in good running order. Vehicles, likewise, submit to annual government testing during vehicle renewal of registration. The organization also conducts regular checks and maintenance of air-con units. Refrigerants of air-conditioners are gradually replaced with environment friendly grades over a three-year period.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Should the vehicles breakdown due to irregularity of maintenance or fail government testing, it will hamper scheduled customer visits or deliveries.	Stakeholders affected are customers.	Management makes sure that there are back-up vehicles or third party logistics providers that can be engaged to make sure there is no interruption of deliveries to customers. Emission profile of a vehicle is part of the assessment criteria for purchase of new vehicles.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization Maximizing cargo capacity per delivery truck and route optimization will result in less air pollutant per ton of delivered product.	Employees Customers Logistics providers	The Company will apply an efficient transportation strategy and explore the possibility of partnering with select numbers of customers' procurement and supply chain departments to implement this identified opportunity whenever feasible.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	15,504	kg
Reusable	360	kg
Recyclable	360	kg
Composted	3,312	kg
Incinerated	0	kg
Residuals/Landfilled	11,472	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The company has outputs of solid wastes from its office and warehouse operations.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Stakeholders affected are employees and communities.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company is 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. The company has a daily schedule to collect solid wastes generated by its

		employees and the operations. Except those that are intended for re-use or recycling from warehouse operation, these are placed securely in garbage bags and properly sealed to prevent spillage and proper disposal.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Improper disposal of waste could lead to disease; plastic waste contamination to environment.	Stakeholder affected are employees, communities where the organization is present in, government.	The Company will develop a comprehensive plan (awareness, infrastructure, implementation, monitoring) on waste segregation and recycling of its solid waste.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization This can be the opportunity of the company to encourage employees to practice waste segregation at work and in their homes.	Stakeholders affected are employees, community and government.	Management will supply appropriate areas to place the bins that are clearly labeled to guide its employees. This also ensures that the organization is aligned with the initiatives of the local government where its sites are located.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	none	kg
Total weight of hazardous waste transported	none	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact*	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to*

(i.e., caused by the organization or linked to impacts through its business relationship) The company is not in manufacturing industry and does not generate hazardous waste in its process. This is not a material topic of the organization.	This is not a material topic of the organization.	*manage the material topic?* This is not a material topic of the organization.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Some chemical products that is supplied to customers may become hazardous waste after the use by the customer.	Customers or end-users of some products.	The Company provides product information to customers on the proper handling, storage and use of the raw materials for their guidance.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Supply of alternative products considered as environment friendly to customers currently using non-environmental friendly products.	Customers or end-users of some products.	The Company introduces environment friendly products to its customers.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0 (septic tanks)	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business	*(e.g. employees, community, suppliers, government,*	*What policies, commitments, goals and targets, responsibilities,*

operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Our overall company operation has negligible impact on effluent. This is not considered a material topic.	*vulnerable groups)* Not a material topic.	*resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* It is company policy that effluents from company operation are drained into the septic tanks built for such purpose, and sludge are disposed by accredited and license contractors.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization No identified material risk.	Not a material topic.	Not a material topic.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization As a chemical distributor, we supply products that are used for wastewater treatment by our customers.	We promote products to our customers for wastewater treatment.	The Company is kept abreast with the regulations regarding discharge effluents parameters for guidance on how we addressed the needs of our customers.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the	Which stakeholders are affected?	Management Approach

impact?		
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The potential impact occurs on individual site basis where the Company operates (office, warehouses).	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees Communities	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company has Employee Health, Safety and Welfare Policy that covers this material topic: " …… Compliance with government mandate on environmental and safety regulations is met. Necessary permits, licenses, clearances and registrations are acquired to ensure employees' and environment safety and protection. …." The company trades, handles and stores some Priority Chemical List (PCL) and Chemical Control Order (CCO) classified chemicals in a DENR approved warehouse in Metro Manila. This is done with proper supervision and under extreme safety procedures in accordance with industry standards. Board inquiry and discussions on the status of this operation are held resulting in ad hoc reports by Management. Constant monitoring of expired inventory is made and proper disposal of such is reported to the Board regularly. Management assures that said expired inventory is disposed of in an environmentally safe manner.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Regulatory compliance risk - Non-conformance to environmental	Employees	The Company has a designated PCO

requirements when there are changes in policy or regulation which may cause the company to incur fines and/or prevent renewal of license to operate for a specific site.	Customers	(Pollution Control Officer) that supervises the environmental compliance of the various operating sites and renewal of their operating licenses as needed.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization No identified material opportunities.	Presently not a material topic by the organization.	The Company has a designated PCO (Pollution Control Officer) that supervises the environmental compliance of the various operating sites. The Company constantly reviews and identifies opportunities in this topic through the inputs of the PCO.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]	97	
a. Number of female employees	52	#
b. Number of male employees	45	#
Attrition rate[6]	19	rate

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

Ratio of lowest paid employee against minimum wage	1.00	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	6%	2%
Vacation leaves	Y	46%	47%
Sick leaves	Y	8%	9%
Medical benefits (aside from PhilHealth))	Y	71%	76%
Housing assistance (aside from Pag-ibig)	indirect	23%	36%
Retirement fund (aside from SSS)	Y		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others) Bereavement Leave	Y	6%	4%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Availability of Employee benefits directly impacts the Company's employees well-being and towards their productivity and performance to the day to day task.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company employee handbook provides information pertaining to the various employee benefits, their eligibility criteria, mode of availment, and related topics. The Human Resources Department assists the eligible employees to avail of these benefits when applicable.
What are the Risk/s Identified?	**Management Approach**

[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Identify risk/s related to material topic of the organization Human resource risk - Uncompetitive employee benefits compared to prevailing market condition may limit the recruitment and retention of qualified employees leading to discontinuity of the projects and priority actions; delay in implementation of growth plans.	The Human Resource department conducts an annual review of these benefits to assess their suitability and applicability in the present times, and adjust when necessary, within the cost limit that the company can provide.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Competitive employee benefits will boost the recruitment and retention of qualified and performing employees leading to Faster revenue growth; improve service reliability; enhance teamwork among departments	The Human Resource department conducts an annual review of these benefits to assess their suitability and applicability in the present times, and adjust when necessary, within the cost limit that the company can provide. The Company explores ways to grow and retain talents among the Millennial employees by understanding their career objectives and priorities in the workplace.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	264	hours
b. Male employees	368	hours
Average training hours provided to employees		
a. Female employees	5.1	hours/employee
b. Male employees	8.2	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* People resource is valuable to the sustainability of the business. SBS provides appropriate training to the	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company is committed to the training and development of its entire workforce so that they

employees relevant to their job to enhance their competency, improve productivity or their skill level, and safety awareness across the different departments for the employees' professional growth. The people development will also benefit the organization, and our business partners through improve communication, efficient transactions and delivery of services.	will gain the necessary skills to reach their full potential. Training needs are identified through analysis, annual performance appraisal and request from employees. The general policy is covered through the Human Resource Policy Manual.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Employee retention and empowerment risk - Training and development programs may be limited at times due to manpower and budget constraints. Nevertheless, trainings that are mandatory for regulatory compliance are implemented without delay.	All internal trainings provided by the Company and mandatory trainings for regulatory compliance are of no cost to the employee. External courses and professional qualifications may be fully or partly funded by the Company depending on the nature of the training.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Opportunities identified includes: - Improve employee retention and their morale and confidence - Improve productivity brings economic benefit to the company and all stakeholders.	The Company continues to review its employee training and development plan to assess its relevance and impact on the internal and external organizations, and identify any need for modification of its policy or implementation.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms,*

business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Due to the relatively small number of employees in the organization, the labor-management relations is harmonious where every employee has direct access to the management.	*and/or projects, programs, and initiatives do you have to manage the material topic?* The Company employee handbook is available to all employees as reference material on the different Company policies. The Company conducts formal consultation with employees whenever there is a material amendment on the employee-related policy.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Not considered material topic of the organization today due to size of organization and existing set-up.	The HR department has an open door policy to listen and address any employee concern.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Not considered material topic of the organization today due to size of organization and existing set-up.	The HR department has an open door policy to listen and address any employee concern.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	54	%
% of male workers in the workforce	46	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The Company has no gender nor age group	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company supports and promotes a diverse and inclusive workplace. Diversity in the business

preference in its employee hiring process. Management decides on the basis of qualification, competency, experience and candidate's suitability to the position applied for.	environment is about more than gender, race, and ethnicity. It includes employees with diverse religious and political beliefs, education, socioeconomic backgrounds, sexual orientation, and cultures. The Company's employee hiring process goes through 3 different steps in its hiring decision to prevent any bias or preference by any one person or officer of the company.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Not considered material topic of the organization today based on its existing employee profile.	The HR department has an open door policy to listen and address any employee concern.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Not considered material topic of the organization today based on its existing employee profile.	The HR department has an open door policy to listen and address any employee concern.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	335,624	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Safety is of paramount importance to SBS. This applies to the occupational health and safety of all our employees and the product safety with our various business partners – logistic providers,	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company is committed to providing a healthy and safe work environment for its workers and preventing occupational illness and injury. To express that commitment, it has adopted various policies concerning the health, safety, and welfare of employees.

customers, and suppliers. In 2019, the Company had arranged external training for 4 safety officers and 3 first aiders.	The Company's Human Resource Policy Manual includes policy related to Safety in the Workplace. This includes the annual review and elimination of occupational hazards, provide protective wear and/or equipment and proper training in handling machinery and materials of concerned employees. The Company also ensures compliance with government mandate on workplace safety regulations. The Company is committed to promote a workplace that is free from alcohol and drug abuse as it is harmful to the health, safety and work performance of employees.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Health and Safety risk - Chemical products that are not handled and stored properly may cause employee injury at the workplace and even fatality - Internal hazards associated with fire may affect the workplace and surrounding communities, or possible act of terrorism.	The Company has assigned occupational health and safety officers and trained first aiders to ensure the safety of its employees by identifying, assessing and preparing for potential emergency situations in the workplace and minimize its impact through prevention and preparedness to implement emergency plans and response procedures. No personnel can be deployed to critical processes in our warehouse operation without undergoing our internal mandatory safety training. In warehouse sites that are ~~is~~ considered with potential fire risk, the Company partners with fire brigade volunteers from the community and provides a standby fire truck for use in their regular trainings and for emergency response.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The Company can implement documentation of all "near miss" incidents so that it can be used not only	The Company Safety officer conducts annual warehouse handling and storage training to our warehouse personnel including updates on safety

for immediate improvement of the Company processes related to safety, but also use as examples in the employees' training program. Possible relocation of storage facilities to areas with lower rental cost but with comparable road network accessibility.	practices and regulation. When the location of Company's storage facilities is evolving into a residential community, the Company will study a suitable relocation site to mitigate health and safety risk for the surrounding community.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights e.g. Harrassment and Bullying	Y	The Company is committed to safeguard it employees from harassment of any form. It is dedicated to provide a workplace free from discrimination, prejudices, malicious acts and inhumane treatment. Abusive behavior is never tolerated and is dealt in accordance with Company policies and legal proceedings as necessary. (Employee Health, Safety and Welfare Manual)

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Compliance with the labor laws is important to the Company and ensures the welfare of all its employees. All employees are also made aware of their human rights at the work place.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company ensures that it is compliant with the labor laws, and all employees have direct access to the Human Resources Department to raise any concern or issues in relation to their employment and with their co-workers.
What are the Risk/s Identified?	**Management Approach**

Identify risk/s related to material topic of the organization Regulatory compliance risk - Although there is no occurrence of any child labor or forced labor in the Company, there is a risk of potential mistake in the decision of a hiring manager in the future if this is not formally written as a policy.	The Company will update its policies to address any form of child labor and forced labor in the Company.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Compliance with labor laws and human rights is essential to a healthy workplace environment to retain employees.	HR department is constantly apprised of updates on local labor laws and human right policies for the workplace.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

______NO___________________

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* An efficient supply chain management is critical in our company's distribution of chemical products to our customers nationwide. We are primarily focused on the supply chain flow from arrival of commercial products at the port, clearing of cargo, delivery, storage and handling in	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company has not established a formal supplier accreditation policy, although stringent standards of qualification have been set in our sourcing of products for distribution in the Philippine market. A formal supplier accreditation policy will be put in place within the next 12

our warehouses, and final delivery to our various customers.	months.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization 1. Counterparty risk - Product shortages or non-deliveries of products due to failure by our suppliers to perform their commitments affects the Company and our customers' business operations. 2. Outsourcing & Legal risks - Potential risk of being included in lawsuit for potential labor and human rights violation by any employee of the Company's service provider.	The Company keeps and maintains good relationships with a number of suppliers for its sourcing (at least from 2 different countries) and does not depend on a limited number of suppliers for its chemical procurement. The same multi-supplier concept is also implemented with our service providers in logistics and deliveries, customs brokerage, and other supplies. A formal supplier accreditation policy will be put in place within the next 12 months with the annual assessment of suppliers' performance to include these social topics.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization We can include in our supply chain management a formal supplier accreditation process and include the sustainability topics relevant to the organization.	A formal supplier accreditation policy will be put in place within the next 12 months.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

operations)					
Head office and Warehouse operation	Quezon City	The Company provides equal employment opportunity including those from the vulnerable sector when a candidate is considered qualified and fit for the job.	N	Access to employment opportunities and support livelihood of community based public transport services Workplace related risk inherent to industrial operation	 Availability of safety officers and emergency response team
Warehousing	Mandaluyong	The Company provides equal employment opportunity including those from the vulnerable sector when a candidate is considered qualified and fit for the job.	N	Access to employment opportunities Workplace related risk inherent to industrial operation	 Fire truck available for dispatch or use by the community

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ______________

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization The shift of the local community where we operate from industrial area to increasing residential population may increase our operational cost and inherent risk of being in a highly populated area.	The Company has policy to maintain asset light strategy and leases its warehouse requirement so that it has flexibility to locate and re-locate to industrial areas that is most cost-effective for operations and logistic/supply chain in delivering the goods to our customers.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Whenever available, the company sources its required services and personnel from the local community.	The Company hiring policy takes into consideration the residential location of the applicants in consideration of the unnecessary stress brought about by daily commuting of the employees between their residence to the workplace.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not available	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary	*What policies, commitments, goals and targets,*

business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* This material topic directly impacts the Company's revenue growth and business operations as well as customers' supply chain operation.	*responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company has an existing Quality System Procedure in Handling Product Returns, Complaints and Recall. This is the standard procedure that employees follow and a corresponding Corrective action and Preventive action (CAPA) is issued upon completion of the root cause of the problem. In 2018, a 3-month customer satisfaction survey was conducted on walk in and pick up customers on voluntary participation basis but no similar survey was conducted in 2019.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Customer Satisfaction risk - Lost sales / non-retention of customers due to unsatisfactory customer service , poor product quality or delayed deliveries.	The Company will enhance its understanding of customers satisfaction level and area of improvement through a structured survey in 2020-2021.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Increase customer satisfaction leads to higher sales revenue and increase market share	The Company will enhance its understanding of customers satisfaction level and area of improvement through a structured survey in 2020-2021.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	Not applicable	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**

Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The chemical products supplied by the company is being handled by our warehouse personnel, delivery truck personnel, customer's warehouse personnel, and customer's end-users depending on the usage of the product. The Company ensures proper handling and storage of the products in line with standard protocols on quality assurance and safety precautions for these products as defined in the Material Safety Data Sheet.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company maintains a catalogue of Material Safety Data Sheets (MSDS) for all the chemical products that it distributes to the market, and regularly request from its supplier for updated version as it is published. The MSDS are shared with first time buyers.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization 1. Health & Safety risk - Improper use or poor knowledge in handling and storage of the chemical products may have detrimental effect on the user's health and safety. 2. Products Use risk - Products are supplied in varying quality standards (e.g USP, BP grade, Food grade, technical grade, laboratory reagent grade) and of different shelf life duration. Inappropriate use of a product not intended for the right application or use past its shelf life without being re-tested for quality conformity may pose risk on health and safety.	The Company sees to it that our delivery staff and the customer's warehouse personnel receiving the material is provided with an updated copy of the Product Material Safety Datasheet and that it is customer's responsibility to circulate this Material data sheet within their organization. The Company, whenever applicable, reviews with the customers their requirement specificity so that only the appropriate products and supplies are maintained within their rated shelf life. It also provides the customer with the supplier's test method, when requested, as part of customers' validation of test protocol and comparative results.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Proper handling of the chemical product eliminates any untoward incident or complaint from customers, and consider the Company as a reliable business	The Company regularly reviews its product portfolio. Appropriate labelling and product declaration are made whenever these becomes classified in any hazardous category.

partner.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	none	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* As the Company is not in B to C market, and products are not directly used by consumers, this topic has not been considered material in the initial exercise. The chemical products supplied by the company are mainly raw materials for manufacturing or process chemicals use by industrial users in their various processes. Prior to its use, these products are validated by the customers' quality department or research and development department. Labelling is in accordance with industry standards and in some instances, additional labelling information is added to meet customer requirements.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company provide documents such as Product data sheets in accordance with the chemical manufacturer information. The Company maintains a catalogue of Product Data Sheets from the different manufacturer that are provided to first time customers. This ensures proper product awareness and its applicable usage. Any local adaptation of our supplier's marketing materials are requested to be reviewed by the manufacturer before printing. The Company also provides Material Safety Data Sheets (MSDS) issued by the manufacturers for all the chemical products that it distributes which gives information such as proper handling, storage, transport, and disposal of the product.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	The Company's Manual of Quality Warehousing

Labels in the outer packing from the suppliers maybe damaged during transport if not properly arranged by the manufacturers for transport.	Systems Procedures includes the incoming and outgoing process and verification of product labels.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization No opportunity is identified on this topic at the moment.	The Company will constantly review our approaches on this topic.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	none	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Impact is on Customers' and business partners' personnel data and product usage information.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company considers our customer data and product usage information as competitive edge in our business, and thus is kept confidential with limited access to assigned employees, and is not shared with other companies. Employees that have access to confidential information are covered with confidentiality agreement in their employment contracts, and are briefed accordingly of this Company policy.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Information Security risk - Breach of data or	The Company will regularly assess its handling of its customer database to ensure that it is

unauthorized access of data Regulatory & Legal risk – Any unauthorized use of customer personal information obtained from the company exposes the company to fines/penalties and possible litigation.	protected from unauthorized access and use.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Increase customers' trust and confidence to our organization	The Company will regularly assess its handling of the customer database to ensure that it is protected from unauthorized access and use.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Breach of data will impact the company's business operation, trade secrets, suppliers' information, business partners' details and customers' privacy.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company protects restricted, confidential, or sensitive data from loss to avoid reputation damage and minimize adverse impact on our customers. The protection of data in scope is a critical business requirement. The Company has scheduled in 2020 to conduct an audit of its data security infrastructure and protocol to provide effective deterrent against any attempt to breach its data or against accidental leak.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Information Security risk - Loss of organization's	The Company has scheduled in 2020 an audit of its data security infrastructure and protocol to

confidential and business data to market competition	provide effective deterrents against any attempt to breach its data or against accidental leak.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Enhance company reputation with stakeholders on ability of company to secure the data;	The Company has scheduled in 2020 an audit of its data security infrastructure and protocol to provide effective deterrents against any attempt to breach its data or against accidental leak.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Chemical products for road infrastructure	Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Potential increase in plastic pollution as most packaging are in plastic drum; or improper disposal of packaging material.	Provide information to Customers on proper disposal of product and its packaging material as defined in the material safety data sheet.
Products for water and wastewater	Goal 6: Ensure availability and sustainable	Potential increase in plastic pollution as	Provide information to Customers on proper

treatment	management of water and sanitation for all	most packaging are in plastic drum; or improper disposal of packaging material.	disposal of product and its packaging material as defined in the material safety data sheet.
Chemical raw materials	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Potential increase in plastic pollution as most packaging are in plastic drum; or improper disposal of packaging material.	Provide information to Customers on proper disposal of product and its packaging material as defined in the material safety data sheet.
Chemical Products classified under PCL and CCO of DENR	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Products is classified as potentially pose unreasonable risk to public health, workplace, and the environment if not used in correct manner	Management complies with regulatory requirements and ensures that these products are sold only to authorized users

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **SBS Philippines Corporation** will be held on **Wednesday, May 22, 2019 3:00 o' clock in the afternoon at the Kalayaan Hall, Club Filipino Corner Eisenhower St. Club Filipino Avenue San Juan, Metro Manila**, for the purpose of considering the following:

A G E N D A

1. Proof of Notice, Determination of Quorum

2. Rules of Conduct and Procedures

3. Approval of Minutes of the previous Annual Stockholders' Meeting

4. Presentation of the 2018 Annual Report of Management to the Stockholders and Approval of the 2018 Audited Consolidated Financial Statements of the Company and its Subsidiaries

5. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Stockholders

6. Appointment of Independent Auditors

7. Election of Directors

8. Consideration of Such Other Business as May Properly Come Before the Meeting

9. Adjournment

Only stockholders of record at the close of business on 10 April 2019 are entitled to notice of, and to vote at, this meeting. For this purpose and in accordance with Section 8, Article II of the Company's Amended By-Laws, the Stock and Transfer Book of the Company will be closed from 10 April 2019 to May 22, 2019.

WE ARE NOT SOLICITING YOUR PROXY. However, if you cannot personally attend the meeting and would like to be represented thereat, you are requested to accomplish the attached proxy form (to appoint a proxy and/or representative to attend, speak and vote at the meeting in your behalf) and submit the same to the office of the Corporate Secretary at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City for inspection, validation and recording at least seven (7) days before the opening of the Annual Stockholders' meeting, or on or before May 15, 2019.

Registration will begin at 2:00 pm and will close at 3:00 pm. For your convenience in registering your attendance, you are requested to present some proof of identification, such as a passport, company ID, driver's license, or other government issued ID upon registration. If your shares of stock are held through PCD Nominee Corporation and its trading participants, kindly also bring with you an authorization letter from your registered holder signed by its duly authorized officer. Representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity.

12 April 2019, Quezon City.

CHRISTINE P. BASE
Corporate Secretary

<u>EXPLANATORY NOTES TO AGENDA</u> <u>ITEMS:</u>

1. <u>Proof of notice, determination of quorum and rules of conduct and procedures</u>

   ***Rationale*:** *To inform the stockholders that the notice requirements for the 2019 Annual Stockholders' Meeting have been complied with in accordance with the Company's By-Laws and applicable laws and regulations, that a quorum exists for the transaction of business and the procedures to govern the conduct of voting for the agenda items being put to a vote.*

   The Corporate Secretary will certify the date the notice of the meeting was sent to all stockholders and the date of publication of the notice in newspaper of general circulation.

   The Corporate Secretary will further certify the existence of a quorum. The stockholders present, in person or by proxy, representing a majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

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

   (i) Stockholders (or proxies) shall register their attendance at the registration counter provided near the entrance of the designated meeting room.
   (ii) Upon registration, the stockholders will be presented with a pre-numbered ballot which will be used to cast their votes in writing. The ballot would state the proposed action items in the Agenda for consideration of the stockholders. Valid ballots shall bear the signature of the Corporate Secretary at the back.
   (iii) The stockholders may cast their votes any time before and during the meeting. No re-casting of votes shall be allowed.
   (iv) To vote, the stockholder shall manually fill up ballot provided to him upon registration, indicating the name of the registered stockholder, the number of shares owned and the votes cast per item of the Agenda. Once completed, the stockholder shall place the ballot with the votes cast in the ballot boxes located at the registration table and inside the meeting hall.
   (v) Each outstanding share of stock entitles the registered holder to one vote, except for the election of the directors, where a stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected. The total number of votes cast should not exceed the total number of shares a stockholder owns.
   (vi) All items in the Agenda requiring approval of the stockholders will require the affirmative vote of stockholders representing at least a majority of the outstanding and voting capital stock present at the meeting. There is no item in the Agenda that requires a higher percentage of votes from the stockholders.
   (vii) All votes received shall be tabulated by the Office of the Corporate Secretary, and the results of the tabulation shall be validated by Punongbayan & Araullo, the Company's Independent Auditors.

(viii) During the meeting, as the stockholders take up an item on the Agenda, the Corporate Secretary will report the votes received and tabulated for the Agenda item and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval under the Agenda will be flashed on the projector screen during the meeting.

(ix) Any stockholder who wishes to make a comment during the meeting shall first identify himself after being acknowledged by the Chairman and shall limit his comments to the Agenda item under consideration.

2. Approval of minutes of previous meeting

RATIONALE: To allow the stockholders to confirm that the proceedings of the Annual Stockholders Meeting held on 22 June 2018 were recorded accurately and truthfully.

The minutes of the meeting held on *22 June 2018* are posted at the Company website, www.sbsph.com. Copies of the minutes will also be distributed to the stockholders before the meeting.

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

3. Annual Report by Management and Audited Financial Statements for 2018

RATIONALE: To apprise the stockholders of the Company's operating performance, financial condition and outlook and present to the stockholder the audited financial results of the Company's operations in 2018, in accordance with Section 75 of the Corporation Code.

The Chairman, Mr. Necisto U. Sytengco, and the President & Chief Executive Officer, Mr. Gerry D. Tan, will render a report to the stockholders on the highlights of the Company's operating performance and financial condition in 2018 and its business outlook for 2019. Such performance results are summarized in the Company's 2018 Annual Report by Management to the Stockholders, copies of which will be distributed to the stockholders before the meeting.

The Company's audited consolidated financial statements (AFS) as of December 31, 2018 will be in included in the Definitive Information Statement to be sent to the stockholders at least 15 business days prior to the meeting. The AFS has been reviewed by the Audit and Risk Management Committee and by the Board of Directors and were audited by the Independent Auditors who have expressed an unqualified opinion.

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

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

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

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

The Company regularly discloses material transactions approved by the Board and these disclosures are available and posted at the Company's website, www.sbsph.com. Other resolutions approved by the Board since the annual stockholders' meeting of *22 June 2018* are described in the Information Statement sent to all stockholders.

A resolution to ratify the acts and resolutions of the Board of Directors and Management since the meeting of the stockholders on *22 June 2018* to up to the date of the meeting shall be presented to the stockholders for approval.

5. <u>Election of directors (including the independent directors)</u>

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

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

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

Aside from Helen T. De Guzman, all nominees are incumbent members of the Board of Directors of the Company. The nominees were formally nominated by shareholders to the Nomination and Corporate Governance Committee who reviewed their qualifications.

All nominee-directors have been found to possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations. Of the nominees, Ms. Helen T. De Guzman, Mr. Geocel Olanday and Mr. Roberto Anonas, are eligible for election as independent directors in accordance with SRC Rule 38 and its implementing rules and regulations.

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

6. Election of independent auditor

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

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

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [**X**] Definitive Information Statement

2. Name of Registrant as specified in its charter : **SBS PHILIPPINES CORPORATION (the "Company")**

3. Province, country or other jurisdiction of incorporation or organization : **PHILIPPINES**

4. SEC Identification Number: **A200110402**

5. BIR Tax Identification Code : **213-054-503**

6. Address of principal office & Postal Code : **NO. 10 RESTHAVEN STREET**
   SAN FRANCISCO DE MONTE, QUEZON CITY 1105

7. Registrant's telephone number, including area code : **(63 2) 371 1111**

8. Date, time and place of the meeting of security holders :

   DATE : May 22, 2019

   TIME : 3:00 IN THE AFTERNOON

   PLACE : Kalayaan Hall, Club Filipino
   Corner Eisenhower St. Club Filipino Avenue
   San Juan, Metro Manila

9. Approximate date on which the Information Statement
   is first to be sent or given to security holders : April 29, 2019

10. *In case of Proxy Solicitations: NOT APPLICABLE*

   Name of Person Filing the
   *Statement/Solicitor:*____

   Address and Telephone
   *No.:*____

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

	Title of Each Class
No. of Shares Issued and Outstanding	1,549,999,999 common shares **With Par Value of P1.00 per share**
Amount of Debt Outstanding	N/A

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes __√__ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

A total of 1,549,999,999 common shares of the Company are listed on the Philippine Stock Exchange.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a) 2018 Annual Stockholders' Meeting

Date : **May 22, 2019**
Time : **3 o'clock in the afternoon**
Place : **Kalayaan Hall, Club Filipino**
Corner Eisenhower St. Club Filipino Avenue
San Juan, Metro Manila

Mailing Address : **No. 10 Resthaven Street**
San Francisco del Monte, Quezon City 1105
Philippines

(b) Approximate date on which the information statement is to be sent or given to security holders. **April 29, 2019**

Item 2. **Dissenters' Right of Appraisal**

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

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

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

(a) The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right.

(b) If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

(c) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

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

In relation to the Annual Stockholders' Meeting scheduled for May 22, 2019, there no special matters or actions to be taken up at the meeting may give rise to a possible exercise by stockholders of their appraisal rights under Section 80 of the Revised Corporation Code of the Philippines.

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

(a) Other than their election to office, there is no matter to be acted upon in which any director or officer is involved or had a direct, indirect or substantial interest.

(b) No director has informed the Company of his intention to oppose any matter to be acted upon at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) As of March 31, 2019, the number of shares outstanding, net of treasury shares, is 1,549,999,999 common shares. Each common share is entitled to one vote.

(b) All stockholders of record as of April 10, 2019 shall be entitled to notice and to vote at the annual stockholders' meeting.

(c) Under the Company's By-Laws, each holder of the Company's common share has full voting rights. Each stockholder is entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy.

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

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

(d) Security Ownership of Certain Record and Beneficial Owners and Management

i. Security ownership of certain record and beneficial owners of more than 5% as of 31 March 2019.

Class of Shares	Name & Address of Record Owner & Relationship with Company	Name of Beneficial Owner & Relationship with Record Owner[2]	Citizenship	Number of Shares held as of 31 December 2018	Ownership Percentage on the PCD Nominee Shares
Common	PCD Nominee Corporation (Filipino)[1] 37 F Tower I The Enterprise Center, Ayala Avenue, Makati City	BDO Securities Corporation[3]	Filipino	1,019,305,362	67.09%
		Abacus Securities Corporation	Filipino	397,667,790	26.17%
		Others	Filipino	102,372,136	6.74%

1 *PCD Nominee Corporation is not related to the Company. PCD Nominee Corporation is the registered owner of shares beneficially owned by Participants of the Philippine Depository and Trust Corporation (PDTC), a private company organized to implement an automated book entry system for the handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC -eligible security will hold a stockholders' meeting, PCD Nominee Corporation shall execute a pro-forma proxy in favor of the Participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the Participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the Participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.*

2 *Out of the 1,518,447,636 common shares registered in the name of PCD Nominee Corporation (Filipino), 1,019,733,730 common shares (65.79% of the capital stock) and 398,746,210 common shares (25.72% of the capital stock) are for the accounts of BDO Securities Corporation and Abacus Securities Corporation, respectively.*

3 *This includes the 1,014,852,295 common shares owned by the Company's parent company, Anesy Holdings Corporation, representing 65.5% shareholding interest in the Company (Mr. Necisto Y. Sytengco II will vote for the shares of Anesy Holdings Corporation).*

ii. Security ownership of Directors and Management as of as of March 31, 2019.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)*	Ownership Percentage
Common	Necisto U. Sytengco	Filipino	D: 73,700,671 I: 6,458,318	4.75% 0.42%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Aylene Y. Sytengco	Filipino	D: 10,662,441 I: 20,555,018	0.69% 1.33%
Common	Necisto Y. Sytengco II	Filipino	D: 5,367,629 I: 12,544,041	0.35% 0.81%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%
Common	Geocel D. Olanday	Filipino	D: 1,000	0%

Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%
Common	Lali Y. Sytengco	Filipino	D: 2,991,030	0.18%
Common	Christine P. Base	Filipino	0	-
Common	Jose Fidel R. Acuña	Filipino	0	-
Common	Jennifer B. Balao	Filipino	0	-
Common	Maria Gemma R. Bien	Filipino	0	-
Common	Sabrina Adamelle Poon-Sytengco	Filipino	D: 0	-

- Security Ownership of Nominees for Election to the Board of Director as of March 31, 2019:

  As of the date of this report, the Company received nominations for eight (8) incumbent members of the Board. The deadline for submission of nominations to the Board was on March 22, 2019.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)	Ownership Percentage
Common	Necisto U. Sytengco	Filipino	D: 73,700,671 I: 6,458,318	4.75% 0.42%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Aylene Y. Sytengco	Filipino	D: 10,662,441 I: 20,555,018	0.69% 1.33%
Common	Necisto Y. Sytengco II	Filipino	D: 5,367,629 I: 12,544,041	0.35% 0.81%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%
Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%

iii. Voting trust holders of 5% or more

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

iv. Change in control

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

Item 5. **Directors and Executive Officers**

A. Directors

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

Name	Age	Nationality	Position	Year First Elected/ Appointed	Date of Last Election
NECISTO U. SYTENGCO	64	Filipino	Chairman of the Board	2001	22 June 2018
GERRY D. TAN	52	Filipino	Executive Director	2016	22 June 2018
ESMERALDO A. TEPACE	65	Filipino	Executive Director	2013	22 June 2018
AYLENE Y. SYTENGCO	35	Filipino	Executive Director	2008	22 June 2018
NECISTO Y. SYTENGCO II	34	Filipino	Executive Director	2010	22 June 2018
RICARDO NICANOR N. JACINTO	57	Filipino	Non-Executive Director	2015	22 June 2018
GEOCEL D. OLANDAY	63	Filipino	Independent Director	2018	22 June 2018
ROBERTO F. ANONAS, JR	63	Filipino	Independent Director	2017	22 June 2018

B. Principal Officers

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

Name	Age	Nationality	Position	Date First Appointed
NECISTO U. SYTENGCO	64	Filipino	Chairman of the Board	5 March 2015
GERRY D. TAN	52	Filipino	President & Chief Executive Officer	29 January 2016
ESMERALDO A. TEPACE	65	Filipino	Executive Vice President & Chief Operating Officer	5 March 2015
AYLENE Y. SYTENGCO	35	Filipino	Chief Financial Officer & Treasurer Compliance Officer	5 March 2015 April 1, 2018
NECISTO Y. SYTENGCO II	34	Filipino	Senior Vice President - Marketing Operations & Assistant Treasurer	9 July 2015
LALI Y. SYTENGCO	68	Filipino	Vice President for Purchasing	5 March 2015
CHRISTINE P. BASE	48	Filipino	Corporate Secretary	1 January 2017

JENNIFER B. BALAO	48	Filipino	Assistant Vice President & Accounting Head	1 December 2014
JOSE FIDEL R. ACUÑA	33	Filipino	Corporate Information Officer	1 April 2018
SABRINA ADAMELLE POON-SYTENGCO	34	Filipino	Investor Relations Officer	1 January 2017

C. Business Experience

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

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

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

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

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

Ricardo Nicanor N. Jacinto was elected as non-executive director of the Company on 9 July 2015. He was previously the Chief Executive Officer of the Institute of Corporate Directors, a non-stock, not-for-profit organization dedicated to the professionalization of Philippine corporate directorship. He also serves a as an Independent Director of Metro Retail Stores Group, Inc. and the Managing Director of Ayala Corporation and President & CEO of Habitat for Humanity Philippines. He also served as a director of Manila Water Corporation from 2011-2014. Mr. Jacinto earned his BS Business Economics *magna cum laude* from the University of the Philippines and holds a Masters in Business Administration from the Harvard Business School.

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

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

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

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

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

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

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

The following persons have been nominated for election to the Board of Directors at the Annual Stockholders' Meeting to held on May 22, 2019 and have accepted their nominations:

NECISTO U. SYTENGCO
GERRY D. TAN
ESMERALDO A. TEPACE
AYLENE Y. SYTENGCO
NECISTO Y. SYTENGCO II
RICARDO NICANOR N. JACINTO
ROBERTO F. ANONAS, JR., Independent Director
GEOCEL OLANDAY, Independent Director
HELEN T. DE GUZMAN, Independent Director

The nominees were formally nominated by shareholder Ms. Jennifer G. Jacob to the Nomination and Corporate Governance Committee (composed of Mr. Roberto F. Anonas, Jr., Independent Director as Chairman and Mr. Geocel D. Olanday as member). Ms. Jennifer G. Jacob is not related to any of the director-nominees for election. Of the nominees, Mr. Roberto F. Anonas, Jr., Ms. Helen T. De Guzman, and Mr. Geocel Olanday are eligible for election as Independent Directors in accordance with SRC Rule 38 and its implementing rules and regulations. The nominees for independent director comply with term limit set the Securities and Exchange Commission. Their certification of their qualifications and non-applicability of the disqualifications as Independent Directors are attached hereto as Annexes A-1 to A-3.

Under the Company's Manual of Corporate Governance, the Board shall be composed of nine (9) directors, one-third of which shall be composed of independent directors, all of whom shall have a term of one year from date of the annual meeting of the stockholders or until their successors have been elected and have qualified.

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

(a) Written nominations by the stockholders shall be received by the Company not later than sixty (60) calendar days before the date of the Annual General Meeting of the Stockholders;

(b) The Corporate Governance, Nomination and Remuneration Committee (the "Committee") shall assess and determine if the person nominated for election to the Board of Directors possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations.

(c) Thereafter, the Committee shall identify and recommend a shortlist of qualified nominees for election at the Annual Meeting of the Stockholders.

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

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

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

D. Significant Employee

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

E. Family Relationships

Mr. Necisto U. Sytengco, Company Chairman, and Ms. Lali Y. Sytengco, VP for Purchasing are husband and wife and the parents of Aylene Y. Sytengco, Director, CFO & Treasurer and Compliance Officer, and Necisto Y. Sytengco II, Director & SVP-Marketing Operations & Assistant Treasurer. Aylene Y. Sytengco and Necisto Y. Sytengco II are siblings. Ms. Sabrina Adamelle Poon-Sytengco, Investor Relations Officer, is the wife of Necisto Y. Sytengco II.

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

F. Involvement in Certain Legal Proceedings

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

(i) Any insolvency or bankruptcy petition filed by or against any business of which such persons was a general partner or executive officer either at the time of insolvency or bankruptcy or within two years prior to that time;

(ii) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(iii) Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

(iv) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

G. Ownership Structure and Parent Company

As of 31 March 2019, Anesy Holdings Corporation owns 65.5% of the outstanding voting shares of the Company. Anesy Holdings Corporation is owned and controlled by Mr. Necisto U Sytengco (55.5%) and his children, Aylene, Necisto II and Ned Bryan all surnamed Sytengco (12.5% each respectively) and his sister, Evelyn T. Ching (7%), hereafter referred to as the “Sytengco Family”.

I. Certain Relationships and Related Transactions

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

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

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

(i) Purchase and Sale of Goods - The Company in the normal course of business provides or obtains goods from its affiliates. Sales and purchases of goods to and from its related parties are made at arms-length and at terms no less favourable than those entered between unrelated parties.

(ii) Lease Agreements - The Company is leasing its corporate offices and warehouse facilities from its affiliates. The lease arrangement allows the Company to continue with its asset-light approach to its chemical business operations. The lease rates charged by affiliate-lessors of the Company’s leased offices and warehouses are at terms comparable to prevailing market rates offered by unrelated parties within the localities.

(iii) Advances - The Company, from time to time, borrows and lends certain portion of its funds to related parties as temporary financing measures to address short term funding gaps, or as part of its working capital management for the enhanced ability to manage inventory and cash flow. These are non-interest bearing and unsecured transactions that are payable on demand and in cash. These payables normally have no fixed repayment dates. The advances are generally settled between the parties within a brief period of time.

(iv) Shared Business and Management Services - The Company and its affiliates have entered into a resource sharing arrangement to benefit from the operating efficiencies created from the pooling of certain manpower resources and the sharing of services. Under these shared services agreements, the Company extends back office services. These include provision for corporate services to attend to the statutory and regulatory reportorial obligations of the affiliate as well as the provision of general company secretarial, management information systems, and administrative services. It also covers treasury services accounting and tax services such as records keeping, billing and collection, order processing, preparation of financial reports and tax return preparation. The shared services operations provide for a centralized delivery of back-office services and are intended to manage costs through the sharing of facilities and equipment and the standardization of business processes for greater efficiency especially on compliance matters.

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

For a more detailed discussion on these related party transactions, please refer to Note 18 of the Company's Consolidated Audited Financial Statements for the twelve month period ended 31 December 2018 which forms part of the Appendix of this report.

Item 6. **Compensation of Directors and Executive Officers**

Currently, each independent and non-executive Director receives a per diem allowance of P25,000.00 for every attendance in regular meetings and special meetings of the Board of Directors, respectively. In addition, the independent and non-executive directors also receive a per diem allowance of P10,000.00 for each Board Committee meeting attended. Executive directors receive a per diem allowance of P2,500.00 for each Board meeting attended.

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

The total remuneration paid to the President & CEO and the top four highly compensated officers as well as to the other directors and officers as of 31 December 2018 is disclosed in the table herein below provided.

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

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Others
• Gerry D. Tan, President & CEO • Esmeraldo A. Tepace - EVP & COO • Aylene Y. Sytengco - Chief Financial Officer & Treasurer; Compliance Officer • Necisto Y. Sytengco II -SVP Marketing Operations & Assistant Treasurer • Emerson P. Paulino – Chief Internal Audit, then transferred as ERP Project Head	Projected 2019	6,576,916.67	281,821.09	3,937,150.83
	Actual 2018	4,069,522.24	164,281.15	2,440,208.43
	Actual 2017	3,640,724.62	150,095.85	3,760,390.29
All other officers and directors as a group unnamed	Projected 2019	1,877,500.00	250,000.00	137,232.43
	Actual 2018	1,143,594.26		287,345.20
	Actual	3,114,692.90	57,507.99	816,199.68

	2017			

Item 7. **Independent Public Accountants**

(a) Having considered the adequacy of its resources and experience, the Board of Directors has recommended the re-appointment of the accounting firm of Punongbayan & Araullo as external auditor of the Company for the financial year 2019.

The firm has been the Company's independent auditors since 2013. The Company's Audit and Risk Management Committee (composed of Mr. Geocel D. Olanday, Independent Director as acting Chairman and Mr. Roberto F. Anonas, Jr, Independent Director, Mr. Ricardo Nicanor N. Jacinto, Non-Executive Director, and Ms. Aylene Y. Sytengco, Executive-Director, as members) has satisfied itself of the suitability of the Punongbayan & Araullo to meet the audit requirements of the Company for financial year 2019 and has recommended their re-appointment as external auditors of the Company

(b) Mr. Anthony L. Ng, a partner in the Audit and Assurance Division of the firm, has been the lead audit engagement and signing partner assigned to handle the account of the Company since FY 2018.

(c) Representatives of the firm for the current year and for the most recently completed fiscal year will be expected to be present at the Annual Meeting of Stockholders to be held on 22 May 2019 and they will have the opportunity to make a statement, if they so desire, and are expected to be available to respond to appropriate questions.

(d) Punongbayan & Araullo has been the Independent Accountants/external auditor of the Company since 2013. For the three most recent fiscal years, there was no instance where the Company's external auditor resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure with the said external auditor.

Audit and audit related fees

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

	FY 2016	**FY 2017**	**FY 2018**
Fees for Audit & Audit Related Services	P 800,000.00	P 1,675,000.00	P 1,300,000.00
Fees for tabulation of voting results of the Annual Stockholder's Meeting	0	50,000.00	50,000.00
Other fees	0	0	0

The Corporation engaged Punongbayan & Araullo to audit its annual financial statements including its 2 subsidiaries, and its disbursements of the IPO and SRO proceeds. Punongbayan & Araullo also assisted in the tabulation and validation of votes during the 2018 annual stockholders' meeting. No tax consultancy services were secured from Punongbayan & Araullo for the past three years.

In 2017, the Fee for Audit and Related Audit Services includes a review of its interim financial statements in connection with its statutory and regulatory reportorial filings and the performance of circle up procedures in relation to the financial information provided in the Offering Memorandum for the Stock Rights Offering, and its capital infusion in relation to the subscription in the increase in authorized capital stock of its subsidiary.

Audit and Risk Management Committee Policies and Procedures

The Audit and Risk Management Committee ("Committee") of the Company makes recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement. Prior to the appointment of the external auditor, the Committee meets with the external auditor to review and discuss the nature and scope of its audit program for the Company as well as to evaluate and determine the expenses and fees for the audit and other related work. Subject to shareholder approval, the Company will appoint the external auditors to audit the Company. The Committee review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results before they are submitted for the consideration and approval of the Board of Directors.

Item 8. **Compensation Plans**

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

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

(a) The following financial reports and related documents are herewith attached as Appendix 1.

- (i) Statement of Management's Responsibility for Consolidated Financial Statements of the Company and its Subsidiaries as of December 31, 2018 and 2017
- (ii) Report of Independent Auditors
- (iii) Consolidated Financial Statements as of December 31, 2018 and 2017 and Notes to Consolidated Financial Statements
- (iv) Report of Independent Auditors to Accompany Supplementary Information Required by the SEC filed separately from the Basic Consolidated Financial Statements
- (v) Supplementary Schedules to Consolidated Financial Statements as of December 31, 2018 and 2017 (Annex 68-E, SRC Rule 68)
- (vi) Summary of Disbursement of IPO Proceeds as of March 31, 2019 certified by the Chief Financial Officer& Treasurer;
- (vii) Notes to the Schedules on the Disbursement of IPO Proceeds and Progress Report as of and for the Year ended March 31, 2019;
- (viii) Report of Review of Certain Financial Information by External Auditor on Summary of Disbursement of IPO Proceeds as of March 31, 2019;
- (ix) Summary of Disbursement of SRO Proceeds as of December 31, 2018 certified by the Chief Financial Officer & Treasurer;
- (x) Notes to the Schedules on the Disbursement of SRO Proceeds and Progress Report as of and for the Year December 31, 2018; and
- (xi) Report of Review of Certain Financial Information by External Auditor on Summary of Disbursement of SRO Proceeds as of December 31, 2018.

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

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

As of 31 December 2018, the Company is 65.47% owned by Anesy Holdings Corporation, 9.10% by the directors, officers, employees and affiliates of the Company, and 25.43% by the public. Its registered office address and principal place of business is 10 Resthaven Street, San Francisco Del Monte, Quezon City.

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

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

To create further value to its shareholders and transform the Company beyond its core business of chemical distribution towards a diversified business interests, the Company expanded its horizon for growth by making strategic investments in property related assets and businesses. This investment strategy will allow the Company to grow and capture opportunities presented in the robust real property sector and is intended to balance and counteract some of the fluctuations in the chemical trading business and at the same time grow and diversify the Company's revenue and earnings streams.

In 2016, the Company invested in small ownership stake in companies investing in real properties. These investments involve a 37% shareholding interests in Lakerfield Philippine Holdings Corp., 25% shareholding interests in Ayschester Holdings Corp., 37.25% shareholding interests in Cleon Phils. Holdings Corp. and 17% shareholding interests in I Bonding Holdings Corporation.

Further, to undertake and hold additional strategic investments in property related assets and businesses, the Company established a wholly-owned subsidiary, SBS Holdings and Enterprises Corporation ("SBS Holdings"), whose principal activity is to invest in companies with land banking investments in prime parcels of land. Its other business segments include property management and leasing, and distribution and sale of construction materials

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

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

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

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

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

Results of Operations

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

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

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

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

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

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

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

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

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

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

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

Assets

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

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

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

The inventory level went down by P1.95million or 0.2% from P1,077.5 million in 2017 to P1,075.6 million in 2018 as a result of higher sales volume on existing product range and at the same time build-up of inventory for the new product offering.

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

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

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

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

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

Liabilities

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

Current loans payable increased by 130.5% or P737.3 million from P565.0 million in 2017 to P1,302.3 million in 2018 due to availment of new short term bank loan net of payments, and the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has remaining non-current portion of P1,073.2 million.

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

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

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

Total equity

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

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

Liquidity and Capital Resources

Net cash flows from operating activities

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

Net cash flows from investing activities

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

Net cash flows used in financing activities

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

The following discussions should be read in conjunction with the 2017 Consolidated Audited Financial Statements of the Company and its Subsidiary as of and for the years ended 31 December 2017 (with comparative figures as of 31 December 2016).

Results of Operations

Material Changes to the Consolidated Statement of Comprehensive Income for the year ended 31 December 2017 compared to the Statement of Comprehensive Income for the year ended 31 December 2016.

Sales for the period grew by 9.8% from P1,002.1 million in 2016 to P1,100.3 million in 2017. The increase is contributed by higher volume sales and price increase in raw material ingredients for animal feeds, as well as revenue from consultancy services provided by the Group mainly through its subsidiary, SBS Holdings.

The cost of goods sold decreased by P43.5 million or 5.5%, from P793.9 million in 2016 to P750.4 million in 2017. The lower cost of goods is primarily due to lower import prices at the beginning of 2017 and changes in product mix in 2017 compared to 2016. Meanwhile, the cost of services incurred by the Group in 2017 amounted to P3.2 million. No similar cost of service is incurred in 2016.

Gross profit increased by P138.5 million or 66.5% from P208.2 million in 2016 to P346.7 million in 2017. Combination of price increases implemented in 4th quarter, recovery of the industrial market segment and mining activities during the 2nd half of 2017, and company's restructuring of the low margin products, and the consultancy services all contributed to the increase of gross profit in 2017.

Other operating expenses increased by 31.9% or P39.3 million from P123.1 million in 2016 to P162.4 million in 2017 due to higher warehouse rental costs and certain one-off cost incurred in order to give effect to the diversification program and the organization, funding and capitalization of the Company's subsidiary, SHEC, and Rights Offer project related expenses. These one-off cost which totalled to P21.4 million in 2017 includes the SEC filing fees and documentary stamp tax in connection with the increase in authorized capital stock of SBS Holdings, and its initial organizational cost. Other operating income decreased by 96.6% or P106.4 million in 2017 as a result of the discontinuation of previous income-generating lease arrangements on account of changes in business requirement of the contracting parties.

Finance charges increased by P40.2 million on account of long term debt availment by the Company to partially finance its diversification program. From net finance income of P 4.9 million in 2016, the Group registered a net finance expense of P35.4 million in 2017. Equity in net losses of an associate increased by 3.9X or P11.8 million from P4.0 million in 2016 to P15.8 million in 2017. In 2017, the Group made investments in shares in eleven (11) associate companies, reflecting share in the organization costs, interest payments, taxes and licenses expense of the associate companies.

The income tax expenses declined by 17.6% or P7.6 million from P43.3 million in 2016 to P35.7 million in 2017 due to lower operating profit and higher net finance charges incurred for the year.

Net profit decreased from P1,011.5 million in 2016 to P101.3 million in 2017 due to absence of the one-off gain of P858.7 million realized from the sale of certain of the Company's investment assets reflected in 2016 and increase in net finance charges incurred to support its diversification program.

Material Changes to the Consolidated Statement of Financial Position as at 31 December 2017 compared to the Statement of Financial Position as at 31 December 2016.

Assets

As at 31 December 2017, total assets reached P7,377.7 million, consisting of P5,556.8 million in current assets and P1,820.8 million in non-current assets. As at 31 December 2016, the total assets registered P3,990.6 million comprising of P2,941.0 million in current assets and P1,049.7 million in non-current assets.

Cash in banks increased by 71.2% or P985.0 million from P1,383.1 million in 2016 to P2,368.1 million in 2017. For the period, total cash collection amounted to P3,982.8 million and was received from the following: P2,340.0 million cash from bank loan availment; P1,409.3 million net cash from proceeds from issuance of new shares; P201.2 million net cash received from disposal of treasury shares; Php 17.5 million interest earned on short term bank placements; P10.2 million cash dividends received from HTM investment; and P4.6 million as foreign exchange gains. Against such collections, the cash disbursements or settlements made for the period totalled P2,997.8 million, comprised of the following:P1,677.7 million due from associate; P783.5 million in additional investment in associates; P287.5 million in loan repayments; P168.9 million from buy back of shares; P69.4 million as interest payments on short term and long term bank loans and secured bank trust receipts; P6.1 million for the acquisition of property and equipment; and P4.7 million net cash utilization in operating activities.

Trade and other receivables increased by P1,741.4 million from P99.0 million in 2016 to P1,840.4 million in 2017 primarily due advance deposit made by the Parent Company for the purchase of certain property where the transaction is yet to be completed.

The inventory level went down by P235.6 million or 17.9% from P1,313.1 million in 2016 to P1,077.5 million in 2017 as a result of higher sales volume and cutback in product importations due to continued volatility in foreign currency exchange rates.

Prepayments and other current assets increased by P125.0 million or 85.8% to P270.8 million in 2017 from P145.7 million in 2016 on account of deposit for subscription of shares made by Subsidiary for several associate companies, prepaid rental made in 2017 net of the of the application of input VAT credits.

Investment in associates grew by P767.6 million or 5.2x from P148.0 million in 2016 to P915.6 million as a result of additional new investments made in shares of eleven (11) associate companies net of share in equity losses.
Property and equipment values increased by P0.8 million or 3.8% to P21.2 million in 2017 from P20.4 million in 2016 due to the acquisition of new transport and office equipment in the amount of P6.1 million net of P5.3 million additional depreciation expense during the period.

Investment properties remain the same in 2017 as with 2016 in the amount of P632.0 million.

Deferred tax asset increased by 60.5% or P2.7 million from P4.5 million in 2016 to P7.3 million in 2017. This was attributable to the tax implication on the decrease of inventory allowance and advance rental net of the increase on the following accounts: actuarial loss on retirement plan; equity losses of associates; retirement benefit obligation; and unrealized foreign currency gains.

Liabilities

The total liabilities as at 31 December 2017 amounted to P2,626.4 million comprised of P661.1 million in current liabilities and P1,965.3 million in non-current liabilities. For 31 December 2016, the total liabilities were at P782.8 million comprised of P774.6 million in current liabilities and P8.2 million in non-current liabilities.

Current loans payable increased by 13.4% or P62.5 million from P467.5 million in 2016 to P565.0 million in 2017 due to availment of new short term bank loan net of payments.

A 5-year term loan of P2,000.0 million was availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost.

Trade and other payables decreased by 71.0% or by P218.1 million to P89.0 million in 2017 from P307.1 million in 2016 mainly due to settlement of trust receipts payable and decrease in accrued expenses.
Income tax payable outstanding as of December 31, 2017 is P7.1 million refers to the balance of the year income tax due for payment on 15 April 2018.

Post-employment defined benefit obligation has an accumulation of 1.1% or P0.09 million from P8.16 million in 2016 to P8.25 million in 2017 on account ofa recognized remeasurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2017 was P4,751.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P956.3 million in retained earnings, gross of P3.5 million revaluation reserves and P5.6 million non-controlling interest in a subsidiary. For the period ended 31 December 2016, total equity was P3,207.9 million, comprising of P1,200.0 million in capital stock, P898.4 million in additional paid in capital stock, P1,143.5 million in retained earnings, gross of P4.0 million revaluation reserves and net of P30.0 million in treasury shares.

The Capital stock increased 29.2% or P350.0 million from P1,200 million in 2016 to P1,550.0 million in 2016. This is attributed to new shares issued through stock dividend in 2017 amounting to 48.0 million shares and the Stock Rights Offering completed in 2017 amounting to 302.0 million shares. Consequently, the Additional paid-in capital increased from P898.4 million in 2016 to P2,242.8 million in 2017 of which P240.5 million due to the stock dividend, P2.3 million from reissuance of treasury shares and P1,101.6 million coming from the Stock Rights Offering.

Retained earnings decreased from P1,143.5 million in 2016 to P956.3 million in 2017. This is attributed to the net income of P101.3 million realized for the current period less the stock dividend distributed in the amount of P288.5 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2017 cash flows from operating activities resulted to a net outflow of P4.7 million. The cash receipts were mainly used for inventory purchases and payment for operational cost.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P761.8 million. The cash balance decreased on account of the investments in shares of several associate companies, additional acquisition of equipment, partially offset by cash dividends received from HTM securities held, and interest income earned from short term.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net inflow of P1,746.9 million. The major inflows comprises of bank loan availment, proceeds of issuance of new shares and disposal of treasury shares while cash outflows was due to the settlement of short term loan, deposit for an acquisition made by an associate, acquisition of treasury shares and interest payments.

The following discussions should be read in conjunction with the 2016 Consolidated Audited Financial Statements of the Company and its Subsidiary as of and for the years ended 31 December 2016 (with comparative figures as of 31 December 2015).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2016 compared to the Statement of Comprehensive Income for the year ended 31 December 2015.

Sales for the period grew by 6.6% from P940.0 million in 2015 to P1,002.1 million in 2016. The increase is largely due to the higher volume sales primarily of raw material ingredients for feeds, cosmetics and pharmaceutical products.

The cost of goods sold increased by P111.7 million or 16.4%, from P682.2 million in 2015 to P793.9 million in 2016. The increment is due to higher sales volume and changes in price and product mix in 2016 compared to 2015.

Gross profit declined by P49.6 million or 19.2% from P257.8 million posted in 2015 to P208.2 million in 2016 to soft pricing of industrial products, change in the product mix involving low margin feed ingredients, and depreciation of the local currency against US dollar. The demand for industrial chemicals was particularly affected by slowdown in local mining activities during the year.

Other operating expenses decreased by 0.5% or P0.7 million from P123.7 million in 2015 to P123.1 million in 2016 due to non-recurrence of one-off professional fees and taxes related to the 2015 Initial Public Offering, while higher salaries, rental and transportation expenses were incurred in 2016 as compared to 2015. Other operating Income increased by 9.3% or P9.4 million in 2016 following the adjustment in property rentals on account of the scheduled annual escalation.

Operating profit declined by 16.8% or P39.5 million from P234.9 million in 2015 to P195.4 million in 2016 on account of the drop in gross profit of P49.6 million which was partly compensated by an increase in operating income of P9.43 million.

Net gain of P826.3 million was realized from the disposal of certain investment properties located in Las Piñas City and Taguig City while a net gain of P32.5 million was attributed to the disposal of the investments in shares of stocks in Neschester Corporation, an associate company.

Finance charges reduced by 116.6% or P34.1 million on account of substantial debt paydowns of bank liabilities . From net finance expense of P29.3 million in 2015, a positive contribution of P4.9 million in 2016 was registered arising from additional interest income earned from unutilized cash proceeds from disposal of assets.

In 2016, the Company made new investments in shares of four (4) newly incorporated associate companies. Equity in net losses of an associate of P4.0 million in 2016 represents the Company's share of the incorporation costs incurred by the associate companies.

The income tax expenses declined by 6.4% or P3.0 million from P46.3 million in 2015 to P43.3 million in 2016 on account of lower income realized.

Net profit improved by 5.3x from P159.0 million in 2015 to P1,000.6 million in 2016 as a result of the one-off gain of P858.7 million realized from the sale of certain of the Company's investment assets representing 85.8% of the Company's net income for 2016.

Material Changes to the Statement of Financial Position as at 31 December 2016 compared to the Statement of Financial Position as at 31 December 2015.

Assets

As at 31 December 2016, total assets reached P3,990.6 million, consisting of P2,941.0 million in current assets and P1,049.7 million in non-current assets. As at 31 December 2015, the total assets registered P3,867.8 million comprising of P2,624.5 million in current assets and P1,243.4 million in non-current assets.

Cash in banks increased by 65.1% or P545.6 million from P837.6 million in 2015 to P1,383.1 million in 2015. For the period, total cash collection amounted to P1,702.0 million and was received from the following: P1,149.5 million net cash from the disposal of two investment properties; P480.4 million net cash from operating activities; P50.5 million net cash received from disposal of investment in an associate; P10.2 million cash dividends received from HTM investment; P8.8 million interest earned on short term bank placements and P2.6 million as foreign exchange gains. Against such collections, the cash disbursements or settlements made for the period totalled P1,156.4 million, comprised of the following: P900.0 million in loan repayments (net of availments), P152.0 million in additional investment in associates; P44.4 million as cash dividends declared and paid in May 2016; P30.0 million buy back shares; P19.0 million as interest payments on short term bank loans and secured bank trust receipts; and P11.0 million for the acquisition of property and equipment.

Trade and other receivables declined by 21.4% from P125.9 million in 2015 to P99.0 million in 2016 due to an increase in cash sales in 2016.

The inventory level went down by P214.1 million or 14.0% from P1,527.2 million in 2015 to P1,313.1 million in 2016 as a result of higher sales volume and cutback in product importations due to volatility in foreign currency exchange rates.

Prepayments and other current assets increased by P11.9 million or 8.9% to P145.7 million in 2016 from P133.9 million in 2015 on account prepaid rental made in 2016 net of the of the application of input VAT credits.

Investment in associates grew by P129.9 million or 7x from P18.1 million in 2015 to P148.0 million in 2016 as a result of additional new investments made in shares of four (4) newly incorporated associate companies net of previous disposal of investment in associate and share in equity losses.

Property and equipment values increased by P4.9 million or 31.5% to P20.4 million in 2016 from P15.5 million in 2015 due to the acquisition of new transport and office equipment in the amount of P11.0 million net of P6.1 million additional depreciation expense during the period.

Investment properties were reduced by P323.3 million or 33.8% from P955.3 million in 2015 to P632.0 million in 2016 on account of the sale of two (2) investment properties in 2016.

Deferred tax asset went down by 53.4% or P5.2 million from P9.7 million in 2015 to P4.5 million in 2016. This was attributable to the decrease of inventory allowance and advance rental net of the increase on the following accounts: actuarial loss on retirement plan; equity losses of associates; retirement benefit obligation; and unrealized foreign currency gains.

Liabilities

The total liabilities as at 31 December 2016 amounted to P782.8 million comprised of P774.6 million in current liabilities and P8.2 million in non-current liabilities. For 31 December 2015, the total liabilities was at P1,596.8 million, comprising of P1,277.4 million in current liabilities and P319.4 million in non-current liabilities.

Current loans payable declined by 55.7% or P587.5 million from P1,055.0 million in 2015 to P467.5 million in 2016 mainly due to loan settlements.

A portion of the long term loans were partially settled in 2016 and the remaining balance reclassified as current to mature in 2017.

Trade and other payables increased by 42.8% or by P92.1 million to P307.1 million in 2016 from P215.0 million in 2015 mainly contributed by the increase of trust receipts payables and accrued expenses, trade payables net of the decline in security deposits and advance rentals.

There was no income tax payable outstanding as of December 31, 2016 due to higher payment was made in three quarters in the amount of P44.7 million was paid in May, August and November over the income tax expense due of P43.3 million.

Post-employment defined benefit obligation has an accumulation of 18.2% or P1.3 million from P6.9 million in 2015 to P8.2 million in 2016 on account of a recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2016 was P3,207.9 million, comprising of P1,200.0 million in capital stock, P898.4 million in additional paid in capital stock, P1,143.5 million in retained earnings gross of P4.0 million revaluation reserves and net of P30.0 million in treasury shares. For the period ended 31 December 2015, total equity amounted to P2,271.6 million, comprising of P1,200.0 million in capital stock, P898.4 million in additional paid in capital stock, P176.4 million in retained earnings gross of P3.7 million revaluation reserves.

In line with the Company share buyback program approved by the Board of Directors on November 8, 2016, the Company acquired a total of 5,454,400 shares (held as treasury shares) in 2016 for a total cost of P30.0 million.

Retained earnings increased by 5.5x or P967.1 million from P176.4 million in 2015 to P1,143.5 million in 2016. This is attributed to the P1,011.5 million net income realized for the current period less cash dividends distributed in the amount of P44.4 million in 2016.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2016 cash flows from operating activities resulted to a net inflow of P480.4 million. The cash receipts were mainly used for inventory purchases and about 10% thereof on other current assets.

Net cash flows from investing activities

The net cash flow from investing activities increased with the additional net inflow of P1,056.1 million. The cash balance increased on account of the cash sale proceeds received from the sale of investment properties, investments in shares in an associate, cash dividends received from HTM securities held, interest income earned from short term placements which cash proceeds were partially applied for the additional investment in associates, additional acquisition of property and equipment and investment in subsidiary.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net outflow of P993.4 million. The major outflows was due to the settlement of loans amounting to P900.0 million net of availments, pay out of cash dividends, acquisition of treasury shares and interest payments.

Key Performance Indicators

SBS Philippines Corporation and Subsidiaries

Schedule of Financial Indicators for December 31, 2018, 2017 and 2016

	2018	2017	2016
Liquidity Ratio [1]	**301.8%**	824.3%	379.7%
Debt to Equity Ratio [2]	**48.8%**	55.3%	24.4%
Asset to Equity Ratio [3]	**148.8%**	155.3%	124.4%
Return on Assets [4]	**2.4%**	1.8%	25.7%
Return on Equity [5]	**3.6%**	2.5%	36.9%
Cost to Income Ratio [6]	**16.2%**	14.8%	12.3%
Earnings per Share [7]	**PHP 0.11**	PHP 0.08	PHP 0.84

1/ *Current Assets over Current Liabilities*

2/ *Total Liabilities over Equity*

3/ *Total Assets over Equity*

4/ *Net Income over Average Assets*

5/ *Net Income over Average Equity*

6/ *Cost and Expenses over Revenues*

7/ *Net Income over Weighted Average Number of Common Outstanding Shares*

Other qualitative and quantitative factors

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

The Company does not expect any liquidity problems and is not in default of any financial obligations. The Company has complied with the existing loan covenants and restrictions as of 31 December 2018.

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

None

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

None

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

Reference is made to the proposed utilization of proceeds raised from the Initial Public Offering (IPO) as disclosed in the Company's Prospectus dated July 24, 2015 and the Disbursement of Proceeds and Progress Report dated October 12, 2017, and the subsequent announcements on the change in the usage of the net IPO proceeds, the last amendment of which was provided on December 19, 2017.

The remaining balance of the IPO proceeds as of 31 December 2018 in the amount of Php 101,974,260.59, have been allotted for disbursement for the following expenditures:

Authorized Use	**Amount (PhP)**
New product offerings	19,939,991.12
Capital expenditure for equipment & machinery	82,034,269.47

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

The Company experienced significant slowdown in sales in December 2018 as customers adjusted their inventory position for year-end, and this is expected to continue during the 1st quarter of 2019. The Company expects to recover from the 2nd quarter of 2019 and benefit from such increase in consumption driven demand associated with the use of chemical ingredients for food, feeds, cosmetics and pharmaceutical products.

The Manila port congestion during the 4th quarter 2018 and into the 1st quarter of 2019 has significantly increased the logistic cost resulting in higher landed cost and is expected to negatively impact the gross margin of the products during the 1st half of 2019.

Meanwhile, the prevailing weakness of the Philippine Peso may impact the profitability of the Company if it will further depreciate in 2019.

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

The Group generated an income of P98.5 million comprising of P97.5 million from equity in net income of associates and P1.0 million gain from Company disposal of investment properties.

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

For some end markets served by the Company, there is a pronounced cyclicality in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicality creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.
However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling

production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicality of specific industries.

(a) Market price of and dividends

(i) Market Information

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

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

	2016		2017*				2018				2019
(In ₱)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Low	5.85	5.00	5.24	5.25	5.34	5.40	5.44	6.60	7.68	6.60	7.41
High	6.68	6.30	6.88	6.29	5.90	6.34	11.80	9.62	8.70	8.00	9.03

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

Source: Philippine Stock Exchange

The closing price as of April 10, 2019, being the Latest Practicable Trading Date, is P8.70.

(ii) Holders

As of 31 March 2019, the total number of registered stockholders based on the records of the Company's Stock and Transfer Agent is eight (8), with the shares held in the name of PCD nominee corporation belonging to 103 PDTC participants.

As of 31 March 2019 -, the following are the top 20 shareholders of the Company:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. BDO SECURITIES CORPORATION *c/o PCD Nominee Corporation*	1,019,305,362	65.76%
2. ABACUS SECURITIES CORPORATION *c/o PCD Nominee Corporation*	397,667,790	25.65%
3. EVERGREEN STOCK BROKERAGE & SECURITIES *c/o PCD Nominee Corporation*	64,871,297	4.18%
4. TIMSON SECURITIES, INC. *c/o PCD Nominee Corporation*	23, 435,393	1.51%
5. WEALTH SECURITIES, INC. *c/o PCD Nominee Corporation*	8,699,446	0.56%
6. COL Financial Group, Inc. *c/o PCD Nominee Corporation*	6,621,262	0.43%
7. IGC SECURITIES INC. *c/o PCD Nominee Corporation*	6,499,651	0.42%
8. THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	2,142,869	0.13%

c/o PCD Nominee Corporation		
9. HDI SECURITIES CORPORATION *c/o PCD Nominee Corporation*	1,849,186	0.12%
10. BPI SECURITIES, INC. *c/o PCD Nominee Corporation*	1,757,767	0.11%
11. MAYBANK ATM KIM ENG SECURITIES, INC. *c/o PCD Nominee Corporation*	1,676,135	0.11%
12. TRITON SECURITIES CORP. *c/o PCD Nominee Corporation*	1,529,839	0.1%
13. GLOBALINKS SECURITIES & SETOCKS, INC. *c/o PCD Nominee Corporation*	1,184,560	0.08%
14. FIRST METRO SECURITIES BROKERAGE CORP c/o PCD Nominee Corporation	1,098,598	0.07%
15. CHINA BANK SECURITIES CORPORATION c/o PCD Nominee Corporation	1,000,000	0.06%
16. R.S. LIM & CO., INC. *c/o PCD Nominee Corporation*	668,700	0.04%
17. A & A Securities, Inc. *c/o PCD Nominee Corporation*	652,496	0.04%
18. DEUTSCHE BANK MANILA-CLIENTS A/C *c/o PCD Nominee Corporation*	650,000	0.04%
19. Solar Securities, Inc. *c/o PCD Nominee Corporation*	587,661	0.04%
20. Star Alliance Securities Corp. *c/o PCD Nominee Corporation*	500,000	0.03%

(iii) Dividends

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

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

Dividend Policy

On 5 March 2015, the Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

Recent Sales of Unregistered or Exempt Securities

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

Name	**No. of Shares**	**Amount paid up (P)**
Anesy Holdings Corporation[1]	245,000,000	80,000,000[1]
Necisto U. Sytengco	3,850,000	3,850,000

Aylene Y. Sytengco	1,100,000	1,100,000
Edwin R. Abella	25,000	25,000
Ricardo Nicanor N. Jacinto	25,000	25,000
Total	**250,000,000**	**85,000,000**

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

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

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

The foregoing additional issuances of the Common Shares are exempt transactions under Sections10.1 (e), and 10.1(i) of the SRC and do not require any written confirmation of exemption from the SEC

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

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

Corporate governance

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

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

On May 11, 2017 the Board of Directors approved its Revised Manual of Corporate Governance ("CG Manual") with effect on June 1, 2017. The CG Manual serves to supplement the Articles and By-Laws of the Company in providing standards of governance in the performance of the duties and responsibilities of the Board of Directors, Management and employees to shareholders of the Company and other stakeholders. The Company's corporate governance policies and practices are summarized in the Annual Corporate Governance Report of the Company (amended for 2017), a copy of which is available at http://www.sbsph.com/annualcorporategovreport.php.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

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

Item 13. **Acquisition or Disposition of Property**

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Corporation Code except for the sale of the Avida Condo Unit which was approved by the Board and to be ratified by the shareholders as part of Agenda Number 5.

Item 14. **Restatement of Accounts**

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

Item 15. **Action with Respect to Reports**

The following reports and minutes of meetings will be submitted for approval by the stockholders in the Annual Stockholders' Meeting scheduled on May 22, 2019:

(a) Minutes of the annual meeting of the stockholders of the Company held on 22 June 2018;

The minutes of Annual Stockholders' Meeting ("ASM") held on 22 June 2018 are posted on the Company's website, www.sbsph.com and will be made available to the shareholders on the day of the annual meeting. Essentially, the June 22, 2018 ASM minutes provide for the following:

(i) Annual Report of Management to the Shareholders;

(ii) Ratification of all lawful resolutions, contracts and acts made or entered into by the Board of Directors, the Executive Committee and other Board Committees as well as all acts of Management taken or adopted since the Annual Stockholders Meeting (ASM) held on June 9, 2017 until June 22, 2018, date of the 2018 ASM meeting;

(iii) Election of the members of the Board of Directors, including independent directors;

(iv) Re-election of Punongbayan & Araullo as the Company's external auditor;

(b) 2018 Annual Report by Management to the Stockholders together with the Audited Financial Statements for the twelve month period ended 31 December 2018 which reports cover the performance of the Company in FY 2018 and its outlook for FY 2019.

Item 16. **Other proposed actions**

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

(a) Ratification of all acts and resolutions of the Board and management to implement the resolutions since the annual stockholders' meeting on June 22, 2018 until this year's annual stockholders' meeting on May 22, 2019. During each of the Board Meetings, all directors present were given the opportunity to inquire as to the proposed acts. After all directors were given the opportunity to raise their questions, motions on specific acts were moved and seconded, and absent any objection from any of the directors, the acts were deemed ratified or approved. For any motion objected to, the Board deferred the Corporate Act until the terms of the Corporate Act is unanimously approved by all of the Directors. The following items were unanimously approved by the directors and are subject for ratification by the shareholders:

i. Additional Subscription in subsidiary, Lence Holdings Corporation;
ii. Setting of ASM;
iii. Approval and Implementation of the Board Charter;
iv. Approval and Implementation of the Revised Insider Trading Policy;
v. Approval and Implementation of the Revised Whistle Blowing Policy;
vi. Approval of the 2017 AFS;
vii. Lease Agreement with Canon Philippines Holdings Corporation;
viii. Amendment of authorized PSE EDGE Users;
ix. Approval of the Date, Venue, and agenda of the ASM;

x. Investment Policy;
xi. Additional subscription to the subsidiary, SBS Holdings;
xii. Sale of Avida Asten Condominium unit;
xiii. Approval of the 1st Q Report;
xiv. Reversal of the appropriation for share buy-back program;
xv. Delegation of Internal Function to an external group;
xvi. Acquisition of Berny Shares;
xvii. Change of use of SRO Proceeds;
xviii. Declaration of Cash dividends;
xix. Approval of the 2nd Q Report;
xx. Ratification of EXECOM acts;
xxi. Approval (as a shareholder) to sell CLEON Property;
xxii. Approval of the Guaranty to be extended by the Company to CLEON;
xxiii. Additional subscription to CLEON;
xxiv. Approval (as a shareholder) to amend the AOI of CLEON; and
xxv. Approval of the 3rd Q report.

Item 17. **Amendment of Charter, Bylaws or Other Documents**

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

Item 18. **Voting Procedures**

a. Vote required

The affirmative votes cast by stockholders representing at least a majority of the issued and outstanding capital stock, present in person or by proxy at the meeting, is required for the approval of all the matters presented to the stockholders for decision at this year's annual stockholders' meeting.

b. Method of Voting

Except in the case of election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date for all agenda items for approval.

For the election of directors, each stockholder may vote such number of shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be given a ballot to enable him to vote in writing on each item or proposal in the Agenda. The votes will be counted and tabulated by the Office of the Corporate Secretary and verified by the Company's external auditors, Punongbayan & Araullo.

UNDERTAKING

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

ATTENTION : ATTY. JOSE FIDEL R. ACUÑA
CORPORATE INFORMATION OFFICER
SBS PHILIPPINES CORPORATION
10 RESTHAVEN ST., SFDM, QUEZON CITY 1105

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City April 22, 2019.

By:

Christine P. Base
Corporate Secretary

SBS PHILIPPINE CORPORATION

AMENDED TERMS OF REFERENCE OF CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of SBS Philippine Corporation (the "Corporation") hereby constitutes a Corporate Governance, Nomination and Remuneration Committee (the "Committee") and adopts this Committee Charter:

1. Purpose

The Committee is to support and advise the Board in ensuring that it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors and that the Company has the appropriate corporate governance standards and practices in place.

2. Membership

2.1 The members of the Committee shall be appointed by the Board of Directors and shall be composed of three (3) regular members, all of whom shall be independent directors. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings. A non-executive director of known probity and well recognized stature in the field of corporate governance may be appointed as an ex-officio, non-voting associate member of the Committee.

2.2 The members of the Committee shall be appointed by the Board of Directors during its annual organizational meeting and each shall hold office for one year and until their successors are elected and qualified, unless sooner replaced or removed by the Board.

2.3 Any vacancy in the Committee shall be filled by the Board of Directors. The member elected to fill a vacancy in the Committee shall serve only the unexpired term of his predecessor in office.

2.4 There should be present at least two regular members-independent directors for valid quorum.

3. **Powers, Duties and Responsibilities of the Committee**

3.1 The Committee shall review the size, structure and composition of the Board having regard of the strategic plans of the Company, the prevailing market conditions and scale and complexity of the business and make recommendations to the Board regarding any adjustments necessary to ensure compliance with the Corporation's Articles and By-Laws, Manual for Corporate Governance and applicable legal, regulatory and listing requirements.

3.2 The Committee shall oversee the annual performance evaluation of the effectiveness of the Board, its Committees and the contribution of each director, including its executive directors, which evaluation will be externally facilitated once every three years. It shall agree on an action plan addressing the results of the Board effectiveness review.

3.3 The Committee shall lead the screening process for nominations for election to the Board of Directors. It shall review and evaluate the qualifications of all persons nominated for election to the Board of Directors in accordance with the requirements of the Corporation's By-Laws, Manual of Corporate Governance and applicable legal, regulatory and listing requirements. It shall identify, approve and recommend to the Board of Directors the list of eligible nominees to be elected as members of the Board of Directors.

3.4 The Committee shall consider and determine if nominees for election as independent directors are qualified according to the criteria set under the Listing rules, Revised Code of Corporate Governance of 2012, and other applicable laws and regulations.

3.5 It also shall review and evaluate the qualifications of persons nominated for appointment to positions which require the approval of the Board of Directors.

3.6 The Committee shall oversee the implementation of the corporate governance framework and periodically review its adequacy and effectiveness It shall develop and recommend to the Board the corporate governance policies, and keep the Board abreast on the best practices developments on corporate governance.

3.7 It shall review and recommend to the Board for approval the Corporate Governance report for inclusion in the Annual Report to the Shareholders.

3.8 It shall make available to new members of the Board a suitable orientation process and for existing members on going trainings.

3.9 The Committee shall review the leadership needs of the Company and the adequacy of proposals for succession to key leadership positions in the Company.

3.10 The Committee shall establish a policy for fixing the remuneration packages of the Directors and Senior Executive Officers ensuring that the compensation is consistent with the Company's culture, strategy and control environment and review annually the performance of such directors and executives ;

3.11 Review the structure and competitiveness of the Corporation's executive officer compensation programs considering the following factors: (i) to the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Corporation's business objectives; and (iii) the alignment of the interests of executive officers with the long-term interests of the Corporation's shareholders and other stakeholders.

4. **Process and Criteria for Nominations to the Board**

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

4.1 Written nominations by the stockholders shall be received by the corporation at least 60 days before the date of the Annual General Meeting of the Stockholders;

4.2 The Committee shall assess and determine if the person nominated for election to the Board of Directors meet the following qualification standards for directorship:

(a) Ownership of at least one (1) share of the capital stock of the Corporation registered in his name in the books of the Corporation;

(b) College degree or its equivalent, or comparable experience and competence in managing a business in lieu of such formal education;

(c) Relevant experience and credentials such as previous business experience in the corporation, membership in good standing in relevant industry and membership in business or professional organizations;

(d) Able to conduct fair business transactions with the Corporation and devote the necessary time and attention to properly and effectively perform his duties and responsibilities as director;

(e) Able to act judiciously and exercise independent judgment;

(f) Has none of the director disqualifications prescribed under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations; and

(g) For independent directors:

(i) Beneficial equity ownership in the Corporation or in its related companies must not exceed two (2%); and

(ii) Each must meet the term limit and independence standards set under SEC corporate governance rules as follows:

- Must not be a regular director or officer of the Company or any of its related companies[1] or substantial shareholders[2] for the current or any of the past two financial years;

- Must not be an ex-officio director or officer of the Company, including as a Chairman Emeritus of the Board, or a member of the executive advisory board or as Board adviser for the current or preceding financial year;

- Must comply with the maximum 9 -year term limit

- Must not have a member of his immediate family who is a director, officer or substantial shareholder of the Company or any of its related companies;

- Must have a maximum of 5 directorships in other publicly listed companies

- Must not be a nominee or representative of a director or substantial shareholder of the Company or its related companies and/or its substantial shareholders;

- Must not have been an executive employee of the Company or its related companies or substantial shareholders within the last past five years;

- Must not have been an adviser (whether personally or through his firm or other similar entity) of the Company, its related companies or its substantial shareholders, within the last five years;

- Must not engage in any transaction (whether personally or through a firm where he is a partner, director, officer or substantial shareholder) with the Company, its related companies or substantial shareholders unless conducted on arm's length basis and immaterial;

3.3 The Committee may also consider the following matters in their evaluation:

(a) Directorships in other corporations;
(b) Age of the director; and
(c) Any possible conflict of interest.

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[1] Related company means another company which is its holding company, its subsidiary or a subsidiary of its holding company.

[2] Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than 10% equity interest in the Company.

3.4 The Committee shall pre-screen and identify the individual nominees who possess all the qualifications and none of the disqualifications for directorship set for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations.

3.5 Thereafter, Committee shall identify and recommend a shortlist of qualified nominees for Board approval and endorsement of the final list of nominees for election at the Annual Meeting of the Stockholders.

3.6 In case of a vacancy in the Board other than removal of a director or expiration of term, the Committee shall identify and recommend, for approval of the Board, nominees to fill Board vacancies as and when they arise. In identifying suitable candidates, the Committee may make use of professional search firms or services of external advisers to facilitate the search for qualified candidates to the Board.

5. Nominations for Senior Corporate Officers

5.1 The Committee shall review and evaluate the qualifications of all persons recommended to senior officer positions in the Corporation which require appointment by the Board.

5.2 The Committee shall consider in their evaluation the level of skills, knowledge and experience of the candidate in relation to the duties and responsibilities of the position/s under consideration.

6. Meetings

5.1 The Committee shall meet at least twice a year or as frequently as required to perform its duties set out in this Charter. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Chairman shall report to the Board on its proceedings after each meeting.

5.2 Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings

Approved by Board of Directors on May 11, 2017.

SBS PHILIPPINES CORPORATION

REVISED POLICY ON RELATED PARTY TRANSACTIONS

I. *Policy Statement:*

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

II. *Purpose:*

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

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

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

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

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

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

V. *Review and Approval of RPTs*

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

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

VI. *Exempt RPTs*

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

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

Presented by:

GEOCEL D. OLANDAY
Chairman Related Party Transaction Committee

Noted by:

NECISTO U. SYTENGCO
Chairman

GERRY D. TAN
Acting Compliance Officer[1]

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

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City Of Mandaluyong, Metro Manila

COMPANY REG. NO. A200110402

CERTIFICATE OF FILING OF AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the Amended By-Laws of

SBS PHILIPPINES CORPORATION
(Formerly: Sytengco Philippines Corporation)

copy annexed, adopted on October 15, 2014 by a majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 18th day of November, Twenty Fourteen.

FERDINAND B. SALES
Director
Company Registration and Monitoring Department

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AMENDED
BY –LAWS
of
SBS PHILIPPINES CORPORATION
(Formerly: Sytengco Philippines Corporation)
(As amended at the Board and Stockholders' meeting held on October 15, 2014)

ARTICLE I
SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. Subscriptions - Subscribers to the capital stock of the Corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

Section 2. Certificate – The stockholder shall be entitled to one or more certificates for fully paid stock subscription in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as maybe determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

Section 3. Transfer of Shares - Subject to the restrictions, terms and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly endorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the Corporation only upon record thereof in the books of the Corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No shares of stock against which the Corporation holds any unpaid claim shall be transferable in the books of the Corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub in the certificate book.

Section 4. Lost Certificates - In case any certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Annual/Regular Meetings - The annual / regular meetings of stockholders shall be held at the principal office on <u>the last Friday of June</u> of each year, if legal holiday, then on the day following. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

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Section 2. Special Meeting - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) President; (c) by the Chairman of the Board of Directors. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 3. Place of Meeting - Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.

Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail or by facsimile or by email or any digital communication at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. Quorum - Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

Section 6. Conduct of Meeting - Meeting of the stockholders shall be presided over by the Chairman, or in his absence, by the President or in the absence of the Chairman and the President by a chairman to be chosen by the stockholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 7. Manner of Voting - At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.

Section 8. Closing of Transfer Books or Fixing of Record Date - For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for up to twenty five (25) working days immediately preceding such meeting. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

ARTICLE III
BOARD OF DIRECTORS

Section 1. Powers of the Board - Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers:

a.) From time to time, to make and change rules and regulations not inconsistent with these by-laws for the management of the corporation's business and affairs;

b.) To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;

c.) To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;

d.) To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;

e.) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation;

f.) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officer are either plaintiffs or defendants in connection with the business of the corporation;

g.) To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;

h.) To implement these by-laws and to act on any matter not covered by these by-laws, provided such matter does not require the approval or consent of the

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stockholders under the Corporation Code; and

i.) To guarantee, for and in behalf of the Corporation, obligations of other corporations or entities in which it has lawful interest; *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 2. Election and Term - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Section 3. Vacancies - Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.

Section 4. Meetings - Regular meetings of the Board of Directors shall be held once a month, or such frequency as the Board shall fix, and on such dates and at places as may be called by the Chairman of the Board, or in his absence, by the President or upon the request of a majority of the Directors. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 5. Notice - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, email, or by written message, or by facsimile or by email or any digital communication. A director may waive this requirement, either expressly or impliedly. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 6. Quorum - A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

Section 7. Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by the President or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting, shall appoint a secretary of the meeting. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

The Board of Directors may conduct their meetings through telephone conferencing or video conferencing in accordance with guidelines prescribed under relevant laws and regulations. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. Provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 9. Executive Committee - The Board may create an Executive Committee of such number as the Board shall determine who shall hold office for one (1) year and/or until their respective successors shall be designated, provided that the majority of the Executive Committee shall be members of the Board. The Executive Committee shall, during the intervals between the meetings of the Board, possess and may exercise powers of the Board which can lawfully be delegated in the management and direction of the affairs of the Corporation in all cases in which specific directions shall have not been given by the Board. All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 10. Audit Committee. - The Board is authorized to create an Audit Committee, composed of at least three (3) directors, one (1) of whom shall be an independent director. Each member of the Audit Committee shall have adequate understanding at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, and by applicable law and regulations. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 11. Nomination Committee. - The Board is authorized to create a Nomination Committee composed of at least three (3) directors, one (1) of whom shall be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated as Director, It shall prescribe screening policies and parameters in the review of the qualifications of nominees for Independent Director/s. The Nomination Committee shall adopt procedures for the nomination, election and termination and or cessation of Independent Directors in conformity with law and applicable regulations. The Nomination Committee shall have such other functions, powers and authorities as may be prescribed by the Board, and by applicable law and regulations*(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 12. Other Board Committees. - The Board may create such other committees as it may consider necessary or advisable for the proper conduct and operation of the affairs of the Corporation. The Board shall prescribe their respective powers and duties and shall be composed of such members and shall be of such number as the Board may determine. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

ARTICLE IV
OFFICERS

Section 1. Election / Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, President, the Vice-President, the Treasurer, and the Secretary, the Assistant Vice President, the Assistant Treasurer and the Assistant Secretary at said meeting. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

Section 2. Chairman. – The Chairman shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the Board of Directors and stockholders, and shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 3. President - The President shall be the Chief Executive Officer of the corporation and shall exercise the following functions:

a.) To preside at the meetings of the Board and stockholders in the absence of the Chairman; *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

b.) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;

c.) To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;

d.) To implement the administrative and operational policies of the corporation under his supervision and control;

e.) To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;

f.) To oversee the preparation of the budgets and the statements of accounts of the corporation;

g.) To represent the corporation at all functions and proceedings;

h.) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors;

i.) To make reports to the Board of Directors and stockholders;

j.) To sign certificates of stock;

k.) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 4. The Vice-President - He shall, if qualified, act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

Section 4.1. The Assistant Vice-President. The Assistant Vice-President shall have such powers and shall perform such duties as may from time to time be assigned to him by the Board of Directors or by the President. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 5. The Secretary - The Secretary must be a resident and a citizen of the Philippines. He shall have the following specific powers and duties:

a.) To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;

b.) To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

c.) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

d.) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

e.) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;

f.) To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election;

g.) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Section 5.1. The Assistant Secretary. - In the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Secretary may, subject always to his supervision and control, delegate any of his powers, duties and functions to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or the President*(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 6. The Treasurer - The Treasurer of the corporation shall have the following duties:

a. To keep full and accurate accounts of receipts and disbursements in the books of the corporation;

b. To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;

c. To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control;

d. To render an annual statements showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;

e. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;

f. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 6.1. The Assistant Treasurer. - In the absence or disability of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Treasurer may, subject always to his supervision and control, delegate any of his powers, duties and functions to the Assistant Treasurer. The Assistant Treasurer shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or the President. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

Section 7. Term of Office - The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.

Section 8. Vacancies - If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.

Section 9. Compensation - The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE V
OFFICES

Section 1. The principal office of the corporation shall be located at the place stated in article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

ARTICLE VI

AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. External Auditor - At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

Section 2. Fiscal Year - The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. Dividends - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

ARTICLE VII
AMENDMENTS

Section 1. These by-laws may be amended or repealed or new by-laws adopted by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

ARTICLE VIII
SEAL

Section 1. Form and Inscriptions - The corporate seal shall be determined by the Board of Directors.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The Corporation shall indemnify every director or officer, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding (other than an action by the Corporation) to which he may be, or is, made a party by reason of his being or having been a director or officer of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit a breach of duty as such director or officer. The amount payable by way of indemnity shall be determined and paid only pursuant to a resolution adopted by a majority of the members of the Board of Directors. The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article. *(As amended at the Board and Stockholders' meeting on October 15, 2014)*

ADOPTION CLAUSE
ARTICLE X

The foregoing by-laws were adopted by all the stockholders of the corporation on July 16, 2001 at the principal office of the corporation.

IN WITNESS WHEREOF, we, the undersigned stockholders, have adopted the foregoing By-Laws and hereunto affixed our signatures this July 16, 2001 day of Quezon City, Philippines.

(SGD)NECISTO U. SYTENGCO	(SGD)TERESITA S. TAN
(SGD)EVELYN T. CHING	(SGD)VICTORINA B. LADRINGAN

(SGD)WILFREDO L. BATHAN

10-29-14

DIRECTORS' CERTIFICATE

OF

SBS PHILIPPINES CORPORATION
(Formerly: SYTENGCO PHILIPPINES CORPORATION)

We, the undersigned majority members of the Board of Directors, the Chairman and the Secretary, do hereby certify that the By-Laws of **SBS PHILIPPINES CORPORATION** (Formerly: **SYTENGCO PHILIPPINES CORPORATION**) (the "Corporation") was amended by an affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation at a meeting held for that purpose at its principal office located at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City, Philippines, on October 15, 2014, amending the corporate name and following ARTICLES of the By-Laws thereof, as shown in the attached Amended By-Laws, as follows:

1. Corporate Name;
2. ARTICLE II, Section 1, Section 2, Section 4, Section 6, and Section 8 ;
3. ARTICLE III, Section 1 by adding paragraph i.), Section 4, Section 5, Section 7, Section 9,Section 10, Section 11 and Section 12;
4. ARTICLE IV, Section 1, Section 2, Section 3, paragraph a.), Adding Section 4.1, adding Section 5.1, Adding Section 6.1, ; and
5. ARTICLE IX Section 1, and adding ARTICLE X

such that the following aforesaid ARTICLES of the By-laws of the Corporation, as amended shall read as follows:

SBS PHILIPPINES CORPORATION
(Formerly: SYTENGCO PHILIPPINES CORPORATION)

"xxx

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Annual/Regular Meetings - The annual / regular meetings of stockholders shall be held at the principal office on <u>last Friday of June</u> of each year, if legal holiday, then on the day following.

Section 2. Special Meeting - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) <u>the</u> President; <u>(c) by the Chairman of the Board of Directors.</u>

Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail <u>or by facsimile or by digital or electronic communication</u> at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

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Section 6. Conduct of Meeting - Meeting of the stockholders shall be presided over by the Chairman, or in his absence, by the President or in the absence of the Chairman and the President by a chairman to be chosen by the stockholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

xxx

Section 8. Closing of Transfer Books or Fixing of Record Date - For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for up to twenty five (25) working days immediately preceding such meeting.

ARTICLE III
BOARD OF DIRECTORS

Section 1. xxx

xxx

i.) To guarantee, for and in behalf of the Corporation, obligations of other corporations or entities in which it has lawful interest

xxx

Section 4. Meetings - Regular meetings of the Board of Directors shall be held once a month on such dates and at places as may be called by the Chairman of the Board, or in his absence, by the President or upon the request of a majority of the Directors.

Section 5. Notice - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, email, or by written message, or by facsimile or by email or by digital or electronic communication. A director may waive this requirement, either expressly or impliedly.

xxx

Section 7. Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by the President or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting, shall appoint a secretary of the meeting.

The Board of Directors may conduct their meetings through telephone conferencing or video conferencing in accordance with guidelines prescribed under relevant laws and regulations.

Xxx

Section 8. Compensation – By resolution of the Board, each Director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board, Provided that nothing herein contained shall be construed to prelude any Director from service. The Corporation in any other capacity and receiving compensation therefor

Section 9. Executive Committee - The Board may create an Executive Committee of such number as the Board shall determine who shall hold office for one (1) year and/or until their respective successors shall be designated, provided that the majority of the Executive Committee shall be members of the Board. The Executive Committee shall, during the intervals between the meetings of the Board, possess and may exercise powers of the Board which can lawfully be delegated in the management and direction of the affairs of the Corporation in all cases in which specific directions shall have not been given by the Board. All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.

Section 10. Audit Committee. - The Board is authorized to create an Audit Committee, composed of at least three (3) directors, one (1) of whom shall be an independent director. Each member of the Audit Committee shall have adequate understanding at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, and by applicable law and regulations.

Section 11. Nomination Committee. - The Board is authorized to create a Nomination Committee composed of at least three (3) directors, one (1) of whom shall be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated as Director, It shall prescribe screening policies and parameters in the review of the qualifications of nominees for Independent Director/s. The Nomination Committee shall adopt procedures for the nomination, election and termination and or cessation of Independent Directors in conformity with law and applicable regulations. The Nomination Committee shall have such other functions, powers and authorities as may be prescribed by the Board, and by applicable law and regulations.

Section 12. Other Board Committees. - The Board may create such other committees as it may consider necessary or advisable for the proper conduct and operation of the affairs of the Corporation. The Board shall prescribe their respective powers and duties and shall be composed of such members and shall be of such number as the Board may determine.

ARTICLE IV
OFFICERS

Section 1. Election / Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, President, the Vice-President, the Treasurer, and the Secretary, the Assistant Vice President, the Assistant Treasurer and the Assistant Secretary at said meeting.

xxx

Section 2. Chairman. – The Chairman shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the Board of Directors and stockholders, and shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors

Section 3. President - The President shall be the Chief Executive Officer of the corporation and shall exercise the following functions:

a.) To preside at the meetings of the Board and stockholders in the absence of the Chairman;

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Section 4.1. The Assistant Vice-President. The Assistant Vice-President shall have such powers and shall perform such duties as may from time to time be assigned to him by the Board of Directors or by the President.

xxx

Section 5.1. The Assistant Secretary. - In the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Secretary may, subject always to his supervision and control, delegate any of his powers, duties and functions to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or the President.

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Section 6.1. The Assistant Treasurer. - In the absence or disability of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Treasurer may, subject always to his supervision and control, delegate any of his powers, duties and functions to the Assistant Treasurer. The Assistant Treasurer shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or the President.

xxx

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The Corporation shall indemnify every director or officer, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding (other than an action by the Corporation) to which he may be, or is, made a party by reason of his being or having been a director or officer of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit a breach of duty as such director or officer. The amount payable by way of indemnity shall be determined and paid

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only pursuant to a resolution adopted by a majority of the members of the Board of Directors. The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ADOPTION CLAUSE
ARTICLE X

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The above amendments of the By-laws were likewise approved by the majority of the Board of Directors of the Corporation at a meeting held on October 15, 2014.

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of ______ 2014, at _________ City, Philippines.

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EVELYN T. CHING
Corporate Secretary/Director
Secretary of the Meeting
TIN: 146-627-797

ATTESTED BY:

NECISTO U. SYTENGCO Chairman Chairman of the Meeting TIN – 103-910-452	**ESMERALDO A. TEPACE** TIN –115-327-567
VICTORINA B. LADRINGAN TIN – 154-764-145	**AYLENE Y. SYTENGCO** TIN – 213-000-548
NECISTO Y. SYTENGCO II TIN – 213-000-284	**NED BRYAN Y. SYTENGCO** TIN – 213-000-410
OSCAR A. INOCENTES TIN – 138-737-735	**WILFREDO L. BATHAN** TIN – 117-691-668

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REPUBLIC OF THE PHILIPPINES)

QUEZON CITY) S.S.

SUBSCRIBED AND SWORN TO BEFORE ME this 29 OCT 2014 th day of ____________ affiants exhibiting to their competent Evidence of Identity as follows:

Name	Competent Evidence of Identity	Issued By
Necisto U. Sytengco	TIN – 103-910-452	Bureau of Internal Revenue
Aylene Sytengco	TIN – 213-000-548	Bureau of Internal Revenue
Evelyn T. Ching	TIN: 146-627-797	Bureau of Internal Revenue
Victorina B. Ladringan	TIN – 154-764-145	Bureau of Internal Revenue
Esmeraldo A. Tepace	TIN –115-327-567	Bureau of Internal Revenue
Necisto Y. Sytengco II	TIN - 213-000-284	Bureau of Internal Revenue
Ned Bryan Y. Sytengco	TIN - 213-000-410	Bureau of Internal Revenue
Oscar A. Inocentes	TIN - 138-737-735	Bureau of Internal Revenue
Wilfredo L. Bathan	TIN - 117-691-668	Bureau of Internal Revenue

Notary Public
ATTY. GIRLIE Y. DIMACULANGAN
NOTARY PUBLIC UNTIL DECEMBER 2015
ROLL OF ATTORNEY 53815
PTR NO. 9024225 / 1/3/14 / Q.C.
IBP NO. 915324 / 1/3/14 / Q.C.
MCLE COMPLIANCE NO. IV - 0003375
NO. 28-G. CONGRESSIONAL AVE. Q.C.

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Page No. 53 :
Book No. IV :
Series of 2014

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SBS PHILIPPINES CORPORATION

REVISED TERMS OF REFERENCE

OF

THE AUDIT, RISK and RELATED PARTY TRANSACTION COMMITTEE

The Board of Directors of SBS Philippine Corporation (the "Corporation") hereby constitutes an Audit, Risk and Related Party Transaction Committee (the "Committee") and adopts this amended Committee Charter:

1. Purpose

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities to shareholders and other stakeholders to safeguard the Company's assets, maintain adequate accounting records and effective systems of internal control and enterprise risk management, and ensure the integrity of financial statements and its audit process and compliance with the legal, regulatory and corporate governance requirements and review material related party transactions.

2. Membership

2.1 The members of the Committee shall be appointed by the Board of Directors from among themselves during its annual organizational meeting and each shall hold office for one year and until their successors are elected and qualified, unless sooner replaced or removed by the Board.

2.2 It shall be composed of at least five (5) members, majority of whom shall be independent directors. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings.

2.3 The Committee members shall have an adequate understanding of accounting and auditing principles and business financial management systems.

2.4 Any vacancy in the Committee shall be filled by the Board of Directors. The member elected to fill a vacancy in the Committee shall serve only the unexpired term of his predecessor in office.

3. Duties and Responsibilities

3.1 Review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results;

3.2 Recommend approval of the Internal Audit Charter defining the role of Internal Audit, reporting lines to the Committee, the audit plan and its implementation;

3.3 Monitor and review, together with the Company's internal audit division, the adequacy and effectiveness of the Company's management, financial and accounting controls, the security of physical and information assets and Management's response to Internal Audit findings and recommendations;

3.4 Review and discuss with the internal audit executive (the "Internal Auditor") the Company's internal audit plans and the periodic report of audit activities, investigations and results of internal audit functions;

3.5 Approve the appointment, reassignment or dismissal of the Internal Auditor;

3.6 Review the scope of the audit program for the Company in line with the objectives of the Company as well as the outcomes of such audit procedures, and for this purpose, ensure that both internal and external auditors of the Company have access to the records, properties and personnel of the Company in connection with their audit;

3.7 Report to the Board on the adequacy of the Company's internal controls and results of the auditor's reports, with particular focus on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concerns assumptions, compliance with accounting standards, and compliance with tax, legal and regulatory requirements;

3.8 Appoint the Chief Risk Officer who shall be responsible for the risk identification, assessment, mitigation and monitoring process for the risk management system of the Company;

3.9 Monitor and review risk exposures, risk appetite and risk mitigation plans of the Company under the formal enterprise risk management plan and evaluate the Company's risk management systems for its effectiveness and adequacy;

3.10 Make recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement; In case of a potential engagement for non-audit work of the external auditor, to evaluate and determine if such work will have some conflict with their independent audit role;

3.11 Review, ratify and/or approve material related party transactions in accordance with the guiding principles set out in the related party transaction policies adopted by the Board of Directors. The Committee shall determine whether or not the particular related party transaction serves the best interests of the Company and its shareholders, and whether the transaction should be continued or discontinued.

3.12 Ensure appropriate disclosures of related party transactions to the Board and regulators and periodic review of RPT policies and procedures.

4. Performance Assessment

4.1 The Committee shall conduct an annual evaluation of the performance of the Committee to ensure that the Committee is in compliance with its Charter, the Revised Manual of Corporate Governance, SEC Memorandum Circular No. 4 Series of 2012 and other pertinent regulations. In this connection, it shall cause members of the Committee to complete a self-assessment questionnaire to benchmark its practices against the criteria provided under the SEC Memorandum Circular No. 4 Series of 2012. Based on the results of its self-rating assessment, the Committee shall prepare plans for the continuous improvement of its performance which may include programs and trainings in leading global best practices and other areas of concern. The Committee shall monitor the implementation of such plans from time to time.

5. Meetings

5.1 The Committee shall meet on a quarterly basis or as often as may be necessary. It shall act on the basis of majority vote of its members. The meeting of the Committee shall be held before the meeting of the Board of Directors.

5.2 The quarterly meetings shall consider, among others, the quarterly or year-end financial reports, related disclosures and reportorial requirements as well as updates on audit activities.

5.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Chairman shall report to the Board on its proceedings after each meeting.

5.4 Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings.

6. Authorities of the Committee

6.1 The Committee shall have the authority to retain, at the Company's expense, such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

6.2 In discharging its oversight role, the Committee shall have full access to all books, records, facilities and personnel of the Company.

7. Adoption and Effectivity

This Amended Charter was adopted by the Board of Directors of the Corporation on May 11, 2017 with immediate effect.

INTRODUCTION:

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of SBS Philippines Corp. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control.

ROLE:

The internal audit activity is established by the Board of Directors.

PROFESSIONALISM:

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing* (*Standards*). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the relevant policies and procedures of SBS Philippines Corporation and the internal audit activity's standard operating procedures manual.

AUTHORITY:

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of SBS Philippines Corporation's records, physical properties, and personnel pertinent to carrying out any engagement approved by the Board through the Audit Committee. All employees are enjoined to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

ORGANIZATION:

The Internal Audit Head (overall responsible for the internal audit activities) will report functionally to the Board through the Audit Committee and administratively (i.e. day to day operations) to the Chief Executive Officer.

The Board, through the endorsement of the Audit Committee, will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Internal Audit Head on the status and results of the internal audit activity's performance, relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Internal Audit Head.
- Assess the performance of the Internal Audit Head.
- Approve the remuneration of the Internal Audit Head.
- Make appropriate inquiries of management and the Internal Audit Head to determine whether there is inappropriate scope or resource limitations.

The Internal Audit Head will communicate and interact directly with the Board through the Audit Committee, including in executive sessions and between Board meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY:

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

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

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Internal Audit Head will confirm to the Board thru the Audit Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating, monitoring and making recommendations, when appropriate, on the following:

- Risk exposures relating to achievement of the organization's strategic objectives.
- Reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Effectiveness and efficiency with which resources are employed.
- Operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Governance processes
- Effectiveness of the organization's risk management processes.
- Specific operations at the request of the Board or management, as appropriate.

- Providing inputs to the quality of performance of external auditors and determining the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.

INTERNAL AUDIT PLAN:

At least annually, the Internal Audit Head will submit to the Board through the Audit Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Internal Audit Head will communicate the impact of resource limitations and significant interim changes to the Board through the Audit Committee.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. The Internal Audit Head will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the Board through the Audit Committee in the periodic activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Internal Audit Head or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Any disagreements between the Internal Audit function and the management on the results and recommendations resulting from an internal audit activity should be communicated to the Board through the Audit Committee.

The Internal Audit Head will periodically report to the Board through the Audit Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

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

The Internal Audit Head will communicate to the Board through the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments at least annually, and external assessments conducted at least every five years.

POLICY ON INSIDER TRADING (amended)

It is the policy of the Company to enjoin all directors, officers and employees to strictly comply with all applicable laws and regulations regarding securities dealing and insider trading at all times. Non-compliance with such laws and regulation may result in criminal and civil liabilities as well as reputational damage to the individual concerned and/or the Company

To this end, it is the policy of SBS Philippines Corporation (the "Company") to restrict trading (buy or sell) of the Company's shares of the Company by persons considered as an "Insider" as herein below defined:

(a) When in possession or have knowledge of undisclosed material Information about the Company; or

(b) During the Blackout Period set by the Company as restricted dealing period.

For the purpose of this Policy, an "Insider" is defined as follows:

i. All members of the Board of Directors;

ii. All Executive Officers of the Company who are or may be in possession of material non-public information about the Company because of their responsibilities. Executive Officers of the Company include the Chief Executive Officer, the President, Chief Finance Officer, Executive Vice President & General Manager, Senior Vice President for Sales and Marketing, Vice President for Procurement, Assistant Vice President for Accounting, Corporate Secretary, Treasurer and Compliance Officer.

iii. Consultants and Advisers of the Company who are in possession of undisclosed material information about the Company;

iv. Such other Company employees who are possession of undisclosed material information on the Company ;

v. Immediate family members of persons under (i) to (iv) who are living in the same household.

Material Information

Information is deemed to be material if: (i) it would likely affect the market activity and price e of the Company Shares after being disseminated to the public or (ii) it would be considered necessary by an investor in making a decision whether to buy, sell, or hold such Shares. Such material information shall include but shall not be limited to:

- Financial results
- Major development projects such as acquisitions, disposals, joint ventures, mergers
- Projections of future earnings or losses
- Major restructuring changes such as in key senior management positions
- Dividend declaration, changes in dividend policy and stock splits
- New significant equity investments or debt offerings
- Significant litigation exposure
- Public or private block sale of company securities

BLACKOUT PERIODS

Directors, officers and key employees who are in possession of material, share price-sensitive information that have not yet been disclosed to the public **are prohibited from trading in the Company's shares until two (2) trading days after the disclosure of such non-public material**, share price-sensitive information; *Provided, further,* that in case of the quarterly and annual financial reports of the Company, the black out period shall commence ten (10) trading days before the date of release of the quarterly and annual financial results until two (2) trading days after the date of the disclosure.

DUTY TO DISCLOSE SECURITIES TRANSACTIONS

All directors and officers of the Company shall inform the Company of their transactions and changes in direct interests involving Company securities within three (3) business days from date of the share transaction. In addition, all directors and officers shall also inform the Company of the changes in their indirect beneficial ownership of securities held by the following, within three (3) business days from date of the share transaction:

(a) A member of his/her immediate family sharing the same household;
(b) A partnership of which he/she is the general partner;
(c) A corporation of which he is the controlling shareholder;
(d) Those subject to any contract, arrangement or understanding which gives him/her voting power or investment power with respect to such securities.

SBS Philippines Corporation and Subsidiaries

REPORT OF THE AUDIT AND RISK OVERSIGHT COMMITTEE

For the Year ended December 31, 2019

The Audit and Risk Oversight Committee was established to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the systems of enterprise risk management and internal control, the audit process, and the company's process for monitoring compliance with laws and regulations. Its mandate is outlined in a Charter, that is compliant with the Corporate Governance Code issued by the Philippine Securities and Exchange Commission for publicly listed companies. The Charter of the Audit and Risk Oversight Committee was reviewed and updated this year.

The Audit and Risk Oversight Committee is composed of five (5) members, four (4) of whom are non-executive directors of which three (3) are independent directors; and the Director – CFO who is a non-voting member. The chairperson of the Audit and Risk Oversight Committee is an independent director.

For the year, the Audit and Risk Oversight Committee held nine (9) meetings. All voting members have one hundred percent (100%) attendance in both regular and special meetings called for by the Committee while the non-voting member was only absent in one meeting.

In the discharge of its functions in accordance with its Charter, the Audit and Risk Oversight Committee carried out the following activities in CY 2019:

Financial Reporting

- Reviewed with Management and the External Auditors, Punongbayan and Araullo the Audited Consolidated Annual Financial Statements of SBS Philippines Corporation and Subsidiaries, including the related significant judgments and estimates of Management and endorsed the same to the Board for approval; and
- Reviewed with Management the quarterly unaudited financial statements of the company before their submission to the Board for approval and release to the public.

Enterprise Risk Management and Internal Control

- Evaluated Management's enterprise risk management process and reviewed its business continuity plan;
- Reviewed information from Management on risk exposures of the Company and the related strategies to mitigate them; and
- Through the Internal Auditor, reviewed the overall evaluation of the Company's internal control system whether this is adequate and effective and that appropriate actions have been undertaken by Management to address Internal Audit findings and recommendations.

Audit Process

- Assessed the independence and performance of the external auditors and endorsed the re-appointment of Punongbayan and Araullo to the Board as the independent External Auditors of the Company for the ensuing year;
- Reviewed and approved the Audit Plan of Internal Audit and the scope of work of the External auditors in the audit of the annual financial statements;
- Reviewed periodic report of audit activities, investigations and results of audits undertaken by Internal Audit in accordance with the approved plan;
- Reviewed and approved Management's request for non-audit service from the External Auditors; and
- Held separate executive sessions with the chief internal auditor and the external auditors without the presence of management to discuss issues.

Compliance with Laws and Regulations

- Based on Management's representation and reasonable assurance, the Committee was updated on the status of compliance of the Company with applicable laws and regulations.

Others

- Before the creation of the Related Party Transactions Committee, the Audit and Risk Oversight Committee reviewed the significant related party transactions endorsed by Management and were justified as fair and reasonable to the Company; and
- Performed self-assessment and reviewed performance of the Committee vis-à-vis its Charter.

On behalf of the Audit and Risk Oversight Committee

HELEN T. DE GUZMAN
Chairperson

SBS PHILIPPINES CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS

The trust of the Company's stakeholders, especially its customers and business partners, is very important to the Company. In preserving this trust, the Company is committed to conduct its business in a responsible and ethical manner.

Anchored on long-held values of integrity, honesty, fairness and respect for others, this Code sets out the guiding principles by which the Company, its shareholders, directors, officers and employees will conduct their dealings with each other as well as with the Company's suppliers and customers, bankers and other business partners, the government and general public.

All directors, officers and employees of the Company are expected to observe and comply with the standards of conduct set out in this Code.

All directors, officers and employees of the Company shall conduct business in accordance with Philippine laws and regulations, and abide with the policies of the Company and observe its rules and regulations, including this Code.

A. Fairness

All directors, officers and employees of the Company shall treat everyone with honesty, courtesy, consideration, friendly spirit of cooperation and mutual respect. No director, officer or employee shall engage in any unfair dealing practices nor take undue advantage of customers, suppliers, business partners, competitors and the government through manipulation, concealment or misrepresentation of material facts.

B. Information Protection

Unless with the prior approval of the Board of Directors or Management, no director, officer or employee shall divulge to any other person, other than the relevant employee, officer, director or shareholder of the Corporation, on a need to know basis, trade secrets and confidential information concerning the Corporation, to include but shall not be limited to its financial information, supply and procurement information, marketing and customer information, stockholder, management and personnel information, its manner of operation, corporate plans and projects, business processes and corporate schemes, or data of any kind or character which is acquired, learned or received during one's employment with the Corporation.

All directors, officers and employees shall see to it that the integrity of the Company's documents and records are preserved and the necessary safety measures are undertaken to prevent its unauthorized or improper alteration, forgery, concealment and destruction.

C. Care of Company Property

All directors, officers and employees shall properly, responsibly and efficiently use Company assets and resources and shall take the necessary due care to safeguard such properties and prevent any unauthorized use thereof. Such aassets and resources of the Company shall be used for legitimate business purposes only and will not be used or disposed for private or personal gain of the director, officer or employee.

The Company reserves the right to inspect its facilities and property, including computers, telephone records, email, lockers, internet usage, business documents, offices and other workspaces, subject to applicable laws and regulations.

D. Work Culture

All directors, officers and employees of the Company shall work under a culture of integrity and excellence and with a sense of accountability, transparency and urgency.

E. Anti-Corruption

The Company does not tolerate any form of corruption by its employees and suppliers. Any solicitation or offering of gifts, payments, fees, rewards or contributions, or any advantage, financial or otherwise, by Company employees and their relatives, or by suppliers and their representatives, in exchange for business or for personal gain is strictly prohibited. Under no circumstances shall Company employees make or authorize, directly or indirectly any illegal or improper payment to employees of customers. All employees are expected to report any such violations or suspected violations.

SBS PHILIPPINES CORPORATION

Whistleblowing Policy

Policy

This Whistleblowing policy is adopted to provide for a mechanism where genuine issues and concerns of wrongdoing, impropriety or irregularity involving or affecting the Company may be raised in a confidential manner. This Policy aims to deter and uncover corrupt, illegal, unethical, fraudulent and other conduct detrimental to the interests of the Company.

Company directors, officers, employees, vendors, suppliers, contractors, consultants and customers are encouraged to report any serious wrongdoing or impropriety committed by employees, officers, directors, vendors, suppliers, contractors, consultants, clients and customers which may concern auditing or accounting matters, internal controls, disclosure matters, conflict of interest, insider trading, serious breaches of Company policies such as the Code of Conduct and Business Ethics, Manual of Corporate Governance, Employee Handbook, unfair labor and trade policies or any other matters involving fraud, corruption and other unlawful activities.

Whistleblowing Channel

If an employee or stakeholder in good faith believes that wrongdoing or impropriety exists in the workplace, this should be reported immediately through an incident report either to his/her service line manager or the Internal Auditor at *ia@sbsph.com*. Alternatively, the matter or concern may be raised either to the Company's Compliance Officer or any of the Company's Independent Directors by submitting an incident report through the Whistleblower Channel at *wc@sbsph.com*.

The Incident Report shall include details of the parties involved, dates or period of time, type of concern, evidence substantiating the claim, where possible, and contact details, in case further information may be required.

Subject to the gravity and credibility of the concern raised and the probability of validating the concern from reliable sources, the matter will be investigated by the Company's Internal Auditor.

Handling of Whistleblower Incident Report

The receiving officer shall then inform the CEO and the Lead Independent Director of the complaint who shall then require the Internal Auditor to investigate the complaint.

Depending on the nature of the complaint, the subject of the complaint may be informed of the allegation against him/her and be provided with an opportunity to reply to such allegations. Employees, officers and directors who fail to cooperate in the investigation, or deliberately provide false information during an investigation, shall be subject to disciplinary sanctions, including dismissal or termination.

If, after completion of an investigation, the investigation findings shall be submitted to the Corporate Governance Nomination and Remuneration Committee. If a violation has occurred or the allegations are substantiated, corrective actions shall be undertaken. The Company reserves the right to refer any concerns or complaints to appropriate regulatory authorities.

Identities of persons who have raised concerns will be held in confidence unless otherwise agreed. This policy protects employees and other whistleblowers from victimization, harassment or disciplinary action as a result of any disclosure of impropriety where the disclosure is made in good faith and is not made maliciously or for personal gain. However, this assurance will not extend to someone that maliciously raises a matter that is known to be untrue. Anyone who knowingly submits a false report or have fabricated evidence shall be subject to disciplinary and/or legal action.

This policy is intended to assist individuals who believe they have discovered wrongdoing or impropriety in the conduct of the business of the Company. It is not designed to address concerns relating to employment matters which can be properly raised through the grievance procedure.

SBS PHILIPPINES CORPORATION

Conflict of Interests Policy

All directors, officers and employees have a duty to always act in, and uphold the best interests of the Company and exhibit loyalty to the Company. Directors, officers and employees shall not use their position in the Company to acquire a benefit or advantage for their own interest or those related to them or to benefit third parties to the prejudice of the Company.

Some conflict of interest may arise in the normal course of conducting the business of the Company. These policy guidelines therefore provide a framework for conflict avoidance and management.

A conflict of interest shall arise in the following circumstances:

1. A contract or transaction between the Company and its director, officer or employee or their immediate family members (defined to refer to their spouse, parent , child, siblings and their spouses);

2. A contract or transaction between the Company and an entity in which a director, officer or employee or their immediate family member has a substantial material financial interest (defined as an ownership interest that is greater than 20%), or of which such person is an executive director, officer, partner, or agent;

3. Acceptance by a director, officer, or employee of gifts, favors, or loans from persons or firms (supplier and vendors) supplying or seeking to supply goods and services to the Company except for non-monetary gifts of small value that could not be refused without discourtesy and which will not give rise to the perception of favoritism or partiality towards such supplier.

The disclosed conflict shall be addressed in accordance with the procedures set forth below:

Procedure for Addressing Conflict of Interests

I. Duty to Disclose

To protect the interest of the Company, directors, officers and employees are required to disclose of all actual or potential conflict of interest situations as described above.

All employees, officers and directors shall complete a Conflict of Interest Disclosure Statement using the prescribed form and describe the nature of conflict of interest situation. This shall be made on an annual basis and filed every January of each year. In addition, there is a continuing duty to disclose any conflict of interest that arises during the year.

II. Determining existence a conflict of interest and conflict of interest avoidance

The Compliance Officer will review the disclosure statements of employees, officers and directors.

If a conflict of interest is established, the employee concerned will not be allowed to participate in any discussion or negotiation for the transaction except to respond to information requests. If the person with a conflict of interest is with decision-making authority (i.e., an officer or a senior personnel) he or she shall refrain from voting or participating in the decision with respect to the conflict of interest transaction, and the next level approving authority shall consider and act on the proposed transaction. In case of a Director that has an interest or is perceive to have a potential conflict of interest, he or she shall refrain from voting and participating in the Board deliberation and decision with respect to the conflict of interest transaction.

III. Review of Conflict of Interest and Record of Deliberations

It shall be the responsibility of the approving authority to determine the nature and gravity of the conflict situation and record the facts and supporting analysis used in determining whether no material conflict of interest exists and/or the proposed transaction is deemed fair and reasonable and not inimical to the interest of the Foundation. In case the conflict is material enough to be of practical significance, comparable market data shall be compiled to determine the fairness of the transaction and appropriateness of the transaction terms. Should the transaction be established as prejudicial to the interest of the Company, alternative transactions with no conflict shall be explored.

IV. Violations

In case of failure to disclose an actual or potential conflict of interest, such employee, officer or Board member may be subject to appropriate disciplinary and corrective action.

SBS PHILIPPINES CORPORATION

ANNUAL DISCLOSURE STATEMENT
CONFLICT OF INTERESTS

LAST NAME	FIRST NAME	M.I.
Position:	Department:	

QUESTION	YES*	NO
1. Are you or any immediate member of your family involve or seeks to be involved in a transaction with the Company? (Immediate member of the family includes parent, children and siblings, and their spouses)		
2. Do you or any immediate member of your family serve as an officer, executive director, partner, agent for any business or entity that conducts or seeks to do business with the Company? (Immediate member of the family includes parents, children and siblings, and their spouses)		
3. Do you or any member of your immediate family, have a substantial material financial interest in an entity with which the Company has or seeks a transaction or arrangement? Substantial material financial interest is defined as an interest amounting to 20% of the business.		

If the answer is yes, please indicate in a separate sheet (to be attached to this form) your involvement in the proposed transaction or the name of the family member with interest in the transaction and describe the nature and value of the (potential) transaction with the Company.

In signing this questionnaire, I acknowledge that I have received a copy of the Conflicts of Interest Policy of the Company and agree to comply with its guidelines. I will update this information if any situation or fact arises that would make my responses incomplete.

Signature:

Date:

SBS PHILIPPINES CORPORATION

EXECUTIVE COMMITTEE

TERMS OF REFERENCE FOR THE EXECUTIVE COMMITTEE

The Board of Directors of SBS Philippine Corporation (the "Corporation") hereby constitutes an Executive Committee (the "Committee") and adopts this Committee Charter:

1. Membership

1.1. The members of the Committee shall be appointed by the Board of Directors and shall be composed of at least five (5) directors, and majority of whom shall be executive directors. The Chief Executive Officer shall be the Chairman of the Committee and preside over its meetings. The Committee shall act on the basis of majority vote of its members.

1.2. The members of the Committee shall be appointed by the Board of Directors during its annual organizational meeting and each shall hold office for one year and until their successors are elected and qualified, unless sooner replaced or removed by the Board.

1.3. Any vacancy in the Committee shall be filled by the Board of Directors. The member elected to fill a vacancy in the Committee shall serve only the unexpired term of his predecessor in office.

2. Powers, Duties and Responsibilities of the Executive Committee

The purpose of the Committee is to assist the Board with its responsibilities and, except for those powers reserved to the Board, to exercise the powers and authorities of the Board when not in session. The following authorities are specifically reserved to the Board:

a. Approval of any action of which shareholder approval is also required;
b. Amendment or repeal of By-Laws or adoption of new By-Laws;
c. Approval of the annual report and accounts;
d. Exercise of powers delegated by the Board to other committees;
e. Board appointments and removals; selection of the Chairman and President & Chief Executive Officer; nominations for Board membership following recommendations from the Nomination Committee;
f. Appointment or removal of the Corporate Secretary and Treasurer;
g. Appointment, reappointment or removal of the external auditor; and
h. Distribution of cash dividends to shareholders.

An act of the Committee which is within the scope of its powers shall not require ratification or approval of the Board for its validity and effectivity. The Chairman of the Committee shall report to the Board on matters acted upon by the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be three (3) members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

    4.1 The Committee shall meets as often as it determines as appropriate to carry out its responsibilities under this Charter at the time and place to be determined by its Chairman. The actions of the Committee may also be taken by written consent by majority of the members when deemed necessary by the Committee or its Chairman.

    4.2 The Committee may invite such member of Management to its meetings as it deems desirable or appropriate.

    4.3 Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings

5. Access to Information and Technical Assistance

    5.1. The Committee shall have full access to all relevant information, data, records, properties and personnel of the Company.

    5.2. The Corporate Secretary, management and personnel of the Company shall provide technical assistance and support to the Committee.

Approved:

By resolution of the Board
5 March 2015

SBS PHILIPPINES CORPORATION

2019 INTERNAL CONTROL AND COMPLIANCE

SBS Philippines Corporation's corporate governance system include a combination of internal and external mechanisms such as the structure of the board of directors and board committees, oversight of management, and sound policies and controls.

- Management has the primary responsibility to design and implement an adequate and effective system of internal controls and risk management processes to ensure compliance with laws, rules, and regulations;
- Management is responsible to develop a system to monitor and manage risks;
- Punongbayan & Araullo, the Corporation's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with the Philippines Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy of the Corporation's internal controls;
- The Internal Auditor reports functionally to the Audit and Risk Oversight Committee to ensure independence and objectivity allowing Internal Audit to fulfil its responsibilities.

Based on the above and the assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that SBS Philippines Corporation's system of internal audit, control and compliance processes are generally adequate.

GERRY D. TAN
Chief Executive Officer

MARIA GEMMA R. BIEN
Internal Auditor

SBS PHILIPPINES CORPORATION

CORPORATE GOVERNANCE 2019			
NAME	**DATE**	**SEMINAR**	**PROVIDER**
GERRY D. TAN	28-Jun-19	Distinguished Corporate Governance Speaker Series: Culture and Governance	Institute of Corporate Directors
AYLENE Y. SYTENGCO	5-Dec-19	Public Corporate Governance	SGV
NECISTO Y. SYTENGCO,II	19-Nov-19	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
GEOCEL OLANDAY	25-Oct-19	6th SEC-PSE Corporate Governance Forum	SEC-PSE
RICARDO NICANOR JACINTO	25-Oct-19	6th SEC-PSE Corporate Governance Forum	SEC-PSE
HELEN DE GUZMAN	25-Oct-19	6th SEC-PSE Corporate Governance Forum	SEC-PSE
ROBERTO F. ANONAS, JR.	4-Dec-19	Diversity 101: Enhancing Board Effectiveness and Company Performance	Institute of Corporate Directors
CHRISTINE P.BASE	8-Nov-19	Corporate Governance: Board Effectiveness Best Practices	Center for Global Best Practices
LALI Y. SYTENGCO	5-Dec-19	Public Corporate Governance	SGV
GEMMA BIEN	10-Jul-19	Corporate Governance Orientation Program	Institute of Corporate Directors
JOSE FIDEL R. ACUÑA	23-Oct-19	ICD: Technology Governance for Directors	Institute of Corporate Directors

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SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name	SBS PHILIPPINES CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

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Remarks	

COVER SHEET

A 2 0 0 1 1 0 4 0 2

(Company's Full Name)

SBS PHILIPPINES CORPORATION (FORMERLY SYTENGCO PHILIPPINES CORPORATION)

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

NO. 10 RESTHAVEN STREET SAN FRANCISCO DEL MONTE QUEZON CITY

FORM TYPE	Department Requiring the Report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
ir@sbsph.com	8371-1111	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7	Last Friday of June	12/31

CONATCT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number's
GERRY D. TAN	g.tan@sbsph.com	(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City

SBS PHILIPPINES CORPORATION

14 November 2019

SECURITIES AND EXCHANGE COMMISSION
G/F Secretariat Building
PICC Complex, Roxas Boulevard, Manila

Attention: **Mr. Vicente Graciano P. Felizmenio Jr.**
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Mr. Jose Valeriano B. Zuño III**
Head, Disclosure Department

Gentlemen:

We submit herewith the attached quarterly report (SEC Form 17-Q) of the Company for the period ended 30 September 2019.

Sincerely,

AYLENE Y. SYTENGCO
Compliance Officer

Encl/a

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **30 September 2019**

2. Commission identification number **A200110402**

3. BIR Tax Identification No **213-054-503-000**

4. Exact name of issuer as specified in its charter **SBS PHILIPPINES CORPORATION**

5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **No. 10 Resthaven Street,**
   San Francisco Del Monte, Quezon City — **1105**
   Address of issuer's principal office — Postal Code

8. **(632) 8371-1111**
   Issuer's telephone number, including area code

9. **N/A**
   Former Name/Address/Fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of stock as of 30 September 2019
Common Shares	**1,549,999,999**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [✓] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    PHILIPPINE STOCK EXCHANGE **COMMON SHARES**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [✔] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [✔] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited condensed consolidated financial statements SBS Philippines Corporations ("SBS") and its subsidiaries as of and for the period ended September 30, 2019 (with comparative figures as of December 31, 2018 and for the period ended September 30, 2018) and Selected Notes to the Financial Statements are hereto attached as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required by Part III, Paragraph (A)(2)(b) of 'Annex C, as amended' is attached hereto as **Annex "B"**.

PART II- OTHER INFORMATION

Outlook On Economic Position

The company expects a stronger demand in the 4^{th} quarter of 2019 compared to comparative quarter of 2018 due to the growth momentum achieved for this year. However, on quarter to quarter basis, the demand in 4^{th} quarter is expected to be lower than the previous 2 quarters due to cyclical nature of the business and the potential negative impact of the African swine fever that affected the swine industry and pork products in certain areas of the country.

For the property related business, the Group remains optimistic on the growth opportunities in this sector and will continue to invest in this segment.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized in Quezon City on 12 November 2019.

GERRY D. TAN	**AYLENE Y. SYTENGCO**
President & Chief Executive Officer	Chief Finance Officer & Treasurer

SBS PHILIPPINES CORPORATION

NAME: ____ DATE: ______________________

EVALUATION CRITERIA

Please check the box under heading **YES** if you strong agree with the statement; **PROBABLY** if you somewhat agree with the statement; or **NO** if you strongly disagree with the statement. Whenever possible, please include in REMARKS section.

A. THE BOARD PERFORMANCE

			YES	PROBABLY	NO	REMARKS
1. Composition, Design and Understanding of Roles	1.1	The board has an appropriate mix of knowledge, skills and experience to maximize performance given its vision, mission and values.				
	1.2	The board has a sufficient number of committees with clearly defined charters to support its work.				
	1.3	The board makes effective use of its committees to support its work.				
	1.4	Board members understand their roles and responsibilities.				
	1.5	The powers, roles, responsibilities and accountabilities between the board and management are clearly defined, understood and documented.				
	1.6	The corporate secretary effective supports the work of the board.				
	1.7	The board has a robust nomination process that ensures selection of appropriately qualified directors who can add value to the Board.				
	1.8	The board encourages directors to refresh their knowledge and skills as needed to be able to competently perform their duties. It provides sufficient funds for this purpose.				

			YES	PROBABLY	NO	REMARKS
2. Board Processes	2.1	The board spends the majority of its meeting talking about the Company's strategy and its execution.				
	2.2	When setting director compensation, the board is guided by third party benchmarks.				
	2.3	The board agenda includes a review or and discussion of corporate governance practices and their improvement at least once a year.				
	2.4	The board conducts simulations of high-risk situations or crisis at least once a year in order to be prepared for emergencies.				

			YES	PROBABLY	NO	REMARKS
3. Strategy Formulation and Execution	3.1	The board works proactively with the CEO to develop the company strategy. This strategy is reviewed and updated at least once a year.				
	3.2	The board reviews the company charter (vision, mission and values) at least once every three years.				

			YES	PROBABLY	NO	REMARKS
4. Monitoring and Accountability	4.1	The board, together with the CEO, sets appropriate financial and non-financial measures to be able to evaluate the progress of the company towards accomplishing its objectives. These measures are reviewed on a quarterly basis.				
	4.2	The board appraises its performance, its committees and its members on an annual basis.				
	4.3	The board appraises the performance of the CEO on annual basis.				
	4.4	The board regularly checks whether its decisions and policies are implemented with dispatch.				
	4.5	The board has written policies regarding conflicts of interest and related party transactions which it regularly communicates to its management and staff.				
	4.6	There is no individual or small group of individuals that dominate the board's discussion and decision making.				

			YES	PROBABLY	NO	REMARKS
5. Policy Setting	5.1	The board encourages a culture that promotes candid communication and rigorous decision making.				

			YES	PROBABLY	NO	REMARKS
6. Board Culture	6.1	Directors regularly ask incisive questions – anticipating, rather than reacting to, issues of major concern.				
	6.2	The board is not unduly influenced by, the CEO				

			YES	PROBABLY	NO	REMARKS
	6.3	The board provides a challenging yet supportive environment for management.				
	6.4	The board functions as an effective team.				

			YES	PROBABLY	NO	REMARKS
7. Succession	7.1	The board has an identified successor for the CEO				
	7.2	The Board actively monitors the recruitment and retention of high potential and high performance key employees.				

			YES	PROBABLY	NO	REMARKS
8. Stakeholders Relations	8.1	The board has identified its key stakeholders and regularly engages them.				
	8.2	The board has adopted a corporate social responsibility program and actively monitors its execution.				

			YES	PROBABLY	NO	REMARKS
9. Ethics and Integrity	9.1	The board ensures that there is a formal channel which will allow employees to report unethical conduct within the corporation.				

			YES	PROBABLY	NO	REMARKS
10. Committees	10.1	Each board committee has a charter which defines its role and responsibilities. The committee is effective in its role by following this charter.				
	10.2	The governance committee conducts a yearly review of policies and practices to ensure that the company complies with all the relevant laws and regulations.				
	10.3	The audit committee maintains a register of existing and potential risks that could materially affect the company's business. It reviews and updates this register at least once a quarter.				
	10.4	The audit committee and internal auditor agree on an audit program at the start of each year. The audit program covers financial and non-financial (i.e. operational) issues.				

ANNEX J

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111132019002150

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

Doc Source

Company Information

SEC Registration No.	A200110402
Company Name	SBS PHILIPPINES CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	111132019002150
Document Type	Statement of Changes in the Beneficial Ownership
Document Code	23B
Period Covered	October 31, 2019
No. of Days Late	0
Department	CFD
Remarks	Filed by: SYTENGCO NECISTO U.

COVER SHEET

A200110402

(Company's Full Name)

SBS PHILIPPINES CORPORATION
(FORMERLY SYTENGCO PHILIPPINES
CORPORATION)

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

NO. 10 RESTHAVEN STREET SAN
FRANCISCO DEL MONTE QUEZON
CITY

FORM TYPE	Department Requiring the Report	Secondary License Type, If Applicable
23-B	MSRD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
ir@sbsph.com	8371-1111	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7	Last Friday of June	12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Oficer of the Corporation

Name of Contact Person	Email Address	Telephone Number's
GERRY D. TAN	g.tan@sbsph.com	(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City

SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

FORM 23-B

REVISED

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 23 of the Securities Regulation Code

☐ Check box if no longer subject to filing requirement

1. Name and Address of Reporting Person	2. Issuer Name and Trading Symbol		7. Relationship of Reporting Person to Issuer (Check all applicable)
SYTENGCO NECISTO U. (Last) (First) (Middle)	SBS PHILIPPINES CORPORATION (SBS)		_x_ Director ___ Officer (give title below) ___ 10% Owner ___ Other (specify below)
37 JUDGE JUAN LUNA ST., (Street)	3. Tax Identification Number: 103-910-452-000	5. Statement for Month/Year: Oct-19	CHAIRMAN OF THE BOARD
SAN FRANCISCO DEL MONTE, QC (City) (Province) (Postal Code)	4. Citizenship: FILIPINO	6. If Amendment, Date of Original (MonthYear): N/A	

Table 1 - Equity Securities Beneficially Owned

1. Class of Equity Security	2. Transaction Date (Month/Day/Year)	4. Securities Acquired (A) or Disposed of (D) Amount	(A) or (D)	Price*	3. Amount of Securities Owned at End of Month %	Number of Shares	4 Ownership Form: Direct (D) or Indirect (I) *	6. Nature of Indirect Beneficial Ownership
COMMON SHARES								
	03-Oct-19	1,942,500.00	A	8.75000		222,000	D	n/a
	03-Oct-19	70,160,000.00	A	8.77000		8,000,000	D	n/a
	03-Oct-19	31,943,598.00	A	8.82493		3,619,700	D	n/a
	TOTAL HOLDINGS AS OF October 31, 2019				D- 5.9% I- 36.94%	**D - 91,474,971** **I - 572,561,126**		(Print or Type Responses)

If the change in beneficial ownership is 50% of the previous shareholdings or is equal to 5% of the outstanding capital stock of the issuer, provide the disclosure requirements set forth on page 3 of this form.

*Total weighted average

Reminder: Report on a separate line for each class of equity securities beneficially owned directly or indirectly.

(1) A person is directly or indirectly the beneficial owner of any equity security with respect to which he has or shares:

(A) Voting power which includes the power to vote, or to direct the voting of, such security; and/or

(B) Investment power which includes the power to dispose of, or to direct the disposition of, such security.

(2) A person will be deemed to have an indirect beneficial interest in any equity security which is:

(A) held by members of a person's immediate family sharing the same household;

(B) held by a partnership in which such person is a general partner;

(C) held by a corporation of which such person is a controlling shareholder; or

(D) subject to any contract, arrangement or understanding which gives such person voting power or investment power with respect to such security.

DISCLOSURE REQUIREMENTS
IN CASE OF MATERIAL CHANGES IN BENEFICIAL OWNERSHIP
(50% INCREASE/DECREASE OR EQUIVALENT TO 5% OF THE OUTSTANDING CAPITAL STOCK OF ISSUER)

Item 1. Security and Issuer

State the title of the class of equity securities to which this Form relates and the name and address of the principal executive offices of the issuer of such securities.

Item 2. Identity and Background

If the person filing this Form is a corporation, partnership, syndicate or other group of persons, state its name, the province, country or other place of its organization, its principal business, the address of its principal office and the information required by (d) and (e) of this Item. If the person filing this statement is a natural person, provide the information specified in (a) through (f) of this Item with respect to such person(s).

a. Name;
b. Residence or business address;
c. Present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted;
d. Whether or not, during the last five years, such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give the dates, nature of conviction, name and location of court, any penalty imposed, or other disposition of the case;
e. Whether or not, during the last five years, such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, domestic or foreign, and as a result of such proceeding was or is subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking; and

f. Citizenship.

Item 3. Purpose of Transaction

State the purpose or purposes of the acquisition of securities of the issuer. Describe any plans or proposals which the reporting persons may have which relate to or would result in:

a. The acquisition by any person of additional securities of the issuer, or the disposition of securities of the issuer;
b. An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the issuer or any of its subsidiaries;
c. A sale or transfer of a material amount of assets of the issuer or of any of its subsidiaries;
d. Any change in the present board of directors or management of the issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;
e. Any material change in the present capitalization or dividend policy of the issuer;
f. Any other material change in the issuer's business or corporate structure;
g. Changes in the issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any person;

h. Causing a class of securities of the issuer to be delisted from a securities exchange;
i. Any action similar to any of those enumerated above.

Item 4. Interest in Securities of the Issuer

a. State the aggregate number and percentage of the class of securities identified pursuant to Item 1 beneficially owned (identifying those shares which there is a right to acquire within thirty (30) days from the date of this report) by each person named in Item 2. The abovementioned information should also be furnished with respect to persons who, together with any of the persons named in Item 2, comprise a group.

b. For each person named in response to paragraph (a), indicate the number of shares as to which there is sole power to vote or to direct the vote, shared power to vote or to direct the vote, sole or shared power to dispose or to direct the disposition. Provide the applicable information required by Item 2 with respect to each person with whom the power to vote or to direct the vote or to dispose or direct the disposition is shared.

c. Describe any transaction in the class of securities reported on that were effected during the past sixty (60) days by the persons named in response to paragraph (a). The description shall include, but not necessarily be limited to: (1) the identity of the person who effected the transaction; (2) the date of the transaction; (3) the amount of securities involved; (4) the price per share or unit; and (5) where or how the transaction was effected.

d. If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of such securities, a statement to that effect should be included in response to this Item and, if such interest relates to more than five (5%) percent of the class, such person should be identified.

e. If the filing is an amendment reflecting the fact that the reporting person has ceased to be the beneficial owner of more than five (5%) percent of the class of securities, state the date on which such beneficial ownership was reduced.

Item 5. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Describe any contract, arrangement, understanding or relationship among the person named in Item 2 and between such persons and any person with respect to any securities of the issue, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, naming the person with whom such contracts, arrangements, understandings or relationships have been entered into. Include such information for any of the securities that are pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Item 6. Material to be Filed as Exhibits

Copies of all written agreements, contracts, arrangements, understandings, plans or proposals relating to:

a. the acquisition of issuer control, liquidation, sale of assets, merger, or change in business or corporate structure or any other matter as disclosed in Item 3; and

b. the transfer or voting of the securities, finder's fees, joint ventures, options, puts, calls, guarantees of loans, guarantees against losses or the giving or withholding of any proxy as disclosed in Item 5.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Report is true, complete and accurate. This report is signed in the City of QUEZON CITY on NOVEMBER 8, 2019

By:

for

NECISTO U. SYTENGCO
CHAIRMAN OF THE BOARD

SBS PHILIPPINES CORPORATION
LIST OF PERMITS AND LICENSES
(Updated for 2019)

1. **Securities and Exchange Commission (SEC)**

   SEC Registration No. A200110402

2. **Bureau of Internal Revenue (BIR)**

   BIR Tax Identification Number 213-054-000.

   Under its Certificate of Registration, SBS is registered with BIR for the following tax types: (a) income tax, (b) value-added tax, (c) expanded withholding tax, (d) withholding tax on compensation, and (e) final withholding tax.

3. **Quezon City Local Government**

   SBS was issued a business permit by the Office of the Mayor of Quezon City for 2019 on March 12, 2019.

4. **Social Security System (SSS)**

   SBS is registered with the SSS with Employer ID No. 03-9052279-3 as indicated in the Certificate of Membership issued on August 12, 2016.

5. **Home Development Mutual Fund (HDMF)**

   SBS is registered with the HDMF with Employer No. 201806690009 as indicated in the Certificate of Registration dated June 22, 2016.

6. **Philippine Health Insurance Corporation (PhilHealth)**

   SBS is registered with the PhilHealth as Employer No. 002000000490 as indicated in its Certificate of Registration dated November 14, 2016.

7. **Department of Environment and Natural Resources-Environmental Management Bureau**

   Environmental Clearance Certificate registered under SBS Philippines Corporation as amended dated March 14, 2016, with registration number ECC-NCR-0303-0172, issued on December 19, 2014. The ECC was issued for Warehousing and Trading of Industrial Chemicals located on a 3,000 square meter parcel of land at Lot 3, Gozon Compound, Letre Road, Tonsuya, Malabon City.

8. **Philippine Drug Enforcement Agency (PDEA)**

   SBS holds the License to Handle Controlled Precursors and Essential Chemicals (CPECS) with PDEA Control No. P51-017810001-R104. The P-License was issued on August 19, 2019 and valid until July 30, 2020.

9. Food and Drug Administration

SBS hold the License to Operate No. LTO-3000002023918 issued by the FDA to operate as drug distributor/importer valid until April 19, 2021.

SBS hold the License to Operate No. LTO-3000002319002 issued by the FDA to operate as food distributor/importer valid until April 01, 2023.

Examples of Certificates of Product Registrations issued by the FDA are as follows:

FDA PRODUCT REGISTRATION NO.		VALIDITY
1.	FR-4000001605705	June 13, 2022
2.	FR-4000000782647	October 12, 2021
3.	FR-4000000613073	June 16, 2023
4.	FR-4000000613305	June 10, 2023
5.	FR- 4000000726294	August 3, 2021
6.	FR-4000001748785	August 4, 2022
7.	FR-4000000705260	January 3, 2024
8.	FR-4000000728519	August 18, 2021
9.	FR-400000082873	November 9, 2021
10.	FR-4000003998238	March 26, 2024
11.	FR-4000000613347	June 13, 2023
12.	FR-4000000687854	June 21, 2023
13.	FR-4000000619185	June 10, 2023
14.	FR-4000000619215	June 2, 2023
15.	FR-4000001899483	July 26, 2022
16.	FR-4000000619273	June 13, 2021
17.	FR-4000000619329	June 10, 2023
18.	FR-400000705316	December 7, 2023
19.	FR-4000002026354	September 7, 2022
20.	FR-4000001480933	May 5, 2022

10. Bureau of Animal Industry (BAI)

SBS is registered with the BAI with license number VDAPDI-0029 valid until March 25, 2020. Also, Feed Establishment (RA) Importer with License No. IM-201 valid until December 31, 2019 was issued to SBS.

Examples of the product registrations issued by the BAI are as follows:

BAI PRODUCT REGISTRATION NO.		VALIDITY
1.	VRI-18-9194	October 4, 2020
2.	VRI-19-9617	April 16, 2021
3.	VRI-19-9452	February 6, 2021
4.	VRI-18-9162	September 21, 2020
5.	VRI-11-4314	July 19, 2023
6.	VRI-18-9323	November 23, 2020

7.	VRI-14-5830	October 21, 2021
8.	VRI-13-5155	June 12, 2020
9.	VRI-11-4515	November 21, 2023
10.	VRI-13-5040	March 12, 2020
11.	VRI-12-4616	March 16, 2024
12.	VRI-14-5774	September 30, 2021
13.	VRI-14-5664	July 15, 2021
14.	VRI-15-5917	December 22, 2021
15.	VRI-16-6541	February 9, 2023
16.	VRI-14-5482	March 25, 2021
17.	VRI-14-5481	March 24, 2021
18.	VRI-16-6793	June 16, 2023
19.	VRI-14-5384	December 23, 2020
20.	VRI-19-9495	February 26, 2021

11. Bureau of Plant Industry (BPI)

SBS is registered with BPI with the Certificate of Registration as Importer with Certificate No. BPI-NPQSD-IREG-18R1-508 for authority to import black pepper powder, maltodextrin, potato starch, rice flour, wheat starch, glutinous rice flour, garlic powder, chili powder, onion powder, cassava starch, corn starch, cocoa powder and soya bean meal valid until January 16, 2021

12. Office of the President- Fertilizer and Pesticide Authority (FPA)

SBS holds a license with FPA with License No. NCR-82-F-I-00070 to operate as Importer of fertilizers and is valid until December 21, 2021.

13. Philippine National Police- Firearms and Explosives Office (PNP-PEO)

SBS was issued a license to Import Explosive Ingredients/Controlled Chemical with PI No. 1011-145-2019 valid until December 08, 2020. Also, SBS holds a license to Possess Explosives by the PNP-PEO with License No. DMA05-070414-03658 and is valid until April 13, 2021.

14. Bureau of Customs (BOC)

SBS is registered with the BOC with registration number IM0003433935 and is valid until April 14, 2020.

SAMPLE FORM

PROXY

The undersigned, stockholder of SBS Philippines Corporation (the "Company"), do hereby constitute and appoint ______________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in the name of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 22 May 2019 at 3 o'clock in the afternoon at the Kalayaan Hall, Club Filipino located at Corner Eisen Hower St. Club Filipino Avenue, San Juan, 1502 Metro Manila, and at any of the adjournments thereof. The above-named proxy is to vote as follows:

SUBJECT MATTER	YES	NO	ABSTAIN
1. **Approval of Minutes of the previous Annual Stockholders' Meeting**			
2. **Approval of the 2018 Audited Consolidated Financial Statements of the Company and its Subsidiaries**			
3. **Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Shareholders**			
4. **Appointment of Punongbayan & Araullo as independent auditors of the Company for 2019 and to authorize the Board of Directors to fix their remuneration**			
5. **Election of Directors** Vote for all nominees listed below:			ABSTAIN
NECISTO U. SYTENGCO GERRY D. TAN ESMERALDO A. TEPACE AYLENE Y. SYTENGCO NECISTO Y. SYTENGCO II RICARDO NICANOR N. JACINTO GEOCEL D. OLANDAY, *Independent Director* ROBERTO F. ANONAS, JR., *Independent Director* HELEN T. DE GUZMAN, *Independent Director*	------------------ ------------------ ------------------ ------------------ ------------------ ------------------ ------------------ ------------------ ------------------ [1]For cumulative voting		

This proxy should be received by the Corporate Secretary on or before **15 May 2019,** the deadline for submission of proxies. This proxy is not required to be notarized, and when properly executed, will be voted in the manner as provided herein by the stockholder. If no instruction is made, this proxy will be voted for the election of all nominees and the approval of all the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors. This proxy and the powers and authorities conferred therein shall remain valid and subsisting unless otherwise revoked or amended in writing by the undersigned and duly served to the Corporate Secretary of the Company before the meeting.

Date: ______________

____

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY*

Number of Shares Owned:

____

____

NAME OF STOCKHOLDER

**In case of a corporate stockholder and other entities, a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity should be attached to this Proxy.*

Proposed Audit Plan for 2020

AUDIT FOCUS AREAS

Internal Control Evaluation – Subsidiaries and Associates

Period-end Procedures Audit – Parent and Consolidated

Order to Cash Review - Parent

Procure to Pay Review - Parent

HR Audit

Financial and Management Reporting

Quarterly Follow-Up

IT Risk Assessment

Coordinate with External Auditor

Audit Committee Reporting

Environment, Health and Safety

Special Audit (Upon request)