

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 companies¹ or substantial shareholders² 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.

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.

