


**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **December 31, 2012**<sup>1</sup>
2. Exact Name of Registrant as Specified in its Charter **Petron Corporation**
3. **SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City** **1550**  
Address of Principal Office  Postal Code
4. SEC Identification Number **31171** 5. (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **000-168-801**
7. **(632) 886.3888**  
Issuer's Telephone number, including area code
8. **N/A**  
Former name or former address, if changed from the last report

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<sup>1</sup> Updated with information subject of SEC Form 17-Cs, advisement letters, and other filings, reports and disclosures filed by the Company with the SEC and dated until May 30, 2017 in accordance with SEC Memorandum Circular Number 1, Series of 2014. Any subsequent update will be reflected in a revised report which will be posted in the Company's website in compliance with the aforementioned SEC Memorandum Circular and other circulars from the Securities and Exchange Commission.

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**ANNUAL CORPORATE GOVERNANCE REPORT**  
**Petron Corporation (“Petron” or the “Company”)**

**A. BOARD MATTERS**

**1) Board of Directors**

Number of Directors per Articles of Incorporation	<b>15</b>
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Actual number of Directors for the year	<b>15</b>
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**(a) Composition of the Board**

Complete the table with information on the Board of Directors:

Director’s Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Eduardo M. Cojuangco, Jr.	NED	San Miguel Corporation	Ramon S. Ang	01/08/09	05/16/17	Annual Stockholders’ Meeting (“ASM”)	8
Ramon S. Ang	ED	San Miguel Corporation	Ramon S. Ang	01/08/09	05/16/17	ASM	8
Estelito P. Mendoza**	NED	San Miguel Corporation	Ramon S. Ang	01/08/09	05/16/17	ASM	8
Eric O. Recto	NED	San Miguel Corporation	Ramon S. Ang	07/31/08	05/16/17	ASM	9
Lubin B. Nepomuceno***	ED	San Miguel Corporation	Ramon S. Ang	2/19/13	05/16/17	ASM	4
Mirzan Mahathir	NED	San Miguel Corporation	Ramon S. Ang	08/13/10	05/16/17	ASM	7
Ron W. Haddock	NED	San Miguel Corporation	Ramon S. Ang	12/02/08	05/16/17	ASM	9
Romela M. Bengzon	NED	San Miguel Corporation	Ramon S. Ang	08/13/10	05/16/17	ASM	7

Aurora T. Calderon	NED	San Miguel Corporation	Ramon S. Ang	08/13/10	05/16/17	ASM	7
Virgilio S. Jacinto	NED	San Miguel Corporation	Ramon S. Ang	08/13/10	05/16/17	ASM	7
Nelly Favis-Villafuerte	NED	San Miguel Corporation	Ramon S. Ang	12/1/11	05/16/17	ASM	6
Jose P. de Jesus****	NED	San Miguel Corporation	Ramon S. Ang	05/20/14	05/16/17	ASM	3
Reynaldo G. David	ID	N/A	Ramon S. Ang (no relation to ID)	05/12/09	05/16/17 (5 years as ID as of 5/29/17 reckoned from term-limit effectivity of 2012 under SEC MC 4, Series of 2017)	ASM	8
Artemio V. Panganiban	ID	N/A	Ramon S. Ang (no relation to ID)	10/21/10	05/16/17 (5 years as ID as of 5/29/17 reckoned from term-limit effectivity of 2012 under SEC MC 4, Series of 2017)	ASM	7
Margarito B. Teves****	ID	N/A	Ramon S. Ang (no relation to ID)	05/20/14	05/16/17 (3 years as ID as of 5/29/17)	ASM	3

\* Reckoned from the date of first appointment until May 29, 2017

\*\* Previously served as director of the Company from 1974 to 1986

\*\*\* Mr. Lubin B. Nepomuceno replaced Mr. Ferdinand K. Constantino as a director on February 19, 2013 as disclosed to the Securities and Exchange Commission ("SEC") through an SEC Form 17-C filed on February 20, 2013

\*\*\*\*Elected as director for the first time on May 20, 2014 as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014

**(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.**

On May 8, 2017, the Company adopted a new Manual on Corporate Governance (the "New CG Manual"), patterned after the Code of Corporate Governance for Publicly Listed Companies approved by the SEC under Memorandum Circular 19 (Series of 2016). The New CG Manual institutionalizes the principles, policies, programs, and procedures of good corporate governance in the entire organization.

The following policies adopted by the Company aim to further promote good corporate governance of the Company:

1. Code of Conduct and Ethical Business Policy (the "Code of Conduct");
2. Policy on Dealings in Securities; and
3. Whistle-blowing Policy.

The relevant provisions of the New CG Manual on the treatment of all shareholders, respect for the rights of minority shareholders and other stakeholders, disclosure duties, and board responsibilities are set out below.

Treatment of All Shareholders; Respect for the Rights of Minority Shareholders and Other Stakeholders  
(updated pursuant to the Company's SEC Form 17-Cs dated July 7, 2014, November 7, 2014 and May 8, 2017)

The Company is committed to respect the legal rights of its stockholders.

*Voting Right*

All the stockholders of the Company, including the minority stockholders, have the right to participate in decisions concerning fundamental changes in the Company, such as the following:

1. amendment of the articles of incorporation (the "Articles of Incorporation") and/or by-laws of the Company (the "By-laws");
2. sale, lease, mortgage, pledge or other disposition of all or substantially all of the properties and assets of the Company;
3. merger or consolidation of the Company; and
4. investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company is organized.

Common stockholders further have the right to elect, remove and replace directors and vote on corporate acts and matters that require their consent or approval in accordance with the Corporation Code of the Philippines (the "Corporation Code").

At each stockholders' meeting, a stockholder entitled to vote has the right to vote one share, in person or by proxy, for each of share of the capital stock held by such stockholder, subject to the provisions of the By-laws, including the provision on cumulative voting by holders of shares entitled to vote in the case of the election of directors.

The By-laws specifically provide for cumulative voting in the election of directors. The By-Laws and the New CG Manual also requires the affirmative vote of at least 2/3 of the total issued and outstanding shares entitled to vote to remove a director with or without cause.

Preferred stockholders have the right to vote on certain corporate acts as provided and specified in the Corporation Code, including the fundamental changes listed above.

The Board of Directors of the Company (the "Board") is required by the New CG Manual to be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders are encouraged to personally attend such meetings and, if they cannot attend, they are apprised ahead of time of their right to appoint a proxy.

*Right to Information of Shareholders*

Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Notice, Agenda and Definitive Information Statement for Meeting (updated pursuant to the SEC Form 20-IS, together with the notice and agenda, released by the Company for its annual stockholders' meeting)

### **2017**

In 2017, the notice of the annual stockholders' meeting held on May 16, 2017, together with the Definitive Information Statement, was first released on April 7, 2017, 39 days before the meeting. And while not a legal requirement, the notice and the agenda of the meeting were also published in The Manila Bulletin and The Philippine Star on April 11, 2017 and April 12, 2017, respectively.

### **2016**

In 2016, the notice of the annual stockholders' meeting held on May 17, 2016, together with the Definitive Information Statement, was released on April 8, 2016, 39 days before the meeting. And while not a legal requirement, the notice and the agenda of the meeting were also published in The Manila Bulletin and The Philippine Star on April 10, 2016 and April 11, 2016, respectively.

### **2015**

In 2015, the notice of the annual stockholders' meeting held on May 19, 2015, together with the Definitive Information Statement, was released on April 17, 2015, 32 days before the meeting. The notice and the agenda of the meeting were also published in The Philippine Star and The Manila Bulletin on April 19, 2015.

### **2014**

In 2014, the notice of the annual stockholders' meeting held on May 20, 2014, together with the Definitive Information Statement, was released on April 25, 2014. The notice and the agenda of the meeting were also published in The Philippine Star on April 16, 2014.

### **2013**

In 2013, the notice of the annual stockholders' meeting held on May 21, 2013, together with the Definitive Information Statement, was released on April 26, 2013. The notice and the agenda of the meeting were also published in The Philippine Star and the Manila Times on April 26, 2013.

### **2012**

In 2012, the notice of the annual stockholders' meeting held on May 15, 2012, together with the Definitive Information Statement, was released on April 23, 2012. A publication of the notice of the meeting was also made in The Philippine Star and Business Mirror on May 4, 2012.

### **Financial Statements/Open Forum at Stockholders' Meeting**

The Company furnishes stockholders its most recent financial statement showing in reasonable detail its assets and liabilities and the result of its operations.

At the annual meeting of the stockholders, the Board presents to the stockholders a financial report of the operations of the Company for the preceding year, which includes financial statements duly signed and certified by an independent public accountant, and allows the stockholders to ask questions or raise concerns during the open forum.

Duly authorized representatives of the Company's external auditor are also present at the meeting to respond to appropriate questions concerning the financial statements of the Company.

#### Other Modes of Communications such as Conduct of Investor Briefings & Replies to Queries

In addition to the foregoing, the Company keeps stakeholders informed through the Company's disclosures to the Philippine Stock Exchange ("PSE"), the Securities and Exchange Commission ("SEC") and the Philippine Dealing & Exchange Corp. ("PDEX"), its regular quarterly briefings and investor and analyst briefings and conferences, replies to requests for information and fax, email and telephone queries from the stockholders and the Company's website.

The Company website makes available for viewing and download the Company's disclosures and filings with the SEC, PSE, and PDEX and its media releases, and other salient information of the Company, including matters relating to its governance, business, operations, performance, corporate social responsibility projects and sustainability efforts.

#### *Right to Dividends (updated pursuant to the SEC Form 17-C dated March 14, 2017)*

Stockholders have the right to receive dividends subject to the discretion of the Board of Directors.

The New CG Manual provides that the Company shall declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board; (b) 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 (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies. The Board determines, by resolution, the exact amount of the dividends, the record and pay-out date and the shareholders entitled thereto.

The dividends for the preferred shares issued in 2010 are fixed at the rate of 9.5281% *per annum* calculated in reference to the offer price of P100 per share on a 30/360-day basis and shall be payable quarterly in arrears, whenever approved by the Board. Since the listing of these preferred shares in March 2010, cash dividends have been paid out in March, June, September, and December of each year. These preferred shares were redeemed on March 5, 2015.

On November 3, 2014, the Company issued 7,122,320 Preferred Series 2A shares and 2,877,680 Preferred Series 2B shares. The dividend on the Preferred Stock Series 2 is at a fixed rate of 6.30% per annum for Series 2A and at a fixed rate of 6.8583% per annum for Series 2B, each as calculated based on the offer price of P1,000 per share on a 30/360-day basis and payable quarterly in arrears, whenever approved by the Board.

#### **2017**

On March 14, 2017, the Board of Directors approved a cash dividend of ₱0.10 per share to common shareholders as of the March 28, 2017 record date with a pay-out date of April 12, 2017.

On the same date, the Board of Directors also approved cash dividends of (i) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares for the second and third quarters of 2017 with record dates of April 12, 2017 and July 18, 2017, respectively, and pay-out dates of May 3, 2017 and August 3, 2017, respectively, and (ii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares for the second and third quarters of 2017 also with record dates of April 12, 2017 and July 18, 2017, respectively, and pay-out dates of May 3, 2017 and August 3, 2017, respectively.



## **2016**

On March 15, 2016, the Board of Directors approved a cash dividend of ₱0.10 per share to common shareholders as of the March 31, 2016 record date with a pay-out date of April 14, 2016.

On the same date, the Board of Directors also approved cash dividends of (i) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares for the second and third quarters of 2016 with record dates of April 15, 2016 and July 15, 2016, respectively, and pay-out dates of May 3, 2016 and August 3, 2016, respectively, and (ii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares for the second and third quarters of 2016 also with record dates of April 15, 2016 and July 15, 2016, respectively, and pay-out dates of May 3, 2016 and August 3, 2016, respectively.

On August 8, 2016, the Board of Directors approved cash dividends of (i) ₱15.75 per share to the shareholders of the Series 2A Preferred Shares for the fourth quarter of 2016 and the first quarter of 2017 with record dates of October 14, 2016 and January 13, 2017, respectively, and pay-out dates of November 3, 2016 and February 3, 2017, respectively, and (ii) ₱17.14575 per share to the shareholders of the Series 2B Preferred Shares for the fourth quarter of 2016 and the first quarter of 2017 with record dates of October 14, 2016 and January 13, 2017, respectively, and pay-out dates of November 3, 2016 and February 3, 2017, respectively.

## **2015**

On March 17, 2015, the Board of Directors approved a cash dividend of ₱0.50 per share to common shareholders as of the April 1, 2015 record date with a pay-out date of April 16, 2015.

On August 10, 2015, the Company declared cash dividends of (i) P 15.75 per share to the Preferred Series 2A shareholders for the fourth quarter of 2015 and the first quarter of 2016 and (ii) P 17.14 per share to the Preferred Series 2B shareholders for the fourth quarter of 2015 and the first quarter of 2016.

## **2014**

On March 17, 2014, the Company declared cash dividends of (i) P0.05 per share to the common shareholders with a record date of April 1, 2015 and a pay-out date of April 16, 2015; (ii) P 15.75 per share to the Preferred Series 2A shareholders for the second and the third quarter of 2015, and (iii) P 17.14 per share to the Preferred Series 2B shareholders for the second and the third quarter of 2015.

On November 7, 2014, the Company declared cash dividends of (i) P2.82 per share to the 2010 preferred shareholders for the fourth quarter of 2014 and the first quarter of 2015, (ii) P 15.75 per share to the Preferred Series 2A shareholders for the first quarter of 2015, and (iii) P 17.14575 per share Preferred Series 2B shareholders for the first quarter of 2015.

On August 6, 2014, the Company declared cash dividends of P2.82 per share to preferred shareholders for the third quarter of 2014. On March 24, 2014 and May 6, 2014, the Company declared cash dividends of P0.05 per share to common shareholders and P2.82 per share to preferred shareholders for the second quarter of 2014, respectively.

### **2013**

In 2013, the Company paid out a cash dividend of P0.05 per share to common shareholders and a total of P9.528 per share to preferred shareholders.

### **2012**

In 2012, the Company paid out a cash dividend of P0.10 per share to common shareholders and a total of P9.528 per share to preferred shareholders.

#### *Appraisal Right*

The stockholders have the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Corporation Code under any of the following circumstances: (a) when there is a change or restriction in the rights of any stockholder or class of shares, (b) when the corporation authorizes preferences in any respect superior to those of outstanding shares of any class, (c) when there is an extension or shortening of the term of corporate existence, (d) in case of a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets, (e) in case of a merger or consolidation and (f) in the event of an investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation is organized.

#### *Rights of Minority Shareholders*

In addition to the stockholders rights discussed above, minority stockholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the stockholders' meeting, provided the items are for legitimate business purposes and in accordance with law, jurisprudence and best practice.

The By-laws specifically provide that a special meeting of the stockholders may be called at the written request of one or more stockholders representing at least 20% of the total issued and outstanding capital stock of the Company entitled to vote, and which request states the purpose or purposes of the proposed meeting and delivered to and called by the Corporate Secretary at the Company's principal office.

#### *Shareholders' Meetings and Voting Procedures (updated pursuant to the SEC Form 17-C dated May 17, 2017)*

All the meetings of the stockholders are held in the principal place of business of the Company or any location within Metro Manila, Philippines as may be designated by the Board.

In 2017, 2016, 2015, 2014 and 2013, the annual stockholders' meeting was held at the Valle Verde Country Club in Pasig City, Metro Manila.

In 2012, the annual stockholders' meeting was held at the Edsa Shangri-La Manila Hotel, 1 Garden Way, Ortigas Center, Mandaluyong City, Metro Manila.

The Company encourages shareholding voting rights and exerts efforts to remove excessive unnecessary costs and other administrative impediments to the meaningful participation in meetings and/or voting in person or by proxy by all its stockholders, whether individual or institutional investors. To encourage attendance and provide convenient transport during the annual stockholders' meetings in 2013, 2014, 2015, 2016 and 2017, the Company provided shuttle services in strategic points in the vicinity of the Valle Verde Country Club to provide free shuttle service to stockholders to and from the meeting venue.

At each stockholders' meeting, a common stockholder is entitled to one vote, in person or by proxy, for each of share of the common capital stock held by such stockholder, subject to the provisions of the By-laws, including the provision on cumulative voting in the case of the election of directors.

Under the By-laws, cumulative voting is allowed in the election of directors. A common stockholder may therefore distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

Preferred stockholders have the right to vote on certain corporate acts specified in the Corporation Code.

If at any stockholders' meeting a vote by ballot shall be taken, the By-laws require that a voting committee be created which will adopt its own rules to govern the voting and take charge of the voting proceedings and the preparation and distribution of the ballots. Each member of the voting committee, who need not be stockholders, will subscribe to an oath to faithfully execute his/her duties as an inspector of votes with strict impartiality and according the best of his/her ability. In any event, the external auditor of the Company will be requested to supervise the voting proceedings.

These voting procedures are explicitly set out in the Definitive Information Statements of the Company and were verbally explained and reiterated by the Corporate Secretary at the commencement of the annual stockholders' meeting.

*Disclosure Duties (updated pursuant to the SEC Form 17-C of the Company dated July 3, 2014 in relation to the amendment of its CG Manual)*

The Company recognizes that the essence of corporate governance is transparency. The more transparent the internal workings of a corporation are, the more difficult it will be for management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is the policy of the Company to fully and timely disclose all material information concerning the Company's operations or which could adversely affect the interests of its stockholders and other stakeholders in accordance with applicable laws and rules and regulations. Such information includes earnings results, changes in the Board and shareholdings of directors and changes in ownership exceeding 5% of the corporation's outstanding share capital.

It is also the policy of the Company that all disclosed information are released through the appropriate stock exchange procedure or mechanism for announcements of listed companies and submissions to the SEC for the interest of the stockholders and other stakeholders of the Company.

*Board Responsibilities (updated pursuant to the SEC Form 17-C of the Company dated July 3, 2014 in relation to the amendment of its CG Manual and May 8, 2017)*

The Board has the general responsibility of overseeing management of the Company and fostering its long-term success and securing its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibilities, corporate objectives and best interests of the Company, its shareholders and its other stakeholders.

The Board determines and formulates the Company's vision, mission, strategic objectives, policies and procedures, as well as the means to attain the same, guide its activities and effectively monitor Management's performance. Corollary to setting the policies for the accomplishment of the corporate objectives, the Board provides an independent check on Management.

#### *Specific Responsibilities of the Board*

To ensure a high standard of corporate governance and the application of best practices for the Company, its stockholders and its other stakeholders, the Board shall:

- implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- appoint competent, professional, honest and highly motivated management officers and adopt an effective succession planning program for Management;
- provide sound strategic policies and guidelines to the Company on major capital expenditures and other programs to sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- ensure that the Company faithfully complies with all relevant laws and regulations and best business practices;
- identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication or relations with them and the agencies regulating the Company through an effective investor relations program;
- adopt a system of internal checks and balances within the Board and conduct a regular review of the effectiveness thereof, including a continuing review of the Company's internal control system;
- identify key risk areas and performance indicators and monitor these factors with due diligence;
- properly discharge Board functions by meeting regularly or at such times and frequency as may be needed with independent views during Board meetings being encouraged and given due consideration;
- formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the 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;
- exercise board authority within the limits prescribed in the Articles of Corporation and the By-laws and in accordance with existing applicable laws, rules and regulations;
- encourage use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- constitute an Audit Committee and such other committees necessary to assist the Board in the performance of its duties and responsibilities;
- appoint a Compliance Officer;
- align the remuneration of key officers and the board members with the long-term interests of the Company and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance;
- establish and maintain an effective investor relations program that will keep the Company's shareholders and stakeholders informed of important developments in the Company; and
- adopt a Code of Conduct and Ethical Business Policy, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.

### *Internal Control Responsibilities of the Board*

The Board shall have the following oversight responsibilities for ensuring the presence of adequate and effective internal control mechanisms:

- select and appoint a Chief Executive Officer (“CEO”) who possesses the ability, integrity and expertise for the position and define the duties and responsibilities of the CEO who is ultimately responsible for the Company’s organizational and operational controls;
- evaluate proposed senior Management appointments;
- select and appoint qualified and competent management officers;
- review the Company’s human resource policies, conflict of interest situations, compensation program for employees and management succession plan;
- establish a system of effective organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Company and the business culture, volume, size and complexity of transactions, degree of risks involved, degree of centralization and delegation of authority, extent and effectiveness of information technology and extent of regulatory compliance;
- establish a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders;
- approve the Internal Audit Charter; and
- establish an effective performance management framework that will ensure that the performance of Management, including the Chief Executive Officer, and personnel is at par with the standards set by the Board of Directors and senior Management.

#### **(c) How often does the Board review and approve the vision and mission?**

The corporate strategy of the Company forms part of the annual plan and budget presented to and approved by the Board on a yearly basis.

#### **2017**

The Board approved the Company’s continued strategic thrusts of (a) expansion of sales channels and marketing support programs, (b) stable refining operations and refining value improvement, and c) adequate logistical facilities that are targeted to ensure reliability of facilities for optimized operations.

#### **2016**

For 2016, the Board approved the Company’s continuing strategic thrusts of (a) product value upgrading with the Refinery Master Plan – Phase 2 (“RMP2”), (b) sales expansion, and (c) supply chain efficiency and reliability.

#### **2015**

For 2015, the Board approved the Company’s strategic thrusts of (i) sales expansion, (ii) product value upgrading with the Refinery Master Plan – Phase 2 (“RMP2”) and (iii) supply chain efficiency.

#### **2014**

In 2014, the Board approved the Company’s long-term growth strategy focusing on (i) upgrading of product value and efficiency, (ii) expansion of sales volume and (iii) strengthening of the supply chain.

The Board periodically reviews and approves the vision and the mission of the Company as the need arises.

**(d) Directorship in Other Companies**

**(i) Directorship in the Company's Group<sup>2</sup>**

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group: (updated pursuant to the advisement letters of the Company dated June 17, 2014, June 30, 2014, June 13, 2016 and the Definitive Information Statement for the 2017 annual stockholders' meeting on SEC Form 20-IS and the 2016 annual report on SEC Form 17-A)

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eduardo M. Cojuangco, Jr.	San Miguel Corporation	Executive (Chairman)
Ramon S. Ang	<ol style="list-style-type: none"> <li>1. San Miguel Corporation</li> <li>2. SEA Refinery Corporation</li> <li>3. Petron Malaysia Refining &amp; Marketing Berhad (Malaysian-registered)</li> <li>4. Petron Marketing Corporation</li> <li>5. Petron Freeport Corporation</li> <li>6. New Ventures Realty Corporation</li> <li>7. Las Lucas Construction and Development Corporation</li> <li>8. Mariveles Landco Corporation</li> <li>9. Petrochemical Asia (HK) Ltd. (Hong Kong-registered)</li> <li>10. Philippine Polypropylene Inc.</li> <li>11. Robinson International Holdings Ltd. (Cayman Islands-registered)</li> <li>12. Petron Fuel International Sdn. Bhd. (Malaysian-registered)</li> <li>13. Petron Oil (M) Sdn. Bhd. (Malaysian-registered)</li> <li>14. Petron Oil &amp; Gas Mauritius Ltd. (Mauritius-registered)</li> <li>15. Petron Oil &amp; Gas International Sdn. Bhd. (Malaysian-registered)</li> </ol>	<ol style="list-style-type: none"> <li>1. Executive</li> <li>2. Executive (Vice Chairman)</li> <li>3. Non-Executive (Chairman)</li> <li>4. Executive (Chairman)</li> <li>5. Executive (Chairman)</li> <li>6. Executive (Chairman)</li> <li>7. Non-Executive (Chairman)</li> <li>8. Non-Executive (Chairman)</li> <li>9. Executive (Chairman)</li> <li>10. Executive (Chairman)</li> <li>11. Executive (Chairman)</li> <li>12. Executive (Chairman)</li> <li>13. Non-Executive</li> <li>14. Non- Executive</li> <li>15. Non-Executive</li> </ol>

<sup>2</sup> The Group is composed of the immediate parent, subsidiaries, associates and joint ventures of the Company.

Estelito P. Mendoza	San Miguel Corporation	Non-Executive
Aurora T. Calderon	<ol style="list-style-type: none"> <li>1. San Miguel Corporation</li> <li>2. SEA Refinery Corporation</li> <li>3. Petron Malaysia Refining &amp; Marketing Berhad</li> <li>4. Petron Oil &amp; Gas Mauritius Ltd.</li> <li>5. Petron Oil &amp; Gas International Sdn. Bhd.</li> <li>6. Petron Marketing Corporation</li> <li>7. Petron Freeport Corporation</li> <li>8. New Ventures Realty Corporation</li> <li>9. Las Lucas Construction Development Corporation</li> <li>10. Petron Singapore Trading Pte. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Executive</li> <li>2. Non-Executive</li> <li>3. Executive</li> <li>4. Non-Executive</li> <li>5. Non-Executive</li> <li>6. Non-Executive</li> <li>7. Non-Executive</li> <li>8. Non-Executive</li> <li>9. Non-Executive</li> <li>10. Non-Executive</li> </ol>
Lubin B. Nepomuceno	<ol style="list-style-type: none"> <li>1. Petrogen Insurance Corporation</li> <li>2. Petron Marketing Corporation</li> <li>3. Petron Freeport Corporation</li> <li>4. New Ventures Realty Corporation</li> <li>5. Mariveles Landco Corporation</li> <li>6. Las Lucas Constructed and Development Corporation</li> <li>7. MRGVeloso Holdings, Inc.</li> <li>8. Petron Singapore Trading Pte. Ltd.</li> <li>9. Petron Oil &amp; Gas International Sdn. Bhd.</li> <li>10. Petron Fuel International Sdn. Bhd.</li> <li>11. Petron Oil (M) Sdn. Bhd.</li> <li>12. Petron Oil &amp; Gas Mauritius Ltd.</li> <li>13. Petrochemical Asia (HK) Ltd.</li> <li>14. Robinson International Holdings Ltd.</li> <li>15. Overseas Ventures Insurance Corporation Ltd. (Bermuda-registered)</li> <li>16. Philippine Polypropylene Inc.</li> </ol>	<ol style="list-style-type: none"> <li>1. Non-Executive</li> <li>2. Non-Executive</li> <li>3. Non-Executive</li> <li>4. Non-Executive</li> <li>5. Executive</li> <li>6. Non-Executive</li> <li>7. Non-Executive</li> <li>8. Non-Executive</li> <li>9. Non-Executive</li> <li>10. Non-Executive</li> <li>11. Non-Executive</li> <li>12. Non-Executive</li> <li>13. Non-Executive</li> <li>14. Non-Executive</li> <li>15. Non-Executive</li> <li>16. Non-Executive</li> </ol>
Ma. Romela M. Bengzon	Petron Marketing Corporation	Non-Executive
Margarito B. Teves*	San Miguel Corporation	Independent Director
Reynaldo G. David	San Miguel Corporation	Independent Director

\* Term as director commenced on May 20, 2014 as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014

(ii) Directorship in Other Listed Companies

1) Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group: (updated pursuant to the advisement letters filed by the Company with the SEC on April 7, 2014, March 13, 2014 June 30, 2014, October 28, 2014, October 1, 2015, the Definitive Information Statement for the 2017 annual stockholders' meeting on SEC Form 20-IS, the 2016 annual report on SEC Form 17-A, and the letter advisement dated May 30, 2017)

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eduardo M. Cojuangco, Jr.	1. Ginebra San Miguel Inc. <i>(company in the San Miguel Group)</i> 2. San Miguel Pure Foods Company, Inc. <i>(company in the San Miguel Group)</i>	1. Executive (Chairman) 2. Non-Executive (Chairman)
Ramon S. Ang	1. Top Frontier Investment Holdings, Inc. <i>(company in the San Miguel Group)</i> 2. Ginebra San Miguel Inc. <i>(company in the San Miguel Group)</i> 3. San Miguel Pure Foods Company, Inc. <i>(company in the San Miguel Group)</i> 4. San Miguel Brewery Hong Kong Limited <i>(company in the San Miguel Group; listed on The Hong Kong Stock Exchange)</i>	1. Executive 2. <u>Executive</u> 3. Non-Executive (Vice Chairman) 4. Executive (Chairman)
Eric O. Recto	1. Philippine Bank of Communications 2. Atok-Big Wedge Corporation 3. ISM Communications Corporation	1. Non-Executive (Chairman) 2. Executive (Vice Chairman) 3. Executive (Chairman)
Estelito P. Mendoza	Philippine National Bank	Non-Executive
Aurora T. Calderon	Top Frontier Investment Holdings, Inc. <i>(company in the San Miguel Group)</i>	Executive
Nelly Favis-Villafuerte	Top Frontier Investment Holdings, Inc. <i>(company in the San Miguel Group)</i>	Non-Executive
Artemio V. Panganiban	1. Manila Electric Company 2. <u>GMA Holdings, Inc.</u> 3. First Philippine Holdings Corp. 4. Metro Pacific Investment Corp.	1. Independent 2. <u>Independent</u> 3. Independent 4. Independent



	5. Robinsons Land Corp. 6. GMA Network, Inc. 7. Asian Terminals, Inc. 8. Philippine Long Distance Telephone Co. 9. Jollibee Foods Corporation	5. Independent 6. Independent 7. Independent 8. Independent 9. Non-Executive
Margarito B. Teves*	Atok-Big Wedge Corporation	Independent

\* Term as director commenced on May 20, 2014 as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014

**(iii) Relationship within the Company and its Group<sup>3</sup>**

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group: *(updated pursuant to the advisement letter of the Company dated June 17, 2014)*

Director's Name	Name of the Significant Shareholder	Description of the relationship
Eduardo M. Cojuangco, Jr.	San Miguel Corporation	Chairman and Chief Executive Officer
Ramon S. Ang	1. San Miguel Corporation 2. SEA Refinery Corporation	1. Director (Vice Chairman), President and Chief Operating Officer; 2. Director (Chairman)
Eric O. Recto	SEA Refinery Corporation	President
Estelito P. Mendoza	San Miguel Corporation	Director
Aurora T. Calderon	1. San Miguel Corporation 2. SEA Refinery Corporation	1. Director and Senior Vice President and Senior Executive Assistant to the President and Chief Operating Officer 2. Director
Virgilio S. Jacinto	San Miguel Corporation	Senior Vice President – General Counsel, Corporate Secretary and Compliance Officer
Margarito B. Teves*	San Miguel Corporation	Independent Director
Reynaldo G. David	San Miguel Corporation	Independent Director

\* Term as director commenced on May 20, 2014 as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014

**(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: *(Updated pursuant to the SEC Form 17-C dated May 8, 2017)***

Under the New CG Manual, the Company shall consider that the non-executive directors of the Board of Directors concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that such directors have sufficient time to fully prepare for meetings, challenge Management's proposals and views, and oversee the long-term strategy of the Company.

<sup>3</sup> The Group is composed of the immediate parent, subsidiaries, associates and joint ventures of the Company.

A director is also now required to notify the Board of Directors where he is an incumbent director before accepting a directorship in another company.

In addition, the By-laws specifically disqualify for nomination and election as director of the Company any person engaged in the business which competes with or is antagonistic to that of the Company.

	<b>Guidelines</b>	<b>Maximum Number of Directorships in other companies</b>
<b>Executive Director</b>	The policy and the guidelines of the Company on multiple board seats are set out in the New CG Manual. A director is required to exercise due discretion in accepting and holding directorships other than in the Company, provided that, in holding such directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Company is not compromised.	The executive directors are required to submit themselves to a low indicative limit on membership in other corporations' boards and their capacity to serve the Company with diligence should not be compromised.
<b>Non-Executive Director</b>	<p>The policy and the guidelines of the Company on multiple board seats are set out in the New CG Manual. The Company shall consider that its non-executive directors concurrently serve as a to not more than five (5) publicly-listed companies.</p> <p>A director is required to exercise due discretion in accepting and holding directorships other than in the Company, provided that, in holding such directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Company is not compromised.</p>	<p>Independent or non-executive directors who serve as full-time executives in other corporations are required to submit themselves to a low indicative limit on membership in other corporations' boards and their capacity to serve the Company with diligence should not be compromised.</p> <p>The Company shall consider that its non-executive directors concurrently serve not more than five (5) publicly-listed companies.</p>
<b>CEO</b>	The policy and the guidelines of the Company on multiple board seats are set out in the CG Manual. The CEO is required to exercise due discretion in accepting and holding directorships other than in the	The CEO is specifically required to submit himself to a low indicative limit on membership in other corporations' boards and his capacity to serve the Company with diligence should not be compromised.

	Company, provided that, in holding such directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a CEO of the Company is not compromised.	
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**(e) Shareholding in the Company**

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares		Number of Indirect shares / Through (name of record owner)		% of Capital Stock	
	As of end December 31, 2016	As of March 28, 2017 (2017 Annual Stockholders' Meeting Record Date)	As of end December 31, 2016	As of March 28, 2017 (2017 Annual Stockholders' Meeting Record Date)	As of end December 31, 2016	As of March 28, 2017 (2017 Annual Stockholders' Meeting Record Date)
Ramon S. Ang	1,000 common shares	1,000 common shares	None	None	0.00%	
Eric O. Recto	1 common share	1 common share	14,000 Preferred Series 2A shares through Philippine Equity Partners, Inc.*	14,000 Preferred Series 2A shares through Philippine Equity Partners, Inc.*	0.00%	
Eduardo M. Cojuangco, Jr.	1,000 common shares	1,000 common shares	None	None	0.00%	
Estelito P. Mendoza	1,000 common shares	1,000 common shares	None	None	0.00%	
Lubin B. Nepomuceno	5,000 common shares	5,000 common shares	2,500 Preferred Series 2A shares through BA Securities, Inc.**	2,500 Preferred Series 2A shares through BA Securities, Inc.**	0.00%	
Ron W. Haddock	1 common share	1 common share	None	None	0.00%	
Aurora T. Calderon	1,000 common shares	1,000 common shares	None	None	0.00%	
Mirzan Mahathir	1,000 common shares	1,000 common shares	None	None	0.00%	

Romela M. Bengzon	1,000 common shares	1,000 common shares	None	None	0.00%
Virgilio S. Jacinto	1,000 common shares	1,000 common shares	None	None	0.00%
Nelly Favis-Villafuerte	1,000 common shares	1,000 common shares	None	None	0.00%
Reynaldo G. David	1,000 common shares	1,000 common shares	None	None	0.00%
Artemio V. Panganiban	1,000 common shares	1,000 common shares	None	None	0.00%
Jose P. de Jesus <sup>***</sup>	500 common shares	500 common shares	125,000 common shares through I. Ackerman & Co., Inc.	125,000 common shares through I. Ackerman & Co., Inc.	0.00%
			100,000 common shares through UPCC Securities Corporation****	100,000 common shares through UPCC Securities Corporation****	
Margarito B. Teves <sup>***</sup>	500 common shares	500 common shares	None	None	
<b>TOTAL</b>	<b>16,002</b>	<b>16,002</b>	<b>300,000</b>	<b>300,000</b>	<b>0.003%</b>

\* As reported in an SEC Form 23-B dated November 11, 2014.

\*\* As reported in an SEC Form 23-B dated November 3, 2014.

\*\*\* Term as director commenced on May 20, 2014 as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014

\*\*\*\* As reported in an SEC Form 23-B dated November 5, 2014.

2) **Chairman and CEO** (Updated pursuant to the SEC Form 17-C filed with the SEC on February 12, 2015)

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Eduardo M. Cojuangco, Jr.
President & CEO	Ramon S. Ang

(b) **Roles, Accountabilities and Deliverables**

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

(Updated pursuant to the SEC Form 17-C dated May 8, 2017)

	Chairman	Chief Executive Officer
Role	Under the By-laws and the New CG Manual, the Chairman shall preside at all board and stockholders' meetings and shall act as the Chairman of the Executive Committee	Under the By-laws and the New CG Manual, the CEO shall perform the duties assigned to him by the Board, including the exercise of oversight responsibility over the investor relations programs of the Company.
Accountabilities	<p>Under the New CG Manual, the Chairman shall:</p> <ul style="list-style-type: none"> <li>a. ensures that the meetings of the Board are held in accordance with the By-laws or as the Chairperson may deem necessary;</li> <li>b. 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;</li> <li>c. guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</li> </ul>	<p>Under the New CG Manual, the Chief Executive Officer:</p> <ul style="list-style-type: none"> <li>a. determines the Company's strategic direction and formulates and implements its strategic plan on the direction of the business;</li> <li>b. communicates and implements the Company's vision, mission, values, and overall strategy and promotes any organization or stakeholder change in relation to the same;</li> <li>c. oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan;</li> <li>d. has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose;</li> </ul>

	<p>d. facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</p> <p>e. ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</p> <p>f. assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;</p> <p>g. makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and</p> <p>h. exercises such other powers and perform such other duties and functions as the Board may, from time to time, assign.</p>	<p>e. directs, evaluates and guides the work of the key officers of the Company;</p> <p>f. manages the Company's resources prudently and ensures a proper balance of the same;</p> <p>g. provides the Board with timely information and interfaces between the Board and the employees;</p> <p>h. builds the corporate culture and motivates the employees of the Company;</p> <p>i. serves as the link between internal operations and external stakeholders; and</p> <p>j. exercises such other powers and perform such other duties and functions as the Board may, from time to time, assign.</p>
<p>Deliverables</p>	<p>Under the New CG Manual and applicable laws and regulations, the Chairman helps prepare the agenda and signs several corporate and financial documents of the Company, including the SEC Form 17-A, the Statement of Management's Responsibility for Financial Statements of the Company, and the minutes of meetings (and beginning 2013, the Annual Corporate Governance Report).</p>	<p>Under applicable laws and regulations, the CEO signs several corporate and financial documents of the Company, including the SEC Form 17-A and the Statement of Management's Responsibility for Financial Statements of the Company (and beginning 2013, the Annual Corporate Governance Report).</p>

**3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

The Company has a Management Succession and Development Program in place to ensure an adequate reserve of highly qualified candidates who can respond to immediate and long-term replacements for top key management positions. The program provides a rational system and approach to identify and select candidates for movement to executive positions, supported by deliberate training programs to address the development needs of high potential candidates.

**4) Other Executive, Non-Executive and Independent Directors**

*(Updated pursuant to the SEC Form 17-C dated May 8, 2017)*

**Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.**

Yes. The New CG Manual expressly provides that decision-making in the Board is achieved with board diversity. It sets the policy that differences in age, skills, industry experience, background, gender, competence and knowledge, and other distinctions between and among directors will be considered and balanced in determining optimum board composition. The Board will include and make effective use of the above differences.

The New CG Manual also provides the general policy that that the membership of the Board be of such a combination of directors to make sure that no director or small group of directors can dominate the decision-making process and that the non-executive directors have such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. The pre-screening and short-listing by the Corporate Governance Committee of candidates to the Board aims to bring together directors with diverse backgrounds to ensure balanced and informed collegial decisions in the Board.

**Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.**

Yes. The Company has non-executive directors who have experience in the oil industry.

Mr. Eric O. Recto was the former President of the Company from 2008 until 2014.

Mr. Ron W. Haddock is a director of Alon Energy USA. He also held various positions in the Exxon Group, including, Manager of Baytown Refinery, Corporate Planning Manager, Vice President for Refining, Executive Assistant to the Chairman, and Vice President and Director of Esso Eastern, Inc.

Atty. Estelito P. Mendoza was former Chairman of Alcorn Petroleum and Minerals Corporation. Prior to 2009, Atty. Mendoza was already a director of the Company for 12 years, from 1974 to 1986.

**Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:**

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	An executive director forms part of the Board through which the corporate powers of the Company are exercised, all business of the Company is conducted, and all property of the Company is controlled.  An executive director, in addition to the above role, provides qualitative and timely lines of information and	A non-executive director also forms part of the Board through which the corporate powers of the Company are exercised, all business of the Company is conducted, and all property of the Company is controlled.	An independent director also forms part of the Board through which the corporate powers of the Company are exercised, all business of the Company is conducted, and all property of the Company is controlled.  An independent director, however, further plays the role of giving objective and impartial analysis in the

	connection between Management and the Board.		<p>deliberations and decisions of the Board and the committees he belongs to.</p> <p>Under the New CG Manual, the independent directors are members of and chairmen of the Audit Committee, the Corporate Governance Committee, the Related Party Transactions Committee, and the Risk Oversight Committee</p>
Accountabilities	<p>The New CG Manual emphasizes that a director's office is one of trust and confidence. A director should, therefore, act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>The New CG Manual also sets out the following duties and responsibilities of a director:</p> <ol style="list-style-type: none"> <li>1. To conduct fair business transactions with the Company, fully disclose to the Board any interest he may have in any matter or transaction to be acted upon by the</li> </ol>	<p>The requirements of the New CG Manual for an executive director also apply to a non-executive director.</p>	<p>The requirements of the New CG Manual for executive and non-executive directors also apply to an independent director.</p> <p>In addition, the independent director of the Company is expected to be 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.</p> <p>And while his absence will not affect the quorum requirement for meetings, an independent director is enjoined by the CG Manual to always attend Board meetings to promote transparency.</p>



	<p>Board and recuse himself in the Board's decision-making process with respect thereto and, in general, ensure that personal interest does not cause actual or potential conflict of interest with, or bias against, the interest of the Company or does not prejudice Board decisions.</p> <p>A director who has a continuing material conflict of interest is required to seriously consider resigning from his position. A conflict of interest is considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <p>A director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations for</p>		
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	<p>the same;</p> <ol style="list-style-type: none"> <li>2. To devote the time and attention necessary to properly and effectively discharge his duties and responsibilities;</li> <li>3. To act judiciously;</li> <li>4. To exercise independent judgment;</li> <li>5. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of the Articles of Incorporation and the By-laws, the rules and regulations or requirements of the SEC, and where applicable, the requirements of other relevant regulatory agencies;</li> <li>6. To observe confidentiality with respect to all matters coming before the Board;</li> <li>7. To ensure the continuing soundness,</li> </ol>		
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	<p>effectiveness and adequacy of the Company's control environment; and</p> <p>8. To attend seminar/s on corporate governance conducted by a duly recognized private or government institute in accordance with applicable laws, rules and regulations.</p>		
Deliverables	<p>An executive director signs several corporate documents of the Company, including the minutes of the meetings of the board committee(s) he belongs to and periodic filings of the Company (such as the annual report (SEC Form 17-A and the new requirement of the SEC for the Annual Corporate Governance Report beginning 2013 for reported year 2012).</p>	<p>A non-executive director signs several corporate documents of the Company, including the minutes of the meetings of the board committee(s) he belongs to.</p>	<p>An independent director is required to submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an independent director at the time of his election and/or re-election as an independent director.</p> <p>He likewise signs several corporate documents of the Company, including the minutes of the meetings of the board committee(s) he belongs to and good corporate governance periodic filings of the Company (such as the Corporate Governance Scorecard of the Philippine Stock Exchange that was required until 2012 and the new requirement of</p>

			the SEC for the Annual Corporate Governance Report beginning 2013 for reported year 2012).
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**Provide the company's definition of "independence" and describe the company's compliance to the definition.**

Under the New CG Manual, the independence of an independent director is defined as independence from Management and the lack of any business or other relationship (apart from fees and shareholdings) which could, or could reasonably be perceived to materially interfere with the exercise by such director of independent judgment in carrying out his responsibilities as a director.

To ensure that the independence of an independent director is maintained, an independent director of the Company is required to submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an independent director at the time of his election and/or re-election as an independent director. In addition, the Corporate Governance Committee ensures that independent directors have all the qualifications and none of the disqualifications to be elected as such.

The New CG Manual expressly provides as a ground for disqualification and ineligibility of an independent director (or any person aspiring for nomination and election as independent director) the appointment as an officer, employee or consultant of the Company. The disqualification and ineligibility are effective until after the lapse of three (3) years from the termination of his officership, employment and consultancy agreement with the Company.

Further, the New CG Manual provides as a temporary disqualification of an independent director (or any person aspiring for nomination and election as independent director) the beneficial equity ownership in the Company or its subsidiaries and affiliates of more than 2% of the subscribed capital stock. The disqualification can only be lifted until after the shareholding limit is complied with.

**Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.**

The term limit set by the Company in its New CG Manual is compliant with the term limit under the Code of Corporate Governance for Publicly Listed Companies adopted by the SEC.

Under the New CG Manual, an Independent Director shall serve for a maximum cumulative term of nine (9) years. Upon reaching this limit, an Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

**5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors**

*(Updated pursuant to the SEC Form 17-C dated May 8, 2017 and May 17, 2017)*

**(a) Resignation/Death/Removal**

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
None			

**(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension**

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

The information immediately below is as of December 31, 2016, unless otherwise indicated.

On May 16, 2017, the Board appointed the members of the board committees of the Company which were revised and/or created by the Board on May 8, 2017 upon the approval of the New CG Manual. These board committees (which are named below) and their respective memberships and functions, key responsibilities and the power/authority are also discussed further in Item E (Board Committees below). On May 16, 2017, the Board also approved the charters of all the committees.

- Executive Committee
- Audit Committee
- Corporate Governance Committee
- Risk Oversight Committee
- Related Party Transaction Committee

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The By-laws require that the election of the directors of the Company be held at annual stockholders' meeting, except that any vacancy occurring in the Board 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 and such director so elected to fill a vacancy shall be elected only or the	A person to be nominated and elected as a director of the Company should have the following minimum qualifications:  1. holder of at least one (1) share of stock of the Company; 2. be a college graduate or have sufficient experience in managing a business; 3. be at least 21 years old;

	<p>unexpired term of his predecessor in office.</p> <p>Pursuant to the provisions of the New CG Manual, the Corporate Governance Committee pre-screens and short-lists candidates who have the qualifications and none of the disqualifications set out in applicable laws and regulations, the By-laws and the New CG Manual.</p> <p>In case of the expiration of the term of the directors, the final list of the candidates is set out in the Definitive Information Statement and the disclosures of the Company for the information and consideration of the stockholders. During the annual stockholders' meeting, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.</p>	<p>and</p> <p>4. possesses integrity</p> <p>and should have none of the following disqualifications:</p> <p>1. engaged in any business that competes with or is antagonistic to that of the Company;</p> <p>A person is deemed to engage in competing or antagonistic business if:</p> <p>(a) The person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares, or similar ownership interest, of any corporation, or other form of business entity (other than one in which the Company owns at least 30% of the total issued and outstanding capital stock or equivalent ownership interest) engaged in a business that the Board determines to be competitive or antagonistic to that of the Company;</p> <p>(b) The person is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares, or similar ownership interest, of any other corporation or business engaged in any line of business of the Company, if the Board</p>
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		<p>determines that the laws against combinations in restraint of trade shall be violated by such person's membership in the Board; or</p> <p>(c) The person is the nominee of any person described in (a) and (b) above as determined by the Board in the exercise of its judgment, in good faith;</p> <p>2. has been convicted by final judgment of a competent judicial or administrative body of an offense involving moral turpitude and/or fraud or has been enjoined or restrained by the SEC or other competent judicial or administrative body for violation of the securities, commodities, and other related laws;</p> <p>3. has been determined by the SEC or a court or administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or the <i>Bangko Sentral ng Pilipinas</i> ("BSP"), or any rule, regulation or order of the SEC or the BSP;</p> <p>4. has been declared insolvent by a competent court;</p>
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		<p>5. has been convicted by final judgment of a competent court or administrative body of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his proposed election or appointment; or</p> <p>6. has been found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs.</p> <p>The Corporate Governance Committee will also consider the following guidelines in the determination of the number of allowed memberships in other boards of the members of the Board of the Company:</p> <ol style="list-style-type: none"> <li>1. the nature of the business of the other companies in which a member of the Board is also a director;</li> <li>2. age of the director;</li> <li>3. number of directorships/active memberships and officerships in other corporations or organizations; and</li> <li>4. possible conflict of interest.</li> </ol>
(ii) Non-Executive Directors	The process adopted for the election of an executive director as above-explained is applicable to the election of a	The criteria required for the election of an executive director as above-explained are applicable to the election



	non-executive director.	of a non-executive director.
(iii) Independent Directors	The process adopted for the election of executive and non-executive directors as above-explained is applicable to the election of an independent director.	<p>The criteria required for the election of executive and non-executive directors as above-explained are applicable to the election of an independent director.</p> <p>In addition, under the New CG Manual, a nominee for independent director should have none of the following disqualifications:</p> <p>a. is not or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;</p> <p>b. is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, or employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;</p> <p>c. has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "Ex-Officio" director/officer or member of any advisory board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities within three (3) years immediately preceding his election;</p>

		<p>d. is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;</p> <p>e. is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, a “relative” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;</p> <p>f. is not acting as a nominee or representative of any director of the Company or any of its related companies;</p> <p>g. is not a securities broker-dealer of listed companies and registered issuers of securities. A “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 and nominee of the firm to the Philippine Stock Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;</p> <p>h. is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is</p>
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		<p>otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;</p> <p>i. does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;</p> <p>j. is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and</p> <p>k. is not employed as an executive officer of another company where any of the Company's executives serve as directors.</p> <p>A "related company", as used in this section, refers to (i) the holding/parent company of the Company; (ii) the subsidiaries of the Company; and (iii) the other subsidiaries of the Company's holding/parent company.</p> <p>Further, his independence from Management and lack of any business or other</p>
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		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 will also be considered..
<b>b. Re-appointment</b>		
(i) Executive Directors	<p>The By-laws require that the election of the directors, including any re-appointment be held at annual stockholders' meeting, except that any re-appointment made to fill in a vacancy occurring in the Board 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 and such director so elected to fill the vacancy shall be elected only for the unexpired term of his predecessor in office.</p> <p>Pursuant to the provisions of the CG Manual, the Nomination Committee pre-screens and short-lists candidates who have the qualifications and none of the disqualifications set out in applicable laws and regulations, the By-laws and the CG Manual.</p> <p>If the re-appointment will be made at an annual stockholders' meeting, the final list of the candidates is set out in the Definitive Information Statement and the disclosures of the Company for the information and consideration of the stockholders. During the annual stockholders' meeting, the 15 nominees who get the highest votes shall be deemed</p>	The criteria required for the election of an executive director as above-explained are applicable to any re-appointment.

	duly elected as directors. Under the By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.	
(ii) Non-Executive Directors	The process adopted for the re-appointment of an executive director applies to the re-appointment of a non-executive director.	The criteria required for the election of an executive director as above-explained are applicable to any re-appointment of a non-executive director.
(iii) Independent Directors	The process adopted for the re-appointment of executive and non-executive directors applies to the re-appointment of an independent director.	The criteria required for the re-appointment of executive and non-executive directors as above-explained are applicable to the re-appointment of an independent director. In addition, the independence of the individual from Management and lack of 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 will also be considered.

		<p>An independent director is required to submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an independent director at the time of his election and/or re-election as an independent director.</p>
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<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>The qualifications and disqualifications of the directors of the Company (including the grounds set out in the law) form part of the CG Manual. The Compliance Officer, in the performance of his duty to monitor compliance with the provisions and requirements of the CG Manual, should raise the issue of any permanent disqualification that any director may have so that the necessary procedure for the removal of the concerned director and the nomination and election of the replacement director can be commenced.</p>	<p>In addition to the disqualifications set out in applicable laws and regulations, the CG Manual provide the following criteria for disqualifying a director or a person aspiring to be a director:</p> <ol style="list-style-type: none"> <li>1. conviction by final judgment or order of a competent judicial or administrative body of any criminal offense that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</li> <li>2. If by reason of misconduct and after hearing, such person is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal</li> </ol>

		<p>distributor, mutual fund dealer, future commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>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 Corporation Code, Securities Regulation Code or any other law administered or 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;</p> <p>3. conviction by final judgment or order of a court or competent</p>
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		<p>administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>4. declared 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;</p> <p>5. If after his election as independent director of the Company, such person becomes an officer, employee or consultant of the Company;</p> <p>6. judicially declared as insolvent;</p> <p>7. 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 (1) to (5) above; and</p> <p>8. conviction by final judgment of an offense</p>
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		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.
(ii) Non-Executive Directors	The process for the permanent disqualification of an executive director as above-explained applies to the permanent disqualification of a non-executive director.	The criteria for the permanent disqualification of an executive director as above-explained apply to the permanent disqualification of a non-executive director.
(iii) Independent Directors	<p>The process for the permanent disqualification of executive and non-executive directors as above-explained applies to the permanent disqualification of an independent director.</p> <p>In addition, a notice of the disqualification must be filed with the SEC within five (5) days of such disqualification pursuant to requirements of the Amended Implementing Rules and Regulations of the Securities Regulation Code (the "SRC Rules").</p>	The criteria for the permanent disqualification of executive and non-executive directors as above-explained apply to the permanent disqualification of an independent director.
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	The qualifications and disqualifications of the directors of the Company (including the grounds set out in the law) form part of the CG Manual. The Compliance Officer, in the performance of his duty to monitor compliance with the provisions and requirements of the CG Manual, should raise the issue of any temporary disqualification of any director may have so that the necessary procedure for the removal and/or suspension of the concerned director nomination and the election of	<p>The New CG Manual provides that any of the following shall be a ground for temporary disqualification of a director, or, if applicable, of any person aspiring for nomination and election to the Board:</p> <ol style="list-style-type: none"> <li>1. refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing and regulations. The disqualification shall be in effect as long as the</li> </ol>

	the replacement director can be commenced.	<p>refusal persists;</p> <p>2. absence in more than 50% of all regular and special meetings of the Board during his incumbency, or any 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;</p> <p>3. dismissal or termination for cause as director of any 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; and</p> <p>4. if any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>
(ii) Non-Executive Directors	The process for the temporary disqualification of an executive director as above-explained applies to the temporary disqualification of a non-executive director.	The criteria for the permanent disqualification of an executive director as above-explained apply to the permanent disqualification of a non-executive director.
(iii) Independent Directors	<p>The process for the temporary disqualification of executive and non-executive directors as above-explained applies to the temporary disqualification of an independent director.</p> <p>In addition, a notice of the disqualification must be filed with the SEC within five (5)</p>	<p>The criteria for the temporary disqualification of executive and non-executive directors as above-explained apply to the temporary disqualification of an independent director.</p> <p>In addition, the beneficial ownership by an independent director of the Company or its</p>

	days of such disqualification pursuant to requirements of the SRC Rules.	subsidiaries and affiliates exceeding 2% of the subscribed capital stock is a temporarily disqualification of such independent director. The disqualification will be lifted if the limit is later complied with. Also, the appointment of the independent director as an officer, employee or consultant of the Company shall be a temporary disqualification for a period of three (3) after the termination of such appointment.
<b>e. Removal</b>		
(i) Executive Directors	The grounds for the removal of a director of the Company are the lack of any of the qualifications and/or the possession of any of the disqualifications of the directors of the Company (including the grounds set out in the law) as such qualifications and disqualifications form part of the CG Manual. The Compliance Officer, in the performance of his duty to monitor compliance with the provisions and requirements of the CG Manual, should raise the issue of any ground for the removal of any director so that the necessary procedure for removal of such director can be commenced.	Under the provisions of the Corporate Code, a director can be removed without or without cause, except that removal without cause may not be used to deprive minority stockholders of the right of representation.  A cause for removal can either be any ground for the permanent or temporary disqualification of a director as set out in the relevant items above.
(ii) Non-Executive Directors	The process for the removal of an executive director of the Company as above-discussed also applies to the removal of a non-executive director.	The criteria for the removal of an executive director of the Company as above-discussed also apply to the removal of a non-executive director.

(iii) Independent Director	<p>The process for the removal of executive and non-executive directors of the Company as above-discussed also applies to the removal of an independent director.</p> <p>In addition, a notice of the disqualification must be filed with the SEC within five (5) days of such disqualification pursuant to requirements of the SRC Rules.</p>	<p>The criteria for the removal of executive and non-executive directors of the Company as above-discussed also apply to the removal of an independent director.</p> <p>In addition, an independent director can be removed if he subsequently fails to have any of the qualifications and/or possesses any disqualifications specifically applicable to an independent director under the law (e.g., beneficial ownership of more than 2% of the equity of the Company and/or its subsidiaries).</p>
<b>f. Re-instatement</b>		
(i) Executive Directors	<p>The reinstatement of any executive director who was previously temporarily disqualified to act as such will require the observance of the procedure described above for the selection and appointment of executive directors.</p> <p>The re-instatement of a director may either be made during the annual stockholders' meeting or at any time by the vote of at least a majority of the remaining directors in case of any vacancy occurring in the Board other than by removal by the stockholders or by expiration of term, and such director so elected to fill a vacancy shall be elected only or the unexpired term of his predecessor in office.</p> <p>Pursuant to the provisions of the CG Manual, the Nomination Committee pre-screens and short-lists</p>	<p>A director proposed to be reinstated must possess all the qualifications and none of the disqualifications for the position of director.</p> <p>And pursuant further to the CG Manual, the re-instatement of a previously disqualified director should be made only after the period of disqualification described below:</p> <ol style="list-style-type: none"> <li>1. in case of any refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing rules and regulations, until the compliance with such disclosure requirements;</li> <li>2. in case of absence in more than 50% of all regular and special meetings of the Board during his incumbency,</li> </ol>

	<p>candidates who have the qualifications and none of the disqualifications set out in applicable laws and regulations, the By-laws and the CG Manual.</p> <p>In case the re-instatement will be made during the annual stockholders' meeting, the final list of the candidates is set out in the Definitive Information Statement and the disclosures of the Company for the information and consideration of the stockholders. During the annual stockholders' meeting, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.</p>	<p>or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident, until after the succeeding election; and</p> <p>3. in case of dismissal or termination for cause as director of any corporation, until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p>
(ii) Non-Executive Directors	The process for the reinstatement of an executive director who was previously temporarily disqualified to act as such as above-discussed will apply to the reinstatement of a	The criteria for the reinstatement of an executive director who was previously temporarily disqualified to act as such as above-discussed will apply to the

	non-executive director.	reinstatement of a non-executive director.
(iii) Independent Directors	The process for the reinstatement of executive and non-executive directors who were previously temporarily disqualified to act as such as above-discussed will apply to the reinstatement of an independent director.	The criteria for the reinstatement of executive and non-executive directors who were previously temporarily disqualified to act as such as above-discussed will apply to the reinstatement of an independent director.  In addition, any disqualification of an independent director due to his beneficial ownership in the Company or its subsidiaries and affiliates of more than 2% of the subscribed capital stock will only be lifted if the equity limit is later complied with.  <u>Also, the appointment of the independent director as an officer, employee or consultant of the Company shall be a temporary disqualification for a period of three (3) after the termination of such appointment.</u>
<b>g. Suspension</b>		
(i) Executive Directors	The process adopted for the removal of an executive director due to a temporary disqualification as explained above will be applicable to the process of suspending an executive director should such suspension be resorted to instead of removal.	The criteria for the removal of an executive director due to a temporary disqualification as explained above will be applicable to the criteria for suspending an executive director should such suspension be resorted to instead of removal.
(ii) Non-Executive Directors	The process adopted for the removal of a non-executive director due to a temporary disqualification as explained above will be applicable to the process of suspending a non-executive director should such suspension be resorted to	The criteria for the removal of a non-executive director due to a temporary disqualification as explained above will be applicable to the criteria for suspending a non-executive director should such suspension be resorted to

	instead of removal.	to instead of removal.
(iii) Independent Directors	The process adopted for the removal of an independent director due to a temporary disqualification as explained above will be applicable to the process of suspending an independent director should such suspension be resorted to instead of removal.	The criteria for the removal of an independent director due to a temporary disqualification as explained above will be applicable to the criteria for suspending an independent director should such suspension be resorted to instead of removal.

## Voting Result of the last Annual General Meeting

### 2017

Based on the Stockholders' Meeting Vote Canvassing Results issued by the stock transfer agent of the Company, SMC Stock Transfer Service Corporation, in connection with the 2017 annual stockholders' meeting held on May 16, 2017, the result of the voting for the election of the directors was as follows:

No.	Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
1	EDUARDO M. COJUANGCO, JR.	7,177,010,473	17,371,748	121,832,209	0	7,316,214,430
2	RAMON S. ANG	7,306,731,730	9,326,600	156,100	0	7,316,214,430
3	LUBIN B. NEPOMUCENO	7,185,055,621	9,326,600	121,832,209	0	7,316,214,430
4	ERIC O. RECTO	7,194,382,221	0	121,832,209	0	7,316,214,430
5	ESTELITO P. MENDOZA	7,175,164,521	17,371,748	123,678,161	0	7,316,214,430
6	JOSE P. DE JESUS	7,193,081,069	0	123,133,361	0	7,316,214,430
7	RON W. HADDOCK	7,193,081,069	0	123,133,361	0	7,316,214,430
8	AURORA T. CALDERON	7,175,553,221	17,371,748	123,289,461	0	7,316,214,430
9	MIRZAN MAHATHIR	7,192,692,369	0	123,522,061	0	7,316,214,430
10	ROMELA M. BENGZON	7,193,081,069	0	123,133,361	0	7,316,214,430
11	VIRGILIO S. JACINTO	7,183,209,669	9,326,600	123,678,161	0	7,316,214,430
12	NELLY FAVIS-VILLAFUERTE	7,192,536,269	0	123,678,161	0	7,316,214,430
13	REYNALDO G. DAVID	7,298,377,682	8,045,148	9,791,600	0	7,316,214,430
14	ARTEMIO V. PANGANIBAN	7,301,581,338	4,685,392	9,947,700	0	7,316,214,430
15	MARGARITO B. TEVES	7,306,422,830	0	9,791,600	0	7,316,214,430
TOTAL		108,267,961,151	92,825,584	1,382,429,715	0	109,743,216,450



**2016**

Based on the Stockholders' Meeting Vote Canvassing Results issued by the stock transfer agent of the Company, SMC Stock Transfer Service Corporation, in connection with the 2016 annual stockholders' meeting held on May 17, 2016, the result of the voting for the election of the directors was as follows:

Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
EDUARDO M. COJUANGCO, JR.	7,315,802,988	5,363,830	141,435,617	0	7,462,602,435
RAMON S. ANG	7,286,559,436	4,423,500	171,619,499	0	7,462,602,435
LUBIN B. NEPOMUCENO	7,148,074,989	5,363,830	309,163,616	0	7,462,602,435
ERIC O. RECTO	7,321,625,318	0	140,977,117	0	7,462,602,435
ESTELITO P. MENDOZA	7,313,149,988	5,363,830	144,088,617	0	7,462,602,435
JOSE P. DE JESUS	7,321,246,918	0	141,355,517	0	7,462,602,435
RON W. HADDOCK	7,321,705,418	0	140,897,017	0	7,462,602,435
AURORA T. CALDERON	7,313,253,888	5,363,830	143,984,717	0	7,462,602,435
MIRZAN MAHATHIR	7,321,705,418	0	140,897,017	0	7,462,602,435
ROMELA M. BENGZON	7,321,705,418	0	140,897,017	0	7,462,602,435
VIRGILIO S. JACINTO	7,315,856,018	5,206,900	141,539,517	0	7,462,602,435
NELLY FAVIS-VILLAFUERTE	7,321,705,418	0	140,897,017	0	7,462,602,435
REYNALDO G. DAVID	7,290,575,006	940,330	171,087,099	0	7,462,602,435
ARTEMIO V. PANGANIBAN	7,455,673,805	940,330	5,988,300	0	7,462,602,435
MARGARITO B. TEVES	7,462,602,435	0	0	0	7,462,602,435
<b>TOTAL</b>	<b>109,831,242,461</b>	<b>32,966,380</b>	<b>2,074,827,684</b>	<b>0</b>	<b>111,939,036,525</b>

**2015**

Based on the Stockholders' Meeting Vote Canvassing Results issued by the stock transfer agent of the Company, SMC Stock Transfer Service Corporation, in connection with the 2015 annual stockholders' meeting held on May 20, 2014, the result of the voting for the election of the directors was as follows:

Name of Director	Votes Received
Eduardo M. Cojuangco, Jr.	7,279,913,709
Ramon S. Ang	7,279,879,409
Lubin B. Nepomuceno	7,172,272,426
Eric O. Recto	7,284,006,009
Estelito P. Mendoza	7,279,809,809
Jose P. De Jesus	7,283,902,109
Aurora T. Calderon	7,283,902,109
Ron W. Haddock	7,283,902,109
Mirzan Mahathir	7,279,809,809
Romela M. Bengzon	7,283,902,109
Virgilio S. Jacinto	7,279,809,809
Nelly Favis-Villafuerte	7,283,902,109
Reynaldo G. David	7,497,977,859
Artemio V. Panganiban	7,497,977,859
Margarito B. Teves	7,498,047,459

**2014**

Based on the Stockholders' Meeting Vote Canvassing Results issued by the stock transfer agent of the Company, SMC Stock Transfer Service Corporation, in connection with the 2014 annual stockholders' meeting held on May 20, 2014, the result of the voting for the election of the directors was as follows:

Name of Director	Votes Received
Ramon S. Ang	7,178,595,079
Eric O. Recto	7,178,595,079
Eduardo M. Cojuangco, Jr.	7,179,235,677
Estelito P. Mendoza	7,178,595,077
Jose P. De Jesus	7,179,235,677
Lubin B. Nepomuceno	7,179,235,678
Aurora T. Calderon	7,113,111,785
Ron W. Haddock	7,179,235,676
Mirzan Mahathir	7,178,595,076
Romela M. Bengzon	7,179,235,676
Virgilio S. Jacinto	7,179,235,676
Nelly Favis-Villafuerte	7,179,235,676
Reynaldo G. David	7,299,856,049
Artemio V. Panganiban	7,178,595,076
Margarito B. Teves	7,300,496,649

**2013**

Based on the Stockholders' Meeting Vote Canvassing Results issued by SMC Stock Transfer Service Corporation in connection with the 2013 annual stockholders' meeting held on May 21, 2013, the result of the voting for the election of the directors was as follows:

Name of Director	Votes Received
Ramon S. Ang	7,942,188,365
Eric O. Recto	7,951,981,865
Eduardo M. Cojuangco, Jr.	7,952,654,965
Estelito P. Mendoza	7,951,981,865
Bernardino R. Abes	7,952,654,965
Roberto V. Ongpin	7,951,981,865
Lubin B. Nepomuceno	7,952,654,965
Aurora T. Calderon	7,939,094,915
Ron W. Haddock	7,952,654,965
Mirzan Mahathir	7,951,981,865
Romela M. Bengzon	7,952,654,965
Virgilio S. Jacinto	7,943,679,115
Nelly Favis-Villafuerte	7,952,654,965
Reynaldo G. David	7,951,981,865
Artemio V. Panganiban	7,951,981,865

## **2012**

Based on the Stockholders' Meeting Vote Canvassing Results issued by SMC Stock Transfer Services Corporation for the 2012 annual stockholders' meeting held on May 15, 2012, the result of the voting for the election of the directors was as follows:

Name of Director	Votes Received
Ramon S. Ang	8,077,929,221
Eric O. Recto	8,078,309,121
Eduardo M. Cojuangco, Jr.	8,077,929,221
Estelito P. Mendoza	8,078,309,121
Bernardino R. Abes	8,078,309,121
Roberto V. Ongpin	8,078,309,121
Aurora T. Calderon	8,027,055,421
Ferdinand K. Constantino	8,027,055,421
Ron W. Haddock	8,078,309,121
Mirzan Mahathir	8,078,309,121
Romela M. Bengzon	8,078,309,121
Virgilio S. Jacinto	8,078,309,121
Nelly Favis-Villafuerte	8,078,309,121
Reynaldo G. David	8,078,309,121
Artemio V. Panganiban	8,078,309,121

### **6) Orientation and Education Program**

#### **i. Disclose details of the company's orientation program for new directors, if any.**

The Company conducts an orientation program for new directors immediately after their election. The orientation is a briefing on the Company's business, including tours of the Petron Bataan Refinery and major installations of the Company. The Compliance Officer likewise ensures that the new directors are oriented on the requirements of applicable law on corporate governance if the directors have not yet previously attended a corporate governance seminar.

#### **ii. State any in-house training and external courses attended by Directors and Senior Management<sup>4</sup> for the past three (3) years: (updated pursuant to the SEC Form 17-Cs dated August 7, 2014 September 29, 2014 and November 10, 2014, July 1, 2015 August 7, 2015, October 27, 2015, November 11, 2015, December 7, 2015, June 22, 2016, August 10, 2016, November 8, 2016, November 11, 2016, November 22, 2016 and December 12, 2016 filed by the Company)**

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<sup>4</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

## (1) Directors

- **Eduardo M. Cojuangco, Jr.**

- November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- December 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- September 2014 – Corporate Governance Seminar by SGV & Co. held in Mandaluyong City

- **Ramon S. Ang**

- November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- November 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- November 2014 - Corporate Governance Seminar by Risks, Opportunities, Assessment and Management, Inc. held in Mandaluyong City
- October 2013 - Conflicts of Interests and Board Evaluation Seminar conducted by The Hong Kong Institute of Directors in Mandaluyong City
- September 2012 - Directors Training: Role of Company Director and Regulatory Framework and Board Practices Overview of Risk Management by The Hong Kong Institute of Directors held in Mandaluyong City
- July 2012 - Mandatory Accreditation Programme for Directors of Public Listed Companies by Bursatra Sdn. Bhd. held in Kuala Lumpur, Malaysia

- **Lubin B. Nepomuceno**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
- August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- October 2013 - Anti-Trust/Competition Legislation Briefing by The trade Advisory Group held in Mandaluyong City
- October 2013 - Anti-Trust/Competition Legislation Briefing by The trade Advisory Group held in Mandaluyong City
- October 2012 - DCS Design & Engineering Study by the Petron Bataan Refinery held in Bataan
- September 2012 - Future of Bio-Diesel by the Petron Bataan Refinery held in Bataan
- July 2012 - Mandatory Accreditation Programme for Directors of Public Listed Companies by the Bursatra Sdn. Bhd. held in Kuala Lumpur, Malaysia
- June 2012 - Coking Conference by the Petron Bataan Refinery held in Bataan
- June 2012 - FCC Catalyst Production Study by the Petron Bataan Refinery held in Bataan
- June 2012 - Technical Feasibility of Aromatic Plants Study by the Petron Bataan Refinery held in Bataan

- **Eric O. Recto**

- March 2016 - “Corporate Governance: Moving Forward” by the Center for Training and Development, Inc. held in Muntinlupa City
- June 2015 - “Corporate Governance: Best Practices and the ASEAN Scorecard” by the Center for Training and Development, Inc. held in Muntinlupa City

- May 2014 - Corporate Governance Seminar by Risks, Opportunities, Assessment and Management, Inc. held in Makati City
- July 2012 - Mandatory Accreditation Programme for Directors of Public Listed Companies by Bursatra Sdn. Bhd. held in Kuala Lumpur, Malaysia
- March 2012 - Euromoney Conference: “Philippines Investment Forum: The New Beginning” by Euromoney

- **Aurora T. Calderon**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- November 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- September 2014 - Corporate Governance Seminar by SGV & Co. held in Mandaluyong City
- October 2013 - FINEX Annual Convention “Inspiring Financial Excellence and Integrity Towards Global Competitiveness” by the Financial Executives of the Philippines held in Makati City
- October 2012 - FINEX Annual Conference by the Financial Executives of the Philippines held in Makati City
- July 2012 - Mandatory Accreditation Programme for Directors of Public Listed Companies by Bursatra Sdn. Bhd. held in Kuala Lumpur, Malaysia

- **Estelito P. Mendoza**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- November 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- September 2014 - Corporate Governance Seminar by SGV & Co. held in Mandaluyong City
- June 2009 - Corporate Governance Orientation Program by the Institute of Corporate Directors
- June 2009 - Seminar on Anti-Money Laundering by the *Bangko Sentral ng Pilipinas*

- **Artemio V. Panganiban**

- February 2016 - Corporate Governance Seminar by SGV & Co. held in Pasig City
- February 2015 – Orientation Course in Corporate Governance by the Institute of Corporate Directors held in Makati City
- February 2014 - Corporate Governance & Risk Management Summit by the Institute of Corporate Directors held in Makati City
- November 2012 - Corporate Governance Forum on “Navigating the New World of Business by the First Pacific Leadership Academy held in Pasig City
- December 2011 - Board Governance Responsibilities: Risks, Culture Leadership conducted by the CG Education Program of the Philippine Long Distance Telephone Company (“PLDT CG Education Program”), together with Global Compliance Services, Inc. held in Hong Kong
- December 2010 - Board of Director’s Fiduciary Duties and Role in Relation to ERM: Best Practices in Dealing with the Agency Dilemma and Setting a Company’s Risk Appetite by the PLDT CG Education Program, together with the Asia Risk Management Institute held at in Pasig City
- December 2009 - Governing in a Global Crisis: Lessons from the Great Recession by the PLDT CG Education Program, together with the Ethics and Compliance Officers Association, held in Hong Kong

- **Margarito B. Teves**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City

- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  - January 2012 - Corporate Governance Course by the Bankers Institute of the Philippines held in Makati City
- **Mirzan Mahathir**
    - December 2016 - Corporate Governance Seminar by SGV & Co. held in Makati City
    - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
    - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- **Nelly Favis-Villafuerte**
    - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
    - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
    - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- **Reynaldo G. David**
    - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
    - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
    - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- **Romela M. Bengzon**
    - November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
    - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
    - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- **Virgilio S. Jacinto**
    - November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
    - November 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
    - September 2014 - Corporate Governance Seminar by SGV & Co. held in Mandaluyong City
- **Jose P. de Jesus**
    - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
    - October 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
    - September 2014 - Corporate Governance Seminar by SGV & Co. held in Mandaluyong City

- **Ron W. Haddock**

- November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- December 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- November 2014 - Corporate Governance Seminar by SGV & Co. held in Mandaluyong City

## **(2) Senior Management**

- **Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
- August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City

- **Susan Y. Yu- Vice President, Procurement**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
- August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- February 2012 - Fundamentals of Petroleum Refining - A Non-Technical introduction course by the Oxford Princeton Programme (Singapore)
- February 2012 - Fundamentals of Refinery Economics and Blending Course by the Oxford Princeton Programme (Singapore)
- September 2011 - Coal Trading and Risk Management Training Course by Coaltrans Conferences Ltd.
- June 2010 - Advanced Energy Derivatives Pricing, Hedging and Risk Management Course by the Oxford Princeton Programme (New York, USA)
- June 2010 - Energy Derivatives Market, Instruments and Hedging Course by the Oxford Princeton Programme (New York, USA)

- **Freddie P. Yumang - Vice President, Refinery**

- November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
- August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
- September 2012 - Flowserve Decoking Conference held in the United States
- September 2012 - Innospec’s 2012 Well to Wheels Conference held in Dublin, Ireland
- September 2011 - Innospec on the Fuels Additive Program for RMP-2 held in United Kingdom
- September 2010 - SINOPEC 2’nd International Technical Conference on Petrochemical Catalysts held in China
- April 2010 - Technical Exchanges with PTT Thai Oil Thailand and Petronas Melaka Malaysia Refineries held in Thailand and Malaysia
- May 2010 - 70<sup>th</sup> ASCOPE National Committee Meeting held in Brunei Darussalam

- **Rowena O. Cortez - Vice President, Supply**
  - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  - March 2013 - Strategic FSRU and FLNG Operations and Management by Uni Strategic Pte. Ltd. held in Malaysia
  - November 2011 - Global Petrochemical Industry Training by Nexant Chemsystems held in Shanghai, China
  - June 2011 - Aviation Fuel Handling Seminar by Air Total held in Paris, France
  - June 2010 - Executive Decision-Making, an online course by e-Cornell
  
- **Archie B. Gupalor- Vice President, National Sales**
  - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  - August-November 2010 - Management Development Program by the San Miguel Purefoods University and Harvard Business Publishing House held in Pasig City
  
- **Efren P. Gabrillo - Vice President, Controllers and Controller (until August 31, 2015)**
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  
- **Albertito S. Sarte - Vice President, Treasurers and Treasurer**
  - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  
- **Joel Angelo C. Cruz - Vice President, General Counsel and Corporate Secretary**
  - November 2016 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City
  - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City
  
- **Rodulfo L. Tablante - Vice President, Operations (resigned effective April 30, 2017)**
  - August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
  - August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City
  - August 2014 - “Creating Advantage Through Governance” by SGV & Co. held in Mandaluyong City



- **Julieta A. Ventigan - Vice President, Business Planning and Development**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- October 2015 - Corporate Governance Seminar by Risks, Opportunities Assessment and Management, Inc. held in Mandaluyong City

- **Dennis S. Janson – Assistant Vice President, Controllers and Controller (effective September 1, 2015)**

- August 2016 - “Fraud Awareness” by SGV & Co. held in Mandaluyong City
- August 2015 - “Updates on Philippine Practices on Corporate Governance & Risk Management” by SGV & Co. held in Mandaluyong City

As disclosed in the Company’s SEC Form 17-C dated May 17, 2017, Mr. Roland B. Salonga was elected Vice President for Operations. He will attend the corporate governance training for officers and directors to be scheduled for 2017.

iii. **Continuing education programs for directors: programs and seminars and roundtables attended during the year** (updated pursuant to the SEC Form 17-Cs dated August 7, 2014, September 29, 2014, November 10, 2014, July 1, 2015, August 7, 2015, October 27, 2015, November 11, 2015, December 7, 2015, August 10, 2016, November 8, 2016, November 11, 2016, November 22, 2016 and December 12, 2016 filed by the Company)

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
Eduardo M. Cojuangco, Jr.	1. November 22, 2016	1. Corporate Governance Seminar (Mandaluyong City)	1. Risks, Opportunities, Assessment and Management, Inc.
	2. December 4, 2015	2. Corporate Governance Seminar (Mandaluyong City)	2. Risks, Opportunities, Assessment and Management, Inc.
	3. September 19, 2014	3. Corporate Governance Seminar (Mandaluyong City)	3. SGV & Co.
Ramon S. Ang	1. November 7, 2016	1. Corporate Governance Seminar (Mandaluyong City)	1. Risks, Opportunities, Assessment and Management, Inc.
	2. November 11, 2015	2. Corporate Governance Seminar (Mandaluyong City)	2. Risks, Opportunities, Assessment and Management, Inc.
	3. November 6, 2014	3. Corporate Governance Seminar (Mandaluyong City)	3. The Hong Kong Institute of Directors
	4. October 21, 2013	4. Conflicts of Interests and Board Evaluation Seminar	4. The Hong Kong Institute of Directors

	<ul style="list-style-type: none"> <li>5. July 11 and 12, 2012</li> <li>6. September 11, 2012</li> </ul>	<ul style="list-style-type: none"> <li>5. Mandatory Accreditation Programme for Directors of Public Listed Companies (Kuala Lumpur, Malaysia)</li> <li>6. Directors Training: Role of Company Director and Regulatory Framework and Board Practices Overview of Risk Management (Mandaluyong City)</li> </ul>	<ul style="list-style-type: none"> <li>5. Bursatra Sdn. Bhd.</li> <li>6. The Hong Kong Institute of Directors</li> </ul>
Lubin B. Nepomuceno	<ul style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ul>	<ul style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ul>	<ul style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ul>
Eric O. Recto	<ul style="list-style-type: none"> <li>1. March 4, 2016</li> <li>2. June 22, 2015</li> <li>3. May 28, 2014</li> <li>4. July 11 and 12, 2012</li> </ul>	<ul style="list-style-type: none"> <li>1. "Corporate Governance: Moving Forward" (Muntinlupa City)</li> <li>2. "Corporate Governance: Best Practices and the ASEAN Scorecard" (Muntinlupa City)</li> <li>3. Corporate Governance Seminar (Makati City)</li> <li>4. Mandatory Accreditation Programme for Directors of Public Listed Companies (Kuala Lumpur, Malaysia)</li> </ul>	<ul style="list-style-type: none"> <li>1. Center for Training and Development, Inc.</li> <li>2. Center for Training and Development, Inc.</li> <li>3. Risks, Opportunities, Assessment and Management, Inc.</li> <li>4. Bursatra Sdn. Bhd.</li> </ul>
Aurora T. Calderon	<ul style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. November 11, 2015</li> <li>3. September 19, 2014</li> <li>4. July 11 and 12, 2012</li> </ul>	<ul style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Corporate Governance Seminar (Mandaluyong City)</li> <li>3. Corporate Governance Seminar (Mandaluyong City)</li> <li>4. Mandatory Accreditation Programme for Directors of Public Listed Companies (Kuala Lumpur, Malaysia)</li> </ul>	<ul style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. Risks, Opportunities, Assessment and Management, Inc.</li> <li>3. SGV &amp; Co.</li> <li>4. Bursatra Sdn. Bhd.</li> </ul>

Artemio V. Panganiban	<ol style="list-style-type: none"> <li>1. February 5, 2016</li> <li>2. February 18, 2015</li> <li>3. February 4, 2014</li> <li>4. November 19, 2012</li> </ol>	<ol style="list-style-type: none"> <li>1. Corporate Governance Seminar (Pasig City)</li> <li>2. Orientation Course for Corporate Governance (Makati City)</li> <li>3. Corporate Governance &amp; Risk Management Summit (Makati City)</li> <li>4. Corporate Governance Forum on "Navigating the New World of Business (Pasig City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. Institute of Corporate Directors</li> <li>3. Institute of Corporate Directors</li> <li>4. First Pacific Leadership Academy</li> </ol>
Reynaldo G. David	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Mirzan Mahathir	<ol style="list-style-type: none"> <li>1. December 8, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Corporate Governance</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Nelly Favis-Villafuerte	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Romela M. Bengzon	<ol style="list-style-type: none"> <li>1. November 7, 2016</li> <li>2. August 5, 2015</li> </ol>	<ol style="list-style-type: none"> <li>1. Corporate Governance Seminar (Mandaluyong City)</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. Risks, Opportunities, Assessment and Management, Inc.</li> <li>2. SGV &amp; Co.</li> </ol>

	3. August 5, 2014	3. "Creating Advantage Through Governance" (Mandaluyong City)	3. SGV & Co.
Margarito B. Teves	1. August 9, 2016 2. August 5, 2015  3. August 5, 2014	1. Fraud Awareness 2. Updates on Philippine Practices on Corporate Governance & Risk Management (Mandaluyong City) 3. "Creating Advantage Through Governance" (Mandaluyong City)	1. SGV & Co. 2. SGV & Co.  3. SGV & Co.
Estelito P. Mendoza	1. August 9, 2016 2. November 11, 2015  3. September 19, 2014	1. Fraud Awareness 2. Corporate Governance Seminar (Mandaluyong City)  3. Corporate Governance Seminar (Mandaluyong City)	1. SGV & Co. 2. Risks, Opportunities, Assessment and Management, Inc. 3. SGV & Co.
Jose P. de Jesus	1. August 9, 2016 2. October 26, 2015  3. September 26, 2014	1. Fraud Awareness 2. Corporate Governance Seminar (Mandaluyong City) 3. Corporate Governance Seminar (Mandaluyong City)	1. SGV & Co. 2. Risks, Opportunities Assessment and Management, Inc. 3. SGV & Co.
Virgilio S. Jacinto	1. November 11, 2016   2. November 11, 2015   3. September 19, 2014	1. Corporate Governance Seminar (Mandaluyong City)   2. Corporate Governance Seminar (Mandaluyong City)   3. Corporate Governance Seminar (Mandaluyong City)	1. Risks, Opportunities, Assessment and Management, Inc. 2. Risks, Opportunities, Assessment and Management, Inc. 3. SGV & Co.
Ron W. Haddock	1. November 7, 2016   2. December 4, 2015   3. November 7, 2014	1. Corporate Governance Seminar (Mandaluyong City)   2. Corporate Governance Seminar (Mandaluyong City)   3. Corporate Governance Seminar (Mandaluyong City)	1. Risks, Opportunities, Assessment and Management, Inc. 2. Risks, Opportunities, Assessment and Management, Inc. 3. SGV & Co.

Emmanuel E. Eraña	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Susan Y. Yu	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Rowena O. Cortez	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Freddie P. Yumang	<ol style="list-style-type: none"> <li>1. November 7, 2016</li> <li>2. August 5, 2015</li> <li>3. August 2, , 2014</li> </ol>	<ol style="list-style-type: none"> <li>1. Corporate Governance Seminar (Mandaluyong City)</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. Risks, Opportunities, Assessment and Management, Inc.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Albertito S. Sarte	<ol style="list-style-type: none"> <li>1. August 9, 2016</li> <li>2. August 5, 2015</li> <li>3. August 5, 2014</li> </ol>	<ol style="list-style-type: none"> <li>3. Fraud Awareness</li> <li>2. Updates on Philippine Practices on Corporate Governance &amp; Risk Management (Mandaluyong City)</li> <li>3. "Creating Advantage Through Governance" (Mandaluyong City)</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> <li>2. SGV &amp; Co.</li> <li>3. SGV &amp; Co.</li> </ol>
Efren P. Gabrillo (until August 31, 2015)	<ol style="list-style-type: none"> <li>1. August 5, 2015</li> </ol>	<ol style="list-style-type: none"> <li>1. Updates on Philippine Practices on Corporate</li> </ol>	<ol style="list-style-type: none"> <li>1. SGV &amp; Co.</li> </ol>

	2. August 5, 2014	Governance & Risk Management (Mandaluyong City) 2. "Creating Advantage Through Governance" (Mandaluyong City)	2. SGV & Co.
Joel Angelo C. Cruz	1. November 7, 2016  2. August 9, 2016 3. August 5, 2015  4. August 5, 2014	1. Corporate Governance Seminar (Mandaluyong City)  2. Fraud Awareness 3. Updates on Philippine Practices on Corporate Governance & Risk Management (Mandaluyong City) 4. "Creating Advantage Through Governance" (Mandaluyong City)	1. Risks, Opportunities, Assessment and Management, Inc.  2. SGV & Co. 3. SGV & Co.  4. SGV & Co.
Rodulfo L. Tablante (until April 30, 2017)	1. August 9, 2016 2. August 5, 2015  3. August 5, 2014	1. Fraud Awareness 2. Updates on Philippine Practices on Corporate Governance & Risk Management (Mandaluyong City) 3. "Creating Advantage Through Governance" (Mandaluyong City)	1. SGV & Co. 2. SGV & Co.  3. SGV & Co.
Julieta L. Ventigan	1. August 9, 2016 2. October 26, 2015	1. Fraud Awareness 2. Corporate Governance Seminar (Mandaluyong City)	1. SGV & Co. 2. Risks, Opportunities Assessment and Management, Inc.
Dennis S. Janson (effective September 1, 2015)	1. August 9, 2016 2. August 5, 2015	1. Fraud Awareness 2. Updates on Philippine Practices on Corporate Governance & Risk Management (Mandaluyong City)	1. SGV & Co. 2. SGV & Co.

As disclosed in the Company's SEC Form 17-C dated May 17, 2017, Mr. Roland B. Salonga was elected Vice President for Operations. He will attend the corporate governance training for officers and directors to be scheduled for 2017.

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>The New CG Manual embodies the policy that a director's office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>One of the express duties of a director under the New CG Manual is to conduct fair business transactions with the Company, fully disclose to the Board any interest he may have in any matter or transaction to be acted upon by the Board and recuse himself in the Board's decision-making process with respect thereto and, in general, ensure that personal interest does not cause actual or potential conflict of interest with, or bias against, the interest of the Company or does not prejudice Board decisions.</p>	<p>The conflict of interest policy of the Company is enunciated in a number of policies of the Company.</p> <p><u>Personnel Manual</u></p> <p>The primary conflict of the interest policy of the Company is set out in the Personnel Manual.</p> <p>As a condition for employment, all incoming officers and employees are required to execute a conflict of interest undertaking that they have read the conflict of interest policy and that they will abide by its terms.</p> <p>A conflict between the personal interest of the officer/employee and the interest of the Company in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Company or any of its affiliates must be avoided.</p> <p>The following cases are considered to be in conflict with the Company's interest, or a violation of trust, and</p>	<p>The conflict of interest policy of the Company as described in the preceding column on senior management applies to employees as well.</p>

	<p>A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest is considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p>	<p>must be disclosed to Management (through the Conflict of Interest Committee) :</p> <p>(1) For officers, employees or any dependent member of their families to have any interest in any organization which has, or is seeking to have business dealings with the Company where there is opportunity for preferential treatment to be given or received except where such interest comprises ownership of securities in widely-held or publicly listed corporations which are quoted and sold in the open market or where such interest in a private corporation is not material;</p> <p>(2) For officers, employees or any dependent members of their families to buy for any commercial purpose, sell or lease any kind of product, property, facilities or equipment from or to the Company;</p> <p>(3) For officers or employees to serve as an officer or director of any other company, or in any management capacity for, or as a consultant to any individual, firm, or other company competing, doing or seeking to do business with the Company or any affiliate.</p> <p>"Dependent member of</p>	
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		<p>the family” shall mean an employee’s relative by blood or affinity, within the third civil degree, whether or not such relative is actually dependent for his livelihood or support on the employee, or any relative of more remote degree or any other person who is dependent on the employee.</p> <p>The following situations are prohibited and should not be done in any case:</p> <p>(1) For officers or employees, without proper authority:</p> <p>a. to give or release to anyone not employed by the Company any data or information of a confidential nature concerning the Company, such as, but not limited to, those relating to decisions, plans, earnings, financial or business forecasts, or competitive bids; and</p> <p>b. to use such information not generally known to the public for his personal advantage;</p> <p>c. to acquire or induce others to acquire such information which may be used against the Company;</p> <p>(2) For officers, employees or any dependent member of their families to accept or to solicit in exchange for a</p>	
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		<p>favor given or to be extended, commissions, share in profits, gifts in cash, gift certificates or other payments, loans or advances (other than from established banking or financial institutions), materials, services, repairs or improvements at no cost or at unreasonably low prices, manifestly excessive or extravagant entertainment, travel or gifts of merchandise which are more than nominal value or significant value from any organization, firm or individual, doing or seeking to do business with the Company;</p> <p>(3) For officers or employees to engage in "insider trading" of shares of stock of the Company by using material information not generally known to the investing public but acquired by the officer or the employee by virtue of his work or functions in the Company.</p> <p>The conflict of interest policy is enforced through the requirement for the execution by incoming officers and employees, as a condition for employment, of the conflict of interest undertaking conflict of interest undertaking that documents the affirmation by the signatory that he has read the policy and agrees to abide by its terms and</p>	
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		<p>that he is not in a conflict of interest situation and, in the event he that he will be, he will disclose the same to Management through the Conflict of Interest Committee.</p> <p><u>Corporate Policy Manual</u></p> <p>The Corporate Policy Manual of the Company revised on April 26, 2000 (the “Corporate Policy Manual”) also contains a policy statement against conflict of interest that requires officers and employees to avoid any conflict between personal interest and the interest of the Company in dealing with suppliers, customers and all other organizations and individuals doing to seeking to do business with the Company or any of its affiliates.</p> <p><u>Code of Conduct</u></p> <p>The Code of Conduct of Conduct reiterates the conflict of interest policy of the Company that proscribes the engagement in any business relationship or activity which might detrimentally conflict with the interest of the Company.</p> <p>Under its terms, a conflict of interest, actual or potential, may arise where, directly or indirectly, where (a) one engages in a business relationship or activity</p>
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		<p>with anyone who is party to a transaction with the Company, (b) one is in a position to derive a personal benefit or a benefit by making or influencing decisions relating to any transaction, (c) an independent judgment of the Company's best interest cannot be exercised, and (d) an employee with close relative(s) is employed by another oil company.</p> <p>A full disclosure of any interest which the director, his immediate family or close relatives and friends may have in the Company is required to be made.</p> <p>The Code of Conduct further generally prohibits against (a) taking a business or financial opportunity that Petron would have an interest in pursuing, (b) using Company property, information or position for personal gain; and (c) competing with the Company.</p>	
(b) Conduct of Business and Fair Dealings	<p>The New CG Manual embodies the policy that a director's office is one of trust and confidence.</p> <p>In any business or dealing in which a director acts in his capacity as director of the Company, he should thus act in the best interest of the Company in a manner</p>	<p><u>Corporate Policy Manual</u></p> <p>Under the Corporate Policy Manual, it is the policy of the Company maintain a respectable reputation in the business community in exercising the highest level of honesty, integrity, competence and prudence in the conduct of its operations.</p>	<p>The conduct of business and fair dealings policy of the Company as described in the preceding column on senior management applies to employees as well.</p>

	<p>characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p>The Corporate Policy Manual requires that the Company only deal with licensed, reputable, reliable, competent and responsible suppliers and contractors which have passed the pre-qualification requirements of the Company.</p> <p><u>Code of Conduct</u></p> <p>The Code of Conduct further embodies Petron’s commitment to conduct its business affairs fairly, honestly, impartially, in good faith and in an uncompromising ethical and proper manner and requires, among others, the following:</p> <ol style="list-style-type: none"> <li>1. Being guided at all times by the Company’s vision and mission which highlight professionalism, integrity, fairness commitment to excellence and care of the environment;</li> <li>2. dealing with professionalism, honesty, integrity and uphold high moral and ethical standards;</li> <li>3. dealing openly and honestly with customers, suppliers, contractors, financial institutions and joint venture participants of the</li> </ol>	
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		<p>Company and dealings on arm's length basis with with dealers, contractors, vendors and suppliers of the Company;</p> <p>4. supply of goods and services of the highest quality standards backed by efficient after sales service;</p> <p>5. conduct of business affairs in a manner that preserves the environment and protects the health and safety of all its employees, customers, suppliers, contractors and the general public;</p> <p>6. competing fairly and ethically within the framework of applicable competition laws; and</p> <p>7. except as may be permitted by the Board, not (a) taking a business or financial opportunity that Petron would have an interest in pursuing, (b) using Company property, information or position for personal gain; and (c) competing with the Company.</p> <p>The Code of Conduct also requires fair dealings with the Company's suppliers, contractors, competitors, officers and employees with no one taking unfair advantage of anyone through manipulation,</p>	
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		concealment or abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.	
(c) Receipt of gifts from third parties	<p>The CG Manual embodies the policy that a director's office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>While there is no specific receipt of gifts policy applicable to directors, the foregoing policy that a director's office is one that demands prudence and integrity already provides the guidelines in the acceptance by a director of gifts that may be prohibited by law or the Company receipt of gifts policy that applies to officers and employees.</p>	<p><u>Code of Conduct</u></p> <p>The Code of Conduct expressly provides that the giving or accepting gifts that equal more than the amount that would be considered customary courtesies may be deemed a bribe and that bribes are strictly prohibited by law and are against Company policy.</p> <p>The Company prohibits the solicitation, receipt, offer or making, directly or indirectly, of any illegal payments, remuneration, gifts, favors, commissions, donations, or comparable benefits which are intended or perceived to obtain business or uncompetitive favors for the conduct of business.</p> <p>The Code of Conduct further generally prohibits the solicitation and acceptance of loans, preferential discounts, extended credits, gifts, gratuities, remuneration, commissions, valuable privileges, vacations or trips, entertainment or other treatment special or excessive/extravagant in nature from a person or organization that might influence, or appear to influence, the performance of duties or to favor a dealer,</p>	The receipt of gifts rule as described in the preceding column on senior management applies to employees as well.

		<p>contractor, supplier, vendor or competitor against the best interest of the Company.</p> <p>Lending money to, or borrowing money from, any customer, dealer, contractor, vendor or supplier is also strictly prohibited.</p> <p>Under no circumstances will the acceptance or giving of gifts in monetary form be allowed.</p> <p>The Code also expressly provides that anyone who is offered or receives an inappropriate gift must refuse or return it in a tactful and dignified manner, advising the giver of the Company's policy that prohibits acceptance of such gifts.</p> <p><u>Personnel Manual</u></p> <p>Under the conflict of interest policy of the Personnel Manual, officers, employees or any dependent member of their families is prohibited from accepting or soliciting in exchange for a favor given or to be extended commissions, share in profits, gifts in cash, gift certificates or other payments, loans or advances (other than from established banking or financial institutions), materials, services, repairs or improvements at no cost or at unreasonably low prices, manifestly excessive or</p>	
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		<p>extravagant entertainment, travel or gifts of merchandise which are more than nominal value or significant value from any organization, firm or individual, doing or seeking to do business with the Company.</p> <p>The receipt of gift policy of the Company is enforced through the requirement for the execution by incoming officers and employees, as a condition for employment, of the conflict of interest undertaking that specifically includes the undertaking to comply with such receipt of gift policy.</p>	
(d) Compliance with Laws & Regulations	<p>The New CG Manual embodies the policy that a director's office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>Under the New CG Manual, one of the specific duties of a director is to have a working knowledge of the statutory and regulatory requirements affecting the Company,</p>	<p>The Code of Conduct mandates the knowledge and respect of and compliance with the letter and spirit of applicable laws, rules and regulations of places in which Company conducts its business or those applicable to the Company.</p>	<p>The policy on compliance with laws and regulations as described in the preceding column on senior management applies to employees as well.</p>

	including the rules and regulations or requirements of the SEC, and where applicable, the requirements of other relevant regulatory agencies.		
(e) Respect for Trade Secrets/Use of Non-public Information	<p>The conflict of interest policy in the Personnel Manual, to the extent that it relates to the non-disclosure of confidential information, is made expressly applicable to the directors of the Company. The non-disclosure obligation provides the prohibition against (a) giving or releasing to anyone not employed by the Company any data or information of a confidential nature concerning the Company, such as, but not limited to, those relating to decisions, plans, earnings, financial or business forecasts, or competitive bids, (b) the use of such information not generally known to the public for his personal advantage, or (c) acquiring or inducing others to acquire such information which may be used against the Company.</p> <p>Moreover, the CG Manual also sets as a policy that directors observe confidentiality with respect to all matters coming before the Board.</p>	<p><u>Code of Conduct</u></p> <p>The Code of Conduct requires the confidentiality of information entrusted by the Company or its customers or business partners.</p> <p>The Code of Conduct also requires fair dealings with the Company's suppliers, contractors, competitors, officers and employees with no one taking unfair advantage of anyone through manipulation, concealment or abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.</p> <p>The obligation extends to all "Confidential information" which includes all non-public business, financial, personnel or technical information, processes or systems, whether or not in electronic form, related to any portion of Petron's business operations that have been learned, generated or acquired in dealings with the Company.</p> <p>The Code of Conduct provides for the following:</p>	<p>The policy on the use of non-public information as described in the preceding column on senior management applies to employees as well.</p>

		<p><u>Company Information</u></p> <ul style="list-style-type: none"> <li>• The use of confidential or proprietary information or trade secrets that might be of use to competitors of the Company, or harmful to the Company or its customers or business partners, if disclosed, is prohibited.</li> <li>• No disclosure of any information that, upon its release, would be likely to affect the market price of Petron stock should be made.</li> </ul> <p><u>Third Party Information</u></p> <ul style="list-style-type: none"> <li>• The confidential or proprietary information or trade secrets belonging or relating to any supplier, vendor, contractor, consultant, former employee or other person or entity should not be solicited, received or used, except as may be lawfully received from the owner or an authorized third party.</li> </ul> <p><u>Personnel Manual</u></p> <p>The conflict of interest policy in the Personnel Manual also covers the non-disclosure obligation of officers and employees that provides the prohibition against (a) giving or releasing to anyone not employed by</p>	
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		<p>the Company any data or information of a confidential nature concerning the Company, such as, but not limited to, those relating to decisions, plans, earnings, financial or business forecasts, or competitive bids, (b) the use of such information not generally known to the public for his personal advantage, or (c) acquiring or inducing others to acquire such information which may be used against the Company.</p> <p>The policy on the non-disclosure of non-public information is enforced through the requirement for the execution by incoming officers and employees, as a condition for employment, of the conflict of interest undertaking that specifically includes the statement that such officers or employees have read the policy. In addition, the undertaking includes the agreement not to engage in “insider trading” by using information of the Company not generally available to the public and acquired by virtue of the work performed for the Company.</p>	
(f) Use of Company Funds, Assets and Information	The New CG Manual embodies the policy that a director’s office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner	<p><u>Code of Conduct</u></p> <p>The Code of Conduct highlights the policy for the responsible use of all Petron property through the following:</p>	The policy on the use of company assets as described in the preceding column on senior management applies to employees as well.

	<p>characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>The CG Manual also sets as a policy that directors observe confidentiality with respect to all matters coming before the Board.</p> <p>With respect to other forms of Company property, while there is no specific policy on the use thereof applicable to directors, the responsible use of such property forms part of the accountability of the director to the Company.</p>	<ol style="list-style-type: none"> <li>1. protection of corporate information and intellectual property;</li> <li>2. use of equipment, tools, materials, supplies, employee time and other Company resources only for Petron's legitimate business interests;</li> <li>3. lending and disposition of company assets in accordance with appropriate Petron policies;</li> <li>4. use of Company assets (both tangible assets such as equipment and machinery, systems, facilities, materials, and resources, as well as intangible assets such as proprietary information, relationships with customers, dealers and suppliers) solely for legitimate business;</li> <li>5. safeguarding of company property from loss, damage, theft, abuse and damage;</li> <li>6. spending of funds for valid business purposes only at prices representing the best value to the Company;</li> <li>7. holding in trust, properly accounting for and remittance and proper administration of all</li> </ol>	
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		<p>monies coming into one's possession in trust for other persons or for the Company; and</p> <p>8. prohibition against sending rude, obscene or harassing materials via any electronic means.</p>	
(g) Employment & Labor Laws & Policies	In lieu of an employment contract, the directors are elected at the annual meeting of stockholders for a one year term until their successors shall have been duly elected and qualified pursuant to the By-laws. Any director elected in the interim will serve for the remaining term until the next annual meeting of the stockholders.	<p>The Corporate Manual Policy sets out the policy of the Company that only mentally, physically and morally qualified candidates are recruited and hired for each job opening. Present employees of the Company are given priority for suitable job openings or vacancies. In the absence of qualified employees, the Company hires from outside sources.</p> <p>It is the general policy of the Company to require of officers and employees knowledge and respect of and compliance with the letter and spirit of applicable laws, rules and regulations of places in which Company conducts its business or those applicable to the Company.</p> <p>The Corporate Manual Policy also provides for specific employment-related policies, such as the following:</p> <p>1. establishment of standard terms and conditions of employment for its</p>	The policy on employment and labor laws and regulations as described in the preceding column on senior management applies to employees as well.

		<p>employees in any function, location and office which must be observed by all employees;</p> <p>2. respect for the rights of its employees to form organizations in accordance with law for collective bargaining; and</p> <p>3. compliance with labor laws and rules in respect of imposing disciplinary action.</p>	
(h) Disciplinary action	<p>The bases for disciplinary actions against the directors are set out in the CG Manual which provides for the grounds for temporary and permanent disqualifications.</p> <p>The procedure for implementing the disqualification is explained in Item A(5)(b) above on “Selection/Appointment, Re-Election, Disqualification, Removal, Reinstatement and Suspension”.</p>	<p>Under the Corporate Policy Manual and the Personnel Manual, any regular, probationary or contractual employee in any function or location, irrespective of position or classification, who commits an offense against the Company, its property or its personnel is subject to disciplinary action.</p> <p>Any disciplinary action, which may include suspension and dismissal for a just or authorized cause provided by law or Company regulation, is carried out in accordance with provisions of existing labor laws and rules.</p>	The policy on disciplinary actions as described in the preceding column on senior management applies to employees as well.
(i) Whistle Blower	Prior to the adoption by the Board on May 6, 2013 of the <i>Petron Corporation and Subsidiaries Whistle-blowing Policy</i> whistle-blowing policy as disclosed to the SEC through an SEC Form 17-C filed on May 9, 2013,	The whistle-blowing policy as described in the preceding column on directors applies to officers as well.	The whistle-blowing policy as described in the preceding columns on directors and officers applies to employees as well.

	<p>the Company, as a subsidiary of San Miguel Corporation, observed the <i>San Miguel Corporation and Subsidiaries Whistle-blowing Policy</i>.</p> <p>The salient terms of both policies are as follows:</p> <ol style="list-style-type: none"> <li>1. Accounting, internal accounting controls, auditing or financial reporting concerns may be communicated to the General Counsel and Compliance Officer (the “Compliance Officer”).</li> <li>2. All communications received by the Compliance Officer will be kept confidential and all relevant communications to be distributed to the Audit &amp; Risk Management Committee.</li> <li>3. The Audit Committee will determine necessary or appropriate action or response; and</li> <li>4. Retaliation in any form against any interested party who, in good faith, raises a concern or reports a possible violation will not to be tolerated.</li> </ol> <p>The Company also maintains its website</p>		
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	and hotlines through which concerns of any party may be relayed to the Company for appropriate investigation and/or action.		
(j) Conflict Resolution	<p>It is the policy of the Company to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences.</p> <p>This is embodied in the CG Manual which specifically requires the Board to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.</p>	<p>It is the policy of the Company to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences.</p> <p>This is embodied in the CG Manual which specifically requires the Board to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.</p>	<p>It is the policy of the Company to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences.</p> <p>This is embodied in the CG Manual which specifically requires the Board to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.</p>

**2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

Yes. Copies of the Code of Conduct were distributed to directors, officers and employees and are readily available with the Human Resources Management and Development Department of the Company. The Code of Conduct is also available on the Petron intranet "*Petron Hub*".

**3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

The Code of Conduct forms part of the orientation of new employees of the Company and copies are distributed during the orientation. Copies of the Code of Conduct are also readily available with the Human Resources Management and Development Department of the Company. Under the terms of the Code of Conduct, every employee and officer has the responsibility, and it is the policy of the Company to encourage employees and officers, to ask questions, seek guidance and report suspected violations of the code. Each employee is required to know, understand and adhere to the Code of Conduct. All supervisors and managers are mandated to ensure that their subordinates comply with its provisions.

A failure to comply with the provisions of the Code of Conduct will subject an employee to discipline that may include counseling, reprimand, suspension and/or termination, in addition to any civil or criminal liability under existing laws. Due process will be followed. Disciplinary measures will depend on the circumstances of the violation and will be made in accordance with the provisions of the Personnel Manual and the Company Rules and

Regulations on Discipline.

#### 4) Related Party Transactions

##### (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>It is the policy of the Company that transactions between the Company and its parent company are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p> <p>Pursuant to the requirements of the New CG Manual, the Corporation fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with the Philippine Financial Reporting Standards ("PFRS") and in the Definitive Information Statement and the annual report (SEC Form 17-A).</p>
(2) Joint Ventures	<p>It is the policy of the Company that transactions between the Company and its joint ventures are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p> <p>Pursuant to the requirements of the New CG Manual, the Corporation fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS and in the Definitive Information Statement and the annual report (SEC Form 17-A).</p>

(3) Subsidiaries	<p>It is the policy of the Company that transactions between the Company and its subsidiaries are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p> <p>Pursuant to the requirements of the New CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS and in the Definitive Information Statement and the annual report (SEC Form 17-A).</p>
(4) Entities Under Common Control	<p>It is the policy of the Company that transactions between the Company and its affiliates are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p> <p>Pursuant to the requirements of the New CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS, the Definitive Information Statement and the annual report (SEC Form 17-A).</p>
(5) Substantial Stockholders	<p>It is the policy of the Company that transactions between the Company and its substantial stockholders are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p> <p>Pursuant to the requirements of the New CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the</p>

	<p>normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS, the Definitive Information Statement and the annual report (SEC Form 17-A).</p>
<p>(6) Officers including spouse/children/siblings/parents</p>	<p>It is the policy of the Company that transactions of an officer (including his spouse, children, siblings and parents) with the Company are considered a situation of conflict of interest that must be disclosed to Management through the Conflict of Interest Committee. As a condition of employment, officers are required to sign a conflict of interest undertaking that documents the affirmation by the signatory that he is not in a conflict of interest situation and, in the event he that he will be, he will disclose the same to Management through the Conflict of Interest Committee.</p> <p>Under the conflict of interest policy of the Company as embodied in the Corporate Policy Manual and the Personnel Manual, the restriction extends to an officer's relative by blood or affinity, within the third civil degree, whether or not such relative is actually dependent for his livelihood or support on such officer, or any relative of more remote degree or any other person who is dependent on such officer.</p> <p>Pursuant to the requirements of the New CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS, the Definitive Information Statement and the annual report (SEC Form 17-A).</p> <p>Further to the above, and in compliance with the requirements of the Corporation Code for contracts between the Company and an officer, the Company ensures that any such contract is fair and reasonable under the circumstances, the presence of such director in the meeting to approve the transaction should not be required for quorum purposes, his vote should not be necessary to approve such transaction, and the Board should have approved such transaction.</p> <p>In 2016, 2015, 2014, 2013 and 2012, the Company did not have any transaction with any officer of the Company.</p>

<p>(7) Directors including spouse/children/siblings/parents</p>	<p>The CG Manual embodies the policy that a director’s office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>One of the express duties of a director under the CG Manual is to conduct fair business transactions with the Company, fully disclose to the Board any interest he may have in any matter or transaction to be acted upon by the Board and recuse himself in the Board’s decision-making process with respect thereto and, in general, ensure that personal interest does not cause actual or potential conflict of interest with, or bias against, the interest of the Company or does not prejudice Board decisions.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest is considered material if the director’s personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <p>And pursuant to the requirements of the CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).</p> <p>The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS, the Definitive Information Statement and the Annual Report (SEC Form 17-A).</p> <p>Further to the above, and in compliance with the requirements of the Corporation Code for contracts between the Company and a director, the Company ensures that any such contract is fair and reasonable under the circumstances, the presence of such director in the meeting to approve the transaction should not be required for quorum purposes and his vote should not be necessary to approve such transaction.</p> <p>In 2016, 2015, 2014, 2013 and 2012, the Company did not have any transaction with any director of the Company.</p>
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<p>(8) Interlocking director relationship of Board of Directors</p>	<p>The New CG Manual embodies the policy that a director's office is one of trust and confidence. A director shall thus act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>One of the express duties of a director under the New CG Manual is to conduct fair business transactions with the Company, fully disclose to the Board any interest he may have in any matter or transaction to be acted upon by the Board and recuse himself in the Board's decision-making process with respect thereto and, in general, ensure that personal interest does not cause actual or potential conflict of interest with, or bias against, the interest of the Company or does not prejudice Board decisions.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest is considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <p>And in compliance with the requirements of the Corporation Code for contracts between the Company and another company with which the Company has interlocking directors, the Company ensures that any such contract is fair and reasonable under the circumstances and that, in the event the interest of the interlocking director in the other corporation exceeds 20% of the outstanding capital stock and his interest in the Company is merely nominal, the Company should also ensure that the presence of such interlocking director in the meeting to approve the transaction should not be required for quorum purposes and his vote should not be necessary to approve such transaction.</p>
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**(b) Conflict of Interest**

**(i) Directors/Officers and 5% or more Shareholders**

**Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.**

While the arrangements listed below may be deemed conflict of interest situations because of the relationship between the Company and its substantial holder, it is the policy and practice of the Company that transactions between the Company and its parent, subsidiaries, associates and joint ventures are on an arm's length basis in a manner similar to transactions with non-related parties.

Such transactions are therefore made at normal market prices and terms. Furthermore, an assessment is

undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.

	<b>Details of Conflict of Interest (Actual or Probable)</b>
Name of Director/s	None.
Name of Officer/s	None.
<u>Name of Significant Shareholders</u>	
1. San Miguel Corporation	1. The Company pays its parent company, San Miguel Corporation, a share in common expenses such as utilities and management fees.
2. Petron Corporation Employees' Retirement Plan	2. The Company advanced certain amounts to the Petron Corporation Employees' Retirement Plan for investment opportunities.

**(ii) Mechanism**

**Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.**

	<b>Directors/Officers/Significant Shareholders</b>
Company	<p>The conflict of interest policy of the Company as embodied in the Corporate Policy Manual and the Personnel Manual requires the execution by each officer and employee of an undertaking under which he expressly states that he is in compliance with such policy, will conduct himself according with the terms thereof and is not presently in violation of it, with the further undertaking to inform Management through the Conflict of Interest Committee in the event he becomes involved in a conflict of interest situation.</p> <p>A Conflict of Interest Committee (composed of the Vice Presidents for Human Resources and Management Department, Corporate Planning, National Sales, and Refinery, and the Treasurer or the Controller) is formed to assist the Chairman and the President in the implementation of the conflict of interest policy by performing the following responsibilities:</p> <ol style="list-style-type: none"> <li>1. review and make recommendations on the application of the conflict of interest policy and associated procedures to assure consistent application;</li> <li>2. review and make recommendations on any specific</li> </ol>

	<p>conflict of interest situation raised; and</p> <p>3. investigate any violation of the policy and recommend to the Chairman and the President the appropriate course of action (any situation that poses remote or insignificant danger or prejudice to the Company need not be elevated to the Chairman and the President, except when the officer involved is a member of the Conflict of Interest Committee).</p> <p>The General Counsel of the Company as the secretary of the Conflict of Interest Committee reviews all conflict of interest undertakings executed and reports to the committee any relevant conflict of interest situation.</p> <p>The conflict of interest policy provides that any violation thereof may result in disciplinary action, including termination for cause.</p> <p>Related party transactions of Company are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.</p>
Group	<p>The discussion on the implementation of the conflict of interest policy of the Company as above-discussed in the immediately preceding row in relation to the Company applies to conflict of interest situations in the rest of the Petron Group as well.</p>



**5) Family, Commercial and Contractual Relations**

(a) Indicate, if applicable, any relation of a family,<sup>5</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
San Miguel Corporation and SEA Refinery Corporation	Parent-Subsidiary	San Miguel Corporation wholly owns SEA Refinery Corporation.

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
San Miguel Corporation	Shared Services	The Company pays San Miguel Corporation a share in common expenses such as utilities and management fees.
Petron Corporation Employees' Retirement Plan	Advances	The Company advanced certain amounts to the Petron Corporation Employees' Retirement Plan for investment opportunities.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None.	None.	None.

The Company is not aware of any.

**6) Alternative Dispute Resolution**

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	It is the policy of the Company under the New CG Manual to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders,

<sup>5</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

	and the Company and third parties, including the regulatory authorities. To this end, the Company encourages negotiations with stockholders to settle differences. The Company has its Office of the Corporate Secretary, investor relations unit under the CFO, and stock transfer agent to reply to concerns of stockholders.
<b>Corporation &amp; Third Parties</b>	It is the policy of the Company under the New CG Manual to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities. In pursuance of this policy, the Company encourages negotiations with third parties to settle differences. The Company likewise has agreed under certain contractual arrangements to resolve issues through alternative modes of dispute resolution other than litigation, such as arbitration.
<b>Corporation &amp; Regulatory Authorities</b>	It is the policy of the Company under the New CG Manual to encourage the use of alternative modes of dispute resolution for amicable settlement of conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities. To this end, the Company works closely with relevant government agencies and maintains strong lines of communication with them.

### C. BOARD MEETINGS & ATTENDANCE

#### 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes, board meetings are scheduled before the beginning of the year.

The schedule of the board meetings for 2017 was presented to the Board at the board meeting held on November 8, 2016.

The schedule of the board meetings for 2016 was presented to the Board at the board meeting held on October 27, 2015.

The schedule of the board meetings for 2015 was presented to the Board at the board meeting held on November 7, 2014. For 2014, the schedule of the board meetings was presented to the Board at the board meeting held on November 4, 2013. The schedule of the board meetings for 2013 was presented to the Board at the board meeting held on November 12, 2012. The schedule of the board meetings for 2012 was presented to the Board at the board meeting held on December 1, 2011.

- 2) **Attendance of Directors** (updated pursuant to the advisement letter on attendance of directors at meetings held in 2016, which was filed by the Company with the SEC on December 12, 2016 (with a confirmation that no further board or stockholders' meetings would be held for the rest of the year); for meetings held in 2015, which was filed by the Company with the SEC on December 23, 2015; for meetings held in 2014, which was filed by the Company with the SEC on January 6, 2015; for meetings held in 2013, in an advisement letter which was filed by the Company with the SEC on January 28, 2014)

**2016**

Board	Name	Date of Election	No. of Board Meetings Held during the year (2015)	No. of Meetings Attended	%
Chairman	Ramon S. Ang	January 8, 2009	6	6	100
Member	Eduardo M. Cojuangco, Jr.	January 8, 2009	6	6	100
Member	Estelito P. Mendoza	January 8, 2009	6	6	100
Member	Eric O. Recto	July 31, 2008	6	6	100
Member	Lubin B. Nepomuceno	February 19, 2013	6	6	100
Member	Mirzan Mahathir	August 13, 2010	6	4	67
Member	Ron W. Haddock	December 2, 2008	6	6	100
Member	Virgilio S. Jacinto	August 13, 2010	6	6	100
Member	Aurora T. Calderon	August 13, 2010	6	6	100
Member	Romela M. Bengzon	August 13, 2010	6	6	100
Member	Nelly Favis-Villafuerte	December 1, 2011	6	4	67
Member	Jose P. de Jesus	May 20, 2014	6	6	100
Independent	Reynaldo G. David	May 12, 2009	6	6	100
Independent	Artemio V. Panganiban	October 21, 2010	6	6	100
Independent	Margarito B. Teves	May 20, 2014	6	6	100

**2015**

Board	Name	Date of Election	No. of Board Meetings Held during the year (2015)	No. of Meetings Attended	%
Chairman	Ramon S. Ang	January 8, 2009	6	6	100
Member	Eduardo M. Cojuangco, Jr.	January 8, 2009	6	5	83
Member	Estelito P. Mendoza	January 8, 2009	6	5	83
Member	Eric O. Recto	July 31, 2008	6	5	83
Member	Lubin B. Nepomuceno	February 19, 2013	6	6	100
Member	Mirzan Mahathir	August 13, 2010	6	6	100
Member	Ron W. Haddock	December 2, 2008	6	5	83
Member	Virgilio S. Jacinto	August 13, 2010	6	6	100
Member	Aurora T. Calderon	August 13, 2010	6	6	100
Member	Romela M. Bengzon	August 13, 2010	6	6	100
Member	Nelly Favis-Villafuerte	December 1, 2011	6	6	100
Member	Jose P. de Jesus	May 20, 2014	6	6	100
Independent	Reynaldo G. David	May 12, 2009	6	6	100

Independent	Artemio V. Panganiban	October 21, 2010	6	6	100
Independent	Margarito B. Teves	May 20, 2014	6	6	100

## 2014

Board	Name	Date of Election	No. of Board Meetings Held during the year (2014)	No. of Meetings Attended	%
Chairman	Ramon S. Ang	January 8, 2009	7	7	100
Member	Eduardo M. Cojuangco, Jr.	January 8, 2009	7	7	100
Member	Estelito P. Mendoza	January 8, 2009	7	5	71
Member	Eric O. Recto	July 31, 2008	7	7	100
Member	Lubin B. Nepomuceno	February 19, 2013	7	7	100
Member	Mirzan Mahathir	August 13, 2010	7	7	100
Member	Ron W. Haddock	December 2, 2008	7	7	100
Member	Virgilio S. Jacinto	August 13, 2010	7	7	100
Member	Aurora T. Calderon	August 13, 2010	7	7	100
Member	Romela M. Bengzon	August 13, 2010	7	7	100
Member	Nelly Favis-Villafuerte	December 1, 2011	7	7	100
Member	Jose P. de Jesus	May 20, 2014	4 (during his term)	3	75
Independent	Reynaldo G. David	May 12, 2009	7	7	100
Independent	Artemio V. Panganiban	October 21, 2010	7	7	100
Independent	Margarito B. Teves	May 20, 2014	4 (during his term)	4	100
Member	Roberto V. Ongpin*	July 31, 2008	3 (during his term)	2	67
Member	Bernardino R. Abes*	July 31, 2001	3 (during his term)	2	67

\* Ceased to be a director on May 20, 2014

## 2013

Board	Name	Date of Election	No. of Board Meetings Held during the year (2013)	No. of Meetings Attended	%
Chairman	Ramon S. Ang	January 8, 2009	6	6	100
Member	Eduardo M. Cojuangco, Jr.	January 8, 2009	6	6	100
Member	Roberto V. Ongpin	July 31, 2008	6	5	83
Member	Estelito P. Mendoza	January 8, 2009	6	5	83
Member	Bernardino R. Abes	July 31, 2001	6	6	100
Member	Eric O. Recto	July 31, 2008	6	6	100
Member	Lubin B. Nepomuceno*	February 19, 2013	5 (during his term)	5 (during his term)	100
Member	Mirzan Mahathir	August 13, 2010	6	3	50
Member	Ron W. Haddock	December 2, 2008	6	5	83
Member	Ferdinand K. Constantino*	August 13, 2010	1 (during his term)	1 (during his term)	100
Member	Virgilio S. Jacinto	August 13, 2010	6	6	100
Member	Aurora T. Calderon	August 13, 2010	6	6	100
Member	Romela M. Bengzon	August 13, 2010	6	5	83
Member	Nelly Favis-Villafuerte	December 1, 2011	6	5	83

Independent	Reynaldo G. David	May 12, 2009	6	5	83
Independent	Artemio V. Panganiban	October 21, 2010	6	6	100

\*Mr. Ferdinand K. Constantino was replaced by Mr. Lubin B. Nepomuceno as a director on February 19, 2013 as disclosed to the SEC through an SEC Form 17-C filed on February 20, 2013.

## **2012**

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Ramon S. Ang	January 8, 2009	5	5	100
Member	Eduardo M. Cojuangco, Jr.	January 8, 2009	5	5	100
Member	Estelito P. Mendoza	January 8, 2009	5	5	100
Member	Roberto V. Ongpin	July 31, 2008	5	5	100
Member	Eric O. Recto	July 31, 2008	5	5	100
Member	Mirzan Mahathir	August 13, 2010	5	3	60
Member	Bernardino R. Abes	July 31, 2001	5	5	100
Member	Ron W. Haddock	December 2, 2008	5	5	100
Member	Ferdinand K. Constantino	August 13, 2010	5	5	100
Member	Virgilio S. Jacinto	August 13, 2010	5	5	100
Member	Aurora T. Calderon	August 13, 2010	5	3	60
Member	Romela M. Bengzon	August 13, 2010	5	5	100
Member	Nelly Favis-Villafuerte	December 1, 2011	5	5	100
Independent	Reynaldo G. David	May 12, 2009	5	5	100
Independent	Artemio V. Panganiban	October 21, 2010	5	5	100

**3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

No meeting of all the non-executive directors without any executive was held between 2012 and 2016.

**Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

The By-laws provide that the quorum for board meetings is a majority of the directors.

Nevertheless, in 2016, of the six (6) board meetings held, two (2) meetings had 100% attendance by the directors and the remaining meetings had at least 83% attendance.

Similarly, in 2015, of the six (6) board meetings held, two (2) meetings had 100% attendance by the directors and the remaining meetings had at least 83% attendance. In 2014, of the six (6) board meetings held, four (4) meetings had 100% attendance by the directors and the remaining meetings had at least 87% attendance. In 2012, three (3) meetings had 100% attendance by the directors. The other two (2) meetings had an attendance of 87%, more than two-thirds of the membership of the Board and more than the majority number required by the By-laws. In 2013, of the six (6) board meetings held, two (2) meetings had 100% attendance and the rest had at least 80% attendance.

**4) Access to Information (Updated pursuant to the SEC Form 17-C dated May 8, 2017)**

**(a) How many days in advance are board papers<sup>6</sup> for Board meetings provided to the board?**

To ensure that ample time to review them is afforded the directors, board papers are distributed no later than one day in advance of board meetings.

**(b) Do board members have independent access to Management and the Corporate Secretary?**

Yes, the directors can and do independently communicate and get in touch with Management and the Corporate Secretary. This independent access is set out as a specific policy of the Company under the New CG Manual.

**(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?**

Section 10 of Article V of the By-laws sets out the role of the Corporate Secretary of (i) keeping corporate books and records and the minutes of the meetings of the stockholders and the, (ii) giving notice of all meetings of stockholders and directors and all other notices required by law or the By-laws, (iii) being the custodian of the records and of the seal of the Company, (iv) keeping a register of the addresses the stockholders, and (v) performing all duties incident to the office of Secretary, and such other duties as may, from time to time, be assigned to him by the Board.

In addition to his duties and responsibilities set forth above in the By-laws, the New CG Manual further prescribes the role of the Corporate Secretary as follows:

- assists the Board of Directors and the Board Committees in the conduct of their meetings, including preparing an annual schedule of the Board of Directors and Board Committee meetings and the annual board calendar, and assisting the chairpersons of the Board of Directors and the Board Committees to set agenda for those meetings;
- safe keeps and preserves the integrity of the minutes of the meetings of the Board of Directors and the Board Committees, as well as other official records of the Corporation;
- keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board of Directors and the Chairperson on all relevant issues as they arise;
- works fairly and objectively with the Board of Directors, Management, and stockholders and contributes to the flow of information between the Board of Directors and Management, the Board of Directors and the Board Committees, and the Board of Directors and its stakeholders, including shareholders;
- advises on the establishment of Board Committees and their terms of reference;

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<sup>6</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- informs members of the Board of Directors, in accordance with the By-laws, of the agenda of their meetings and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- attends all board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- performs required administrative functions;
- oversees the drafting of the By-laws of the Corporation and ensures that they conform with regulatory requirements; and
- performs such other duties and responsibilities as may be provided by the SEC.

Under the New CG Manual, the Compliance Officer ensures the attendance of board members and key officers to relevant trainings.

**(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.**

Yes. Atty. Joel Angelo C. Cruz, the Corporate Secretary of the Company, is at the same time the Vice President - General Counsel<sup>7</sup> and Compliance Officer of the Company. With his present position and legal and professional background, he has the legal skills of a general counsel and the knowledge of pertinent laws, rules and regulations necessary in the performance of duties and responsibilities of a Corporate Secretary and Compliance Officer. Atty. Cruz further possesses the following qualifications required for the position of Corporate Secretary: (1) Filipino citizenship and Philippine residence, (2) loyalty to the mission, vision and objectives of the Company, (3) willingness and ability to work fairly and objectively with the Board, Management and the stockholders of the Company, (4) appropriate administrative and interpersonal skills, and (5) working knowledge of the operations of the Company.

**(e) Committee Procedures**

**Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:**

Yes

No

Committee	Details of the procedures
Executive	Under the New CG Manual, Management is required to provide complete, adequate and timely information about the matters to be taken during the meetings.
<u>Audit Management Committee</u>	
<u>Corporate Governance Committee</u>	
<u>Risk Oversight Committee</u>	
<u>Related Party Transaction Committee</u>	In addition, the directors, individually or as a Board, may seek independent professional advice in the discharge of their duties at the expense of the Company.

<sup>7</sup> Atty. Cruz was Assistant Vice President - General Counsel during year 2012 and was promoted to Vice President - General Counsel on March 18, 2013 effective February 2013 as disclosed to the SEC through an SEC Form 17-C filed on March 19, 2013.

	<p>The directors are also given independent access to Management and the Corporate Secretary.</p> <p>Each of the board committees is also allowed to appoint an advisor who can attend and participate in meetings, but not to vote.</p>
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## 5) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Under the New CG Manual, the directors, individually or as a Board, may seek independent professional advice in the discharge of their duties, with the reasonable expenses therefor to be borne by the Company.	Upon reasonable request, the directors may engage professional advisers to assist them in the discharge of their duties as director of the Company at the expense of the Company, provided such expense is reasonable.
<p>The Audit, Corporate Governance, Risk Oversight and Related Party Transactions Committees are allowed to appoint advisor(s) to their respective committees. Advisors can attend and participate in the meetings of the committees they serve but have no right to vote.</p> <p>The appointment of advisors is specifically provided in the charters of each of the above board committees.</p>	Mr. Ferdinand K. Constantino was appointed as advisor of the Audit Committee first on February 19, 2013 as disclosed through SEC Form 17-C dated February 20, 2013 and last re-appointed on May 16, 2017 as disclosed through SEC Form 17-C dated May 17, 2017.

## 6) Change/s in existing policies (updated pursuant to the SEC Form 17-C filed by the Company dated July 3, 2014 in relation to the amendment of its CG Manual, SEC Form 17-C dated May 11, 2015, May 8, 2017 and May 17, 2017 and letter dated May 29, 2017)

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
New CG Manual	On May 8, 2017, the Board adopted the New CG Manual patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016 and other relevant SEC circulars and guidelines.	The changes were primarily in compliance with the requirements of applicable circulars and guidelines issued by the SEC.
Audit Committee Charter	On May 16, 2017, the Board approved the new committee charter which	The Audit Committee Charter was revised to be consistent with the new CG Manual,



	<p>covers amendments under the New CG Manual, which in turn, was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.</p>	<p>which in turn, was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.</p> <p>The charter provides the roles, responsibilities, and authority of the committee and the rules of procedure that will guide the functions of the committee.</p>
<p>Corporate Governance Committee Charter</p>	<p>On May 16, 2017, the Board approved the new committee charter which covers amendments under the New CG Manual, which in turn, was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.</p>	<p>The Corporate Governance Charter was revised to be consistent with the new CG Manual, which in turn, was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.</p> <p>The charter provides the roles, responsibilities, and authority of the committee and the rules of procedure that will guide the functions of the committee.</p>

Risk Oversight Committee Charter	On May 16, 2017, the Board approved the committee charter of this new committee which was created under the New CG Manual. The charter was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.	The Risk Oversight Charter was created to provide the roles, responsibilities, and authority of the committee and the rules of procedure that will guide the functions of the committee.
Related Party Transaction Committee Charter	On May 16, 2017, the Board approved the committee charter of this new committee which was created under the New CG Manual. The charter was patterned after the Code of Corporate Governance for Publicly Listed Companies approved under SEC Circular Memorandum No. 9, Series of 2016.	The Related Party Transaction Committee Charter was created to provide the roles, responsibilities, and authority of the committee and the rules of procedure that will guide the functions of the committee.

#### D. REMUNERATION MATTERS

##### 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	The remuneration of the Company's top executives is determined based on achievement of corporate targets and their individual performance and contribution. The Company is committed to ensuring retention of top caliber talents for its critical positions, as such, the executives' remuneration is also anchored on movements in the labor market and industry, validated by a third party consultant through an annual total rewards survey.	The remuneration of the Company's top executives is determined based on achievement of corporate targets and their individual performance and contribution. The Company is committed to ensuring retention of top caliber talents for its critical positions, as such, the executives' remuneration is also anchored on movements in the labor market and industry, validated by a third party consultant through an annual total rewards survey.

(2) Variable remuneration	A variable pay package is also part and parcel of the executives' total compensation package that aims to provide contingent financial incentives to achieve the Company's annual business goals and objectives. It is designed to encourage and reward superior performance, achievements and behavior based on pre-established goals and objectives.	A variable pay package is also part and parcel of the executives' total compensation package that aims to provide contingent financial incentives to achieve the Company's annual business goals and objectives. It is designed to encourage and reward superior performance, achievements and behavior based on pre-established goals and objectives.
(3) Per diem allowance	None.	None.
(4) Bonus	Same as variable pay above-discussed.	Same as variable pay above-discussed.
(5) Stock Options and other financial instruments	None.	None.
(6) Others (specify)	None.	None.

## 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	It is the policy of the Company, as set out in New CG Manual, to ensure, through the Corporate Governance Committee, that the salaries and other remuneration of directors are set at a level adequate to attract and retain directors and officers with the qualifications and experience needed to manage the Company.	Executive directors receive fixed and variable remuneration consistent with the policy of the Company to set such remuneration at a level adequate to attract and retain executive directors with the qualifications and experience needed to manage the Company.	The compensation is based on achievement of corporate targets and individual performance and contribution.

Non-Executive Directors	It is the policy of the Company, as set out in the New CG Manual, to ensure, through the Corporate Governance Committee, that the salaries and other remuneration of directors are set at a level adequate to attract and retain directors and officers with the qualifications and experience needed by the Company.	Non-executive directors receive such amount as is adequate to attract and retain directors with the qualifications and experience needed by the Company.	The amounts received by non-executive directors are set at an amount as is adequate to attract and retain directors with the qualifications and experience needed by the Company.
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**Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.**

There have been no changes to the remunerations scheme of the directors for the last three (3) years.

### 3) Aggregate Remuneration

**Complete the following table on the aggregate remuneration accrued during the most recent year:**

**2016**

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P50.9M	P5.3M	P1.2M
(b) Variable Remuneration	P5.8M	N/A	N/A
(c) Per diem Allowance	N/A	P5.6M	P2.1M
(d) Bonuses	P12.7M	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P69.4M</b>	<b>P10.9M</b>	<b>P3.3M</b>

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
(a) Advances	N/A	N/A	N/A
(b) Credit granted	N/A	N/A	N/A
(c) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	P0.66M	N/A	N/A
(g) Car Plan – OMR allow.	P0.95M	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P1.61M</b>	<b>N/A</b>	<b>N/A</b>

### **2015**

<b>Remuneration Item</b>	<b>Executive Directors</b>	<b>Non-Executive Directors (other than independent directors)</b>	<b>Independent Directors</b>
(g) Fixed Remuneration	P46.7M	P6.1M	P1.2M
(h) Variable Remuneration	P4.9M	N/A	N/A
(i) Per diem Allowance	N/A	P4.4M	P2.2M
(j) Bonuses	P11.6M	N/A	N/A
(k) Stock Options and/or other financial instruments	N/A	N/A	N/A
(l) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P63.3M</b>	<b>P10.5M</b>	<b>P3.4M</b>

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
(d) Advances	N/A	N/A	N/A
(e) Credit granted	N/A	N/A	N/A
(f) Pension Plan/s Contributions	N/A	N/A	N/A
(g) Pension Plans, Obligations incurred	N/A	N/A	N/A

(h) Life Insurance Premium	N/A	N/A	N/A
(i) Hospitalization Plan	P0.66M	N/A	N/A
(h) Car Plan	P6.0M	N/A	N/A
(i) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	P6.66M	N/A	N/A

**2014**

<b>Remuneration Item</b>	<b>Executive Directors</b>	<b>Non-Executive Directors (other than independent directors)</b>	<b>Independent Directors</b>
(m) Fixed Remuneration	P42.2M	P5.6M	P1.2M
(n) Variable Remuneration	P15.3M	N/A	N/A
(o) Per diem Allowance	N/A	P6.2M	P2.1M
(p) Bonuses	P10.5M	N/A	N/A
(q) Stock Options and/or other financial instruments	N/A	N/A	N/A
(r) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	P68.1M	P11.8M	P3.3M

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
(g) Advances	N/A	N/A	N/A
(h) Credit granted	N/A	N/A	N/A
(i) Pension Plan/s Contributions	N/A	N/A	N/A
(j) Pension Plans, Obligations incurred	N/A	N/A	N/A
(k) Life Insurance Premium	N/A	N/A	N/A
(l) Hospitalization Plan	P0.66M	N/A	N/A
(i) Car Plan	P6.0M	N/A	N/A
(j) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	P6.66M	N/A	N/A

**2013**

<b>Remuneration Item</b>	<b>Executive Directors</b>	<b>Non-Executive Directors (other than independent directors)</b>	<b>Independent Directors</b>
(a) Fixed Remuneration	P59.9M	P5.0M	P0.87M
(b) Variable Remuneration	None	N/A	N/A
(c) Per diem Allowance	N/A	P5.3M	P1.6M
(d) Bonuses	P9.9M	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P69.8M</b>	<b>P10.3M</b>	<b>P2.47M</b>

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
(a) Advances	N/A	N/A	N/A
(b) Credit granted	N/A	N/A	N/A
(c) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	P0.99M	N/A	N/A
(g) Car Plan	P9.0M	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P9.99M</b>	<b>N/A</b>	<b>N/A</b>

**2012**

<b>Remuneration Item</b>	<b>Executive Directors</b>	<b>Non-Executive Directors (other than independent directors)</b>	<b>Independent Directors</b>
(a) Fixed Remuneration	P41.02M	P4.6M	P0.8M
(b) Variable Remuneration	15.12	N/A	N/A
(c) Per diem Allowance	N/A	P5.8M	P1.1M
(d) Bonuses	P6.34M	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P62.48M</b>	<b>P10.4M</b>	<b>P1.9M</b>

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
(a) Advances	N/A	N/A	N/A
(b) Credit granted	N/A	N/A	N/A
(c) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	P33M	N/A	N/A
(g) Car Plan	P6M	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>P39M</b>	<b>N/A</b>	<b>N/A</b>



4) Stock Rights, Options and Warrants

a. Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None.				

b. Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None.		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

**2016**

Name of Officer/Position	Total Remuneration
Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer	P74.6M
Freddie P. Yumang – Vice President, Refinery	
Archie B. Gupalor – Vice President, National Sales Division	
Susan Y. Yu – Vice President, Procurement	
Maria Rowena O. Cortez – Vice President, Supply	

**2015**

<b>Name of Officer/Position</b>	<b>Total Remuneration</b>
Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer	P66.4M
Freddie P. Yumang – Vice President, Refinery	
Archie B. Gupalor – Vice President, National Sales Division	
Susan Y. Yu – Vice President, Procurement	
Maria Rowena O. Cortez – Vice President, Supply	

**2014**

<b>Name of Officer/Position</b>	<b>Total Remuneration</b>
Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer	P66.7M
Efren P. Gabrillo – Vice President, Controllers & Controller	
Freddie P. Yumang – Vice President, Refinery	
Susan Y. Yu – Vice President, Procurement	
Archie B. Gupalor – Vice President, National Sales Division	

**2013**

<b>Name of Officer/Position</b>	<b>Total Remuneration</b>
Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer	P45.5M
Efren P. Gabrillo – Vice President, Controllers & Controller	
Freddie P. Yumang – Vice President, Refinery	
Susan Y. Yu – Vice President, Procurement	
Archie B. Gupalor – Vice President, National Sales Division	

**2012**

<b>Name of Officer/Position</b>	<b>Total Remuneration</b>
Lubin B. Nepomuceno – Senior Vice President and General Manager*	P75M
Emmanuel E. Eraña – Senior Vice President and Chief Finance Officer	
Efren P. Gabrillo – Assistant Vice President, Controllers & Controller	
Freddie P. Yumang – Vice President, Refinery	
Susan Y. Yu – Vice President, Procurement	

\* Elected as President on February 19, 2013 as disclosed to the SEC through an SEC Form 17- C filed on February 20, 2013.

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board: (updated pursuant to the SEC Form 17-C of the Company dated July 3, 2014, May 11, 2015, May 8, 2017 and May 17, 2017 and letter dated May 29, 2017).

The information immediately below is as of December 31, 2016, unless otherwise indicated.

On May 16, 2017, the Board appointed the members of the board committees of the Company which were revised and/or created by the Board on May 8, 2017 upon the approval of the New CG Manual. These board committees (which are named below) and their respective memberships and functions, key responsibilities and the power/authority are also discussed further below. On May 16, 2017, the Board also approved the charters of all the committees.

- Executive Committee
- Audit Committee
- Corporate Governance Committee
- Risk Oversight Committee
- Related Party Transaction Committee

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2 (in 2012)	1 (in 2012)	0 (in 2012)	Yes (adopted on May 16, 2017)	Under the By-laws and the CG Manual, the Executive Committee shall have and may exercise the powers of the Board when the Board is not in session in respect of the management of the business and affairs of the Company, except with respect to: (1) the approval of any action for which stockholders' approval is also	The Executive Committee is responsible for the management of the business and affairs of the Company when the Board is not in session.	Under the By-laws and the New CG Manual, the Executive Committee shall have and may exercise the powers of the Board when the Board is not in session in respect of the management of the business and affairs of the Company, except with respect to: (1) the approval of any action for which stockholders' approval is also required; (2) the filling of vacancies in the Board; (3) the amendment or
	2 (in 2013)	1 (with 2 alternate) (in 2013)	0 (in 2013)				
	2 (in 2014)	1 (with 2 alternate) (in 2014)	0 (in 2014)				
	2 (in 2015)	1 (with 2 alternate) (in 2015)	0 (in 2015)				
	2 (in 2016)	1 (with 2 alternate) (in 2016)	0				

					required; (2) the filling of vacancies in the Board; (3) the amendment or repeal of B-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; (5) a distribution of cash dividends to the stockholders; and (6) such other matters specifically excluded or limited by the Board.		repeal of By-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; (5) a distribution of cash dividends to the stockholders; and (6) such other matters specifically excluded or limited by the Board.
Audit & Risk Management	0 (in 2012)	3 (in 2012)	2 (in 2012)	With	Under the CG Manual and the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee assists the Board in fulfilling its oversight responsibility of the Company's corporate governance processes relating to the (i) quality and integrity of the Company's financial statements and financial	Under its charter, the Audit & Risk Management Committee will carry out the following duties and responsibilities:  I. Financial Statement and Disclosure Matters  • Reviews all financial statements against their compliance with pertinent accounting	Under the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee is empowered to (i) select and recommend the appointment or replacement of the external auditors to the Board; (ii) approve all auditing and non-audit services to be provided by and all fees to be paid to the external auditors; (iii) resolve any disagreements between Management and
	0 (in 2013)	3 (in 2013)	2 (in 2013)				
	1 (in 2014)	2 (in 2014)	2 (in 2014)				
	1 (in 2015)	2 (in 2015)	2 (in 2015)				
	1 (in 2016)	2 (in 2016)	2 (in 2016)				

					<p>reporting process and the Company's systems of internal accounting and financial controls; (ii) performance of the internal auditors; (iii) annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) compliance by the Company with legal and regulatory requirements, including the Company's disclosure controls and procedures; and (v) evaluation of Management's process to assess and manage the Company's enterprise risk issues.</p>	<p>standards, internal financial management, as well as tax, legal and other regulatory requirements</p> <ul style="list-style-type: none"> <li>• Reviews with management and the external auditors the results of the audit, including any difficulties encountered and issues warranting the attention of the Audit &amp; Risk Management Committee.</li> <li>• Reviews with management, internal auditors and the external auditors all matters required to be communicated to the Audit &amp; Risk Management Committee under generally accepted auditing standards.</li> </ul> <p>II. Performance of the Internal</p>	<p>the auditor regarding financial reporting; (iv) seek any information it requires from employees all of whom are directed to cooperate with the committee's requests; (v) meet with company officers, external auditors or outside counsel, as necessary; (vi) conduct and authorize investigations into any matter within the committee's scope of responsibilities</p>
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						<p>Controls</p> <ul style="list-style-type: none"> <li>• Considers the effectiveness of the Company's internal control system, including information technology security</li> <li>• Understands the scope of internal and external auditor's review of internal controls over financial reporting and obtain reports on significant findings and recommendations, together with Management's response</li> </ul> <p>III. Internal Audit Function</p> <ul style="list-style-type: none"> <li>• Reviews with Management and the head of Internal Audit the charter, activities, and organizational structure</li> </ul>	
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						<p>of the internal audit function</p> <ul style="list-style-type: none"> <li>• Confirms the appointment or replacement by management of the head of the Internal Audit organization</li> <li>• Reviews and confirms the annual audit and strategic plans prepared by Internal Audit in consultation with Management, and major changes to the plans, if any</li> <li>• Reviews significant findings and Management's response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as</li> </ul>	
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						<p>restrictions on the scope or access to information)</p> <ul style="list-style-type: none"> <li>• Supports the internal audit function and provides high-level follow-up of audit recommendations when such action is needed</li> <li>• Reviews the effectiveness of the internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing</li> </ul> <p>IV. External Auditor's Qualifications, Independence and Performance</p> <ul style="list-style-type: none"> <li>• Reviews and evaluates, at least annually, the performance of the external auditors (including lead partner) and</li> </ul>	
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						<p>makes recommendations to the Board of Directors each year with respect to the appointment of the External Auditor</p> <ul style="list-style-type: none"> <li>• Reviews the external auditor's proposed audit scope and approach, including coordination effort with internal audit</li> <li>• Reviews and confirms the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services and discusses the relationship with the auditors</li> <li>• Meets with the external auditors to discuss</li> </ul>	
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						<p>matters that the Audit &amp; Risk Management Committee or internal audit believes should be deliberated privately.</p> <p>V. Compliance with Legal and Regulatory Requirements</p> <ul style="list-style-type: none"> <li>• Ascertains whether the Company has an effective process for determining risks and exposure from litigation and claims from non-compliance with laws and regulations</li> <li>• Reviews the results of Management's investigation and follows up on any instance of non-compliance (including disciplinary action)</li> <li>• Reviews findings resulting from</li> </ul>	
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						<p>examination by regulatory agencies as well as internal and external audits, if any</p> <p>VI. Reporting</p> <ul style="list-style-type: none"> <li>• Reports regularly to the Board about Audit &amp; Risk Management activities, issues and related recommendations</li> <li>• Provides open avenue of communication between internal audit, the external auditors, and the Board</li> <li>• Provides reports required by SEC to be included in the Company's annual report, including approval of other audit services</li> <li>• Reviews any other reports the Company</li> </ul>	
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						<p>issues that relate to Audit &amp; Risk Management Committee responsibilities</p> <ul style="list-style-type: none"> <li>• Reviews a report of the Compliance Officer, if any, concerning employee and director conflicts of interest/compliance with the Company's conflict of interest program; and receives updates, as appropriate</li> </ul> <p>VII. Other Responsibilities</p> <ul style="list-style-type: none"> <li>• Institutes and oversees special investigations as needed</li> <li>• Confirms annually that all responsibilities outlined in the charter have been carried out</li> <li>• Conducts annual evaluation of the Audit &amp; Risk Management Committee's</li> </ul>	
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						<p>performance and reports the results to the Board</p> <ul style="list-style-type: none"> <li>Assesses the adequacy of its charter annually or as conditions dictate</li> <li>Undergoes continuous training and education needed for the effective performance of assigned responsibilities</li> <li>Performs other activities related to the charter of the committee as requested by the Board without interference or censorship by Management</li> </ul>	
Nomination	<p>1 (in 2012)</p> <hr/> <p>1 (in 2013)</p> <hr/> <p>0 (in 2014)</p> <hr/>	<p>1 (in 2012)</p> <hr/> <p>1 (in 2013)</p> <hr/> <p>2 (in 2014)</p> <hr/>	<p>1 (in 2012)</p> <hr/> <p>1 (in 2013)</p> <hr/> <p>1 (in 2014)</p> <hr/>	Yes (adopted on May 6, 2013)	Under the CG Manual and the Nomination Committee Charter, the Nomination Committee has functions of (i) pre-screening and shortlisting candidates	Under the CG Manual and the Nomination Committee Charter, the Nomination Committee is responsible for reviewing the qualifications and the disqualifications	It has the power to disqualify a candidate for election as director or officer who does not possess any of the required qualifications for election as such or who possesses any of the

	0 (in 2015)	2 (in 2015)	1 (in 2015)		<p>nominated to become members of the Board and other appointments that require Board approval;</p> <p>(ii) in consultation with the appropriate executive or Management committee/s and with the supervision of the Board, redefining the role, duties and responsibilities of the CEO; and</p> <p>(iii) assessing the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate</p>	<p>of candidates nominated to become directors or officers. Under the CG Manual, It is also tasked to redefine the role, duties and responsibilities of the CEO and review the process for the election or replacement of directors.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate objectives and strategic thrusts of the Company.</p>	<p>disqualifications.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate objectives and strategic thrusts of the Company.</p>
	0 (in 2016)	2 (in 2016)	1 (in 2016)		<p>nominated to become members of the Board and other appointments that require Board approval;</p> <p>(ii) in consultation with the appropriate executive or Management committee/s and with the supervision of the Board, redefining the role, duties and responsibilities of the CEO; and</p> <p>(iii) assessing the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate</p>	<p>of candidates nominated to become directors or officers. Under the CG Manual, It is also tasked to redefine the role, duties and responsibilities of the CEO and review the process for the election or replacement of directors.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate objectives and strategic thrusts of the Company.</p>	<p>disqualifications.</p> <p>In the determination of the fitness of a nominee to be proposed to elected as a director, the Nomination Committee also considers such nominee's ability to discharge the board function of ensuring the long-term success of the Company in a manner consistent with, among others, the corporate objectives and strategic thrusts of the Company.</p>

					objectives and strategic thrusts of the Company.		
Remuneration	<p style="text-align: center;">2 (in 2012)</p> <hr/> <p style="text-align: center;">2 (in 2013)</p> <hr/> <p style="text-align: center;">2 (in 2014)</p> <hr/> <p style="text-align: center;">2 (in 2015)</p> <hr/> <p style="text-align: center;">2 (in 2016)</p>	<p style="text-align: center;">2 (in 2012)</p> <hr/> <p style="text-align: center;">2 (in 2013)</p> <hr/> <p style="text-align: center;">2 (in 2014)</p> <hr/> <p style="text-align: center;">2 (in 2015)</p> <hr/> <p style="text-align: center;">2 (in 2016)</p>	<p style="text-align: center;">1 (in 2012)</p> <hr/> <p style="text-align: center;">1 (in 2013)</p> <hr/> <p style="text-align: center;">1 (in 2014)</p> <hr/> <p style="text-align: center;">1 (in 2015)</p> <hr/> <p style="text-align: center;">1 (in 2016)</p>	Yes (adopted on May 6, 2013)	<p>Under the CG Manual and the Compensation Committee Charter, the Compensation Committee has the function of considering and approving (i) salary structures and modifications thereto for individuals in the positions of Vice President, or its equivalent, and above; (ii) promotions to positions of Division Head and the salary increases to be granted concurrently with such promotions; and (iii) other compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans.</p>	<p>Under the CG Manual and the Compensation Committee Charter, the Compensation Committee is tasked to consider and approve the salary structures for the positions of Vice President, or its equivalent, and above, the promotions to positions of Division Head and the salary increases to be granted concurrently with such promotions and other compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans.</p> <p>Under the Compensation Committee Charter, the Compensation Committee further ensures that the Company's annual reports, information</p>	The Remuneration Committee has the power to fix salary structures of relevant officers, set compensation polices and propose the promotion of officers.

						and proxy statements clearly, concisely and understandably disclose the compensation of its executive officers as required by applicable laws or rules and regulations.	
Governance (created on July 3, 2014)	<p>0 — (in 2015)</p> <p>0 — (in 2016)</p>	<p>2 — (in 2015)</p> <p>2 — (in 2016)</p>	<p>1 — (in 2015)</p> <p>1 — (in 2016)</p>	Yes (adopted on May 11, 2015)	<p>Under the CG Manual and the Governance Committee Charter, the Governance Committee shall have the following functions:</p> <p>(i) assisting the Board in the development and implementation of the corporate governance policies, structures and systems of the Company, including the review of their adequacy and effectiveness; and</p> <p>(ii) overseeing the adoption and implementation of systems or mechanisms for the assessment and improvement of the performance of the Board, the</p>	<p>Under the CG Manual and the Governance Committee Charter, the Governance Committee has the responsibility of promoting and furthering the corporate governance of the Company.</p>	<p>Pursuant to the provisions of the CG Manual, the Governance Committee has the power to pursue the development, implementation and review of the corporate governance policies, structures and systems of the Company.</p>



					Directors and the Board Committees, and the evaluation of the compliance by the Company with the CG Manual.		
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**Board Committees under the New CG Manual**

The new and/or revised board committees under the New CG Manual are the following:

1. Executive Committee

- Membership of 2 executive directors and 1 non-executive director, with 2 alternate non-executive directors
- With functions, responsibilities and powers as set out above

2. Corporate Governance Committee

- Membership of 3 independent directors and 2 non-executive directors; chaired by an independent director
- Duties and responsibilities

a. Governance-Related. The Corporate Governance Committee has the following duties and functions relating to corporate governance:

- (i) oversees the implementation of the corporate governance framework of the Company and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the size, complexity and business strategy of the Company, as well as its business and regulatory environments;
- (ii) oversees the periodic performance evaluation of the Board of Directors and its committees as well as executive Management, and conducts an annual self-evaluation of its performance;
- (iii) ensures that the results of the board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (iv) recommends continuing education and training programs for directors, assignment of tasks and projects to the Board Committees, succession plan for the senior officers, and remuneration packages for corporate and individual performance;
- (v) adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (vi) proposes and plans relevant trainings for the members of the Board of Directors; and

- (vii) develops a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers and directors, which among others, compel all officers and directors to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired or elected, as the case may be.
- b. Nomination-Related. The Corporate Governance Committee shall ensure that the directors of the Company shall have the appropriate balance of knowledge, competencies, expertise, skills, and independence that are aligned with the strategic direction of the Company and which will enable the directors to discharge their duties and responsibilities effectively. It shall further ensure the effectiveness of the processes and procedures in the nomination, election, or replacement of a director.

The Corporate Governance Committee has the following duties and functions relating to the nomination and election of directors:

- (i) pre-screens and shortlists candidates nominated to become members of the Board of Directors and ensures that director-candidates (w) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board of Directors and in light of the Company's business and risk profile; (x) have a record of integrity and good repute; (y) have sufficient time to carry out their responsibilities; and (z) have the ability to promote a smooth interaction between board members.

The Corporate Governance Committee shall consider the use of professional search firms or external sources when searching for candidates to the Board of Directors;

- (ii) ensures that director-candidates have and maintain the qualifications and have none of the disqualifications set out in the New CG Manual;
  - (iii) assesses the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors;
  - (iv) determines the nomination and election process of the directors of the Company and defines the general profile of board members which the Company may need and which will ensure that appropriate knowledge, competencies, and expertise complement the existing skills of the Board of Directors; and
  - (v) considers the following guidelines in the determination of the number of directorships which a member of the Board of Directors may hold in accordance with the policy on holding multiple board seats under the New CG Manual:
    - (1) the nature of the business of the companies which he is a director;
    - (2) age of the director;
    - (3) number of directorships/active memberships and officerships in other companies or organizations; and
    - (4) possible conflict of interest.
- c. Remuneration-Related. The Corporate Governance Committee shall establish a formal and transparent procedure to determine the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

The Corporate Governance Committee has the following duties and functions relating to the remuneration of directors and officers:

- (i) ensures that salaries and other remuneration of officers and directors are set at level adequate to attract and retain directors and officers with the qualifications and experience needed to manage the Company successfully;
- (ii) considers and approves salary structures and modifications thereto for individuals in the positions of Vice President, or its equivalent, and above;
- (iii) considers and approves other compensation policy matters such as the adoption, modification and interpretation of corporate benefit plans;
- (iv) disallows any director to decide his or her own remuneration;
- (v) provides in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to the directors and senior executive officers for the previous fiscal year and the ensuing year; and
- (vi) reviews the personnel handbook of the Company to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

The members of the Corporate Governance Committee shall not participate in decisions with respect to his or her own remuneration, unless the same shall be applied to all directors.

### 3. Audit Committee

- Membership of 3 independent directors and 2 non-executive directors; chaired by an independent director who does not chair the Board or any other committee
- Duties and responsibilities
  - a. recommends the approval the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the Internal Audit Charter;
  - b. through the Internal Audit Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (i) safeguard the company's resources and ensure their effective utilization; (ii) prevent occurrence of fraud and other irregularities; (iii) protect the accuracy and reliability of the company's financial data; and (iv) ensure compliance with applicable laws and regulations;
  - c. oversees the Internal Audit Department, and recommends the appointment and/or grounds for removal of an Internal Audit Group Head or Chief Audit Executive, as the case may be. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;

- d. establishes and identifies the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;
- e. reviews and monitors Management's responsiveness to the internal auditor's findings and recommendations;
- f. be responsible for assessing the integrity and independence of the external auditor and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis;
- g. prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- h. evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to it and to the Company's overall consultancy expenses.

The Audit Committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

- i. reviews and approves the interim and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - (i) Any change/s in accounting policies and practices
  - (ii) Areas where a significant amount of judgment has been exercised
  - (iii) Significant adjustments resulting from the audit
  - (iv) Going concern assumptions
  - (v) Compliance with accounting standards
  - (vi) Compliance with tax, legal and regulatory requirements
- j. reviews the disposition of the recommendations in the external auditor's Management letter;
- k. performs oversight functions over the Company's Internal and external auditors. It ensures the independence of the internal auditor and the external auditor, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- l. coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- m. recommends to the Board the appointment, reappointment, removal, and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

The Audit Committee meets with the Board of Directors at least every quarter without the presence of the Chief Executive Officer or other Management team members, and periodically meets with the head of the internal audit.

#### 4. Risk Oversight Committee

- Membership of 2 independent directors and 1 non-executive director; chaired by an independent director who does not chair the Board or any other committee
- Duties and responsibilities
  - a. develops a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks; (ii) well-defined risk management goals, objectives and oversight; (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks; (iv) designing and implementing risk management strategies; and (vi) continuing assessments to improve risk strategies, processes and measures;
  - b. oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Risk Oversight Committee conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
  - c. evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Risk Oversight Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
  - d. advises the Board of Directors on its risk appetite levels and risk tolerance limits;
  - e. reviews at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
  - f. assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
  - g. provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
  - h. reports to the Board of Directors on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

#### 5. Related Party Transaction Committee

- Membership of 2 independent directors and 1 non-executive director; chaired by an independent director who does not chair the Board or any other committee
- Duties and responsibilities

- a. evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions (“RPTs”) are monitored, and subsequent changes in relationships with counterparties (from non-related to related and *vice versa*) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the Board of Directors and regulators/supervisors;
- b. evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (*e.g.*, price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Related Party Transaction Committee takes 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 comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company’s RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company’s affiliation or transactions with other related parties;
- d. reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f. oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

2) **Committee Members** (updated pursuant to the SEC Form 17-Cs of the Company dated May 21, 2014, July 3, 2014 February 12, 2015, March 17, 2015, May 11, 2015, May 19, 2016, and May 17, 2017)

(a) **Executive Committee\***

**2016**

<u>Office</u>	<u>Name</u>	<u>Date of Appointment</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>	<u>%</u>	<u>Length of Service in the Committee (in years)<sup>*B</sup></u>
Chairman	Eduardo M. Cojuangco, Jr. *****	March 17, 2015	8	8	100	1.79
Member (ED)	Ramon S. Ang *****	February 27, 2009	8	8	100	6.84
Member (ED)	Lubin B. Nepomuceno	February 19, 2013	8	7	87.5	3.86
Alternate Member (NED)	Aurora T. Calderon *****	May 19, 2015	1 (attended as alternate member)	1 (attended as alternate member)	100	1.62 (as alternate member)
Alternate Member (NED)	Virgilio S. Jacinto	May 20, 2014	N/A	N/A	N/A	2.62 (as alternate member)

**2015**

<u>Office</u>	<u>Name</u>	<u>Date of Appointment</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>	<u>%</u>	<u>Length of Service in the Committee (in years)<sup>*A</sup></u>
Chairman	Eduardo M. Cojuangco, Jr. *****	March 17, 2015	4 (since appointment)	4 (since appointment)	100	0.79 (since appointment)
Member (ED)	Ramon S. Ang *****	February 27, 2009	6	6	100	5.84
Member (ED)	Lubin B. Nepomuceno	February 19, 2013	6	5	100	2.86
Alternate Member (NED)	Aurora T. Calderon *****	May 19, 2015	2 (during her term as a regular member)	2 (during her term as a regular member)	100	0.62 (as alternate member)
Alternate Member (NED)	Eric O. Recto	May 21, 2013	2	N/A	N/A	2.61 (as alternate member)
Alternate Member (NED)	Virgilio S. Jacinto	May 20, 2014	1 (attended as alternate member)	1 (attended as alternate member)	100%	1.62 (as alternate member)

**2014**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)**
Member (ED)	Ramon S. Ang*****	February 27, 2009	4	4	100	4.84
Member (ED)	Lubin B. Nepomuceno	February 19, 2013	4	4	100	1.86
Member (NED)	Aurora T. Calderon*****	May 20, 2014	5 (during her term)	5 (during her term)	100	0.62
Member (NED)	Roberto V. Ongpin	July 31, 2008	5 (during his term)	2 (during his term)	40	5.42
Alternate Member (NED)	Eric O. Recto	May 21, 2013	4	N/A	N/A	1.61 (as alternate director)
Alternate Member (NED)	Virgilio S. Jacinto	May 20, 2014	4	N/A	N/A	0.62

**2013**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)***
Chairman	Ramon S. Ang	February 27, 2009	4	4	100	3.84
Member (ED)	Lubin B. Nepomuceno****	February 19, 2013	4	4	100	0.86
Member (NED)	Aurora T. Calderon*	May 20, 2014	newly elected			
Alternate Member (NED)	Eric O. Recto****	May 21, 2013	4	N/A	N/A	0.61 (as alternate director)
Alternate Member (NED)	Virgilio S. Jacinto*	May 20, 2014	newly elected			

**2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)****
Chairman	Ramon S. Ang	February 27, 2009	10	10	100	3.84
Member (ED)	Eric O. Recto*****	November 7, 2008	10	10	100	4.15
Member (NED)	Roberto V. Ongpin	May 12, 2009	10	10	100	3.64



\* At the organizational meeting held on May 16, 2017, the following were elected as members of the Executive Committee: Mr. Eduardo M. Cojuangco, Jr., Mr. Ramon S. Ang, and Mr. Lubin B. Nepomuceno and as alternate members: Ms. Aurora T. Calderon and Atty. Virgilio S. Jacinto, as disclosed to the SEC through an SEC Form 17-C dated May 17, 2017.

At the organizational meeting held on May 19, 2015, the following were elected as members of the Executive Committee: Mr. Eduardo M. Cojuangco, Jr., Mr. Ramon S. Ang, and Mr. Lubin B. Nepomuceno and as alternate members: Ms. Aurora T. Calderon and Atty. Virgilio S. Jacinto, as disclosed to the SEC through an SEC Form 17-C dated May 19, 2015. At the organizational meeting held on May 20, 2014, the following were elected as members of the Executive Committee: Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno and Ms. Aurora T. Calderon and as alternate members: Mr. Eric O. Recto and Atty. Virgilio S. Jacinto, as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014. At the organizational meeting held on May 21, 2013, the following were elected as members of the Executive Committee: Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno and Mr. Roberto V. Ongpin and as alternate members: Ms. Aurora T. Calderon and Mr. Eric O. Recto, as disclosed to the SEC through an SEC Form 17-C filed on May 22, 2013.

\*B Reckoned until December 31, 2016

\*A Reckoned until December 31, 2015

\*\* Reckoned until December 31, 2014

\*\*\* Reckoned until December 31, 2013

\*\*\*\* Reckoned until December 31, 2012

\*\*\*\*\* Mr. Eric O. Recto was replaced by Mr. Lubin B. Nepomuceno as a member of the Executive Committee on February 19, 2013 as disclosed to the SEC through an SEC Form 17-C filed on February 20, 2013.

\*\*\*\*\* At the regular board meeting held on March 17, 2015, Mr. Ang resigned as Chairman of the Executive Committee and Ms. Aurora T. Calderon as member and Mr. Eduardo M. Cojuangco, Jr. was elected Chairman of the Executive Committee as disclosed to the SEC through an SEC Form 17-C dated March 17, 2015.

## (b) Audit Committee\*

### 2016

<u>Office</u>	<u>Name</u>	<u>Date of Appointment</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>	<u>%</u>	<u>Length of Service in the Committee (in years) <sup>*B</sup></u>
Chairman (ID)	Reynaldo G. David	May 12, 2009	4	4	100	7.64
Member (NED)	Aurora T. Calderon	July 12, 2010	4	4	100	6.47
Member (ED)	Lubin B. Nepomuceno	May 21, 2013	4	4	100	3.61
Member (ID)	Artemio V. Panganiban	December 1, 2010	4	4	100	6.08
Member (NED)	Estelito P. Mendoza	February 27, 2009	4	4	100	7.84

### 2015

<u>Office</u>	<u>Name</u>	<u>Date of Appointment</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>	<u>%</u>	<u>Length of Service in the Committee (in years) <sup>*A</sup></u>
Chairman (ID)	Reynaldo G. David	May 12, 2009	5	5	100	6.64
Member (NED)	Aurora T. Calderon	July 12, 2010	5	5	100	5.47
Member (ED)	Lubin B. Nepomuceno	May 21, 2013	5	5	100	2.61
Member (ID)	Artemio V. Panganiban	December 1, 2010	5	4	80	5.08
Member (NED)	Estelito P. Mendoza	February 27, 2009	5	5	100	6.84

**2014**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)**
Chairman (ID)	Reynaldo G. David	May 12, 2009	5	5	100	5.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	3	5	60	5.84
Member (NED)	Aurora T. Calderon	July 12, 2010	5	5	100	4.47
Member (ED)	Lubin B. Nepomuceno	May 21, 2013	5	5	100	1.61
Member (ID)	Artemio V. Panganiban	December 1, 2010	5	5	100	4.08

**2013**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)***
Chairman (ID)	Reynaldo G. David	May 12, 2009	4	4	100	4.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	4	4	100	4.84
Member (NED)	Aurora T. Calderon	July 12, 2010	4	4	100	3.47
Member (ED)	Lubin B. Nepomuceno*	May 21, 2013	4	3 (during his term)	100 (during his term)	0.61
Member (ID)	Artemio V. Panganiban	December 1, 2010	4	4	100	3.08
Member (NED)	Ferdinand K. Constantino****	July 12, 2010	4	0	N/A (no meeting held during his term)	2.61 (until the end of his term)

**2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)****
Chairman (ID)	Reynaldo G. David	May 12, 2009	4	4	100	3.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	4	4	100	3.84
Member (NED)	Aurora T. Calderon	July 12, 2010	4	4	100	2.47
Member (NED)	Ferdinand K. Constantino****	July 12, 2010	4	4	100	2.47
Member (ID)	Artemio V. Panganiban	December 1, 2010	4	4	100	2.08

\* At the organizational meeting held on May 16, 2017, the following were elected as members of the Audit Committee: Mr. Reynaldo G. David, Mr. Artemio V. Panganiban, Mr. Margarito B. Teves, Atty. Estelito P. Mendoza, and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino, as disclosed to the SEC through an SEC Form 17-C dated May 17, 2017.

This committee has been renamed "Audit Committee" after the board approval of the creation of the Risk Oversight Committee at on May 8, 2017, which approval was disclosed to the SEC through an SEC Form 17-C dated May 8, 2017.

At the organizational meeting held on May 19, 2015, the following were elected as members of the Audit & Risk Management Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, Mr. Lubin B. Nepomuceno, Mr. Artemio V. Panganiban and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino, as disclosed to the SEC through an SEC Form 17-C dated May 19, 2015. At the organizational meeting held on May 20, 2014, the following were re-elected as members of the Audit and Risk Management Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, Mr. Lubin B. Nepomuceno, Chief Justice Artemio V. Panganiban and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino, as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014. At the organizational meeting held on May 21, 2013, the following were elected as members of the Audit and Risk Management Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, Mr. Lubin B. Nepomuceno, Mr. Artemio V. Panganiban and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino, as disclosed to the SEC through an SEC Form 17-C filed on May 22, 2013.

\*B Reckoned until December 31, 2016

\*A Reckoned until December 31, 2015

\*\* Reckoned until December 31, 2014

\*\*\* Reckoned until December 31, 2013

\*\*\*\* Reckoned until December 31, 2012

\*\*\*\*\* Mr. Ferdinand K. Constantino resigned as a member of, and was appointed as an advisor of, the Audit Committee on February 19, 2013 as disclosed to the SEC through an SEC Form 17-C on February 20, 2013.

**Disclose the profile or qualifications of the Audit Committee members** *(updated pursuant to the advisement letter filed by the Company with the SEC on April 7, 2014 and another advisement letter dated June 17, 2014, the SEC Form 17-C dated May 17, 2017 and May 8, 2017 and the Definitive Information Statement for the 2017 annual stockholders' meeting on SEC form 20-IS and the 2016 annual report on SEC Form 17-A)*

#### Chairman

#### **Reynaldo G. David**

- a certified public accountant
- has served as an Independent Director of the Company since May 12, 2009

Mr. David, a Filipino, born 1942, is a member of the Risk Oversight Committee, Corporate Governance Committee and the Related Party Transaction Committee. Since June 2016, he has been an independent director and a member of the Audit Committee, Nomination and Compensation Committees of SMC. He has previously held among others, the following positions: President and Chief Executive Officer of the Development Bank of the Philippines; Chairman of NDC Maritime Leasing Corporation; and Director of DBP Data Center, Inc. and Al-Amanah Islamic Bank of the Philippines. Other past positions include: Independent director of ISM and ATOK, Chairman of LGU Guarantee Corporation, Vice Chairman, Chief Executive Officer and Executive Committee Chairman of Export and Industry Bank (September 1997-September 2004), Director and Chief Executive Officer of Unicorp Finance Limited and Consultant of PT United City Bank (concurrently held from 1993-1997), Director of Megalink Inc., Vice President and FX Manager of the Bank of Hawaii (April 1984-August 1986), various directorships and/or executive positions with The Pratt Group (September 1986-December 1992), President and Chief Operating Officer of Producers Bank of the Philippines (October 1982-November 1983), President and Chief Operation Officer of International Corporation Bank (March 1979-September 1982), and Vice President and Treasurer of Citibank N. A. (November 1964-February 1979). A TOYM Awardee for Offshore Banking in 1977, he was also awarded by the Association of Development Financing Institutions in Asia & the Pacific as the Outstanding Chief Executive Officer in 2007.

He graduated from the De La Salle University with a Liberal Arts degree in Commerce in 1963 and has attended the Advance Management Program of the University of Hawaii (1974). He was conferred with the title Doctor of Laws, *honoris causa*, by the Palawan State University in 2005.

## Members

### **Aurora T. Calderon**

- a certified public accountant
- has served as a Director of the Company since August 13, 2010

Ms. Calderon, a Filipino, born 1954, is also an alternate member of the Executive Committee and a member of the Risk Oversight Committee. She holds the following positions, among others: Director and Senior Vice President and Senior Executive Assistant to the President and Chief Operating Officer of SMC; Director of Petron Malaysia Refining & Marketing Bhd, Petron Oil & Gas Mauritius Ltd., Petron Oil & Gas International Sdn. Bhd, Petron Marketing Corporation, Petron Freeport Corporation, SEA Refinery Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Co., Ltd., SMC Global Power Holdings Corp., Rapid Thoroughfares Inc., Trans Aire Development Holdings Corp., Vega Telecom, Inc., Bell Telecommunications Company, Inc., A.G.N. Philippines, Inc., Liberty Telecoms Holdings, Inc. and various subsidiaries of SMC; and Treasurer of Top Frontier Investment Holdings Inc. She has served as a Director of Manila Electric Company (“MERALCO”) (January 2009-May 2009), Senior Vice President of Guoco Holdings (1994-1998), Chief Financial Officer and Assistant to the President of PICOP Resources (1990-1998) and Assistant to the President and Strategic Planning at the Elizalde Group (1981-1989). Ms. Calderon graduated *magna cum laude* from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her Master’s degree in Business Administration from the Ateneo de Manila University in 1980. She is a member of the Financial Executives and the Philippine Institute of Certified Public Accountants.

**Lubin B. Nepomuceno**, Filipino, born 1951, has served as the General Manager of the Company since March 17, 2015. He is also a member of the Company’s Executive Committee. He holds the following positions, among others: President of PMC; Director of PMRMB, PFISB, POMSB, LLCDC, NVRC, PFC, PPI, PAHL, Mariveles Landco Corporation, Robinson International Holdings, Ltd. and Petron Singapore Trading Pte. Ltd.; Trustee of PFI; Director of San Miguel Paper Packaging Corporation and Mindanao Corrugated Fibreboard Inc.; Independent Director of MNHPI and President of Archen Technologies, Inc. Mr. Nepomuceno has held various board and executive positions in the San Miguel Group. He started with San Miguel Corporation (“SMC”) as a furnace engineer at the Manila Glass Plant in 1973 and rose to the ranks to become the General Manager of the San Miguel Packaging Group in 1998. He was also formerly the Senior Vice President and General Manager of the Company from September 2009 to February 2013. Mr. Nepomuceno holds a Bachelor of Science degree in Chemical Engineering and Master’s Degree in Business Administration from the De La Salle University. He also attended Advanced Management Program at the University of Hawaii, University of Pennsylvania and Japan’s Sakura Bank Business Management.

**Estelito P. Mendoza**, Filipino, born 1930, has served as a Director of the Company since January 8, 2009. He is also a member of the Audit Committee and the Corporate Governance Committee. He holds the following positions, among others: Head of Estelito P. Mendoza and Associates; and Director of SMC and Philippine National Bank (“PNB”). Mr. Mendoza was formerly the Philippine Solicitor General (1972-1986), Philippine Minister of Justice (1984-1986), Member of the Philippine Batasang Pambansa (1984-1986) and Governor of Pampanga Province (1980-1986). He also served as the Chairman of Dutch Boy Philippines, Inc., Alcorn Petroleum and Minerals Corporation, the Sixth (Legal) Committee, 31<sup>st</sup> Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization, and a Director of East West Bank. He was also a Professional Lecturer of law at the University of the Philippines. Atty. Mendoza took his pre-law course and Bachelor of Laws degree at the University of the Philippines. He also holds a Master of Laws degree from the Harvard Law School.

**Artemio V. Panganiban**, Filipino, born 1936, has served as an Independent Director of the Company since October 21, 2010. He is the Chairperson of the Risk Oversight Committee and a member of the Audit Committee and the Corporate Governance Committee. He holds the following positions, among others: Independent Director of MERALCO, Bank of the Philippine Islands, First Philippine Holdings Corp., Metro Pacific Investment Corp., Metro Pacific Tollways Corp., Robinsons Land Corp., GMA Network, Inc., GMA Holdings, Inc. and Asian Terminals, Inc.; Director of Jollibee Foods Corporation; columnist for the Philippine Daily Inquirer; and officer, adviser or consultant to several business, civic, educational and religious organizations. Mr. Panganiban was formerly the Chief Justice of the Philippine Supreme Court (2005-2006); Associate Justice of the Philippine Supreme Court (1995-2005); Chairperson of the Philippine House of Representatives Electoral Tribunal (2004-2005); Senior Partner of Panganiban Benitez Parlade Africa & Barinaga Law Office (1963-1995); President of Baron Travel Corporation (1967-1993); and professor at the Far Eastern University, Assumption Convent and San Sebastian College (1961-1970). He is an author of several books and has received various awards for his numerous accomplishments, most notably the “Renaissance Jurist of the 21<sup>st</sup> Century” conferred by the Supreme Court in 2006 and the “Outstanding Manilan” for 1991 by the City of Manila. Justice Panganiban earned his Bachelor of Laws degree, *cum laude*, from the Far Eastern University in 1960 and placed sixth in the bar exam that same year.

#### **Audit Committee for 2017-2018**

At the organizational meeting held on May 16, 2017, the following were elected as members of the Audit Committee for 2017 to 2018: Mr. Reynaldo G. David, Mr. Artemio V. Panganiban, Mr. Margarito B. Teves, Atty. Estelito P. Mendoza, and Ms. Aurora T. Calderon.

Set out below is the profile of the new member of the Audit Committee, another independent director:

**Margarito B. Teves**, Filipino, born 1943, has served as an Independent Director of the Company since May 20, 2014. He is the Chairman of the Corporate Governance Committee and the Related Party Transaction Committee and a member of the Audit Committee. He is also the Managing Director of The Wallace Business Forum and Chairman of Think Tank Inc. He was the Secretary of the Department of Finance of the Philippine government from 2005 to 2010, and was previously the President and Chief Executive Officer of the Land Bank of the Philippines from 2000 to 2005, among others. He was awarded as “2009 Finance Minister of Year/Asia” by the London-based The Banker Magazine. He holds a Master of Arts degree in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics.

#### **Describe the Audit Committee’s responsibility relative to the external auditor.**

Under the New CG Manual and its charter, the Audit Committee is responsible for (i) assessing the integrity and independence of the external auditor; (ii) exercising effective oversight to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis; (iii) reviewing the disposition of the recommendations in the external auditor’s Management letter; (iv) performing oversight functions over the Company’s Internal and external auditors. It ensures the independence of the internal auditor and the external auditor, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and (v) recommending to the Board the appointment, reappointment, removal, and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

In the determination of the qualification of the external auditor, the Audit Committee also ensures that the signing partner of the external auditor assigned to the Company is changed or rotated every five (5) years or as required under applicable laws and regulations.

(c) **Nomination Committee\***

**2016**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)*B
Chairman (ID)	Reynaldo G. David	May 12, 2009	4	4	100	7.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	4	4	100	7.84
Member (NED)	Atty. Virgilio S. Jacinto	May 21, 2013	4	4	100	3.61

**2015**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)*A
Chairman (ID)	Reynaldo G. David	May 12, 2009	5	5	100	6.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	5	5	100	6.84
Member (NED)	Atty. Virgilio S. Jacinto	May 21, 2013	5	5	100	2.61

**2014**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)**
Chairman (ID)	Reynaldo G. David	May 12, 2009	3	3	100	5.64
Member (NED)	Estelito P. Mendoza	February 27, 2009	3	2	67	5.84
Member (NED)	Atty. Virgilio S. Jacinto	May 21, 2013	3	3	100	1.61

**2013**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)***
Chairman (ID)	Reynaldo G. David	May 12, 2009	4	4	100	4.64
Member (ED)	Eric O. Recto****	July 31, 2008	4	1	100 (during his term)	4.56 (until the end of his term)
Member (NED)	Estelito P. Mendoza	February 27, 2009	4	3	75	4.84

Member (NED)	Atty. Virgilio S. Jacinto	May 21, 2013	4	1	100 (during his term)	0.61
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## 2012

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)*****
Chairman (ID)	Reynaldo G. David	May 12, 2009	2	2	100	3.64
Member (ED)	Eric O. Recto	July 31, 2008	2	2	100	4.42
Member (NED)	Estelito P. Mendoza	February 27, 2009	2	2	100	3.84

\* The functions of the Nomination Committee were transferred to the Corporate Governance Committee pursuant to the board approval of the New CG Manual on May 8, 2017, which approval was disclosed to the SEC through an SEC Form 17-C dated May 8, 2017.

At the organizational meeting held on May 19, 2015, the following were elected as members of the Nominations Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, and Atty. Virgilio S. Jacinto as disclosed to the SEC through an SEC Form 17-C dated May 19, 2015. At the organizational meeting held on May 20, 2014, the following were re-elected as members of the Nominations Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, and Atty. Virgilio S. Jacinto as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014. At the organizational meeting held on May 21, 2013, the following were elected as members of the Nominations Committee: Mr. Reynaldo G. David, Atty. Estelito P. Mendoza, and Atty. Virgilio S. Jacinto as disclosed to the SEC through an SEC Form 17-C filed on May 22, 2013.

\*B Reckoned until December 31, 2016

\*A Reckoned until December 31, 2015

\*\* Reckoned until December 31, 2014

\*\*\* Reckoned until December 31, 2013

\*\*\*\* Mr. Eric O. Recto resigned as a member of the Nomination Committee on February 19, 2013 as disclosed to the SEC through an SEC Form 17-C filed on February 20, 2013.

\*\*\*\*\* Reckoned until December 31, 2012

## (d) Remuneration Committee\*

### 2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)* <sup>B</sup>
Chairman	Eduardo M. Cojuangco, Jr. (non-voting)	February 10, 2015	0	0	0	1.88
Member (ED)	Ramon S. Ang (non-voting)	February 27, 2009	0	0	0	7.84
Member (ED)	Lubin B. Nepomuceno	February 20, 2013	0	0	0	3.87
Member (NED)	Aurora T. Calderon	July 12, 2010	0	0	0	5.47
Member (ID)	Reynaldo G. David	May 12, 2009	0	0	0	6.64

**2015**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)* <sup>A</sup>
Chairman	Eduardo M. Cojuangco, Jr. (non-voting)	February 10, 2015	0	0	0	0.88
Member (ED)	Ramon S. Ang (non-voting)	February 27, 2009	0	0	0	6.84
Member (ED)	Lubin B. Nepomuceno	February 20, 2013	0	0	0	2.87
Member (NED)	Aurora T. Calderon	July 12, 2010	0	0	0	4.47
Member (ID)	Reynaldo G. David	May 12, 2009	0	0	0	5.64

**2014**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)**
Chairman (ED)	Ramon S. Ang (non-voting)	February 27, 2009	0	0	0	5.84
Member (ED)	Lubin B. Nepomuceno	February 20, 2013	0	0	0	1.87
Member (NED)	Aurora T. Calderon	July 12, 2010	0	0	0	3.47
Member (NED)	Virgilio S. Jacinto	May 20, 2014	0	0	0	0.61
Member (ID)	Reynaldo G. David	May 12, 2009	0	0	0	4.64

**2013**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)***
Chairman	Ramon S. Ang (non-voting)	February 27, 2009	0	0	0	4.84
Member (ED)	Lubin B. Nepomuceno	February 20, 2013	0	0	0	0.87%
Member (ED)	Eric O. Recto (non-voting)****	July 31, 2008	0	0	0	4.56 (until the end of his term)
Member (NED)	Aurora T. Calderon	July 12, 2010	0	0	0	2.47
Member (ID)	Reynaldo G. David	May 12, 2009	0	0	0	3.64



**2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (in years)*****
Chairman	Ramon S. Ang (non-voting)	February 27, 2009	0	0	0	3.84
Member (ED)	Eric O. Recto (non-voting)****	July 31, 2008	0	0	0	4.42
Member (NED)	Roberto V. Ongpin	May 12, 2009	0	0	0	3.64
Member (NED)	Aurora T. Calderon	July 12, 2010	0	0	0	2.47
Member (ID)	Reynaldo G. David	May 12, 2009	0	0	0	3.64

\* The functions of the Remuneration Committee were transferred to the Corporate Governance Committee pursuant to the board approval of the New CG Manual on May 8, 2017, which approval was disclosed to the SEC through an SEC Form 17-C dated May 8, 2017.

At the organizational meeting held on May 19, 2015, the following were elected as members of the Remuneration Committee: Mr. Eduardo M. Cojuangco, Jr., Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno, Mr. Reynaldo G. David, and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino as disclosed to the SEC through an SEC Form 17-C dated May 19, 2015. At the special board meeting held on February 10, 2015, Mr. Ang resigned as Chairman of the Remuneration Committee and Atty. Jacinto as member and Mr. Eduardo M. Cojuangco, Jr. was elected Chairman of the Remuneration Committee as disclosed to the SEC through an SEC Form 17-C filed on February 12, 2015. At the organizational meeting held on May 20, 2014, the following were elected as members of the Remuneration Committee: Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno, Mr. Reynaldo G. David, Atty. Virgilio S. Jacinto, and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014. At the organizational meeting held on May 21, 2013, the following were elected as members of the Remuneration Committee: Mr. Ramon S. Ang, Mr. Lubin B. Nepomuceno, Mr. Roberto V. Ongpin, Mr. Reynaldo G. David, and Ms. Aurora T. Calderon, and as advisor: Mr. Ferdinand K. Constantino as disclosed to the SEC through an SEC Form 17-C filed on May 22, 2013.

\*B Reckoned until December 31, 2016

\*A Reckoned until December 31, 2015

\*\* Reckoned until December 31, 2014

\*\*\* Reckoned until December 31, 2013

\*\*\*\* Mr. Eric O. Recto resigned as a member of the Remuneration Committee on February 19, 2013 as disclosed to the SEC through an SEC Form 17-C filed on February 20, 2013.

\*\*\*\*\* Reckoned until December 31, 2012

**(e) Governance Committee\*****2016**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee***
Chairman (ID)	Margarito B. Teves	July 3, 2014	0	0	0	2.58%
Member (NED)	Virgilio S. Jacinto	July 3, 2014	0	0	0	2.58%
Member (NED)	Nelly Favis-Villafuerte	July 3, 2014	0	0	0	2.58%

**2015**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee**
Chairman (ID)	Margarito B. Teves	July 3, 2014	1	1	100	1.58%
Member (NED)	Virgilio S. Jacinto	July 3, 2014	1	1	100	1.58%
Member (NED)	Nelly Favis-Villafuerte	July 3, 2014	1	1	100	1.58%

**2014**

On July 3, 2014, the Board approved the creation of the Governance Committee.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Margarito B. Teves	July 3, 2014	N/A: newly created board committee			
Member (NED)	Virgilio S. Jacinto	July 3, 2014	N/A: newly created board committee			
Member (NED)	Nelly Favis-Villafuerte	July 3, 2014	N/A: newly created board committee			

\* The Governance Committee was renamed "Corporate Governance Committee" and the functions of the Remuneration and Nomination Committees were transferred pursuant to the board approval of the New CG Manual on May 8, 2017, which approval was disclosed to the SEC through an SEC Form 17-C dated May 8, 2017.

At the organizational meeting held on May 19, 2015, the following were elected as members of the Governance Committee: Mr. Margarito B. Teves and Attys. Virgilio S. Jacinto and Nelly Favis-Villafuerte as disclosed to the SEC through an SEC Form 17-C dated May 19, 2015.

\*\* Reckoned from creation of the committee on July 3, 2014 until December 31, 2015

\*\*\* Reckoned until December 31, 2016

**3) Changes in Committee Members**

*(Updated pursuant to the SEC Form 17-C dated May 17, 2017)*

**Indicate any changes in committee membership that occurred during the year and the reason for the changes:**

On May 16, 2017, the Board appointed the following as the members of the board committees of the Company which were revised and/or created by the Board on May 8, 2017 upon its approval of the New CG Manual:

***Executive Committee***

<u>aa</u>	<u>Chairman</u>
Ramon S. Ang	Member
Lubin B. Nepomuceno	Member
Aurora T. Calderon	Alternate Member
Virgilio S. Jacinto	Alternate Member

***Audit Committee***

Reynaldo G. David	Chairman (Independent Director)
Margarito B. Teves	Member (Independent Director)

Artemio V. Panganiban	Member (Independent Director)
Estelito P. Mendoza	Member
Aurora T. Calderon	Member
Ferdinand K. Constantino	Advisor

***Risk Oversight Committee***

Artemio V. Panganiban	Chairman (Independent Director)
Reynaldo G. David	Member (Independent Director)
Aurora T. Calderon	Member

***Corporate Governance Committee***

Margarito B. Teves	Chairman (Independent Director)
Reynaldo G. David	Member (Independent Director)
Artemio V. Panganiban	Member (Independent Director)
Estelito P. Mendoza	Member
Virgilio S. Jacinto	Member

***Related Party Transaction Committee***

Margarito B. Teves	Chairman (Independent Director)
Reynaldo G. David	Member (Independent Director)
Aurora T. Calderon	Member

The following are the changes in committee membership as disclosed to the SEC through an SEC Form 17-C filed on May 21, 2014, February 12, 2015 and March 17, 2015:

<b>Name of Committee</b>	<b>Name</b>	<b>Reason</b>
Executive	Appointment as Chairman: Eduardo M. Cojuangco, Jr.	To fill in vacant position arising from the resignation by Ramon S. Ang as Chairman and Ms. Aurora T. Calderon as member
	Appointment as alternate member: Virgilio S. Jacinto	To fill in vacant position arising from the appointment of Ms. Aurora T. Calderon as regular member of the committee
Audit & Risk Management	N/A	
Nomination	N/A	
Remuneration	Appointment as Chairman: Eduardo M. Cojuangco, Jr.	To fill in vacant position arising from the resignation by Mr. Ramon S. Ang as Chairman and Atty. Virgilio S. Jacinto as member
Others (specify)	N/A	

The following were the changes in committee membership in 2013 as disclosed to the SEC through SEC Form 17-Cs filed on February 20, 2013 and May 22, 2013:

Name of Committee	Name	Reason
Executive	Appointment as member: Lubin B. Nepomuceno	To replace Eric O. Recto upon his resignation
	Appointment as alternate member: Eric O. Recto	To fill in vacant position
	Appointment as alternate member: Aurora T. Calderon	To fill in vacant position
Audit & Risk Management	Appointment as member: Lubin B. Nepomuceno	To replace Ferdinand K. Constantino upon his resignation
Nomination	Appointment as member: Virgilio S. Jacinto	To replace Eric O. Recto upon his resignation
Remuneration	Appointment as member: Lubin B. Nepomuceno	To replace Eric O. Recto upon his resignation
Others (specify)	N/A	

There was no change in committee membership in 2012.

Name of Committee	Name	Reason
Executive	N/A	
Audit & Risk Management	N/A	
Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

- 4) **Work Done and Issues Addressed** (updated pursuant to the Company's SEC Form 17-C dated May 11, 2015, the Definitive Information Statement for the 2017 annual stockholders' meeting on SEC Form 20-IS and the 2016 annual report on Sec Form 17-A)

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	<p><b><u>2016</u></b></p> <p>The Executive Committee had eight (8) meetings in 2016 and approved corporate actions requiring board approval in between sessions of the Board.</p> <p><b><u>2015</u></b></p> <p>The Executive Committee had six (6) meetings in 2015 and approved corporate actions requiring board approval in between sessions of the</p>	The Executive Committee reviewed and assessed, and approved, if thought fit, proposed corporate actions requiring board approval in between sessions of the Board.

	<p>Board.</p> <p><b><u>2014</u></b></p> <p>The Executive Committee had 10 meetings in 2014 and approved corporate actions requiring board approval in between sessions of the Board.</p> <p><b><u>2013</u></b></p> <p>The Executive Committee had four (4) meetings in 2013 and approved corporate actions requiring board approval in between sessions of the Board.</p> <p><b><u>2012</u></b></p> <p>The Executive Committee had 10 meetings in 2012 and approved corporate actions requiring board approval in between sessions of the Board.</p>	
<p>Audit &amp; Risk Management</p>	<p><b><u>2016</u></b></p> <p>The Audit &amp; Risk Management Committee had four (4) meetings in 2016.</p> <p>As reported in the Information Statement for the 2017 annual stockholders' meeting and the annual report (SEC Form 17-A) for 2015, the Audit &amp; Risk Management Committee accomplished the following in 2016: (i) review of the quarterly and annual financial statements of the Company and endorsement of the same for Board approval, (ii) endorsement of R.G. Manabat &amp; Co., CPAs (as the Company's external auditor for 2015), (iii) review with R.G. Manabat &amp; Co., CPAs of the scope and timing of their annual audit plan, audit methodology and focus areas in relation to their review of the financial statements, (iv) review with Manabat San</p>	<p>There were no significant issues noted that had a material effect on the Company's financial statements and its operations. The work reported to have been done by the Audit and Risk Management Committee was in compliance with the scope of its mandate.</p>

	<p>Agustin &amp; Co., CPAs the audit observations and recommendations of the Company's internal audit controls and Management's response to issues raised, (v) review with the Internal Audit Head and approval of the annual internal audit plan; and (vi) review on a quarterly basis of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period; (vii) review of the Internal Audit Rating System to provide an overall assessment of the quality of the design and operation of internal control in the Company.</p> <p><b><u>2015</u></b></p> <p>The Audit &amp; Risk Management Committee had five (5) meetings in 2015.</p> <p>As reported in the Information Statement for the 2016 annual stockholders' meeting and the annual report (SEC Form 17-A) for 2015, the Audit &amp; Risk Management Committee accomplished the following in 2015: (i) review of the quarterly and annual financial statements of the Company and endorsement of the same for Board approval, (ii) endorsement of RG Manabat &amp; Co., CPAs (as the Company's external auditor for 2014), (iii) review with R.G. Manabat &amp; Co., CPAs of the scope and timing of their annual audit plan, audit methodology and focus areas in relation to their review of the financial statements, (iv) review with R.G. Manabat &amp; Co., CPAs the audit observations and recommendations of the Company's internal audit controls and Management's response to issues raised, (v) review with the Internal Audit Head and approval of the</p>	
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	<p>annual internal audit plan; and (vi) review on a quarterly basis of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period; (vii) approval of the Internal Control Policy of the Company to continuously educate the employees on the importance of internal control systems; and (viii) approval of the recommendation for the change in partner of KPMG who will handle the company account.</p> <p><b><u>2014</u></b></p> <p>The Audit &amp; Risk Management Committee had five (5) meetings in 2014.</p> <p>As reported in the Information Statement for the 2015 annual stockholders' meeting and the annual report (SEC Form 17-A) for 2014, the Audit &amp; Risk Management Committee accomplished the following in 2014: (i) review of the quarterly and annual financial statements of the Company and endorsement of the same for Board approval, (ii) endorsement of R.G. Manabat Co., CPAs (as the Company's external auditor for 2013), (iii) review with R.G. Manabat &amp; Co., CPAs of the scope and timing of their annual audit plan, audit methodology and focus areas in relation to their review of the financial statements, (iv) review with R.G. Manabat &amp; Co., CPAs the audit observations and recommendations of the Company's internal audit controls and Management's response to issues raised, (v) review with the Internal Audit Head and approval of the annual internal audit plan; and (vi) review on a quarterly basis of the report of the Internal Audit</p>	
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	<p>Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period; and (vii) approval of the Internal Control Policy of the Company to continuously educate the employees on the importance of internal control systems.</p> <p><b><u>2013</u></b></p> <p>The Audit &amp; Risk Management Committee had four (4) meetings in 2013.</p> <p>As reported in the Information Statement for the 2014 annual stockholders' meeting and the annual report (SEC Form 17-A) for 2013, the Audit &amp; Risk Management Committee accomplished the following in 2013: (i) review of the quarterly and annual financial statements of the Company and endorsement of the same for Board approval, (ii) endorsement of R.G. Manabat &amp; Co., CPAs (as the Company's external auditor for 2012), (iii) review with R.G. Manabat &amp; Co., CPAs of the scope and timing of their annual audit plan, audit methodology and focus areas in relation to their review of the financial statements, (iv) review with R.G. Manabat &amp; Co., CPAs the audit observations and recommendations of the Company's internal audit controls and Management's response to issues raised, (v) review with the Internal Audit Head and approval of the annual internal audit plan; and (vi) review on a quarterly basis of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period; and (vii) review and approval of the</p>	
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	<p>provision by the Internal Audit Department of audit services to Petron Malaysia.</p> <p><b><u>2012</u></b></p> <p>The Audit &amp; Risk Management Committee had five (5) meetings in 2012.</p> <p>As reported in the Information Statement for the 2013 annual stockholders' meeting and the annual report (SEC Form 17-A) for 2012, the Audit &amp; Risk Management Committee accomplished the following in 2012: (i) review of the quarterly and annual financial statements of the Company and endorsement of the same for Board approval, (ii) endorsement of Manabat San Agustin &amp; Co., CPAs as the Company's external auditor for 2011, (iii) review with Manabat San Agustin &amp; Co., CPAs of the scope and timing of their annual audit plan, audit methodology and focus areas in relation to their review of the financial statements, (iv) review with Manabat San Agustin &amp; Co., CPAs the audit observations and recommendations of the Company's internal audit controls and Management's response to issues raised, (v) review with the Internal Audit Head of the annual internal audit plan and determination of the independence of the internal audit function; and (vi) review on a quarterly basis the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.</p>	
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Nomination	<p><b><u>2016</u></b></p> <p>The Nomination Committee held four (4) meetings in 2016 to pre-screen and short-list candidates for the election of the directors and the appointment of officers of the Company.</p> <p><b><u>2015</u></b></p> <p>The Nomination Committee also held five (5) meetings in 2015 to pre-screen and short-list candidates for the election of the directors and the appointment of officers of the Company.</p> <p><b><u>2014</u></b></p> <p>The Nomination Committee also held three (3) meetings in 2014 to pre-screen and short-list candidates for the election of the directors and the appointment of officers of the Company.</p> <p><b><u>2013</u></b></p> <p>The Nomination Committee also held four (4) meetings in 2013 to pre-screen and short-list candidates for the election of the directors and the appointment of officers of the Company.</p> <p><b><u>2012</u></b></p> <p>The Nomination Committee held two (2) meetings in 2012. The meetings were held to pre-screen and short-list candidates for the election of the directors and the appointment of officers of the Company.</p>	No particular work was needed to be done by the Nomination Committee to address any significant issue that required resolution. The work done by the Nomination Committee was in pursuance of its regular functions of qualifying nominees to be elected as directors and/or officers of the Company.
Remuneration	The Compensation Committee did not hold any meeting in 2012, 2013, 2014, 2015 and <u>2016</u> .	No particular work was needed to be done by the Remuneration Committee to address any significant issue that required resolution.

Governance	<p>The Governance Committee was newly created on July 3, 2014 and did not hold any meeting in 2014.</p> <p>No meeting was held in 2016.</p> <p><b><u>2015</u></b></p> <p>In 2015, the Governance Committee held one meeting to approve the Governance Committee Charter and propose its adoption by the Board.</p>	<p>No particular work was needed to be done by the Governance Committee to address any significant issue that required resolution.</p> <p>The adoption of the Governance Committee Charter was intended to set out the duties and responsibilities of the committees and the rules on the composition, meetings, procedures and performance evaluation of the committee.</p>
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5) **Committee Program** (updated pursuant to the SEC Form 17-C of the Company dated July 3, 2014)

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Continued availability to approve corporate actions requiring board action in between sessions of the Board	This will ensure that the necessary corporate approvals are timely obtained to pursue transactions requiring such approvals during the period in between sessions of the Board.
Audit & Risk Management	<ol style="list-style-type: none"> <li>1. Review of manpower complement of terminal and depots.</li> <li>2. Operations' Back-to-Basics Program for the continuous review of the depot/terminal's processes and procedures</li> <li>3. Continuous communication of Company's Policy on Internal Control.</li> </ol>	<ol style="list-style-type: none"> <li>1. This program will address the recurring minor audit findings by determining and putting the right number and skill sets of personnel manning these facilities.</li> <li>2. The objective of this program is to ensure adequate controls and standardize and update systems and procedure vital to the accomplishment of the depots/terminals' business objectives.</li> <li>3. This is intended to continuously educate the employees on the importance of internal control systems and procedures for the attainment of their respective business objectives.</li> </ol>

Nomination	Adopt the Nomination Committee Charter	This charter will set out the roles, responsibilities, and authority of the Nomination Committee, including the rules of procedures that will guide the function of the committee.  (The Nomination Committee Charter was adopted by the Board on May 6, 2013 as disclosed to the SEC through an SEC Form 17-C filed on May 9, 2013).
Remuneration	Adopt the Compensation Committee Charter	This charter will set out the roles, responsibilities, and authority of the Compensation Committee, including the rules of procedures that will guide the function of the committee.  (The Compensation Committee Charter was adopted by the Board on May 6, 2013 as disclosed to the SEC through an SEC Form 17-C filed on May 9, 2013).
Governance	Adopt the Governance Committee Charter (this committee was newly created on July 3, 2014)	This charter will set out the roles, responsibilities, and authority of the Governance Committee, including the rules of procedures that will guide the function of the committee.  (The Compensation Committee Charter was adopted by the Board on May 11, 2015 as disclosed to the SEC through an SEC Form 17-C filed on May 12, 2015.)

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

Part of the mandate of the Audit & Risk Management Committee is to review of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment of the Company.

Under the Corporate Policy Manual, Management recognizes that the Company faces risks that have consequential losses. For this reason, the Company has adopted the policy of having a risk management program consistent with its corporate objectives as well as its financial resources. As disclosed in its Definitive Information Statements and annual reports (SEC Form 17-A), Petron follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.

The Company's risk management process is a bottom-up approach, with each division mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As Petron's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Management Committee and eventually the Board through the Company's annual business planning process.

Oversight and technical assistance is likewise provided by corporate units and subsidiaries with special duties. The Risk and Insurance Management Group is mandated with the overall coordination and development of the enterprise-wide risk management process. The Financial Risk Management Unit of the Treasurers Department is in charge of foreign exchange hedging transactions while the Transaction Management Unit of the Controller's Department provides backroom support for all financial transactions. The Corporate Technical & Engineering Services Group oversees compliance with the domestic and international standards set for health, safety and environment. The Internal Audit Department is tasked with the implementation of a risk-based process-focused audit approach. Petron Singapore Trading Pte. Ltd. executes the hedging transactions involving crude and product imports on behalf of the Company.

**(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;**

The Audit & Risk Management Committee considers the internal control system of the Company adequate and effective based on its review and evaluation of the Internal Audit Department's report on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.

The regular assessment by each division of its risk profile and its formulation of action plans for managing identified risks are eventually reported to the Management Committee which, in turn, brings the same for the approval by the Board through the presentation and approval of the annual business plan.

The Audit & Risk Management Committee of the Board, in its audit report for each year, states whether it has conducted a review of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment of the Company. The Audit & Risk Management Committee issued its audit report for 2016, 2015, 2014, 2013 and 2012, a copy of which appears in (i) the 2016 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2017 annual stockholders' meeting, (ii) the 2015 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2016 annual stockholders' meeting, (iii) the 2014 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2015 annual stockholders' meeting, (iv) the 2013 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2014 annual stockholders' meeting and (v) the 2012 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2013 annual stockholders' meeting, respectively, which states that the committee has reviewed on a quarterly basis the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.

**(c) Period covered by the review;**

The years covered are 2012, 2013, 2014, 2015 and 2016.

**(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and**

The Audit & Risk Management Committee of the Board, in its audit report for each year, states whether it has conducted a review of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment of the Company. The Audit & Risk Management Committee issued its audit report for 2016, 2015, 2014, 2013, and 2012, a copy of which appears in (i) the 2016 annual report (SEC Form

17-A) and the Definitive Information Statement for the 2017 annual stockholders' meeting, (ii) the 2015 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2016 annual stockholders' meeting, (iii) the 2014 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2015 annual stockholders' meeting, (iv) the 2013 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2014 annual stockholders' meeting and (v) the 2012 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2013 annual stockholders' meeting, respectively, which states that the committee has reviewed on a quarterly basis the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.

**(e) Where no review was conducted during the year, an explanation why not.**

Not applicable.

**2) Risk Policy**

**(a) Company**

**Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:**

The major risks of the Company are set out in the Definitive Information Statement and the SEC Form 17-A of the Company. The list below does not represent a ranking in the order of priority but covers the risks identified by the Company using a matrix of risks measurement based on probability and quantified amount (in Php) of possible adverse effect on its finances.

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
Foreign exchange risk	<ol style="list-style-type: none"> <li>1. Hedging of dollar-denominated liabilities using forwards and other derivative instruments and generation of dollar-denominated sales; currency hedging, by policy, is limited to the extent of 100% of the underlying exposure.</li> <li>2. Daily recording of dollar-denominated assets and liabilities and the resulting potential foreign exchange losses through software that monitors financial transactions under the Company's enterprise resource planning system</li> </ol>	<ol style="list-style-type: none"> <li>1. Hedging allows the Company to manage its currency exposure.</li> <li>2. The monitoring of foreign exchange risk allows real-time awareness and response to contain losses posed by foreign exchange exposure. Such software is also capable of tracking risk exposures arising from other market sensitive financial variables, such as interest rates and commodity prices.</li> </ol>
Risk of operational disruptions	Implementation of a corporate-wide health, safety and	The HSE program involves extensive employee training and management and

	environment (“HSE”) program and effective maintenance practices and the inculcation of a culture of continuous process improvement	monitoring systems that help achieve a dual purpose: (i) for the employees and other stakeholders, a safe environment and (ii) for the Company, substantive manhours without lost time accident.
Profit margin and cash flow risk	Use of (i) margin hedging strategies for some US dollar-based contracts, (ii) long-term contracts for some of its fuel and petrochemical products whenever these are financially attractive, and (iii) a cash flow projection software	The policy allows the Company to eliminate the risk of profit margin compression due to changes in crude and product prices with a margin hedge simultaneously fixing the future dollar prices of Dubai crude oil and that of a selected product (contracted to be sold at the future date) manufactured from the crude. Long-term sales contracts provide a partial hedge on future cash flow uncertainty. The cash flow projection software enables the Company to proactively respond to potential future cash flow imbalances and maintain access to credit lines in excess of typical requirements so that funds can be readily tapped in case of a cash flow squeeze.
Regulatory risk	Compliance with applicable laws and regulations and active involvement in stakeholder consultation with government regulatory agencies and relevant stakeholder groups	Compliance with applicable law and regulation ensures that no legal actions are filed against, and no substantive fines or non-monetary sanctions are imposed on, the Company.  Working closely with stakeholders in the oil and energy industry helps facilitate the mutual understanding of laws and the development of strategic initiatives for the oil and energy sector that, in turn, result in the twin goals of industry leadership and nation-building.

**(b) Group**

**Give a general description of the Group’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:**

The major risks of the Company and its group are set out in the Definitive Information Statement and the SEC Form 17-A of the Company. The list below does not represent a ranking in the order of priority but covers the risks identified by the Company using a matrix of risks measurement based on probability and quantified amount (in Php) of possible adverse effect on its finances.

Risk Exposure	Risk Management Policy	Objective
Foreign exchange risk	<p>1. Hedging of dollar-denominated liabilities using forwards and other derivative instruments and generation of dollar-denominated sales; currency hedging, by policy, is limited to the extent of 100% of the underlying exposure.</p> <p>2. Daily recording of dollar-denominated assets and liabilities and the resulting potential foreign exchange losses through software that monitors financial transactions under the Company's enterprise resource planning system</p>	<p>1. Hedging allows the Company to manage its currency exposure.</p> <p>2. The monitoring of foreign exchange risk allows real-time awareness and response to contain losses posed by foreign exchange exposure. Such software is also capable of tracking risk exposures arising from other market sensitive financial variables, such as interest rates and commodity prices.</p>
Risk of operational disruptions	Implementation of a corporate-wide HSE program and effective maintenance practices and the inculcation of a culture of continuous process improvement	The HSE program involves extensive employee training and management and monitoring systems that help achieve a dual purpose: (i) for the employees and other stakeholders, a safe environment and (ii) for the Company, substantive manhours without lost time accident.
Profit margin and cash flow risk	Use of (i) margin hedging strategies for some US dollar-based contracts, (ii) long-term contracts for some of its fuel and petrochemical products whenever these are financially attractive, and (iii) a cash flow projection software	The policy allows the Company to eliminate the risk of profit margin compression due to changes in crude and product prices with a margin hedge simultaneously fixing the future dollar prices of Dubai crude oil and that of a selected product (contracted to be sold at the future date) manufactured from the crude. Long-term sales contracts provide a partial hedge on future cash flow uncertainty. The cash flow projection software enables the Company to proactively respond to potential future cash flow imbalances and maintain access to credit lines in excess of typical requirements so that funds can be readily tapped in case of a cash flow squeeze.
Regulatory risk	Compliance with applicable laws and regulations and active involvement in stakeholder consultation with government regulatory agencies and relevant	Compliance with applicable law and regulation ensures that no legal actions are filed against, and no substantive fines or non-monetary sanctions are imposed on, the Company.



	stakeholder groups	Working closely with stakeholders in the oil and energy industry helps facilitate the mutual understanding of laws and the development of strategic initiatives for the oil and energy sector that, in turn, result in the twin goals of industry leadership and nation-building.
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**(c) Minority Shareholders**

Indicate the principal risk of the exercise of controlling shareholders' voting power.

<b>Risk to Minority Shareholders</b>
Inherent in the one-share-one-vote policy set out in Philippine laws is the risk that minority stockholders may generally be unable to prevent the approval of any resolution requiring stockholders' approval that is proposed and voted in the affirmative by the majority stockholders.

**3) Control System Set Up**

**(a) Company**

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Key risks	Bottom up approach with each division conducting a regular self-assessment of its risk profile	<p>Petron follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.</p> <p>The Company's risk management process is a bottom-up approach, with each division mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As Petron's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Management Committee and eventually the Board of Directors through the Company's annual business planning process.</p> <p>Oversight and technical assistance is likewise provided by corporate units with special duties. The Risk and Insurance Management Group is mandated with the overall coordination and development of the enterprise-wide risk management process.</p>

		<p>The International Trade Finance Section of the Treasurers Department is in charge of foreign exchange hedging transactions While the Transaction Management Unit of the Controller’s Department provides backroom support for all financial transactions. The Corporate Technical &amp; Engineering Services Group oversees compliance with the domestic and international standards set for health, safety and environment. The Internal Audit Department implements the risk-based process-focused audit methodology and conforms with the International Standards for the Professional Practice of Internal Auditing, having rated as “Generally Complying” by KPMG in the Quality Assurance Review conducted. Petron Singapore Trading Pte. Ltd. executes the hedging transactions involving crude and product imports on behalf of the Company.</p>
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**(b) Group**

**Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:**

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Key risks	Bottom up approach with each division conducting a regular self-assessment of its risk profile	<p>Petron follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.</p> <p>The Company’s risk management process is a bottom-up approach, with each division mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As Petron’s operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Management Committee and eventually the Board of Directors through the Company’s annual business planning process.</p> <p>Oversight and technical assistance is</p>

		likewise provided by corporate units with special duties. The Risk and Insurance Management Group is mandated with the overall coordination and development of the enterprise-wide risk management process. The International Trade Finance Section of the Treasurers Department is in charge of foreign exchange hedging transactions. The Transaction Management Unit of the Controller's Department provides backroom support for all financial transactions. The Corporate Technical & Engineering Services Group oversees compliance with the domestic and international standards set for health, safety and environment. The Internal Audit Department is tasked with the implementation of a risk-based auditing. Petron Singapore Trading Pte. Ltd. executes the hedging transactions involving crude and product imports on behalf of the Company.
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**(c) Committee**

**Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:**

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Board of Directors and its Audit & Risk Management Committee	Review of the annual business plan and the effectiveness of the Company's internal control system	Reviews and evaluates the annual plan of the Company, which includes the report of the Management Committee on the risk profile of the Company and the proposed action plans; through the Audit & Risk Management Committee, considers the effectiveness of the Company's internal control system
Management Committee	Review of the report of the Risk and Insurance Management Group	Presents to the Board the risk profile of the Company and recommends action plans for managing identified risks
Internal Audit	Provision of independent evaluation	Undertakes independent regular audit reviews of the

		Company's internal control system to provide reasonable assurance that such systems are operating effectively
Corporate units and subsidiaries with special duties (Risk and Insurance Management Group, Financial Risk Management Unit of the Treasurers Department, Corporate Technical & Engineering Services Group and Petron Singapore Trading Pte. Ltd.)	Provision of technical assistance and coordination and	<ul style="list-style-type: none"> <li>• The Risk and Insurance Management Group provides the overall coordination and development of the enterprise-wide risk management process.</li> <li>• The Financial Risk Management Unit of the Treasurers Department is in charge of foreign exchange hedging transactions.</li> <li>• The Transaction Management Unit of the Controller's Department provides backroom support for all financial transactions.</li> <li>• The Corporate Technical &amp; Engineering Services Group oversees compliance with the domestic and international standards set for health, safety and environment.</li> <li>• Petron Singapore Trading Pte. Ltd. executes hedging transactions involving crude and product imports on behalf of the Company.</li> </ul>
Each division as risk owner	Self-assessment	Conducts a regular assessment of its risk profile and formulates action plans for managing identified risks

## **G. INTERNAL AUDIT AND CONTROL**

### **1) Internal Control System**

**Disclose the following information pertaining to the internal control system of the company:**

**(a) Explain how the internal control system is defined for the company;**

Under its New CG Manual, the Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations to ensure the integrity, transparency and proper governance in the conduct of its affairs. The Company shall have an effective internal control system that embodies (a) management oversight and control culture; (b) risk recognition and assessment; (c) control activities; (d) information and communication; (e) monitoring activities and correcting deficiencies.

Petron is committed to ensuring the highest standard of corporate governance in its conduct of its business affairs and activities in pursuit of its goals and objectives. The Board and Management consider this as a vital part of its responsibilities and commitments to safeguard and enhance stakeholders' value.

To live up with this commitment, the Company, through its Board and Management, has developed a comprehensive internal control system designed not only to ensure efficient and effective management of its activities, so as to meet the organization's objectives, but also to create and support a strong system of corporate governance. This internal control system has strong management support, including the involvement of the Board and the Audit & Risk Management Committee, and is designed to manage the risks to which the Company is exposed to.

The internal control system of the Company encompasses the formulation of Company's vision and mission, objectives, strategic directions and thrusts, plans and programs, policies/guidelines/procedures, and management systems. The policies are the Code of Conduct and Ethical Business Policy, which is considered as the foundation policy, the Corporate Policy Manual, the Good Governance Policy Manual, the Internal Control Policy, the Integrated Management Policy Manual, and the ISO Policy on Health, Safety & Environment Manual. A clear organizational structure with well-defined duties and responsibilities, clear lines of accountability and delegation of authority for each level is part of the manuals. These series of policies, procedures and management systems are communicated to the Company's employees, contractors, vendors, customers and other concerned stakeholders, so that each has a clear understanding of the Company's expectations. Each component of the internal control system is designed to achieve high standards of performance in the areas of safety, operations, financial results, internal control, risk management, good governance, internal and external legal and environmental regulatory compliance, and corporate social responsibility.

The Board and the Audit & Risk Management Committee ensure that these policies and management systems are updated and fully implemented and consistently enforced. They are supported by the Management team, various internal committees and the Internal Audit Department.

The Internal Audit Department undertakes independent regular audit reviews of the Company's internal control system to provide reasonable assurance that such systems are operating effectively. The internal audit process involves the regular audit of a majority of the Company's facilities, core processes, and operations, and quarterly review with the Audit & Risk Management Committee of the audit results and status of the audit plan as well as the audit plan for the subsequent year. The internal audit group reports functionally to the Audit & Risk Management Committee. This structure provides independence for the

internal audit group in carrying its audit function. The Corporate Technical and Engineering Services Group performs periodic technical and/or compliance audits on safety, health and environment, among others.

Weekly and monthly meetings are held at various levels of the organization (Management team meetings with the CEO and the President, Vice Presidents' meetings, managers' meetings and staff meetings) as part of the Company's monitoring system to ensure that each unit's respective business objectives are controlled and achieved.

**(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;**

The Audit & Risk Management Committee considers the internal control system of the Company adequate and effective based on its review and evaluation of the Internal Audit Department's report on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period,

The Audit & Risk Management Committee of the Board, in its audit report for each year, states whether it has conducted a review of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment of the Company. The Audit & Risk Management Committee issued its audit report for 2016, 2015, 2014, 2013 and 2012, a copy of which appears in (i) the 2016 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2017 annual stockholders' meeting, (ii) the 2015 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2016 annual stockholders' meeting, (iii) the 2014 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2015 annual stockholders' meeting, (iv) the 2013 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2014 annual stockholders' meeting and (v) the 2012 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2013 annual stockholders' meeting, respectively, which states that the committee has reviewed on a quarterly basis the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.

**(c) Period covered by the review;**

The years covered are 2012, 2013, 2014, 2015 and 2016.

**(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and**

As above explained, the Audit & Risk Management Committee of the Board, in its audit report for each year, states whether it has conducted a review of the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment of the Company. The Audit & Risk Management Committee issued its audit report for 2016, 2015, 2014, 2013, and 2012, a copy of which appears in (i) the 2016 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2017 annual stockholders' meeting, (ii) the 2015 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2016 annual stockholders' meeting, (iii) the 2014 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2015 annual stockholders' meeting, (iv) the 2013 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2014 annual stockholders' meeting and (v) the 2012 annual report (SEC Form 17-A) and the Definitive Information Statement for the 2013 annual stockholders' meeting, respectively, which states that the committee has reviewed on a quarterly basis the report of the Internal Audit Department on the adequacy and effectiveness of the internal and control environment in the areas covered during the covered period.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

## 2) Internal Audit

### (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>The Internal Audit Department of the Company provides independent, objective assurance and consulting services designed to add value and improve the operations of the Company and its subsidiaries, and help the Petron Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p>	<p>The scope of work of the Internal Audit Department is to assist the Board and Management in determining whether the risk management, control, and governance processes within the Petron Group, as designed and represented by Management, are adequate and effective in a manner to ensure that:</p> <ul style="list-style-type: none"> <li>• significant exposures to risks are appropriately identified and adequately managed;</li> <li>• significant financial, managerial, and operating information is accurate, reliable, and timely;</li> <li>• employees' and the Company's actions are in compliance with policies, standards, procedures, and applicable laws and regulations;</li> </ul>	<p>In-house with outsourcing of selected operating depots</p>	<p>Audit Head: Ronaldo T. Ferrer</p>	<p>The Internal Audit Department reports functionally to the Audit &amp; Risk Management Committee to ensure and maintain the independence of internal audit function.</p> <p>The Internal Audit Department (i) conducts audit activities in accordance with the International Standards for the Professional Practice of Internal Auditing formulated by The Institute of Internal Auditors, (ii) conducts assurance services by evaluating and contributing to the improvement of risk management, internal control and governance systems, (iii) reports the results of review to concerned members of Management who</p>

	<ul style="list-style-type: none"> <li>resources are acquired economically, used efficiently, and adequately protected;</li> <li>objectives and goals for operations or programs are achieved; and</li> <li>effectiveness, efficiency and continuous improvement are promoted in the Company's operating systems and processes.</li> </ul>			<p>are held responsible for insuring that corrective action is taken within a reasonable period after a deficiency is reported, (iv) reports to the Audit &amp; Risk Management Committee, the Chairman and the President the status of audit activities, major observations and recommendations, and all identified potential conflicts of interest, (v) submits annual audit plans to the Audit &amp; Risk Management Committee and Management for their approval, and (vi) coordinates with the external auditor to ensure adequate audit coverage and to minimize duplicate efforts.</p>
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**(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the Audit & Risk Management Committee?**

Yes, under the New CG Manual, the Audit Committee recommends the appointment and removal of the internal auditor.

**(c) Discuss the internal auditor's reporting relationship with the Audit Committee. Does the internal auditor have direct and unfettered access to the board of directors and the Audit Committee and to all records, properties and personnel?**

Yes, the internal auditor has direct and unfettered access to the Board and the Audit & Risk Management Committee (now, "Audit Committee") and to all records, properties and personnel of the Company. This is embodied in the New CG Manual and the revised Internal Audit Charter that both require the Audit & Risk Management Committee to perform oversight functions over both the Company's internal and external auditors to ensure that they act independently from each other or from interference of outside parties and that they are given unrestricted access to all records, properties and personnel necessary in the discharge of their respective audit functions.



The New CG Manual also provides that the Internal Audit Department report functionally to the Audit & Risk Management Committee. Further, the Internal Audit Head, the Controller and the external auditor are each authorized to report directly to the Audit & Risk Management Committee without interference or censorship by Management as to any and all matters which they believe fall within the jurisdiction or concern of the Audit Committee, including significant accounting, reporting and tax issues and irregularities, control deficiencies, and Management plans for corrective action.

In pursuit of the duties and responsibilities of the Audit & Risk Management Committee in respect of the internal auditor as provided in the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee performed the following activities to ensure the independence of the internal auditor through direct and unfettered access to the Board, as well as to Company records, properties and personnel in the conduct of internal audit function:

### **2013**

- reviewed and discussed with Controllers management the quarterly and annual financial statements of Petron Corporation and Subsidiaries and endorsed these for approval by the Board;
- endorsed the re-appointment of R. G. Manabat & Co./KPMG as the company's independent auditors for 2013;
- reviewed with R. G. Manabat & Co./KPMG the scope and timing of their annual audit plan, audit methodology, and focus areas related to their review of the financial statements;
- reviewed with R. G. Manabat & Co./KPMG, the audit observations and recommendations on the Company's internal controls and management's response to the issues raised;
- reviewed with the Internal Audit Head and approved the annual internal audit plan and satisfied itself as to the independence of the internal audit function;
- reviewed on a quarterly basis Internal Audit's report on the adequacy and effectiveness of the internal control environment in the areas covered during the period; and
- reviewed and approved the proposal for the Internal Audit to provide the audit service requirements of Petron Malaysia.

### **2014**

In 2014, in addition to the above activities performed for 2014 and the recommendation of the external auditor for 2015, the Audit & Risk Management Committee approved the Internal Control Policy of the Company that aims to have all the employees commit themselves to the efficient and effective management of the Company's business operations, and improve the effectiveness of risk management, control and governance processes.

### **2015**

In 2015, in addition to the above activities performed for 2014 and the recommendation of the external auditor for 2016, the Audit & Risk Management Committee approved the change in the engagement partner of KPMG for the Company for 2016.

## **2016**

In 2016, in addition to the first six (6) activities performed for 2013 and the recommendation of the external auditor for 2017, the Audit & Risk Management Committee approved the Internal Audit Rating System that will provide an overall assessment of the quality of the design and operation of the internal controls of the Company.

### **(d) Resignation, Re-assignment and Reasons**

**Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.**

<b>Name of Audit Staff</b>	<b>Reason</b>
Susan T. De Dios, (effective October 31, 2016)	Retirement
Justine R. Santiago (with resignation effective August 22, 2014)	Resignation
Lady Roseleen B. Ramos (with resignation effective June 11, 2014)	Resignation to due to personal reasons
Joanna B. Morden (transfer effective June 1, 2014)	Transfer to Business Planning Group
Rowela B. Lascano (with resignation effective December 31, 2013)	Resignation to start own business
Shella P. Malabanan (with resignation effective November 18, 2013)	Resignation to transfer employment
Jon Stephen T. Lazol (with resignation effective June 30, 2013)	Resignation to transfer employment
Ma. Isabel L. Dyangko (with resignation effective August 10, 2012)	Resignation due to migration

### **(e) Progress against Plans, Issues, Findings and Examination Trends**

**State the internal audit's progress against plans, significant issues, significant findings and examination trends.**

<b>Progress Against Plans</b>	Completed the 2012, 2013, 2014, 2015 and <u>2016</u> projects in the Audit Plan, save for certain 2016 activities which were rescheduled to 2017 to prioritize unplanned projects that arose in 2017.
<b>Issues<sup>8</sup></b>	There were no significant issues noted that had a material effect on the Company's financial statements and its operations.
<b>Findings<sup>9</sup></b>	There were no significant findings noted that had a material effect on the Company's financial statements and its operations. Findings in general though are documented in the quarterly Internal Audit Report to the Audit & Risk Management Committee
<b>Examination Trends</b>	Generally adequate and effective internal control

**[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:**

- a. Preparation of an audit plan inclusive of a timeline and milestones;**
- b. Conduct of examination based on the plan;**
- c. Evaluation of the progress in the implementation of the plan;**
- d. Documentation of issues and findings as a result of the examination;**

<sup>8</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>9</sup> "Findings" are those with concrete basis under the company's policies and rules.

- e. Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- f. Conduct of the foregoing procedures on a regular basis.]

**(f) Audit Control Policies and Procedures**

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Policies and Guidelines on Revenue Cycle	Generally in order
Policies and Guidelines on Procurement Cycle	Generally in order
Policies and Guidelines on Supply Chain – Logistics Cycle	Generally in order

The Internal Control Policy of the Company was adopted in 2014.

**(g) Mechanism and Safeguards**

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit & Risk Management Committee, through the functions and powers granted to it under the CG Manual and the Audit & Risk Management Committee Charter, performs oversight functions over the Company’s internal and external auditors to ensure that they act independently from each other or from interference of outside parties, and that they are given unrestricted access to all records, properties and personnel necessary in the discharge of their respective audit functions.	The Company obtains the relevant board approvals for the engagement of financial analysts and the Company engages only reputable financial analysts with proven independence and expertise in their field of practice.  Financial analysts form part of the public. They are not given non-public information concerning the Company until such information is disclosed by the Company to the public in general. In the event a financial analyst is engaged by the Company for a	The Company obtains the relevant board approvals for the engagement of investment banks and the Company engages only reputable investment banks with proven independence and expertise in their field of practice.  Investment banks form part of the public. They are not given non-public information concerning the Company until such information is disclosed by the Company to the public in general. In the event an investment bank is engaged by the Company for a	The Company obtains the relevant board approvals for the engagement of rating agencies and the Company engages only reputable agencies with proven independence and expertise in their field of practice.  Rating agencies form part of the public. They are not given non-public information concerning the Company until such information is disclosed by the Company to the public in general. In the event a rating agency is engaged by the Company for a

<p>The Audit &amp; Risk Management Committee reviews and confirms the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discusses the relationship with the auditors.</p> <p>The Audit &amp; Risk Management Committee also recommend the appointment and the change in the external auditor to be appointed by the Company.</p>	<p>particular transaction, such analyst is obliged to keep the transaction confidential until disclosed by the Company.</p>	<p>particular transaction, such bank is obliged to keep is obliged to keep the transaction confidential until disclosed by the Company.</p>	<p>particular transaction, such agency is obliged to keep is obliged to keep the transaction confidential until disclosed by the Company.</p>
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**(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.**

It is the Compliance Officer of the Company who is mandated under the CG Manual to sign and submit the certification on the compliance with the CG Manual.

The Company is in full compliance with its CG Manual.

The CG Manual forms part of orientation materials provided new directors, officers and employees. In addition, it is also posted in the company intranet and the company website and printed copies may also be made available for inspection by any stockholder, director, officer or employee at reasonable hours on business days. The Compliance Officer and the Internal Audit Head monitor compliance with the CG Manual.

## H. ROLE OF STAKEHOLDERS

### a. Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p>The Code of Conduct requires that Petron deal openly and honestly with its customers and that Petron is committed to supply goods and services of the highest quality standards backed by efficient after sales service consistent with the requirements of its customers to ensure their total satisfaction. The quality standards are required to at least meet the required national and applicable international standards.</p>	<p>Petron complies with all applicable laws and regulations in connection with the refining and marketing of its products.</p> <p>The Company's continued network expansion ensures the availability of the Company's products even in the most remote areas of the country. The improvement of existing service stations through various engineering and maintenance projects resulted in upgraded facilities. The installation of CCTV cameras in service stations was also commenced in 2012 in Metro Manila for the safety and protection of customers and service station personnel.</p> <p>Through its Research and Development team, the Company ensures the continuous enhancement of its products, services and processes to meet the requirements of the industry, delight customers and achieve competitive advantage. The Marketing Department endeavors to ensure the integrity of the Company's brands and the responsible product labeling and advertising of its products.</p> <p>Petron maintains its website and has a hotline number and an email address through which customers can relay their queries and complaints.</p>

<p>Supplier/contractor selection practice</p>	<p><u>Supplier Selection</u></p> <p>It is the policy of the Company, as embodied in the Corporate Policy Manual, that it deal only with licensed, reputable, reliable, competent and responsible suppliers who pass the pre-qualification requirements of the Company and, in order to ensure the availability of economical and superior materials, supplies and equipment, that it preferably deals with producers, manufacturers, exclusive or franchised distributors, direct importers and authorized dealers.</p> <p>The Corporate Policy Manual further requires the Company to give appropriate disciplinary measures to all erring suppliers in order to keep the integrity of the purchasing system and to maintain a pool of competent and dependable accredited suppliers.</p> <p><u>Contractor Selection</u></p> <p>It is the policy of the Company, also as embodied in the Corporate Policy Manual, that it deal only with licensed, reputable, reliable, competent and financially sound contractors who pass the pre-qualification requirements of the Company in order to assure that only the most favorable services are secured by the Company.</p> <p>The Corporate Policy Manual also imposes appropriate disciplinary measures to all erring contractors to uphold the integrity of the Company's bidding system and maintain a pool of competent and dependable accredited contractors.</p>	<p><u>Supplier Selection</u></p> <p>The procedure for soliciting and evaluating offers from suppliers and the award for an order as set out in the Corporate Policy Manual is observed. Negotiations and/or spot crude procurement are alternatively resorted in accordance with the Corporate Policy Manual.</p> <p><u>Contractor Selection</u></p> <p>The Corporate Policy Manual sets the procedure for soliciting and evaluating offers from contractors and the award for the order and the circumstances when negotiations and/or modified bidding may be resorted to. Any activity requiring contractor selection will undergo such procedure.</p>
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<p>Environmentally friendly value-chain</p>	<p>It is the Company's policy under its Corporate Policy Manual to promote and implement environmentally sound practices, taking into account government laws and regulations, the community's interest, consumer needs and technological innovations.</p> <p>It is part of the sustainability policy of the Company that sustaining its leadership in the local oil industry also means being at the forefront of sustainable development.</p>	<p>Affirming its commitment to environmental management, Petron established its Environmental Council in 2011 which is tasked to help spread awareness on new environmental regulations and standards and corporate policies.</p> <p>Petron's environmental management is integrated throughout the value chain.</p> <p>The Petron Bataan Refinery sustained its Integrated Management System ("IMS") certification for the eighth straight year in 2016. It passed the Quality Management System ("QMS") and Occupational Health/Safety Management System ("OHSMS") recertification audits and the Environmental Management System ("EMS") surveillance audit conducted on June 1-3, 2016. TUV SUD PSB Philippines Inc. granted the Petron Bataan Refinery a recertification of its QMS and OHSMS for the period June 5, 2015 to June 4, 2018 following compliance by the refinery with the international standards ISO 9001:2008 and BS OHSAS 18001:2007. The body also recertified the compliance by the Petron Bataan Refinery with the international standard ISO 14001:2004 for its EMS certificate valid until July 31, 2017.</p> <p>In 2016, all 30 terminals had been certified to the IMS that includes ISO 9001:2008, ISO 14001:2004, and ISO18001:2007. Furthermore, all 17 depots with pier facilities are currently compliant with the International Ship and Port Facility Security Code ("ISPS</p>
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		<p>Code”) as certified by the Office of the Transport Security under the DOTC. The ISPS certification is a requirement by the International Maritime Organization of the United Nations for all international vessels calling on international ports and for all ports accepting international vessels. Petron’s shipping ports for both domestic and international vessels are ISPS-certified.</p> <p>In October 2015, the World Safety Organization recognized the Company as one of the Concerned Company/Corporation Awardees at its 28th Annual International Environmental and Occupational Safety and Health Professional Development Symposium.</p> <p>The Company also implemented various programs such as water conservation and greenhouse gas reduction programs. The Company reduced its greenhouse gas emissions by 17% from 2011 mainly due to the Flare Gas Recovery Unit it installed that re-directs waste gases back to the refinery to be used as fuel gas for its operations. And the over-all water consumption of the Company was reduced by over 8% from 2011 through an increased use of recycled water.</p> <p>The Company Head Office also observes a solid waste segregation system.</p>
Community interaction	The Code of Conduct embodies Petron’s commitment to be a good corporate citizen not only by complying with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life or the people in the communities in which it operates	In February 2012, Petron was honored by the Management Association of the Philippines with the prestigious Integral CSR Award which recognized Petron’s earnest efforts to make social responsibility an integral function of the entire organization



	<p>with the objective of enhancing their quality of life. The Company also encourages volunteerism among its employees.</p> <p>It is part of the sustainability policy of the Company that sustaining its leadership in the local oil industry also means being at the forefront of sustainable development.</p>	<p>manifested in every aspect of its business operations.</p> <p>Petron also received the Special Award for Environment and Sustainable Development for its entry <i>Measuring, Managing and Minimizing Our Environment Footprint in Bataan</i> for the Company's initiatives to preserve and protect the environment and promote sustainable development in the Province of Bataan.</p> <p>In 2013, Petron received from the Public Relations Society of the Philippines Anvil Awards of Excellence for <i>Tulong Aral ng Petron: A Decade of Fueling Hope, Sustainability: Petron's Way of Life</i>, and the Boracay Beach Management Program, as well as Anvil Awards of Merit for <i>Managing our Environmental Footprint in Bataan</i> and our 2011 Petron Sustainability Report. Petron also received three (3) Awards of Excellence for <i>Tulong Aral ng Petron: A Decade of Fueling Hope, Sustainability: Petron's Way of Life</i>, and the Boracay Beach Management Program. Petron was also recognized with the prestigious Gold Award for Best Environmental Excellence during the fifth Global CSR Awards organized by Singapore-based The Pinnacle Group International.</p> <p>Petron Foundation, Inc. ("PFI") continued to be at the forefront of Petron's efforts to make a sustainable impact to society and the environment, while at the same time helping the Company attain its business goals.</p>
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Among the CSR and sustainability activities of Petron and PFI are the following:

- ***Tulong Aral ng Petron.*** *Tulong Aral ng Petron* (“Tulong Aral”) is a long-term, strategic initiative that helps send poor children to school, keep them there and make sure they learn. This is the centerpiece corporate social responsibility (“CSR”) program that defines what Petron stands for socially - to FUEL H.O.P.E. (Helping the Filipino children and youth Overcome Poverty through Education). *Tulong Aral* has scholarship programs for elementary, high school and college/vocational students.

In school year 2016, *Tulong Aral* had a total of 3,456 scholars.

At the end of 2015, *Tulong Aral* had a total of 2,238 scholars.

Three hundred seventy (379) elementary and 76 high school scholars graduated in March 2015. A total of 470 children received scholarships to go to high school in 22 public schools in Metro Manila. For the school year 2015-2016, Petron sponsored additional 20 college scholars bringing the total number to 61 scholars pursuing different degrees in various academic institutions. Once they graduate, they will have an opportunity to join the Petron family.

At the end of 2014, *Tulong Aral* had about 2,000 scholars.

At the end of 2013, *Tulong Aral ng Petron* had a total of 2,687 scholars enrolled from Grades three to six. Seven hundred twenty-one graduated in March 2013.

At the end of 2012, *Tulong Aral* had a total of 3,486 scholars enrolled from Grades one to six. In March of 2012, 1,100 *Tulong Aral* scholars graduated, comprised the fourth batch of children who started the program in 2006. The end of school year 2011-2012 also produced 433 outstanding students, 16 of whom graduated with first honors.

In partnership with DepEd, DSWD, and the Land Bank of the Philippines, a total of 372 youths received scholarships to go to high school in 26 public schools in Metro Manila. The program is being implemented for Petron by the Philippine Business for Social Progress.

For the school year 2012-2013, Petron sponsored the college education of 24 scholars pursuing different degrees from various academic institutions, the qualified of whom who can eventually earn the opportunity to be employed by Petron. For school year 2014-2015, Petron had 41 college scholars.

A total of 442 children are receiving scholarships to go to high school in 25 public schools in Metro Manila. For the school year 2013-2014, Petron sponsored the college education of 24 scholars pursuing different degrees

from various academic institutions, the qualified of whom can eventually earn the opportunity to be employed by Petron. For school year 2014-2015, Petron had 449 high school scholars.

- **Petron Schools.** As a parallel effort and in support of DepEd's *Adopt-A-School Program*, PFI continued to pursue its school building program.

By end of 2016, Petron had built a total of 105 Petron schools throughout the country.

In 2015, Petron built and turned over a two-classroom Petron School facility at Anibong Elementary School in Tacloban City, which was badly hit by Typhoon Yolanda in 2013. This brings the total number of Petron Schools constructed to 81 since 2002.

In 2013, Petron was able to build a Petron School of four (4) new classrooms in San Miguel, Compostela Valley which was badly hit by Typhoon Pablo. This brings the total number of classrooms constructed to 197 classrooms or 80 schools, since 2002.

In 2012, Petron was able to build a total of eight (8) new classrooms or four (4) Petron Schools in areas close to its depots located in Zamboanga del Norte, General Santos City and Tagbilaran City.

- Petron also sponsored the establishment of classrooms called *Silid Pangarap* for the pre-school level in support of SMC's commitment to the AGAPP (Aklat, Gabay, Aruga Tungo sa Pag-angat at Pag-asa) Foundation's program of building pre-schools.

In 2015, Petron also turned over three (3) *Silid Pangarap* school buildings for the pre-school and kindergarten level in partnership with AGAPP (Aklat, Gabay, Aruga Tungo sa Pag-angat at Pag-asa) Foundation and San Miguel Foundation. These classrooms also serve as mini-libraries. Since 2011, Petron has so far funded and turned over 22 schools or 44 classrooms in Bataan, Samar, Cavite, Cebu, Negros Oriental, Leyte, Roxas and some parts of Mindanao.

In 2013 Petron was building 39 classrooms, with 19 having already been turned over in Bataan, Compostela Valley, Samar, Tagaytay, Negros Oriental, South Cotabato, and Sultan Kudarat. Since 2011, Petron had inaugurated 40 classrooms and 20 schools in various parts of the country, including Mindanao.

- **Youth in Entrepreneurship and Leadership Development ("YIELD") Program.**

In 2016, the 11<sup>th</sup> year of the Youth in Entrepreneurship and Leadership Development ("YIELD") Program, 100 third year students of the Muntinlupa Business High School ("MBHS") spent their summer at select Petron stations to learn about back

office operations and the rudiments of food service. This brings the total number of YIELD graduates since 2005 to 1,100.

- **Petron ACES.** The Petron Automotive Care Education (“ACE”) program, which was launched in 2015, provides free automotive servicing NC-II technical-vocational education to deserving scholars at the Guzman College of Science and Technology. Once they graduate and get TESDA-certified, they may be hired to work in Petron Car Care Centers. An initial batch of 15 scholars qualified for the first year of the program. Fourteen of the pioneering batch are now employed at Petron Car Care Centers.
- **Skills Training Program for FEJODAP.** Eight-five members of the Federation of Jeepney Operators and Drivers Association of the Philippines (“FEJODAP”) and their dependents had been given technical/vocational skills training courses since July 2012, 25 of whom have already completed their courses this year. Throughout 2013, 140 more will receive vouchers to complete the 200 FEJODAP members to receive training as pledged by the Technical Education and Skills Development Authority and PFI.
- **Promotion of Environmental Sustainability.** In 2016, PFI continued to take a leading role in the implementation of the Bataan Integrated Coastal Management (“ICM”) Program

in partnership with the Provincial Government of Bataan and the Global Environment Facility-United Nations Development Programme-United Nations Office for Project Services Partnerships on Environmental Management for the Seas of East Asia (“GEF-UNDP-UNOPS PEMSEA”). Its activities included guiding local government units (“LGUs”) in developing the respective zoning plans in accordance with the Bataan Coastal Land and Sea Use Zoning Plan.

In 2016, Petron also sponsored the 2016 Pawikan Festival in Morong, Bataan to raise awareness on the protection of threatened marine turtle species.

In 2015, one of the highlights was the completion of the State of the Coasts (“SoC”) Report for the province of Bataan, with the support of the PEMSEA Resource Facility. The SoC reporting system is a tool that local governments can use in the monitoring, evaluation and reporting of their integrated coastal management (“ICM”) programs. This provides baseline conditions and priorities to be addressed in an ICM program and helps LGUs to measure and report progress and impacts of their ICM implementation.

Through a partnership among PFI, the Municipality of Malay in the Province of Aklan, SMC and the Boracay Foundation, Inc., the Boracay Beach Management Program

("BBMP") was adopted to attain a sustainable development of Boracay Island. The BBMP celebrated its second year anniversary in September 2012 with key accomplishments that include increased water reliability (98%) and service coverage (96%), the acquisition of two (2) seacraft for sea patrol and emergency use and upgrading of communication equipment for better risk management, the establishment of coral nurseries near depleted coral reefs around the island, mangrove reforestation to preserve and ensure the survival of the island's mangrove areas, and reforestation of the Nabaoy River Watershed. The two-year efforts of the BBMP have contributed to a host of local and international recognitions received by the island in 2012. As part of the celebration of BBMP's second anniversary celebration, Petron signed a Memorandum of Agreement with the Department of Natural Resources ("DENR") and the Municipality of Malay to reforest and rehabilitate 20 hectares of the Nabaoy Watershed for the next three (3) years. This commitment is also aligned with Petron's support to the DENR's National Greening Program.

Petron also partnered with the DENR and the City Government of Marikina to support the *Adopt-An-Estero/Water Program* for the Marikina River and the DENR's National Greening Program. In 2012, the program was commenced along the 3.1 kilometer stretch



of the Concepcion Creek, a major tributary of the Marikina River and identified by the Marikina City Environmental Management Office as a program pilot site with a river cleanup. The dredging and rehabilitation of the creek banks and easements and repair of bike lanes commenced on identified areas of the Concepcion Creek and was completed in February 2013. In 2014, Phase 2 of the rehabilitation program was completed.

Petron is also committed to have its network of facilities nationwide adopt rivers and other water bodies within the proximity of their respective areas. As of 2012, the following Petron facilities have instituted their own *Adopt-An-Estero* activities:

- Nasipit Depot (Talisay Creek)
- Davao Depot (Pampanga Creek)
- Gasul Operations, San Fernando, Pampanga (Dela Paz Norte Creek)
- Gasul Operations, Legazpi City (Reniilisan Road Creek)
- Palawan Depot (City Estero)

In 2014, nine (9) depot locations also had their own *Adopt-An-Estero* activities.

For the National Greening Program, Petron undertook to contribute to the DENR's goal of planting 1.5 billion trees from 2011 to 2016. Together with Depot and Plant Operations, PFI established

commitments to the greening campaign by the Roxas Depot (20 hectares in Nabaoy Watershed in Malay, Aklan) and the Iloilo Depot (five (5) hectares in Maasin Watershed, Iloilo Province). In 2015, the Company continued with its tree and mangrove planting activities.

Petron also continued to work with Petron Gasul in the dredging of the two-kilometer stretch where the Marikina and Pasig Rivers meet. As of the end of 2012, the operations were more than halfway through their target, with 81% or approximately 103,000 m<sup>3</sup> of the waterway dredged.

• **Community-Based Programs.**

PFI and the PBR undertook strategic community programs that benefitted thousands of residents in the province such as the (a) *Sulong KaBataan* program that provided values formation, technical skills and leadership training to the youth and (b) *Sulong KaBarangay* program, a public-private partnership among the local government of Limay, DSWD, PFI, the PBR, and PinoyME Foundation, that helped establish four (4) community sub-projects and one livelihood sub-project by resident volunteers of Barangays Alangan and Lamao. Participants now supply the rug requirements of the PBR and produces doormats for local markets.

The Petron Community Health Center within the compound of the Pandacan Terminal served a total of 1,201 patients in

2012, bringing the total number to 2,637 since March 2010.

Petron continued to support the development of Rosario, Cavite through various CSR initiatives including the (a) rehabilitation of the waters off the coast of Rosario through the use of the artificial reef technology called REEFbuds in partnership with Yes2Life Foundation and the Rosario LGU and (b) donation of seed money to the Municipality of Rosario that allowed a total of 693 residents to secure loans to start or enhance their livelihood activities.

- **Responding to Crises.** In 2016, Petron donated P4.5 million worth of shelter repair kits through the Philippine Business for Social Progress for 300 families displaced by typhoon in the Cagayan province.

Petron demonstrated its commitment anew to caring for the community when it immediately mobilized to assist hundreds of families displaced by several major typhoons that hit the country. It conducted relief operations in several cities and municipalities in Metro Manila and the provinces of Bataan, Bulacan, and Rizal when Typhoon Gener and the southwest monsoon rains caused massive flooding in Metro Manila and the Central Luzon region in August 2012. In December 2012, its relief operations were brought to Compostela Valley and Davao Oriental when Typhoon Pablo hit the southern part of the Philippines. Relief

operations were also conducted in (i) Zamboanga due to the siege in September 2013, (ii) Bohol and Cebu after the major earthquake in October 2013, and (iii) Leyte, Oriental Mindoro, Iloilo, Capiz and Cebu after Typhoon Yolanda (Haiyan) in November 2013.

In partnership with San Miguel Corporation, PFI also continued to support rehabilitation efforts being implemented jointly by Habitat for Humanity Philippines, Inc. and Gawad Kalinga to build houses for those displaced by Typhoon Sendong in December 2011. Petron's commitment is to help put up approximately 1,250 houses in the cities of Cagayan de Oro and Iligan. Petron is supporting the building of houses to help families devastated by Typhoon Yolanda and the Visayas earthquake.

And in line with efforts to help enhance business continuity and contribute to resilient communities, Petron partnered with the Corporate Network for Disaster Response for the Noah's Ark Project in enhancing the capabilities of LGUs and stakeholders to build disaster-resilient communities with the ultimate goal of attaining zero casualties. PFI adopted Barangay Nangka in Marikina City, one of the most disaster-prone areas in the country, for its first Noah's Ark Project.

Petron also formalized a partnership with the Department of Science and

Technology to implement Project NOAH or National Operational Assessment of Hazards in its key facilities nationwide, in support of the directive of President Benigno S. Aquino III for the country to establish a responsive program for nationwide disaster prevention and mitigation with a monitoring and early warning system along the Philippines' 18 major river basins. The aim is to be able to provide a six (6)-hour lead-time warning to vulnerable communities against impending floods utilizing advanced technology.

• **Advancing Sustainability Management and Reporting.**

Petron published its 2012 and 2011 Petron Sustainability Reports (each an "SR"). The 2012 SR is Petron's 5th year of publishing an SR that presents the Company's triple bottomline accounting of its business as it impacts on the economy environment and society. It follows the Global Reporting Initiative ("GRI") international guidelines on Sustainability Reporting, with a B+ level, and checked by an independent external review committee. The 2011 and 2012 SRs were checked by the GRI Head Office in Amsterdam for an Application Level Check for conformity to the guidelines. Petron is only one of a handful of companies that are producing an SR, the first Filipino company to attain a B+ Level GRI Report, and the first company to successfully undergo a GRI Application Level Check using the G3 Guidelines. Furthermore, the 2012 SR identified key

		<p>indicators vis-à-vis the ISO 26000 standard on social responsibility.</p> <p>Beginning 2013, the SR of the Company was integrated into the glossy annual report, following the GRI international guidelines on Sustainability Reporting, with a B+ level, and checked by an independent external review committee. In 2013, the annual report with the SR was reviewed by a panel of independent experts.</p> <p>In 2014, the sustainability efforts of the Company were discussed into the glossy annual report.</p> <p>The sustainability efforts of the Company for 2015 are discussed into the glossy annual report for 2015.</p> <p>The sustainability efforts of the Company for 2016 are discussed into the glossy annual report for 2016.</p>
Anti-corruption programmes and procedures?	The Code of Conduct expressly provides that bribes are against Petron policy and that Petron and its employees and officers shall neither solicit, receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, favors, commissions, donations, or comparable benefits which are intended or perceived to obtain business or uncompetitive favors for the conduct of its business.	<p>Anti-corruption is also specifically set out as a policy in the Code of Conduct and is an offense punishable by disciplinary action under the Company Rules and Regulations on Discipline.</p> <p>Training on anti-corruption is included in the values and leadership training seminars and employee orientation programs.</p>
Safeguarding creditors' rights	The Code of Conduct expressly requires employees and officers at all times to be guided by the Company's vision and mission which highlight professionalism, integrity, fairness, commitment to excellence, and care of the environment as the core values of the Company. Petron	Petron ensures that is able to meet its financial commitments as they arise. It also ensures that all its undertakings in favor of the creditors (including the submission of financial reports) under its facility agreements are timely performed.

	insists that these values be observed in all aspects of business and expects the same in its relationships with all those with whom it does business.	
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**b. Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

**Reports**

Yes, Petron published its 2011 Petron Sustainability Report (“SR”) in 2012 and its 2012 SR in 2013. The 2012 SR is the Company’s 5th year of publishing an SR that presents the Company’s triple bottomline accounting of its business as it impacts on the economy environment and society. It follows the Global Reporting Initiative (“GRI”) international guidelines on Sustainability Reporting, with a B+ level, and checked by an independent external review committee. The 2011 SR and the 2012 SR were checked by the GRI Head Office in Amsterdam for an Application Level Check for conformity to the guidelines. Petron is only one of a handful of companies that are producing an SR, the first Filipino company to attain a B+ Level GRI Report, and the first company to successfully undergo a GRI Application Level Check using the G3 Guidelines. Furthermore, the 2012 SR identified key indicators vis-à-vis the ISO 26000 standard on social responsibility.

After four years of publishing its annual report and sustainability report separately, the Company integrated the reports for 2013 into one report entitled “*Going the Extra Mile (2013 Annual Report)*”. As in the previous years, the 2013 annual report was subjected to independent scrutiny and reviewed in accordance with the GRI. The Company maintained its B+ Level GRI Report.

For 2014, the annual report of the Company “*Rising to the Challenge*” discussed the sustainability efforts of the Company.

For 2015, the annual report of the Company “*Going Full Speed*” discussed the sustainability efforts of the Company.

For 2016, the annual report of the Company “*Ahead of the Game*” discussed the sustainability efforts of the Company.

The Company’s Definitive Information Statements, the annual reports (both the SEC Form 17-A and the glossy version) all contain a separate discussion on CR projects of the Company.

**Website**

The company website [www.petron.com](http://www.petron.com) also has a separate tab on the CR projects and sustainability efforts of the Company.

**c. Performance-enhancing mechanisms for employee participation.**

**i. What is the company’s policy for its employees’ safety, health, and welfare?**

A specific part of the Health, Safety and Environment Policy of the Company (as posted on the company website) is to promoting the health, safety, and security of its employees.

The Company has a corporate-wide health, safety and environment program. It also continues to conduct employee engagement programs that enable the employees to get fully involved in activities that both further their development and promote the interests of the Company.

To strengthen the coordination of health and safety in the Company, the Petron Safety Council was established to promote safe operations and improve the Company's safety and reliability performance. Petron also launched in 2010 its Behavior-Based Safety program that aims to cultivate a culture of *malasakit* ("looking out for each other"). It is an innovative training initiative that motivates employees to adopt safety-conscious actions and behaviors.

The Company recognizes that work life balance positively affects the employees' attitude towards their job, strengthens synergies among work groups, and fosters loyalty among employees, encouraging them to establish long-term careers with the Company. Work/life balance activities for Petron employees, such as the Art Club's painting exhibit, photography sessions, and brown bag session, were also conducted. The Company also participated in activities that continued the cultural assimilation of the Company with the San Miguel Group and provided more synergy and productive exchanges of best practices and information. Petron employees participated in various events of the San Miguel Group that fostered camaraderie and promoted healthy such as Night Market, Valentine's/Halloween parties, Human Resources Summit, Fun Olympics, Battle of the Bands, X Factor, and the integrated Christmas party for more than 5,000 employees of the San Miguel Group. There were also inter-company sports events such as basketball, bowling, futsal, darts, badminton and billiards.

**ii. Show data relating to health, safety and welfare of its employees.**

The Company's health, safety and environment ("HSE") programs continue to be an important element in the operations of the Company.

**Health**

A part of the enhanced competitive benefits package of the employees is work-life integration programs and safe working conditions. The Company's health programs, some of which are extended to dependents, include regular examinations, immunizations, medical advisories, continuous medical education to reduce the risk of work-related diseases and injuries.

**Safety**

To ensure safety and emergency preparedness of its employees in various facilities, the Company conducts multifunctional audits and safety inspections of the depots/terminals, service stations and third party LPG filling plants. The Company participates in industry-wide oil spill response exercises through service provider WISE Philippines. Periodic inspections of firefighting equipment, emergency drills and exercises are conducted at the Petron Bataan Refinery and the depots/terminals nationwide to enhance competency and responsiveness in addressing emergencies and disasters. A review of the different depot/terminal operations and procedures is conducted to ensure that safety is always inculcated in these activities. Safety seminars/trainings are also continuously being conducted for various stakeholders in the Company's operations to ensure that all imbibe a safety mindset.

In 2016, several of the company terminals were recipients of the Tripartite Certificate of Compliance with Labor Standards and the Recognition for Compliance with General Labor Standards issued by Department of Labor and Employment. One hundred percent of the terminals of the Company received IMS certification. The Company accumulated 72 million man-hours without lost time incidents by end of 2016.



In 2015, several of the company depots are recipients of the Tripartite Certificate of Compliance with Labor Standards issued by Department of Labor and Employment.

Further, 29 locations had been certified to the IMS that includes ISO 9001:2008, ISO 14001:2004, and ISO18001:2007. Furthermore, all 17 depots with pier facilities are currently compliant with the International Ship and Port Facility Security Code (“ISPS Code”) as certified by the Office of the Transport Security under the DOTC. The ISPS certification is a requirement by the International Maritime Organization of the United Nations for all international vessels calling on international ports and for all ports accepting international vessels. Petron’s shipping ports for both domestic and international vessels are ISPS-certified. The Petron Bataan Refinery continues to conform with the international standard of Quality (ISO-9001:2008), Environment (ISO-14001:2004), and Health and Safety (OHSAS-18001:2004).

With its annual safety programs, the Company achieved several milestones and recognitions from various government agencies and organizations for the year 2015. From January to December 2015, a total of about 12,406,307 safe man hours were achieved by the Head Office, the Petron Bataan Refinery and the depots and terminals. In October 2015, the World Safety Organization recognized the Company as one of the Concerned Company/Corporation Awardees at its 28th Annual International Environmental and Occupational Safety and Health Professional Development Symposium.

In 2014, a total of 32 locations of the Company were covered by ISO 9001:2008 certification. Twenty-nine locations had been certified to the IMS that includes ISO 9001:2008, ISO 14001:2004, and ISO18001:2007. The Petron Bataan Refinery continues to conform with the international standard of Quality (ISO-9001:2008), Environment (ISO-14001:2004), and Health and Safety (OHSAS-18001:2004). With its annual safety programs, the Company achieved several milestones and recognitions from various government agencies for the year 2014. Depot & Plant Operations attained Zero Loss Time Incident in all of Petron’s 32 depots and terminals as well as posting a combined record of 60 Million Safe-Man-hours Milestone covering the whole division and its contractors on September 24, 2014, with the total safe man hours for 2014 totaling 17,640,267. Petron garnered four (4) awards and recognitions during the 9<sup>th</sup> *Gawad Kaligtasan at Kalusugan Awards* in October 2014 given by the Department of Labor and Employment (“DOLE”). Petron won the champion and bronze awards for the individual category. Under the institutional category, the Legazpi Depot was given the Silver award while the Rosario Depot received the Bronze bronze. Nasipit, Tacloban and Gasul San Fernando Depots also qualified as finalists for the institutional category. The Rosario Depot, the Davao Depot and the Tagoloan Depot were the recipients of the Tripartite Certificate of Compliance with Labor Standards for this year. Gasul San Fernando was also conferred the Child Labor Free Establishment Award and the Most Fire Safety Conscious Workplace Award for the second consecutive year.

The Company achieved several milestones in their operations as well as recognitions from local government agencies. S&O achieved a significant safety milestone attaining zero Loss Time Incident (“LTI”) posting a combined record of 49.4 million safe-man-hours milestone covering the whole division and its contractors as of December 31, 2012. On December 6, 2012, all 31 terminals and depots of the Company were conferred with the 2011 *Safety Milestone (“Smile”)* award by the Department of Labor and Employment - Bureau of Working Conditions. On the other hand, the Petron Bataan Refinery attained 1.4 million man-hours or 41 integrated man-days of safe refinery operations, inspite of the increased number of activities at the Petron Bataan Refinery during the year due to major turnaround and construction of pressure vessels and atmospheric tanks. Hazards and unsafe behaviors identified were addressed immediately to prevent them from causing accidents/incidents. With further regular training, safety audits and drills, the Petron Bataan Refinery attained 1,379 days work, or equivalent to 18.9 million man-hours, without loss time accident starting September 1, 2008 up to June 12, 2012. Safety inspections were conducted at 25 depots and terminals and five (5) LPG mini refilling plants by the Company’s Operations Safety Group to ensure that the plants adhere to the Company’s standards on health and safety of all its employees, customers, suppliers, contractors and the general public. Safety inspections of sites at the contractors’ were also done. The

Company's Corporate Technical & Engineering Services Group completed safety and mechanical inspections in eight (8) depots/terminals, 60 service stations and five (5) LPG-filling plants as part of the task force assigned to check on dealers' facilities.

The Company's Operations Health, Safety and Environment rigorously required all depots and terminals to conduct drills on emergency response to enhance the competency of its personnel to a level comparable with noted disaster response organizations. A total of 72 fire drills, six (6) oil spill drills and 38 other emergency drills which includes earthquake, flood, first aid response, bomb threat and evacuation drills were conducted in all facilities nationwide.

Depots and terminals receive, store and distribute finished petroleum products and various grades of lube oils and additives. All 31 depots and terminals attained zero LTI in 2011. Depot operations subscribe to Quality, Safety and Environment Management Systems to guide personnel in maintaining the quality, safe handling and delivery of products to customers.

### **Welfare**

The Company nurtures its workforce through tailored and competitive benefits packages, work-life integration activities and a secure working environment. The Company also values the knowledge and competency of its employees. All employees regularly receive performance reviews.

In 2016, there was zero incidence of discrimination or child labor in any aspect of the Company's operations. All employees received performance reviews. Training hours totaled 151,080 hours for an average of 61 hours of training per employee.

Training hours for 2015 totaled 114,884 hours for an average of 49 hours of training per employee.

### **iii. State the company's training and development programmes for its employees. Show the data.**

The Company is committed to provide its employees a work environment that helps promote their development and potential, including through the provision of training programs that will enrich competencies, develop capabilities and skills and improve knowledge.

In 2016, the Company continued to focus on advancing leadership and talent development programs. It also continued its programs on Management Succession and Development, training and mentoring to engage and develop key talents. Training hours totaled 151,080 hours for an average of 61 hours of training per employee.

In 2015, the Company focused on advancing leadership and talent development programs. It also continued its programs on Management Succession and Development, training and mentoring to engage and develop key talents. Training hours for 2015 totaled 114,884 hours for an average of 49 hours training hours per employee.

In 2014, the Company offered leadership development, management development and technical programs and trainings to its officers and employees. Training hours for 2014 totaled 105,685 or about 45 training hours per employee.

In 2013, the Company offered more than 700 programs and trainings to its officers and employees for total training hours of 69,996 or about 33 training hours per employee. While formal training was reduced, it was replaced by alternative online learning facilities focusing on, among others, leadership and personal effectiveness.

In 2012, the Company provided various in-house, local and foreign trainings to its officers and employees and trainings specific to the Petron Bataan Refinery for total training hours of 155,187. This translates to about 9.94 training days per employee.

The programs covered by the trainings include leadership, strategic management, service excellence, technical training and safety, professional skills development, supervisory skills, creativity and innovation. Fifty-five (55) sessions of developmental interventions such as *Raise the Bar*, *Unleash Your Creativity in the Workplace*, *Corporate Image* and *Labor Management Relations* were conducted to help employees demonstrate skills, attitudes and behaviors that are in accordance with the Company's core competencies. Moreover, 26 customized training programs on leadership and management development (e.g., *Entrepreneurial Development*, *Strategic Management in a Global Environment*, and *Finance for Strategic Decision Making*) were conducted to boost leaders' ability to lead and manage change.

In addition to trainings, the Company also encourages continuing education in accredited universities and colleges through the Company's Educational Reimbursement Program.

**iv. State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.**

What the Company maintains is a variable pay program that is a vital component of the employees' total compensation package aimed at providing incentives for the workforce for the achievement of the Company's business goals and objectives. It encourages and rewards superior performance, achievements and behaviors based on pre-established goals and objectives, and encourages teamwork and accountability within the organization.

**d. What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.**

Whistle-blowing and Non-Retaliation Policy

On May 6, 2013, the Board adopted Company's own whistle-blowing policy, the "*Petron Corporation and Subsidiaries Whistle-blowing Policy*". Prior to this, the Company, as a subsidiary of San Miguel Corporation, observed the *San Miguel Corporation and Subsidiaries Whistle-blowing Policy*. The salient terms of both policies are as follows:

1. Accounting, internal accounting controls, auditing or financial reporting concerns may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer").
2. All communications received by the Compliance Officer will be kept confidential and all relevant communications to be distributed to the Audit & Risk Management Committee.
3. The Audit & Risk Management Committee will determine necessary or appropriate action or response; and
4. Retaliation in any form against any interested party who, in good faith, raises a concern or reports a possible violation will not to be tolerated.

Company Rules and Regulations on Discipline

It is the policy of the Company under the Company Rules and Regulations on Discipline to subject to disciplinary action any regular, probationary or casual/project employee, irrespective of position or classification, who commits an offense against the Company, its property or its property.

The Company Rules and Regulations on Discipline provides implementation guidelines that primarily require that any disciplinary action be imposed only in accordance with applicable law and regulation and subject to the requirements of due process. Any third party or employee who has knowledge of an incident covered by the Company Rules and Regulations on Discipline may report the incident to the Company. The Vice President, Department Head or immediate supervisor of the subject employee will administer the policy and secure all acts and evidence material to the reported incident (the "Administrator").

In case of any infraction meriting a penalty of grave suspension or dismissal, the Administrator can recommend the formation of a fact-finding committee to pursue the investigation, which, in turn, can recommend the formation of a Disciplinary Action Hearing Committee if the investigation reveals substantial evidence to support the imposition of grave suspension or dismissal. The concerned employee will be informed of the charges against him and given ample opportunity to be heard and defend himself. All findings and conclusions should be supported by substantial evidence. The decision should also be communicated to the employee.

#### Code of Conduct

The Code of Conduct of Conduct sets out Petron's policy requiring the highest possible standards of ethical and business and conduct (and also specifically covers illegal activities such as bribery). The failure to comply with the terms of the Code of Conduct will subject an employee to discipline that may include counseling, reprimand, suspension and/or termination, in addition to any civil or criminal liability under existing laws. Disciplinary measures will depend on the circumstances of the violation and due process will be followed in the process.

The Code of Conduct requires as the responsibility of every employee and officer and the policy of the Company to encourage employees and officers to ask questions, seek guidance and report suspected violations. Any individual having information of knowledge of any prohibited act is mandated to promptly report such matters to the Department Head, Vice President, Human Resources Management Department, Internal Audit or the General Counsel.

#### Others Means to Report

The Company also maintains its website and hotlines through which concerns of any person may be relayed to the Company for appropriate investigation and/or action.

## I. DISCLOSURE AND TRANSPARENCY

### a. Ownership Structure

**(a) Holding 5% shareholding or more** (updated pursuant to the SEC Form 17-C filed by the Company with the SEC on March 28, 2014 and the notice filed by the Petron Corporation Employees' Retirement Plan with the SEC on April 4, 2014, the disclosure to the PSE dated August 18, 2014, and the acquisition by Petron Corporation Employees' Retirement Plan of common shares on December 5, 2014, the Definitive Information Statement on SEC Form 20-IS for 2016 and the Annual Report on SEC Form 17-A for 2015 and the Definitive Information Statement for the 2017 annual stockholders meeting on SEC Form 20-IS and the 2016 annual report on SEC Form 17-A)

Shareholder	Number of Shares	Percent	Beneficial Owner
SEA Refinery Corporation	4,696,885,564	50.10	SEA Refinery Corporation
San Miguel Corporation	1,702,870,560	18.16	San Miguel Corporation
Petron Corporation Employees' Retirement Plan	1,386,156,097	7.80%	Petron Corporation Employees' Retirement Plan

SEA Refinery Corporation is a wholly-owned subsidiary of San Miguel Corporation, which thus holds an aggregate of direct and indirect shareholding equal to 68.26% of the common shares of the Company.

As of February 28, 2017, PCD Nominee Corporation (Filipino) held 14.14% of the common stock of the Company. However, no beneficial owner under the PCD Nominee Corporation owned more than 5% common shareholdings of the Company.

**(b) Senior Management**

As of February 28, 2017, the executive officers of the Company held the shares indicated below.

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership (based on total outstanding capital stock)
<b>Executive Officers</b>					
Common	Emmanuel E. Eraña	Filipino	0	-	0.00%
Series 2A Preferred			2,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Susan Y. Yu	Filipino	385,000	I	0.00%
Series 2A Preferred			10,500	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Albertito S. Sarte	Filipino	1,000,000	I	0.01%
Series 2A Preferred			5,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Rowena O. Cortez	Filipino	8,580	D	0.00%
Series 2A Preferred			600	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Freddie P. Yumang	Filipino	73,600	I	0.00%
Series 2A Preferred			3,000	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Archie B. Gupalor	Filipino	3,000	D	0.00%
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Joel Angelo C. Cruz	Filipino	-	-	N.A.
Series 2A Preferred			400	I	0.00%
Series 2B Preferred			-	-	N.A.
Common	Rodulfo L. Tablante	Filipino	-	-	N.A.
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Dennis S. Janson	Filipino	163 / 15,000	D / I	N.A.
Series 2A Preferred			-	-	N.A.
Series 2B Preferred			-	-	N.A.
Common	Julieta L. Ventigan	Filipino	2,100	D	N.A.
Series 2A Preferred			1,000	-	N.A.
Series 2B Preferred			-	-	N.A.
<b>Directors and Executive Officers as a Group</b>		Common	1,728,445		0.02%
		Series 2A Preferred	39,000		0.00%
		Series 2B Preferred	0		0.00%

**b. Does the Annual Report disclose the following:**

Key risks	Yes.
Corporate objectives	Yes.
Financial performance indicators	Yes.
Non-financial performance indicators	Yes.
Dividend policy	Yes.
Details of whistle-blowing policy	Yes.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes.

Training and/or continuing education programme attended by each director/commissioner	Yes.
Number of board of directors/commissioners meetings held during the year	Yes.
Attendance details of each director/commissioner in respect of meetings held	Yes.
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes.

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

**c. External Auditor's fee**

<b>Name of auditor</b>	<b>Audit Fee in 2016 (in Pesos)</b>	<b>Non-Audit Fee in 2016 (professional fees for due diligence and study of various internal projects and tax consulting services; in Pesos)</b>
R.G. Manabat & Co., CPAs/KPMG	6,819,400	0

<b>Name of auditor</b>	<b>Audit Fee in 2015 (in Pesos)</b>	<b>Non-Audit Fee in 2015 (professional fees for due diligence and study of various internal projects and tax consulting services; in Pesos)</b>
R.G. Manabat & Co., CPAs/KPMG	6,641,400	9,985,014

<b>Name of auditor</b>	<b>Audit Fee in 2014 (in Pesos)</b>	<b>Non-Audit Fee in 2014 (professional fees for due diligence and study of various internal projects and tax consulting services; in Pesos)</b>
R.G. Manabat & Co., CPAs/KPMG	6,324,000	2,981,643

<b>Name of auditor</b>	<b>Audit Fee in 2013 (in Pesos)</b>	<b>Non-Audit Fee in 2013 (professional fees for due diligence and study of various internal projects and tax consulting services; in Pesos)</b>
R.G. Manabat & Co., CPAs/KPMG	6,026,150	8,038,492

Name of auditor	Audit Fee in 2012 (in Pesos)	Non-Audit Fee in 2012 (professional fees for due diligence and study of various internal projects and tax consulting services; in Pesos)
Manabat Sanagustin & Co., CPAs/KPMG	5,737,000.00	7,847,039

#### Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The Company has the following modes of communication for the dissemination of information:

##### External modes of communication

- Conduct of regular quarterly briefings and investor conferences and posting of materials on the company website
- Company website www.petron.com.
- Email and hotline telephone
- Disclosures made with the PSE and the SEC (including periodic structured reports such as the definitive information statement, the annual report and the quarterly reports and unstructured reports)
- Social networking sites
- Glossy annual report (distributed during the annual stockholders' meetings and posted on the company website)
- Interview of or correspondence with Management
- Print, radio and TV announcements/communications/releases

##### Internal modes of communication

- the modes above-listed
- intranet (PetHub)
- corporate newsletter (PetroNews)
- email blasts
- internal memoranda

#### d. Date of release of audited financial report:

Audited Financial Statements for year ended December 31, 2016: April 3, 2017  
 Audited Financial Statements for year ended December 31, 2015: April 4, 2016  
 Audited Financial Statements for year ended December 31, 2014: April 6, 2014  
 Audited Financial Statements for year ended December 31, 2013: April 15, 2014  
 Audited Financial Statements for year ended December 31, 2012: April 15, 2013



**e. Company Website**

**Does the company have a website disclosing up-to-date information about the following?**

Business operations	Yes.
Financial statements/reports (current and prior years)	Yes.
Materials provided in briefings to analysts and media	Yes.
Shareholding structure	Yes.
Group corporate structure	Yes.
Downloadable annual report	Yes.
Notice of AGM and/or EGM	Yes.
Company's constitution (company's by-laws, memorandum and articles of association)	Yes.

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

**f. Disclosure of RPT**

It is the policy of the Company that transactions between the Company and its parent, subsidiaries, associates and joint ventures are on an arm's length basis in a manner similar to transactions with non-related parties. Such transactions are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the final position of the related party and the market in which the related party operates.

Pursuant to the requirements of the CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).

The Company likewise discloses its related party transactions through its consolidated financial statements in accordance with PFRS and in the Definitive Information Statement and the annual report (SEC Form 17-A).

The list of the Company's related party transactions is as follows:

RPT	Relationship	Nature	Value
San Miguel Corporation	Ultimate parent	Purchase of services	Amount owed as of December 31, 2012: P20M  Amount owed as of December 31, 2013: P94M  Amount owed as of December 31, 2014: P46M

			<p>Amount owed as of December 31, 2015: P35M</p> <p>Amount owed as of December 31, 2016: P24M</p>
Petron Corporation Employees' Retirement Plan	Benefit pension plan for permanent, regular and full time employees	Interest-bearing advances	<p>Amount owed to Petron as of December 31, 2012: P15.52B; revenue generated: P557M</p> <p>Amount owed to Petron as of December 31, 2013: P16.39B; revenue generated: P777M</p> <p>Amount owed to Petron as of December 31, 2014: P6.26B; revenue generated: P428M</p> <p>Amount owed to Petron as of December 31, 2015: P6.60B; revenue generated: P297M</p> <p>Amount owed to Petron as of December 31, 2016: P5.04B; revenue generated: P261M</p>
Various affiliates	Affiliates under common control	Supply of bunker, diesel fuel, gasoline and lube requirements	<p>Amount owed to Petron as of December 31, 2012: P1.97B</p> <p>Amount owed to Petron as of December 31, 2013:</p>

			<p>P2.98B</p> <p>Amount owed to Petron as of December 31, 2014: P983M</p> <p>Amount owed to Petron as of December 31, 2015: P947M</p> <p>Amount owed to Petron as of December 31, 2016: P1.02B</p>
Various associates	Associates	Supply of bunker, diesel fuel, gasoline and lube requirements	<p>Amount owed to Petron as of December 31, 2012: P17M</p> <p>Amount owed to Petron as of December 31, 2013: P21M</p> <p>Amount owed to Petron as of December 31, 2014: P29M</p> <p>Amount owed to Petron as of December 31, 2015: P31M</p> <p>Amount owed to Petron as of December 31, 2016: P33M</p>
Joint venture	Joint venture	Purchase of goods and services	<p>Amount owed by Petron as of December 31, 2012: P25M</p> <p>Amount owed by Petron as of December 31, 2013:</p>

			P28M  Amount owed by Petron as of December 31, 2014: P12M  Amount owed by Petron as of December 31, 2015: P2M  Amount owed by Petron as of December 31, 2016: P3M
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Described below are transactions of Petron with related parties as of December 31, 2016:

1. Petron has existing supply agreements with various SMC subsidiaries. Under these agreements, Petron supplies the diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.
2. Petron purchase goods and services, such as those related to construction, information technology, shipping and power, from various SMC subsidiaries.
3. Petron entered into a lease agreement with San Miguel Properties, Inc. for office space covering 6,802 square meters. The lease, which commenced on June 1, 2014, is for a period of one year and may be renewed in accordance with the written agreement of the parties.
4. Petron also pays SMC for its share in common expenses such as utilities and management fees in relation to the leased office premises.
5. Petron has long-term lease agreements with New Ventures Realty Corporation (“NVRC”) covering certain parcels of lands where the Petron Bataan Refinery and some of its depots, terminals and service stations are located.
6. Petron partly retails its fuel products through its subsidiaries, Petron Marketing Corporation, Petron Freeport Corporation, and Petron Singapore Trading Pte. Ltd. (“PSTPL”), as well as lubes through Petron Fuel International Sdn. Bhd. (“PFISB”).
7. Petron obtains insurance coverage from Petrogen Corporation which, in turn, obtains reinsurance coverage from Overseas Insurance Corporation and other local reinsurers.
8. Petron made certain advances to Petron Corporation Employees’ Retirement Plan for investment opportunities.
9. Petron has an existing trading agreement with PSTPL for the procurement of crude oil, and trading of finished petroleum products and other materials such as ethanol, coal, and additives.

10. Petron engaged PSTPL to perform the chartering function such as the renewal and negotiation of contract of affreightments and commodity risk management via hedging transactions.
11. Petron provides general management services to PFISB.
12. NVRC and SMC subsidiaries entered into various lease agreements for portion of lands located at Limay, Bataan.
13. The Company reacquired the Refinery Solid Fuel Fired Power Plant from SMC PowerGen Inc.

**When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?**

Transactions with related parties are made on an arm’s length basis in a manner similar to transactions with non-related parties. They are thus made at normal market prices and terms. An assessment is undertaken each financial year by examining the financial position of the related party and the market in which it operates.

And pursuant to the requirements of the CG Manual, the Company fully and timely discloses all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).

The Company discloses its related party transactions through its consolidated financial statements in accordance with PFRS and in the Definitive Information Statement and the annual report (SEC Form 17-A).

**J. RIGHTS OF STOCKHOLDERS**

**1) Right to participate effectively in and vote in Annual/Special Stockholders’ Meetings**

**(a) Quorum**

**Give details on the quorum required to convene the Annual/Special Stockholders’ Meeting as set forth in its By-laws.**

<b>Quorum Required</b>	Majority of the issued and outstanding capital stock of Petron entitled to vote
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**(b) System Used to Approve Corporate Acts**

**Explain the system used to approve corporate acts.**

<b>System Used</b>	The Company observes the one-vote-one-share rule.
<b>Description</b>	<p>The By-laws expressly provide that each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share of capital stock held by such stockholder.</p> <p>In the case of election of directors, the By-laws provide for cumulative voting such that a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate</p>

	<p>his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the corporation multiplied by the whole number of directors to be elected.</p> <p>If at any meeting of the stockholders a vote by ballot shall be taken, the By-laws require that a voting committee shall be created to adopt its own rules to govern the voting and take charge of the voting proceedings and the preparation and distribution of the ballots. Each member of the voting committee, who need not be stockholders, is required to subscribe to an oath to faithfully execute his/her duties as an inspector of votes with strict impartiality and according the best of his/her ability.</p> <p>For the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meetings, while a balloting system was prepared and made available, balloting was dispensed with with the approval by the stockholders of the verbal motions made to approve proposed resolutions.</p>
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**(c) Stockholders' Rights**

**List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.**

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<p>Right to receive notices of meetings in accordance with the By-laws, which in turn, sets a 15-day rule for the delivery of the notice.</p>	<p>Notices of stockholders' meeting, together with the definitive information statement, are distributed no later than 15 business days before the meeting. The notice and agenda are also published in newspapers of general circulation.</p> <p>In 2017, the notice of the annual stockholders' meeting held on May 16, 2017, together with the Definitive Information Statement, was released on April 7, 2017, 39 days before the meeting. And while not a legal requirement, the notice and the agenda of the meeting were also published in The Manila Bulletin and The Philippine Star on April 11, 2017 and April 12, 2017, respectively.</p> <p>In 2016, the notice of the annual stockholders' meeting held on May 17, 2016, together with the Definitive Information Statement, was released on April 8, 2015, 39 days before the meeting. And while not a legal requirement, the notice and the agenda of the meeting were also</p>

	<p>published in The Manila Bulletin and The Philippine Star on April 10, 2016 and April 11, 2016, respectively.</p> <p>In 2015, the notice, agenda and the Definitive Information Statement for the 2015 annual stockholders' meeting scheduled on May 19, 2015 were released to the stockholders on April 17, 2015, 32 days before the meeting. Moreover the notice and agenda were published on April 19, 2015 in The Philippine Star and The Manila Bulletin.</p>
Right to attend stockholders' meetings	The stockholders of the Company are given the opportunity to directly ask Management and the Board during the open forum at stockholders' meetings in accordance with the guidelines set by the Company and announced at the start of the meetings

**Dividends** (updated pursuant to the SEC Form 17-Cs dated August 7, 2014, November 7, 2014, March 17, 2015 August 10, 2015 March 25, 2016, August 8, 2016 and March 14, 2017 filed by the Company)

Class of Shares	Declaration Date	Record Date	Payment Date
<b><u>2017</u></b>			
Common Shares	March 14, 2017	March 28, 2017	April 12, 2017
Series 2 A Preferred shares	March 14, 2017	<ul style="list-style-type: none"> <li>• 2Q 2017: April 12, 2017</li> <li>• 3Q 2017: July 18, 2017</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2016: May 3, 2017</li> <li>• 3Q 2016: August 3, 2017</li> </ul>
Series 2 B Preferred shares	March 14, 2017	<ul style="list-style-type: none"> <li>• 2Q 2017: April 12, 2017</li> <li>• 3Q 2017: July 18, 2017</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2016: May 3, 2017</li> <li>• 3Q 2016: August 3, 2017</li> </ul>
<b><u>2016</u></b>			
Series 2 A Preferred shares	August 8, 2016	<ul style="list-style-type: none"> <li>• 4Q 2016: October 14, 2016</li> <li>• 1Q 2017: January 13, 2017</li> </ul>	<ul style="list-style-type: none"> <li>• 4Q 2016: November 3, 2016</li> <li>• 1Q 2017: February 3, 2017</li> </ul>
Series 2 B Preferred shares	August 8, 2016	<ul style="list-style-type: none"> <li>• 4Q 2016: October 14, 2016</li> <li>• 1Q 2017: January 13, 2017</li> </ul>	<ul style="list-style-type: none"> <li>• 4Q 2016: November 3, 2016</li> <li>• 1Q 2017: February 3, 2017</li> </ul>
Common Shares	March 15, 2016	March 31, 2016	April 14, 2016
Series 2 A Preferred shares	March 15, 2016	<ul style="list-style-type: none"> <li>• 2Q 2016: April 15, 2016</li> <li>• 3Q 2016: July 15, 2016</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2016: May 3, 2016</li> <li>• 3Q 2016: August 3, 2016</li> </ul>
Series 2 B Preferred shares	March 15, 2016	<ul style="list-style-type: none"> <li>• 2Q 2016: April 15, 2016</li> <li>• 3Q 2016: July 15, 2016</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2016: May 3, 2016</li> <li>• 3Q 2016: August 3, 2016</li> </ul>

<b><u>2015</u></b>			
Series 2 A Preferred shares	August 10, 2015	<ul style="list-style-type: none"> <li>• 4Q 2015: October 16, 2015</li> <li>• 1Q 2016: January 18, 2016</li> </ul>	<ul style="list-style-type: none"> <li>• 4Q 2015: November 3, 2015</li> <li>• 1Q 2016: February 3, 2016</li> </ul>
Series 2 B Preferred shares	August 10, 2015	<ul style="list-style-type: none"> <li>• 4Q 2015: October 16, 2015</li> <li>• 1Q 2016: January 18, 2016</li> </ul>	<ul style="list-style-type: none"> <li>• 4Q 2015: November 3, 2015</li> <li>• 1Q 2016: February 3, 2016</li> </ul>
Common Shares	March 17, 2015	April 1, 2015	April 16, 2015
Series 2 A Preferred shares	March 17, 2015	<ul style="list-style-type: none"> <li>• 2Q 2015: April 17, 2015</li> <li>• 3Q 2015: July 20, 2015</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2015: May 4, 2015</li> <li>• 3Q 2015: August 3, 2015</li> </ul>
Series 2 B Preferred shares	March 17, 2015	<ul style="list-style-type: none"> <li>• 2Q 2015: April 17, 2015</li> <li>• 3Q 2015: July 20, 2015</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q 2015: May 4, 2015</li> <li>• 3Q 2015: August 3, 2015</li> </ul>
<b><u>2014</u></b>			
Common Shares	March 24, 2014	April 8, 2014	April 23, 2014
Preferred Shares	May 6, 2014	May 21, 2014	June 5, 2014
Preferred shares	August 6, 2014	August 22, 2014	September 5, 2014
Preferred shares	November 7, 2014	November 24, 2014	December 5, 2014
Preferred shares	November 7, 2014	February 18, 2015	March 5, 2015
Series 2 A Preferred shares	November 7, 2014	January 20, 2015	February 3, 2015
Series 2 B Preferred shares	November 7, 2014	January 20, 2015	February 3, 2015
<b><u>2013</u></b>			
Common Shares	March 18, 2013	April 12, 2013	May 8, 2013
Preferred Shares	1. March 18, 2013  2. August 8, 2013	1. 2Q 2013: May 10, 2013 3Q 2013: August 8, 2013  2. 4Q 2013: November 11, 2013 1Q 2014: February 7, 2014	1. 2Q 2012: June 5, 2013 3Q 2012: September 5, 2013  2. 4Q 2012: December 5, 2013 1Q 2012: March 5, 2014
<b><u>2012</u></b>			
Common Shares	March 7, 2012	April 2, 2012	April 24, 2012
Preferred Shares	1. March 7, 2012  2. August 9, 2012	1. 2Q 2012: May 18, 2012 3Q 2012: August 16, 2012  2. 4Q 2012: November 16, 2012 1Q 2012: February 5, 2013	1. 2Q 2012: June 5, 2012 3Q 2012: September 5, 2012  2. 4Q 2012: December 5, 2012 1Q 2012: March 5, 2013



## Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
<p>In all the stockholders' meetings of the Company, an open forum is scheduled after the presentation of the Management Report to give the stockholders the opportunity to directly ask questions or raise concerns and issues to Management and the Board.</p> <p>Representatives of the external auditors of the Company are also present at the meetings to respond to appropriate questions concerning the financial statements of the Company.</p> <p>The above measures were observed during the 2012, 2013 2014, 2015, 2016 and 2017 annual stockholders' meetings held on May 15, 2012, May 21, 2013, May 20, 2014, May 19, 2015, May 17, 2016, and May 16, 2017, respectively.</p>	<p>After the Chairman has called the meeting to order, the Corporate Secretary announces that there will be an open forum after the Management Report and that, to give more stockholders the chance to ask questions, priority will be accorded to written questions given in advance. Question forms are made readily available from usherettes posted in accessible areas of the meeting venue.</p> <p>The identity of the stockholders is requested to be indicated and/or advised to allow the Company to write or email them in the event there is further information on their concerns or if their queries or concerns are not addressed for lack of time.</p> <p>The above procedure was observed during the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meetings held on May 15, 2012, May 21, 2013, May 20, 2014, May 19, 2015, May 17, 2016, and May 16, 2017, respectively.</p>

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
  - Authorization of additional shares
  - Transfer of all or substantially all assets, which in effect results in the sale of the company

The shareholders' active participation in corporate decisions is recognized under the CG Manual that provides that shareholders' voting rights in general (including those in respect of items a and c listed above) are encouraged to be exercised. The CG Manual further provides that shareholder's rights should be promoted by removing impediments to the exercise of such shareholders' rights. The Board is thus tasked to do what is necessary to remove excessive unnecessary costs and other administrative impediments to stockholders' meaningful participation in meetings and/or voting in person or by proxy.

To encourage in general the participation by the stockholders in stockholders' meetings of the Company, such meetings are held in accessible venues. As an additional measure to disseminate information on the annual stockholders' meeting, the Company publishes in newspapers of general circulation the notices of the meeting. Further, the Company does not require any document or formality for the execution of proxies other than what is required in the law, *e.g.*, proxies do not need to be notarized.

In 2013, 2014, 2015, 2016 and 2017, the annual stockholders' meetings were held in Valle Verde Country Club located at Capt. Henry P. Javier St., Pasig City. In 2012, the annual stockholders' meeting was held in Edsa Shangri-La Manila Hotel located at 1 Garden Way, Ortigas Center, Mandaluyong City.

In addition to the release of the notice of the meeting with the Definitive Information Statement, the notice was published in The Philippine Star and the Business Mirror on May 4, 2012. In addition to the release of the notice of the meeting with the Definitive Information Statement, the notice and agenda of the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meeting were also published in The Philippine Star and The Manila Times on April 26, 2013; The Philippine Star on April 16, 2014; The Philippine Star and The Manila Bulletin on April 19, 2015; and The Manila Bulletin and The Philippine Star on April 10, 2016 and April 11, 2016; and The Manila Bulletin and The Philippine Star on April 11, 2017 and April 12, 2017, respectively.

**3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

Yes.

**2017**

In 2017, the Company released its notice and agenda for the 2017 annual stockholders' meeting on April 7, 2017, 39 days or 26 business days before the May 16, 2017 meeting. Further, the notice and agenda of the 2017 annual meeting of the stockholders were published in the Manila Bulletin and the Philippine Star and on April 11, 2017 and April 12, 2017, respectively.

- a. **Date of sending out notices:** April 7, 2017
- b. **Date of the Annual/Special Stockholders' Meeting:** May 16, 2017

**2016**

In 2016, the Company released its notice and agenda for the 2016 annual stockholders' meeting on April 8, 2016, 39 days or 26 business days before the May 17, 2016 meeting. Further, the notice and agenda of the 2016 annual meeting of the stockholders were published in the Manila Bulletin and the Philippine Star and on April 10, 2016 and April 11, 2016, respectively.

- a. **Date of sending out notices:** April 8, 2016
- b. **Date of the Annual/Special Stockholders' Meeting:** May 17, 2016

**2015**

In 2015, the notice and agenda, together with the Definitive Information Statement for the 2015 annual stockholders' meeting scheduled on May 19, 2015 was released on April 17, 2015, 21 business days before the meeting. The notice and agenda were also published in The Philippine Star and The Manila Bulletin on April 19, 2015, 21 business days before the meeting.

- a. **Date of sending out notices:** April 17, 2015
- b. **Date of the Annual/Special Stockholders' Meeting:** May 19, 2015

## **2014**

For the 2014 annual stockholders' meeting, notices were sent in accordance with the 15-business day requirement of the SRC Rules.

- a. **Date of sending out notices:** April 25, 2014
- b. **Date of the Annual/Special Stockholders' Meeting:** May 20, 2014

## **2013**

Similarly, the notices of the 2013 annual stockholders' meeting were sent in accordance with the 15-business day requirement of the SRC Rules.

- a. **Date of sending out notices:** April 26, 2013
- b. **Date of the Annual/Special Stockholders' Meeting:** May 21, 2013

## **2012**

The notices of the 2012 annual stockholders' meeting were sent in accordance with the 15-business day requirement of the SRC Rules.

- a. **Date of sending out notices:** April 23, 2012
- b. **Date of the Annual/Special Stockholders' Meeting:** May 15, 2012

#### **4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.**

Questions and comments were raised by stockholders during the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meetings. All these were documented in the minutes made available to the stockholders during the 2013 annual stockholders' meeting in respect of questions raised during the 2012 meeting and during the 2014 annual stockholders' meeting in respect of questions raised during the 2013 meeting. Questions and comments raised during the 2014 annual stockholders' meeting are also documented in the minutes to be made available to the stockholders during the 2015 annual stockholders' meeting.

Questions and comments raised during the 2015 and 2016 annual stockholders' meeting are also documented in the minutes, the draft of which is posted on the company website.

Questions and comments raised during the 2017 annual stockholders' meeting are also documented in the minutes, the draft of which will be posted on the company website by May 23, 2017, five (5) business days after the meeting.

## **2017 Meeting**

Among the questions and comments raised during the open forum and the answers given are as follows:

- *Strong performance in 2016 and 2017 (from Ms. Beth Vergara of Muntinlupa City).* Mr. Ramon S. Ang, President and Chief Executive Officer and chairman of the meeting, confirmed the strong performance of the Company for the 2016 and the current year.
- *Performance of Petron Malaysia (from Mr. Mel Camilo of Manila).* The Chairman informed the stockholders that the Company had the good opportunity to invest at the right time in the Petron Malaysia companies. He then explained that these companies together contribute about US\$150 million EBITDA annually.
- *Good performance attributable to the Refinery Maser Plan - 2 (from Mr. Roberto Marti of Paco, Manila).* The Chairman explained that the RMP-2 was among the factors for the Company's exceptional performance because the RMP-2 now allows the Company to convert all negative-margin fuel oil into high-margin products and the petcoke it produces as a by-product is used to fuel the boilers that produce power and steam for the Petron Bataan Refinery. He also explained that, with RMP-2's increased production, the Company continued to expand its retail service station network.
- *Petron dealership (from Mr. Aquino of Cavite).* The Chairman advised that those interested to be dealers to visit the Petron offices at 40 San Miguel Avenue in Mandaluyong City or email or write and Petron would immediately respond. The Company would review dealership applications and visit proposed areas or, alternatively, recommend available areas for constructing service stations.
- *Sale of Petron shares (from Mr. Lito Capinpin of San Juan).* The Chairman invited the stockholder to stay with the Company and be part of its growth.
- *Sale of Euro-5 gasoline to other Southeast Asian countries (from Mr. John Lau of Quiapo, Manila).* The Chairman explained that the Company hopes to sell in the Philippines all the fuel products it manufactures. The Philippines' daily fuel consumption stands at about 350,000 barrels per day compared to the 180,000 barrels per day capacity of the Petron Bataan Refinery.
- *Stock dividends (from Ms. Marivic Villaluz of San Pedro, Laguna).* The Chairman explained to the stockholders that it was more important to receive cash dividends than stock dividends because stock dividends represent a mere document of an increase in the number of shares held by a stockholder. He also informed the stockholders that the Company would continue to review how much dividends would be given its stockholders.
- *Contribution of Petron Malaysia (from Mr. Hector Sanvictores).* The Chairman informed the stockholders that the Petron Malaysian companies contribute about 25% of the annual income of Petron.
- *Other stockholder matters.* Matters such as cash dividends and stock certificates were advised to be referred to the Petron stock transfer agent for appropriate action.

### **2016 Meeting**

Among the questions and comments raised during the open forum and the answers given are as follows:

- *Stockholder benefits for 2016 (from Mrs. Clarissa Paredes of Quezon City)*. The Chairman replied that the stockholders would reap the benefits if the optimal operations of the Company were sustained the entire 2016.
- *Full commissioning of RMP-2 (from Ms. Glenda Carreon of Taguig)*. The Chairman confirmed that the RMP-2 has been fully commissioned and informed the stockholders that it achieved its target capacity in January 2016.
- *Euro 4 standards compliance (from Mr. Oliver Lacsina of Malolos, Bulacan)*. The Chairman confirmed that all fuel products of Petron are Euro-4 compliant.
- *Company's investment in Malaysia (from Mr. Abraham Bastillaga)*. Mr. Ramon S. Ang, President and Chief Executive Officer, informed the stockholders that the Petron Malaysian companies were performing well and achieved more or less US\$150 million EBITDA for 2015.
- *Availability of Petron scholarships (from Mr. Chito Manlapaz of Pampanga)*. Mr. Ang replied that interested stockholders may file their applications for a Petron scholarship.

### **2015 Meeting**

Among the questions and comments raised during the open forum and the answers given are as follows:

- *Benefits of the RMP-2 (from Mr. Oscar Cui of Quezon City)*. The Chairman explained that the project is undergoing commissioning and fine tuning and its full potential would be felt the following year.
- *Performance against competitors (from Mr. Judiel Panganiban of Mandaluyong)*. The Chairman replied that Petron remains the market leader in the Philippines with almost 40% of the total market in 2014, more than the share of two other multi-national players combined.
- *Euro 4 standards compliance (from Ms. Clarissa Ng of San Juan)*. The Chairman informed the stockholders that, as early as about two to three years ago, Petron already has made available a Euro 4-compliant product.
- *Difference in service stations in Malaysia (from Mr. Jules Dimaculangan of Lipa City, Batangas)*. The Chairman answered that the Petron service stations in the Philippines and Malaysia have the same look and level of service, with the only difference being that we have self-serve stations in Malaysia.
- *Petron Malaysia performance (from Ms. Marilyn Mañalac of Sta. Rosa, Laguna)*. The Chairman informed the stockholders that that Petron Malaysia was doing well, earning more than what was projected when the companies were acquired.
- *Petron volleyball team (from Ms. Chiqui Igama of Sampaloc, Manila)*. The Chairman informed the stockholders that the Petron volleyball team is doing very well and has in fact won two straight championships.

- *Card products for loyal customers (from Ms. Sarah Villanueva of Bacoor, Cavite).* The Chairman confirmed that the Company has the Petron Value Card that provides various discounts and benefits to loyal customers.
- *Service station expansion (from Ms. Mhel Tayag of Angeles, Pampanga).* The Chairman explained that the target is to build 200-300 new stations per year. While difficulties in terms of obtaining the relevant permits are sometimes encountered, he assured that the Company would still endeavor to achieve building 200-300 stations a year.
- *Availability of old promotional items (from Mr. Dominic Olid of Las Piñas).* The Chairman confirmed that some items still have available stock and that any interested person could ask the assistance of the usherettes for the purchase of the items.
- *Notice of meeting (from Mr. Nicasio Inguengan of Commonwealth, Quezon City).* The Chairman assured that the matter on the delivery of the notices by third party service providers would be reviewed.
- *Petron Bulilit stations dealerships (from Ms. Amor Sande).* The Chairman confirmed that the Company still approves Petron Bulilit stations dealerships and that any one interested to become a dealer may submit to the Petron offices his/her letter of intent to be a dealer.
- *Petron Value Card.* A stockholder asked from the floor whether the towing services covered by the Petron Value Card are available for towing vehicles parked in building parking areas. He also congratulated the Board of Directors for the company performance in 2014. The Chairman thanked the stockholder. In reply to his query, the Chairman explained that towing services are handled by a third party service provider and that the concern raised would be relayed by the Company to such provider.
- *Hiring of new graduates (from Ms. Nenet R. Baltazar of Sta. Ana, Manila).* The Chairman confirmed that the Company hires new graduates, especially chemical engineering graduates for the Bataan refinery.
- *Property for rent.* A stockholder asked from the floor whether his properties in Tandang Sora, Quezon City and Tagaytay may be used by Petron to help increase the number of its service stations and boost sales. The Chairman requested the stockholder to leave his name and address and advised him that Mr. Archie Gupalor, Vice President for National Sales, would check the viability of his properties.
- *Other stockholder matters.* Matters such as cash dividends and stock certificates were advised to be referred to the Petron stock transfer agent for appropriate action.

A stockholder relayed from the floor certain of his observations and queries. He noted that the Chairman of the meeting held proxies of almost 79% of the total outstanding common stock, representing more than the quorum required. He also noted that the minutes of the previous meeting did not explicitly document everything he mentioned, including his comment on the number of directors of the board, to which he wanted to register his objection, and the venue of the meeting. He further noted that the income of the Company for 2014 was lower than that of 2013 and the dividends for the common shares were still at P.05 per share. He also mentioned that director Chief Justice Panganiban was affiliated with many companies and held various independent directorships. He asked that Director Panganiban ensure that he is able to discharge his functions as independent director of all the companies he is in.

## **2014 Meeting**

Among the questions and comments raised during the open forum and the answers given are as follows:

- *Status of the RMP-2 (from Mr. Henry Pelayo).* The Chairman explained that the project was so far within the budget and targeted to be completed within a month after the original schedule. He further explained that, for a project of the magnitude of RMP-2, the Management of the Company should be commended for managing the budget and completion schedule.
- *Euro 4 standards compliance.* The next question was with regard to the Company's ability to comply with the Euro 4 standards mandated by the Department of Environment and Natural Resources ("DENR") to take effect in January 2016. The Chairman confirmed that the Company would be able to comply with the DENR mandate since the RMP-2 project would enable the Petron Refinery to produce fuels compliant with Euro 4 standards.
- *Transfer of the Pandacan Terminal (from Mr. Ronaldo Cordova).* The Chairman answered that the Company had begun the transfer of its depot to several locations, including Limay, Rosario and Navotas.
- *2013 Income.* The next question sought clarification on why the Company's income in 2013 increased to P5.1 billion. The Chairman explained that, as discussed during the Management presentation, crude oil prices in 2013 were less volatile.
- *Network Expansion Program update.* The Chairman informed the stockholders that more than 200 new service stations were built in 2013, with the aim of reaching about 5,000 service stations in the coming years. He also explained that all interested dealers, including stockholders, were welcome to apply to be dealers and he invited them to visit the Petron offices to inquire about the requirements and qualifications for a dealership.
- *Oil smuggling.* The Chairman confirmed that oil smuggling still existed though reports indicated that its incidence had decreased.
- *2014 Performance.* The Company was then asked about its performance in the first few months of 2014. The Chairman answered that the first quarter of 2014 was good. He explained that, after the commissioning of the RMP-2, the Company would eventually perform much better.
- *Relief and rehabilitation efforts of the Company.* The Chairman explained that the Company helped families and areas affected by Typhoons Ondoy and Sendong and by high tides in Navotas. The Chairman emphasized that Petron would always be ready to assist in times of calamity.
- *Petron Malaysia business.* It was raised that the Company was reported to have inaugurated its first station in Malaysia. An update on Petron's retail business in Malaysia was also requested. The Chairman explained that, since the rebranding of the service stations in Malaysia to the Petron brand, volume increased by approximately 20%. He also explained that, coupled with the re-branding, the refurbishment of the service station facilities and the provision of value-added services such as cleaning of vehicles while gassing up, contributed to the increase in sales volume.
- *Dividend rate (raised from the floor by Ms. Mary Jane Narciso and Ms. Renata Gomez) and distributions on the undated subordinated capital securities of the Company.* The Chairman explained the dividends are restricted by the present needs of the Company but assured the stockholders that San Miguel Corporation, the majority owner of the Company, would itself push for higher dividends as soon as the Company is able to support such increased dividend declaration. Mr. Emmanuel E. Eraña, Seniro Vice

President and CFO, also explained that a substantial part of the earnings of the Company and proceeds raised from its fund-raising activities for the past four (4) years were being used to defray costs of capital projects of the Company, such as the RMP-2. He further explained that, once the commissioning of the RMP-2 is completed, the Company is expected to eventually earn more and, thus, be able to declare higher dividends. On the distributions on the undated subordinated capital securities of the Company, Mr. Eraña informed the stockholders that the Company issued perpetual securities in 2013 as part of its fund-raising efforts for the RMP-2. Holders of the perpetual securities are paid distributions as a return on their investment.

- *Commendations from stockholders.* Ms. Til Escover explained that she bought her shares during the initial public offering of the Company and informed the Management that she initially had apprehensions on how Petron could compete in Malaysia. She explained that she was impressed with the discussion of Mr. Ang on the performance of Petron in Malaysia. She also said that it was important for Philippine companies to be competitive in the ASEAN region.

Another stockholder spoke from the floor and commented that the good performance of the Company in 2014 was indicative of good management.

- *Other stockholder concerns.* Another stockholder asked the Audit & Risk Management Committee to be vigilant in the review of the financial statements of the Company. He also asked Management to consider holding the meeting at the San Miguel Head Office. Another stockholder also requested the Company to have the information statement delivered earlier and thanked Mr. Enrique Yusingco, General Manager of SMC Stock Transfer Services Corporation (the stock transfer agent of the Company) and Ms. Charmaine V. Canillas, Assistant Vice President – Corporate Affairs of the Company, for their help and assistance.

### **2013 Meeting**

The questions and comments raised and the answers given are as follows:

- *Oil smuggling and its effect on the Company* - The Chairman explained that oil smuggling has been present since the oil industry was deregulated. As smuggling becomes more rampant, less taxes are paid to the government and the volume that the Company sells may decrease since the prices from illegal sources are cheaper.
- *Status of the Company's investments in Malaysia* - The Chairman replied that Petron Malaysia was a good investment and the business in Malaysia was doing well. He encouraged the stockholders to go to Kuala Lumpur and see from the airport and all the way to the city how nice Petron's stations are. The Chairman noted that another investment as good as Petron Malaysia may not be easy to find. To answer a related query, the Chairman explained that the issue on branding in Malaysia was being addressed. While the name of Petron is close to Petronas', the Company was able to demonstrate the difference.
- *Entry of new players* - The Chairman explained that the Company could not do anything about the entry of new players. Under a deregulated market, new players are free to put up their own stations and purchase their products from different sources.
- *Dealership of the Bulilit stations* - The Chairman explained that the investment required for a *bulilit* station was minimal to facilitate the putting up of service stations in small locations. While a company-owned gas station would require around P 30-50 million as initial investment, he said that a *bulilit* station would only require about P5 million. The Chairman likewise noted that the *bulilit* stations may be



expanded to become regular stations. The lot size required for a *bulilit* station was estimated to be around 500-1,000 square meters.

- *Benefit of the RMP-2* - The Chairman replied that the Refinery was rated at 180,000 barrels a day but only runs at an average of 100,000 barrels a day. He explained that running the Refinery at full capacity would result in a bigger volume of bunker fuel which the Company was already selling at a loss. Once the Refinery is upgraded, the Company may run it at 100% and the bunker fuel would be converted to higher margin white products (e.g., gasoline, diesel) and more petrochemicals such as propylene and xylene.
- *Priority projects of Petron from 2013-2016* - The Chairman confirmed that the upgrade of the Refinery remains to be the priority project. Once the upgrade is completed, he explained that the Company's revenues would improve which would translate to higher share price and higher dividends.
- *New product of the Company available in the market* - The Chairman explained that the new product, "Super Extra Gasoline," is a result of directive from the Department of Energy that gasoline should have a minimum octane rating of 91RON.
- *Petron Value Card and its benefits* - The Chairman explained that the points earned by the Petron Value Card have no expiry and cardholders would soon have expanded benefits.
- *Lower amount of dividends was declared for the year* - The Chairman said that the sudden drop of crude oil prices in the world market resulted in a decrease in revenues. He, however, assured the stockholders that once the Refinery upgrade is completed, the Company's revenues would increase.
- *Network expansion program* - The Chairman explained that the network expansion program was still ongoing. After three (3) years of undergoing its expansion program, the Company had more than 2,000 stations.
- *Status of Pandacan depot relocation* - The Chairman noted that the Company would comply with the orders of the City of Manila and the Company would cooperate to move out of Pandacan by 2016. The Company has started to build tanks in Limay, Bataan, Rosario, Cavite and Navotas.

### **2012 Meeting**

The questions and comments raised and the answers given are as follows:

- *Benefit of the acquisition by the Company of the downstream business of Exxon in Malaysia* - The Chairman explained that, with the acquisition of such integrated downstream business, the Company had extended its businesses outside the Philippines. The Company now owns and operates the Port Dickson Refinery, product terminals and a network of approximately 550 retail service stations in Malaysia.
- *Status of the Refinery Master Plan Phase 2 ("RMP-2") and the network expansion program.* - The Chairman replied that the construction of the RMP-2 was on schedule and expected to be completed in 2014. The completion of the RMP2 would enable the Company to increase its capability to process heavier crudes and convert fuel oil into a broader range of products and petrochemical products. On the network expansion program, he explained that, as of end December 2011, the Company had built about 700 new stations thereby bringing the number of its service stations to about 2,000.
- *Offer for the sale of the Refinery to the government.* - Mr. Ang emphasized that the Company was not selling the Refinery. He explained that he just raised the thought on the sale when asked how else the

Company could help the government since the acquisition of the Refinery would allow the government to closely monitor importations and collect appropriate taxes and duties.

- *Effect on the Company of the recent numerous decreases in gas retail prices.* - The Chairman explained that the Company was not always able to increase retail prices even when the price of crude oil went up. The high cost of inventory of such crude oil resulted in lower margins.
- *Requirements to qualify for a retail dealership* - Mr. Ang explained that the primary requirement for operating a service station was finding a good location that the Company could buy or lease long-term.
- *Reported acquisition by the San Miguel Group of Philippine Airlines.* - Mr. Ang replied that Philippine Airlines was already an existing client and the Company would continue to sell to it at competitive prices.
- *Comments relating to providing assistance for reconciling the records of their shares and receiving dividend payments.* - The stockholders were advised to approach the stock transfer agent, SMC Stock Transfer Services Corporation, whose representatives were present at the meeting. The Chairman also suggested that the stockholders concerned visit the Office of the Corporate Secretary of the Company.
- *Suggestion on LPG delivery.* - The Chairman explained that an LPG delivery scheme was already in place but any further assistance on the matter may be brought to the attention of the Company.

## 5. Result of Annual/Special Stockholders' Meeting's Resolutions

### 2017

The results of the 2017 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the minutes of the 2016 annual stockholders' meeting	7,316,214,430 (78.40%)	0 (0%)	0 (0%)
Approval of the management report for year-ended December 31, 2016	7,306,958,430 (77.94%)	0 (0%)	9,256,000 (0.10%)
Ratification of acts of directors and officers since the last annual stockholders' meeting	7,306,958,430 (77.94%)	0 (0%)	9,256,000 (0.10%)
Appointment of R.G. Manabat as external auditor	7,316,214,430 (78.40%)	0 (0%)	0 (0%)

## Election of Directors

Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
EDUARDO M. COJUANGCO, JR.	7,177,010,473	17,371,748	121,832,209	0	7,316,214,430
RAMON S. ANG	7,306,731,730	9,326,600	156,100	0	7,316,214,430
LUBIN B. NEPOMUCENO	7,185,055,621	9,326,600	121,832,209	0	7,316,214,430
ERIC O. RECTO	7,194,382,221	0	121,832,209	0	7,316,214,430
ESTELITO P. MENDOZA	7,175,164,521	17,371,748	123,678,161	0	7,316,214,430
JOSE P. DE JESUS	7,193,081,069	0	123,133,361	0	7,316,214,430
RON W. HADDOCK	7,193,081,069	0	123,133,361	0	7,316,214,430
AURORA T. CALDERON	7,175,553,221	17,371,748	123,289,461	0	7,316,214,430
MIRZAN MAHATHIR	7,192,692,369	0	123,522,061	0	7,316,214,430
ROMELA M. BENGZON	7,193,081,069	0	123,133,361	0	7,316,214,430
VIRGILIO S. JACINTO	7,183,209,669	9,326,600	123,678,161	0	7,316,214,430
NELLY FAVIS-VILLAFUERTE	7,192,536,269	0	123,678,161	0	7,316,214,430
REYNALDO G. DAVID	7,298,377,682	8,045,148	9,791,600	0	7,316,214,430
ARTEMIO V. PANGANIBAN	7,301,581,338	4,685,392	9,947,700	0	7,316,214,430
MARGARITO B. TEVES	7,306,422,830	0	9,791,600	0	7,316,214,430
<b>TOTAL</b>	<b>108,267,961,151</b>	<b>92,825,584</b>	<b>1,382,429,715</b>	<b>0</b>	<b>109,743,216,450</b>

## 2016

The results of the 2016 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the minutes of the 2015 annual stockholders' meeting	7,462,602,435 (79.60%)	0 (0%)	0 (0%)
Approval of the management report for year-ended December 31, 2015	7,459,243,335 (79.56%)	0 (0%)	3,359,100 (0.04%)
Ratification of acts of directors and officers since the last annual stockholders' meeting	7,459,243,335 (79.56%)	0 (0%)	3,359,100 (0.04%)
Appointment of R.G. Manabat as external auditor	7,313,765,418 (78.01%)	148,837,017 (1.59%)	0 (0%)

## Election of Directors

Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
EDUARDO M. COJUANGCO, JR.	7,315,802,988	5,363,830	141,435,617	0	7,462,602,435
RAMON S. ANG	7,286,559,436	4,423,500	171,619,499	0	7,462,602,435
LUBIN B. NEPOMUCENO	7,148,074,989	5,363,830	309,163,616	0	7,462,602,435
ERIC O. RECTO	7,321,625,318	0	140,977,117	0	7,462,602,435
ESTELITO P. MENDOZA	7,313,149,988	5,363,830	144,088,617	0	7,462,602,435
JOSE P. DE JESUS	7,321,246,918	0	141,355,517	0	7,462,602,435
RON W. HADDOCK	7,321,705,418	0	140,897,017	0	7,462,602,435
AURORA T. CALDERON	7,313,253,888	5,363,830	143,984,717	0	7,462,602,435
MIRZAN MAHATHIR	7,321,705,418	0	140,897,017	0	7,462,602,435
ROMELA M. BENGZON	7,321,705,418	0	140,897,017	0	7,462,602,435
VIRGILIO S. JACINTO	7,315,856,018	5,206,900	141,539,517	0	7,462,602,435
NELLY FAVIS-VILLAFUERTE	7,321,705,418	0	140,897,017	0	7,462,602,435
REYNALDO G. DAVID	7,290,575,006	940,330	171,087,099	0	7,462,602,435
ARTEMIO V. PANGANIBAN	7,455,673,805	940,330	5,988,300	0	7,462,602,435
MARGARITO B. TEVES	7,462,602,435	0	0	0	7,462,602,435
<b>TOTAL</b>	<b>109,831,242,461</b>	<b>32,966,380</b>	<b>2,074,827,684</b>	<b>0</b>	<b>111,939,036,525</b>

## 2015

The results of the 2015 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the amendment of the articles of incorporation to provide a re-issuability feature of the preferred shares	7,161,841,526 (76.31% of aggregate of common and preferred shareholdings)	336,205,933 (3.58% of aggregate of common and preferred shareholdings)	0 (0%)
Approval of the minutes of the 2014 annual stockholders' meeting	7,498,047,459 (79.98%)	0 (0%)	0 (0%)
Approval of the management report for year-ended December 31, 2014	7,494,688,359 (79.94%)	0 (0%)	3,359,100 (0.04%)
Ratification of the acts of directors and officers since the last annual stockholders' meeting	7,494,688,359 (79.94%)	0 (0%)	3,359,100 (0.04%)
Appointment of R.G. Manabat as external auditor	7,498,047,459 (79.98%)	0 (0%)	0 (0%)

## **Election of Directors**

No.	Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
1	EDUARDO M. COJUANGCO, JR.	7,279,913,709	4,092,300	214,041,450	70,570	7,498,118,029
2	RAMON S. ANG	7,279,879,409	4,022,700	214,145,350	70,570	7,498,118,029
3	LUBIN B. NEPOMUCENO	7,172,272,426	4,022,700	321,752,333	70,570	7,498,118,029
4	ERIC O. RECTO	7,284,006,009	0	214,041,450	70,570	7,498,118,029
5	ESTELITO P. MENDOZA	7,279,809,809	4,092,300	214,145,350	70,570	7,498,118,029
6	JOSE P. DE JESUS	7,283,902,109	0	214,145,350	70,570	7,498,118,029
7	RON W. HADDOCK	7,283,902,109	0	214,145,350	70,570	7,498,118,029
8	AURORA T. CALDERON	7,283,902,109	0	214,145,350	70,570	7,498,118,029
9	MIRZAN MAHATHIR	7,279,809,809	4,092,300	214,145,350	70,570	7,498,118,029
10	ROMELA M. BENGZON	7,283,902,109	0	214,145,350	70,570	7,498,118,029
11	VIRGILIO S. JACINTO	7,279,809,809	4,092,300	214,145,350	70,570	7,498,118,029
12	NELLY FAVIS-VILLAFUERTE	7,283,902,109	0	214,145,350	70,570	7,498,118,029
13	REYNALDO G. DAVID	7,497,977,859	69,600	0	70,570	7,498,118,029
14	ARTEMIO V. PANGANIBAN	7,497,977,859	69,600	0	70,570	7,498,118,029
15	MARGARITO B. TEVES	7,498,047,459	0	0	70,570	7,498,118,029
TOTAL		109,769,014,702	24,553,800	2,677,143,383	1,058,550	112,471,770,435

## **2014**

The results of the 2014 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the amendment of the articles of incorporation to indicate specific principal office address	7,303,645,927 (77.08% of aggregate of common and preferred shareholdings)	0 (0%)	0 (0%)
Approval of the minutes of the 2013 annual stockholders' meeting	7,296,585,237 (77.83%)	3,302,700 (0.035%)	0 (0%)
Approval of the management report for year-ended December 31, 2013	7,296,585,237 (77.83%)	0 (0%)	3,302,700 (0.035%)
Ratification of the acts of the directors and officers since the last annual stockholders' meeting	7,299,887,937 (77.87%)	0 (0%)	0 (0%)
Appointment of R.G. Manabat as external auditor	7,177,986,364 (76.56%)	121,901,573 (1.3%)	0 (0%)

## Election of Directors

Nominee	IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
RAMON S. ANG	7,178,595,079	640,600	121,260,973	3,757,990	7,304,254,642
ERIC O. RECTO	7,178,595,079	640,600	121,260,973	3,757,990	7,304,254,642
LUBIN B. NEPOMUCENO	7,179,235,678	0	121,260,973	3,757,990	7,304,254,641
EDUARDO M. COJUANGCO, JR.	7,179,235,677	0	121,260,973	3,757,990	7,304,254,640
ESTELITO P. MENDOZA	7,178,595,077	640,600	121,260,973	3,757,990	7,304,254,640
JOSE P. DE JESUS	7,179,235,677	0	121,260,973	3,757,990	7,304,254,640
RON W. HADDOCK	7,179,235,676	0	121,260,973	3,757,990	7,304,254,639
AURORA T. CALDERON	7,113,111,785	640,600	177,613,573	3,757,990	7,295,123,948
MIRZAN MAHATHIR	7,178,595,076	640,600	121,260,973	3,757,990	7,304,254,639
ROMELA M. BENGZON	7,179,235,676	0	121,260,973	3,757,990	7,304,254,639
VIRGILIO S. JACINTO	7,179,235,676	0	121,260,973	3,757,990	7,304,254,639
NELLY FAVIS-VILLAFUERTE	7,179,235,676	0	121,260,973	3,757,990	7,304,254,639
REYNALDO G. DAVID	7,299,856,049	640,600	0	3,757,990	7,304,254,639
ARTEMIO V. PANGANIBAN	7,178,595,076	640,600	121,260,973	3,757,990	7,304,254,639
MARGARITO B. TEVES	7,300,496,649	0	0	3,757,990	7,304,254,639
<b>TOTAL</b>	<b>107,861,089,606</b>	<b>4,484,200</b>	<b>1,632,745,249</b>	<b>56,369,850</b>	<b>109,554,688,905</b>

## 2013

The results of the 2013 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the amendment of the articles of incorporation to extend the Company's corporate term	7,957,647, 868 (83.99% of aggregate of common and preferred shareholdings)	0 (0%)	0 (0%)
Approval of the minutes of the 2012 annual stockholders' meeting	7,949,427,258 (84.79%)	0 (0%)	0 (0%)
Approval of the management report for year-ended December 31, 2012	7,949,427,258 (84.79%)	0 (0%)	0 (0%)
Ratification of the acts of the directors and officers since the last annual stockholders' meeting	7,949,427,258 (84.79%)	0 (0%)	0 (0%)
Appointment of Manabat Sanagustin Co., CPAs as external auditor	7,948,754,158 (84.79%)	673,100 (0.007%)	0 (0%)

## **Election of Directors**

<b>NOM. NO.</b>	<b>NOMINEE</b>	<b>SHARES VOTED</b>
1	RAMON S. ANG	7,942,188,365
2	ERIC O. RECTO	7,951,981,865
3	LUBIN N. NEPOMUCENO	7,952,654,965
4	EDUARDO M. COJUANGCO, JR.	7,952,654,965
5	ESTELITO P. MENDOZA	7,951,981,865
6	BERNARDINO R. ABES	7,952,654,965
7	ROBERTO V. ONGPIN	7,951,981,865
8	RON W. HADDOCK	7,952,654,965
9	AURORA T. CALDERON	7,939,094,915
10	MIRZAN MAHATHIR	7,951,981,865
11	ROMELA M. BENGZON	7,952,654,965
12	VIRGILIO S. JACINTO	7,943,679,115
13	NELLY FAVIS-VILLAFUERTE	7,952,654,965
14	REYNALDO G. DAVID	7,951,981,865
15	ARTEMIO V. PANGANIBAN	7,951,981,865

## **2012**

The results of the 2012 annual stockholders' meeting are as follows:

Resolution	Approving	Dissenting	Abstaining
Approval of the minutes of the 2011 annual stockholders' meeting	8,091,356,421 (86.31%)	0 (0%)	0 (0%)
Approval of the annual report for year-ended December 31, 2011	8,078,309,121 (86.17%)	13,047,300 (0.14%)	0 (0%)
Ratification of the acts of the directors and officers since the last annual stockholders' meeting	8,061,889,721 (85.99%)	29,466,700 (0.31%)	0 (0%)
Appointment of Manabat Sanagustin Co., CPAs as external auditor	8,078,309,121 (86.17%)	13,047,300 (0.14%)	0 (0%)

						IN FAVOR	AGAINST	ABSTAIN	UNCAST	TOTAL
<b>Election of the Board of Directors</b>										
	Ramon S. Ang					8,077,929,221	379,900	13,047,300	101,384,368	8,192,740,789
	Eric O. Recto					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Eduardo M. Cojuangco Jr.					8,077,929,221	379,900	13,047,300	101,384,368	8,192,740,789
	Estelito P. Mendoza					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Bernardino R. Abes					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Roberto V. Ongpin					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Ron W. Haddock					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Aurora T. Calderon					8,027,055,421	51,253,700	13,047,300	101,384,368	8,192,740,789
	Mirzan Mahathir					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Romela M. Bengzon					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Ferdinand K. Constantino					8,027,055,421	51,253,700	13,047,300	101,384,368	8,192,740,789
	Virgilio S. Jacinto					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Nelly Favis-Villafuerte					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Reynaldo G. David					8,078,309,121		13,047,300	101,384,368	8,192,740,789
	Artemio V. Panganiban					8,078,309,121		13,047,300	101,384,368	8,192,740,789

**6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**

**2017**

The canvassing results of the votes taken during the 2017 annual stockholders' meeting held on May 16, 2017 were publicly disclosed through the PSE immediately on the same day after the meeting.

A similar disclosure on SEC Form 17-C was filed with the SEC the next day, May 17, 2017.

Further, all proposed resolutions presented required the majority vote of the outstanding capital stock entitled to vote, except the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors. On a verbal motion made and duly seconded, each proposed resolution was approved with the required number of votes and was announced to have been so approved by the Chairman during the meeting.

**2016**

For the 2016 annual stockholders' meeting, all proposed resolutions presented required the majority vote of the outstanding capital stock entitled to vote, except the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors. On a verbal motion made and duly seconded, each proposed resolution was approved with the required number of votes and was announced to have been so approved by the Chairman during the meeting.

**2015**

For the 2015 annual stockholders' meeting, all proposed resolutions presented required the majority vote of the outstanding capital stock entitled to vote, except the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors and the ratification of the proposed amendment of Article Seventh of the Articles of the Company to provide for a re-issuability feature of the Company's preferred shares which required at least 2/3 vote of all outstanding capital stock. On a verbal



motion made and duly seconded, each proposed resolution was approved with the required number of votes and was announced to have been so approved by the Chairman during the meeting.

## **2014**

For the 2014 annual stockholders' meeting, all proposed resolutions presented required the majority vote of the outstanding capital stock entitled to vote, except the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors and the ratification of the proposed amendment of Article Third of the Articles of the Company to indicate a specific office address which required at least 2/3 vote of all outstanding capital stock. On a verbal motion made and duly seconded, each proposed resolution was approved with the required number of votes and was announced to have been so approved by the Chairman during the meeting.

## **2013**

For the 2013 annual stockholders' meeting, all proposed resolutions presented required the majority vote of the outstanding capital stock entitled to vote, except the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors and the ratification of the proposed extension of the corporate term of the Company which required at least 2/3 vote of all outstanding capital stock. On a verbal motion made and duly seconded, each proposed resolution was approved with the required number of votes and was announced to have been so approved by the Chairman during the meeting.

Save for the election of directors where the 15 nominees who got the highest votes were announced to have been elected as directors, all proposed resolutions presented during the 2012 annual stockholders' meeting only required the majority vote of the outstanding capital stock entitled to vote. On a verbal motion made and duly seconded, each proposed resolution was approved and was announced to have been so approved by the Chairman during the meeting.

### **(d) Modifications**

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

<b>Modifications</b>	<b>Reason for Modification</b>
None.	

### **Stockholders' Attendance**

#### **(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:**

## **2017**

<b>Type of Meeting</b>	<b>Names of Board members / Officers present</b>	<b>Date of Meeting</b>	<b>Voting Procedure (by poll, show of hands, etc.)</b>	<b>% of SH Attending in Person</b>	<b>% of SH in Proxy</b>	<b>Total % of SH attendance</b>
Annual	Directors 1. Ramon S. Ang 2. Lubin B. Nepomuceno 3. Estelito P. Mendoza	May 16, 2017	Balloting dispensed with; voting carried by	0.00%	78%	78%

	<ol style="list-style-type: none"> <li>4. <u>Eric O. Recto</u></li> <li>5. <u>Estelito P. Mendoza</u></li> <li>6. <u>Jose P. De Jesus</u></li> <li>7. <u>Mirzan Mahathir</u></li> <li>8. <u>Ron W. Haddock</u></li> <li>9. <u>Aurora T. Calderon</u></li> <li>10. <u>Romela M. Bengzon</u></li> <li>11. <u>Virgilio S. Jacinto</u></li> <li>12. <u>Reynaldo G. David</u> (independent)</li> <li>13. <u>Artemio V. Panganiban</u> (independent)</li> <li>14. <u>Margarito B. Teves</u> (independent)</li> </ol> <p><u>Officers</u></p> <ol style="list-style-type: none"> <li>1. <u>Ramon S. Ang – President &amp; Chief Executive Officer</u></li> <li>2. <u>Lubin B. Nepomuceno – General Manager</u></li> <li>3. <u>Emmanuel E. Eraña - SVP &amp; CFO</u></li> <li>4. <u>Susan Y. Yu – VP, Procurement</u></li> <li>5. <u>Ma. Rowena O. Cortez – VP, Supply</u></li> <li>6. <u>Albertito S. Sarte – VP, Treasurers &amp; Treasurer</u></li> <li>7. <u>Freddie P. Yumang – VP, Refinery</u></li> <li>8. <u>Joel Angelo C. Cruz – VP, General Counsel, Corporate Secretary &amp; Compliance Officer</u></li> <li>9. <u>Julieta L. Ventigan – VP, Business Planning and Development</u></li> <li>10. <u>Dennis S. Janson – AVP and Controller</u></li> </ol>		<u>motions made and duly seconded</u>			
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**2016**

<u>Type of Meeting</u>	<u>Names of Board members / Officers present</u>	<u>Date of Meeting</u>	<u>Voting Procedure (by poll, show of hands, etc.)</u>	<u>% of SH Attending in Person</u>	<u>% of SH in Proxy</u>	<u>Total % of SH attendance</u>
Annual	Directors  <ol style="list-style-type: none"> <li>1. Eduardo M. Cojuangco, Jr. (Chairman)</li> <li>2. Ramon S. Ang</li> <li>3. Lubin B. Nepomuceno</li> <li>4. Eric O. Recto</li> <li>5. Estelito P. Mendoza</li> <li>6. Jose P. De Jesus</li> </ol>	May 17, 2016	Balloting dispensed with; voting carried by motions made and duly seconded	0.04%	79.56%	79.6%

<p>7. Aurora T. Calderon 8. Romela M. Bengzon 9. Virgilio S. Jacinto 10. Reynaldo G. David (independent) 11. Artemio V. Panganiban (independent) 12. Margarito B. Teves (independent)</p> <p>Officers</p> <p>1. Ramon S. Ang – President &amp; Chief Executive Officer 2. Lubin B. Nepomuceno – General Manager 3. Emmanuel E. Eraña - SVP &amp; CFO 4. Susan Y. Yu – VP, Procurement</p> <p>5. Ma. Rowena O. Cortez – VP, Supply 6. Albertito S. Sarte – VP, Treasurers &amp; Treasurer 7. Freddie P. Yumang – VP, Refinery 8. Archie B. Gupalor – VP, National Sales 9. Rodolfo L. Tablante – VP, Operations 10. Joel Angelo C. Cruz – VP, General Counsel, Corporate Secretary &amp; Compliance Officer 11. Julieta L. Ventigan – VP, Business Planning and Development 12. Dennis S. Janson – AVP and Controller</p>					
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**2015**

<u>Type of Meeting</u>	<u>Names of Board members / Officers present</u>	<u>Date of Meeting</u>	<u>Voting Procedure (by poll, show of hands, etc.)</u>	<u>% of SH Attending in Person</u>	<u>% of SH in Proxy</u>	<u>Total % of SH attendance</u>
Annual	<p>Directors</p> <p>1. Eduardo M. Cojuangco, Jr. (by proxy) 2. Ramon S. Ang 3. Lubin B. Nepomuceno 4. Eric O. Recto 5. Estelito P. Mendoza 6. Jose P. De Jesus</p>	May 19, 2015	Balloting dispensed with; voting carried by motions made and duly seconded	0.04%	79.97%	80.01%

	7. Ron W. Haddock 8. Aurora T. Calderon 9. Mirzan Mahathir 10. Romela M. Bengzon 11. Virgilio S. Jacinto 12. Nelly Favis-Villafuerte 13. Reynaldo G. David (independent) 14. Artemio V. Panganiban (independent) 15. Margarito B. Teves (independent)				
	<b>Officers</b>  1. Ramon S. Ang – President & Chief Executive Officer 2. Lubin B. Nepomuceno – General Manager 3. Emmanuel E. Eraña - SVP & CFO 4. Susan Y. Yu – VP, Procurement 5. Ma. Rowena O. Cortez – VP, Supply 6. Albertito S. Sarte – VP, Treasurers & Treasurer 7. Freddie P. Yumang – VP, Refinery 8. Archie B. Gupalor – VP, National Sales 9. Efren P. Gabrillo – VP, Controllers & Controller 10. Rodolfo L. Tablante – VP, Operations 11. Joel Angelo C. Cruz – VP, General Counsel, Corporate Secretary & Compliance Officer				

**2014**

<u>Type of Meeting</u>	<u>Names of Board members / Officers present</u>	<u>Date of Meeting</u>	<u>Voting Procedure (by poll, show of hands, etc.)</u>	<u>% of SH Attending in Person</u>	<u>% of SH in Proxy</u>	<u>Total % of SH attendance</u>
Annual	Directors 1. Ramon S. Ang (Chairman) 2. Eduardo M. Cojuangco, Jr. (by proxy) 3. Eric O. Recto 4. Mirzan Mahathir 5. Bernardino R. Abes 6. Ron W. Haddock 7. Romela M. Bengzon	May 20, 2014	Balloting dispensed with; voting carried by motions made and duly seconded	0.04%	77.08%	77.12%

	8. Aurora T. Calderon 9. Ferdinand K. Constantino 10. Virgilio S. Jacinto 11. Nelly Favis-Villafuerte 12. Jose P. De Jesus 13. Reynaldo G. David (independent) 14. Artemio V. Panganiban (independent) 15. Margarito B. Teves (independent)					
	<b>Officers</b>  1. Lubin B. Nepomuceno – President 2. Emmanuel E. Eraña - SVP & CFO 3. Susan Y. Yu – VP, Procurement 4. Ma. Rowena O. Cortez – VP, Supply 5. Albertito S. Sarte – VP, Treasurers & Treasurer 6. Freddie P. Yumang – VP, Refinery 7. Archie B. Gupalor – VP, National Sales 8. Efren P. Gabrillo – VP, Controllers & Controller 9. Rodolfo L. Tablante – VP, Operations 10. Joel Angelo C. Cruz – VP, General Counsel, Corporate Secretary & Compliance Officer					

**2013**

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Directors  1. Ramon S. Ang (Chairman) 2. Eduardo M. Cojuangco, Jr. 3. Roberto V. Ongpin 4. Eric O. Recto 5. Mirzan Mahathir 6. Bernardino R. Abes 7. Ron W. Haddock 8. Romela M. Bengzon 9. Aurora T. Calderon 10. Ferdinand K. Constantino 11. Virgilio S. Jacinto 12. Nelly Favis-Villafuerte	May 21, 2013	Balloting dispensed with; voting carried by motions made and duly seconded	1.96%	82.49%	84.45%

	13. Reynaldo G. David (independent) 14. Artemio V. Panganiban (independent)  Officers  1. Lubin B. Nepomuceno – President 2. Emmanuel E. Eraña - SVP & CFO 3. Susan Y. Yu – VP, Procurement 4. Ma. Rowena O. Cortez – VP, Supply & Operations 5. Albertito S. Sarte – VP, Treasurers & Treasurer 6. Freddie P. Yumang – VP, Refinery 7. Archie B. Gupalor – VP, National Sales 8. Efren P. Gabrillo – VP, Controllers & Controller 9. Joel Angelo C. Cruz – VP, General Counsel, Corporate Secretary & Compliance Officer					
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## 2012

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<u>Directors</u>  1. Ramon S. Ang (Chairman) 2. Eduardo M. Cojuangco, Jr. 3. Roberto V. Ongpin 4. Estelito P. Mendoza 5. Eric O. Recto 6. Mirzan Mahathir 7. Bernardino R. Abes 8. Ron W. Haddock 9. Romela M. Bengzon 10. Aurora T. Calderon 11. Ferdinand K. Constantino 12. Virgilio S. Jacinto 13. Nelly Favis-Villafuerte 14. Reynaldo G. David (independent) 15. Artemio V. Panganiban (independent)	May 15, 2012	Balloting dispensed with; voting carried by motions made and duly seconded	2.10%	85.29%	87.39%

	<u>Officers</u>				
	<ol style="list-style-type: none"> <li>1. Eric O. Recto – President</li> <li>2. Lubin B. Nepomuceno – SVP &amp; General Manager</li> <li>3. Emmanuel E. Eraña - SVP &amp; CFO</li> <li>4. Susan Y. Yu – VP, Procurement</li> <li>5. Ma. Rowena O. Cortez – VP, Supply &amp; Operations</li> <li>6. Albertito S. Sarte – VP, Treasurers &amp; Treasurer</li> <li>7. Freddie P. Yumang – VP, Refinery</li> <li>8. Archie B. Gupalor – VP, National Sales</li> <li>9. Efren P. Gabrillo – VP, Controllers &amp; Controller</li> <li>10. Joel Angelo C. Cruz – AVP, General Counsel, Corporate Secretary &amp; Compliance Officer</li> </ol>				

**(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?**

Under the By-laws, if at any meeting of the stockholders a vote by ballot shall be taken, a voting committee shall be created to adopt its own rules to govern the voting and take charge of the voting proceedings and the preparation and distribution of the ballots. Each member of the voting committee, who need not be stockholders, is required to subscribe to an oath to faithfully execute his/her duties as an inspector of votes with strict impartiality and according the best of his/her ability. KPMG will be requested to supervise the proceedings.

For the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders’ meetings, however, balloting was dispensed with with the approval by the stockholders of verbal motions made to approve the proposed resolutions.

**(iii) Do the company’s common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.**

Yes, the By-laws expressly provide that each stockholder shall at every meeting of the stockholders be entitled to one vote, in person or by proxy, for each share of capital stock held by such stockholder.

In the case of election of directors, the By-laws provide for cumulative voting such that a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Preferred shares of the Company are non-voting, except that the preferred stockholders have the right to vote in cases expressly provided by law such as (i) amendment of the Articles of Incorporation, (ii) amendment of the by-laws, (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property, (iv) incurring, creating or increasing bonded indebtedness, (v) increase or decrease of capital stock, (vi) merger or consolidation of the Company with another corporation or other corporations, (vii) investment of corporate funds in another corporation or business in accordance with the Corporation Code and (viii) dissolution of the Company.

**(e) Proxy Voting Policies**

**State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.**

	<b>Company's Policies</b>
Execution and acceptance of proxies	The By-laws allow proxies. Proxies shall be in writing, signed by the stock holder and filed with the Corporate Secretary before the scheduled meeting. The By-laws require that all proxy forms must be received by the Company at least 10 working days before the scheduled meeting of the stockholders.  In the case of a corporation, the proxy must be accompanied by a Secretary's Certificate setting out the authority of the corporate officer to execute the proxy.
Notary	Proxies need not be notarized.
Submission of Proxy	The By-laws require that all proxy forms must be received by the Company at least 10 working days before the scheduled meeting of the stockholders.
Several Proxies	The Company observes the rules on several proxies set out in the SRC Rules.
Validity of Proxy	Proxies shall be in writing, signed by the stockholder and filed with the Corporate Secretary at least 10 working days before the scheduled meeting. In the case of a corporation, the proxy must be accompanied by a Secretary's Certificate setting out the authority of the corporate officer to execute the proxy. Notarization is not required.
Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Invalidated proxies will not be considered for purposes of determining attendance, quorum and voting.  A revocation by a stockholder either in an instrument in writing duly presented and recorded with the Corporate Secretary at least five (5) days prior to a scheduled meeting or by his personal presence at the meeting invalidates a proxy.
Validation of Proxy	The Board sets the date, time and place for the validation of proxies. Such date, time and place are specified in the notice of the meeting.



Violation of Proxy	Any vote made in violation of the terms of a proxy will not be considered for purposes of computing votes cast and voting results.
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**(f) Sending of Notices**

**State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.**

Policies	Procedure
<p>The By-laws provide that, except as otherwise provided by statute, written or printed notice of all annual and special meetings of stockholders stating the place and time of the meeting and the general nature of the business to be considered shall be sent by facsimile, personal delivery, or by mail postage prepaid, at least 15 days before the day on which the meeting is to be held to each stockholder of record at his last known post-office address, or, at the option of the Company, by publication in a newspaper of general circulation, provided that, unless expressly required by law, no publication of any notice of a meeting of stockholders shall be required.</p>	<p>The Company sends out the notice of any stockholders' meeting within the period set by the SRC Rules.</p> <p>And while it is not required by law, the Company publishes the notice in two (2) newspapers of general circulation.</p> <p><b><u>2017</u></b></p> <p>In 2017, the Company released its notice and agenda for the 2017 annual stockholders' meeting on April 7, 2017, 39 days or 26 business days before the May 16, 2017 meeting. Further, the notice and agenda of the 2017 annual meeting of the stockholders were published in the Manila Bulletin and the Philippine Star and on April 11, 2017 and April 12, 2017, respectively.</p> <p><b><u>2016</u></b></p> <p>In 2016, the Company released its notice and agenda for the 2016 annual stockholders' meeting on April 8, 2016, 39 days or 26 business days before the May 17, 2016 meeting. Further, the notice and agenda of the 2016 annual meeting of the stockholders were published in the Manila Bulletin and the Philippine Star and on April 10, 2016 and April 11, 2016, respectively.</p> <p><b><u>2015</u></b></p> <p>In 2015, the Company released its notice and agenda for the 2015 annual stockholders' meeting on April 17, 2015, 32 days or 21</p>

	<p>business days before the May 19, 2015 meeting. Further, the notice and agenda of the 2015 annual meeting of the stockholders were published in the Philippine Star and the Manila Bulletin on April 19, 2015.</p> <p><b><u>2012-2014</u></b></p> <p>The notice and agenda of the annual meeting of the stockholders in 2012 were published in The Philippine Star and the Business Mirror on May 4, 2012. The notice of and agenda of the annual meeting of the stockholders in 2013 were published in the Philippine Star and The Manila Times on April 26, 2013. The notice and agenda of the annual meeting of the stockholders in 2014 were published in the Philippine Star on April 16, 2014.</p>
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**(g) Definitive Information Statements and Management Report**

<p><b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b></p>	<p><b><u>2017</u></b></p> <p>On March 28, 2017, the record date of the 2017 annual stockholders’ meeting, the Company had 147,907 common shareholders. No agenda item required the approval of the preferred shareholder but notices were nevertheless sent to the Series 2A preferred shareholders and Series 2B preferred shareholders as of March 28, 2017.</p> <p><b><u>2016</u></b></p> <p>On March 31, 2016, the record date of the 2016 annual stockholders’ meeting, the Company had 149,306 common shareholders. No agenda item required the approval of the preferred shareholder but notices were nevertheless sent to the Series 2A preferred shareholders and Series 2B preferred shareholders as of March 31, 2016 totaling 68.</p> <p><b><u>2015</u></b></p> <p>On April 1, 2015, the record date of the 2015 annual stockholders’ meeting, the Company had 150,642 common shareholders, 37 Series 2A preferred shareholders and 23 Series 2B</p>
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	<p>preferred shareholders or a total of 150,702 shareholders.</p> <p><b><u>2014</u></b></p> <p>On April 8, 2014, the record date of the 2014 annual stockholders' meeting, the Company had 152,653 common shareholders and 120 preferred shareholders or a total of 152,773 shareholders.</p> <p><b><u>2013</u></b></p> <p>On April 12, 2013, the record date of the 2013 annual stockholders' meeting, the Company had 155,414 common shareholders and 119 preferred shareholders or a total of 155,533 shareholders.</p> <p><b><u>2012</u></b></p> <p>On April 2, 2012, the record date of the 2012 annual stockholders' meeting, the Company had 159,418 common shareholders and 124 preferred shareholders or a total of 159,542 shareholders.</p>
<p><b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b></p>	<ul style="list-style-type: none"> <li>• April 7, 2017 for the 2017 annual stockholders' meeting (39 days or 26 business days before the meeting)</li> <li>• April 8, 2016 for the 2016 annual stockholders' meeting (39 days or 26 business days before the meeting)</li> <li>• April 17, 2015 for the 2015 annual stockholders' meeting (32 days or 21 business days before the meeting)</li> <li>• April 28, 2014 for the 2014 annual stockholders' meeting</li> <li>• April 26, 2013 for the 2013 annual stockholders' meeting</li> <li>• April 23, 2012 for the 2012 annual stockholders' meeting</li> </ul>
<p><b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b></p>	<ul style="list-style-type: none"> <li>• April 7, 2017 for the 2017 annual stockholders' meeting (39 days or 26 business days before the meeting)</li> <li>• April 8, 2016 for the 2016 annual stockholders' meeting (39 days or 26 business days before the meeting)</li> <li>• April 17, 2015 for the 2015 annual stockholders' meeting (32 days or 21 business days before the meeting)</li> </ul>

	<p>business days before the meeting)</p> <ul style="list-style-type: none"> <li>• April 25, 2014 for the 2014 annual stockholders' meeting</li> <li>• April 26, 2013 for the 2013 annual stockholders' meeting</li> <li>• April 23, 2012 for the 2012 annual stockholders' meeting</li> </ul>
<b>State whether CD format or hard copies were distributed</b>	The Definitive Information Statement for the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meetings was distributed in CD format, enclosed with a printed copy of the notice and agenda signed by the Corporate Secretary, or in the case of the 2015 meeting, with the notice and agenda printed on the cover, and instructions on how to open the files. Prior approval from the Market and Securities Regulation Department of the SEC was obtained for the use of the CD format and the distribution of the Definitive Information Statement in such form.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes, hard copies of the Definitive Information Statement were made available for distribution during the date of the 2012, 2013, 2014, 2015, 2016 and 2017 annual stockholders' meetings. In 2017, a stockholder requested a hard copy and was provided one.

**(h) Does the Notice of Annual/Special Stockholders' Meeting include the following:**

Each resolution to be taken up deals with only one item.	Yes.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes.
The auditors to be appointed or re-appointed.	Yes.
An explanation of the dividend policy, if any dividend is to be declared.	Yes – although there was no dividend declaration requiring stockholder approval ( <i>i.e.</i> , stock dividends) was proposed during the 2012, 2013, 2014 2015, 2016 and 2017 annual stockholders' meeting.
The amount payable for final dividends.	Not applicable. The Company, through the Board, declared cash

	dividends.
Documents required for proxy vote.	Yes.

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

## 2) Treatment of Minority Stockholders

### (a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The CG Code expressly provides that the Board is committed to respect the legal rights of the Company's stockholders in general and is responsible for promoting shareholder's rights, removing impediments to the exercise of shareholders' rights and facilitating adequate avenue for them to seek timely redress for violation of their rights.	To facilitate the exercise by the minority of their rights as minority stockholders, and in addition to the right to vote, information and inspect corporate records and the appraisal right that apply to stockholders in general, minority stockholders are also specifically granted the following rights under CG Manual: <ul style="list-style-type: none"> <li>• the right to propose the holding of a meeting through the written request of one or more stockholders owning or representing at least 20% of the total issued and outstanding capital stock of the Company entitled to vote; and</li> <li>• the right to propose legitimate items in the agenda of the stockholders' meeting in accordance with law, jurisprudence and best practice</li> </ul>

### (b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, minority stockholder have the right to nominate candidates for director.

## K. INVESTORS RELATIONS PROGRAM

### 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has an investor relations unit under the CFO and headed by an investor relation manager to handle regular communications with institutional investors.

The Company also has a Corporate Affairs Department which has a Strategic Communications Section which handles both external and internal communications. This section handles external communications with and to various stakeholders, including the media and the employees, and oversees internal communications such internal publications, media releases, the corporate intranet, and social networking sites.

All information and disclosures for release are cleared and approved by the General Counsel, the CFO, the

President, and the Chairman.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To effectively communicate the Company's performance, plans and strategies to the capital market, as well as, develop a long-term relationship of trust with stakeholders, using the discipline in finance, communication and marketing and manage the content and flow of company information/disclosures to the financial markets
(2) Principles	Provide consistent and reliable information that will assist investors in their investment decision
(3) Modes of Communications	Investors' briefings, annual stockholders' meetings, Company disclosures, investor relations meetings, roadshows, Petron website, social networking media, and responding to mail, email, telephone, and fax inquiries
(4) Investors Relations Officer	Mr. Erich Y. Pe Lim Investor Relations Manager Telephone No. (632) 886-3888

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Any major plans or extraordinary transaction of the Company is reviewed by a team that evaluates the viability of the transaction and ensures that it will have a strategic fit with the Company. Any project that passes the review is presented to the Board for approval.

**Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.**

The Company gets the services of investment banks which will provide advice on the fairness of the transaction price. In addition, the independent directors sitting in the Board can provide an objective and impartial analysis of any proposed transaction and its details, including the fairness of the valuation or the transaction price.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

**Discuss any initiative undertaken or proposed to be undertaken by the company.**

In February 2012, Petron was honored by the Management Association of the Philippines with the prestigious Integral CSR Award which recognized Petron's earnest efforts to make social responsibility an integral function of the entire organization manifested in every aspect of its business operations.

Petron also received the Special Award for Environment and Sustainable Development for its entry *Measuring, Managing and Minimizing Our Environment Footprint in Bataan* for the Company's initiatives to preserve and protect the environment and promote sustainable development in the Province of Bataan.

Petron Foundation, Inc. ("PFI") continued to be at the forefront of Petron's efforts to make a sustainable impact to society and the environment, while at the same time helping the Company attain its business goals.

Among the corporate social responsibility (“CSR”) and sustainability activities of Petron and PFI are set out in the table below.

Initiative	Beneficiary
<p><b>Tulong Aral ng Petron:</b> a long-term, strategic initiative that helps send poor children to school through scholarship programs for elementary, high school and college/vocational students; Petron’s centerpiece CSR program that defines what Petron stands for socially - to FUEL H.O.P.E. (Helping the Filipino children and youth Overcome Poverty through Education).</p>	<p>2016</p> <ul style="list-style-type: none"> <li>• Total of 3,456 enrolled from grade school to college</li> </ul> <p>2015</p> <ul style="list-style-type: none"> <li>• 2,238 enrolled in grade school;</li> <li>• 470 enrolled in high school; and</li> <li>• 61 enrolled in college</li> </ul> <p>2014</p> <ul style="list-style-type: none"> <li>• 1,178 scholars enrolled in Grades one to six;</li> <li>• 449 enrolled in high school; and</li> <li>• 41 enrolled in college</li> </ul> <p>2013</p> <ul style="list-style-type: none"> <li>• 2,687 scholars enrolled in Grades one to six;</li> <li>• 442 enrolled in high school; and</li> <li>• 24 enrolled in college</li> </ul> <p>2012</p> <ul style="list-style-type: none"> <li>• 3,486 scholars enrolled in Grades one to six;</li> <li>• 372 enrolled in high school; and</li> <li>• 24 enrolled in college</li> </ul>
<p><b>Petron Schools:</b> pursuit of school building program in support of DepEd’s <i>Adopt-A-School Program</i></p>	<p>By end 2016: total of 105 Petron School nationwide benefitting 12, 300 students</p> <p>In 2015: a two-classroom facility in Tacloban City hit by Typhoon Yolanda for a total of 81 Petron Schools since 2002 nationwide.</p> <p>In 2012: eight (8) new classrooms or four (4) Petron Schools for residents in areas close to the Company’s depots located in Zamboanga del Norte, General Santos City and Tagbilaran City</p> <p>In 2012: four (4) new classrooms in Compostela Valley which was badly hit by Typhoon Pablo</p>
<p><b>Silid Pangarap:</b> building of classrooms for the pre-school level in support of San Miguel Corporation’s commitment to the AGAPP (Aklat, Gabay, Aruga Tungo sa Pag-angat at Pag-asa) Foundation’s program of building pre-schools</p>	<p>In 2015: additional three (3) classrooms bringing a total of 22 schools or 44 classrooms turned over by Petron since 2011 in Bataan, Samar, Cavite, Cebu, Negros Oriental, Leyte, Roxas and parts of Mindanao</p> <p>In 2013: from 27 to 39 classrooms, with 19 having already been turned over for pre-school residents in Bataan, Compostela Valley Samar, Tagaytay, Negros</p>

	<p>Oriental, South Cotabato, and Sultan Kudarat</p> <p>In 2012: 27 classrooms, with 17 having already been turned over for pre-school residents in Bataan, Samar, Tagaytay, Negros Oriental, South Cotabato, and Sultan Kudarat Since 2011, Petron had inaugurated and turned over 20 schools or 40 classrooms in various parts of the country, including Mindanao.</p>
<p><b>Petron Automotive Care Education:</b> free automotive servicing NC-II technical-vocational education to deserving scholars who will be hired to work in Petron Car Care Centers once they graduate and get TESDA-certified.</p>	<p>In 2016: 14 of the pioneering batch work for Petron Car Care Centers</p> <p>Launched in 2015: An initial 15 scholars qualified for the first year of the program.</p>
<p><b>Promotion of Environmental Sustainability:</b></p> <p>1. <u>Bataan Integrated Coastal Management Program:</u> PFI taking a lead role in the implementation of the program in partnership with the Provincial Government of Bataan and the Global Environment Facility-United Nations Development Programme-United Nations Office for Project Services Partnerships on Environmental Management for the Seas of East Asia</p> <p>2. <u>Boracay Beach Management Program (“BBMP”):</u> through a partnership among PFI, the Municipality of Malay in the Province of Aklan, SMC and the Boracay Foundation, Inc., adoption of BBMP to attain a sustainable development of Boracay Island</p> <p>3. <u>Adopt-An-Estero/Water Program:</u> clean up of the Concepcion Creek in Marikina</p> <p>4. <u>National Greening Program:</u> Undertaking to contribute to the DENR’s goal of planting 1.5 billion trees from 2011 to 2016.</p>	<p>1. Local government units in Bataan and their residents</p> <p>2. Filipinos, in general; residents and visitors to Boracay, in particular</p> <p>3. Marikina City and its residents</p> <p>4. the environment</p>
<p><b>Community-Based Programs:</b></p> <p>1. <u>Sulong KaBataan:</u> a program for values formation, technical skills and leadership training to the youth</p> <p>2. <u>Sulong KaBarangay program:</u> a public-private partnership among the local government of Limay, DSWD, PFI, the PBR, and PinoyME Foundation, that helped establish four (4) community sub-projects and one livelihood sub-project by resident volunteers of Barangays Alangan and Lamao</p>	<p>1. Residents of Bataan</p> <p>2. Residents of Bataan</p>



<p>3. <u>Tulong Aral Livelihood Program</u>: a program for skills-training</p>	<p>3. Residents of Rosario, Batangas</p>
<p><b>Responding to Crises:</b></p> <p>1. <u>Relief operations</u> in (a) several cities and municipalities in Metro Manila and the provinces of Bataan, Bulacan, and Rizal when Typhoon Gener and the southwest monsoon rains caused massive flooding in Metro Manila and the Central Luzon region in August 2012, (b) Compostela Valley and Davao Oriental when Typhoon Pablo hit the southern part of the Philippines in December 2012, (c) Zamboanga during the siege in September 2013, (d) Bohol and Cebu after the major earthquake in October 2013, (e) Leyte, Oriental Mindoro, Iloilo, Capiz and Cebu after Typhoon Yolanda (Haiyan) in November 2013, and (f) Cagayan Province affected by super Typhoon Lawin.</p> <p>2. <u>Building houses</u> by participating in Habitat for Humanity Philippines, Inc. and Gawad Kalinga to build houses for those displaced by Typhoon Sendong in December 2011.</p> <p>3. <u>Participation in the Noah’s Ark Project</u> in enhancing the capabilities of local government units and stakeholders to build disaster-resilient communities with the ultimate goal of attaining zero casualties by adopting Barangay Nangka in Marikina City for the project</p> <p>4. <u>Formalization of a partnership with the Department of Science and Technology to implement Project NOAH</u> or National Operational Assessment of Hazards in its key facilities nationwide, in support of the directive of President Benigno S. Aquino III for the country to establish a responsive program for nationwide disaster prevention and mitigation with a monitoring and early warning system along the Philippines’ 18 major river basins.</p>	<p>1-3. Families affected by flooding/disaster in the various areas cited</p> <p>4. Public in general</p>
<p><b>Skills Training Program for FEJODAP:</b> Eight-five members of the Federation of Jeepney Operators and Drivers Association of the Philippines (“FEJODAP”) and their dependents given technical/vocational skills training courses</p>	<p>FEJODAP members and their dependents</p>

<p><b>Youth in Entrepreneurship and Leadership Development (“YIELD”) Program.</b> One hundred third year students of the Muntinlupa Business High School spent their summer at certain Petron company-owned and company-operated stations to learn about service station operations at the forecourt and back office and the rudiments of food service and business of the locators in such stations</p>	<p>100 qualified students of the partner school</p>
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**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

**Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.**

The Board has been undertaking annual self-assessment since 2013..

On August 6, 2013, the Board adopted a new format for the annual self-assessment by each director. The self-assessment forms covers the evaluation of the (i) fulfillment of the key responsibilities of the Board including the consideration of the interests of minority shareholders and stakeholders and their equitable treatment in its decision-making processes, the pursuit of good corporate governance, the establishment of a clear strategic direction for the Company designed to maximize long-term shareholder value, the review and approval of financial statements and budgets, and the appointment of directors who can add value and contribute independent judgment to the formulation of sound policies and strategies of the Company and officers who are competent and highly motivated; (ii) relationship between the Board and the Management of the Company including having a clear understanding of where the role of the Board ends and where that of Management begins, the participation of the Board and the board committees in major business policies or decisions, the continuous interaction with Management for an understanding of the businesses better, and the consideration of the correlation between executive pay and Company performance; (iii) effectiveness of board process and meetings through the adequacy of the frequency, duration and scheduling of board and committee meetings, the ability of the Board to balance and allocate its time effectively in discussing issues related to the Company’s strategy and competitiveness, the attendance at board and committee meetings and the conduct of meetings in a manner that ensures open communication, meaningful participation, and timely resolution of issues, the wide and diverse range of expertise and occupational and personal backgrounds of the directors, and the institutionalization of a formal review process for monitoring the effectiveness of the Board and the individual directors; and (iv) individual performance of the directors, including a director’s understanding of the mission, values and strategies of the Company, his/her duties as a director and the Company’s articles of incorporation, by-laws and governing policies and applicable law, rules and regulations, the attendance at meetings and the conscious effort to avoid entering into situations where a director may be placed in a conflict of interest with that of the Company.

**N. INTERNAL BREACHES AND SANCTIONS**

**Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees**

Violations	Sanctions
<p>The CG Manual mandates the directors, officers and employees to strictly observe and implement its provisions and provides penalties to imposed after notice and hearing on the Company’s directors, officers and employees in case of violation of any of the provisions of the CG Manual.</p> <p>The Compliance Officer is responsible for determining violation/s through notice and hearing and recommending to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</p>	<p>The CG Manual imposes the following sanctions in case of violation of its provisions:</p> <ul style="list-style-type: none"> <li>• In case of first violation, the offender shall be reprimanded.</li> <li>• For second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board.</li> <li>• For third violation, the maximum penalty of removal from office shall be imposed on the offender. In case the offender is a member of the Board, the provision of Section 28 of the Corporation Code on removal of directors shall be observed.</li> </ul>

A substantial number of the answers to this Annual Corporate Governance Report is based on the records and reports of the Company and not from the personal knowledge of the signatories.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Mandaluyong on July 1, 2013.

**SIGNATURES**

(original signed)  
 \_\_\_\_\_  
**Ramon S. Ang**  
 Chairman of the Board & Chief Executive Officer

(original signed)  
 \_\_\_\_\_  
**Lubin B. Nepomuceno**  
 President

(original signed)  
 \_\_\_\_\_  
**Reynaldo G. David**  
 Independent Director

(original signed)  
 \_\_\_\_\_  
**Artemio V. Panganiban**  
 Independent Director

(original signed)  
 \_\_\_\_\_  
**Joel Angelo C. Cruz**  
 Compliance Officer

SUBSCRIBED AND SWORN TO before me this July 1, 2013 at Mandaluyong City, Philippines, affiants exhibiting to me the following competent forms of identification and avowed under penalty of law to the whole truth of the contents of the foregoing Certificate:

Names	Passport Number	Date/Place of Issue
Ramon S. Ang	XX0748364	11 July 2011 /DFA Manila
Lubin B. Nepomuceno	EB5027219	29 Mar 2012 /DFA Manila
Joel Angelo C. Cruz	EB6976457	19 Dec 2012 /DFA Manila
Artemio V. Panganiban	EB0110958	16 Apr 2010 /DFA Manila
Reynaldo G. David	XX3664452	08 May 2009 /DFA Manila

Doc. No. 214;  
Page No. 44;  
Book No. IX;  
Series of 2013.

(original signed)  
**ROMMEL L. BAWALAN**  
Notary Public for Mandaluyong City  
Notary Commission No. 0333-12  
Until December 31, 2013  
PTR No. 1626008 1.7.2013 Mandaluyong City  
IBP LRN 07098 1.7.08 Pasig City  
Roll of Attorney No. 42921  
SMC Head Office Complex  
40 San Miguel Avenue, 1550 Mandaluyong City  
MCLE Compliance No. IV-0008477 11.10.12