

POWERING PROGRESS

SUSTAINABLE
SOLUTIONS FOR
THE FUTURE



Pilipinas Shell Petroleum Corporation
Annual Sustainability Report 2021



Disclaimer

Cautionary Note

The companies in which Shell plc, directly and indirectly, own investments are separate legal entities. In this 2021 Pilipinas Shell Annual Sustainability Report, "Shell," "Shell Group," and "Group" are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. Likewise, the words "we," "us," and "our" are also used to refer to Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries," "Shell subsidiaries," and "Shell companies" as used in this 2021 Pilipinas Shell Annual Sustainability Report refer to entities over which Shell plc directly or indirectly controls. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations," respectively. "Joint ventures" and "joint operations" are collectively referred to as "joint arrangements." Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates." The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement after the exclusion of all third-party interest.

Forward-Looking Statements

This 2021 Pilipinas Shell Annual Sustainability Report contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations, and businesses of Shell. All statements other than statements of historical fact are or may be deemed forward-looking statements. Forward-looking statements are statements of future expectations based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim," "ambition," "anticipate," "believe," "could," "estimate," "expect," "goals," "intend," "may," "milestones," "objectives," "outlook," "plan," "probably," "project," "risks," "schedule," "seek," "should," "target," "will," and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the

forward-looking statements included in this 2021 Pilipinas Shell Annual Sustainability Report, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, judicial, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; and (n) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this 2021 Pilipinas Shell Annual Sustainability Report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Shell plc's Form 20-F for the year ended December 31, 2021 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this 2021 Pilipinas Shell Annual Sustainability Report and should be considered by the reader. Each forward-looking statement speaks only as of the date of this 2021 Pilipinas Shell Annual Sustainability Report, April 7, 2022. Neither Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or other information. In light of these risks, results could differ materially from those stated, implied, or inferred from the forward-looking statements contained in this 2021 Pilipinas Shell Annual Sustainability Report.

Shell's net-carbon footprint

Also, in this 2021 Pilipinas Shell Annual Sustainability Report, we may refer to Shell's "Net Carbon Footprint" or "Net Carbon Intensity," which includes Shell's carbon emissions from the production of our energy products, our suppliers' carbon emissions in supplying energy for that production and our

customers' carbon emissions associated with their use of the energy products we sell. The terms Shell's "Net Carbon Footprint" or "Net Carbon Intensity" are for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries. Shell only controls its own emissions.

Shell's net-zero emissions target

Shell's operating plan, outlook, and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, they reflect our Scope 1, Scope 2, and Net Carbon Footprint (NCF) targets over the next ten years. However, Shell's operating plans cannot reflect our 2050 net-zero emissions target and 2035 NCF target, as these targets are currently outside our planning period. In the future, as society moves towards net-zero emissions, we expect Shell's operating plans to reflect this movement. However, if society is not net zero in 2050, as of today, there would be a significant risk that Shell may not meet this target.

Forward Looking Non-GAAP measures

This 2021 Pilipinas Shell Annual Sustainability Report may contain certain forward-looking non-GAAP measures. We are unable to provide a reconciliation of these forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile those Non-GAAP measures to the most comparable GAAP financial measures is dependent on future events, some of which are outside the control of Shell, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner that is consistent with the accounting policies applied in Shell plc's consolidated financial statements.

The contents of websites referred to in this 2021 Pilipinas Shell Annual Sustainability Report do not form part of this report.

We may have used certain terms, such as resources, in this **2021 Pilipinas Shell Annual Sustainability Report** that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. Investors are urged to consider the disclosure in our Form 20-F, File No 1-32575 closely, available on the SEC website www.sec.gov.

Writing and Design:
Drink Sustainability Communications
www.drinkph.com

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About the Title and Cover

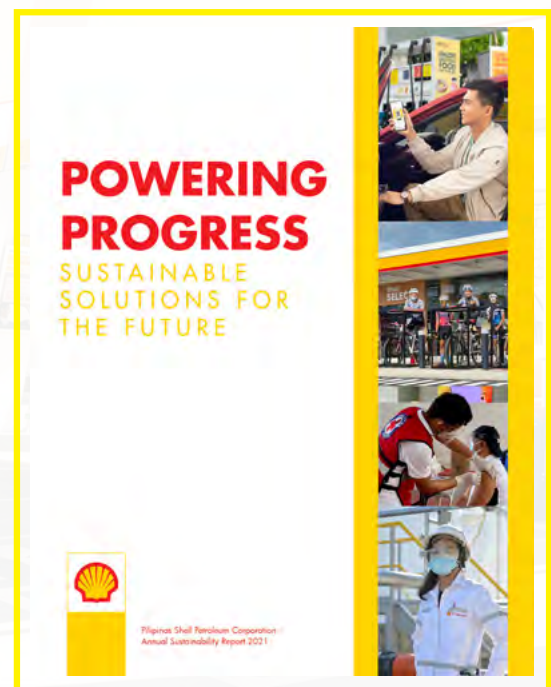
POWERING PROGRESS: Sustainable Solutions for the Future

With innovative and sustainable energy and mobility solutions that consider customer experience, achieving low-carbon emissions, and community empowerment, Pilipinas Shell continues to power progress in the Philippines, as it sets the standard in the oil and gas industry despite the COVID-19 pandemic.

As the country rebuilds itself from the continuing challenges of the pandemic, and while pursuing development in the new normal, PSPC strives to progress our business forward, offering the solutions needed to power the present, and empower stakeholders to face and prepare for the future. Pilipinas Shell continues to be a partner in nation-building, creating value for our shareholders, customers, and society at large.

More Than Just Fuel

Pilipinas Shell does more than just supplying fuel for people to get from one place to another. Through the introduction of sustainable and innovative solutions such as new features for mobility sites, the empowerment of communities, and various infrastructure projects with its partners, Pilipinas Shell upholds its commitment to be a partner in nation-building, and providing quality products and services to various individuals and organisations.





Welcome to our sixth Annual and Sustainability Report (ASR) - Powering Progress: Sustainable Solutions for the Future. It is a privilege to present this report and share our progress in 2021. This report showcases Pilipinas Shell as not only a fuels supplier, but also a company that helps move Filipinos forward. We continue to power progress and make journeys better through our services and solutions. To further improve transparency in the ASR, we have added the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).

It was remarkable how we responded, grew, and innovated despite all the challenges we had to face - the continuing pandemic, company-wide reorganisation, and a super typhoon that ravaged parts of the country. Our successes in 2021, from strengthening the business to advancing our social programs, have proven that we can weather the storms and adapt to the fast-paced changes of our times.

“We remain grounded by our core values of honesty, integrity, and respect for people, as we make the future for the industry and the country.”

Powering Progress Together

Pilipinas Shell seeks to provide more and cleaner energy solutions in step with society. We have undertaken a dynamic approach to rebalance our business portfolio and generate robust returns for our shareholders, while



Introduction from Our Chairman

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we work with our customers and sectors to lower carbon emissions of our operations and products. We intend to continue supporting lives and livelihoods with reliable, affordable, and sustainable energy.

By closing 2021 with Net Income of PHP 3.9Bn, Pilipinas Shell has demonstrated its resilience and we plan to sustain this recovery in 2022.

As we grow our customer-facing businesses, we are evolving our retail stations into mobility destinations. To delight our customers and communities, more comprehensive non-fuel offers are developed to include local and international brands, coupled with vehicle services such as car washes and oil change lounges. We will increase convenience and accessibility nationwide by opening ~40-60 new mobility sites annually.

Besides operating three medium range-capable import terminals in Subic, Batangas and Cagayan de Oro, we are making structural additions by 2025 to achieve best-in-class supply chain in support of our marketing growth aspirations.

Thriving through the Energy Transition

Pilipinas Shell is increasing our delivery of innovative low carbon products like Shell Helix OW lubricant for vehicles and Shell Bitumen FreshAir for road pavements including the iconic Cebu-Cordova Link Expressway. More customers can also avail carbon offsets to realize their decarbonization goals.

Mobility stations are also establishing lower carbon operations by employing different technologies to reduce energy consumption. These locations would include more contemporary layouts and designs, new engineering and construction standards, solar panels, inverter aircons, LED lighting, and more sustainable materials.

Caring in the New Normal

Even though 2021 was as challenging as 2020 in adapting to the pandemic, we remained vigilant, followed stringent



health protocols, continued work-from-home schemes, and strengthened our existing programs to ensure our people and business partners are safe and healthy, physically and mentally. Pilipinas Shell continued COVID-19 assistance through vaccination drives and tele-med consultations targeted at employees and their families. By December 2021, 99% of PSPC employees have received their vaccines with booster shots to be given starting 2022.

Pilipinas Shell also implemented Project Reshape, as part of group-wide organisational restructuring towards a simpler, more streamlined, and more competitive organisation. Throughout the uncertain period, staff were supported by resilience programs with a focus on mental health. In addition, impacted staff were assisted with upskilling and outplacement sessions. We are proud to share that most of these staff eventually secured roles within the Shell companies in the Philippines network.

The high employee participation rate and engagement score in our latest Shell People Survey are a testament to their level of affiliation and satisfaction with the quality of leadership and management.

Contributing to the Community

We continued to support the community through the Pilipinas Shell Foundation Inc. (PSFI) by providing programs on health, safety, education, and livelihood development. These activities seek to empower various groups like women, youth, vulnerable communities, schools, non-profit organizations, local government, and especially our local neighbourhoods.

During the devastating typhoon Odette, the first Category 5 super typhoon in the past five years, we provided aid in terms of food and essentials to almost seven thousand families in affected areas amid logistical constraints and damages to our distribution facilities. Six million litres of fuel were also donated to essential sectors to keep them operational. We also provided relief assistance to our Shell staff and 1,500 forecourt champions in the VisMin region.

I commend PSFI and all our staff and partners who promptly coordinated and responded to ensure the safety and security of their families, our communities and our assets during the disaster. With robust business continuity plans intact, we were able to bounce back and operate in the affected areas.

Going Forward

We remain grounded by our core values of honesty, integrity, and respect for people, as we make the future for the industry and the country. We are unwavering with our commitment to the UN Sustainable Development Goals throughout our value chain too.

With Pilipinas Shell's strategic priorities in place, we are confident of accelerating the growth of our customer-facing businesses sustainably and profitably.

I am incredibly proud of our employees' fortitude and the progress made, and would like to extend our recognition to all our staff and front-liners for their dedication in the past year.

Finally, let me convey my appreciation to our outgoing directors, especially Cesar Romero, for their invaluable service in keeping Pilipinas Shell as the most preferred energy brand in the country. I too welcome the incoming directors, including Lorelie Osial – our first female CEO ever, to join the exciting Pilipinas Shell journey.

Onwards and upwards!

A handwritten signature in black ink, appearing to read 'Min Yih Tan', with a stylized flourish extending to the right.

Min Yih Tan

Chairman of the Board
Pilipinas Shell Petroleum
Corporation



Sustainability

Corporate Governance

Sustainable Solutions to Power Progress

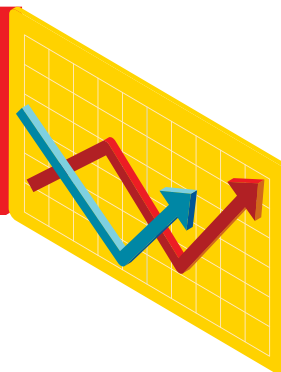
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Our Communities

Respecting the Environment

Solutions for the Future

About the Report



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Pilipinas Shell Petroleum Corporation (PSPC, Pilipinas Shell, or the Company) is primarily engaged in the business of importation and marketing petroleum products, including gasoline, diesel, jet fuel, fuel oil, lubricants, and bitumen. Pilipinas Shell represents the downstream operations of the Shell companies in the Philippines (SciP), a network of companies involved in oil and gas exploration, importation, distribution, marketing, energy trading and other services. SciP is part of Shell plc, a global group of energy and petrochemicals companies operating in over 70 countries. Pilipinas Shell imports, blends, transports, distributes, and markets a wide range of high quality fuels, lubricants, bitumen, and other specialty oil-based products. Its mobility (formerly retail) network continues to expand, with around 1,200 service stations catering to motorists nationwide. The Company also provides non-fuel retail offerings through its fast-growing network of vehicle service centers, Select convenience stores, and deli2go outlets nationwide.

Powering Progress: Sustainable Solutions for the Future is the sixth Annual and Sustainability Report (ASR) of Pilipinas Shell Petroleum Corporation ("Pilipinas Shell," "PSPC," "the Company"). This ASR covers Pilipinas Shell's environmental, social, safety, governance, and financial performance in 2021.

This report has been prepared in accordance with the GRI Standards: Core option, following the industry sector-specific Oil and Gas Sector Disclosures. The report also complies with the Sustainability Reporting Guidelines for Publicly Listed

Companies of the Philippine Securities and Exchange Commission (SEC).

This report also includes reporting guidelines and indicators developed by the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB).

Reporting Framework

GRI Standards, TCFD, and SASB.

Reporting Period

January 1 to December 31, 2021

Reporting Cycle

Annual

Reporting Scope

Pilipinas Shell Petroleum Corporation

Contact

Investor Relations
PSPC-Investor-Relations@shell.com (+632)
3499-4001

How we report 102-46



How we report?

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By undergoing this process, we ensure the completeness, accuracy, balance, clarity, comparability, reliability, and timeliness of this report's content. Involving internal and external stakeholders in this process also ensures stakeholder inclusiveness and the materiality of the topics, especially within the greater sustainability context of our business.

Consultations and Alignment

With the Company's business unit heads on stakeholder concerns and the accomplishments of the Company for the reporting period.

Stakeholder Review and Materiality Assessment

Based on feedback from stakeholders via existing engagement mechanisms and narrowing of material topics.

Data Gathering and Review

Subject matter experts in Pilipinas Shell were asked to answer data templates from internationally recognized sustainability frameworks and were also invited for one-on-one interviews to contextualise their performance data.

Writing and Evaluation

Where the manuscript undergoes internal revisions, review, and approval from the business representatives and business unit heads.

Layout and Final Review

Where the manuscript is laid out and subjected to final approvals before publication.

Publication and Dissemination

The copies of the 2021 ASR are distributed to shareholders and other stakeholders online with limited hard copies. The ASR is used as a reference in our Annual General Meeting.



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About Pilipinas Shell Petroleum Corporation

Pilipinas Shell Petroleum Corporation (PSPC, Pilipinas Shell, or the Company) is primarily importing and marketing petroleum products, including gasoline, diesel, jet fuel, fuel oil, lubricants, and bitumen.

Pilipinas Shell represents the downstream operations of the Shell companies in the Philippines (SciP), a network of companies involved in oil and gas exploration, importation, distribution, marketing, energy trading and other services. SciP is part of Shell plc, a global group of energy and petrochemicals companies operating in over 70 countries.

Pilipinas Shell imports, blends, transports, distributes, and markets a wide range of high-quality fuels, lubricants, bitumen, and other specialty oil-based products. Its mobility (formerly retail) network continues to expand, with around 1,120 service stations catering to motorists nationwide. The Company also provides non-fuel retail offerings through its fast-growing network of vehicle service centres, Select convenience stores, and deli2go outlets nationwide.

Pilipinas Shell has an integrated supply chain network nationwide composed of 24 fuel terminals and supply points, ten lubricant warehouses, two specialties facilities, and three import facilities.

In 2021, Pilipinas Shell also inaugurated the Shell Import Facility Tabangao (SHIFT) in Tabangao, Batangas. This transformation from a refinery to an import facility will enhance the Company's capacity to meet fuel demand in South Luzon and Northern Visayas.

The Articles of Incorporation of the Corporation is in the process of being amended to reflect the shift of the Tabangao Refinery to a full importation facility. PSPC's Primary Purpose will now be:

"To purchase, acquire, import, manufacture, refine, transport, use, and store any and all kinds of petroleum and petroleum products, components, additives, lubricants, bitumen, chemical and/or petrochemical products; and to market, distribute, and sell at wholesale, export, exchange, deal in, and dispose of such products and by-products which may be produced, developed, or made therefrom."





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Sustainable Solutions
to Power Progress

Our
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Head Office 102-3

41st Floor, The Finance Centre 26th
Street corner 9th Avenue, Bonifacio
Global City (BGC), Barangay Fort
Bonifacio, Taguig City 1635





History and Ownership

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Pilipinas Shell traces its roots back to Asiatic Petroleum Company (Philippine Islands) Ltd., an importer and retailer of motor gasoline and kerosene. The organization underwent several structural and name changes, culminating as Pilipinas Shell Petroleum Corporation (PSPC) in 1973. The Tabangao Refinery began its commercial operations in 1962, with an initial nameplate capacity of 30,000 barrels per day (bpd). Modernization and expansion activities between 1993 and 1995 further increased the oil refinery's nameplate capacity to 110,000 bpd. It was one of only two oil refineries in the Philippines.

In 2020, the Company permanently ceased its refining operations, and shifted into a full-

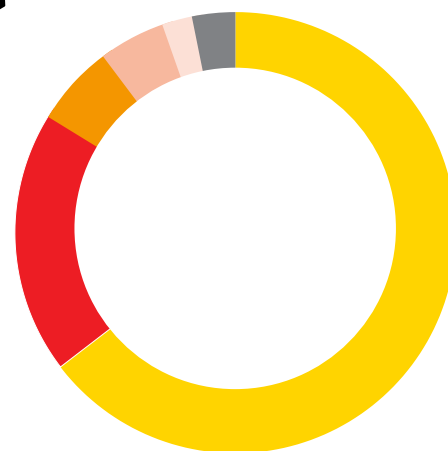
import supply chain model. It transformed its Tabangao Refinery into a 100% import terminal aptly called SHIFT (Shell Import Facility in Tabangao). The new supply strategy is additionally supported with two other import terminals – one in Northern Luzon and one in Northern Mindanao.

Today, Pilipinas Shell continues to be one of the most recognizable, trusted and preferred brands in the country, serving thousands of motorists every day through its network of around 1,120 service stations nationwide.

Pilipinas Shell Shareholdings Structure



| | |
|---------|---|
| 55.215% | Shell Overseas Investments B.V. |
| 16.453% | The Insular Life Assurance Company Ltd. |
| 5.069% | The Hongkong and Shanghai Banking Corp Ltd. |
| 4.164% | Spathodea Campanulata Inc. |
| 1.892% | Standard Chartered Bank |
| 2.71% | Minority Stockholders |



*as of December 31 2021



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SHELL COMPANIES IN THE PHILIPPINES



Shell companies in the Philippines

- Pilipinas Shell Petroleum Corporation (PSPC)
- Shell Philippines Exploration B.V. (SPEX)
- Shell Business Operations – Manila (SBO-Manila)
- Shell Energy Philippines, Inc (SEPH)



Mission, Vision, Values, Business Principles

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Our Mission

To power progress together with the Filipino by providing cleaner energy solutions.

Our Vision

A world-class investment

We aim to maximise cash generation while maintaining competitive results built upon a strong financial framework and capital discipline.

Shared value with society

We aim to be a good neighbour who manages the social impact of our activities and shares wider benefits to society. We aim to deliver energy responsibly and safely, while looking after the welfare of our employees, business partners, customers, local communities, and the environment.

Trusted partner in nation-building

We aim to be a reliable partner in nation-building by fulfilling the Company's requirement for sustainable energy products and services.

Our Values

We operate our business and maintain ties with business partners according to our values and business principles.

Our Core Values

Honesty, Integrity, Respect for People.



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Our Business Principles

Economic competition
Business integrity
Political activities
Health, safety, security, and the environment (HSSE)
Local communities
Communication and engagement
Compliance

Please visit <https://pilipinas.shell.com.ph/about-us/what-we-do.html> for more information on our history and values, and how we apply the Shell General Business Principles and Code of Conduct.

Our Business

Pilipinas Shell imports petroleum products and markets them to industrial and retail customers.

Our Business Strategy

- 1 Generate strong cash flow by growing our business at competitive returns.
- 2 Lead the industry to support the country's growing energy needs through quality, differentiated & Innovative products & services.
- 3 Develop a reliable, competitive & world-class supply chain network.
- 4 Capture market growth opportunities through disciplined capital expansion.
- 5 Uphold the Shell plc's standards for corporate governance, HSSE matters, and corporate social responsibility.
- 6 Continue to focus on talent development and retention to realise the full potential of our people.
- 7 Contribute to Shell plc's target to become a net-zero emissions energy business by 2050 or sooner, in step with society's progress.





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Our Classes of Business

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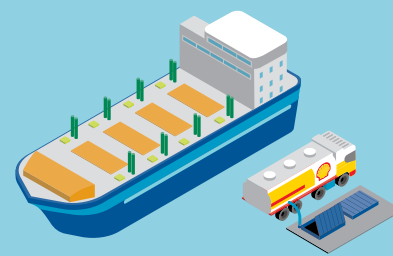
Mobility (formerly Retail)

Pilipinas Shell maintains a strong, nationwide, mobility network that offers high-quality fuels designed for optimal vehicular performance, efficiency, and emissions technology. Recognizing that our customers' needs go beyond fuel, our non-fuel retailing business operates convenience stores and vehicle service centers that cater to motorists' need for non-food and food products and maintenance services such as oil change and repair.



Commercial Business

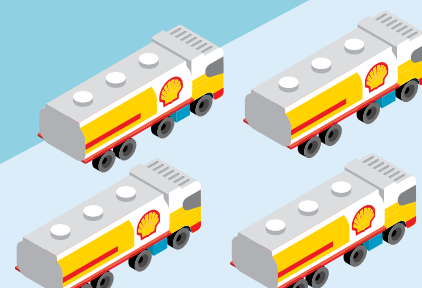
Our business includes wholesale commercial fuels, aviation fuel, lubricants, and construction and road transport. Beyond product differentiation and competitive customer value propositions, Pilipinas Shell also provides end-to-end technical services for our customers.



Supply and Distribution

Pilipinas Shell operates an integrated supply chain network that encompasses procurement, import, storage, and distribution of finished petroleum products through different modes of transport, such as vessels and trucks.

Our nationwide network includes strategically located fuels storage terminals and supply points, warehouses, and import facilities. Through this integrated network, Pilipinas Shell ensures the safe, timely, and reliable delivery of our products to our customers.





Our Value Chain



Legend

CLASS OF BUSINESS

Supply and Distribution

Commercial Business

Mobility (formerly Retail)

STAKEHOLDERS

Customers

Business Partners

Employees

Community

Shareholders



Review of Stakeholder Concerns and Material Topics

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Pilipinas Shell understands that, to maintain our social licence to operate, we must nurture strong and productive relationships with our stakeholders. We have established robust and regular stakeholder engagement channels that allow us to understand their needs and concerns and to ensure that our responses are timely and relevant.

In line with the development of this report, our various business units undertook a review and consolidated the stakeholder feedback received through these various channels. These concerns were elevated to our ASR Committee which is composed of the Company's Vice President for Finance/Treasurer/Chief Risk Officer, Vice President Corporate Relations, and Managing Counsel and Chief Compliance Officer, to undertake the materiality assessment process and the finalisation of our material topics.

Aside from stakeholder concerns and expectations, other significant factors informed our materiality assessment, such as current trends in the global energy, convenience retail, and our customers' industry (including its respective ecosystems), Shell plc's ambitions, and our own sustainability scorecard.



| Stakeholder Group | Our Responsibilities | Stakeholder Concerns | Engagement Channels | Company Response |
|-------------------|--|--|---|---|
| Customers | We strive to develop and provide products and services that meet customers' needs in terms of quality and price, and that are also compliant with local and international standards. | <ul style="list-style-type: none"> Financial growth and resilience Tight cash flow Delayed payments Safety during the pandemic Safety in Mobility Stations | <ul style="list-style-type: none"> Customer feedback mechanisms (i.e., Voice of the Customer survey, other consumer surveys, tenders, visits, research data) 24/7 customer service call center | <ul style="list-style-type: none"> Engagement and training support Flexibility and leniency in payment collections Digital payment channels Regular safety audit, and PNP partnership On-site care programs related to COVID-19 |
| Business Partners | We seek to develop partnerships that will be mutually beneficial. We work with companies that share our values and promote the application and adoption of the Pilipinas Shell General Business Principles, or their equivalent. | <ul style="list-style-type: none"> Road safety Safety during the pandemic Pandemic work/travel restrictions | <ul style="list-style-type: none"> Supplier quality assessment and feedback Business reviews Day-to-day operation logs | <ul style="list-style-type: none"> Compliance with COVID-19 health and safety guidelines Road safety programs Assistance during the pandemic Provision of HSSE-related programs (i.e defensive driving courses) |
| Employees | We endeavour to be the employer of choice. To this end, we provide safe and good working conditions, competitive terms of employment, and respect and uphold the human rights of our employees. | <ul style="list-style-type: none"> Job security, financial wellness, mental health, and physical safety during the pandemic Overall productivity and welfare of entire workforce Awareness of professional and career development opportunities in Pilipinas Shell | <ul style="list-style-type: none"> Annual Shell People Survey Voice of Territory Managers Town hall meetings Safety Day activities Engagements with Chief Executive Officer Staff Engagement Sessions Conversations with Staff via 1:1 | <ul style="list-style-type: none"> Compliance with Worker Welfare Guide Roll-out of various fit-for purpose Care Plans Flexible working arrangements Ergonomic support for home office setup Provision of financial support and emergency loans Line manager guide for COVID-19 related guidelines COVID-19 vaccination programs Support during Tabangao Transformation and Reshape |
| Society | We take pride in being a good neighbour and corporate citizen by ensuring that we also invest in community development projects, as well as foster collaboration in ensuring health, safety, security, and environmental protection in areas of operation. | <ul style="list-style-type: none"> Compliance with COVID-19 health and safety guidelines Employment opportunities for local communities Social Investment (SI) Programs Disaster resilience and emergency response (i.e., typhoon response, COVID-19 pandemic) Food security Lack of regular income Road safety | <ul style="list-style-type: none"> Community feedback register and mechanisms Socio-economic profiling surveys Community dialogue and town hall meetings (Ugnayan sa Barangay) Community bulletins Community programs Regular dialogue and communication with the local and national governments, and the media | <ul style="list-style-type: none"> Entrepreneurship and livelihood development programs Scholarships and youth-related programs Typhoon and COVID-19 response and assistance Road safety programs Science Technology Engineering Mathematics (STEM) education opportunities Access to Energy program |



| Stakeholder Group | Our Responsibilities | Stakeholder Concerns | Engagement Channels | Company Response |
|----------------------------------|--|---|--|--|
| Government/ Regulatory Bodies | We strive to be a partner in nation-building through strict compliance with applicable local laws and international standards. | <ul style="list-style-type: none"> • Compliance with COVID-19 health and safety guidelines • Ensure that proper attention is given to health, safety, security, and the environment | <ul style="list-style-type: none"> • Email, online meetings, and virtual engagements | <ul style="list-style-type: none"> • Compliance with all applicable laws and regulations. • Dialogue and communication when there are changes in the requirements of the regulatory body |
| Shareholders | We have a responsibility to protect the interest of our shareholders and ensure healthy and long-term competitive returns. | <ul style="list-style-type: none"> • Business continuity during the pandemic • Sustainability • Company innovations and growth opportunities • Dividend payment | <ul style="list-style-type: none"> • Investors' conferences • Quarterly analysts' and investors' briefings • Annual Stockholders' Meetings • One-on-one meetings | <ul style="list-style-type: none"> • Next 5-year strategy cascade through Strategy Day • Sustainability-related programs and projects • Effective Business Continuity Plan (BCP) and Enterprise Resource Planning (ERP) |

Material Topics

We define material topics as those items that are most important to the business and our different stakeholders. These topics range from governance to operations, environmental impacts, health and safety, and social investments. These are anchored on the Shell General Business Principles. In particular, we consider how our business can address concerns and contribute to sustainable development.

Also informing and guiding our approach are the Shell core values of honesty, integrity, and respect for people.

| Generating shareholder value | Achieving net-zero emissions | Respecting nature | Powering lives |
|--|------------------------------|--|--|
| Corporate Governance | Product & Services Offerings | Environmental Compliance & Impact including Biodiversity | Local Community Development |
| Transparency, Accurate and Responsible Reporting | Development and Innovation | | Employee Management |
| Economic Performance | Evolving Customer Demands | | Social impact of operations on host communities, business partners, and local government |
| Supply Chain Management | Digital Transformation | | Social Investment |
| Asset Integrity and Process Safety | Energy Transition | | Customer Service |
| Brand Management | | | Promotion of sustainable development |

This 2021, additional material topics were added to the list. These include Development and Innovation, Evolving Customer Demands, Digital transformation, and Energy Transition, all contributing to helping shape a more sustainable energy future. Under Environmental Compliance & Impact, the topic of Biodiversity was also included which refers to measures employed to minimise impact on diverse species of plants, and animals, as well as natural ecosystems in the areas of operation, if said components are present.



Sustainability at Pilipinas Shell

102-11

- Support for International Agreements
- Our Contributions to the SDGs
- Sustainability Scorecard (2016-2021)
- Management of Climate-Related Risk



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Our Approach to Sustainability

Sustainability at Pilipinas Shell means aiming to provide more and cleaner energy solutions in a responsible manner – in a way that balances short- and long-term interests, and that integrates economic, environmental and social considerations. We have worked to embed this sustainability commitment into our strategy, our business processes, and decision-making.

Today, we continue to build on these foundations while driving change across the organisation to help society meet its most pressing challenges. We seek the views of various groups and individuals about the role of a company like Shell in addressing these challenges.

In February 2021, the Shell Group announced Powering Progress, that sets out Shell's strategy to accelerate the transition of our business to net-zero emissions, in step with society. Powering Progress is designed to integrate sustainability with our business strategy.





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Powering Progress has four main goals in support of our purpose, to power progress together by providing more and cleaner energy solutions.

ACHIEVING NET-ZERO EMISSIONS

Working with our customers and sectors to accelerate the energy transition to net-zero emissions

RESPECTING NATURE

Protecting the environment, reducing waste and making a positive contribution to biodiversity

POWERING LIVES

Powering lives through our products and activities, and supporting an inclusive society

GENERATING SHAREHOLDER VALUE

Growing value through a dynamic portfolio and disciplined capital allocation





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Support for International Agreements

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The United Nations Sustainable Development Goals (UN SDGs) are 17 goals that seek to tackle the world's most pressing problems concerning inequality, environmental protection, health, and education among others. It was developed as a "blueprint to achieve a better and more sustainable future for all." The UN SDGs seek to address the world's biggest challenges, including ending poverty, improving health and education, making cities sustainable, and tackling climate change. Governments are responsible for prioritising and implementing approaches that meet the SDGs, but achieving these tasks will require unprecedented collaboration and collective action across businesses, governments, and civil society. As such, Pilipinas Shell will play its part in helping governments and societies achieve the SDGs.

Pilipinas Shell is also committed to respecting human rights, as set out in the UN Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Company is also a founding member of the UN Global Compact Network in the Philippines (GCNP), and we also support a number of external voluntary codes that promote responsible business practices.

Finally, we also fully support the UN's Paris Agreement on climate change, which the Philippine government is also a signatory of. The goal of the agreement is to keep the rise in global average temperature this century to well below two degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.





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Our Contributions to the SDGs



Pilipinas Shell continues to support and contribute to the SDGs to address shared development challenges, including tackling the challenge of climate change and making cities sustainable. Achieving these global ambitions requires collective action and collaboration across all sectors, and we are determined to contribute and do our part.





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Products and services

We have diversified our products to include lower-emission biofuels and Euro IV (PH) fuels, as well as innovative bitumen products that help improve air quality. Our business seeks to meet today's energy needs, even as we invest in sustainable energy solutions. We promote innovation and benefit from research and development. We upgrade and maintain our infrastructure to be efficient and resilient. Our mobility sites and Tabangao facilities have adopted an increasing mix of renewable solar energy, one of the concrete steps we take to achieve our overall goal of low-carbon operations. We will study the effects and impact of these innovations as we continue to monitor the amount of energy we purchase and consume.

We have also started our carbon offset offer to help customers transition to a low-carbon future.



Addressing environmental impact

We manage the impact of our operations in our import facilities, terminals, and supply depots by complying with environmental regulations and standards for our emissions, waste, and effluents. We equally put attention in implementing low carbon alternative options in our network of 1,120 sites nationwide such as putting up solar panels in our sites' canopy, and installing invert technology. Not only will this help in lowering down our carbon footprint, but also will allow us to be more cost-effective in the future. At the Tabangao import facility, we have laid the foundations for an industrial-scale solar farm that will further promote efficient energy consumption. We also seek to build a network of stakeholders and communities to address impacts related to climate change and natural disasters.





Growth and development through capacity building

Pilipinas Shell provides opportunities for growth and development, not just to our workforce, but also to the local communities in the areas where we operate. Job postings are disseminated among our host communities. We create initiatives to develop local content and promote diversity and inclusion through capacity building and skills development. We strengthen the links between business and education, with our scholars and trainees included among our hiring prospects.



Continuing care through safety and health

We partner with local suppliers and encourage them to follow the same standards of employment, health and safety, environmental compliance, and business ethics as Pilipinas Shell.

As part of our continuing COVID-19 response, we made sure to follow health protocols, and ensure the availability of medical assistance and vaccines to employees and their dependents.





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Developing partnerships

Together with our partners, we implemented projects to promote sustainable development. Our social investments are aligned with the global themes of Access to Energy, Community Skills and Enterprise Development, and Education focused on science, technology, engineering, and mathematics (STEM). These investments benefit underserved and marginal communities, especially in our areas of operation. In times of emergency and calamity, Pilipinas Shell has the capacity to mobilise trained personnel who can contribute to disaster mitigation and relief and rehabilitation efforts.

Pilipinas Shell strives to contribute to the UN SDGs throughout our value chain. For more information on the UN SDGs, please visit <https://sdgs.un.org/goals>

17 PARTNERSHIPS FOR THE GOALS





Sustainability Scorecard

(2016-2021)

201-1 305-1 305-2

Economic (PHP Billion)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------|-------|-------|-------|-------|-------|-------|
| Value Generated ¹ | 137.4 | 171.4 | 219.5 | 219.3 | 162.4 | 179.1 |
| Capital Investments | 3.3 | 4.1 | 4.1 | 6.2 | 3.1 | 6.6 |
| Value Distributed ² | 133.3 | 163.7 | 219.3 | 213.7 | 157.4 | 172.5 |

Environment

Energy (GJ)

Purchased Power³

Figures reported this 2021 for electricity, purchased power, GHG emissions, and wastes (except water consumption) covered all 16 terminals including both the last few months of the Tabangao refinery operations from Jan-Apr 2021 and its transformation to a full import facility starting May 2021. This has significant implications for this year's environmental disclosures. Previous reports (2016-2020) only covered the Tabangao Refinery operations.

| | | | | | | |
|--|----------|----------|----------|----------|----------|-----------|
| | 24,565.0 | 37,044.1 | 42,588.0 | 30,030.2 | 48,433.8 | 130,926.2 |
|--|----------|----------|----------|----------|----------|-----------|

Greenhouse Emissions (Tons CO₂e)

Direct (Scope 1) emissions⁴

Indirect (Scope 2) emissions³

| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|----------|
| | 345,448.7 | 322,851.3 | 369,210.8 | 341,033.1 | 164,207.5 | 1,111.0 |
| | 2,083.1 | 3,120.4 | 3,566.6 | 3,037.8 | 5,354.5 | 13,233.3 |

Water (Million cubic meters)

Total Freshwater Withdrawn

| | | | | | | |
|--|-----|-----|-----|-----|-----|-----|
| | 1.9 | 2.0 | 1.9 | 1.9 | 1.5 | 0.7 |
|--|-----|-----|-----|-----|-----|-----|

Waste (Tons)

Hazardous waste generated and disposed⁵

Non-hazardous waste generated and disposed

| | | | | | | |
|--|-------|---------|---------|-------|---------|--------|
| | 861.9 | 1,037.3 | 654.0 | 409.2 | 557.5 | 5319.5 |
| | 139.8 | 93.1 | 1,835.7 | 207.5 | 1,056.2 | 416.0 |

Social

Total Employees

Male

Female

Total Community Investment (PHP million)

| | | | | | | |
|--|-------|------|------|------|-------|------|
| | 698 | 706 | 703 | 707 | 606 | 489 |
| | 470 | 459 | 453 | 461 | 405 | 304 |
| | 228 | 247 | 250 | 246 | 201 | 185 |
| | 119.3 | 41.8 | 31.0 | 50.0 | 113.1 | 83.8 |

¹ Economic Value Generated refers to revenue from net sales (gross sales from products and services minus discounts and rebates) and other income of Pilipinas Shell.

² Economic Value Distributed includes operating costs, employee wages and benefits, payments to capital providers, payments to the national government, community investments, etc. [Formula: Economic Value Generated - Economic Value Distributed = Economic Value Retained]

³ The significant increase in purchased power is due to the removal of direct combustion sources in the transition of the Tabangao refinery to an import facility (SHIFT). SHIFT then has purchased more electricity from the grid. This would then have the same effect on the indirect scope 2 emissions.

⁴ The Tabangao refinery's transition into an import facility resulted in a significant reduction in the total energy consumption and Direct (Scope 1) GHG emissions due to retirement of direct combustion sources⁵. This year's increase in hazardous waste generated is due to the ongoing cleaning and disposal of waste oils and oily sludge from the previous refinery setting.



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13 CLIMATE ACTION



Management of Climate-Related Risk

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For 2021, we added the Task Force on Climate-related Financial Disclosures (TCFD) to the list of internationally recognized frameworks that our Annual Sustainability Report uses as reporting guidance.

Governance

Disclose the organization's governance around climate-related risks and opportunities

Pilipinas Shell's Board of Directors provides oversight and guidance on matters of corporate governance.

Specifically, the Board Audit and Risk Oversight Committee ensures that there is an effective and integrated risk management process in place, including that of climate-related risks.

On the other hand, the Sustainability Committee's duties include the review of external and internal sustainability-related risks and opportunities. The Committee reports this to the Board, including its recommendations to address the risk/opportunities. The Committee is also accountable in reviewing the Company's Sustainability Report prior to its issuance.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Pilipinas Shell is 55% owned by Shell plc. The Company leverages on the Shell plc's Energy Transition Strategy in identifying the climate-related risks and opportunities for the Company. Shell plc publishes an annual Energy Transition Report to update the aforementioned.

Pilipinas Shell's priorities are aligned with Shell plc's target to become a net-zero emissions energy business by 2050 or sooner, in step with society's progress. This supports the more ambitious goal to tackle climate change in the UN Paris Agreement: to limit the rise in average global temperature this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees Celsius. Shell plc discusses its approach to reach this target in its annual Sustainability Report.

Pilipinas Shell has set its strategic priorities, including that of its plan to offer lower carbon products, and shifting to lower carbon operations, as a response to the Philippine's transition to a lower-carbon economy in the future. This was communicated in its 2021 Strategy Day. The Company discloses its material sustainability compliance, innovations, and efforts in its Annual Sustainability Report – a requirement of the Philippine Securities and Exchange Commission for publicly listed companies.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

The Company has an existing robust Enterprise Risk Management (ERM) policy that states the processes in place and the responsibilities/accountabilities of each Management-level member in the identification, assessment, response, and monitoring of risk control actions of the risks involved in running the business, including that of climate-related risks. The Chief Risk Officer supervises the entire ERM process – see page 36 of the Corporate Governance Manual for the extent of responsibility. Aside from the Management team, independent assurance providers (External Audit, Internal Audit and Corporate Assurance and Audit Department (CAAD)) conduct periodic reviews to assess the design and operating effectiveness of risk management and internal control processes.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Pilipinas Shell supports the Shell Group's target to become a net-zero emissions energy business by 2050 or sooner, in step with society's progress. Additional relevant Sustainability targets were shared in the recently disclosed Pilipinas Shell 2021 Strategy Day (Strategy Day webpage, slides 26-27). The targets are included as a staple agenda in all levels of the Board and Management team's recurring meetings, including the progress and necessary interventions to achieve progress. The targets evolve as necessary considering the risks & opportunities tied to it.

The historical GHG Scope 1 & 2 emissions are in this report Pg.108. Further Management discussion in pages Pg.107.



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A Message from our President and CEO

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2021 was another year full of challenges caused by the COVID-19 pandemic, as the global crises continue to heavily affect our lives and the economy. At the end of the year, we were also beset with a powerful typhoon which caused widespread destruction in the country. However, 2021 was also a year full of valuable learnings on how to thrive, restart, and refocus in order to adapt to the new normal and recover from the previous year. Guided by our core values, Pilipinas Shell remained agile, resilient, and demonstrated unwavering care amid the uncertainties of the year.

Sustainability in action

As mentioned during our Strategy Day, 2021 was a period of deep reset and refocus because adapting to the new normal also calls for a mindful shift in perspective. Times have changed, and so it's important to stay open-minded if we want to thrive.

However, some things do not have to change. We might be refocusing our businesses to cater to the current economic climate and demands, but our responsibility to the community and being a partner in progress and recovery for the Philippines does not waver. We are still a reliable partner for essential services, and we continue to invest in our employees by supporting them in this difficult time. Our projects and programs in the areas of health, education, livelihood development, and people empowerment are ever-present to reach out to communities that need these services the most.

We are also looking at more ways to incorporate sustainability in our businesses and contribute to sustainable development—topics that are becoming increasingly important to our stakeholders and to us as a Company.

We at Pilipinas Shell incorporate sustainability in business through : (1) Generating shareholder value, (2) Contributing to net-zero emissions, (3) Respecting nature, and (4) Powering lives, and indeed in 2021, we were able to follow through with actions that sustain these principles:

Sustaining in challenging times

The challenges of 2020 continued through this year: we saw a sharp increase in those infected by COVID-19, and lockdowns/travel restrictions affected many areas in the country. Through this, we continued operations employing the highest safety standards to protect our people, with most of our staff working from home. Our mobility (formerly retail) stations also remained open to serve, offering more than just fuel but also vehicle maintenance services and new amenities that cater to customers' mobility needs in the new normal.

Typhoon Odette caused great devastation in the VisMin region at the end of the year. Since the typhoon hit us, Pilipinas Shell has continued to serve the mobility needs of our customers in the hardest-hit areas, when it is most crucial when they need to get food and other essential products, despite various logistical challenges; to clear roads so help can get to heavily affected areas, and many more. We have also provided much-needed fuel to keep power plants, hospitals, communications, and other facilities operational.

"We are also looking at more ways to incorporate sustainability in our businesses and contribute to sustainable development"



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Our Disaster Relief Operations, a combined effort of our staff from the different functions and business units, including our contractors and Pilipinas Shell Foundation, Inc. (PSFI), have aided ~7,000 families. At the site of our NMIF Terminal in Cagayan De Oro, drinking water, nutritious food packs, and hygiene kits were immediately distributed to our affected staff and neighbouring communities.

An additional PHP 12 Million has also been set aside to provide more relief assistance and aid in the rehabilitation phase in 10 provinces.

Our staff and business partners worked round the clock to resume our operations as soon as possible. ~96% of our VisMin stations operated safely and reliably to fuel the affected provinces' necessities. We were also able to provide 6 million liters of fuel as an aid to essential partner companies and institutions in Cebu and Negros, such as the Institute of Child Health and Human Development, Visayan Electric, various hospitals, and the Philippine Disaster Resilience Foundation (PDRF) in delivering relief goods to Iloilo City.

Sharing wider benefits where we operate

Aside from being present during the most challenging times of the year, we continued to share wider benefits where we operate and power lives through our social programs led by the PSFI. This year, we have started the PROTECTS Program or Philippines Response in Optimizing Testing, Empowered Communities, Treatment, and Sustainability. PROTECTS focuses on projects related to Human Immunodeficiency Virus (HIV) awareness.

To strengthen partnerships with clients and share Pilipinas Shell's safety practices, our different business also offered road safety training to contractors, third-party safety providers, our partners, and communities. Keeping people safe and preventing accidents is a high priority for us and is part of our general business principles and our commitment to Goal Zero.

To strengthen partnership with clients and share Shell's world-class safety practices, our different business also offered road safety training to contractors, third party safety providers, our partners, and our communities. Keeping people safe and preventing accidents is a high priority for us and is part of our general business principles and our Goal Zero concept.

Investing in our employees

Powering lives also means investing heavily in our employees, ensuring good health for their well-being, and forging a safe environment. Two major issues caused concern in our employees this 2021: the continued uncertainties of the pandemic and then Project Reshape, our global organizational change and restructuring.

In relation to COVID-19, employees were supported in three different ways: (1) Promote—wherein information campaigns on staying healthy physically and mentally, and vaccination particulars were circulated; (2) Protect—which focused on COVID-19 prevention through the establishment and implementation of safety protocols and ; (3) Access—this includes Pilipinas Shell-organized free vaccination drives for employees and their dependents, provision of care kits, tele-med consults and assistance in locating hospitals if more professional care is needed.

Project Reshape, which creates a simpler and more cost-effective organization for PSPC, took place last year. It is aligned with the global structural archetypes of the Shell plc. Our impacted employees were our utmost priority in this change. Programs were put in place to ensure that employees remained healthy and resilient; controls were established to provide fair and transparent resourcing and outplacement process; and upon the start of the new organization, organizational effectiveness training was implemented to support the teams' transition. Most importantly, I am proud to share that

we have placed most of our staff within roles in the Shell Companies in the Philippines, resulting in an overall low net employee displacement. We are happy with the positive feedback that our employees felt about how we handled our re-organization. We have maintained our top quartile high employee engagement scores in our Shell People Survey (SPS), our annual employee survey.

Towards a sustainable energy future

At Pilipinas Shell, we shape a more sustainable energy future, stepping forward with society. In parallel with our volume recovery as we move to the post-pandemic era, 2021 was also the year we implemented numerous sustainability-focused projects that would ensure our relevance and profitability in the longer term.

We moved to our new 100% importing supply chain model and successfully maintained a steady supply of high-quality products nationwide throughout the transition. Moreover, we have shifted our energy use in our largest asset, the Shell Tabangao Import Facility (SHIFT), to 100% Renewable Energy. Some of it comes from its solar panels; some are bought from our partner company, Shell Energy PH. The 'shift' structurally lowered our GHG emissions by 50%, a massive improvement to our GHG footprint.

Lower carbon operations will be gradually implemented across Pilipinas Shell's assets. The continued installations of solar panels, green walls, LED lights, inverter technology, and the use of eco-bricks or upcycled plastics in our ~1,120 mobility stations are expected to reduce energy consumption by approximately 30% versus a traditional site. The same sustainability features will also be implemented in our terminals, along with the installation of vapour recovery units at loading stations.

Moreover, we gained additional customers who are availing our Carbon Offset offers, like Mazda. We expect more partnerships to prosper in this area as we support the decarbonization journey of our B2B customers and their sectors.

Powering forward

According to a study by Nielsen, 'to win in the new normal, the company must have a strong trust level.' I am very proud to say that we are number one (1) in our trust rating versus our PH industry peers in all top drivers like the quality of products/services, safe operations, and business ethics. We have also maintained our 'most preferred fuels brand' in the Philippines with the brand share of preference rating of 37%, which is one the highest in Shell plc worldwide. Indeed, we are powering forward. And with hard work, innovative ideas, and creative solutions shown through our different businesses, the Company is on its way to recovery. Though the pandemic is still ongoing, our refocused and re-energized strategies support our way to a stronger, more sustainable future.

As you read this message, I end my Company service as CEO and pass the baton over to Lorelie Osial. With my utmost gratitude and sincerity, I am very thankful for the support given to me through my years of service. As I retire, I hope you continue extending your support to the Company—living its values and making innovations to power progress for the Philippines. May you continue the legacy that Pilipinas Shell has strengthened through its more than 105 years of service.

Cesar G. Romero
Former President and CEO
Pilipinas Shell Petroleum Corporation

¹Source: 2021 IPSOS Shell Brand and Reputation Tracker

Welcoming our New Chief Executive Officer



President and Chief Executive Officer

*Executive Director, Chairperson of the Nomination Committee
- Effective 01 December 2021*

Prior to this role, Lorelie was the first Filipino Global Vice President of Finance Process Expenditure.

She led the transformational journey of the Expenditure Process through sustainable improvements, innovation and digital/artificial intelligence/machine learning solutions while embedding a user-centric mindset and developing capabilities for the future. Her organisation, of more than 700 staff, partners with more than 50 countries across all businesses in the Shell Group.

A member of the Shell Companies in the Philippines Country Coordinating Team.

Lorelie represented the Finance community of ~2,000 professionals in the Country Coordination Team that is accountable for the overall wellbeing of ~4,000 staff nationwide. She is also a member of the East Talent Forum representing senior Filipino talent in the global arena.

A Shell transformational leader with over 20 years of experience locally and globally.

- 2016-18 Finance Director and Country Controller, Shell Philippines Exploration BV; the operator of Malampaya Deepwater to Gas Project.
- 2013-16 Finance Manager Projects - Shell EP International Ltd / Basrah Gas Company (BGC) in Iraq, the world's largest flare reduction project where she was responsible for the startup and provision of world-class Finance to a portfolio of approximately 80 projects with a USD 17 Billion capital investment in a pioneering and one of the toughest external environments in Shell.
- 2009-13 Head of Project Accounting/Sr. Project Accountant - Iraq South Gas Utilization Project in - Shell EP Intl Ltd
- 2005-2009 - Senior Finance Advisor covering Gas and Power opportunities in South Asia, Middle East and North Africa

Others

Former Chair of the Board of Trustees in two pension funds and was formerly a member of the Board of Directors of the British Chamber of Commerce in the Philippines



Message from Lorelie Osial

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Even after having one of the longest lockdowns globally and significantly suffering from the effects of the pandemic, the Philippines continues to be one of the fastest-rising economies globally. The country's growth will be supported by vast infrastructure projects with new roads and highways that will reach new communities and connect more places.

As the Philippines grows, Pilipinas Shell continues to strive to be a partner in development and serve current demands. But more importantly, we look forward to the future and create more innovative products and services that could deal with the fast-changing needs of our times.

We are pursuing our reset and refocused strategy as we aim to expand our mobility network with 40-60 new sites per year, and grow our convenience and retail offer with 550 Select stores and 900 vehicle servicing sites by 2025. These new developments, among others, are anchored on offering more integrated solutions to vehicle care and maintenance, new customer-centric amenities, and modern site and structure design that considers sustainable construction and operation.

We are also focused on digitization and will soon offer more digital tools to help customers manage their fleet easily.

Sustainability requires a multi-sectoral approach. In Pilipinas Shell, we have been working on nature-based solutions offering to help clients in their decarbonization journey. Furthermore, we are also partnering with government agencies and the private sector to launch a program to explore the opportunities to use recycled plastic on road projects.

We will also continue to invest in our world-class supply chain with an aspiration to have five medium-range (MR) import terminals nationwide. Finally, we hope to maintain our leading position in corporate governance, talent management and progressively move towards our low carbon operations.

There is so much to look forward to and I am excited, as we recover, grow our business and power progress for the Philippines and the Filipino people.

"We are pursuing our reset and refocused strategy as we aim to expand our mobility network with 40-60 new sites per year, and grow our convenience and retail offer with 550 Select stores, and 900 vehicle servicing sites by 2025."



Lorelie Q. Osial

New President and CEO
Pilipinas Shell Petroleum Corporation



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Report from our CFO

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In 2021, we took concrete steps towards recovery and growth in line with our reset and refocused strategy. We have made choices to pursue superior value built upon a highly competitive and future-proof portfolio of assets. The Company delivered net income of PHP3.9Bn, a significant bounce back from last year's PHP16.2Bn loss. This was achieved at the back of a challenging business and macroeconomic environment.

The effects of the COVID-19 pandemic continued to be felt throughout the year particularly on mobility and demand for fuel products. The pandemic persisted with the emergence of new variants which the government addressed through calibrated restrictions – targeted locations, more frequent, but shorter in duration.

On the industry side, global finished product market prices increased by ~50% in 2021 vs PY, at one point even reaching >90 USD/barrel, driven by the oil demand recovery, weather-related supply disruptions, and restrained production by OPEC+. In the Philippines, this meant a corresponding increase in oil pump prices. At the same time, global refining margins stayed negative for most part of 2021, at an average of -3 USD/bbl. The decision to permanently cease refining operations insulated us from the negative impact of the volatility in refining margins and enabled us to reallocate our investment in enhancing our supply chain to world-class stature.

In terms of the Philippine context, the CREATE bill was signed into law last March 26, 2021,

with effectivity date of July 1, 2020. This fiscal stimulus will benefit corporations like Pilipinas Shell as it reduces corporate income tax rate from 30 to 25%, among others. However, as part of the transition, the Company recognized a one-off remeasurement loss in deferred tax assets which reduced our net income by ~PHP1.0Bn. Towards the end of the year, the Company paid under protest P1.7Bn of excise tax and VAT on alkylate components used in our refinery for years 2014-2020 pursuant to the demand letter issued by the Bureau of Customs (BOC), which was done outside of the court processes. The payment representing the first tranche of the P3.4Bn demand by the BOC was made to avert grave disruption in operations, mindful of its impact to the livelihood of thousands of Filipinos and allow us to continue providing the energy needs of our customers and the general public. The case on whether alkylate is subject to excise tax or not is yet to be decided by the courts. We remain firm on having a strong legal and factual position on this case. And as such, we have initiated refund proceedings to recover the amounts paid under protest.

With the sustained focus in managing the 3Cs – Cash, Cost, and Capital, Pilipinas Shell continues to demonstrate strong financial resilience in spite of the headwinds that we faced during the year. Our strategy is working, and it is propelling us towards a more sustainable, purposeful and profitable future.



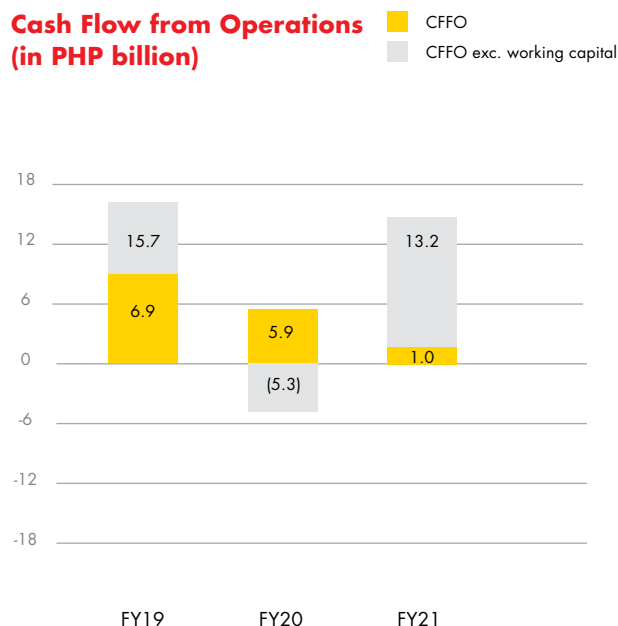
STRONG CASH GENERATION

Stronger net earnings performance resulted in positive CFFO before working capital of PHP13.8Bn, while net CFFO stood at PHP1.1Bn. The big difference is caused by higher working capital requirement that is primarily due to significantly higher market prices for petroleum products.

The remarkable recovery in net earnings is driven by value maximization initiatives of our marketing businesses. The Mobility and Commercial B2B teams delivered business growth through high premium product penetration (e.g. V-Power, FO Plus), successful execution of campaigns and promotions, while also offering innovative customer value propositions. In our first year of launch, we have reached our first millionth Shell GO+ member, our loyalty app program, generating incremental value in both fuel and non-fuel offerings per store visit.

We kept our collections and overdues at healthy levels through a robust cash governance framework, with strong accountabilities across businesses and functions. Opportunities to evolve our processes and systems were always explored - like new collection gateways for customers, provision of digital payment options and medium-term cash scenario planning. Strong banking relationships were maintained to guarantee continued access to bridging funds.

Cash Flow from Operations
(in PHP billion)



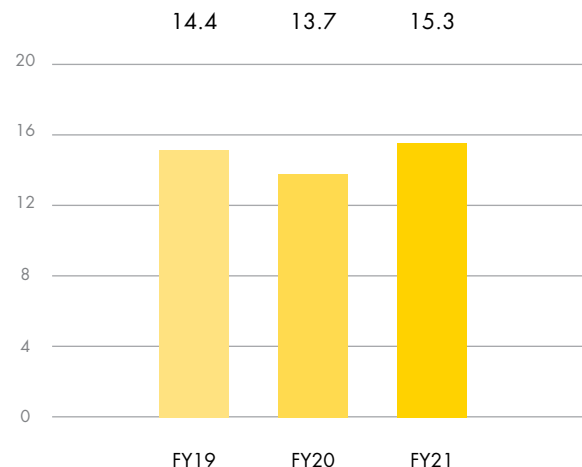
PRUDENT COST MANAGEMENT

Our cash preservation focus continued throughout 2021. We recognize the continuing uncertainties in the external environment and have therefore exercised financial prudence whenever we can. This has been a standard priority in our business conversations with both internal and external stakeholders.

The reported selling general, and administrative expenses is 12% higher vs our most disrupted year of operations in 2020 and 6% higher vs. pre-pandemic level in 2019. The increase is due to the shift in the residual operating costs in Tabangao from cost of sales to selling expenses, additional repairs due Typhoon Odette, resumption of employee discretionary bonus based on 2021 performance as well as advertising and promotional activities in line with demand recovery.

We continue to progress our supply chain enhancements and cost takeout efforts to drive efficiency and competitiveness in the market. In 2021, the end-to-end optimization and collaboration in Tabangao resulted in PHP0.9Bn of cost savings for the company.

Operating Expenses
(in PHP billion)





Sustainability

Corporate Governance

Sustainable Solutions to Power Progress

Our Employees

Our Communities

Respecting the Environment

Solutions for the Future

DISCIPLINED CAPITAL ALLOCATION

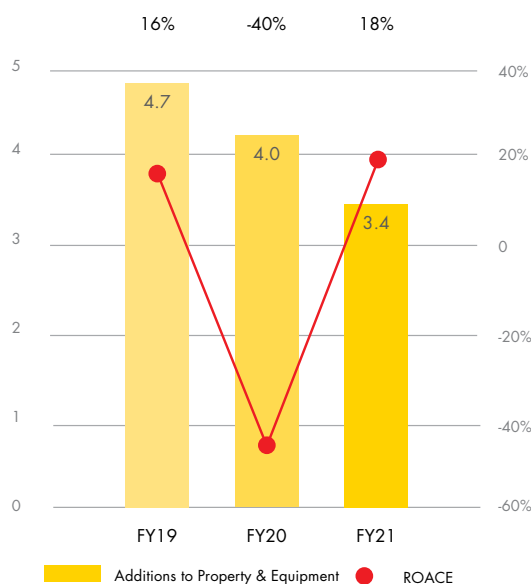
As part of our strategy, we directed financial resources to more sustainable and higher yielding projects. We continued to invest in 2021 in line with our PHP3-4Bn per annum CAPEX plan while delivering industry leading ROACE of 18% – higher than pre-pandemic level. Our agile and value-oriented approach complimented the robust strategy we have in place.

We built 43 new mobility (formerly retail) stations nationwide, 26 of which are the bigger company-owned (CO) sites that are located in key cities/higher foot traffic areas. This is our highest CO station opening in the last decade. Based on our financial evaluation, the returns on building slightly less number but bigger stations with full mobility offer and more strategically located, makes better economic prospects for us in the longer-term, compared to original plan. So, while our station opening count is short of our initial strategy of ~60 station openings, the value to be generated remains the same, and even better in some areas. On the other hand, we remain aggressive in our non-fuel retail investments ending the year with 187 Shell Select, 75 Deli2Go, 225 Select Express, and 455 Shell Helix Oil Service Centers.

The Company launched its first Site of the Future in Cavite, a modern, customer-centric and sustainability-focused station – of which, its blueprint is used as a model in the Shell Group, globally. We also reached a number of milestones in our shift to lower carbon operations in our assets. In mobility, we have already equipped our 100th site with solar panel fixtures. Other lower carbon alternative switches include the use of ecobricks & BitumenFreshAir (lesser harmful air particulates emitted) as building materials for our stations, converting to LED lights and inverters in-store, utilizing green walls, and rainwater recycling

systems. In our supply chain assets, our Villanueva depot (for our bitumen products) followed suit with our Tabangao import terminal, in installing solar panels as a part-substitute in our operations' energy sources, shifting to more renewables.

Additions to Property & Equipment and Return on Average Capital Employed (ROACE)
(in PHP billion)



Last November 2021, the Securities and Exchange Commission approved the Company's equity restructuring application to offset the 2020 retained earnings deficit of PHP4.3Bn against its share premium. However, unrestricted retained earnings available for dividend distribution remains at a deficit position by the end of 2021. We are committed to our dividend policy and rest assured that dividend pay-out remains to be a key priority the moment we are able to do so in compliance with SEC guidelines.

Overall, we are pleased of our financial delivery for the year, a good step to progress our next 5-yr growth ambitions, even in the face of the continued pandemic. In the next year, our main priority is to bring back our dividend payout for our shareholders. As the world shifts to the new post-pandemic normal, we are excited to grow & thrive in the energy transition, deliver sustainable solutions, and ultimately, power progress for the Filipinos.

Reynaldo P. Abilo

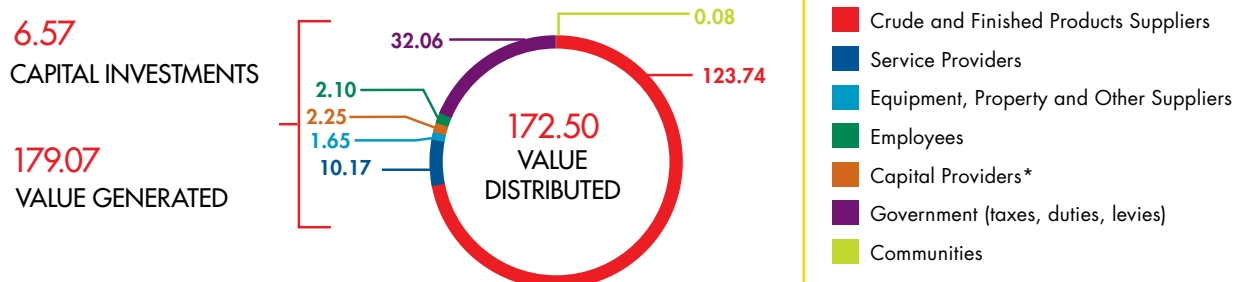
Chief Financial Officer

Pilipinas Shell Petroleum Corporation

Financial Highlights

Direct Economic Value Generated and Distributed

AMOUNT IN PHP BILLIONS



Summary Statement of Financial Position

For the year ended December 31

| (in PHP million) | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------|----------|----------|-----------|----------|----------|
| Current assets | 36,475.6 | 29,902.6 | 47,469.4 | 40,778.6 | 45,876.3 |
| Non-current assets | 58,673.6 | 56,647.5 | 55,450.1 | 39,387.8 | 36,000.7 |
| Total assets | 95,149.2 | 86,550.1 | 102,919.5 | 80,166.4 | 81,877.0 |
| Current liabilities | 32,704.3 | 33,394.3 | 39,453.2 | 28,456.8 | 31,235.0 |
| Non-current liabilities | 36,273.4 | 29,524.0 | 23,638.0 | 12,737.8 | 8,506.6 |
| Total liabilities | 68,977.7 | 62,918.3 | 63,091.2 | 41,194.6 | 39,741.6 |
| Total equity | 26,171.5 | 23,631.8 | 39,828.3 | 38,971.8 | 42,135.4 |
| Total liabilities and equity | 95,149.2 | 86,550.1 | 102,919.5 | 80,166.4 | 81,877.0 |

Summary Statement of Income

For the year ended December 31

| (in PHP million) | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------------------|------------|------------|------------|------------|------------|
| Gross sales | 182,522.5 | 162,022.7 | 224,288.6 | 223,817.7 | 174,470.2 |
| Sales discounts and rebates | -5,365.6 | -5,070.8 | -5,885.6 | -4,949.0 | -4,994.4 |
| Net sales | 177,156.9 | 156,951.8 | 218,403.0 | 218,868.7 | 169,475.8 |
| Cost of sales | -154,412.7 | -153,291.2 | -194,952.7 | -196,573.9 | -143,070.6 |
| Gross profit (loss) | 22,744.2 | 3,660.6 | 23,450.3 | 22,294.8 | 26,405.2 |
| Operating expenses | -15,347.7 | -13,722.8 | -14,448.6 | -14,386.6 | -13,860.1 |
| Other operating income, net | 1,914.8 | 177.8 | 388.4 | 583.9 | 489.4 |
| Income (loss) from operations | 9,311.2 | -21,008.8 | 9,390.1 | 8,492.1 | 13,034.5 |
| Income (loss) before income tax | 6,765.9 | -23,028.2 | 8,021.2 | 7,292.1 | 13,760.2 |
| Profit (loss) for the year/period | 3,855.7 | -16,182.6 | 5,621.2 | 5,076.3 | 10,368.2 |



Summary Statement of Cash Flows

For the year ended December 31

| (in PHP million) | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------|----------|----------|-----------|----------|
| Net cash from (used in) operating activities | 1,071.6 | 5,945.5 | 6,897.2 | 14,143.6 | 10,931.4 |
| Net cash used in investing activities | -3,339.3 | -3,961.5 | -4,903.3 | -4,291.5 | -4,539.7 |
| Net cash from (used in) financing activities | -2,351.5 | -472.3 | -1,670.1 | -11,719.9 | -4,468.7 |
| Net increase (decrease) in cash for the year/period | -4,619.3 | 1,511.6 | 323.7 | -1,867.8 | 1,923.1 |
| Cash at the beginning of the year/period | 6,290.5 | 4,778.8 | 4,455.1 | 6,163.3 | 4,274.3 |
| Cash at the end of the year/period | 1,684.3 | 6,290.5 | 4,778.9 | 4,455.1 | 6,163.3 |

EBITDA

For the year ended December 31

| (in PHP million) | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|----------|-----------|----------|----------|----------|
| Profit (loss) for the year/period | 3,855.7 | -16,182.7 | 5,621.2 | 5,076.3 | 10,368.2 |
| EBITDA | 12,365.3 | -16,501.4 | 14,252.0 | 9,988.6 | 16,291.5 |
| Less: Cost of Sales Adjustment (COSA) ¹ | 4,859.5 | -6,803.4 | 1,941.0 | -56.9 | 4,203.2 |
| EBITDA (adjusted for COSA) | 7,505.8 | -9,698.0 | 12,311.0 | 10,045.6 | 12,088.3 |

Key financial ratios

For the year ended December 31

| (in PHP million) | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------|---------|-------|-------|-------|
| Current ratio ² | 1.12 | 0.90 | 1.2 | 1.4 | 1.5 |
| Debt to equity ratio ³ | 0.84 | 0.68 | 0.4 | 0.2 | 0.2 |
| Debt ratio ⁴ | 0.23 | 0.18 | 0.1 | 0.1 | 0.1 |
| Return on assets ⁵ | 4.05% | -18.70% | 5.5% | 6.3% | 12.7% |
| Return on equity ⁶ | 15.12% | -70.26% | 14.3% | 13.2% | 24.9% |
| Return on average capital employed ⁷ | 18.0% | -40% | 16.3% | 14.8% | 26.9% |

¹ Cost of Sales Adjustment (COSA) approximates the inventory gains/losses incurred by the company due to crude and oil price fluctuations. Using the first in first out method of accounting, the cost of goods sold reflect costs 30 days earlier while revenues reflect current prices. The timing difference creates a significant impact on cost of sales. As a general rule, an increase in crude prices will create an inventory gain while a drop in crude prices will lead to an inventory loss. COSA is removed to reflect the underlying performance of the business. This methodology calculates the cost of goods sold as the monthly average of goods purchased and is consistent with the basis of reporting used by other oil refining groups.

² Current ratio is computed by dividing current assets over current liabilities.

³ Debt to equity ratio is computed by dividing net debt (short-term borrowings and loans payable less cash) by equity (exclusive of other reserves).

⁴ Debt ratio is computed as net debt divided by total assets.

⁵ Return on assets is computed as profit (loss) for the period divided by total assets.

⁶ Return on equity is computed as profit (loss) for the period divided by equity (exclusive of other reserves).

⁷ Return on average capital employed is defined as EBIT as a percentage of the average capital employed for the period. Capital employed consists of total equity, short-term borrowings and loans payable. Average capital is calculated as the mean of the opening and closing balances of capital employed for that period.

2021 Company Highlights

201-1 203-1 203-2

FINANCIALS

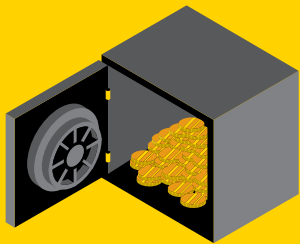


PHP13.8Bn

Cash Flow from Operations excluding Working Capital. Net Cash Flow from Operations at PHP1.1Bn

PHP900Mn

Cash Savings from our end to end supply chain optimizations. This includes our over 20PHPMn savings from our shift to lower carbon operations in our assets (e.g. using 100% renewable energy in our ~160 hectare Import Terminal in Batangas)



GROWING OUR INVESTMENT

1st Site of the Future

- 1st station with dedicated service areas for cyclists
- Sustainability features include solar panels in its canopy and seating area made of eco-bricks
- Integrated offers include vehicle servicing and popular Filipino food kiosks as co-locators



~1,120

Opened up 43 new sites, ~60% of which are Company-owned (CO) sites. This is the highest number of Company-owned site openings in the last decade.



52%

increase in tankage capacity in our Subic Import Terminal



50%

of Shell Select stations upgraded nationwide



1 Million

subscriber milestone of Shell GO+



UPLIFTING THE NATION

Beneficiaries of COVID-19 donations since 2020 operations:



~8,270

Indigent Families

4,190

COVID Patients

~8,140

Medical Frontliners

~250

Local Farmers



~7,000

families provided with Typhoon Odette relief



~2,000

scholars graduated from Gas Mo, Bukas Ko Program since commencement of the program



PUTTING PEOPLE FIRST

96%

Shell People Survey Response Rate (up from 88% in 2020)

8.022 M

Serious Injuries, Fatalities (SIF) Free Man Hours

1st FEMALE

CEO in the 107-year history of the Company

~7,000

vaccination and/or booster shots provided for employees and/or their dependents.



Corporate Governance

- 2021 Board of Directors
- Enterprise Risk Management
- Leading with Integrity
- Living by our Principles
- Our Policies
- Strategy Day



Sustainability

Corporate
GovernanceSustainable Solutions
to Power ProgressOur
EmployeesOur
CommunitiesRespecting the
EnvironmentSolutions for the
Future

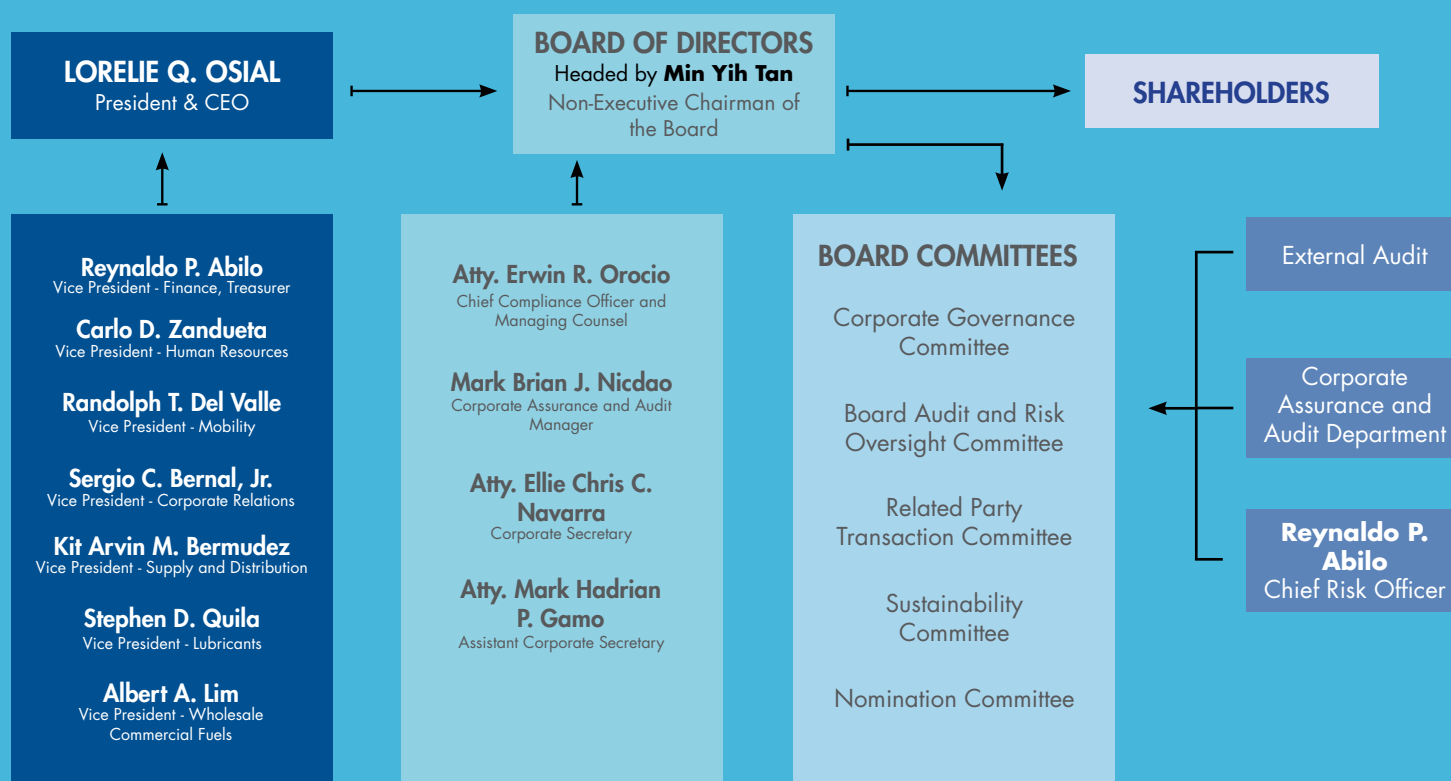
The success of the business is rooted in the strong foundations of corporate governance. Responsibility, accountability, and transparency are the cornerstones of good corporate governance and Pilipinas Shell is committed to upholding these in the conduct of our business.

PSPC complies with the Code on Corporate Governance and other guidelines mandated by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) for listed companies. PSPC has a Chief Compliance Officer who has oversight over these matters and certifies the Company's compliance each year. Necessary disclosures are submitted to the SEC and the PSE in fulfilment of the reportorial requirements of the regulators.

Pilipinas Shell's Board of Directors provides oversight and guidance on matters of corporate governance. The Board is currently led by Non-Executive Chairman of the Board, Min Yih Tan, and the Management Team for Pilipinas Shell was led by President and Chief Executive Officer (CEO) Cesar Romero until 30 November 2021. Mr. Romero has been succeeded by Lorelie Osial effective December 2021 as the new President and CEO of the Company.

PILIPINAS SHELL PETROLEUM CORPORATION

ORGANIZATIONAL CHART 102-18





Sustainability

Corporate
Governance

Sustainable Solutions
to Power Progress

Our
Employees

Our
Communities

Respecting the
Environment

Solutions for the
Future

2021 Board of Directors



Min Yih Tan
CHAIRMAN OF THE BOARD
(Singaporean)

Chairman of the Board since 01 January 2020. He is likewise the Vice President - Global Mobility Network (formerly Retail) and oversees the life cycle management of all Shell Retail assets across the world. He is a key member of the Global Retail Leadership Team and leads its Global Network Leadership Team. He has held the following positions in the Shell Group: General Manager, Retail Network Development; General Manager, Global Retail & Commercial Strategy; General Manager, Commercial Fuels (East); and General Manager, Lubricants (S. E. Asia). He holds a Bachelor of Science in Mechanical Engineering and an MBA.



Lydia B. Echauz
INDEPENDENT DIRECTOR
(Filipino)

Independent Director since 16 May 2017 and chairs the Related Party Transaction Committee. She holds directorships in Meralco and D&L Industries, Inc., among others. She was 10-year President of Far Eastern University (PLC), FEU Silang, FEU Diliman, and FEU East Asia College. She was 16-year Dean of the Graduate School of Business, De La Salle University, Associate Director of the Ateneo de Manila Graduate School of Business and faculty member of the University of the East College of Business Administration. She earned her AB Major in Economics and Mathematics from St. Theresa's College, MBA from Ateneo de Manila University and DBA from De La Salle University.



Sustainability

Corporate Governance

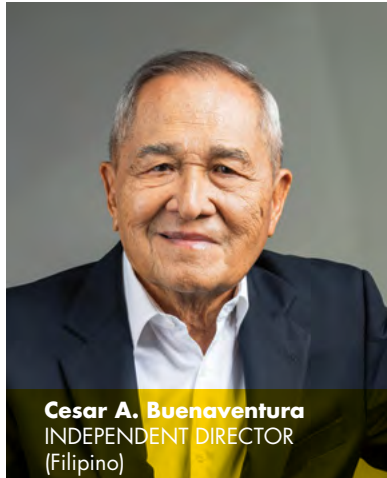
Sustainable Solutions to Power Progress

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Our Communities

Respecting the Environment

Solutions for the Future



Cesar A. Buenaventura
INDEPENDENT DIRECTOR
(Filipino)

Independent Director, has been with the Company since 1956, and was Chairman and CEO from 1975 to 1990. He chairs the Board Audit and Risk Oversight Committee. He is the Founding Chairman of the Pilipinas Shell Foundation, Inc. and a Founding Member of the Makati Business Club. He is Chairman of Buenaventura Echauz and Partners Inc. and Chairman of Mitsubishi Hitachi Power System Philippines. He is Vice Chairman of DMCI Holdings and director of Concepcion Industrial Corporation, Semirara Mining and Power Corporation, Petroenergy Resources Corporation, I People Inc., and Manila Water Company, Inc. He received his Bachelor of Science in Civil Engineering from the University of the Philippines and a master's degree in Civil Engineering from Lehigh University as a Fulbright scholar.



Fernando Zobel de Ayala
INDEPENDENT DIRECTOR
(Filipino)

Independent Director, and Chairman of the Corporate Governance Committee. He chairs the Corporate Governance Committee of Pilipinas Shell. He is the Vice Chairman of the Board, President and COO of Ayala Corporation, one of the Philippines' largest conglomerates. He is the Chairman of the Board of Ayala Land, Inc. and Manila Water Company, Inc. and sits on the board of various companies in the Ayala group. He serves on the Board of INSEAD and Georgetown University, and is a member of the Chief Executives Organization. He is a trustee of Pilipinas Shell Foundation, Inc., among other philanthropic organizations. He holds a liberal arts degree from Harvard College and a CIM from INSEAD, France.



Luis C. la Ó
NON-EXECUTIVE DIRECTOR of
the Corporation. (Filipino)

Non-Executive Director since 03 May 2018 and chairs the Sustainability Committee. He is the Non-Executive Vice Chairman of the Board of The Insular Life Assurance Co., Ltd., wherein he first joined as a Non-Executive Trustee on 22 January 2015. He was a former Chairman of the Board of Directors of Mapfre Insular Insurance Corporation. He obtained his Bachelor of Science degree in Management at Ateneo de Manila University and completed his Master's degree in Business Management from De La Salle University. He finished a course on General Insurance from the College of Insurance, Chartered Institute of London, United Kingdom.



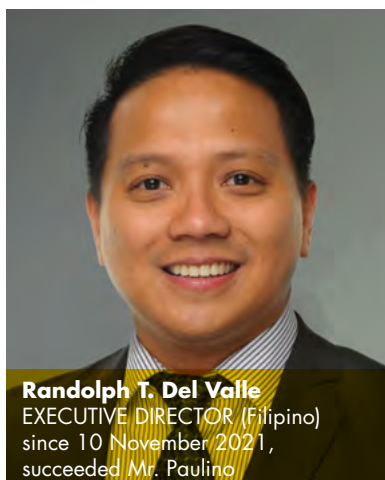
Rafi Haroon Basheer
NON-EXECUTIVE DIRECTOR
(Pakistani)

Director since 01 January 2020. He is currently Chairman of the Board of Shell Pakistan Ltd, a listed entity in Pakistan, and the VP Finance for Global Lubricants. He held various positions in the Shell Group, including Global GM Finance – Specialities, Chief Financial Officer & Country Controller - Shell Companies in Pakistan, Regional Finance Manager Asia Pacific - Shell Singapore, and Global Governance and Assurance Manager. He is a member of the Institute of Chartered Accountants in England and Wales. He earned his diploma in Accountancy with distinction at the London Metropolitan University.



Reynaldo P. Abilo
EXECUTIVE DIRECTOR (Filipino)

Director since 01 January 2021, is likewise the Vice President-Finance, Treasurer and Chief Risk Officer. Prior to that, he was the Corporate Audit and Assurance Manager. He joined Shell in 2009 as PH Retail Economics Manager where he distinguished himself by winning the 2012 CFO award for site profitability analysis and 2013 Downstream Director Award for Dealer Operated platform strategy. He is a CPA Board topnotcher with over 17 years of experience in audit, accounting, economics, strategy development, business performance management, and commercial decision support. He graduated Cum Laude from the University of the Philippines (Diliman) with a Bachelor's degree in Business Administration and Accountancy.



Randolph T. Del Valle
EXECUTIVE DIRECTOR (Filipino)
since 10 November 2021,
succeeded Mr. Paulino

Vice-President – Mobility (formerly Retail) effective 01 January 2020 and has been re-appointed as Director on 09 November 2021. He is responsible for the Downstream Marketing Mobility Business that covers more than 1,000 sites serving approximately 1 million customers/day enabled by a strong team of 15,000 employees, retailers and service champions. He brings with him more than 20 years of experience across different businesses from local, regional and global roles. He is a Chemical Engineer and earning his Bachelor of Science in Chemical Engineering from the University of San Carlos (USC), Cebu. He also has an MBA degree from London Business School, UK.



Sustainability

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Solutions for the Future



Non-Executive Director from March 2019 to September 2021. He was Managing Director and General Manager of Shell Philippines Exploration, B.V. He has 24 years of international senior leadership in the oil and gas industry, including leading large production facilities in Scotland, England, Malaysia, and Australia.



Non-Executive Director from 2015 to August 2021. She retired from Insular Life Assurance Company, Ltd., where she was formerly the President and COO. She held directorships in Insular Life Health Care, Inc., ILAC General Agency, Inc., Insular Investment and Trust Corporation, Home Credit Mutual Building and Loan Association, Insular Life Development and Management Corporation, Insular Life Property Holdings, MAPFRE Insular Insurance Corporation, and Union Bank of the Philippines.



President and CEO from 2016 to November 2021. He joined Shell in 1987 and held various roles in refinery, supply planning, strategy, and lubricants at local, regional, and global levels. He was formerly Vice President-Global Mobility (formerly Retail) Network from 2013 to 2018 responsible for the management and capital investment associated with the Global Retail business' physical assets worldwide. He was a member of the Shell Global Retail Leadership team which set policies, strategy, annual business targets, capital allocation, and operations for Shell's Downstream Retail Business comprised of over 43,000 petrol stations in the world, the largest single branded retailer in the world.



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Amando M. Tetangco, Jr.
INDEPENDENT DIRECTOR
(Filipino)

Independent Director A career central banker for over four decades. He served as the Governor of the Bangko Sentral ng Pilipinas for two consecutive terms. He held other government positions, such as Chairman of the Anti-Money Laundering Council and the Financial Stability Coordination Council. Currently, he serves as independent director in various companies in the property development, resort and leisure, telecommunications, auto, hotel, health care and credit information sectors, and is a trustee in foundations involved in education, environment and other social services. He graduated from the Ateneo de Manila University with an AB Economics degree and obtained his Masters in Public Policy and Administration (Development Economics) from the University of Wisconsin-Madison, USA.



Nina D. Aguas
NON-EXECUTIVE DIRECTOR
(Filipino) since 10 August 2021,
succeeded Ms. Dela Cruz

Appointed Non-Executive Director on 10 August 2021, and a former director from 2016 to 2018. She is the Executive Chairperson of The Insular Life Assurance Co., Ltd. She was the first woman CEO of the Insular Life after more than a century of its operations. She is a business leader with over 30 years in retail, wealth, investments and private banking. She managed global and regional and country-level businesses and operations in large international companies in developed and emerging markets in the Asia-Pacific and the US. She holds a Bachelor of Science in Commerce, Accounting degree from the University of Santo Tomas.

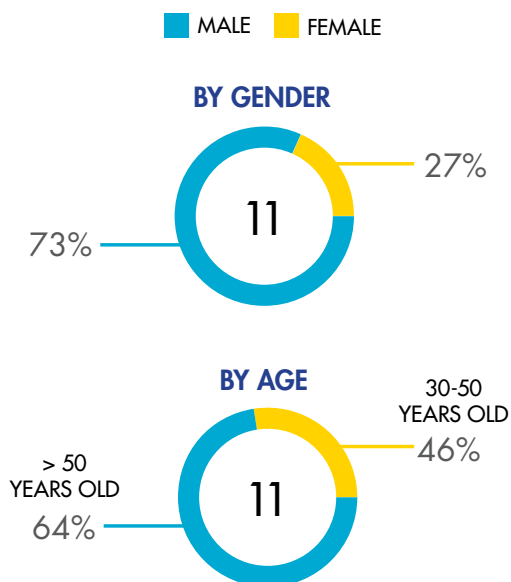


Lorelie Q. Osial
EXECUTIVE DIRECTOR (Filipino) since
01 December 2021, succeeded Mr.
Romero

New President and CEO of the Company since 01 December 2021, the first female CEO since its incorporation. She also chairs the Nomination Committee. She has 20 years of experience with Shell. She joined the Upstream business and since then, has worked in various business-facing Finance roles in production, projects, regional, shareholder and joint venture environments in Upstream and Midstream Asia, the Middle East, and North Africa. She has a degree in Bachelor of Science in Accountancy from Silliman University (Cum Laude) and is a Certified Public Accountant. She holds an MBA degree from the University of Western Australia.



BOARD COMPOSITION 405-1 102-19



The Board exercises oversight on economic, environmental, social and governance ("EESG") matters. Directions and decisions on EESG are delegated to the Management and embedded in each class of business and function. The Board Audit and Risk Oversight Committee takes the lead in ensuring that key risks on EESG matters are addressed.

In 2021, the Company renamed its Corporate Social Responsibility Committee as "the Sustainability Committee" with an updated charter (effective March 2021). It includes its role in making recommendations to the Board on social performance and sustainability matters, including the extent of our sustainability disclosures, together with our legal counsel. Please see the full list of the Board Committees and their respective charters [here](#).

Enterprise Risk Management 102-30

The Risk Management Policy explicitly states that management is responsible for implementing, operating, and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives. The Board Audit and Risk Oversight Committee (BARC), in turn, evaluates the Company's management culture. External Audit, Internal Audit, and the Corporate Assurance and Audit Department provide an independent and objective assurance to the Management and BARC. Know more [here](#).

Leading with Integrity 102-28

The [Revised Manual on Corporate Governance](#) reaffirms the Corporation's commitment to the Shell General Business Principles and to the concept of sustainable development, both of which govern how we conduct our affairs. It provides clarity on the duties and responsibilities of the Chief Compliance Officer and the Board of Directors (BOD).

The BOD follows the best practices in corporate governance as laid down in the Manual, in compliance with the local Code of Corporate Governance for Publicly listed Companies, and in line with the G20/ OECD Principles of Corporate Governance, as well as the ASEAN Corporate Governance Scorecard.



- **Board of Directors Self-Evaluation.** Performance self-assessments are annually conducted for the Board, individual members of the Board, Committees and the Management. Results are tabulated and presented by the Corporation Governance Committee to the Board. Every three years, an external facilitator conducts the self-assessment, in compliance with the Code of Corporate Governance for publicly listed companies. This 2021, an external firm conducted a survey with the Board, and an interview with the President and Chief Executive Officer as part of this process. Results of the evaluation were reported to the Corporation Governance Committee last July 2021. The Committees and their respective Secretariats were engaged to address the recommendations and set the way forward.

- **Business Assurance Letters.** At the close of every year, business managers sign off on their respective Business Assurance Letters, addressed to the President and CEO, assuring that there have been no incidents of non-compliance or breaches of trust. Likewise, both the President and Chief Executive Officer, and Corporate Audit and Assurance Manager issue an attestation on the effectiveness of internal controls. Based on these attestations and assurance from internal and external auditors, the Board Audit and Risk Oversight Committee assesses the adequacy of Pilipinas Shell's controls, governance, and risk management.

- **Board Audit and Risk Oversight Committee (BARC) Controls Assessment Statement.** Based on the results of controls self-assessments and risk-based assurance reviews, the reliance on the work of SGV Co., the Company's external auditor, on their audit of the December 31 2021 Financial Statements, the assurance provided by the Corporate Assurance and Audit Department (CAAD), as a result of their audit activities, the Committee assessed that Pilipinas Shell's systems of internal control, risk management, compliance, and governance processes are adequate and effective as of December 31, 2021.

Living by our Principles ¹⁰²⁻¹⁶

All Shell employees and contractors are expected to understand and work in line with the Company's high ethical standards, as outlined in the following documents:

The [Shell General Business Principles](#) underscore our responsibilities to our stakeholders and to society. They include commitments to fair competition, business integrity, and compliance with applicable laws and regulations.

The [Code of Conduct](#) explains how employees must behave in order to live up to our business principles. It covers a broad range of topics such as safety and security, legal compliance, conflicts of interest, gifts and hospitality, records management, and professional conduct.

The [Ethics and Compliance \(E&C\) Manual](#) incorporates compliance with both the Philippine and international laws on anti-bribery and corruption (ABC), anti-money laundering, tax evasion, antitrust, data privacy, and trade controls. It also details the procedures and requirements to ensure compliance with these laws, such as:

- Conduct periodic risk assessments on the foregoing ethics and compliance-related matters to



- ensure that ensuing risks are identified, assessed, and mitigated promptly;
- Adopt E&C training program wherein the type of E&C training provided is designed to address the level of risk present in the employee's role;
- Implement an E&C due diligence process that detects E&C risks that may arise from transactions with third parties and adopts adequate mitigations to address these risks;
- Include E&C clauses in all our contracts; and
- Normalize and habituate E&C by creating opportunities for best practice sharing sessions and "E&C moments" as part of the agenda of team meetings, town hall sessions, and Integrity Week.

Our Policies 102-16

We align our practices with Philippine national laws and regulations, as well as international laws or legislations with international effect. Where applicable, we adopt the stricter law.

Anti-Bribery and Anti-Corruption. We have a zero-tolerance policy on the payment of bribes, facilitation payments, and political payments. We follow national and international laws prohibiting bribery and corruption. This includes the Revised Penal Code AntiGraft and Corrupt Practices Act of the Philippines, the Foreign Corrupt Practices Act of the United States, and the Bribery Act of the United Kingdom.

Gifts and Acts of Hospitality. The E&C Manual also provides guidelines on acceptable gifts and acts of hospitality, subject to recording requirements in the online Code of Conduct Register.

Conflict of Interest. Pilipinas Shell requires employees to declare perceived, potential, or actual conflicts of interest in the online Code of Conduct Register, subject to mitigations, when necessary, as agreed with and approved by the employee's line manager.

Data Privacy. Respecting privacy and protecting data is more than legal compliance; it is good business practice. We adhere to a data privacy manual following the General Data Protection Regulation (GDPR) of the European Union, as harmonized with the Philippines' Data Privacy Act of 2012 and its implementing rules and regulations. Our privacy compliance framework is governed by the Binding Corporate Rules approved by privacy regulatory authorities.

Whistleblowing Policy. Employees are duty-bound to report a potential E&C incident via the Helpline, their line manager or any company leader, the Country Ethics & Compliance Manager, legal counsels, or Human Resources. Anyone can access [Shell's Global Helpline](#) to report E&C incidents, even anonymously, by calling the US Call Collect No. +1 704-973-0344 or accessing the same online via <https://shell.alertline.eu/gcs/welcome>. Pilipinas Shell will not tolerate any form of retaliation directed at anyone who raises a concern in good faith about a possible violation or participates in any investigation. Any act or threat of retaliation against such employees will be treated as a serious violation of the Code of Conduct.

Corporate Disclosure Policy. We comply with the reporting requirements under the Securities Regulations Code and its implementing rules and regulations, Philippine Stock Exchange (PSE) Listing and Disclosure Rules, and our own Revised Corporate Disclosure Guide. The BOD ensures full disclosure of material information about the Company, with an increasing focus on non-financial and sustainability reporting. Additionally, the Company also publishes an Integrated Annual Corporate Governance Report.

Insider Dealing. Compliance with the Securities Dealing Code is compulsory for every employee. Those with access to inside information about the Company, another Philippine publicly listed company, or a traded commodity or commodity derivative, must not engage in any dealings until such time as this information is available to other market participants or publicly disclosed.



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2021 Management Team Trainings

In-House Training for PSPC Management Team

Pilipinas Shell held its 2021 In-House Corporate Governance Training Sessions, even virtually, due to the on-going pandemic work-from-home setup. Building on the current and biggest challenges of the Company this year: Reshape (Shell plc's global business reorganization and transformation) and COVID-19 pandemic, the topic was Shell Scenarios: Building Resilient Mindsets.

Ms. Geraldine Wessing, Chief Political Advisor from the Shell Group, delivered the training. Topics included the Founding Principles of a Scenario mindset, guiding principles in Scenarios: The Long View, Outside-in Thinking, Multiple Perspectives, and building methods to develop Scenarios and the different Shell Energy Transformation Scenarios.

The Company complies with the SEC-accredited annual training requirement for its Directors and officers.

Training of New Crisis Management Team Members

The Crisis Management Team headed by Pilipinas Shell's President and CEO is the Company's core team of individuals from different businesses and divisions that leads response and handles emergencies and complex company-wide issues. Every two years, the team undergoes training to ensure that all members are fully trained in standard strategies to handle crisis situations. The training is also intended to develop better decision-making skills in times of emergencies and crisis, and to train newly appointed members.

This 2021, the training was facilitated by Stuart Tan, a member of the Shell Group Crisis Management Team. During the two-day event, the rich exchange of thoughts showed the tenured competence and experience of each member. By simulating a real-life crisis scenario, overall governance & collaboration was refreshed and improved.





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Strategy Day: Pilipinas Shell sets its course from 2021-2025

Part of upholding Pilipinas Shell's high corporate governance standards is continuing its commitment to transparent, accurate and responsible reporting. Communication to stakeholders about the status of the Company as well as its future trajectory is important to build trust and inspire confidence, and to nurture relationships that have been built through the years. With this in mind, Pilipinas Shell held a [Strategy Day in March 2021](#), laying out the Company's financial and operational standing after an unprecedented year full of challenges in facing a global pandemic. Moreover, PSPC presented its strategic priorities for growth and sustainability in the next five years.

The webcast communicated the insights gleaned from the COVID-19 pandemic, and how these together with continuing business growth aspirations, a new supply chain model, and the Company's plan to contribute to the energy transition aspiration of the Shell Group, shaped the priorities of Pilipinas Shell to thrive in the industry.

According to Mr. Cesar Romero, President and CEO at the time of the Strategy Day, "the circumstances of 2020 allowed us to demonstrate the resilience of our company. Pilipinas Shell is confidently looking forward to serving the country's energy and mobility requirements with its refocused strategy, bringing customer-centric innovative offerings."

For 2021 onwards, Pilipinas Shell sets its sights on upgrading its fuel stations to become mobility destinations with more innovative and customer-centric offerings. The company will also continue to offer high quality products and services supported by a reliable supply chain network with nationwide reach, as well as contribute to energy transition by offering low carbon products and lowering its carbon footprint in its own assets.





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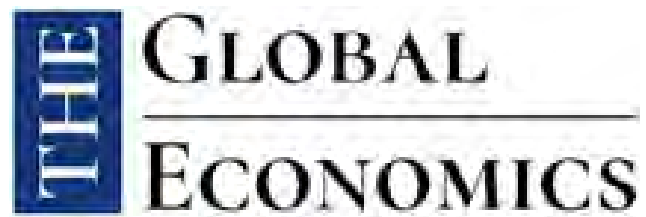
Solutions for the Future

Awards



Best Oil & Gas Company - Philippines 2021 Best CSR Company - Utility - Philippines 2021 2021 Global Economics Awards

The Global Economics Awards identifies business enterprises that put their hard work into forging the best work culture towards their regional and global economies. Pilipinas Shell was recognized as the best market player in the oil and gas industry in the country and for its social investment programs that have made a positive impact in the lives of many Filipinos.





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2021 Green Innovation Award

Asia Corporate Excellence and Sustainability (ACES) Awards

In recognition of Pilipinas Shell's utilization of ecobricks for Pilipinas Shell Mobility Station in Plaridel Bulacan.

This award is bestowed upon organizations that showcase exemplary innovation in sustainability, where initiatives championed may include elements of reducing the environmental impact of products, improving resource efficiency, and/or the use of alternate technologies and processes.

APAC Stevie for Innovation in Community Relations or Public Service Communications

Silver Stevie® Winner Shell Philippines: Changing Stereotypes and Opening Opportunities for Filipino Women

The Award recognizes innovation in campaigns and programs that aim to improve relations with communities or campaigns and programs that advance public understanding of societal issues, problems or concerns.



ASIA-PACIFIC
STEVIE® AWARDS

APAC Stevie Award for Innovation in Investor Relations

Gold Stevie® Winner

In recognition of Pilipinas Shell's 'Managing Investor Morale Through Digitalization'

The Award recognizes the innovations and agile communication responses towards the Company's investment community concerns during the height of the pandemic. Additional relevant profitability metrics were introduced through boosted digital communications.

COVID-19 Response- Most Exemplary Employer

Silver Stevie® Winner

"Care, Continuity and Cash: Shell Philippines' Three-Fold Strategy in the Better Normal"

The award recognizes organizations that have demonstrated extra commitment to keeping their employees working, paid, and safe during the pandemic.

Innovation in Customer Service Management, Planning & Practice

Silver Stevie® Winner

"From Biker to Bida (Hero): Shell Elevates Consumer Experience for Motorcycle Riders in the Philippines"



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COVID-19 Response - Most Valuable Corporate Response Silver Stevie® Winner

"Shell Philippines: Continuing to Power the Nation Amid COVID-19"

This award is for exemplary responses by companies to the pandemic to ensure the well-being of their employees, customers, and communities.



Top 100 Graduate Employers - Mining, Oil & Gas category Top 6 Employer
GradPhilippines & Inquirer Group of Companies

Pilipinas Shell was ranked as the Top 6 Employers under the Mining, Oil & Gas category. The GradPhilippines' Top 100 Graduate Employers list is a ranking that awards exceptional employers who hire early career talent.



53rd Shell National Students Art Competition (NSAC) Philippine Association of National Advertisers (PANA)
Bronze, People's Choice Award in Excellence in Customer Empowerment Category

PANAta Awards recognizes the most creative and effective brand marketing communications campaigns in the Philippines.



Asia Employee Wellbeing Awards Winner Physical Wellbeing

The award recognizes an Asian company that has adopted a strategic and proactive approach to promoting the physical wellbeing of its employees.

OTHER RECOGNITIONS

Roots to Shoots
Finalist, Outstanding CSR Project for Collaboration
CSR Guild Awards, League of Corporate Foundations (LCF)

Shell LiveWIRE - SIBBAP
Finalist, Outstanding CSR Project in Enterprise Development
CSR Guild Awards, League of Corporate Foundations (LCF)

Movement Against Malaria
Finalist, Outstanding CSR Project in Health
CSR Guild Awards, League of Corporate Foundations (LCF)

Shell National Students Art Competition (NSAC)
Finalist, Excellence in Customer Engagement Marketing Excellence Awards 2021

Shell National Students Art Competition (NSAC)
Finalist, Best Use of Contest/ Promotions Loyalty and Engagement Awards 2021



Sustainable Solutions to Power Progress

- New Supply Chain Strategy: More Competitive, Sustained Growth
- Pilipinas Shell Site of the Future: Enhancing the Customer Experience
- Your One Partner for All Your Fleet Mobility Solution Needs
- Powered by Renewable Energy: SHIFT & Villanueva Terminal
- Bitumen & Beyond: Integrated Services Across the Industry
- Pilipinas Shell Aviation: support through transportation
- Gamechangers Industry Forum





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Our sustainability approach is integrated in our Powering Progress strategy in the Shell Group level. It has four main goals: generating shareholder value, achieving net-zero emissions, respecting nature and powering lives. We aim to provide more and cleaner energy solutions in a responsible manner – in a way that balances short-term and long-term interests, and that integrates economic, environmental and social considerations.

Our values in sustainability have always been our guide and inspiration in our decision making and in the creation of the new products and services that we offer.





New Supply Chain Strategy: More Competitive, Sustained Growth

102-10 102-48

Pilipinas Shell inaugurated its Pilipinas Shell Import Facility in Tabangao (SHIFT) in July 2021. Formerly a refinery site, the transformation of the Batangas facility to a Medium Range (MR)-capable import terminal enhances the Company's capacity to supply and meet fuel demand in Metro Manila, South Luzon, and up to Northern Visayas. This transforms the Company's nationwide supply chain into a 100% import model.

With a storage capacity of 263 million litres, SHIFT also boasts enhanced MR-capable jetties that have loading arms, which make product transfer safer and faster, and provide an easier and more ergonomic operation.

The transformation represents the Company's shift in its approach to a world coping with COVID-19 through effective, real-time response to recovery. It also shows the company's resilience in face of a global challenge, and the commitment to ensure continued supply to the country's growing fuel demand, in an efficient and competitive manner.





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Unlocking more value with the new supply chain model

| | |
|--------|---|
| CAPEX | <p>Allocation from refinery asset maintenance projects to high-yielding mobility sites and terminal expansion/upgrades that will enhance long-term import & cost competitiveness to capture growing demand.</p> <p>Large capacity tanks with fast transfer rates for efficient marine discharge and loading operations.</p> <p>Best-in-class digitized operations where possible.</p> |
| OPEX | <p>PHP0.7billion structural savings realized vs. running a refinery.</p> |
| PROFIT | <p>Reduce annual variability of inventory gains/losses (+PHP4.2billion to -6.8billion) & refining margins (+PHP5.5billion to -5.7billion)</p> |

Note: Refinery CAPEX based on historical trend for both run & maintain and growth projects since the IPO.

Apart from SHIFT, a new import terminal was also opened in 2020 in Subic, Zambales thereby further strengthening supply in the northern part of the country. The import terminal, which has a total storage capacity of 54 million litres of product, forms Pilipinas Shell's supply triangle together with the Tabangao site, and the North Mindanao Import Facility (NMIF) in Cagayan de Oro City in Mindanao.



**Pilipinas
Shell
Subic
MR-capable
Import
Facility**



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Pilipinas Shell Site of the Future: Enhancing the Customer Experience

Inspired by the changing needs of our customers, the fast-paced digital revolution, and the shift to more sustainable options, Pilipinas Shell's Site of the Future promises a more enhanced customer experience. With its launch in September 2021 in Silang, Cavite, the new mobility station was developed with extra attention given to convenience, sustainability and customer-centricity.

A pioneering project in the Philippines, the site's innovative & modern design is set to become a global blueprint for mobility stations.



Conveniently at your Service

In addition to the core offers of convenience retailing, Shell has partnered with Chatime and other food & beverage brands to better serve the growing on-the-go consumption needs of our customers. The Site of the Future is one of the pioneer sites where these new offers are fully integrated in our convenience retail business operations & design. Unique items from different areas of the Philippines are also featured and supported by programs like the Department of Trade and Industry's (DTI) One Town One Product (OTOP) and Go Lokal!, which all help mobilize the products of community entrepreneurs.

In support of safer and contactless mobility, Shell has also made Touchpay available in Shell Select stores, allowing customers to pay their bills, and more importantly, top-up their RFIDs for contactless tollway transactions. In addition, Gcash and PayMaya are now widely accepted across the network to accept contactless fuel and convenience retail payments.



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COMMUNITY HUBS



From L to R: Biker's Lane in Shell Station Cavite; Local bakeshop offerings in Shell Station Agusan Del Norte; Gallery-themed Select Store in Cebu. More stores are being renovated, transforming them from fuel stations to mobility destinations.

REDEFINING CONVENIENCE



From L to R: More than 100 Shell Select stores are offering delivery services of groceries, amongst others; Creation of more Shell Helix Oil Change & Lube Lounges nationwide provided vehicle servicing options for motorists.

FAVORITE FOOD & LIFESTYLE BRANDS



Pilipinas Shell partnered with more than 70 co-locators (and growing) of famous Filipino restaurant and lifestyle brands

NEW VALUE ADDS

Other value maximization projects implemented in-store are 1) Car Care Line offerings 2) Scaling up Shell Select buildings with 2nd floors for more community offerings.



Ready To GO+ More! : Connecting customer experience in-store

Shell GO+ digital app has reached a 1 Million subscription milestone this 2021, a year after its implementation. Shell GO+ makes every station visit more convenient and rewarding by providing our customers with facilities and reward programs to ensure they get the most out of their refueling experience.

From an organizational perspective, Shell Go+ allows our Mobility team (formerly retail) to manage our customer data and communications more effectively, resulting in a personalized offer for each customer. The digital loyalty program application has been proven reliable in supporting the heightened contactless measures in-stations, as part of the Company's COVID-19 protocols, and at the same time, protecting personal information.



Sustainable Design Features

The site's design is energy-efficient and promotes circular economy, and lowers carbon emissions from operations through solar panels integrated in the forecourt canopy; eco-bricks upcycled from used plastics that make up the walls and outdoor chairs and tables; as well as rain catchers that harvest water for watering plants and flushing toilets.

With the current boom in bicycling, there is also an open-air area for cyclists which features stop-and-go bicycle racks.

In building materials, the site features the use of Shell Bitumen Fresh Air asphalt which offers a 40% reduction in the levels of sulfur oxides, nitrogen oxides, volatile organic compounds, particular matter, and carbon monoxide during application.



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Your only partner for all your fleet mobility solution needs

Shell Fleet Solutions business is constantly evolving to meet the ever changing needs of customers and the world. The complete range of solutions adds value to every part of our customers' business, and makes everyday tasks more convenient for both business owners and drivers. From providing cutting-edge technology in fleet management tools to advancing Shell's culture of care to customers through HSSE offers that keep them safe on the road, we continue to deliver unparalleled value to customers. This year, even in the midst of a pandemic with rampant travel restrictions, Pilipinas Shell's Fleet Solutions business grew by 10%, winning more than 230 new B2B customers.



HSSE: A Strong Offer

Shell Fleet Solutions kept more than 1,700 drivers safe on the road through the Road Side Assistance Program and Defensive Driving Classes. Shell's expertise in HSSE continues to provide value to customers especially in a post-pandemic world helping us to further strengthen a partnership that is sustainable and value-driven.

One stop shop for fuels and lubricants

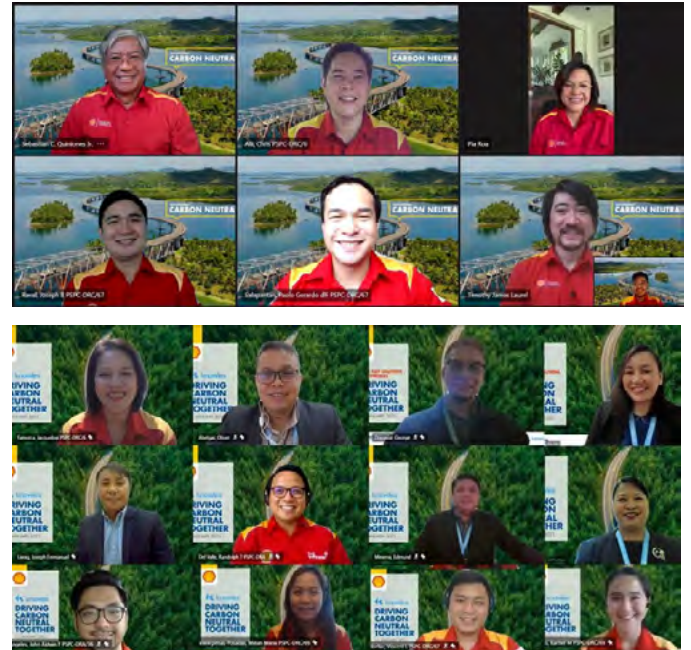
Convenience is still one of the pillars of our offer to our customers. As companies look for more ways to streamline their mobility needs for better efficiency and savings, Shell Fleet Solutions continues to offer a one-stop solution as our customers use their cards to purchase fuel, lubricants and oil change packages through our Shell Helix Oil Change+ Service Centers.

Helping you on the journey to a carbon-neutral fleet

Shell Fleet Solutions is here to help our customers transition to a carbon neutral future. Our customers can compensate their fleet's unavoidable carbon emissions through Shell's voluntary carbon offset offer. The emissions are compensated by carbon credits, which are equivalent to the amount of emissions from customers' fleet, and purchased by Shell for the customers from a global portfolio of approved projects. Shell will issue a yearly retirement certification confirming that the fuel's emissions have been compensated. Charges are applied seamlessly to our customer's account and they can continue to use their Shell Card to refuel.

In 2021, and Pilipinas Shell Foundation Inc., [Mazda](#) Philippines and [Knowles](#) Philippines signed up for our voluntary carbon offset offer. To read more about these collaborations.

We look forward to supporting more customers in 2022 in their journey to carbon neutrality.



Shell Fleet Solutions is technology ready to meet the mobility requirements of an evolving world

As e-commerce was gaining momentum in the Philippines, the pandemic accelerated the move towards a more digital economy. As new customer segments emerge, and business models shift, Pilipinas Shell offers innovative tools at the forefront of technology that provides our customers with intelligent solutions needed in this dynamic and fast-changing world:

Shell Fleet Hub: making it simpler to manage your fleet

Shell Fleet Hub offers customers access to fleet management anytime, anywhere. With this user-friendly portal, it takes our customers only a few clicks to do anything from checking on the latest transactions to blocking a card for suspicious activity or creating card restrictions. This helps our customers cut down on labour-intensive administration and provides valuable insights to help them control their costs more transparently.

Application Programming Interface (API)

Business models are shifting towards digital transformation as data management adds workloads and outdated systems prevent holistic data analysis. With API, customers are able to integrate their daily Shell Card transactional data into their own management system. This provides customers with oversight on operational costs and improves efficiencies in terms of card management. This technology is utilized in our partnerships with Grab Financial and Flash Express, an integrated E-Commerce logistics service provider, amongst others.



Powered by renewable energy

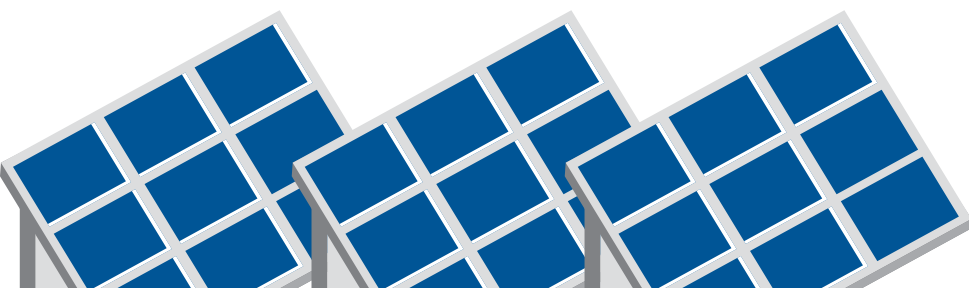
Pilipinas Shell shows its allegiance to decarbonization and its advocacy in advancing cleaner energy by powering SHIFT through renewable energy sources. This is the Company's largest asset and the facility with the highest power demand among its terminals.

SHIFT is 100% powered by a combination of solar, geothermal, and hydro energies provided by Shell Energy Philippines (SEPH). With its energy choice, the facility has already reduced 6,817 tons CO₂e from the renewable energy sourced from the grid and 954 tons CO₂e from the Solar Farm. SHIFT also has savings of around PHP30million for 2021 through the use of renewable energy and its VAT-free savings. These values and savings are calculated against the alternative of electricity being acquired from non-renewable sources from April to December 2021.

SHIFT's integrated energy system can generate up to 2,400MW-hours of power annually



The in-house solar farm, which covers ~15% of power demand of the Terminal, is powered by 5,220 solar panels and seven inverters.





Solar Photovoltaic Project in Pilipinas Shell Villanueva Terminal

Pilipinas Shell Villanueva Terminal also invested in solar power in 2021. The solar panels installed can produce 200MWh power that translates to PHP 2 million in annual savings for the business. It reduces ~122 tons of indirect GHG emissions on an annual basis.



Our lower carbon emissions products



Shell Helix 0W (for Cars) - up to 3% fuel savings¹ and reduced CO₂ footprint²

(1) ACEA M111 fuel economy results vs industry reference oil. 2 CO₂ equivalent avoided per 1L fuel saved, not combusted in the engine)



Shell Quick Mix - cold asphalt mix that saves energy as it can be applied straight from the bag with no local heating requirement.



Shell Bitumen FreshAir - 40% lower emissions during application vs. conventional bitumen.

A future with low-carbon solutions

In line with Shell's strategy to provide more and cleaner energy solutions and in response to more industries/ companies developing sustainability goals, Pilipinas Shell is boosting its efforts in offering our leading innovative lower-carbon / lower-emission products. This set spans from car engine oil, to lubricants and greases used in industrial applications, and asphalt and paving materials.



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Bitumen & Beyond: Integrated Services Across the Industry

Pilipinas Shell's Construction and Road Transport (formerly Bitumen), moves forward through Bitumen and Beyond, providing solutions not just for bitumen needs but also for low-carbon fuels, and energy transition products and services.

Bitumen and Beyond supports the sectoral journey towards integrated offerings becoming the industry/customer's decarbonization partner by understanding the industry value chain and seeing where Pilipinas Shell can provide solutions.

The Bitumen and Beyond model has powered one of the biggest construction projects in the Philippines in 2021.

Cebu-Cordova Bridge: The New Icon of the South

The Cebu-Cordova Link Expressway (CCLEX), known also as the Cebu-Cordova Bridge, is an iconic and artistically designed 8.5 km bridge in Metro Cebu. A major infrastructure project, the newly constructed toll bridge links the area of Cebu City and Cordova and is expected to serve 50,000 vehicles daily.

Pilipinas Shell supported the construction through the supply of Shell FuelSave Diesel and Shell FuelSave Gasoline. The road is also paved with Shell Bitumen FreshAir.

Leveraging on its high HSSE operational standards, Pilipinas Shell also provided technical support and training to ensure efficiency and safety in handling, receiving, and discharging of products. Additional equipment including several units of dispensing pumps for fuels, and storage tanks were also supplied.

Providing Solutions

Pilipinas Shell provides products and fuel choices that leads to more efficient performance, increased savings, and lower environmental impact. Below are the main products supplied for the CCLEX.





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| Product | Shell Bitumen Fresh Air | Shell FuelSave Diesel | Shell FuelSave Gasoline |
|-------------|--|--|---|
| Supply | 2,645 metric tonnes of Shell Bitumen FreshAir supplied | 8 million liters (ML) Shell FuelSave Diesel supplied | 0.6 ML of FuelSave Gasoline supplied |
| Description | A Bitumen solution that actively reduces the emission of specific gases and particulates during production and paving. | Reduces the emission of gases and particulates affecting local air Has a cleaning formulation that leads to: Better fuel economy, more torque, and load-pulling power Lowers exhaust CO2 emissions and black smoke Improved equipment reliability | Shell FuelSave is designed to last longer compared to standard fuels. Designed to improve engine efficiency |
| Results | Reduces the emission of gases and particulates affecting air quality during application by 40 percent. | Anti-corrosion and anti-foam properties lead to improved equipment reliability, reduced maintenance costs, and faster fuel loading operations. Increase in fuel efficiency, which lowers fuel and operation costs. | Clean Engine - special detergents in the gasoline can help maintain inlet valves clean. Designed to reduce energy losses in the engine, which can help improve the engine's efficiency |

Pilipinas Shell Aviation: support through transportation

Pilipinas Shell Aviation was integral in the success of more than 1,000 humanitarian repatriation flights in 2020 and 2021. The business continued to provide jet fuel and refuelling services for international flights despite the lockdowns and restrictions on air travel. This service was able to aid in the travel of people returning home, and transportation of relief goods, and vaccines.



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November 2021: Shell Cariphalte was used in the government's road repair project in C5 truck lane, a road usually occupied with heavy-duty trucks and vehicles.

Use of Polymer Modified Bitumen (Shell Cariphalte) with Superpave Mixture Design

Seen as a technology leader and aligned with our drive to innovate and implement new technologies, Pilipinas Shell supported DPWH's road rehabilitation project on heavy duty roads, through the use of our Shell Cariphalte Polymer Modified Bitumen with Supersave Mixture Design in a trial section in C5 truck lane. With the aim of increasing the durability of roads, Shell Cariphalte can also help reduce the need for road maintenance, contributing to less CO2 emissions during the road lifetime cycle.

Sustained growth through the pandemic from industry game changers

Pilipinas Shell pioneered the 'Industry Game Changers', a forum that invited a new generation of leaders to share how they successfully navigated the pandemic and ensured industry sustainability in trying times. Sharing of best practices on how to navigate a pandemic is crucial to growth and adaptation in the new normal. Hearing these best practices from the young generation leaders from different conglomerates opens fresh perspectives and new ideas.

Focusing on mobility, scale & growth, innovation, and business sustainability, the forum is an opportunity for shared learning with industries that are restarting the economy and will drive business growth in the years to come.

Invited speakers were from the transport & logistics, real estate & construction, and manufacturing businesses. The forum discussed the importance of mobility for pandemic recovery, the new face of livable community post-pandemic, and digital transformation for business growth.





Our Employees

- Supporting Employees (COVID-19 and other work-related risks)
- Project Reshape
- Providing a Safe Workplace
- Training and Development





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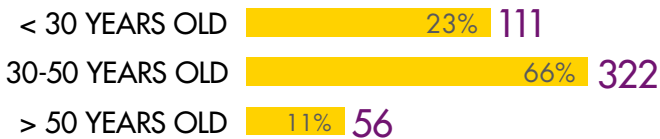
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Employee Diversity

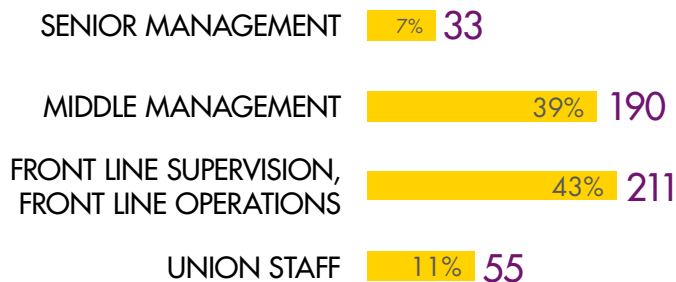
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BY AGE GROUP



BY EMPLOYEE CATEGORY



By Gender



Male
304

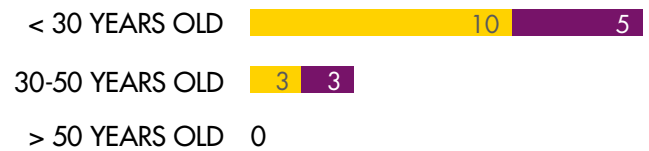


Female
185

Total
489

NEW EMPLOYEE HIRES

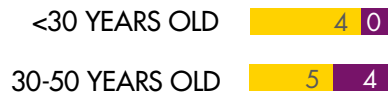
BY AGE GROUP AND GENDER



MALE FEMALE

EMPLOYEE TURNOVER

BY AGE GROUP AND GENDER





Employee Benefits 401-2

Benefits that are standard for full-time employees:

- Life insurance
- Health care
- Disability or invalidity coverage
- Paid leave
- Retirement provisions
- Stock ownership options



Temporary or part-time employees enjoy mostly the same benefits package of a full-time employee as applicable to the salary group of their position, given different salary groups are entitled to different levels of benefits.

These employees aptly enjoy packages pro-rated according to their amount of time of work within a year. This normally excludes them from receiving tenure-based benefits such as milestone service awards and pension, unless they secure continuous contracts with the company.

Supporting Employees

403-3 403-6

The two biggest employee concerns for 2021 are 1) the uncertainties brought about by the pandemic and 2) our Group-wide reorganisation, Project Reshape.

Project Reshape brought uncertainties due to the possibility of lay-offs, and change of roles for impacted employees, while pandemic-related stress was prevalent as the country continued to battle COVID-19. As infections rose, it also triggered lockdowns that impacted one's mental health, particularly 'bubble fatigue' due to prolonged isolation and less social contact.

Throughout these times, we made sure to provide the extra support needed for the physical and mental well-being of our employees.

Pilipinas Shell also developed different programs that tackled the effects of Project Reshape. These programs included organizational and team development trainings, as well as outplacement support.



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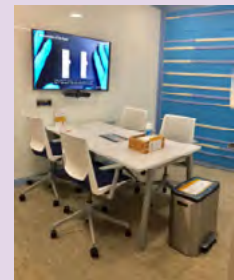
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Our COVID-19 support summary

- Flexible working arrangements
- 24x7 Tele-Medicine medical service to minimize staff exposure to hospitals and clinics.
- Virtual counselling services
- Temporary accommodation and transportation support needed for business continuity.
- Vaccine and Booster Allocation
 - Free for Employee + 2 vaccines free for employee dependent in the same household
- COVID Kit deployment
- Provision of pulse oximeter and OTC medicines
- 1-month monitoring until recovery
 - Cases are monitored from the time of consultation until fully recovered
- Transport Assistance
- Transportation from home to hospitals
- Hospital Referrals
 - Pilipinas Shell assisted those who needed to be transferred to the hospital for further management

Moreover, government-recommended health protocols were strictly employed in all Pilipinas Shell sites to prevent the spread of the virus.



In Picture (L-R): Office spaces regularly sanitized; Chair sleeves and alcohol dispensers installed for additional safety precautions; On-site Antigen Testing in all Pilipinas Shell sites

Despite challenges brought about by COVID-19, PSPC has been fully compliant with the recently mandated Worker Welfare guide which is aligned with the HSSE & SP Control Framework of the Shell Group. It provides requirements in the Category Management and Contracting Process and refers to Building Responsibly ([building-responsibly.org](https://www.shell.com/building-responsibly)) Worker Welfare principles to align with industry worker welfare. More than compliance, this ensures that our staff and business partners have decent living conditions, which in turn, becomes a contributing factor to their safety performance at work.



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Continuing COVID-19 Care

Reinforcement of health protocols during Pandemic

The Company ensured that the robustness of its COVID-19 health protection are in place, by enforcing not only employees, but also contractors and partners, in following government-mandated protocols.

COVID-19 Support

Pilipinas Shell's COVID-19 Country Response is based on the Promote, Protect, and Access framework of Shell Health. These core strategies go hand in hand to deliver holistic care and enable employees to perform at their best amidst challenges:

- (1) **Promote**— health communication is key through science-based and pragmatic information campaigns on physical, mental and social health including vaccination programs;
- (2) **Protect**— focused on reinforcing COVID-19 prevention measures and stringent implementation of health & safety protocols in the workplace and at home. It also ensures that those with co-morbidities receive a Care Plan to protect them from severe outcome of the disease;
- (3) **Access**— vaccination drives offered across the Shell community-

employees, dependents and partners; 24/7 tele consults, dedicated patient coordination team for priority groups such as those needing urgent care and hospitalization; Home Recovery Program, Home Care Kits, Home Testing services, patient transport vehicle, accommodation for facility-based quarantine in Tabangao.



Throughout the duration of the support, all medical information collected from employees or communities that it served is protected and remains confidential. Our Shell Health partners employ security measures as an added control to maintain confidentiality

HEAD START TO A NEW AND 'BETTER' NORMAL

COVID-19 INFORMATION CARAVAN REWIND!
Thank you for participating and keeping yourself updated on this year's COVID-19 Vaccination Program. We had an overwhelming viewership of more than 3,000!

Missed the caravan? Don't worry! You can still keep yourself in the loop by watching the session's recording. Click on the icon to play.

HIGHLIGHTS: COVID-19 VACCINE UPDATES CARAVAN

RISK-BASED MAPPING TO BE FOLLOWED

- Most At Risk Population: Persons with Comorbidities, together with some household members
- Non-MASP Risk of Exposure to COVID-19 based on nature of work:
 - 2a: Operations, Field, She-essential task together with SAHE household members
 - 2b: Work from home household members together with SAHE household members
 - Family members from different household

COVOVAX AS VACCINE

- ✓ 89.3% overall efficacy (preliminary clinical trial data)
- ✓ Vaccine components: spike protein + adjuvant
- ✓ Recommended for ages 18-84 years old
- ✓ Comes in two doses (21 days apart)

MARK YOUR CALENDARS

- ✓ JUNE 7 - 18: Call for Vaccine Confirmation
- ✓ AUGUST TO NOVEMBER: Vaccination Period

YOUR ACTION

- ✓ Plan your COVID-19 vaccination & discuss with your family if needed. Make an informed choice
- ✓ Watch out for the vaccine confirmation call for orders (link to be released on 7 June 2021)

For COVID-19 Vaccination inquiries, send an email to: COVID19.Shell.Philippines@Shell.com



99%

Fully Vaccinated Staff

*Based on PSPC
employee survey last
December '21 with
94% response rate

Through a tie-up with the Red Cross and the Ayala Group, our vaccination program continued to be implemented throughout the year resulting in 99% vaccination rate for Pilipinas Shell staff. With the incremental rise in COVID-19 cases and limited availability of quarantine areas, Shell Health was able to negotiate with partner LGU to convert one of our staff houses in Tabangao into a quarantine house. Shell staff who need to be quarantined were brought there with ease and comfort.

COVID-19 care packs containing pulse oximeter and medicines were delivered to employees' residences. As for those who are requiring oxygen, Shell Health also lends/delivers oxygen concentrators to staff. In case of emergency where staff need to be admitted in the hospital, our 3rd party ambulance provider (covering NCR) can be asked to transport the person from home to hospital and is always available if needed.

Impact of COVID-19 support

~7,000 vaccination and booster shots provided for
employees and their dependents

Administered in **8** main cities nationwide

Free rapid antigen testing on Shell sites that is valid for **7**
days after taken



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Health buzz Thursdays

We introduced Health Buzz Thursdays to increase awareness and knowledge on different COVID-19-related topics and to provide a venue where Pilipinas Shell employees can raise questions and get answers in – a real-time and accurate manner from our own Shell Health doctors (live chat). This recurring event aims to increase engagement and enable more viewers to attend.



Topics covered: COVID-19 Home Care (Season 1), Life After Vaccine (Season 2)

Total Sessions (afternoon and evening): Season 1 – 6 sessions; Season 2 – 5 sessions

Total participants: 3,500 (Session 1 – 2,526, Season 2 – 974)

Providing mental health support

Pandemic-related stress was prevalent as the country continued to battle COVID-19. To support employees, different Shell businesses employed fit-for-purpose programs that helped employees improve their overall well-being.

These projects/programs include Project ME of Shell Aviation which tackled providing work-life integration for employees. Access to a mental health professional was also made available to employees.

A *kapihan* session with Pilipinas Shell Mobility provided an avenue for employees to discuss their general health, and mental health-related concerns, including best practices to navigate the pandemic better. Some of the topics include:

- how to work productively during uncertainty;
- self-care, and supporting teams and staff during the pandemic;
- vaccination and the significance of being vaccinated.





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Employee Assistance Program (EAP)

The counselling services for employees were immediately transformed to virtual via teleconsult when the lockdown started in March 2020. Additional counsellors were included to ensure access of staff and family to highly professional, caring counsellors and psychiatrists. Family and Grief Counseling were added as part of the EAP to ensure holistic support to those in need.

Programs on non-work-related health risks

Below are continuing programs that addresses non-work-related health risk, and support our employees' overall health and well-being.

- **The Be Well Program** is a voluntary employee organized sports group. The program aims to reduce the risk of lifestyle-related diseases by addressing risk factors and encouraging lifestyle adaptations. Pilipinas Shell recognizes that in order to reduce the incidence of chronic disease, a long-term commitment to change lifestyle behaviours is required.
- **Nutrition Program** is a personalized assessment on nutritional needs and referral to a nutrition specialist for free, when applicable. Nutrition Counseling are also offered as part of employees' and enrolled dependents' HMO coverage.
- **Employee Assistance Program** (Mental Health Program) provides access to FREE counseling from psychologist.
- **Sleep Well** provides personalized and team coaching on sleep hygiene, so employees can achieve optimal quality of sleep.
- **Resilience Program** is a self-paced learning tool which aims to build individual resilience by going through the different modules. Thus, arming employees with resilience when faced with stressful situations.

Pilipinas Shell Project Reshape

Project "Reshape" aligned the structure of the organization to enable the overall strategy of building a simpler, more cost-effective organization that can deliver the Shell Group's ambition to be a net-zero emissions energy business by 2050 or sooner. By reviewing our organisation, we can give ourselves the clarity we need to adapt to a different future and the best chance to meet and beat the demands placed on us as we thrive through the energy transition.

Project Reshape affected 27% of Pilipinas Shell employees – these are the staff wherein their existing roles were opened for equal-opportunity job application, or their existing roles no longer exist in the new organization. To support them, Health & Resilience Programs were put in place to help employees navigate in this period of uncertainty; controls were established to ensure a fair



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and transparent resourcing and outplacement process; and upon the start of the new organization, organizational effectiveness programs were also put in place to support the various businesses and corporate functions as they transitioned. Overall, positive feedback has been received from employees in terms of the support provided.

Support provided to employees during the time of change

As part of the orchestrated change in the management's program for Reshape, PSPC supported its employees across four key dimensions: **(1) health and resilience, (2) resourcing and development, (3) organizational and team effectiveness, and (4) outplacement support.**

Leaders' Training

GRIT program: Grow, Inspire, Transform

Leaders' Coffee Chat series

JOIN OUR SciP Leaders' Virtual Chat next week!

MS Teams

TOPIC: Dealing with Different Motivation Levels

Thought Leaders:

Facilitated sessions and newsletters providing information for leaders as they managed teams going through the change

Senior leaders share key learnings while managing change

Health & Resilience

Pilipinas Shell considered the employee journey during Project Reshape to be able to craft programs that will suit their needs.

With the collaboration of HR and Shell Health, PSPC designed and implemented several self-help materials supplemented with on-demand, facilitated team-based sessions.

Topics discussed:

- Powering through uncertainties
- Making stress your friend
- Mastering your physical energies

These toolkits aimed to support employees' mental health, social health, and physical health. On top of these, our Employee Assistance Program was continuously made available to all those who wanted to avail.

Specific trainings for Pilipinas Shell senior leads and sharing sessions were also conducted to prepare them in managing their teams during the change.



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In 2021, Pilipinas Shell released (1) HR Boosts, and (2) Monthly Socials aimed for all staff. These programs communicate key information and upskill employees on non-work-related topics such as financial planning, social media marketing, and entrepreneurship. These were a success and are planned to be continued even after Project Reshape.

Resourcing & Development

Pilipinas Shell ensured that Resourcing was fair and transparent to all. Through the lead of HR, a standard resourcing process was consistently applied across all departments: from the publication of all roles to be broadcasted, application guidance, up until the announcement of successful job role fulfillment. Another supplementary resourcing process took place for additional positions which were left unfilled during the main round which resulted to additional opportunities for those who had remained unplaced.

To support the application of employees, HR hosted several Roles Roadshows, Application Clinics, Policy and People Caravans. These provided employees with sufficient and relevant information as they went through the change journey. On top of these, meetings were regularly held with leaders with the intent of facilitating talent mobility and minimizing forced redundancy within and across department.

Organizational & Team Effectiveness

Transition programs were designed and implemented per department and across PSPC using a consistent change impact assessment framework after the transition. These considered those who were new to their roles, new to their teams, new to their departments, and new to Pilipinas Shell.

Fit-for-purpose transition programs

- Targeted team effectiveness
- Employee capability-building
- Leadership transition sessions

The objective of the transition programs was to ensure that employees were properly onboarded to succeed in their new role



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Outplacement Support

Due to the centralized & end-to-end resourcing management process, there was a minimal number of leavers due to Reshape. Aside from the several communications and sessions facilitated for those that were outsourced, each received a dedicated HR resource who supported them from briefing until exit.

Post Reshape Outcome

- **~50% of the successful applications resulted in a promotion.**
- **A significant number of female talent progressed across all job levels, resulting to an increase in female talent representation at more senior levels**
- **27 PSPC staff are performing regional and global Shell Group roles based in the Philippines, which is a testament to our world-class talent base.**





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Upholding Gender and Diversity

Pilipinas Shell continues to remain steadfast in upholding gender and diversity, including the improvement of female representation within the Company and enabling women to step-up and leadership roles.

After Reshape, there is a 4.83% increase in the overall female representation at PSPC this 2021. For senior management, a 6.27% increase in female representation was recorded and a 2.32% increase in the middle management. The Company also welcomed Lorelie Q. Osial as President and CEO this year – the first female CEO of the Company in its 107 year history.

Diversity and inclusion is a necessity for sustainable growth and Pilipinas Shell is committed to enable an environment where everyone has equal opportunity to reach their full potential.

In Picture: President & CEO Lorelie Osial poses, and interacts with staff during PSPC's International Women's Day Celebration last March 2022. Currently, women make up 61% of PSPC's workforce.



Providing a Safe Workplace

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In Picture: The Pilipinas Shell head office in Taguig has recently earned the Leadership in Energy and Environmental Design (LEED) Green Building Silver rating under Interior Design and Construction: Commercial Interiors Category. This certification recognizes that our indoor spaces offer a healthy, sustainable, and productive work environment as recognized by the U.S. Green Building Council. LEED is a widely used building rating system worldwide that verifies workplaces that show commitment to sustainability. Find out more about our office's LEED certificate [here](#)

To avoid harm to people from health hazards in the work environment, Shell Health recurrently identifies, assesses, and manages potential health risks in all our operation sites (SHIFT, NMIF, T&S Terminals, Bitumen Import Facility, Villanueva Plant), Shell office (TFC, Shell Aviation Cebu Regional Office) including project activities. Agreed controls and recovery measures for the health hazards are maintained and implemented in the workplace.

To prevent any work-related illnesses, the health risk assessment findings and recommendations are communicated to impacted people so they will be knowledgeable on how to protect themselves from the potential health hazards. These health hazards include office ergonomics (use of office computer), chemical (petroleum products), physical (noise source), biological and psychological (stress-related).



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Pilipinas Shell has strict HSSE standards and promotes a culture of no harm to people and the environment. This standard to safety is also applied to contractors whose standards must be at par with Pilipinas Shell.

HSSE Performance Summary

| | SIF Free Man Hours for 2021 | Years SIF Free as of 2021 |
|-------------------------|-----------------------------|---------------------------|
| Pilipinas Shell | 8.022 million | 2.9 |
| Supply and Distribution | 4.6 million | 17.8 |
| Retail | 3.0 million | 2.9 |
| Lubricants | .067 million | 9.15 |
| Aviation | .048 million | 14.51 |
| Specialties | 0.122 million | 12.01 |
| Real Estate | 0.128 million | 8.93 |
| Lubricants Supply Chain | 0.057 million | 6.6 |

Starting this 2021, we will report our HSSE performance using Serious Injuries, Fatality (SIF) Man Hours, coming from the previous KPI of Total Recordable Cases (TRC) Free Manhours. SIF focuses on work-related injuries or illnesses that are life-altering and/or how the injuries will have a lasting impact on the way of life of our staff. This is more intent-based rather than the previous KPI, TRC, which tallies only those incidents that result in medical attention being administered.

Asset Integrity and Process Safety

We follow four asset integrity principles: design integrity, which means building to specific engineering standards and technical integrity. This involves testing, inspection, maintenance, and repair of facilities in accordance with the Shell Global Reliability and Integrity maintenance plan; operating integrity, which includes safe operating procedures and safeguarding systems; and integrity leadership, which obliges business leaders to be accountable for asset integrity and worker safety.

Beyond ensuring that the conditions are safe for work, our workers are also trained to watch out for their safety and those of others. Hazard and risk identification begins with the creation of a

culture that drives our commitment of no harm to people and to protect the environment through the development of the Learner Mindset approach in which everyone is deemed to be a leader in HSSE&SP.

In order to drive HSSE&SP performance, leaders at all levels must have the right learner's mindset about how HSSE&SP risks are managed in their business and are curious to know of any gaps in their expectations, or deviations from standards, procedures, and permits (e.g. suppressing alarms, tolerance of overrides, accepting regulatory non-compliances, labor rights issues, ignoring complaints from communities, etc.) and about systemic (e.g. complexity, communication, work environment, supervision, etc.), and human factors (physical capability, competence, competing priorities, etc.) that could lead to mistakes. A detailed guide to properly identify, assess and mitigate work-related hazards and risks specific to HSSE&SP is provided in the Shell's HSSE&SP Control Framework.

HSSE&SP Control Framework Audits and Integrated Assurance Plans (IAP) check the effectiveness of our management approach. Through our Bluezone Barrier Thinking, Tripod Investigation, Causal Learning Investigation, and Five Whys Investigation, incidents are reported and investigated according to internally established standards and regulatory requirements. We act on the analysis and reports of actual incidents and near misses. We also measure our health, safety, security, and environment performance against clear metrics.

A monthly HSSE Technical Forum is held in the Company in which all HSSE managers and leaders from each class of business sit down to discuss and share experiences and learnings to ensure alignment as a country.

An occupational health and safety management system is implemented based on the Shell Group's HSSE&SP Control Framework. The assurance process for HSSE&SP is done recurrently through various audits, including internal audits. Findings are discussed with respective safety officers or focal points and agreed on how these will be rectified or closed. Workers are made aware of the Medical Emergency Response strategy of the work site. Workers are involved and part of the team in the development of health risk assessments; they also contribute in the job hazard analysis.

Worker Training on Occupational Health Safety

A detailed training plan is provided to all workers to ensure HSSE competencies are as per standard. Each HSSE individual and critical positions are determined and expectations and accountabilities are clearly identified to ensure completeness of required skill and responsibilities.

Face-to-face trainings and the Shell Open University are utilized in order to develop and train individuals with respect to their HSSE competence. These are included in the individual's IDP (Individual Development Plan) according to their respective Job Competency Profile.



There are three main categories of HSSE Critical Positions:

1. Frontline Barrier Management (FLBM)
2. Technical Authority Level
3. Leaders

Tools used for HSSE competence development

| Element | Description |
|----------------|---|
| Information | Includes job descriptions, training materials, procedures and work instructions. It describes what is expected of a role or position. |
| Instruction | An experienced person can show how tasks are performed and test the abilities of the individual to perform the procedure. |
| Training | A more formal instruction usually through a course. |
| Supervision | Provided by a more experienced colleague who has a formal role to support the individual and to check that they are carrying out their work properly. |
| Working safely | Working safely comes from people doing their job properly. It requires an understanding of the trade, the tools, the plant, the process, and the work environment, and applying that understanding. |



FLBM Identification Examples

| Barrier | Position that performs task | Task to Maintain Barrier |
|---|--|------------------------------|
| Emergency Shutdown System | Task Emergency Shutdown System | Maintenance Mechanic |
| | Bypass Shutdown system correctly | Production Operator |
| Integrity of Pressure Equipment | Repair Pressure equipment | Welder |
| | Inspect equipment | Pressure Equipment Inspector |
| Drive with Regulations | Complete Journey Management Plan | Professional Driver |
| Provide First Aid | Use Automated External Defibrillator (AED) | Emergency Responder |
| Assure equipment is gas free before opening | Use Hydrocarbon detector | Production Operator |
| Emergency response | Apply firefighting foam | Fire Fighter |
| Safety lift equipment | Prepare Lifting Plan | Site Lifting Expert |

Training and Development

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Our learning and development program adopts a combination of in-role development (70%), coaching and mentoring (20%), and formal training (10%). We also make sure to provide our people with training that is relevant to our business needs and goals.

Each employee must undergo and pass around 10 mandatory digital training, usually taken during the first couple of weeks of their employment in the Company. These training sessions are conducted to ensure that before engaging in their work, each employee is compliant and aligned with the Company's core values.

Mandatory Training Topics

- Welcome to Shell
- Two courses of Data Privacy Knowledge E-Learning
- Code of Conduct Awareness E-Learning
- Anti-Bribery & Corruption
- Knowledge E-Learning
- Code of Conduct Refresh
- Life-Saving Rules Induction
- Safeguarding Information Awareness E-Learning
- Compliance and Competence Assurance



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As part of the ongoing conversation on talent, PSPC has a robust structure in managing our talent pool. We look at both commercial and technical talents to ensure continuous availability and professional growth, as well as identify whether there is a need to tap external talent. We have a separate competency and skills development for internal and external talent pooling. These are done in parallel and they complement each other to deliver and maintain a quality and diverse working group.

100% of employees receive regular performance and career development reviews

2021 Safety Day: 9 Rules on Safety

The Life-Saving Rules Induction training is a mandatory and important activity that presents the Shell plc's rules to follow for safety. In 2021, PSPC's Safety Day focused on the transition to the nine industry life-saving rules under the International Association of Oil and Gas Producers (IOGP) from the previous 12 Shell Live Saving Rules. This transition puts on emphasis on Human Performance and having a learner mindset. Pilipinas Shell also adapted the rules to:

- Simplify and standardize, being able to speak the same language as our contractors,
- Broaden the scope with focus on potential harm to people, and
- Drive greater ownership at individual and team levels





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Shell People Survey

The annual Shell People Survey (SPS) is our principal tool to measure our employees' engagement, their level of affiliation and commitment to Shell, and their satisfaction with the quality of leadership and management.

Despite the working conditions brought about by the continuing pandemic, the Company's SPS participation remained high at 96%. The key SPS indicators of Employee Engagement and Team Leadership were either sustained or went up; both above the top quartile.



In Picture: Regular engagements between Management and staff are conducted to address employee concerns directly, and on a timely basis.

Collective Bargaining Agreements 102-41

Percentage of employees covered by collective bargaining agreements - 11.25%

| Results | TQB ¹ | Shell Group ² | PSPC |
|----------------------------|------------------|--------------------------|----------|
| Response Rate | | 83% (-3) | 96% (+1) |
| Employee Engagement | 79 | 75 (-3) | 82 (0) |
| Organizational Leadership | 74 | 69 (-2) | 79 (+3) |
| Team Leadership | 80 | 79 (-1) | 87 (+2) |
| Collaboration | 83 | 82 (0) | 88 (+1) |
| Working Conditions | 75 | 71 (-2) | 76 (-1) |
| Your Job | 80 | 78 (-2) | 86 (0) |
| People Development | 77 | 75 (-1) | 83 (+2) |
| Reputation | 81 | 76 (-4) | 89 (0) |
| Total Rewards and Benefits | 72 | 66 (-4) | 75 (0) |
| Diversity and Inclusion | 84 | 80 | 86 |
| Operational Excellence | 79 | 74 (-1) | 84 (+2) |
| Responsible Business | 86 | 82 (-2) | 88 (+2) |
| Learner Mindset | 82 | 79 | 86 |

¹ The Top Quartile Benchmark is the top quartile score based on the performance of other companies
² Shell Group score



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- Livelihood Programs
- Learning and Education
- Safe Roads for All
- Community Health





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Pilipinas Shell continued to support its communities through the collaboration with its social investment arm, the Pilipinas Shell Foundation Inc. (PSFI). These programs range from development of local startups and livelihood support, youth education and empowerment, to providing road safety trainings, and COVID-19 assistance.

The Company also works toward reduction of community risks such as road accidents especially near import facilities through minimization of exposure and effective mitigation measures. Likewise, the Company continues to engage with the community especially in areas with perceived high-risk operations through face-to-face or virtual forums and enhanced social investments in partnership with PSFI and other Pilipinas Shell businesses.





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Livelihood Programs

Supporting Startups and Community Enterprises: Shell LiveWIRE Acceleration Program Year 2

Shell LiveWIRE is the flagship enterprise development program of Shell, with the vision to strengthen local economies by promoting entrepreneurship, innovation and meaningful employment. It was first launched 37 years ago in Scotland and is now in its second year in the Philippines; supporting local startups and community enterprises.

Shell LiveWIRE 2021 winner is Agro-Digital PH who developed several cloud-based applications to address gaps in the digital food value chain, connecting farmers and fishermen closer to the mainstream market in an effective and sustainable way.



Benefits of Joining LiveWIRE

Mentorship

Get mentored by business experts to help startups with their challenges and scale faster.

Funding

Tech startups get the chance to win up to PHP 500,000 equity-free cash to help grow their businesses while community enterprises get PHP 100,000 grant each at the end of the program.

Access

All participants get the opportunity to be integrated into the Pilipinas Shell value chain.

Financial Assistance

Shell LiveWIRE's intent is to help accelerate the growth and development of the enterprises not only through mentorships but also through financial assistance to support product development and/or launch activities. Each tech start-up was awarded PHP100,000 per month during the 3-month duration of the acceleration program. During 2021, six community enterprises each received PHP 100,000 grants at the end of the program while the Tech Start-Up Grand Winner, Agro Digital PH received the PHP 500,000 prize during the culminating event.

2021 Enterprises:

- **Tech startups: Agro Digital PH, Panublix and SACHI Group Inc.**
- **Community Enterprises: Coron Natural Farms, RMC Oil, KURE, Seeds and Scales, SIMCO, Solchi Solutions**



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Finishing the Shell LiveWIRE program also gives an opportunity to social enterprises to become part of the Pilipinas Shell's Value Chain. Enterprises that have been chosen from previous runs are:

- **Silangan Ibabao Batis Bulihan Araneta Proper Multi-Purpose Cooperative** - SIBBAP-MPC is a multipurpose cooperative in Batangas supplying face masks to more than 100 mobility stations. They are also included in the Top 10 Innovators in the 2020 Global Shell LiveWIRE competition.
- **Unisan Agdangan Multipurpose Cooperative (CocoHub)** - a coconut farmers' cooperative in Quezon Province that make Pilipinas Shell corporate giveaways produced from coconut waste.
- **Macabalan Wharf Porters' Cooperative (Ecobricks)** – cooperative in Cagayan de Oro City that repurposes plastic wastes, including lubricant bottles, into brick materials that are being sold to mobility stations and other customers.

Palawan Eco-Agro Park launches El Nido Food Terminal

The Palawan Eco-Agro Park (PEAP) is an 11.48 hectares farm and was established to be a sustainable training, demonstration, and information centre of agricultural and entrepreneurial opportunities in Palawan. Based in El Nido, PEAP helps train farmers in increasing their yield and productivity through upskilling them with new sustainable technologies, and market linkages.

In 2021, the El Nido Food Terminal opened inside the Park and became a hub where farmers can sell fresh produce, and where people can buy goods directly from the farmers themselves. Pilipinas Shell Foundation backed the project with PHP 300,000 fund assistance to serve as capital for the farmers.

With the food terminal, it became easier to acquire fresh agricultural produce while participating farmers get 100% of the earnings from the sales.



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Basic Cooperative Training



Harvesting of Tacunan Seedlings

Project COCONUT: Sustaining livelihoods and farmers

Project COCONUT (Collaboration for Coconut Productivity and Nurturing Farmers Trade), launched in 2018 in collaboration with PSFI, continues to support coconut and copra farmers in Quezon Province to provide higher quality products and have a more stable income. The program is also imparting the value of sustainability as participants are taught to make use of coconut wastes to produce items such as beads, jewelry, and household ornaments.

In 2021, PSFI's Integrated Farming Biosystems (IFBS) seminars on good agricultural practices and farming techniques were conducted. Several skills training programs were also held to educate farmers on sustainable income opportunities by using coconut waste by-products. This is needed to help more coconut farmers improve their livelihoods.



Gas Mo, Bukas Ko: driving success through education

Since 2007, Gas Mo, Bukas Ko (GMBK) - a program collaboration among PSPC-Mobility (formerly Retail), Shell Dealers led by the Association of Pilipinas Shell Dealers, Inc., and PSFI, have been providing a better future for Shell station staff through technical-vocational trainings. The program has reached 2,003 scholars since its inception.

GMBK scholars take up courses offered by training partners, all of which are accredited by the Technical Education and Skills Development Authority. In 2021, GMBK partnered with Don Bosco One TVET to facilitate automotive and bookkeeping courses for our scholars during this pandemic.

Impact to Scholars

Scholars have benefited from the short-term vocational courses in terms of:

- increased skill
- confidence
- higher level of personal goals
- improved relationships with peers and managers
- higher income
- improved family relationships

Learning and Education

Supporting the Leaders of Tomorrow

Empowering and giving opportunities for the youth to learn new skills and hone their talents is one way to ensure a brighter future. With this, we at Pilipinas Shell develop programs that include the younger generation so they can have the tools they need to lead and be better prepared to face challenges that can come their way.

Pilipinas Shell programs focus on areas of STEM (Science, Technology, Engineering, Math), encouraging youth to innovate solutions to the present societal and environmental challenges of the world.



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Shell NXplorers: The Bright Ideas Challenge

Pilipinas Shell believes in empowering and equipping the future generations. NXplorers is an innovative educational program that introduces young minds to the complex and creative thinking skills for them to become positive agents of change.

The Bright Ideas Challenge, part of Shell NXplorers, is a competition that challenges Filipino youth groups to showcase ideas or projects that tackle problems in their communities that are related to food, water and energy.

2021 Shell NXplorers Philippines

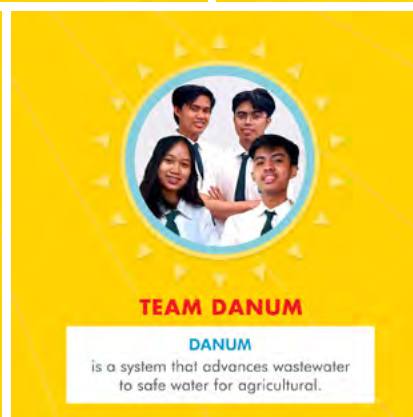
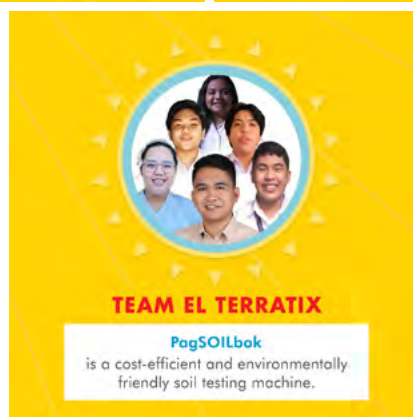
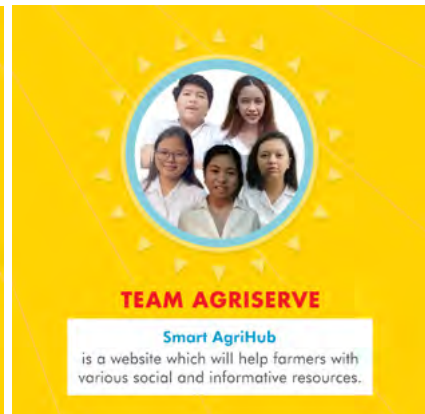
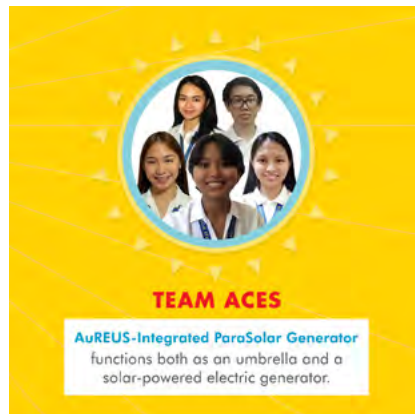
5 Top Projects

14 high schools joined

301 students trained

55 teachers trained

5 awards from the Shell Global NXplorers Recognition Awards





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Making Sense of challenging times through Art

For 54 years, Pilipinas Shell has been supporting and providing a platform for student artists to showcase their artworks and talent through the National Students Arts Competition (NSAC). This year, inspired by the drive to move forward despite the challenges of the pandemic, the theme was "restART", wherein young artists are encouraged to visualize the youth's role in nation-building during an uncertain time.

More than 1,500 entries were submitted this year under the categories of the Digital Fine Arts, Watercolor, Sculpture, and Oil and Acrylic.

54th NSAC Winners



Digital Fine Art Category

1st Place: "Pintura"
by Gerard Lynn Mara Santos
(Technological University of the Philippines)



Oil and Acrylic Category

1st Place: "Panibagong Umaga"
by Jarren Dahan
(University of Mindanao)



Sculpture

1st Place: "If Only We'll Unite and Conquer" by Maica Rozel Borlagdan
(University of the Philippines Diliman)



Watercolor Category

1st Place: "Moving Forward" by Ranier Angelo Bolivar (GK College of Business, Arts, and Technology)

Virtual Art Interact Sessions

Another learning opportunity offered this year for artists and art enthusiasts alike is the Virtual Art Interact Sessions - a series of talks wherein established local artists shared their different approaches to art.



"The pandemic has affected every aspect of our lives. Yet there was a strength of spirit inside you that shone through. We see it mostly in your art, and that is what we are recognizing today. As we bravely continue to navigate through this pandemic and look forward to recovery, we believe that art could start change and progress".

Lorelie Quiambao-Osial
President and CEO

Topics presented included how young artists can develop their skills even with limited resources, technology, art, and advocacies. These were presented by NSAC awardees Emard Cañedo, Anjo Bolarda, and Tokwa Peñaflorida, respectively.



Safe roads for all

Pilipinas Shell adheres to strict HSSE standards and strives to uphold excellent HSSE performance not only inside our premises and in our operations, but in all aspects of our activities. Keeping people safe and preventing accidents is a high priority for us and is part of our general business principles and our commitment to Goal Zero. This extends not only with our employees but even to contractors, third party safety providers, our partners, and also to neighbouring communities where we operate.

BiyaHERO (Be-a-Hero) Campaign

The BiyaHERO campaign is a road safety program launched in 2007 that aims to increase Filipino drivers' knowledge and skills in defensive driving, and proper road conduct and behaviour. As the program expanded through the years and partnered with more public and private organizations, it also included campaigns in making roads safer for Filipinos.

2021 Key Activities

- Brgy. San Isidro and Brgy. Ambulong, Batangas - Donation of Disaster Risk Reduction and Management (DRRM) tools and road safety training for 56 individuals.
- Road signages and road safety support infrastructures: pedestrian lanes, thermoplastic pavement parkings, pedestrian crossings, reflectorized cones and yellow lanes.
- Trained 50 women drivers in Lipa.
- Trained more than 1,200 students from Quezon City and Lipa City
- Trained 400 Boy scouts
- Shared Goal Zero and HSSE culture in Road Safety at Coca-Cola's logistics summit.





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SINAG Program: lighting the way to safety

Forty-eight (48) solar-powered lights were installed along a stretch of road in the Batangas-Tabangao-Lobo road through the Save, Invest and Nurture Access to Green Energy and Technology (SINAG) project of the Pilipinas Shell Foundation, Inc. (PSFI) this February 2021. This was in partnership with Brgy. San Isidro, Brgy. Ambulong and the Department of Public Works and Highways.

The project not only benefits the lorry drivers supporting Pilipinas Shell who traverse the road at night, it is also beneficial to the safety of the communities that live nearby and contributes to the maintenance of peace and order in the area.

Apart from road safety, SINAG is also about utilizing cleaner energy sources that are currently available.



Powering progress through road safety and cleaner energy solutions.



Batangas-Tabangao-Lobo Road

The Impact of Project SINAG



Pilipinas Shell Foundation, Inc.

PROVIDING 24/7 ACCESS OF ENERGY TO:

1,100 households
4,845 individuals
8 communities

The SINAG project started all the way back in 2014 and since then has provided energy not only in roads but also to off-grid locations in the country that have no prospects of being connected to electricity in the next 5-10 years. SINAG uses renewable sources of energy such as solar, wind, and hydro to provide a sustainable source of power at its sites.

Communities benefitted includes Sitio Albaguen, Sitio Casoyan, San Vicente in Palawan, and fenceline communities of the Tabangao facility.



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Community Health 413-1

Pilipinas Shell strives to protect communities from threatening illnesses and other adversities through health and safety education and sustainable health care programs.

PROTECTS Program

Human Immunodeficiency Virus or HIV is still one of the most serious health challenges today in the Philippines, with an average of 33 people being infected each day. PSFI launched Philippines' Response in Optimizing Testing, Empowered Communities, Treatment and Sustainability (PROTECTS) to address the country's continuing battle with the virus. This is a flagship project this 2021, and to contribute considerably to the Philippines' HIV response, The Global Fund (GF) supported PSFI and awarded the organization with \$22.3 million grant.

PROTECTS launched projects in partnership with groups and organizations that can cascade information effectively through their own platforms.

The program is in line with the Philippine Health Sector-HIV strategic plan 2020 - 2022 and the National HIV, AIDS and STI Prevention and Control program (NASPCP) of the Department of Health of the Philippines.

The PROTECTS Program is being implemented in 301 sites (including 74 focus sites) in 11 Regions in the Philippines. The sites include: NCR, REGION 3 (Central Luzon), REGION 4A(CALABARZON), Region 6 (Western Visayas), Region 11 (Davao Region), Region 7 (Cebu Province), CAR (Baguio), Region 10 (Cagayan de Oro), Region 9 (Zamboanga) ,Region 4B (Puerto Princesa City), and Region 12 (South Cotabato).



Awra Safely: Spreading Reliable Information on HIV is a virtual event that is part of the PSFI PROTECTS Program



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COVID-19 Response Initiatives

As the pandemic continued, Pilipinas Shell, in partnership with Pilipinas Shell Foundation Inc., also continued its programs that supported grassroots and fenceline communities, local businesses, and health frontliners affected by the pandemic health crisis.





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Harvest for the Heroes (Ani Para sa Bayani)

- we support local farmers whose livelihoods are affected by the lockdowns through buying their produce and distributing it as part of relief packs

~8,270

Indigent Families from Cagayan de Oro, Metro Manila, Cavite, Laguna, and Palawan

~4,190

COVID-19 Patients from Bicol Medical Center

~8,140

Medical Frontliners from Philippine General Hospital, J. Borja General Hospital, Northern Mindanao General Hospital, and Naga Imaging Center Cooperative.

~250

local farmers with ~152,020 kg of vegetables and rice bought from them generating revenues worth Php 2.42M



Palawan



Metro Manila



Cagayan de Oro



Quezon



Naga



Protection for the Heroes (Proteksyon Para sa Bayani)- we provide hygiene kits, protective equipment, and medical equipment.

Tulong Para Sa Bayani - providing and transporting basic necessities to Shell's fence line communities in need.

200 Quarantined COVID-19 patients

From Bombom and Pasacao communities were served.



Empowering Women through Education

Women empowerment leads to development of the community and of the country as a whole. It enables women to face challenges, and opens new opportunities that can lead to better lives. With this understanding, comes the establishment of the Shell Tabangao Ladies Circle (STLC). Started in the 1960s, STLC offers medical aid, livelihood and scholarships and works with Barangays Tabangao, Ambulong, Libjo, San Isidro and Malitam in Batangas.

In March 2021, a Memorandum of Agreement was signed to formally transition the STLC Scholarship to PSFI to ensure continuity of support to the 47 scholars of the program.

The STLC scholarship caters to students who come from indigent families who cannot afford to sustain their education. With the STLC scholarship, students are provided monthly allowances and support to cover additional education fees. With the program, they are also provided with a venue to interact and be mentored.

Responding to the after effects of Disaster

Just a few weeks before 2021 closed, Typhoon Odette (known internationally as Typhoon Rai) brought devastating rain, wind, and storm surges in the country. Lasting just a day, it heavily affected the provinces of Surigao del Norte and Dinagat Islands in Mindanao, five provinces in Visayas, and the island of Palawan in Luzon.

With thousands affected, including many of our staff and forecourt champions in different stations, Pilipinas Shell provided a swift response in devastated areas in the forms of relief goods provision, fuel supply, and Shelter Repair Kits, together with partner organizations such as DZRH, Benita and Catalino Yap Foundation (BCYF), and the University of Cebu.

Pilipinas Shell has allocated PHP 3.5M for its Typhoon Odette Disaster Relief Operations to provide relief goods (food, drinking water, hygiene kits, etc.) to 6,928 families (or 27,712 individuals) impacted by Typhoon Odette. Our Mobility business has also provided 6 million litres of fuel supply to various sectors. Employees/staff who were affected were also given temporary shelters, access to emergency loans, and HMO needs.

An additional PHP 12M has also been set aside to provide more relief assistance and to aid in the rehabilitation phase in 10 provinces.



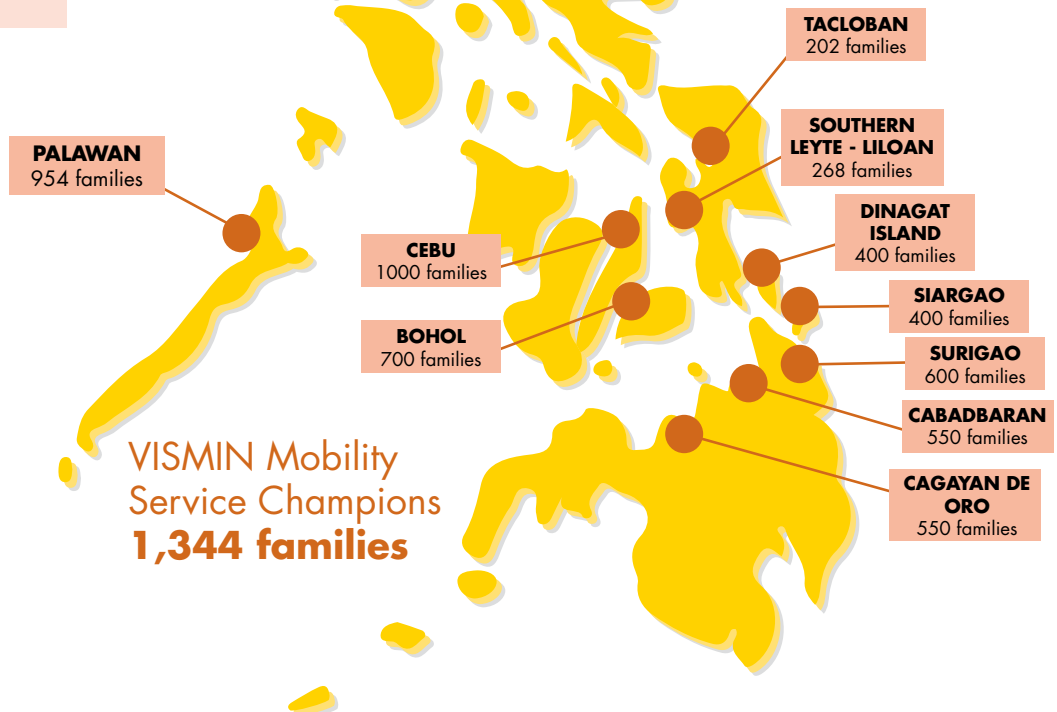
IMMEDIATE VISMIN RELIEF OPERATIONS



PHP 15.5Mn

Budget allocated for Typhoon Odette Relief and Rehabilitation Program

~7,000 families reached by Pilipinas Shell's relief operations in VisMin



6M litres of fuel provided to hospitals and other sectors

6 PARTNER ORGANISATIONS





Respecting the Environment

- Energy Consumption
- Water Management
- Oil Spill Prevention Measures
- Biodiversity
- Solid and Hazardous Waste Management
- Air Emissions Management





For PSPC, respecting the environment means complying with all applicable and relevant environmental laws where the Company operates and adhering to global best practices and standards for environmental protection and safety. PSPC also monitors and manages key performance indicators related to the use of resources (water, electricity), emissions, discharge and generation of solid and hazardous wastes to be able to gauge the Company's performance and achieve the Goal Zero ambition which aims for no harm and leaks across operations.

Figures reported this 2021 for electricity, purchased power, greenhouse gas emissions, and wastes (except water consumption) covered all 16 terminals including both the last few months of the Tabangao refinery operations from Jan-Apr 2021 and its transformation to a full import facility starting May 2021. This has significant implications for this year's environmental disclosures. Previous reports (2016-2020) only covered the Tabangao Refinery operations.

Energy Consumption 103-1 103-2 103-3 302-1 302-3 305-1

We aim to contribute to achieving a net-zero planet, our support to tackling climate change laid out in the UN Paris agreement which is: "to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels."

With SHIFT's transition into an import facility, refinery operations requiring large power requirements were no longer required, resulting in a significant reduction in our energy consumption and Direct (Scope 1) GHG emissions.

We continue to improve energy efficiency in all our terminals but especially in SHIFT, our Company's biggest asset, by incorporating renewable electricity from the grid, as well as onsite solar power in the energy system. Starting this 2021, SHIFT is running on 100% renewable energy.

We implement the mandatory manual of the HSSE & SP Control Framework and maintain an inventory of our GHG emissions through the CO2 Business Plan to help achieve the Company's GHG and energy management objectives in alignment with the Shell global requirements of the Performance Monitoring and Reporting (PMR) Specification.

| in GJ | 2020 | 2021 |
|---|--------------|------------|
| Own Energy Generated (Natural Gas & Refinery Diesel Fuel Gas) | 3,055,232.9 | 13,758.0 |
| Electricity Imported (Non-renewable) | 48,433.82 | 109,849.99 |
| Electricity Imported (Renewable) | - | 21,076.2 |
| Electricity Exported | 14,486.6 | - |
| Energy Used | 3,089,180.12 | 138,242.57 |

Figures reported this 2021 for electricity, purchased power, GHG emissions, and wastes (except water consumption) covered all 16 terminals including both the last few months of the Tabangao refinery operations from Jan-Apr 2021 and its transformation to a full import facility starting May 2021. This has significant implications for this year's environmental disclosures. Previous reports (2016-2020) only covered the Tabangao Refinery operations.



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Energy Intensity

T&S
terminals **0.027 GJ/**
thousand Liters

The organization-specific metric used is terminal throughput (L). Terminal throughput is the total volume (in L) of dispensed fuel either through gantry loading (measured L in air), ship loading and barge loading activities (both measured in L) as reported by the terminals.



Lower Carbon Operations in Shell Aviation

Shell Aviation initiated sustainability efforts in the Joint Oil Companies Aviation Fuel Storage Plant (JOCASP) depot in the Ninoy Aquino International Airport and influencing other companies in the facility to start implementing their own sustainability measures as well. Shell Aviation employed the following measures that helped them to achieve a 10% reduction in carbon intensity in airport operations for 2021:

- Switched to LED lights influenced for perimeter lighting and office lighting which led to lower electricity consumption;
- Switched to inverter type ACU to reduce electricity consumption;
- Started installing solar lighting in some parts of the maintenance area, JOCASP

GHG Emissions in tCO₂e

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|----------|
| Gross Direct (Scope 1) ¹ | 345,448.7 | 322,851.3 | 369,210.8 | 341,033.1 | 164,207.5 | 1,111.0 |
| Gross Indirect (Scope 2) ² | 2,083.1 | 3,120.4 | 3,566.6 | 3,037.8 | 5,354.5 | 13,233.3 |

¹ SHIFT's transition into an import facility resulted in a significant reduction in the total energy consumption and Direct (Scope 1) GHG emissions. Standards, methodologies, and assumptions used: API Compendium and Shell PMR Guide.

² As direct combustion sources were reduced in the transition of Tabangao refinery to an import facility, more electricity was obtained from the grid, resulting in an increase in indirect (Scope 2) emissions.



Water Management

303-1 303-2 303-3 303-4

Water is used in the day-to-day operations of Shell Import Facility Tabangao (SHIFT) and North Mindanao Import Facility (NMIF). At SHIFT, both groundwater and seawater are withdrawn for operations as well as for domestic consumption.

Water utilized in operations and rainwater captured through drain canals are released to the sea after passing through an onsite filtering process that separates oil from discharged water through an Oil Water Separator. This ensures that potentially oil-contaminated water is not released, safeguarding water resources that are vital to our business and the communities where we operate.

Terminal operation effluents adhere to effluent regulations set forth in DAO 34 and 35, DAO 2016-08, Clean Water Act, and Global Environmental Management Standards (GEMS). We implement the recommended effluent standards set in the mandatory manuals of our HSSE & SP Control Framework. We regularly conduct water sampling to monitor effluent levels and ensure that we are within regulatory limits. Effluent samples are tested by a DENR-accredited third-party laboratory. Quarterly reports containing this information are then submitted to the DENR for regular tracking.

For SHIFT, which was the previous Tabangao Refinery, the decommissioning of running distillate units, heat exchangers, and most assets requiring process or cooling water to operate significantly reduced water withdrawal in 2021 versus previous years.

Water Withdrawal in ML

| | 2019 | 2020 | 2021 |
|-------------------|----------|----------|---------|
| Groundwater | 1,899.4 | 1,502.78 | 673.4 |
| Seawater | 13,140.0 | 7,529.9 | 6,311.0 |
| Third Party Water | - | - | 2.4 |
| Total | 15,039.4 | 15,039.4 | 6,987.8 |



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The decommissioning of running distillate units, heat exchangers, and other assets requiring process or cooling water to operate, due to the transition of the refinery into an import facility, significantly reduced water withdrawal in 2021 versus previous years. In 2020-2021, the terminals functioned primarily for storage and handling.

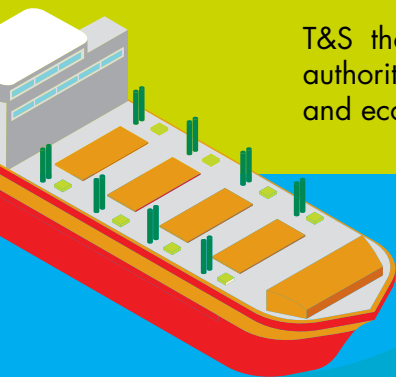


Oil Spills

Oil spills are harmful to the environment and pose a serious threat to our natural resources. With this, Trading & Supply (T&S) invests in spill prevention and preparedness through primary and secondary containment such as terminal bund wall and containment bund measures. Moreover, the terminals are also sufficiently equipped with their own oil spill response equipment. T&S also complies to internal and government requirements such as trainings in relation to preventing accidents and incident responses related to oil spills.

The Loss of Primary Containment (LOPC) recorded was confined within the containment bund, and there were no oil spill incidents during the year, which was an improvement over the previous year.

T&S thoroughly investigates and documents any occurrence and reports it to the relevant authorities to establish the root cause and build stricter procedures to avoid future environmental and economic impacts.



SHIFT/Malayan Tier 2 Drill

COVID-19 has created a unique set of new problems for disaster response in the future. But the current pandemic shall not hinder us from preparing for the worst-case scenario in the event of an oil spill. Last September 24, 2021, OSRO/Malayan SALVTUG together with our mutual aid partners (PTT, Isla Gas, Petron, Total, Chevron), representatives from PCG National Operations Center for Oil Pollution, and Marine Environmental Protection Unit Southern Luzon conducted the first PH Virtual Tier 2 Oil Spill Drill with actual oil spill equipment deployment at Shell Import Facility Tabangao (SHIFT) Jetty No. 2.

The virtual drill was a success with Chief Randy Joy Juanola acting as the Exercise Director and with live video streaming footages of the actual response and deployment.



Biodiversity

103-1 103-2 103-3 304-1

Pilipinas Shell assures and practices biodiversity conservation by coordinating with local government units (LGUs) on the ground in SHIFT and NMIF for any operations or activities that may have an impact on diverse species of plants, and animals, as well as natural ecosystems in the area.

With daily operations for terminals involving vessels of different sizes to berthing near or at the shoreline to load and receive products through cargo lines and hoses passing through the sea, each terminal ensures that an Oil Spill Contingency Plan (OSCP) is in place which details the nearby protected areas with high biodiversity and the appropriate response to potential oil spill incidents. This is evaluated annually.

We have also been collaborating with the City Government of Cagayan De Oro through the City Local Environment and Natural Resource Office (CLENRO) to reforest 3.2 hectares of mangrove protected areas situated at the delta of Cagayan De Oro River in Brgy. Bonbon. Around 5,000 mangroves for Pilipinas Shell and its contractors in NMIF have been planted to this date.



Operational Sites Owned, Leased, and Managed

| | | |
|-----------------------------|---|---|
| Poro, Cebu | Kasay Marine Sanctuary (MPA) | 3.5 km from terminal |
| SHIFT Tabangao, Batangas | Mangroves (MPA) | Coastline from SHIFT Terminal towards GMC area is 100 meters south and Coastline from Tabangao Aplaya to Himmel area is 1.6 km to the south |
| Calapan | Horca Piloto Fish Sanctuary | 0.7 km from Terminal |
| NMIF Cagayan De Oro | Brgy Gusa Fish Sanctuary and Mangrove Area (MPA and Natural Park/Critical Habitat) | ~4.2 km and ~4.4km southeast of terminal respectively |
| | Brgy Bayabas Fish Sanctuary and Brgy Bonbon Mangrove Area (MPA and Natural Park/Critical Habitat) | ~4.3km and ~3.6km northwest of terminal respectively |

Solid and Hazardous Waste Management

306-1 306-2 306-4 306-5

Pilipinas Shell complies with local regulatory requirements and Shell's internal waste manual under the HSSE & SP Control Framework.

Our terminals generate non-hazardous solid wastes due to office use which undergo proper waste management, which includes segregation, recycling, and recovery. Hazardous waste such as waste oils and oily sludge generated in previous quarters in a refinery setting are also being disposed appropriately by the terminals through accredited third-party contractors.

We ensure that wastes produced from our day-to-day operations are properly segregated within the terminal for easier management and pickup by the Local Government Unit and by our third-party contractors. 100% of the hazardous wastes generated, potentially harmful to the environment and human health, undergo either recycling, dehydration, distillation and recovery, and physical and chemical treatment. None of these are disposed of in a landfill. Hauling firms buy our discarded scrap metals, in part contributing to the circular economy.

Terminals update their Environmental Management Plan yearly to minimize waste generation (using 3R's of reduction, reuse and recycle methods) through their own local Solid Waste Management Plans (complying with all relevant laws and regulations including Republic Act 9003 for solid wastes and Republic Act 6969 for hazardous waste).



In tons

| | 2020 | | 2021 |
|---|----------|--|---------|
| Non-hazardous | | | |
| Landfill Industrial wastes like rockwool insulation and polyethylene sheets | 1,056.24 | Landfill¹ Domestic solid wastes directed to landfill | 416.02 |
| Recycling Scrap material collected by the MRF | 820.89 | Recycling Other recycled materials collected by the MRF | 90.08 |
| Hazardous | | | |
| Treatment Other hazardous wastes From Refinery by-products are treated by accredited third-party provider | 557.51 | Treatment² Significant wastes from the terminals would include waste oils/sludge from operation | 5319.46 |

¹ There is a large decrease in this year's non-hazardous solid wastes as the Tabangao Refinery in Batangas shifted to become a full import terminal, performing storage and handling activities primarily. Refinery operations as reported in previous years would historically generate larger amounts of solid wastes due to operations and its scale, as compared to the terminals reported for 2021.

² This year's increase in hazardous waste generated is due to the ongoing cleaning and disposal of waste oils and oily sludge from the previous Tabangao refinery setting.

Air Emissions and Flared and Vented Hydrocarbons 305-7

The Tabangao Refinery's transition to an import facility has also made our business operations closer to a more sustainable route.

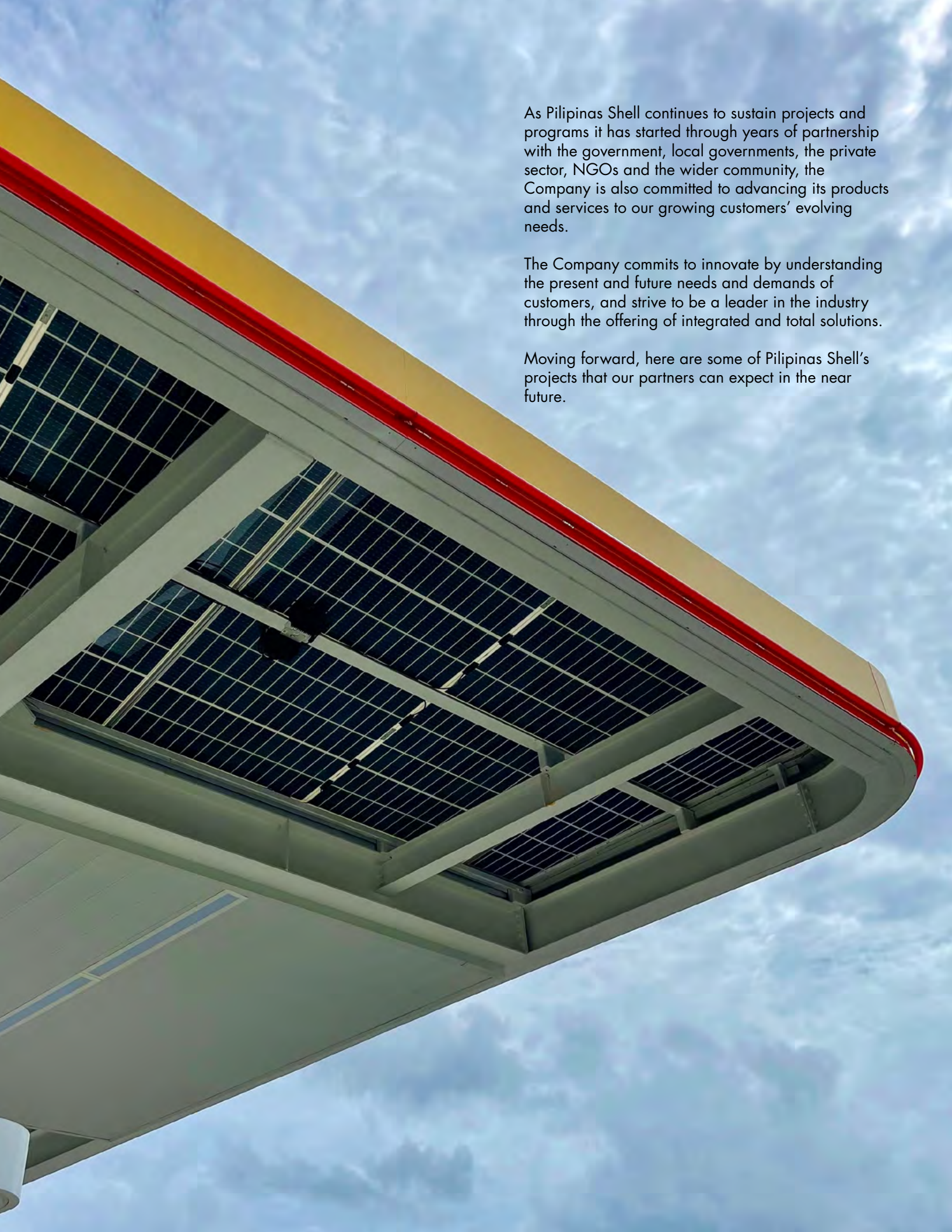
Having the refinery transition to an import facility that is part of our improved supply chain model removes our vented and flared hydrocarbons footprint starting this year. Other harmful air pollutants from our previous refining activities such as Sulfur Oxides (SOx), Nitrogen Oxides (NOx), and Volatile Organic Compounds (VOCs) are no longer included. This also applies to the rest of our terminals who focus mainly on storage and handling operations.



Solutions for the Future

- Expanding Offers to Take Care of Your Vehicle
- Plastic in Asphalt
- Developing standards for building sustainable Mobility Stations
- More digital tools





As Pilipinas Shell continues to sustain projects and programs it has started through years of partnership with the government, local governments, the private sector, NGOs and the wider community, the Company is also committed to advancing its products and services to our growing customers' evolving needs.

The Company commits to innovate by understanding the present and future needs and demands of customers, and strive to be a leader in the industry through the offering of integrated and total solutions.

Moving forward, here are some of Pilipinas Shell's projects that our partners can expect in the near future.



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Expanding offers to take care of your vehicle

As the demand for more professional, reliable and integrated vehicle care facilities increase, Shell has developed a new vehicle care format that serves as a one-stop-shop for your vehicle needs. Apart from Shell fuels to give the best protection, power & efficiency for your engine, the Mobility Haven format features integrated car washing, oil change services, and other preventive maintenance services to ensure your vehicle is ready and safe for the journey ahead.



Developing standards for building sustainable mobility stations

Pilipinas Shell moves forward with sustainability in mind as standards in building future mobility stations are developed. These standards set the design for Shell's Customer Experience of the Future Sites which offers a more customer-centric design and incorporates features like solar panels, and rain catchers to recycle rainwater for non-potable use.

The innovative design standards will give customers the experience of sustainable living and choices in their mobility needs.





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Shell Mobility Haven

Shell Mobility Haven makes it easier for customers to have their vehicles serviced, moving from vehicle servicing to total vehicle care experience. The one-stop shop facility offers world-class customer service and integrated solutions – vehicle oil change, check-ups, car wash, and other services. Car Care line of products & lubricants are also sold in-stores.



More Digital Tools coming your Way

Part of Pilipinas Shell's world-class innovation solutions is the development of digital tools that help clients manage their businesses. In line with this, Pilipinas Shell is set to launch the following technologies in the country for better fleet management :

- **Telematics** - this app allows customers to monitor all vehicle and Shell Fleet Card data through one simple platform. By integrating data, clients can cut down administration time and costs, and have all insights available through a user-friendly portal and app.
- **Fleet App** - is the smart way to manage fuel costs for vehicles under the Fleet card.

Plastic in Asphalt (PIA) project

Pilipinas Shell seeks to combat the burgeoning plastic pollution in the country through the Plastic in Asphalt (PIA) project or the Plastics on the road collaboration. In partnership with government agencies, and other private companies, the project will explore the opportunities to use recycled plastic on road with Shell Bitumen Fresh Air and collaborate with key contractors for the product trial.

GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI 101: FOUNDATION 2016

GRI 102: GENERAL DISCLOSURES 2016

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| | 102-44 Key topics and concerns raised | 18-20 | |
| Reporting practice | 102-45 Entities included in the consolidated financial statements | | Pilipinas Shell Petroleum Corp. ("PSPC," "Pilipinas Shell") |
| | 102-46 Defining report content and topic Boundaries | 8-9 | |
| | 102-47 List of material topics | 20 | |
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| | 102-52 Reporting cycle | 8 | |
| | 102-53 Contact point for questions regarding the report | 8 | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 8 | |
| | 102-55 GRI content index | 118-120 | |
| | 102-56 External assurance | | This report has not been externally assured. |

| GRI STANDARD | DISCLOSURE NUMBER AND TITLE | | PAGE | DIRECT ANSWER OR STATEMENT OF OMISSION |
|---|-----------------------------|---|-----------|---|
| GRI 200: (ECONOMIC TOPICS) | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its boundary | 36-38 | |
| | 103-2 | The management approach and its components | 36-38 | |
| | 103-3 | Evaluation of the management approach | 36-38 | |
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 29, 41-42 | |
| GRI 202: Market Presence 2016 | 202-2 | Proportion of senior management hired from the local community | | To ensure that there is a robust leadership pipeline, Pilipinas Shell hires the best Filipino talent, here and abroad, and promotes from the ranks. |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | 41-42 | |
| | 203-2 | Significant indirect economic impacts | 41-42 | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | There is nil legal action that has become pending or completed for 2021 regarding: |
| | | | | <ul style="list-style-type: none">• Anti-competitive behavior and violations of anti-trust• Monopoly legislation in which PSPC has been identified as a participant• Legal proceedings associated with price fixing or price manipulation |
| GRI 300: (ENVIRONMENTAL TOPICS) | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its boundary | 107 | |
| | 103-2 | The management approach and its components | 107 | |
| | 103-3 | Evaluation of the management approach | 107 | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 107 | |
| | 302-3 | Energy intensity | 108 | |
| GRI 303: Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource | 109 | |
| | 303-2 | Management of water-discharge related impacts | 109 | |
| | 303-3 | Water withdrawal | 109 | |
| | 303-4 | Water discharge | 110 | 1.3 m³ |
| | 303-5 | Water consumption | | |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 112 | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 108 | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 108 | |
| | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 113 | |
| Sector Specific Aspect: Effluents and Waste | OG6 | Volume of flared and vented hydrocarbon | | Our new supply chain model removes our vented and flared hydrocarbons footprint starting this year. |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 112 | |
| | 306-2 | Management of significant waste-related impacts | 112 | |
| | 306-2 | Waste by type and disposal method | 112 | |
| | 306-3 | Waste generated | | 4329.4 t |
| | 306-4 | Waste diverted from disposal | 113 | |
| | 306-5 | Waste directed to disposal | 133 | |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | | None. |

| GRI STANDARD | DISCLOSURE NUMBER AND TITLE | | PAGE | DIRECT ANSWER OR STATEMENT OF OMISSION |
|--|-----------------------------|--|--------|--|
| GRI 400: (SOCIAL TOPICS) | | | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 73 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 74 | |
| GRI 402: Labor/Management Relations 2016 | 402-1 | Minimum notice periods regarding operational changes | | There is no “standard” minimum number of weeks as engagement plans would depend on the change and the impact of the change on employees, but an engagement will be definitely be conducted prior to any change |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 84 | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 85-86 | |
| | 403-3 | Occupational health services | 75 | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 85-86 | |
| | 403-5 | Worker training on occupational health and safety | 86-88 | |
| | 403-6 | Promotion of worker health | 75-80 | |
| | 403-9 | Work-related injuries | 85 | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its boundary | 88 | |
| | 103-2 | The management approach and its components | 88 | |
| | 103-3 | Evaluation of the management approach | 88 | |
| GRI 404: Training and Education 2016 | 404-2 | Programs for upgrading employee skills and transition assistance programs | 88-89 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 89 | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 50, 73 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | | None. |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its boundary | 92 | |
| | 103-2 | The management approach and its components | 92 | |
| | 103-3 | Evaluation of the management approach | 92 | |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 93-105 | |
| GRI 416: Customer Health and Safety 2016 | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | None. |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 | Non-compliance with laws and regulations in the social and economic area | | None. |

REFERENCE

PSPC Annual and Sustainability Report 2017

https://pilipinas.shell.com.ph/promos/pilipinas-shell-sustainability-report-2017/_jcr_content.stream/1525229456257/ad44357f2c3a673369c50f6f8cadfa9530eae0/2017-pspc-asr-full-report.pdf

PSPC Annual and Sustainability Report 2018

<https://pilipinas.shell.com.ph/sustainability/pilipinas-shell-annual-sustainability-report-2018.html>

PSPC Annual and Sustainability Report 2019

<https://pilipinas.shell.com.ph/sustainability/pilipinas-shell-annual-sustainability-report-2019>

PSPC Annual and Sustainability Report 2020

<https://pilipinas.shell.com.ph/sustainability/pilipinas-shell-annual-sustainability-report-2020>

SASB CONTENT INDEX

PSPC Annual Sustainability Report 2021 has also been prepared in accordance with the industry-specific, ESG guidance framework SASB Standards Oil and Gas - Refining and Marketing 2018. The following pages provide Pilipinas Shell Environmental, Social, and Governance data that align with this standard. Other SASB codes are omitted due to lack of applicability.

| Code | Accounting Metrics | Response |
|---|--|--|
| Greenhouse Gas Emissions | | |
| EM-RM-140a.2 | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | 617.9 Metric tons CO ₂ e, 100% |
| Air Quality | | |
| EM-RM-120a.1 | Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) H ₂ S, and (5) volatile organic compounds (VOCs) | Given the current setting of both SHIFT and NMIF, harmful air pollutants, Sulfur Oxides (SO _x), Nitrogen Oxides (NO _x), and Volatile Organic Compounds (VOCs) are no longer included in the report starting this year. |
| EM-RM-120a.2 | Number of refineries in or near areas of dense population | 0 Pilipinas Shell inaugurated its Pilipinas Shell Import Facility in Tabangao (SHIFT) in July 2021. From a refinery site, the facility is now a Medium Range (MR)-capable import terminal. |
| Water Management | | |
| EM-RM-140a.1 | (1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress | None. No regions with High or Extremely High Baseline Water Stress have been identified. |
| EM-RM-140a.2 | Number of incidents of non-compliance associated with water quality permits, standards, and regulations | 0 Terminal operation effluents adhere to effluent regulations set forth in DAO 34 and 35, DAO 2016-08, Clean Water Act, and Global Environmental Management Standards (GEMS). Recommended effluent standards set in the mandatory manuals of our HSSE & SP Control Framework are also implemented. |
| Hazardous Materials Management | | |
| EM-RM-150a.1 | Amount of hazardous waste generated, percentage recycled | 3612.44 tons, 79% recycled |
| EM-RM-150a.2 | 1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds | There are no underground storage tank systems (USTs) for petroleum and hazardous substances. |
| Workforce Health and Safety | | |
| EM-RM-320a.1 | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees | Refers to page 85 |
| EM-RM-320a.2 | Discussion of management systems used to integrate a culture of safety | Refers to page 85-89 |
| Product Specifications & Clean Fuel Blends | | |
| EM-RM-410a.2 | Total addressable market and share of market for advanced biofuels and associated infrastructure | There are currently no advanced biofuels available. |
| Pricing Integrity & Transparency | | |
| EM-RM-520a.1 | Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation | There is nil legal action that has become pending or completed for 2020 and 2021 regarding legal proceedings associated with price fixing or price manipulation. |
| Management of the Legal & Regulatory Environment | | |
| EM-RM-530a.1 | Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry | Refers to page 30. 50-52 |

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on our sustainability story.

