

# COVER SHEET

1 4 8 2 9

S.E.C. Registration Number

P I L I P I N A S S H E L L P E T R O L E U M

C O R P O R A T I O N

(Company's Full Name)

1 5 6 V A L E R O S T S A L C E D O V I L L A G E

B R G Y B E L - A I R M A K A T I C I T Y

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

ATTY. MA. LOURDES O. DINO

Contact Person

+632 4994877

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Definitive Information Statement

2 0 - I S

FORM TYPE

0 4

Month

1 6

Day

Annual General Meeting  
as per By-Laws

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

AOI: VII, XI, XII; B/L: II, III, VI, IX

Amended Articles Number/Section

368 as of 9 June 2016

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

**To be accomplished by SEC Personnel concerned**

File Number

LCU

Document I. D.

Cashier

**STAMPS**

**NOTICE OF THE SPECIAL MEETING  
OF THE STOCKHOLDERS OF  
PILIPINAS SHELL PETROLEUM CORPORATION**

NOTICE IS HEREBY GIVEN that the special meeting of the stockholders of PILIPINAS SHELL PETROLEUM CORPORATION (the, "Corporation") will be held at the 10<sup>th</sup> Flr., Shell House, 156 Valero Street, Salcedo Village, Makati City at 9:00 a.m. on 18 July 2016, for the following purposes:

**A G E N D A<sup>1</sup>**

- (1) Call to Order
- (2) Proof of Notice of Meeting and Certification of Quorum
- (3) Approval of Minutes of the Annual Stockholders' Meeting held on 13 May 2016
- (4) Ratification of the Corporation's Initial Public Offering
- (5) Ratification of the Amendments to the Corporation's Articles of Incorporation:
- (6) Ratification of the Amendments to the Corporation's By-Laws
- (7) Any Other Business
- (8) Adjournment

The Board of Directors has fixed the close of business on **15 June 2016** as the Record Date for the determination of the stockholders entitled to vote at the meeting.

**WE ARE NOT SOLICITING YOUR PROXY.** However, you may attend the meeting by submitting a duly-accomplished and executed proxy substantially in the form attached herewith. The proxy must be received by the Office of the Corporate Secretary at the 12<sup>th</sup> Flr., Shell House, No. 156 Valero St., Salcedo Village, Brgy. Bel-Air, Makati City, no later than 8:30 AM of **18 July 2016** ("Cut-Off"). Proxies duly received by the Corporate Secretary shall be recognized for the meeting unless revoked by personal appearance of the stockholder or by a later proxy received on or before Cut-Off. **Management is not soliciting for a proxy. The attached form is provided only for your convenience.**

Registration starts at 8:00 a.m. For convenience in registering attendance, attendees are advised to bring any form of government-issued identification such as passport, SSS identification card or driver's license and present the same at the registration desk near the entrance to the meeting venue.

Makati City, 13 June 2016.



**ERWIN R. OROCIO**  
Corporate Secretary

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<sup>1</sup> Please refer to Items 15 and 17 of the Definitive Information Statement for a complete discussion/description of the matters requiring Stockholder ratification.

## PROXY

### KNOW ALL MEN BY THESE PRESENTS:

\_\_\_\_\_, \_\_\_\_\_, of legal age, with address at \_\_\_\_\_

does hereby appoint-

[name]

Or in case of his non-attendance

[name]

As proxy to represent and vote all shares registered in my name in the books of PILIPINAS SHELL PETROLEUM CORPORATION at the Annual General Meeting of the stockholders of the said corporation to be held on 18 July 2016 and any adjournment and postponement thereof.

This proxy revokes and supersedes any previously executed proxy or proxies and shall continue until such time as the same is revoked or withdrawn by the undersigned either through notice in writing delivered to the Corporate Secretary or by the attendance of the undersigned at the meeting. This proxy shall be valid only for the meeting indicated in the first paragraph hereof.

IN WITNESS WHEREOF, the undersigned has caused this Proxy to be signed this \_\_\_\_ day of \_\_\_\_\_, 2016 in \_\_\_\_\_.

\_\_\_\_\_  
Printed Name and Signature  
of Shareholder

**Management is not soliciting your proxy. This form is provided only for your convenience.**

REPUBLIC OF THE PHILIPPINES        }  
\_\_\_\_\_                                }       S.S.

SUBSCRIBED AND SWORN TO before me this \_\_\_\_ day of \_\_\_\_\_ 2016 in \_\_\_\_\_, affiant exhibiting to me his/her Community Tax Certificate No. \_\_\_\_\_ issued on \_\_\_\_\_ by \_\_\_\_\_ and competent evidence of his/her identity, \_\_\_\_\_, bearing his/her photograph and signature, issued by the \_\_\_\_\_.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2016.

## SAMPLE BALLOT

- |  |                              |                             |  |
|--|------------------------------|-----------------------------|--|
| 1. Approval of Minutes of Previous Meeting (16 May 2016)   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| 2. Initial Public Offering   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| 3. Amendments to the following Articles of the Articles of Incorporation:  |                              |                             |  |
| a. Seventh: Removal of Pre-emptive Rights  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| b. Eleventh: Clarification on Filling in Vacancies in the Presidency   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| a. Eleventh: Revisions on the definition of Royal Dutch Shell/Shell Group  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| c. Twelfth: Additional Clause on Lock-Up Requirements in compliance with rules on listing with the Philippine Stock Exchange | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| 4. Amendments to the following Sections of the By-Laws:  |                              |                             |  |
| a. Section 1, Article II: Date of Annual General Meeting   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain<br><input type="checkbox"/> |
| b. Section 3, Article II: Additional Modes of Notice of Meetings of the Stockholders by Publication and Electronic Means     | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| c. Section 8, Article II: Closing of Transfer Books or Fixing of Record Date   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| d. Section 2, Article III: Conducting Board Meetings via Tele/videoconferencing  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| e. Section 3, Article III: Allow Electronic Notice of Meetings of the Board of Directors                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| f. Section 7, Article III: Compliance With Requirement To Have Independent Directors   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| g. Section 8, Article III: Creation of Board Committees  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| h. Section 6, Article VI: Requirement for Stockholders to Provide Electronic Addresses                                       | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |
| i. Section 1, Article IX: Allowing Stockholders to delegate to the Board the power to Amend By-Laws                          | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain                             |

18 July 2016

\_\_\_\_\_  
Printed Name of the Stockholder/Proxy

\_\_\_\_\_  
Signature of the Stockholder/Proxy

\_\_\_\_\_  
Date

**PLEASE DO NOT FILL IN THIS PORTION**

No. of Shares Registered: \_\_\_\_\_

Verified By: \_\_\_\_\_

**Management is not soliciting your proxy. This form is provided only for your reference. Management reserves the right to further revise this form for your convenience.**



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**Information Statement of  
PILIPINAS SHELL PETROLEUM CORPORATION  
Pursuant to the Securities Regulation Code (SRC) Section 20**

1. Check the appropriate box

☐ Preliminary Information Sheet

☒ Definitive Information Sheet



2. Name of Registrant as specified in its Charter:

**Pilipinas Shell Petroleum Corporation**

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

**Republic of the Philippines**

4. SEC Identification Number:

**14829**

5. BIR Tax Identification Code:

**000-164-757**

6. Address of principal office:

**Shell House, No. 156 Valero Street, Salcedo Village, Brgy. Bel-Air, Makati City 1227**

7. Registrant's telephone number, including area code:

**(632) 816-6501 / 1227**

8. The Annual Stockholders' Meeting is scheduled on:

Date: **18 July 2016**

Time: **9:00 a.m.**

Place: **10<sup>th</sup> Flr., Shell House, 156 Valero Street, Salcedo Village, Makati City**

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

**27 June 2016**

11. Securities registered pursuant to Sections 8 and 12 of the SRC

**Not Applicable.**

12. Are any or all *Corporation's* securities listed on the Philippine Stock Exchange?

☐ Yes

☒ No

## **PART I.**

### **INFORMATION REQUIRED IN INFORMATION STATEMENT**

#### **A. GENERAL INFORMATION**

##### **Item 1. Date, Time and Place of Meeting of Security Holders**

- (a) The Special Meeting of the Stockholders of Pilipinas Shell Petroleum Corporation ("Corporation") has been set on the date, time and place indicated below:

Date: 18 July 2016

Time: 9:00 a.m.

Place: 10<sup>th</sup> Floor, Shell House, 156 Valero Street, Salcedo Village, Makati City

The mailing address of the principal office of the Corporation is:

Pilipinas Shell Petroleum Corporation  
Shell House, 156 Valero Street, Salcedo Village  
Makati City 1227

- (b) The approximate date on which the information statement forms are to be sent or given to the security holders is 27 June 2016. The distribution of the information statement shall be made in CD format. All required permits from the Optical Media Board (OMB) and Securities & Exchange Commission ("SEC") for the distribution of the information statement in CD format have been secured.

**WE ARE NOT SOLICITING FOR PROXY.**

##### **Item 2. Dissenter's Right of Appraisal**

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

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

- (a) No current director or officer of the Corporation, or nominee for election as director of the Corporation or any of their associate, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.
- (b) No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

#### **B. CONTROL AND COMPENSATION INFORMATION**

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

- (a) No. of Common Shares Outstanding as of 31 May 2016: **1,585,944,202**

Number of Votes Entitled: **One (1) vote per share**

- (b) All stockholders of record as of 15 June 2016 (the, "**Record Date**") are entitled to vote at the Special Meeting of the Stockholders.

(c) Manner of Voting

Article II, Section 6 of the Amended By-Laws of the Corporation provides as follows:

“Section 6. **Voting:** At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company and may vote either in person or by proxy duly given in writing in favor of another person who need not be a stockholder and presented to the Secretary for inspection and record at or prior to the opening of the meeting provided, however, that at all meetings for the election of Directors the shares of stock shall be voted as provided in the Corporation Law. No proxy bearing a signature which is not legally acknowledged, if unrecognized by the Secretary, shall be recognized at any meeting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of 31 May 2016 (information required by Part IV paragraph (C) of “Annex C” to the extent known by the persons on whose behalf the solicitation is made).

1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) of Common Shares as of 31 May 2016:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent
Common	Shell Overseas Investments B.V.  Carel van Bylandtlaan 30, 2598 HR the Hague The Netherlands  - Parent Company	Beneficial and Record Owner	Dutch	1,081,364,501	68.18%
Common	The Insular Life Assurance Company, Ltd.  The Insular Life Bldg., Ayala Avenue cor. Paseo de Roxas, Makati City  - Shareholder	Beneficial and Record Owner	Filipino	310,078,999	19.55%
Common	Spathodea Campanulata Inc.  General Aviation Center Domestic Airport Compound Pasay City  - Shareholder	Beneficial and Record Owner	Filipino	81,551,154	5.14%

The stockholders who hold more than 5% ownership are:

(i) Shell Overseas Investments B.V.

Shell Overseas Investments B.V. operates as a holding company and is based in The Hague, the Netherlands. It is 100% owned by Shell Petroleum N.V. (SPNV).

Mr. Anthony Lawrence D. Yam, and in his absence, Mr. Jose Jerome R. Pascual, III, and in his absence, Mr. Eduard Geus are the proxy holders who shall vote the shares of this stockholder.

(ii) The Insular Life Assurance Company Limited

The Insular Life Assurance Company Limited (Insular) is engaged in carrying out the business of life assurance in all its branches and in particular, the grant or effect of assurances of all kinds for payment of money by way of single payment or by several payments or by way of immediate or deferred annuities upon the death of or upon the attaining a given age by any person or persons or upon the birth or failure of issue or subject to or upon a fixed or certain date irrespective of any such event or contingency

The Chief Executive Officer, or any of the Executive Vice President, Senior Vice President, First Vice Presidents, Vice Presidents or such other officers of Insular as authorized by Insular's Chief Executive Officer is the proxy holder who shall vote the shares of this stockholder.

(iii) Spathodea Campanulata Inc.

Spathodea Campanulata Inc. is a domestic corporation whose primary purpose is to acquire by purchase, exchange, assignment, gift or otherwise, and hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, traffic and deal in and with and otherwise to enjoy and dispose of, any bonds, debentures, promissory notes, shares of capital stocks, or other securities or obligation's, created, negotiated or issued by any corporation, association or other entity, foreign or domestic and in real and personal property of all kinds in the same manner and to the extent as a juridical person might, could or would do, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of, any and, all dividends, interest and income, derived therefrom and the right to vote on any shares of the capital stock, and upon any bonds, debentures, or other securities, having voting power as owned, and to issue proxies for said purposes, but only to extent permitted by law, provided it shall not act as brokers or dealers in securities.

The Board of Directors of Spathodea Campanulata Inc. has the power to decide how the latter's shares in the Corporation are to be voted. Mr. Carlos R. Araneta is the proxy holder who shall vote the shares of this stockholder.

2) Security Ownership of Directors and Management as of 31 May 2016:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Edgar O. Chua	Director/Chairman & President	52 (direct)	Filipino	0.0000032%
Common	Jose Jerome R. Pascual, III	Director /Treasurer/ VP – Finance	1 (direct) <sup>2</sup>	Filipino	0.00000014%
Common	Fernando Zobel de Ayala	Director	1 (direct)	Filipino	0.00000014%
Common	Nina D. Aguas	Director	39 (direct)	Filipino	0.0000025%
Common	Anabil Dutta	Director	1 (direct)	Indian	0.00000014%

<sup>2</sup> Mr. Jose Jerome R. Pascual, III was elected by the Board of Directors while still constituting a quorum, as Director and Treasurer/VP for Finance of the Corporation to replace Mr. Shaiful B. Zainuddin due to the latter's resignation. Mr. Zainuddin's share was transferred to Mr. Pascual on 13 June 2016 to qualify him as a nominee to a Board seat.



Common	Mona Lisa Bautista Dela Cruz	Director	7 (direct)	Filipino	0.00000043%
Common	Cesar A. Buenaventura	Director	1 (direct)	Filipino	0.00000014%
Common	Eduard R. Geus	Director/VP – Manufacturing	1 (direct)	Dutch	0.00000014%
Common	Anthony Lawrence D. Yam	Director/VP – Retail	1 (direct)	Filipino	0.00000014%
Common	Sebastian Cortez Quiniones, Jr.	Director	1 (direct)	Filipino	0.00000014%
	Ramon Del Rosario	VP – External Relations	None	Filipino	Not Applicable
	Homer Gerrard L. Ortega	VP – Human Resources	None	Filipino	Not Applicable
	Dennis G. Gamab	VP – Trading and Supply	None	Filipino	Not Applicable
	Atty. Jannet C. Regalado	VP – Legal	None	Filipino	Not Applicable
	Atty. Erwin R. Orcio	Corporate Secretary	None	Filipino	Not Applicable
	Atty. Charles Edward M. Cheng	Asst. Corporate Secretary	None	Filipino	Not Applicable
Security Ownership of all Directors and Officers			105		0.0000067%

None of the members of the Corporation's directors and management owns 1.0% or more of the outstanding capital stock of the Corporation.

3) Voting Trust Holders of 5% or More

The Corporation knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

4) Changes in Control

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

(c) No change in control of the Corporation has occurred since the beginning of its last fiscal year.

**Item 5. Directors & Executive Officers**

No action shall be taken with respect to the election of directors.

**Item 6. Compensation of Directors & Executive Officers**

No action shall be taken with respect to any of the following:

- (a) the election of directors;
- (b) any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Corporation will participate;
- (c) any pension or retirement plan in which any such person will participate; or
- (d) the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

**Item 7. Independent Public Accountants**

- (a) The principal accountants/external auditors of the Corporation is the accounting firm of SyCip Gorres Velayo & Co. (Ernst & Young Co. – Philippines), which was first appointed as such in the last annual general meeting held on 13 May 2016.

**SyCip Gorres Velayo & Co. (Ernst & Young Co. – Philippines) may be engaged by the Management to be represented in the coming Special Stockholders' Meeting to certify to the existence of the quorum and tabulated votes.**

**Item 8. Compensation Plans**

There is no action that will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**C. ISSUANCE AND EXCHANGE OF SECURITIES****Item 9. Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for Exchange for the outstanding securities of the Corporation.

**Item 10. Modification or Exchange of Securities**

No action is to be taken with respect to the modification of any class of securities of the Corporation or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

No action is to be taken with respect to Items 9 and 10 specified above.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action will be taken with respect to any transaction involving the following:

- (a) the merger or consolidation of the Corporation into or with any other person or of any other person into or with the Corporation;
- (b) the acquisition by the Corporation or any of its security holders of securities of another person;
- (c) the acquisition by the Corporation of any other going business or of the assets thereof;
- (d) the sale or other transfer of all or any substantial part of the assets of the Corporation; or
- (e) the liquidation or dissolution of the Corporation.

**Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be taken up with respect to acquisition or disposition of any property by the Corporation.

#### **Item 14. Restatement of Accounts**

There are no matters or actions to be taken up with respect to the restatement of any asset, capital, or surplus account of the Corporation.

#### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

The approval of the stockholders on the following matters will be taken up:

- (a) Approval of the Minutes of the Annual Meeting of the Stockholders held on 13 May 2016, covering the following matters:
  - 1) Quorum;
  - 2) Approval of the Minutes of the Regular Meeting of the Stockholders held on 12 May 2015;
  - 3) President's Report;
  - 4) Ratification and approval of the acts of the Board, Board Committees, and Management.
  - 5) Election of Directors; and
  - 6) Appointment of Auditors.

#### **Item 16. Matters Not Required to be Submitted**

There are no matters or actions to be taken up with respect to any matter which is not required to be submitted to a vote of the stockholders.

#### **Item 17. Amendment of Charter, Bylaws or Other Documents**

##### **(a) Amendment of the Articles of Incorporation**

A resolution approving the following amendments to the Articles of Incorporation will be presented to the stockholders for ratification by the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock:

##### **(i) Required Amendments for Companies filing a Registration Statement with the SEC and Listing Application with the PSE**

###### **(1) Seventh: Denial of Pre-Emptive Rights**

A stockholder's pre-emptive right refers to the right to subscribe to a company's issues or disposition of shares of any class in proportion to his shareholdings. The Listing Rules of the PSE requires that pre-emptive rights be expressly denied in a company's Articles of Incorporation prior to listing in the said Exchange.

###### **(2) Twelfth: Lock-Up Requirements**

The PSE Listing Rules likewise require that a company applying for listing shall expressly state in its Articles of Incorporation said Exchange's Lock-Up Requirements, to wit:

- Existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the Corporation shall refrain from selling, assigning or in any manner disposing of their shares for the following periods after the listing of the shares:

- 180 days – If the Corporation meets the track record requirements of the PSE; or
- 365 days – If the Corporation claims an exemption from the track record and operating history requirements of the PSE.
- If there is any issuance or transfer of shares (i.e. private placements, assets for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e. convertible bonds, warrants or a similar instruments.) done and fully paid for within 180 days prior to the start of the offering period, and the transaction price is lower than that of the offer price in the IPO, all shares availed of shall be subject to a lock-up of at least 365 days from full payment of the aforesaid shares.

**(ii) Governance Improvements Expected from Listed Companies / Correction of Clerical Errors**

**Eleventh:** Clarify Mechanism to Replace President during Mid-term Vacancy and Update Shell Group Definition

The revisions are intended to correct certain typographical errors committed in previous amendments and keep the original language in the Article, which states that in case the position of the President becomes vacant, such vacancy shall be filled by a nominee of the Shell Group.

Corrolarily, there is a need to clarify the definition of the Shell Group as used in said Article.

**(b) Amendment of the By-Laws**

**(i) Required Amendments for Companies filing a Registration Statement with the SEC and Listing Application with the PSE**

**(1) Section 7, Article III: Election of Independent Directors**

Public and publicly listed companies are required to elect independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as such directors. The election of Independent Directors is expected to assist the Board in carrying out its responsibility to exercise objective and independent judgment in managing the affairs of the company and substantiate proper checks and balances. Independent Directors likewise bring a different perspective to the various issues brought to the Board for discussion and final decision, which is expected to broaden the capability of the Board to provide strategic guidance to the management.

As regularly disclosed, the Corporation is already compliant with this requirement and currently has two (2) independent directors sitting in its Board, namely: Messrs. Fernando Zobel de Ayala and Cesar A. Buenaventura. For purposes of listing with the PSE however, the Corporation is required to provide an express provision on the election of independent directors in its By-Laws.

**(2) Section 8, Article III: Creation of Board Committees**

Public companies and those listed in an Exchange are required to create at least the following three (3) Board Committees to ensure compliance with good corporate governance:



- a) Board Audit Committee
- b) Nominations Committee
- c) Compensation & Remuneration Committee

While the Corporation, being a public company, is already compliant with the requirement to create these Board Committees, regulators would need to see an express provision in its By-Laws on the creation of these committees and others that may be required in the future or deemed necessary in accordance with best practices in corporate governance.

The main functions of these Committees as well as their compositions may likewise be found in the Corporation's Manual on Corporate Governance.

(3) **Section 8, Article II: Closing of Transfer Books or Fixing of Record Date**

The By-Laws provision on Closing Transfer Books or Fixing Record Date shall assist both the Corporation and the stockholders in determining which stockholders are entitled to notice of or vote at any stockholders' meeting or receive payment of any dividends declared. More importantly, this clause is aligned with current PSE Rules on the matter.

The proposed rules states that the stock and transfer books shall be closed for at least twenty (20) days immediately preceding the pertinent meeting or the Board of Directors shall set a Record Date instead.

(ii) **Governance Improvements Expected from Listed Companies**

(1) **Section 1, Article II: Date of Annual General Meeting**

The date of the Annual General Meeting shall be moved from 3rd Tuesday of April to **3<sup>rd</sup> Tuesday of May** to reflect current practice. The new date is likewise aligned with the timelines required for the preparation and filing of certain reports such as the Annual report and Audited Financial Statements.

(2) **Section 3, Article II; Section 3, Article III; and Section 6, Article VI: Electronic Notice and other Forms of Notice of Meetings of the Board and Stockholders**

To keep up with current technology and reflect current industry trends and best practices, the Corporation would like to adopt transmission of Notices of Meetings to its directors and stockholders via electronic means or any form of publication (i.e., newspaper publication; posting on company website, etc.)

To implement the foregoing, the stockholders will be required to also provide the Corporate Secretary with their electronic email addresses to help ensure that they receive company notices/disclosure in a timely manner.

(3) **Section 2, Article III: Conducting Board Meetings via Tele/videoconferencing**

SEC Memorandum Circular No. 15-2001 allows the conduct of Board Meetings via tele/videoconferencing. Pursuant to the said circular and related SEC Opinions, the Corporation would need to provide an express provision in its By-Laws adopting this practice to ensure that Board Meetings conducted via tele/videoconferencing are valid.

(4) **Section 1, Article IX: Delegation to the Board of the power to Amend By-Laws**

To allow flexibility in terms of adopting new By-Laws provisions as may be required by law or deemed necessary in keeping with corporate governance best practices, it is proposed that by the affirmative vote of the stockholders representing

at least two-thirds (2/3) of the Corporation's outstanding capital stock, the By-Laws may be amended, repealed or replaced with a new one by the Board of Directors as it may deem proper. Said delegated authority to the Board may be revoked by the affirmative vote of the stockholders representing at least two-thirds (2/3) of the Corporation's outstanding capital stock.

#### **Item 18. Other Proposed Action**

The approval of the stockholders on the following matters will be taken up:

(a) The Corporation's Initial Public Offering ("IPO")

In compliance with Section 22 of Republic Act No. 8479 or the Downstream Oil Industry Deregulation Act of 1998 and pertinent rules of the Department of Energy ("DOE") and in recognition of the satisfaction of the following conditions critical to a successful IPO, the Board of Directors has unanimously approved the Corporation's initial public offering of common shares in its special meeting held on 13 June 2016:

- (i) Favorable equity market conditions,
- (ii) Favorable financial performance of the Corporation, and
- (iii) Favorable capital structure of the Corporation.

Given that the listing rules of the Philippine Stock Exchange ("PSE") further require stockholder approval of this matter, the above resolutions to proceed with the Corporation's IPO, as approved by the Board, shall be presented to the stockholders for ratification by the affirmative vote of those representing at least a majority of the outstanding capital stock.

Specifically, the following matters shall be taken up for action by the stockholders:

1. The securities initial public offering of the Corporation's common shares, subject to the registration requirements of the SEC;
2. Delegation of authority to the Board of Directors to determine the final terms and conditions of the Corporation's IPO, including, but not limited to offer structure, offer size, timetable, offer price, appointment of deal parties, determination of over-allotment option or such other relevant terms, and to implement any transaction in connection with the securities offering without the necessity of obtaining further approval from the stockholders;
3. The filing of the Registration Statement and other required documents with the SEC and the listing application with the PSE; and
4. The confirmation of the authority of the Board of Directors of the Corporation and such other persons as are duly authorized by them, to sign, execute, deliver and/or amend, for and on behalf of the Corporation, any and all documents, contracts, agreements, certificates, undertakings and instruments relating to the Corporation's IPO and do or cause to be done any and all acts pursuant to or required by the Corporation's securities offering.

Ratification of the foregoing matters shall require stockholder approval of certain mandatory amendments to the Corporation's Articles of Incorporation, as further discussed in Item 17.

#### **Item 19. Voting Procedures**

Each voting share of stock entitles its registered owner as of the Record Date to one vote to approve the Minutes of the Annual General Meeting held on 13 May 2016.

The vote of stockholders representing a majority of the issued and outstanding capital stock entitled to vote shall be required for the approval of the following matters:

1. Corporation's securities IPO; and
2. Amendments to the By-Laws.

The vote of stockholders representing two-thirds (2/3) of the issued and outstanding capital stock entitled to vote ("super majority") shall be required for the approval of the proposed amendments to the Articles of Incorporation.

Voting will be by poll. Upon registration at the special stockholders' meeting, each stockholder will be given a ballot to enable him to vote in writing on each item or proposal in the Agenda. A sample of the ballot (subject to further revisions for the convenience of the stockholders) is provided for reference in the sample proxy attached herewith.

**Management is not soliciting your proxy. This form is provided only for your convenience.**

Nonetheless, each stockholder may vote *viva voce* or by other means of communicating his approval or objection during the meeting.

All votes will be counted and tabulated by the Office of the Corporate Secretary with the assistance of the Stock & Transfer Agent. The Management may opt to engage the external auditor of the Corporation, the accounting firm of SyCip Gorres Velayo & Co. (Ernst & Young Co. – Philippines), to validate the poll results.

## PART II.

### SIGNATURE PAGE

*After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.*

*This report is signed in the City of Makati on 13 June 2016.*

By:

**ERWIN R. OROCIO**  
Corporate Secretary  
Pilipinas Shell Petroleum Corporation

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