

GUIDELINES AND CRITERIA IN THE CONDUCT OF THE NOMINATION FOR DIRECTORS

Pursuant to the Manual on Corporate Governance of PILIPINAS SHELL PETROLEUM CORPORATION (“PSPC”), the Nomination Committee of PSPC hereby adopts the following guidelines and criteria for the nomination of directors to the Board of Directors of PSPC:

1. Conduct of the Nomination

The nomination for directors shall be conducted in the manner set forth below:

- a. The Nomination Committee shall fix the period for which nominations of directors shall be submitted to the Nomination Committee.
- b. Within the nomination period, a nominating stockholder must submit in writing his recommendation to the Nomination Committee.
- c. The recommendation shall be signed by the nominating stockholder as well as by the would-be nominee, to signify the latter’s acceptance and conformity.
- d. The recommendation shall also include the curriculum vitae of the would-be nominee.
- e. After the nomination period, the Nomination Committee shall pre-screen the qualifications of the would-be nominees based on the criteria set forth in the Manual on Corporate Governance and the screening policies and parameters of the Nomination Committee.
- f. A Final List of Candidates shall be prepared by the Nomination Committee. It shall contain all the information about all the nominees for directors.
- g. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

- h. No other nomination shall be entertained after the Final List of Candidates shall have been prepared.
- i. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

2. Qualifications for All Nominees

All nominees for directors shall have the following qualifications:

- a. He must be a holder of at least one (1) share of stock of PSPC;
- b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- c. He shall be at least twenty one (21) years old; and
- d. He shall have proven to possess integrity, probity and diligence.

In addition to the qualifications and disqualifications listed above, the Nomination Committee shall also consider the following criteria in the determination of the nominees for directors to the Board:

- a. The nature of the business of the corporations of which he is a director;
- b. Age of the director;
- c. Number of directorships and/or active memberships and officerships in other corporations or organizations; and
- d. Possible conflict of interest.

2. Disqualifications for All Nominees

The following persons are disqualified from being a nominee for director, whether as executive director, non-executive director or independent director:

- a. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- b. Any person finally found by the Securities and Exchange Commission (SEC) or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the SEC or Bangko Sentral ng Pilipinas;
- c. Any person judicially declared to be insolvent;
- d. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- e. Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

3. Additional Disqualifications for Nominees for Independent Directors

In addition to the disqualifications provided in Paragraph 2 above, the following persons are disqualified from being a nominee for independent director:

- a. Any person who is a director, officer or substantial stockholder of PSPC or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- b. Any person who is a relative of any director, officer or substantial shareholder of PSPC, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

- c. A person who is acting as a representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
- d. A person who has been employed in any executive capacity by PSPC, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- e. A person who is retained as professional adviser by PSPC, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- f. A person who has engaged or is engaged in any transaction with PSPC or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant;
- g. A person who concurrently holds independent directorship positions in at least five (5) affiliates of PSPC; and
- h. A person who has already rendered service as independent director for a total of ten (10) years in PSPC or any of its affiliates.

When used in relation to PSPC:

- a. "Related company" means Shell Overseas Investment, Royal Dutch Shell plc ,their subsidiaries and a subsidiary of PSPC; and
- b. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of PSPC's equity security.

4. Disqualifications During Tenure for All Directors

Any nominee elected as a director shall be disqualified during his tenure under the following instances or causes:

- a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its

Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

- b. Absence or non-participation without justifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c. Dismissal/termination from directorship in a listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- d. Being under preventive suspension by PSPC; and
- e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

5. Additional Disqualifications During Tenure for Independent Directors

In addition to the disqualifications provided in Paragraph 4 above, any nominee elected as an independent director shall be disqualified during his tenure under the following instances or causes:

- a. If the independent director becomes an officer or employee of PSPC;
- b. If the beneficial security ownership of the independent director in PSPC or in its related companies shall exceed the two percent (2%) limit

6. Term of Independent Directors (per SEC MC 9, Series of 2011)

Notwithstanding the foregoing, the Nomination Committee shall likewise consider the following rules for nominating or disqualifying nominees as independent directors:

- a. With effect from 2 January 2012, an independent director shall serve as such for not more than five (5) consecutive years. Thereafter, such independent director may again serve as independent director of PSPC for a maximum term of five (5) consecutive years only upon undergoing the two-year "Cooling-Off

Period” during which, such independent director has not engaged in any activity that disqualifies him/her as an independent director hereunder.

b. In no case shall an independent director serve for more than a total of ten (10) years.

c. For purposes of these rules, the following definitions shall apply:

“Cooling-Off Period” shall refer to the two-year period following the consecutive five-year term of the independent director during which, s/he does not serve as an independent director of PSPC.

One-year service shall include service as independent director for at least six (6) months regardless of the manner by which the election as independent director was terminated.

Amended on 27 February 2014 at Makati City.