



THE PHILIPPINE STOCK  
EXCHANGE, INC.

Corporate Governance Guidelines  
for  
Listed Companies  
Disclosure Template

|  | COMPLY | EXPLAIN   |
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| <b>Guideline No. 1:<br/>DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY</b>  |        |   |
| 1.1 Have a clearly defined vision, mission and core values.  | Yes    | The Corporation has clearly defined vision, mission and core values as reflected in its website, <a href="http://pilipinas.shell.com.ph/about-us/who-we-are.html">http://pilipinas.shell.com.ph/about-us/who-we-are.html</a> .  |
| 1.2 Have a well developed business strategy.   | Yes    | <p>The Corporation has well-developed business strategy as reflected in its website, <a href="http://pilipinas.shell.com.ph/about-us/what-we-do.html">http://pilipinas.shell.com.ph/about-us/what-we-do.html</a>.</p> <p>A comprehensive discussion of the business of the Corporation is included in its Annual Report (SEC Form 17-A) for the year 2016.</p> <p>For additional information, please refer to the March 2017 Analysts and Investors Briefing of the Corporation available at <a href="http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf">http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf</a>.</p> |
| 1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture. | Yes    | A comprehensive discussion of the strategy execution process of the Corporation that facilitates effective performance management attuned to the Corporation's business environment, management style and culture is included in its Annual Report (SEC Form 17-A) for the year 2016.   |

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|   |     | For additional information, please refer to the March 2017 Analysts and Investors Briefing of the Corporation available at <a href="http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf">http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf</a> .   |
| 1.4 Have its board continually engaged in discussions of strategic business issues. | Yes | <p>A comprehensive discussion of the strategic business issues of the Corporation is included in its Annual Report (SEC Form 17-A) for the year 2016.</p> <p>For additional information, please refer to the March 2017 Analysts and Investors Briefing of the Corporation available at <a href="http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf">http://pilipinas.shell.com.ph/investors/investor-briefing-materials/jcr_content/par/textimage.stream/1489497764928/ec0d99ea1c511f63a7d9398a2ddce859283995fce54240791c6b1c0a6f080f61/analyst-briefing-pack-fy-2016.pdf</a>.</p> |
| <b>Guideline No. 2:<br/>ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD</b>     |     |  |
| 2.1. Have a board composed of directors of proven competence and integrity.         | Yes | <p>The profiles of the Directors of the Corporation with proven competence and integrity are included in its Annual Report (SEC Form 17-A) for the year 2016.</p> <p>The foregoing is likewise reflected in its website, <a href="http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html">http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html</a>.</p>  |

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| <p>2.2. Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.</p>            | <p>Yes</p> | <p>The functions of the Chairman to ensure that the Board functions in an effective and collegial manner are included in its Manual on Corporate Governance and made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a>.</p>  |
| <p>2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.</p> | <p>No</p>  | <p>Section 38 of the Securities Regulation Code ("SRC") and Rule 38 of the Amended Rules and Regulations of the SRC ("SRC IRR") only require two (2) directors or such number of directors as shall constitute twenty percent (20%) of the members of the board of directors, whichever is lesser, to be independent directors. Currently, the Corporation has two (2) independent directors in its Board of Directors.</p> <p>The Corporation will endeavor to adopt the recommendation of the Securities and Exchange Commission in its Memorandum Circular No. 19, Series of 2016 or the "Code of Corporate Governance for Publicly-Listed Companies", for publicly-listed corporations to have at least three (3) independent directors or such number as to constitute one-third (1/3) of the members of the board, whichever is higher". The Corporation intends to elect one (1) new independent director in 2017. The majority of the directors are non-executive.</p> |
| <p>2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.</p>                   | <p>Yes</p> | <p>Information about the Corporation's Board Committee, Manual on Corporate Governance and ethics and compliance policies of the is available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance.html">http://pilipinas.shell.com.ph/investors/governance.html</a>.</p>   |



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|     |  | <p>Consistent with the Shell General Business Principles, which remains fundamental to how the Corporation conducts its business, the Corporation recognizes the importance of good corporate governance in its continued success. It considers its adherence to good corporate practices and commitment to continuously seeking governance improvements as critical to its sustained competitive edge and thriving business operations.</p> <p>The Corporation's promotion of these principles are primarily shown by its manuals on Corporate Governance and Ethics and Compliance. These also provide how the Corporation's Board Committees are organized and the policies they comply with in the performance of their responsibilities.</p> |
| 2.5 | Have Audit, Risk, Governance and Nomination & Election Committees.   | <p>Yes</p> <p>Information about the Corporation's Board Committees is available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance.html">http://pilipinas.shell.com.ph/investors/governance.html</a>:</p> <ol style="list-style-type: none"> <li>1. Board Audit Committee</li> <li>2. Nominations Committee</li> <li>3. Compensation and Remuneration Committee</li> </ol> <p>The risk oversight and governance functions are currently performed by the Board Audit Committee.</p>  |
| 2.6 | Have its Chairman and CEO positions held separately by individuals who are not related to each other.  | <p>Yes</p> <p>The Chairman of the Corporation is Mr. Edgar O. Chua and its President is Mr. Cesar G. Romero.</p>  |
| 2.7 | Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted. | <p>Yes</p> <p>On 12 January 2017, the Nominations Committee issued letters to all stockholders of record informing them of their right to nominate and elect members of the Board of Directors and to submit by 10 February 2017 their nominations.</p>   |

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|  |   | Based on Section 6, Article II of the By-Laws of the Corporation, 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 Corporation and may vote either in person or by proxy.  |
| 2.8  | Have in place a formal board and director development program.  | Yes<br>The functions of the Chairman to ensure that the Board functions in an effective and collegial manner are included in the Corporation's Manual on Corporate Governance made available in its website,<br><a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a> . |
| 2.9  | Have a corporate secretary.   | Yes<br>Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016.   |
| 2.10   | Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently. | Yes<br>Please refer to the By-Laws of the Corporation.  |
| <b>Guideline No. 3:<br/>MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM</b> |   |   |
| 3.1  | Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.                     | Yes<br>The establishment of the internal audit function overseen at the Board level is specified in the Audit Committee Charter made available in the Corporation's website,<br><a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf</a> .   |

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| 3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.                       | Yes | The Corporation has a Plan of Compliance as reflected in its Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a> .  |
| 3.3 Institutionalize quality service programs for the internal audit function.                               | Yes | The internal audit has an Internal Audit Charter which defines the role of internal audit and the audit plan. The foregoing is reviewed by the Board Audit Committee pursuant to the Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a> .  |
| 3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues. | Yes | <p>The Corporation's General Business Principles underscore the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of PSPC employees to report suspected breaches of the Business Principles to PSPC. A copy of the said Principles is accessible through PSPC's website at <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1466796321830/c0a484b67cb911f7d13499fa28a0183a1b7917bc7b72c9892e18807ad847c22e/sgbp.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1466796321830/c0a484b67cb911f7d13499fa28a0183a1b7917bc7b72c9892e18807ad847c22e/sgbp.pdf</a>.</p> <p>Global helpline that is available for all employees to report a concern or seek advice. The helpline is administered by an outside organization and is available in several languages and is open to not</p> |



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|   |  | only the Corporation's employees but also to the general public. Moreover, the Corporation's ABC contractual clauses include a requirement for the counterparty to confirm receipt of the helpline information and understanding how to report a concern to the Corporation's helpline.   |
| 3.5   | Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | <p>No</p> <p>The Corporation's Chief Executive Officer and Chief Audit Executive do not execute a separate written document attesting to the fact that a sound internal audit, control and compliance system is in place and working effectively.</p> <p>Nonetheless, the Corporation's Chairman, President and Treasurer signed the Statement of Management's Responsibility for the Annual Audited Financial Statements in 2016 which declared that the management of the Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended 31 December 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> |
| <b>Guideline No. 4:<br/>RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS</b> |  |   |
| 4.1   | Have its board oversee the company's risk management function.   | <p>Yes</p> <p>The Corporation's risk management function is being performed by its Board Audit Committee pursuant to the:</p> <ol style="list-style-type: none"> <li>1. Manual on Corporate Governance made available in its website,</li> </ol>  |



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|  |     | <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a> ; and<br>2. Audit Committee Charter made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf</a> .   |
| 4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.  | Yes | <p>The Corporation's its Board Audit Committee performs risk oversight management and compliance monitoring pursuant to the:</p> <ol style="list-style-type: none"> <li>1. Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a>; and</li> <li>2. Audit Committee Charter made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf</a>.</li> </ol> |
| 4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not | Yes | The Corporation adopted a Risk Management Policy which explicitly states that management is  |

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|     | limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.   |     | 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 approach to internal control includes a number of general and specific risks management processes and policies. The primary control mechanisms are self-appraisal processes in combination with strict accountability for results.   |
| 4.4 | Have a unit at the management level, headed by a Risk Management Officer (RMO).  | Yes | <p>The Corporation adopted a Risk Management Policy which 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 approach to internal control includes a number of general and specific risks management processes and policies. The primary control mechanisms are self-appraisal processes in combination with strict accountability for results.</p> <p>Moreover, the RMO of the Corporation is its Treasurer and Vice President – Finance, Mr. Jose Jerome R. Pascual III.</p> <p>Further, the Board created the Corporate Assurance and Audit Department.</p> |
| 4.5 | Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed. | Yes | The risk management procedures and processes as well as the key risks the Corporation is currently facing are disclosed in its Annual Report (SEC Form 17-A) for the year 2016.  |
| 4.6 | Seek external technical support in risk management when such competence is not available internally.   | Yes | The use of independent assurance providers is disclosed in the Corporation's Annual Report (SEC Form 17-A) for the year 2016.  |

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| <b>Guideline No. 5:<br/>ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL<br/>AUDITING FUNCTION</b>   |   |     |
| 5.1  | Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit. | Yes |
| 5.2  | Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.               | Yes |
| 5.3  | Ensure that the external auditor has adequate quality control procedures.   | Yes |
| 5.4  | Disclose relevant information on the external auditors.   | Yes |
| 5.5  | Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.   | Yes |
| 5.6  | Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.  | Yes |
| 5.7  | Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.  | Yes |
| 5.8  | Have a policy of rotating the lead audit partner every five years.  | Yes |
| <b>Guideline No. 6:<br/>RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS,<br/>PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-<br/>CONTROLLING GROUP</b> |   |     |
| 6.1  | Adopt the principle of “one share, one vote.”   | Yes |
| 6.2  | Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.  | Yes |

Please refer to the following:

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Manual on Corporate Governance made available in its website, [http://pilipinas.shell.com.ph/investors/governance/jcr\\_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf](http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf); and

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Audit Committee Charter made available in its website, [http://pilipinas.shell.com.ph/investors/governance/jcr\\_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf](http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf).

Please also see the Corporation’s Annual Report (SEC Form 17-A) for the year 2016 including the Statement of Management’s Responsibility for the Annual Audited Financial Statements in 2016 attested by the Corporation’s Chairman, President and Treasurer.

Under Section 6, Article II of the By-Laws of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock



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| <p>6.3 Have an effective, secure and efficient voting system.</p>  | <p>Yes</p> | <p>standing in his name on the books of the Corporation and may vote either in person or by proxy.</p> <p>Please refer to the Corporation's Manual on Corporate Governance made available in its website,<br/> <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a>.</p> |
| <p>6.4 Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>   | <p>No</p>  | <p>As required by the Corporation Code, a majority of the outstanding capital stock is sufficient to constitute a quorum for shareholders' meetings, and except as required by the Corporation Code for specific matters, a majority of the capital stock present or represented in the meeting shall be sufficient to make a corporate decision.</p> <p>Under Section 6, Article II of the By-Laws of the Corporation, 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 Corporation and may vote either in person or by proxy.</p>                              |
| <p>6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.</p> | <p>Yes</p> | <p>In view of the Information Statements, the stockholders of the Corporation were informed 30 days in advance of the AGM held on 12 May 2016. Furthermore, the stockholders were informed of the notice and agenda more than 20 days prior to the Special Stockholders' Meeting of the Corporation held on 18 July 2016.</p> <p>The foregoing notifications were an improvement from the deadlines set under Section 3, Article II of</p>  |



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|      |  | the By-Laws of the Corporation. It states that the Corporation should send out written or printed notice of the Annual General Meeting to its stockholders fifteen (15) business days before the date set for the meeting. This complies with SRC Rule 20, which only requires that the notice of a stockholders' meeting be sent to all stockholders of record, two (2) weeks prior to the scheduled meeting. |
| 6.6  | Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings. | Yes  |
| 6.7  | Ensure that all relevant questions during the AGM are answered.  | Yes  |
| 6.8  | Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.  | Yes  |
| 6.9  | Avoid anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.  | Yes  |
| 6.10 | Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.   | Yes  |
| 6.11 | Have a communications strategy to promote effective communication with shareholders.   | Yes  |
| 6.12 | Have at least thirty percent (30%) public float to increase liquidity in the market.   | No   |

the By-Laws of the Corporation. It states that the Corporation should send out written or printed notice of the Annual General Meeting to its stockholders fifteen (15) business days before the date set for the meeting. This complies with SRC Rule 20, which only requires that the notice of a stockholders' meeting be sent to all stockholders of record, two (2) weeks prior to the scheduled meeting.

Please refer to the following:

1. Article II of the By-Laws of the Corporation;
2. Manual on Corporate Governance made available in its website, [http://pilipinas.shell.com.ph/investors/governance/jcr\\_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf](http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf);
3. Recent and archived releases and disclosures, quarterly results, annual reports, stockholders' meetings, presentations, publications and financial statements of the Corporations through its website at <http://pilipinas.shell.com.ph/investors.html>; and
4. Annual Report (SEC Form 17-A) for the year 2016.

As of 31 December 2016, the Corporation's public float is 21.53%, in compliance with the minimum public ownership level of ten percent (10%) as required in the amendments to the Rule on Minimum Public Ownership under Section 3, Article XVIII of the Listing and Disclosure Rules.

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| 6.13   | Have a transparent dividend policy.   | Yes | Please refer to the Prospectus of the Corporation (SEC Form 12-1, As Amended).   |
| <b>Guideline No. 7:<br/>ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME</b> |   |     |  |
| 7.1  | Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.   | Yes | Please refer to the Corporation's Corporate Disclosure Guide made available at <a href="http://pilipinas.shell.com.ph/investors/corporate-disclosure-policy/jcr_content/par/textimage.stream/1468269541432/ff9e4b7deb7b2cb61eae1824dc25aea93eec5035dcb833f35bc46180ab10fb/pspc-corporate-disclosure-guide.pdf">http://pilipinas.shell.com.ph/investors/corporate-disclosure-policy/jcr_content/par/textimage.stream/1468269541432/ff9e4b7deb7b2cb61eae1824dc25aea93eec5035dcb833f35bc46180ab10fb/pspc-corporate-disclosure-guide.pdf</a> . |
| 7.2  | Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.  | Yes |  |
| 7.3  | Disclose its director and executive compensation policy.  | Yes | Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016.   |
| 7.4  | Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.   | Yes | Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016 and relevant Company Disclosures filed with the Philippine Stock Exchange and made available at <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663</a> .  |
| 7.5  | Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period. | Yes | Please see the Financial Reports in the Corporation's website <a href="http://pilipinas.shell.com.ph/investors/financial-reports.html">http://pilipinas.shell.com.ph/investors/financial-reports.html</a> .<br><br>Please also refer to the Corporation's Financial Reports and Company Disclosures filed with the Philippine Stock Exchange and made available at <a href="http://edge.pse.com.ph/companyPage/financial_reports_view.do?cmpy_id=663">http://edge.pse.com.ph/companyPage/financial_reports_view.do?cmpy_id=663</a> and     |

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|     |  | <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663</a> .  |
| 7.6 | Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines. | <p>Yes</p> <p>Information about the Corporation's Manual on Corporate Governance and ethics and compliance policies of the is available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance.html">http://pilipinas.shell.com.ph/investors/governance.html</a>.</p> <p>Consistent with the Shell General Business Principles, which remains fundamental to how the Corporation conducts its business, the Corporation recognizes the importance of good corporate governance in its continued success. It considers its adherence to good corporate practices and commitment to continuously seeking governance improvements as critical to its sustained competitive edge and thriving business operations.</p> <p>The Corporation's promotion of these principles are primarily shown by its manuals on Corporate Governance and Ethics and Compliance. These also provide how the Corporation's Board Committees are organized and the policies they comply with in the performance of their responsibilities.</p> |
| 7.7 | Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.                            | <p>Yes</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> <li>1. Article II of the By-Laws of the Corporation;</li> <li>2. Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a>;</li> </ol>   |



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|     |   | <p>3. Recent and archived releases and disclosures, quarterly results, annual reports, stockholders' meetings, presentations, publications and financial statements of the Corporations through its website at <a href="http://pilipinas.shell.com.ph/investors.html">http://pilipinas.shell.com.ph/investors.html</a>; and</p> <p>4. relevant Company Disclosures filed with the Philippine Stock Exchange and made available at <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663</a>.</p>  |
| 7.8 | <p>Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>  | <p>Yes</p> <p>Please refer to Statement of Changes in Beneficial Ownership of Securities (SEC Form 23-B) and relevant Company Disclosures filed with the Philippine Stock Exchange and made available at <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663</a>.</p> <p>Moreover, the Corporation has adopted its own Securities Dealing Code which provides clear prohibition against insider dealing, short term/swing transactions, unauthorized disclosure of inside information (tipping), trading in commodities/derivatives or shares of other publicly-listed companies in the Philippines using inside information gained from relationship with and employment in the Corporation.</p> |
| 7.9 | <p>Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p> | <p>Yes</p> <p>Please refer to the Annual Report (SEC Form 17-A) for the year 2016.</p>  |



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| <b>Guideline No. 8:<br/>RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES,<br/>COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS</b> |  |  |
| 8.1   | Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups. | Yes<br><br>Please refer to the Annual Report (SEC Form 17-A) for the year 2016 and the sustainable development of the Corporation ( <a href="http://pilipinas.shell.com.ph/sustainability.html">http://pilipinas.shell.com.ph/sustainability.html</a> ).   |
| 8.2   | Have in place a workplace development program.   | Yes<br><br>Please refer to the Annual Report (SEC Form 17-A) for the year 2016. The strategy to continuing focus on world class talent development and retention to realize the full potential of its people is stated in <a href="http://pilipinas.shell.com.ph/about-us/what-we-do.html">http://pilipinas.shell.com.ph/about-us/what-we-do.html</a> .  |
| 8.3   | Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.  | Yes<br><br>Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016 and Definitive Information Statement of the Corporation for the 12 May 2016 Annual Stockholders' Meeting (available at <a href="http://pilipinas.shell.com.ph/investors/stockholders-meeting-information/jcr_content/par/textimage.stream/1466707614455/c25ceb5aae9eac8a4ab553a6330a0f181b2afacf9d96f71e11f0ce7819aea504/definitive-information-sheet-13-may-2016.pdf">http://pilipinas.shell.com.ph/investors/stockholders-meeting-information/jcr_content/par/textimage.stream/1466707614455/c25ceb5aae9eac8a4ab553a6330a0f181b2afacf9d96f71e11f0ce7819aea504/definitive-information-sheet-13-may-2016.pdf</a> ). |
| 8.4   | Have in place a community involvement program.   | Yes<br><br>Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016 and the sustainable development of the Corporation ( <a href="http://pilipinas.shell.com.ph/sustainability.html">http://pilipinas.shell.com.ph/sustainability.html</a> ).   |
| 8.5   | Have in place an environment-related program.  | Yes<br><br>Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016.  |
| 8.6   | Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.   | Yes<br><br>The Corporation also provides Analysts and Investors Briefing with a Q&A segment. Questions   |

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|   |  | may be sent in advance to the Corporation's Investor Relations Department. |
| <b>Guideline No. 9:<br/>DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING</b> |  |  |
| 9.1   | Develop and disclose a policy governing the company's transactions with related parties.   | Yes  |
| 9.2   | Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | Yes  |
| 9.3   | Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.  | No   |
| 9.4   | Have its independent directors or audit committee play an important role in reviewing significant RPTs.  | Yes  |
| 9.5   | Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.   | Yes  |



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| 9.6   | Have a clear policy in dealing with material non-public information by company insiders.   | Yes | The Corporation has adopted its own Securities Dealing Code which provides clear prohibition against insider dealing, short term/swing transactions, unauthorized disclosure of inside information (tipping), trading in commodities/derivatives or shares of other publicly-listed companies in the Philippines using inside information gained from relationship with and employment in the Corporation.   |
| 9.7   | Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.  | Yes | Please refer to the Corporation's Corporate Disclosure Guide made available at <a href="http://pilipinas.shell.com.ph/investors/corporate-disclosure-policy/jcr_content/par/textimage.stream/1468269541432/ff9e4b7deb7b2cb61eaae1824dc25aea93eec5035dcb833f35bc46180ab10fb/pspc-corporate-disclosure-guide.pdf">http://pilipinas.shell.com.ph/investors/corporate-disclosure-policy/jcr_content/par/textimage.stream/1468269541432/ff9e4b7deb7b2cb61eaae1824dc25aea93eec5035dcb833f35bc46180ab10fb/pspc-corporate-disclosure-guide.pdf</a> . |
| <b>Guideline No. 10:<br/>DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, &amp; ENFORCEMENT</b> |  |     |  |
| 10.1  | Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.  | Yes | Information about the Corporation's and ethics and compliance policies of the is available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance.html">http://pilipinas.shell.com.ph/investors/governance.html</a> .   |
| 10.2  | Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.   | Yes | Please refer to the Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfda6f183fa97/pspc-manual-corporate-governance.pdf</a> .                            |
| 10.3  | Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation. | Yes |  |

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| 10.4 | Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.  | Yes | <p>The Corporation has adopted an Anti-Bribery Policy (available at <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1466796320010/399a051c4480502a0d6aab54ea85ea6d5c57941b2b11abcb7c093a4cf63078df/anti-bribery-corruption-programme-overview-shell.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1466796320010/399a051c4480502a0d6aab54ea85ea6d5c57941b2b11abcb7c093a4cf63078df/anti-bribery-corruption-programme-overview-shell.pdf</a>).</p> <p>Please also refer to the Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf</a>.</p> |
| 10.5 | Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.  | Yes | <p>Please refer to the Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf</a>.</p>  |
| 10.6 | Respect intellectual property rights.   | Yes | <p>Please refer to the Corporation's Annual Report (SEC Form 17-A) for the year 2016.</p>  |
| 10.7 | Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner. | Yes | <p>Please refer to the Manual on Corporate Governance made available in its website, <a href="http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf">http://pilipinas.shell.com.ph/investors/governance/jcr_content/par/textimage.stream/1467982686707/522c5d52584f659f7c71ac06c4c0827547d2bc74b920d83e219dfa6f183fa97/pspc-manual-corporate-governance.pdf</a>.</p>  |



Date: 31 March 2017

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 31st day of March 2017 in Makati City.

  
**CESAR A. BUENAVENTURA**  
Independent Director

  
**CESAR G. ROMERO**  
President