

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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M	A	N	I	L	A		1	6	3	5																			

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

Jose Jerome R. Pascual III									
Contact Person									

+632 3 4994001									
Company Telephone Number									

1	2	3	1
Month		Day	

17 - A

FORM TYPE

0	5	1	2
Month		Day	

2nd Tuesday of May
Annual General Meeting as
per By-Laws

Fiscal Year

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE DATED 14 OCTOBER 2016
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Secondary License Type, If Applicable

C	G	F	D
Dept. Requiring this Doc.			

Amended Articles Number/Section									
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320		
Total No. of Stockholders		

Total Amount of Borrowings									
18,752,000,000									
Domestic					Foreign				

To be accomplished by SEC Personnel concerned

File Number									

_____ LCU

Document I. D.									

_____ Cashier

STAMPS									
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF PSPC CODE OF THE PHILIPPINES

1. For the fiscal year ended
2. Commission identification number
3. BIR Tax Identification Number
4. Exact name of issuer as specified in its chapter
5. Province, country, or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office *Postal code*
8. Issuer's telephone number, including area code
9. Former name, former address, and formal fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or sections 4 and 8 of RSA

<i>Title of Class</i>	<i>Number of shares common stock outstanding and amount of debt outstanding</i>
<input type="text" value="Common Stock"/>	<input type="text" value="1,613,444,202"/>

11. Are any or all of the securities listed on a Stock Exchange? Yes No

12. Indicate by check mark whether the registrant
- (a) has filed all reports required to be filed with Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of PSPC Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
- Yes No
- (b) has been subject to such filing requirements for the past ninety (90) days
- Yes No

PART I – BUSINESS

(A) Description of Business

(1) Business Development

Pilipinas Shell Petroleum Corporation's ("PSPC", the "Corporation" or the "Company") presence in the Philippines began as early as 1914 when Asiatic Petroleum Co. (Philippine Islands) Ltd. opened for business in the Philippines selling motor gasoline and kerosene to the growing Philippine market at that time. In the 1940's, Asiatic Petroleum Co. (Philippine Islands) Ltd. was renamed as The Shell Company of the Philippine Islands, Inc.

In the 1950's, the National Economic Council of the Philippines required a minimum Filipino ownership of 25% in large industrial ventures. This led to the formation of the Shell Refining Company (Philippines), which was incorporated on 09 January 1959 with 25% Filipino ownership and 75% foreign ownership. In November 1970, the Shell Refining Company (Philippines) was renamed to Shell Philippines, Inc. In 1973, the Company was again renamed to Pilipinas Shell Petroleum Corporation.

In February 1987, Filipino ownership in PSPC stood at 33.33% while foreign ownership at 66.67%.

On the 18th of August 2015, PSPC received approval from the Securities and Exchange Commission ("SEC") for its application for increase in authorized capital stock from Php 1 billion divided into 1 billion shares with par value of Php 1.00 each to Php 2.5 billion divided into 2.5 billion shares with par value of Php 1.0 each. Out of the 1.5 billion increase in PSPC's authorized capital stock, a total of 0.9 billion shares were offered to existing shareholders as of 12 May 2015 at Php 20 per share. 99.41% of the said 0.9 billion shares were subscribed to and paid for by stockholders who exercised their pre-emptive rights.

The increase in percentage ownership of shares held by major shareholders post the rights issue are as follows: Shell Overseas Investments B.V. increased from 67.12% to 68.18%; Insular Life Assurance Company, Ltd. increased from 19.49% to 19.55% and Spathodea Campanulata, Inc. increased from 5.06% to 5.14%.

In compliance with the provisions of the Downstream Oil Industry Deregulation Act of 1998 which requires entities engaged in the oil refinery business to make a public offering of at least 10 % of its common stock through the stock exchange, PSPC was listed in the Philippine Stock Exchange, Inc. ("PSE") on 03 November 2016 with the stock symbol "SHLPH". Initially offered at Php 67.00 per share, PSPC offered 291 million shares (Primary Offer of 27,500,000 shares and Secondary Offer of 247,500,000 Shares with an Over-allotment Option of up to 16,000,000 Common Shares) for the IPO.

The decrease in percentage ownership of shares held by major shareholders immediately post IPO are as follows: Shell Overseas Investments B.V. decreased from 68.18% to 55.21%; Insular Life Assurance Company, Ltd. decreased from 19.55% to 15.83% and Spathodea Campanulata, Inc. decreased from 5.14% to 4.16%.

PSPC celebrates its 105 years in the Philippines in 2019. Throughout history, the Company has been committed in partnering with the country in nation-building.

As at 31 December 2019, PSPC is not subject of any bankruptcy, receivership or similar proceedings. It is also not involved in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

PSPC Operational Highlights

PSPC's retail network remains the most efficient in the industry, with 1,126 Shell-branded retail stations nationwide. Recognizing the evolving need of customers, PSPC continues to expand its non-fuel retailing business. Affordable food choices and other products are available in its 141 Select shops, 66 deli2go stores and quick service restaurants present in the retail sites. Other services such as oil change and car maintenance are also offered through 368 Shell Helix Oil Change+ (SHOC+) and Helix Service Centers (HSC).

It has also been a remarkable year for the Company's commercial businesses. Wholesale Commercial Fuels, Lubricants, Aviation and Specialities segments posted volume growth from new customer deals and strong partnerships. The Company continues to serve the country's busiest airports in Manila, Clark and Cebu and has gained recognition for its safety milestones. As the sole producer of bitumen in the country, the Company has contributed to projects under the government's infrastructure program, and at the same time exported bitumen to nearby countries.

The Tabangao refinery continues to operate safely and reliably. The refinery has achieved significant cost savings, partially cushioning the impact of the depressed regional refining margins environment. It has also broke ground on key growth projects which will help make the refinery more competitive such as the Hydrogen Manufacturing Facility and the Integrated Energy System. Towards the end of the year, the refinery started producing low-sulfur fuel oil, a higher margin product, in response to IMO 2020.

This Annual Report is submitted together with the Company's Annual and Sustainability Report (ASR) for 2019. In its fourth ASR, the Company details its corporate social responsibility – how it contributes to the United Nations Social Development Goals, and its social investment priorities. The same report discloses information on its Diversity and Inclusion (D&I) initiatives, Health, Safety, Security and Environment (HSSE) performance, corporate governance standards.

(2) Business of PSPC

(i) Principal products or services and their markets

PSPC solely operates under the downstream oil and gas segment. PSPC's integrated downstream operations span all aspects of the downstream product supply chain, from importing crude oil and its refining, to importing and marketing refined products to its customers across the Philippines. The products it markets include gasoline, diesel, fuel oil, aviation fuel, marine fuel, lubricants and bitumen.

PSPC is one of the leading fuel retail players in the country, boasting a strong network of 1,126 Shell-branded retail stations nationwide. Through its retail arm, the Company markets Shell V-Power Racing, Shell V-Power Gasoline, and Shell V-Power Diesel as its premium offering, and FuelSave Gasoline and FuelSave Diesel. Recognizing that its customers' needs go beyond fuel, the Company has non-fuel offerings through Shell Select convenience stores and Deli2go.

PSPC's commercial product portfolio includes wholesale commercial fuels, jet fuels, lubricants and bitumen. Wholesale commercial fuel premium products include, among others, Shell Fuel Save Diesel and Shell Fuel Oil Plus. The wholesale commercial fuels product portfolio includes diesel, gasoline, kerosene, fuel oil and blended fuels. PSPC is a key supplier of wholesale commercial fuels to the manufacturing, mining, marine, power, transport and other sectors and counts a number of major conglomerates operating in the Philippines as its loyal customers.

Geographical segmentation does not apply to PSPC's business.

(ii) Percentage of sales or revenue contributed by foreign sales

Below is the summary of the percentage of domestic and foreign net sales:

<i>Net Sales</i>	<i>Domestic</i>	<i>Exports</i>	<i>Total</i>
2019, in million pesos	209,755	8,648	218,403
2019, in percentage	96%	4%	100%
2018, in million pesos	208,427	10,442	218,869
2018, in percentage	95%	5%	100%
2017, in million pesos	163,786	5,689	169,476
2017, in percentage	97%	3%	100%

Includes exports of lubricants, bitumen, aviation fuels, marine fuels and lubes

Over the last three years, most of the export sales were made to Singapore.

(iii) Distribution methods of the products

PSPC distributes the refined products produced at the Tabangao Refinery and imported petroleum products, including lubricants and bitumen, through its 25 fuel distribution terminals and supply points, 10 lubricants warehouses and 2 bitumen production and import facilities spread throughout the Philippine archipelago. This includes the North Mindanao Import Facility (NMIF), which enhances PSPC's distribution capability in the Visayas and Mindanao areas.

Main fuel products are transported from the Tabangao refinery through vessels/barges and lorry trucks to supply Luzon demand. Vessels/barges also transport products from the refinery and NMIF to other parts of the country. PSPC contracts a fleet of time-chartered and guaranteed seaworthy ocean vessels and barges that meet international safety standards. Delivery trucks contracted from private professional haulers are used for inland distribution of products.

For lubricants, products are mostly imported from Singapore, Malaysia, Thailand, Hong Kong and China and are directly delivered and stored in five main strategic points in the country. The logistics network is further optimized to replenish stocks in other strategically located depots in the country. Local distribution to customers is managed by third party logistics service providers

(iv) New products

Marine

IMO (International Maritime Organization) required international vessels and ships to reduce the global bunker fuel sulphur spec to from 3.5% 0.5% starting 1st January 2020. To meet the change in requirements, a lubricant product named Alexia 70 was introduced in July 2019. In 2019, Philippines local customers lifted Alexia 70 to the extent of 41.7 kilo liters.

(v) Competition

The Philippines fuel market has three major players

Philippine oil industry is dominated by three major companies: Petron, PSPC, and Chevron (Caltex). As the market is deregulated, there are many other smaller players in the industry, which have gradually increased their share following market deregulation. The three major companies collectively account for approximately half of the total demand for petroleum products in the country. Other players in the market include Phoenix, Seoil, Unioil, Liquigaz, Insular, Jetty, SL Harbor and PTT among others.

Based on the market share data available from DOE – PSPC has about 18% market share of the total demand of petroleum products in the country in 2019, the other three major oil players Petron, Chevron and Phoenix account for almost 39% of the market while the balance is made up of various small players. PSPC holds around 33% of the total retail fuels market in the Philippines. The market share is maintained and protected through PSPC's integrated, competitive and reliable supply chain, highly efficient retail network and differentiated product offerings and superior services. The technological advantage of its differentiated fuels portfolio providing both economy and performance driven formulas combined with innovative and highly competitive and targeted marketing assures PSPC's momentum for growth in a competitive fuels market.

PSPC also leverages on Shell's regional trading organization to globally source crude from third parties, and hence can capture potential purchasing benefits from accessing a wider trading organization that is buying crude for all of Shell's Asian operations.

International and Market Forces Exert Pressure on the Philippines.

The downstream oil industry is heavily impacted by market fluctuations and economic, as well as, political developments overseas. Some of these include: the economic contraction and recession experienced by the western economies to some extent, foreign exchange volatilities, social and political tensions in regions where primary crude oil supplies are drawn such as the Middle East and North Africa (MENA) and, sustained economic activities in Asia-Pacific economies such as China and India. Being a crude oil importer, PSPC is exposed to volatilities of world oil prices, regional product prices and foreign exchange.

(vi) Sources and availability of raw materials and the names of principal suppliers

Its affiliation with the Shell Group provides PSPC long-term and secure access to crude oil and Finished Petroleum Products supplied by the Shell Group. PSPC's crude and product import requirements are supplied by Shell International Eastern Trading Co. (SIETCO), a trading company based in Singapore, using term supply agreements. This enables PSPC to benefit from the consistency and reliability, regardless of source, provided by the Shell Group's single market interface approach.

The bulk of PSPC's crude comes from countries such as United Arab Emirates, Korea, Malaysia, Brunei and Uruguay. Other countries from which PSPC has imported crude include Brazil, Singapore, Nigeria and Australia, among others. Finished products, on the other hand, are sourced from Asian countries like Singapore, China, Taiwan and Korea.

(vii) Major customers

PSPC does not have a single external customer from which sales revenue generated amounted to 20% or more of its total revenue.

(viii) Transactions with and/or dependence on related parties

In the normal course of business, the Shell Group of companies (the "Shell Group" or "Group") transacts with companies, which are considered related parties under PAS 24, "Related Party Disclosures". Transactions with related parties consist of (a) importation of crude oil, petroleum products, materials and supplies; (b) exportation of locally refined petroleum products; (c) reimbursement of expenses; (d) entering into lease agreements; (e) placing short-term placements; and (f) royalty fees arrangement. Purchases from and sales to related parties are consummated at competitive market rates and arms' length basis. Settlement and collection of outstanding related party payables and receivables are generally made within 30 to 60 days from the date of each transaction.

Since the IPO, PSPC has established a separate Related Party Transaction (RPT) Board Committee that performs oversight functions over related party transactions of PSPC. PSPC also has a Related Party Transaction Policy that provides guidelines on the governance and control processes for RPT transactions.

Below are the material related party transactions of PSPC:

- i. PSPC purchases crude and other oil products from Shell International Eastern Trading Co. (SIETCO), an entity under common shareholdings. PSPC's crude purchases are being processed through its refinery in Batangas.
- ii. Shell International Petroleum Company (SIPC) of the United Kingdom and Shell Global Solutions International B.V. (SGS) of The Netherlands, entities under common

- shareholdings, provide management advisory, business support, and research and development and technical support services to PSPC under certain terms and conditions.
- iii. PSPC leases from Tabangao Realty, Inc. (TRI) land for several depots and retail sites located around the country. Lease term ranges from 5 to 50 years and is renewable, thereafter.
 - iv. Shell Brands International AG (“SBI”), an entity under common shareholdings, entered into Trade Marks and Manifestation License Agreement with PSPC pursuant to which SBI, the licensor, grants PSPC, the licensee, a non-exclusive right to reproduce, use, apply and display the Shell trade mark and other manifestation. In consideration, PSPC shall pay a royalty fee computed as certain percentage of sales. Royalty rate varies from 0.03% to 1.3% depending on product type. This agreement can be terminated by either party without any penalty.
 - v. PSPC receives billings from entities under common shareholdings for group-shared expenses related to IT maintenance, shared services, personnel and other administrative costs. On the other hand, PSPC charges entities under common shareholdings for group-shared expenses related to personnel and other administrative costs and other services.
 - vi. PSPC has long-term loan from Bank of Philippines (BPI), an entity with common director.

(ix) Trademark Ownership and License Agreement

Trademark Ownership

The trademark ‘SHELL’ and other trademarks of the Shell Group are, generally, registered under the name of Shell Brands International AG. Such intellectual properties are considered as Shell Group’s assets rather than the properties of individual companies, such as PSPC.

License Agreements

The use of trademarks and trade name by PSPC is regulated by an agreement which provides for termination of the right to use the marks in the event of outside interference, for example, if the management of PSPC or its shareholding changes to the point where it ceases to be a member of the Shell Group.

Administration and Management of Trademarks

Since SHELL and other important trademarks are used internationally, it is important that there is consistency in their use. Accordingly, the Shell Group has an Intellectual Property Services (IPS) that is charged with the responsibility for the administration and co-ordination of trademarks in behalf of the Shell Group and all matters affecting trademarks should be referred to it. To ensure that the Shell Group’s trademarks are not allocated to different products or services and that the valuable rights to the said trademarks are maintained, the policy is to consult IPS prior to the adoption of any new mark and that all cases of suspected infringements are immediately reported to IPS.

Once a year, as part of its services, IPS carries out a review of trademarks in which the Shell Group companies, like PSPC, are required to provide information concerning the trademarks currently in use in their particular business. This exercise provides an opportunity for the Shell Group to ensure that all trademarks that are being used are protected by registering the same in the appropriate territories and registries.

(x) Government approvals needed for principal products

Government regulations require the following: Fire Safety Inspection certificates; Certificates of Conformance of facilities to national or accepted international standards on health, safety and environment; Third Party Liability Insurance and the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources (“DENR”) for service stations and for environmentally-critical projects. These certificates have to be submitted to the DOE for monitoring (not regulation) purposes.

DOE, through its Department Circular DC 2017-11-0011 dated 22 November 2017, otherwise known as the Retail Rules, requires all businesses retailing liquid fuels to secure a valid Certificate of Compliance (COC), which has a validity of 5 calendar years, from the Oil Industry Management Bureau (OIMB) of the DOE. The DC has outlined Categories of Retail Outlets, from Category 1 to 3, based on the number of pump islands, dispensing pumps and other facilities and services. It has also stated that retail outlets may install electric vehicle charging facilities in any of the Retail Outlet Categories, provided that safety controls are in place. The DC also included other Retail Outlets which may be exempted by the DOE from compliance with the mandatory standards and requirements stated in Section 11 of the DC – Marine Retail Outlet, Technology-Solution Retail Outlet, and Temporary Emergency Retail Outlet. In terms of discrepancy in results of testing and resolution, the DC states that Retail Outlet Officials may opt to contest the results of the DOE laboratory by subjecting its retained samples to a simultaneous testing, at its own expense, within the 3-month validity period of the retained fuel samples reckoned from the date the samples are endorsed/turned over to the DOE laboratory, and with an accredited testing laboratory acceptable to the DOE and in the industry. The results of the test and analysis, for purposes of determining compliance with the PNS shall be deemed to be conclusive. The 3rd party laboratory result will only be used for appeal purposes.

Republic Act No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998 requires the registration with the DOE of any fuel additive prior to its use as an additive in a product. Product specifications have to comply with the requirements of the Department of Trade and Industry (“DTI”), through the Bureau of Product Standards. PSPC produces unleaded gasoline kerosene, jet fuel, diesel and fuel oil; all of which comply with the Philippine National Standards (“PNS”), which are aligned with existing laws, rules and regulations. PSPC renews its Certificate of Accreditation as Oil Industry Participant in the Fuel Bioethanol Program and Permit to Produce Biofuel-Blended Diesel annually.

(xi) Effect of existing or probable governmental regulations on the business

The Clean Air Act

In keeping with the worldwide trend for cleaner fuels, the Philippines has been progressively moving towards adopting more stringent fuel quality standards, largely patterned after those enforced in the EU (“Euro Standards”). In 1999, Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999, was signed into law, providing a legal framework by which air quality in the country could be improved via a combination of fuel specifications and motor vehicle standards. Its Implementing Rules and Regulations were finalized in 2000.

Following the implementation of the Clean Air Act, limits were imposed on Sulphur dioxide, nitrogen dioxide and particulate emissions from manufacturing facilities. Continuous emissions monitoring systems (“CEMS”) were installed in Tabangao, Batangas in 2001. PSPC conducts a Relative Accuracy Test Audit (RATA) of its CEMS in compliance with its Permit to Operate conditions, which is reflected in its self-monitoring reports and submitted to the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) Region 4A.

PSPC imports blending components (purchased mainly from other Shell companies in the region) in order to meet the Clean Air Act and PNS' requirements for aromatics and benzene contents in finished grade gasoline products.

On 01 January 2016, the effectivity of the new PNS for Euro IV (Philippines) gasoline and automotive diesel took place under the mandate of the Department of Energy pursuant to the Clean Air Act. In line with this, PSPC upgraded its refinery which enabled PSPC to supply Euro IV fuels in all its retail sites and depots.

Republic Act No. 8749 mandates the following fuel standards:

A.	Gasoline	
	Tetra-ethyl lead	Nil
	Aromatics, vol.% max	35
	Benzene, vol.% max	2
	Sulfur, wt.% max	0.005
B.	Auto Diesel Oil	
	Sulfur, wt.%	0.005

On May 2016, the Department of Energy has implemented an improved national standard PNS/DOE QS 002:2015 for coconut methyl ester (CME) biodiesel component to address technical concerns seen by the oil industry. The new national standard further tightened quality specifications related to sulfur and product stability. PSPC has reviewed its contracts with its CME suppliers to ensure compliance on the new standard. As will be discussed below, oil companies are required by Republic Act No. 9367, otherwise known as the Biofuels Act of 2006, to blend 2% CME into all diesel sales.

Mandatory Fuel Marking

On 19 December 2017, the Philippine government has enacted R.A. 10963 (Tax Reform for Accelerated Inclusion) which included a provision on mandatory marking of fuel products to curb oil smuggling. Implementing rules and regulations from the government on the fuel marking program were released on 5 July 2019 through Joint Circular No 001.2019 by the Department of Finance, Bureau of Internal Revenue and Bureau of Customs. The Joint Circular mandates the marking of refined, manufactured and imported gasoline, diesel and kerosene after duties and taxes have been paid. As confirmed with the fuel marking consortium, the Tabangao refinery is the first refinery to be marked in the country and North Mindanao Import Facility is the first import terminal to be marked in Mindanao.

The government will commence conducting random field testing and confirmatory testing on fuel to check its compliance towards the mandatory fuel marking requirement on 2020. This initiative is targeted to help curb smuggling.

Biofuels Act

The Biofuels Act of 2006 was implemented with the aim of reducing dependence on imported fuels. It also aimed to develop and utilize indigenous renewable and sustainable clean energy sources to reduce dependence on imported oil; to mitigate toxic and greenhouse gas (GHG) emissions; to increase rural employment and income; and to ensure the availability of alternative and renewable clean energy without any detriment to the natural ecosystem, biodiversity and food reserves of the country.

PSPC currently blends diesel with 2% CME and gasoline with 10% ethanol as mandated in the current PNS.

Euro IV(PH) Equivalent Specifications

On 07 September 2010, the DENR issued a DENR Administrative No 2010-23 on Revised Emission Standards for Motor Vehicles Equipped with Compression Ignition and Spark Ignition Engines, mandating compliance of all new passenger and light duty motor vehicles with Euro IV (PNS) emission limits subject to fuel availability, starting 01 January 2016.

Euro IV vehicle emission technology requires a more stringent fuel quality, *i.e.* 50 ppm sulfur content for both diesel and gasoline. In 2012, the DOE spearheaded discussions on the development of a Euro IV PNS fuel specification to support DENR DAO 2010-23. PSPC, as a regular permanent member of the Technical Committee on Petroleum Products and Additives (TCPPA), was actively involved and supportive of the development of Euro IV PNS fuel specifications.

The DTI promulgated and released the PNS for gasoline and diesel which mandates the introduction of Euro IV PNS fuels not later than 01 January 2016. PSPC successfully completed its refinery upgrade and is producing and supplying Euro IV-compliant fuels since 01 January 2016. All Shell terminals and retail stations supply Euro IV-compliant fuels since 01 January 2016.

Clean Water Act

Republic Act No. 9275, otherwise known as the Philippine Clean Water Act of 2004, aims to protect the country's water bodies from pollution from land-based sources (industries and commercial establishments, agriculture and community/household activities). All owners or operators of facilities that discharge wastewater are required to get a permit to discharge from the DENR or the Laguna Lake Development Authority, and to report the quality of effluents on a regular basis.

Parity Tax Treatment Between Indigenous and Imported Fuel Sources for Power Generation

The Electric Power Industry Reform Act (EPIRA) provides for parity tax treatment among imported oil and indigenous fuels. Prior to the said law, indigenous fuels were imposed with higher taxes largely due to royalties to the government.

Compensation for Oil Pollution Damage

The Oil Pollution Compensation proposes the imposition of liability for oil pollution damage. It proposes to require entities, which receive more than 150,000 tons of oil in a year from all ports or terminals in the Philippines to contribute to the International Oil Compensation Fund (IOPC) in accordance with the provisions of the 1992 Fund Convention. Republic Act No. 9483, otherwise known as the Oil Pollution Compensation Act of 2007, proposes to collect a fee of ten (10) centavo/liter from owners and operators of tankers and barges hauling oil and/or petroleum products in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund ("OPMF"), will be on top of the requirement under the 1992 CLC and 1992 Fund Conventions and will be administered by the Maritime Industry Authority ("MARINA"). Although the ten (10) centavo/liter levy on the transport of oil has been passed into law, MARINA has yet to impose this on local vessels.

Oil Spill Prevention and Control

The Oil Pollution Compensation Act seeks to require oil companies to install oil spill prevention and control liabilities in their tankers and to undertake immediate cleaning operations in the event of oil spill within the country's territorial waters

(xii) Amount spent on research and development

Under existing agreement with Shell International Petroleum Company (“SIPC”) an entity under common control, SIPC provides research and development services to PSPC.

R & D Costs	2019	2018	2017
Amount (in Million Php)	235.13	297.39	332.50
Revenue/Net Sales	218,402.95	218,868.68	169,475.81
	0.11%	0.14%	0.20%

(xiii) Costs and effects of compliance with environmental laws

Compliance with various environmental laws entails costs on the part of PSPC, resulting in higher production costs and operating expenses. In 2019, PSPC’s long term provision for environmental remediation is Php 65.3 million and the short-term provision is Php 179.2 million.

(xiv) Manpower

PSPC has a total of 681 regular employees as of 31 December 2019. This includes senior executives, junior executives, junior staff and operatives. PSPC has no plans of significantly changing the number of its employees for the coming year.

The junior staff and operatives belong to either of two labor organizations/unions, namely the Kapisanan Ng Mga Manggagawa sa Shell (“KMS”), whose members comprise the rank and file workers assigned to PSPC’s network of depots and installations, and the Tabangao Shell Refinery Employees Association (“TASREA”), covering rank and file workers at the Tabangao refinery.

The current Collective Bargaining Agreement (“CBA”) with TASREA is effective from 01 May 2019 to 30 April 2022, and 16 January 2017 to 15 January 2022 with KMS.

In addition to the statutory benefits and reference to PSPC’s policies defining eligibility and implementation rules, PSPC provides 14th month pay, Club Membership Allowance, Location Allowance, Meal Allowance, Driver’s Allowance, Relocation and housing allowance, transportation allowance, Maternity/Paternity Assistance, Funeral Assistance, Sick Leave encashment, Group Hospitalization and Out-patient Insurance, Emergency Loan without interest, and various performance-related incentives to employees. PSPC sponsors a Defined Benefit and Defined Contribution retirement gratuity plan (Plan) for the benefit of its regular employees.

(xv) Major risks involved/Risk management

PSPC’s 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 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.

- A. Board of Directors Responsibility (via Board Audit and Risk Oversight Committee)
 - Evaluate PSPC's Management culture
 - Evaluate PSPC's risks and effectiveness of risk management processes, including the adequacy of the overall control environment, and controls in selected areas representing significant risks
 - Assess (with internal and external auditors) any fraud, illegal acts, deficiencies in internal controls or other similar issues
 - Assess and monitor Management's implementation of internal control recommendations made by internal and external auditors

- B. Executive Management
 - Establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking, and apply fit-for-purpose risk responses
 - Incorporate risk responses into a system of internal control which is designed to address opportunities, protect PSPC assets, facilitate effective and efficient operations, and help to ensure reliable reporting and compliance with applicable laws and regulations
 - Monitor the effectiveness of the system of risk and internal control management
 - Provide annual self-assurances regarding the extent of compliance with PSPC's and Shareholders' Control Framework

- C. Line Management
 - Design, resource, operate and monitor the system of internal control
 - Ensure that a risk based approach to internal control is communicated to staff, embedded in business processes, and responsive to evolving risks
 - Assign accountability for managing risks within agreed boundaries
 - Report the results of balanced self-assessments regarding the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to Executive Management.

- D. Independent Assurance Providers (including External Audit, Internal Audit and CAAD)
 - Undertake periodic review to assess effectiveness of the design and operation of the system of risk management and internal control or parts thereof.
 - In 2017, Corporate Assurance and Audit Department (CAAD) was established to provide an independent and objective assurance to the Management and Board Audit & Risk Oversight Committee on the design and operation of PSPC's governance, internal control and risk management processes.

Risk Response Strategies & Accountabilities

To manage risk effectively for PSPC, every Business and Function is required to:

1. Review the environment
2. State clear objectives
3. Identify risks to the achievement of those objectives;
4. Assess the impact and likelihood of the risks materialising;
5. Implement effective actions designed to:
 - achieve business objectives;
 - safeguard company assets from inappropriate use, loss or fraud;
 - facilitate economic, effective, efficient and safe operations;
 - enable compliance with the boundaries set by the PSPC Control Framework.
6. Monitor, communicate and report changes in the risk environment and the effectiveness of actions taken to manage identified risks on an ongoing basis.

Accountabilities for Risks

Market/Operational/Business risks are mostly the accountabilities of business/line managers. Corporate risks such as Foreign Exchanges risks, Interest Rate risks, and Liquidity risks, among others, are under the responsibility of the Corporate Finance Department in coordination with business and function managers.

Major Risks & General Responses

A. Operational / Business Risks

Risks under this category include the following (in no particular order):

1. Non-level playing field/Unfair & Illegal practices
Unfair and illegal practices, and non-level playing field, *e.g.* fuel smuggling and pilferage, proliferation of new retail outlets which do not conform to Health, Safety, Security & Environmental standards remained as key concerns, particularly due to the impact on sales and safety. To counteract these market pressures, PSPC, in coordination with key industry players and government, has sustained its campaign to promote brand protection and consumer awareness. Moreover, industry and government have intensified the drive against illegal refilling activities. PSPC is also providing technical input to the concerned government agencies directly, and through the Philippine Institute for Petroleum (PIP), on the fuels marking program. In 2019, PSPC has implemented the fuel-marking at the NMIF and at the Tabangao refinery.
2. Operational risks
Impact of unanticipated or prolonged shutdowns in key facilities such as depots and the refinery could have a severe impact on PSPC's ability to meet customer requirements. PSPC has an asset master plan which includes preventive maintenance activities to ensure strong reliability performance.
3. Regulatory risks
Abrupt changes in laws and regulations can pose detrimental results on PSPC's financial and business operations. Changes in tax regulations, customs rules and licensing procedures can make it difficult to sustain viable business operations in some segments. PSPC regularly engages with government agencies and ensures strong partnerships with local government units to ensure risks are identified in advance and mitigation plans are put in place to address them.

B. Corporate Risks

(I) Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or the prices of crude oil and refined products will adversely affect the value of PSPC's assets, liabilities or expected future cash flows.

1. Foreign currency exchange risk

PSPC operates internationally and is exposed to foreign currency exchange risk arising from currency fluctuations, primarily with respect to the importations of crude and finished products denominated in US dollar. Foreign currency exchange risk may also arise from future commercial transactions and recognized assets and liabilities denominated in a currency other than PSPC's functional currency.

Foreign exchange currency risks are not hedged and PSPC does not enter into significant derivative contracts to manage foreign currency risks. Since foreign currency exposure is significantly

concentrated on purchase of crude, PSPC manages foreign currency risk by planning the timing of its importation settlements with related parties and considering the forecast of foreign exchange rates.

2. Cash flow and fair value interest rate risk

Cash flow and fair value interest risk is the risk that future cash flows and fair value, respectively, of a financial instrument will fluctuate because of changes in market interest rates.

PSPC has no significant exposure to fair value interest rate risk as PSPC has no significant interest-earning assets and interest-bearing liabilities subject to fixed interest rates.

PSPC's interest-rate risk arises from its borrowings. Borrowings obtained at variable rates expose PSPC to cash flow interest-rate risk. At 31 December 2019 and 2018, PSPC's short-term borrowings and loans payable carry floating rates based on a certain index plus applicable premium.

PSPC does not enter into significant hedging activities or derivative contracts to cover risk associated with borrowings.

3. Commodity and other price risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices. PSPC is affected by price volatility of certain commodities such as crude oil required in its operating activities. To minimize PSPC's risk of potential losses due to volatility of international crude and petroleum product prices, PSPC may implement commodity hedging for crude and petroleum products. The hedges are intended to protect crude inventories from risk of downward prices and squeezing margins. This allows stability in prices, thus offsetting the risk of volatile market fluctuations. If hedging is required, prices of commodities will be fixed at levels acceptable to PSPC, thus protecting raw material cost and preserving margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost. While for producer (sell) hedges, if prices go down, hedge positions may show marked-to-market gains; however, any gain in the marked-to-market position is offset by the resulting lower selling price.

PSPC is not significantly exposed to price risk on equity securities and proprietary club shares as investments held by PSPC are classified in the statement of financial position as equity through other comprehensive income financial assets and are not considered material in the financial statements.

(II) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade and non-trade receivables.

PSPC maintains cash and certain other financial instruments with various major financial institutions. To minimize this risk, PSPC performs periodic evaluations of the relative credit standing of these financial institutions and where appropriate, places limits on the amount of credit exposure with any one institution. Additional information is presented in Note 3 of the Audited Financial Statements.

PSPC has policies in place to ensure that sales of products are made to customers with acceptable creditworthiness. Counterparty credit risk is managed within a framework of individual credit limits with utilization being regularly reviewed. Credit checks are performed by a department independent of sales department, and are undertaken before contractual commitment. Where appropriate, cash on delivery terms are used to manage the specific credit risk. Also, there are collaterals and security deposits taken from customers which enables effective management of the risk.

There is no concentration of credit risks as at statement of financial position dates as PSPC deals with a large number of homogenous trade customers. Additional information is presented in Note 4 of the accompanying Audited Financial Statements for the year 2019.

(III) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for PSPC's business activities may not be available. PSPC has access to sufficient external debt funding sources (banks credit lines) to meet currently foreseeable borrowing requirements. The Treasury group centrally monitors bank borrowings, foreign exchange requirements and cash flow position.

Surplus cash is invested into a range of short-dated money market instruments, time deposits and money funds, which seek to ensure the security and liquidity of investments while optimizing yield.

Management monitors rolling forecasts of PSPC's liquidity reserve on the basis of expected cash flow.

(2) Description of Properties

PSPC operates on various leased property for its refinery, storage installations, depots and various retail service stations located throughout the Philippines.

PSPC's refinery is situated in Tabangao, Batangas City, 121 kilometers south of Manila. The refinery was built in 1962 on approximately 160 hectares of land. Consisting of 54 Product & Component tanks, 11 Crude Tanks, 5 LPG Spheres and 4 jetties, the refinery can process and refine an average of 110,000 barrels a day.

Aside from the Tabangao refinery, PSPC also has a network of installations and depots scattered all over the archipelago. These are situated in Luzon (Tabangao, Calapan, Poro, Pasacao, Masbate and Puerto Princesa) and the Southern Islands (Mandaue, Davao, Bacolod, Iloilo, Leyte, Tagbilaran, Cabadbaran, Cagayan de Oro, Iligan, Jimenez). PSPC also sources or operates on some strategic third-party owned terminals across the country - North Harbor, General Santos, Bataan, Puerto Princesa, Cebu, Amlan, Culasi, Mindoro, and Zamboanga.

These installations and depots have a variety of tanks, machinery, building structures and equipment.

As of 31 December 2019, PSPC had 1,126 service stations broken down into around 43% company-owned and 57% dealer-owned. PSPC shares a joint storage facility in Ninoy Aquino International Airport with Petron and Chevron. PSPC also leases several parcels of land and property.

PSPC anticipates leasing additional lots from third parties for the expansion of its retail network in the coming year. PSPC also plans to spend for the regular repairs, maintenance, and replacement of its current properties and equipment.

(3) LEGAL PROCEEDINGS

(a) Excise tax on Importations of Catalytic Cracked Gasoline (CCG) and Light Catalytic Cracked Gasoline (LCCG)

Pilipinas Shell Petroleum Corporation vs. Commissioner of Customs, Collector of Customs of the Port of Batangas, Bureau of Customs and Bureau of Internal Revenue

SC G.R. Nos. 227651 & 227087

Filed 03 December 2009

Matter Summary:

From 2004 to 2009, the Company imported shipments of CCG and LCCG into the Philippines in accordance with the BIR Authority to Release Imported Goods (ATRIG) stating that the importation of CCG and LCCG is not subject to excise tax. Upon payment of VAT as assessed in the ATRIGs, the Bureau of Customs (BOC) allowed the entry of the imported CCG and LCCG without payment of excise tax. CCG and LCCG, being intermediate or raw gasoline components, are then blended with refinery products to produce unleaded gasoline that is compliant with applicable Philippine regulatory standards, particularly the Clean Air Act of 1999 and the Philippine National Standards (the “resulting product”). Prior to the withdrawal of the resulting product from the Company’s refinery, the Company paid the corresponding excise taxes.

In 2009, the District Collector of the Port of Batangas issued a letter demanding from the Company the payment of deficiency excise tax, VAT and penalties covering importation entries from 2006 to 2008. The Company requested the cancellation of the demand letter for lack of factual and legal basis. The District Collector of the Port of Batangas denied the request of the Company and declared that the law mandated the payment of excise tax on importation of unleaded gasoline and that it made no distinction or qualification on whether or not it was for consumption or sale to the domestic market. The District Collector of the Port of Batangas then reiterated his previous demand and threatened enforcement of Section 1508 of the Tariff and Customs Code of the Philippines (TCCP) which would hold the delivery or release of imported articles when an importer has an outstanding and demandable account.

The Company appealed before the Commissioner of Customs (COC). In the meantime, the Director of the DOE-Oil Industry Management Bureau issued a letter reiterating the earlier DOE finding that CCG and LCCG imports were raw materials or blending components in the production or processing of gasoline in its finished form. The then BIR Commissioner issued a memorandum confirming and reiterating the initial ruling in 2004 to the effect that CCG and LCCG are intermediate products or blending components which are not subject to excise tax under Section 148 of the NIRC.

The COC denied the appeal of the Company and demanded the payment of excise tax and VAT for the Company’s CCG and LCCG importations this time from 2004 to 2009. The Company filed a motion for reconsideration of the Letter-Decision, which was denied by the COC. The COC then ordered the Company to pay the principal amount of P7.35 billion and pay the excise tax and VAT on all incoming CCG and LCCG shipments.

The Company thereafter filed a petition for review with the Court of Tax Appeals (CTA) for the purpose of appealing the ruling of the COC as well as to apply for the issuance of a temporary restraining order (TRO) to immediately prevent the COC from seizing future shipments of the Company pursuant to Section 1508 of the TCCP. The Company likewise applied for the issuance of a suspension order for the purpose of ensuring the preservation of the status quo while the merits of the appeal are being heard by the CTA.

While the case was pending in the CTA, the BIR Commissioner at that time issued on 15 December 2009 a Letter-Ruling declaring that the CCG and LCCG imports of the Company were subject to excise tax on the ground that the law did not make any distinction or qualification on whether or not the imports were intended for consumption or for blending with other substances. The ruling effectively reversed the earlier rulings of former BIR Commissioners.

Following the reversal of the ruling by the BIR Commissioner, the BOC started collecting excise taxes in January 2010 on shipments of the Company. The Company paid the BOC assessments under protest and on 27 January 2010, filed a Supplemental Petition seeking to annul the 15 December 2009 ruling by the BIR Commissioner.

In view of the paramount public interest, the government agreed not to exercise Section 1508 of the TCCP on condition that the Company posts a surety bond.

On 04 March 2010, the CTA approved the surety bond posted by the Company and enjoined the COC, the Collector of Customs at the Port of Batangas, the BOC and all persons acting under their direction or authority from undertaking any actions under Section 1508 of the TCCP and/or from all remedies to collect from petitioner the excise taxes and VAT, with increments, subject of the case.

On 27 November 2012, the CTA 3rd Division issued a Resolution granting the Company's Motion for Summary Judgment. The Court deemed that BOC's demand for the payment of excise taxes on importations of LCCG/CCG during the period 2004 to 2009 without merit, rendering the discussion on whether the CCG/LCCG are properly classified (under Section 148(e) or Section 148(f) of the NIRC, as amended) moot and academic. The CTA 3rd Division ruled in favour of the Company and respondent was prohibited from collecting the alleged unpaid excise taxes and VAT thereon, on the Company's importations of CCG/LCCG for the relevant periods in 2004 to 2009.

The BOC filed a Petition for Review with the CTA en banc. Meanwhile, the Company filed its own Petition for Review with the CTA en banc because the CTA did not invalidate the 15 December 2009 Ruling of the CIR with respect to double taxation - first, upon importation and the other upon withdrawal of the finished grade products from the refinery.

In its 28 September 2015 decision, the CTA en banc reversed the CTA Third Division, ruled partially in favour of the BOC and the BIR and held that the Company is liable to pay excise taxes and VAT on the importation of CCG and LCCG but only for the period from 2006 to 2009. The CTA en banc recognized the Company's defense of amnesty applied for periods from 2004 to 2005, thereby partially reducing the liability to shipments made from 2006 to 2009. Both parties filed motions for reconsideration of the CTA en banc decision. The BIR and BOC filed an Omnibus Motion for Partial Reconsideration and Clarification to question the decision of the CTA en banc in relation to the assessment of the unpaid excise taxes, VAT and penalties for the years 2004 and 2005. The Company, in turn, filed an Opposition to the said motion. The Company likewise filed a motion for reconsideration of the CTA en banc decision in relation to the assessment of the unpaid excise taxes, VAT and penalties for the years 2006 to 2009.

On 21 September 2016, the Company received an Amended Decision of the CTA en banc upholding its 28 September 2015 ruling and holding that the Company is liable to pay the Government for alleged unpaid taxes for the importation of CCG and LCCG for the period from 2006 to 2009 totalling P5.72 billion.

On 06 October 2016, the Company filed the appropriate appeal with the Supreme Court. The BOC and the BIR also filed their Petition for Review on Certiorari seeking to bring back the liability of the company to P7.35 billion plus interest and surcharges.

Status:

The Supreme Court consolidated the said petitions and the parties have filed their respective Comments. The Government and the Company filed their Reply on 22 January 2018 and 06 June 2018, respectively.

Management believes that provision should not be recognized as at 31 December 2018 and 31 December 2019 since it is the Company's assessment that liability arising is not probable because the Company's factual and legal positions are strong. The Company continues to take appropriate legal action and remediation with respect to such case. No change in status as of January 2020.

(b) Excise tax on Importations of Alkylate***Pilipinas Shell Petroleum Corporation vs. Commissioner of Internal Revenue et al.***

CTA Case No. 8535, Court of Tax Appeals, 2nd Division

Filed 24 August 2012

Matter Summary:

Following the ruling of the BIR authorizing the collection of excise taxes on CCG/LCCG importations, the Company began importing Alkylate as its blending component. The COC issued Customs Memorandum Circular No. 164-2012 directing the BOC and its officers to take the "appropriate action" in relation to BIR Ruling dated 29 June 2012 (Ruling No. M-059-2012) issued by the BIR Commissioner. In the ruling dated 29 June 2012, the BIR Commissioner held that Alkylate is also subject to excise tax upon importation. The BIR Ruling further held that the Company is liable for the amount of P1.9 billion representing the unpaid taxes, on the importations of Alkylate from 2010.

A Petition for Review of the BIR ruling was filed with the CTA. On 18 September 2012, the Company filed a Motion for the Issuance of a Suspension Order to stop the implementation of Ruling No. M-059-2012.

On 22 October 2012, the CTA issued a Resolution approving the issuance of a Suspension Order stopping the collection of alleged deficiency excise taxes (and VAT) for the period from 2010 to June 2012, upon the posting by the Company of a surety bond. Said bond was duly filed and the CTA approved the same on 30 October 2012.

In a Resolution dated 28 January 2013, the CTA denied the BIR/BOC Motion to Dismiss the case. Subsequent appeals (Petitions for Certiorari) from the denial of the Motion to Dismiss have been filed by the BOC and the BIR with Supreme Court.

On 02 June 2014, the Company filed a Petition for Certiorari with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction with the SC questioning the denial of its application for the issuance of a suspension order against the assessment and collection of excise taxes on its March 2014 alkylate shipment. On 7 July 2014, the SC issued a temporary restraining order enjoining the CTA and the tax-collecting agencies of the government from imposing excise taxes on incoming alkylate importations of the Company.

Meanwhile, in the main case before the CTA, on 31 July 2014, the Company filed a Motion for Judgment on the Pleadings. This Motion was denied by the tax court on 13 February 2015. On 16 March 2015, the Company filed a Motion for Reconsideration from this denial of the Motion for Judgment on the Pleadings.

As disclosed in Note 7, the Company has excise duties and VAT paid under protest amounting to P1.1 billion for certain Alkylate shipments.

Status:

Trial on the merits is pending with the Court of Tax Appeals (“CTA”). Jurisdictional issues are pending with the Supreme Court. No change in status as of January 2020.

Republic of the Philippines rep. by Bureau of Customs vs. Pilipinas Shell Petroleum Corporation & Filipino Way Industries

SC G.R. No. 209324 Supreme Court

Civil Case No. 02-103191, Regional Trial Court of Manila

Matter Summary:

Sometime in March 1996, TCCs were issued to Filway Industries for customs duties and taxes allegedly paid on raw materials used in the manufacture, processing or production of knitted fabrics. In 1997, Filway executed a deed of assignment over the TCCs in favour of the company. The Company then utilized said TCCs to settle its customs duties and taxes on oil importations.

According to the government, it was discovered that the said credit memos were fake and spurious as they did not conform to the records. Thus, the TCCs were cancelled and BOC is demanding anew for the payment of custom duties and taxes for the Company’s importations.

The Court of Appeals had earlier upheld the dismissal of the case by the RTC Manila Branch 49 that dismissed the case. In a Decision dated 09 December 2015, the Supreme Court remanded the case to the RTC for the conduct of the trial proceedings so that the Bureau of Customs could attempt to prove the alleged fraudulent acquisition and use of TCCs.

Status:

Pilipinas Shell Petroleum Corporation will file its formal offer of evidence on 30 January 2020. A status hearing is set on 25 March 2020.

(c) *Excise Tax Refund Case*

There are also tax cases filed by the Company for its claims from the government amounting to P733.1 million that are pending as at 30 June 2018 and 31 December 2017 in the CTA and SC. Management believes that the ultimate outcome of such cases will not have a material impact on the Company’s financial statements.

(d) *Other significant case*

Case filed by the West Tower Condominium Corporation (WTCC)

West Tower Condominium Corp. et al. vs. Judge Elpidio R. Calis et al

SC G.R. No. 215901, Supreme Court

Filed 11 June 2012

Matter Summary:

The Company is a respondent in this Petition for Certiorari filed by West Tower Condominium Corp, et al. to challenge the ruling of Judge Calis requiring the payment of filing fees in the civil case for damages earlier brought by WTCC in connection with the leak in White Oil Pipeline. The issue is whether the case filed with the lower court is exempt from payment of filing fees. The trial court judge earlier ruled that the claim is an ordinary claim for damages.

Status:

In a Decision dated 30 June 2014, the Court of Appeals affirmed the ruling of the Regional Trial Court requiring the payment of filing fees. FPIC and its Board of Directors and Officers asked the Court of Appeals to reconsider the part of its Decision retaining the party-complainants previously dropped as parties to the case arguing that the court has no jurisdiction to reinstate these party-complainants. West Tower Condominium Corporation, et al. filed its Motion for Reconsideration arguing that they have satisfied all the requirements in order that this case may be treated as an environmental case which does not necessitate the payment of the filing fees.

On 26 September 2014, the Company asked the Court of Appeals to deny the motion for reconsideration filed by West Tower Condominium Corporation, et al. for lack of merit. In its resolution dated 11 December 2014, the Court of Appeals denied the motion for reconsideration filed by the West Tower Condominium Corporation, et al. West Tower Condominium Corporation, et al.'s filed with the Supreme Court the present petition dated 11 February 2015 seeking a review of the decision of the Court of Appeals. The Company has filed its Comment with Opposition dated 18 September 2015 asking the Supreme Court to dismiss the petition and to deny the application for a temporary restraining order. Awaiting Supreme Court's action. No change in status as of January 2020.

PART II – SECURITIES OF THE REGISTRANT

A. Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters

1. Market Information and Voting Rights of Shares

1. Market information

PSPC common shares were listed as “SHLPH” with the Philippine Stock Exchange on 3 November 2016.

The principal market where PSPC’s common share is traded is the Philippine Stock Exchange.

The high and low sale prices for the end of 2019 are as follows:

FROM	TO	HIGH (Php)	LOW (Php)
02 January 2019	30 January 2019	48.80	46.25
01 February 2019	27 February 2019	48.95	46.25
01 March 2019	29 March 2019	50.10	48.00
01 April 2019	30 April 2019	47.50	44.15
02 May 2019	31 May 2019	45.95	40.50
03 June 2019	27 June 2019	42.75	37.30
01 July 2019	29 July 2019	39.95	37.90
01 August 2019	30 August 2019	38.60	31.40
02 September 2019	30 September 2019	36.00	31.35
01 October 2019	29 October 2019	34.25	32.30
04 November 2019	28 November 2019	34.00	31.80
02 December 2019	26 December 2019	33.85	32.00

As of 27 December 2019, the last trading day in 2019, PSPC (SHLPH) stock closed at Php 32.80.

2. **Holders** – There are three hundred and twenty (320) stockholders excluding treasury shares, the top twenty (20) of which are:

	Name	No. of Shares Held	% of Shares Held
1	Shell Overseas Investments B.V.	890,860,233	55.21%
2	The Insular Life Assurance Company, Ltd.	265,465,395	16.45%
3	PCD Nominee Corp - Foreign	187,932,247	11.65%
4	PCD Nominee Corp - Filipino	158,439,276	9.82%
5	Spathodea Campanulata Inc.	67,184,265	4.16%
6	Rizal Commercial Banking Corporation	28,863,475	1.79%
7	Victoria L. Araneta Properties, Inc.	2,312,245	0.14%
8	Pan Malayan Management & Investment Corporation	1,298,536	0.08%
9	Gregorio Araneta III	1,177,720	0.07%
10	Miguel P. De Leon	817,447	0.05%
11	Nieva Paz L. Erana	665,970	0.04%
12	Maria Lina A. De Santiago	467,541	0.03%
13	E. Zobel Inc.	329,785	0.02%
14	Margarita J. Ortoll	298,500	0.02%
15	Teresa Velasquez Fernandez	294,057	0.02%
16	Leon, Miguel P. De	272,459	0.02%
17	Magdaleno B. Albarracin Jr. or Trinidad M. Albarracin	250,000	0.02%
18	Jose Araneta Albert	203,877	0.01%
19	Jordan M. Pizarra	168,881	0.01%
20	Oriental Petroleum and Minerals Corporation	160,489	0.01%

3. Dividends

During its Regular Meeting held on 21 March 2019, the Board of Directors approved the declaration of dividend in the amount of Php3.00 per share from the unrestricted retained earnings out of PSPC's Unrestricted Retained Earnings as of 31 December 2018 to all shareholders of record as of 05 April 2019 and payable on 30 April 2019. The dividends declared and paid out in 2019 was Php4.8 billion out of PSPC's Unrestricted Retained Earnings as of 31 December 2018.

At the special meeting of the Board held on 14 March 2018, the Board of directors approved the declaration of cash dividend to stockholders on record as of 28 March 2018 an amount of Php5.14 per share from the unrestricted retained earnings of PSPC to all shareholders. The dividends declared and paid out in 2018 was to P8.3 billion out of the Unrestricted Retained Earnings available for cash dividends as of 31 December 2017.

Thus, the dividends paid out in 2019 from the 2018 Unrestricted Retained Earnings represent a payout of 95%. The dividends paid out in 2018 from the 2017 Unrestricted Retained Earnings taken together represent a payout of 80%, exceeding the 75% set in the Dividend Policy.

The payment of dividends in the future will depend on PSPC's earnings, cash flow, investment program and other factors. Dividends payable to foreign shareholders may not be remitted using foreign exchange sourced from the Philippine banking system unless their investment was first registered with the Bangko Sentral ng Pilipinas and thus, covered by the required Bangko Sentral registration Document (BSRD).

As at 31 December 2019, cost of treasury shares, accumulated earnings of its associates and unrealized mark to market gains are not available for dividend declaration.

B. Description of PSPC's Shares

- Capital stock and treasury shares as at 31 December 2017 to 2019 consist of:

	2019		2018		2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorized capital stock, common shares at P1.0 par value per share	2.5 billion	2,500,000	2.5 billion	2,500,000	2.5 billion	2,500,000
Issued shares	1,681,058,291	1,681,058	1,681,058,291	1,681,058	1,681,058,291	1,681,058
Treasury shares	(67,614,089)	(507,106)	(67,614,089)	(507,106)	(67,614,089)	(507,106)
Issued and outstanding shares	1,613,444,202	1,173,952	1,613,444,202	1,173,952	1,613,444,202	1,173,952

As at 31 December 2019, PSPC has 320 shareholders excluding treasury shares (31 December 2018 - 316), 283 of whom hold at least 100 shares of PSPC's common shares (31 December 2018 - 280).

Each common share is entitled to one vote.

- Debt Securities

PSPC does not have any outstanding debt securities.

- Stock Ownership Plan

PSPC currently does not have a stock ownership plan or program. The privilege extended to PSPC was an allocation whereby each qualified employee could purchase, for his/her own account, up to 4,290 PSPC shares during the IPO.

Part III. Financial Information

A. Management's Discussion and Analysis (MD&A)

The Statements of Financial Position and Statements of Income for the years ended 2019, 2018 and 2017 are shown in Million Philippine Pesos.

Financial condition as of the year ended 31 December 2019 compared to the year ended 31 December 2018

The following is a discussion of PSPC's current and non-current assets and liabilities as of the year ended 31 December 2019 compared to the year ended 31 December 2018.

Current assets

PSPC's current assets increased from Php40,778.6 million as of 31 December 2018 to Php47,469.4 million as of 31 December 2019 primarily due to the following:

Trade and other receivables increased by Php2,774.8 million, or 21.4% from Php12,992.8 million as of 31 December 2018 to Php15,767.6 million as of 31 December 2019 primarily driven by higher sales volumes and imposition of higher excise tax on petroleum products.

Cash increased by Php323.8 million, or 7.3% from Php4,455.1 million as of 31 December 2018 to Php4,778.9 million as of 31 December 2019 as a result of stronger net income and decrease in cash used from financing. This was partially offset by working capital movements.

Inventories increased by Php5,779.9 million, or 29.4% from Php19,642.8 million as of 31 December 2018 to Php25,422.7 million as of 31 December 2019 primarily driven by general increase in crude oil prices.

Prepayments and other current assets decreased by Php2,187.6 million, or 59.3% from Php3,687.8 million as of 31 December 2018 to Php1,500.2 million as of 31 December 2019 mainly driven by utilization of input VAT and decrease in rental prepayments and recognition of right to use assets as a result PFRS 16 implementation.

Non-Current Assets

PSPC's non-current assets increased from Php39,387.8 million as of 31 December 2018 to Php55,450.1 million as of 31 December 2019 primarily due to the following:

Right to use assets, of Php 12,649.1 as of 31 December 2019 is due to the implementation of PFRS 16 starting January 1, 2019. This was previously under prepayments and long-term receivables as per PAS 17 and asset retirement obligations under PAS 16.

Property, plant and equipment increased by Php2,797.1 million, or 9.9% from Php28,128.7 million as of 31 December 2018 to Php30,925.8 million as of 31 December 2019 primarily due to additional retail stations built during the year, implementation of growth projects in the refinery, and enhancement of the supply chain network.

Other assets increased by Php652.2 million, or 9.9% from Php6,600.1 million as of 31 December 2018 to Php7,252.3 million as of 31 December 2019 mainly driven by increase in fair value of pension assets and equity instruments during the year.

Current Liabilities

PSPC's current liabilities increased from Php28,456.8 million as of 31 December 2018 to Php39,453.2 million as of 31 December 2019 primarily due to the following:

Trade and other payables increased by Php4,504.0 million, or 17.9% from Php25,180.1 million as of 31 December 2018 to Php29,684.2 million as of 31 December 2019 primarily due to general increase in crude oil prices and lease liabilities due to PFRS 16 implementation.

Dividends payable increased by Php1.5 million, or 9.6% from Php15.6 million as of 31 December 2018 to Php17.1 million as of 31 December 2019 primarily due to cash dividend declared during the year which remain uncollected at 31 December 2019.

Short-term loans increased by Php6,491.0 million, or 199.0% from Php3,261.0 million as of 31 December 2018 to Php9,752.0 million as of 31 December 2019 primarily due to higher short-term borrowings for working capital requirements.

Non-Current Liabilities

PSPC's non-current liabilities increased from Php12,737.8 million as of 31 December 2018 to Php23,637.9 million as of 31 December 2019 primarily due to the following:

Lease liabilities, of Php10,477.4 as of 31 December 2019 is due to implementation of PFRS 16.

Deferred income tax liabilities, net increased by Php306.5 million, or 44.2% from Php693.6 million as of 31 December 2018 to Php1,000.1 million as of 31 December 2019 primarily due to government claims and retirement benefits. This is partially offset by deferred tax asset arising from implementation of PFRS 16.

Provision and other liabilities increased by Php116.2 million, or 3.8% from Php3,044.2 million as of 31 December 2018 to Php3,160.4 million as of 31 December 2019 primarily due to increase in asset retirement obligations.

Equity

PSPC's total equity increased from Php38,971.8 million as of 31 December 2018 to Php39,828.3 million as of 31 December 2019 primarily due to the following:

Retained earnings increased by Php863.1 million from Php11,074.9 million as of 31 December 2018 to Php11,938.0 million as of 31 December 2019 primarily driven by increase in profits during the year.

Other reserves decreased by Php6.6 million, or 1.2% from Php561.2 million as of 31 December 2018 to Php554.6 million as of 31 December 2019 due to decrease in fair value of equity instruments.

Financial condition as of the year ended 31 December 2018 compared to the year ended 31 December 2017

The following is a discussion of PSPC's current and non-current assets and liabilities as of the year ended 31 December 2018 compared to the year ended 31 December 2017.

Current assets

PSPC's current assets decreased from Php45,876.3 million as of 31 December 2017 to Php40,778.6 million as of 31 December 2018 primarily due to the following:

Trade and other receivables increased by Php2,127.7 million, or 19.6% from Php10,865.1 million as of 31 December 2017 to Php12,992.8 million as of 31 December 2018 primarily due to imposition of higher excise tax on petroleum products.

Cash decreased by Php1,708.2 million, or 27.7% from Php6,163.3 million as of 31 December 2017 to Php4,455.1 million as of 31 December 2018 as a result of cash dividends paid during the year coupled with disciplined capital investments and settlement of long-term borrowings. This is partially offset by the strong cash generated from operations.

Inventories decreased by Php2,028.4 million, or 9.4% from Php21,671.2 million as of 31 December 2017 to Php19,642.8 million as of 31 December 2018 primarily driven by general decrease in crude oil and finished products prices during the last quarter of the year.

Prepayments and other current assets decreased by Php3,488.9 million, or 48.6% from Php7,176.7 million as of 31 December 2017 to Php3,687.8 million as of 31 December 2018 mainly driven by utilization of input VAT and lower prepaid corporate taxes.

Non-Current Assets

PSPC's non-current assets increased from Php36,000.7 million as of 31 December 2017 to Php39,387.8 million as of 31 December 2018 primarily due to the following:

Long-term Receivables, rentals and investments increased by Php354.5 million, or 8.2% from Php4,304.5 million as of 31 December 2017 to Php4,659.0 million as of 31 December 2018 mainly due to increase in advance rentals of new and renewed retail sites.

Property, plant and equipment increased by Php2,694.3 million, or 10.6% from Php25,434.4 million as of 31 December 2017 to Php28,128.7 million as of 31 December 2018 primarily due to additional retail stations built during the year, upgrades made to existing retail sites and enhancement of the supply chain network.

Other assets increased by Php338.2 million, or 5.4% from Php6,261.9 million as of 31 December 2017 to Php6,600.1 million as of 31 December 2018 mainly driven by increase in fair value of pension and equity instruments during the year.

Current Liabilities

PSPC's current liabilities decreased from Php31,235.0 million as of 31 December 2017 to Php28,456.8 million as of 31 December 2018 primarily due to the following:

Trade and other payables increased by Php4,016.3 million, or 19.0% from Php21,163.8 million as of 31 December 2017 to Php25,180.1 million as of 31 December 2018 primarily due to higher importations of crude and finished products at the latter part of the year.

Dividends payable increased by Php1.4 million, or 9.9% from Php14.2 million as of 31 December 2017 to Php15.6 million as of 31 December 2018 primarily due to cash dividend declared during the year which remain uncollected at 31 December 2018.

Short-term loans decreased by Php796.0 million, or 19.6% from Php4,057.0 million as of 31 December 2017 to Php3,261.0 million as of 31 December 2018 primarily due to lower short-term borrowings for working capital requirements.

Current portion of long term debt decreased by Php6,000.0 million, or 100.0% from Php6,000.0 million as of 31 December 2017 to Php Nil as of 31 December 2018 mainly due to repayment during the year.

Non-Current Liabilities

PSPC's non-current liabilities increased from Php8,506.6 million as of 31 December 2017 to Php12,737.8 million as of 31 December 2018 primarily due to the following:

Long term debt increased by Php4,000.0 million, or 80.0% from Php5,000.0 million as of 31 December 2017 to Php9,000.0 million as of 31 December 2018 mainly due to repayment of Php5,000 million long term loan refinanced with Php9,000 long term loan in Q1 2018.

Provision and other liabilities increased by Php239.6, or 8.5% from Php2,804.6 million as of 31 December 2017 to Php3,044.2 million as of 31 December 2018 mainly due to higher inflation affecting the retirement obligations for retail sites and increased payables from promotional activities.

Equity

PSPC's total equity decreased from Php42,135.4 million as of 31 December 2017 to Php38,971.8 million as of 31 December 2018 primarily due to the following:

Retained earnings decreased by Php3,264.6 million from Php14,339.5 million as of 31 December 2017 to Php11,074.9 million as of 31 December 2018 primarily driven by 2018 cash dividends declared amounting to Php 8,293.1 million, 212% higher than 2017. This is partially offset by profits earned during the year.

Other reserves increased by Php101.0 million, or 21.9% from Php460.2 million as of 31 December 2017 to Php561.2 million as of 31 December 2018 due to increase in fair value of equity instruments.

Results of operations for the year ended 31 December 2019 compared to the year ended 31 December 2018

Net sales marginally decreased by Php465.7 million, or 0.2%, from Php218,868.7 million for the year ended 31 December 2018 to Php218,403.0 million for the year ended 31 December 2019 despite a 3% increase in sales volume primarily due to the lower average pump prices as influenced by the marginal decrease in global oil prices.

Gross profit increased by Php1,155.5 million, or 5.2% from Php22,294.8 million for the year ended 31 December 2018 to Php23,450.3 million for the year ended 31 December 2019 primarily as result of strong marketing delivery and increased premium fuel penetration. This is supported by marginal decrease in average oil prices and lower logistics costs.

Selling, General and Administrative expenses increased by Php62 million, or 0.4% from Php14,386.6 million for the year ended 31 December 2018 to Php14,448.6 million for the year ended 31 December 2019 primarily driven by PFRS 16 implementation partially offset by the reduction in logistics costs. Philippine inflation reduced from 5.2% in 2018 to 2.51% in 2019 contributing to the reduction in general and administrative expenses.

Other operating income decreased by Php195.5 million, or 33.5%, from Php583.9 million for the year ended 31 December 2018 to Php388.4 million for the year ended 31 December 2019 primarily due to disposal of property, plant and equipment coupled with remediation activities. This is partially offset by growth in non-fuel retail business.

Finance income increased by Php466.6 million, or 1,034.6%, from Php45.1 million for the year ended 31 December 2018 to Php511.7 million for the year ended 31 December 2019, mainly due to improved foreign currency exposure during the year as a result of strengthening of Peso against other foreign currencies.

Finance expense increased by Php635.6 million, or 51.1%, from Php1,245.0 million for the year ended 31 December 2018 to Php1,880.6 million for the year ended 31 December 2019, mainly driven by increase in interest and finance charges due to implementation of PFRS 16, offset by net foreign exchange gain in 2019 vs net foreign exchange loss realized in 2018.

Net Income After Tax for the period improved by Php544.9 million or 10.7% from Php5,076.3 million for the year ended 31 December 2018 to Php5,621.2 million for the year ended 31 December 2019. This is primarily driven by stronger marketing performance supported by volume growth and higher premium fuel penetration, refinery cost savings, and inventory holding gains. This is against the backdrop of lower refinery margins. Inventory gain contributed Php1,364.3 million to 2019 net income vs post-tax inventory holding loss of Php39.8 million in 2018.

EBITDA Adjusted for COSA increased by Php1,344.4 million, or 13.4% from Php10,045.6 for the year ended 31 December 2018 to Php11,390.0 million for the year ended 31 December 2019. This is primarily driven by robust delivery from the marketing businesses and implementation of PFRS 16. This was partially offset by lower refinery margins and the impact of planned maintenance of Tabangao refinery. EBITDA adjusted for COSA for the period ended 31 December 2019 under PAS 17 would have resulted to Php 8,556.9 million.

EBITDA increased significantly by Php3,342.3 million, or 33.5% from Php9,988.7 million for the year ended 31 December 2018 to Php13,331.0 million for 31 December 2019 mainly due to impact of increase in pre-tax inventory holding gains from Php56.9 inventory holding loss in 2018 vs inventory holding gain of Php1,941.0 million in 2019 and strong marketing delivery.

Results of operations for the year ended 31 December 2018 compared to the year ended 31 December 2017

Net sales increased by Php49,392.9 million, or 29.1%, from Php169,475.8 million for the year ended 31 December 2017 to Php218,868.7 million for the year ended 31 December 2018, mainly driven by higher pump prices as influenced by the general increase in average global oil prices.

Cost of sales increased by Php53,503.3 million, or 37.4%, from Php143,070.6 million for the year ended 31 December 2017 to Php196,573.9 million for the year ended 31 December 2018 primarily as a result of general increase in average global oil prices.

Gross profit decreased by Php4,110.4 million, or 15.6% from Php26,405.2 million for the year ended 31 December 2017 to Php22,294.8 million for the year ended 31 December 2018 primarily as result of general increase in global oil prices partially offset by better margins from the retail business.

Selling, General and Administrative expenses increased by Php526.5 million, or 3.8% from Php13,860.1 million for the year ended 31 December 2017 to Php14,386.6 million in 2018 for the year ended 31 December 2018 mainly due to general increase in rental expenses and higher depreciation and amortization from additional capital investments and advertising expenses. This is partially offset by the reduction in employee costs and logistics costs. Philippine inflation hit 6.7% in Q3 of 2018, highest recorded in the past 9 years; 2018 average inflation is at 5.2%.

Other operating income increased by Php94.5 million, or 19.3%, from Php489.4 million for the year ended 31 December 2017 to Php583.9 million for the year ended 31 December 2018, mainly driven by growth from non-fuel retail business.

Finance income decreased by Php23.3 million, or 34.1%, from Php68.4 million for the year ended 31 December 2017 to Php45.1 million for the year ended 31 December 2018, mainly due to decline in foreign exchange gain during the year as a result of weakening Peso against other foreign currencies.

Finance expense increased by Php523.1 million, or 72.5%, from Php721.9 million for the year ended 31 December 2017 to Php1,245.0 million for the year ended 31 December 2018, mainly due to increase in foreign currency transactions along with the weakening of Philippine Peso during the year.

Other non-operating income decreased by Php1,379.2 million, from Php1,379.2 million for the year ended 31 December 2017 to Php Nil million for the year ended 31 December 2018, due to the reversal of the abandonment case provision when the company received a favourable court decision in 2017.

Net Profit for the period declined by Php5,291.9 million or 51.0% from Php10,368.2 million for the year ended 31 December 2017 to Php5,076.3 million for the year ended 31 December 2018. This is primarily due to lower refinery margins coupled with high inflation rate partially offset by the sustained margin growth from the marketing businesses. Inventory loss contributed Php39.8 million to 2018 net income vs post-tax inventory holding gain of Php2,941.9 million in 2017.

EBITDA Adjusted for COSA decreased by Php2,042.7 million, or 16.9% from Php12,088.3 for the year ended 31 December 2017 to Php10,045.6 million for the year ended 31 December 2018. This is primarily driven by lower refining margin environment, planned refinery pitstop in 2Q 2018 and higher inflation which may have affected consumer demand. These short-term headwinds were partially offset by the sustained growth from the marketing businesses.

EBITDA declined significantly by Php6,302.8 million, or 38.7% from Php16,291.5 million for the year ended 31 December 2017 to Php9,988.7 million for 31 December 2018 mainly due to impact of decrease in pre-tax inventory holding gains of Php4,260.1 million from Php4,203.3 inventory holding gain in 2017 vs inventory holding loss of Php56.9 million in 2018.

SUMMARY FINANCIAL AND OPERATING INFORMATION

PSPC's selected financial data as of and for the years ended 31 December 2016, 2017 and 2018 were derived in each case from the audited financial statements of PSPC.

KEY FINANCIAL RATIOS AND OPERATING DATA

Key financial ratios

	As of/for the year ended 31 December		
	2017	2018	2019
Current ratio ¹	1.5	1.4	1.2
Acid test ratio ²	1.2	1.3	1.2
Solvency ratio ³	33.0%	23.2%	21.2%
Debt to equity ratio ⁴	0.2	0.2	0.4
Debt ratio ⁵	10.9%	9.7%	13.6%
Return on assets ⁶	12.7%	6.3%	5.5%
Return on equity ⁷	24.9%	13.2%	14.3%
Return on average capital employed ⁸	26.9%	14.8%	16.3%

¹ Current ratio is computed by dividing current assets over current liabilities.

² Acid test ratio is computed by dividing current assets net of prepayments over current liabilities

³ Solvency ratio is computed by dividing net operating income after tax over total liabilities

⁴ Debt to equity ratio is computed by dividing net debt (short-term borrowings and loans payable less cash) by equity (exclusive of other reserves).

⁵ Debt ratio is computed as net debt divided by total assets.

⁶ Return on assets is computed as profit (loss) for the period divided by total assets.

⁷ Return on equity is computed as profit (loss) for the period divided by equity (exclusive of other reserves).

⁸ 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.

Key operating data

	As of/for the year ended 31 December		
	2017	2018	2019
Nameplate capacity (thousand barrels per day (kbpd)) ¹ ...	110	110	110
Refinery utilization rate (%) ²	60.8%	69.6%	63.5%
Retail volumes sold (million litres) ³ ...	3,172	3,136	3,175
Commercial volumes sold (million litres) ⁴	2,115	1,917	2,084
Others (million litres) ⁵	323	598	570

Note:

¹ 110,000 bpd is nameplate capacity on a calendar basis.

² Refinery utilization rate is calculated as the ratio of total product output to the calendar day nameplate capacity.

³ Retail volumes sold indicates the total volume of fuels and lubricants sold through the retail business for the period.

⁴ Commercial volumes sold indicates the total volume of wholesale commercial fuel, jet fuel, lubricants and specialities sold for the period.

⁵ Others volume sold indicates the total volume of manufacturing and supply for the period.

OTHER FINANCIAL DATA

Reconciliation from statutory profit for the year to EBIT and EBITDA

	For the year ended 31 December		
	2017	2018	2019
Profit (Loss) for the year/period	10,368.2	5,076.3	5,621.2
Add:			
(Benefit from) Provision for income tax	3,392.0	2,215.8	2,400.0
Finance expense	578.3	744.5	949.6
Depreciation and amortization	1,959.4	1,957.6	4,361.8
Less:			
Finance income	6.4	5.6	1.6
EBITDA¹	16,291.5	9,988.6	13,331.0
Depreciation and amortization	1,959.4	1,957.6	4,361.8
EBIT¹	14,332.1	8,031.0	8,969.2

EBITDA	16,291.5	9,988.6	13,331.0
Less:			
Cost of Sales Adjustment (COSA) ²	4,203.2	(56.9)	1,941.0
EBITDA (adjusted for COSA)³	12,088.3	10,045.6	11,390.0
Less:			
Depreciation and amortization	1,959.4	1,957.6	4,361.8
EBIT (adjusted for COSA)³ ..	10,128.9	8,087.9	7,028.3

1 EBIT indicates profit for the period excluding interest income, interest and finance charges (and accretion) expense and benefit from (provision for) income tax. EBITDA indicates profit for the period excluding interest income, interest and finance charges (and accretion) expense, benefit from (provision for) income tax and depreciation and amortization. EBIT and EBITDA are not measurements of financial performance under PFRS and investors should not consider them in isolation or as an alternative to profit or loss for the period, income or loss from operations, an indicator of PSPC's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBIT and EBITDA calculation methods, PSPC's presentation of this measure may not be comparable to similarly titled measures used by other companies. EBIT and EBITDA above are both unaudited figures.

2 The COSA provides an approximate measure of PSPC's performance on a current cost of supplies basis, and is a financial measure used by PSPC in managing its day-to-day operations such as (but not limited to) allocating resources and assessing performance. The COSA is an adjustment that reflects PSPC's cost of sales using the current cost of supplies sold, rather than FIFO inventory accounting which is the actual standard applied by PSPC in preparing its PFRS financial statements. As such, the COSA excludes the accounting effect of changes in the oil price on inventory carrying amounts. The COSA as applied to EBIT and EBITA is applied on a pre-tax basis to arrive at adjusted EBIT and adjusted EBITDA. Prospective investors are cautioned that COSA, EBITDA, and EBIT (and any adjustments thereto) are in all cases not measurements of financial performance under PFRS and investors should not consider them in isolation or as an alternative to profit or loss for the year, income or loss from operations, or as an indicator of PSPC's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Although other oil refiners use similar measures, prospective investors are cautioned that there are various calculation methods, and PSPC's presentation of COSA may not be comparable to similarly titled measures used by other companies.

3 These figures have been adjusted to remove the effects of changes in oil prices on inventory carrying amounts, which adjustment is referred to herein as the cost of sales adjustment.

Known trends, demands, developments, commitments, events or uncertainties that will have a material impact on the issuer's liquidity

Commodity price risk

PSPC is exposed to price volatility of certain commodities such as crude oil. To minimize PSPC's risk of potential losses due to volatility of international crude and product prices, PSPC may implement commodity hedging for crude and petroleum products.

Liquidity risk

PSPC is exposed to the possibility that adverse changes in the business environment or its operations could result in substantially higher working capital requirements and consequently, suitable sources of funding for PSPC's activities may be difficult to obtain or unavailable. PSPC manages its liquidity risk by monitoring rolling forecasts of PSPC's liquidity reserve on the basis of expected cash flow. Additionally, the Treasury group centrally monitors bank borrowings, foreign exchange requirements and cash flow position. PSPC has access to sufficient external debt funding sources to meet currently foreseeable borrowing requirements. Furthermore, surplus cash is invested into a range of short-dated money market instruments, time deposits and other assets, which seek to ensure the security and liquidity of investments while optimizing yield.

Any events that will trigger direct or contingent financial obligation that is material to the PSPC, including any default or acceleration of an obligation.

There are no material or significant events during the reporting period that will trigger direct or contingent financial obligation that is material to the PSPC except for the cases enumerated under the section 'Legal Proceedings'.

As of 31 December 2019, PSPC's contingent liabilities for which provisions have been made primarily related to certain pending legal proceedings including tax matters, asset retirement obligations and potential remediation and demolition costs, as described in more detail in note 28 of PSPC's audited financial statements as of and for the year ended 31 December 2019. Other than these, there are no material or significant events that will trigger direct or contingent financial obligation that is material to PSPC except for the cases discussed under "Legal Proceedings"

Material off-balance-sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of PSPC with unconsolidated entities or other persons created during the reporting period.

PSPC does not have any material off-balance sheet arrangements with unconsolidated entities

Capital Expenditures

PSPC plans to continue building new retail service stations, invest on refinery projects and improve existing supply and distribution sites. PSPC's capital investments are mainly funded by cash from operations.

Known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on Net Sales/Income from continuing operations

Global developments, particularly volatility in oil prices and foreign exchange, will continue to impact PSPC's financial performance.

Any significant elements of income or loss that did not arise from the registrant's continuing operations

There are no material elements of income or loss that did not arise from the registrant's continuing operations during the period.

Any seasonal aspects that had material effect on the financial condition or results of operations

There are no seasonal aspects that have material effect on the financial condition or results of operations during the period.

B. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The accounting firm of Sycip Gorres Velayo & Co. (E&Y Philippines) was appointed as the principal accountant and external auditor of PSPC for the year ended 31 December 2016 following the appointment of Ernst & Young as Group Auditor for Royal Dutch Shell on 12 May 2016 and continued as the principal accountant and external auditor for 31 December 2019.

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART IV – MANAGEMENT and CERTAIN SECURITY HOLDERS

A. Directors and Executive Officers

1. The following are the directors as of 31 December 2019:

Anabil Dutta was a Non-Executive Director of the Corporation from 22 March 2016 to 31 December 2019. He was the Regional Finance Manager, East Manufacturing & Chemicals business of Shell Group of Companies from January 2014 to December 2019. He was previously the Regional Finance Manager, East, Trading Supply and Distribution from November 2011 to December 2013; Finance Manager of Projects and Technology and Business Opportunity Manager East Technology Centre from June 2006 to October 2011. Prior to joining Shell, Anabil was with: Colgate Palmolive and held several senior positions in Finance including Country Head for Nepal. Prior to Colgate Palmolive he has been employed with ITC Limited and BATCO, ESS AAR projects and American Express Bank. Mr. Dutta has professional experience of 29 years internationally in Finance, Supply Chain, Manufacturing and General Management. Driving a strong performance ethic in business and broad experience in commercial finance has been his key achievements. He has held several Board, Trustee and Pension Fund positions and served on senior business leadership teams. Anabil is a Chartered Accountant and has a Master of Business Administration (Finance). He also has an Advanced Diploma in Computer applications and Database Management. Anabil is a silver medalist of the Duke of Edinburgh Awards and received the Colgate Chairman's Global Award for Outstanding performance. From 2016 to 2019, he attended seminars on corporate governance.

Anthony Lawrence D. Yam was the Vice-President- Retail Business of the Corporation from August 2011 to 31 December 2019 and a director of the boards of other Shell-affiliated companies in the Philippines. He was appointed as one of the directors of the Brunei Shell Marketing Company in October 2016. His previous roles in the Shell Group include: Operational Excellence Manager for the East for the Customer Service Center from mid-2010 to mid-2011; Retail Pricing Manager from late 2009 to mid-2010; Interim General Manager for the LPG (Liquified Petroleum Gas) Business from May to October 2009; District Manager for Metro Manila from 2005 to 2009. He was assigned in Vietnam for a cross-posting assignment as the Managing Director for Shell Gas Haiphong Limited and LPG General Manager for Shell Vietnam Limited from 2001 to 2005. Prior to his cross-posting assignment, he was the Southern Regional Sales Manager for LPG (Phil) from 1997 to 2001 and has served Shell in various managerial roles in Corporate Brand, Customer Service Center, Lubricants Business and Internal Audits from 1993 to 1997. He joined the Shell group in August 1986 and started his career as a Retail Sales Representative until 1993. He received his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering degree from the De La Salle University in 1985. From 2016 to 2019, he attended seminars on corporate governance.

Asada Harinsuit was Non-Executive Chairman of the Board from 16 May 2017 until 31 December 2019. He was the Country Chairman of Shell Companies in Thailand from September 2012 to December 2020. He was formerly Vice President for Retail – East (ASEAN, India, Middle East) from September 2013 to December 2018. He is the Shell Shareholder representative for Shell Pakistan Ltd, plc and Pakistan Refinery Ltd, plc. A Thai national, Asada first joined the Shell Group in 1985. Over the years, he has held a number of different roles spanning IT, strategy, business development, supply chain, sales and marketing at local, regional and global levels across Shell's Downstream business. He started his Shell career in IT and then moved to the Lubricants business in 1990 where he worked in lubes supply chain, marketing and sales to automotive OEMs. He was given his first overseas posting in 1997 as general manufacturing marketing manager for Shell UK. He then returned to Thailand in late 1998 to take up the role of Commercial Manager for the Aviation, Marine, LPG, Bitumen, Fuels and Lubricants businesses. Prior to assuming his current roles in Thailand, he was based in Singapore as Vice President Specialities where he ran Shell's global businesses, Bitumen and Sulphur, for 5 years. During that time, he made significant changes

to the global business in terms of customer value proposition, R&D programs, portfolio rationalization, new market entries, including working with Shell's Upstream business to create greater synergy and longer-term value. Mr. Harinsuit holds a Bachelor's and Master's Degree in Electrical Engineering from the University of Michigan. From 2016 to 2019, he attended seminars on corporate governance.

Cesar A. Buenaventura has been with the Corporation since 1956 and was Chairman and CEO from 1975 to 1990. He is currently an Independent Director of the Corporation. He is likewise 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 and I People Inc. He is Founding Chairman of the Pilipinas Shell Foundation, Inc. and Founding Member of the Board of Trustees of the Makati Business Club. He is a recipient of many awards, to name a few: Management Man of the year in 1985; The Honorary Officer of The British Empire (O B E) in 1990 by Her Majesty Queen Elizabeth II; and one of the top 100 graduates of the College of Engineering University of the Philippines in its 100th year history. He received the degree of Bachelor of Science in Civil Engineering from the University of the Philippines in 1950 and a master's degree in Civil Engineering from Lehigh University in 1954 as a Fulbright scholar. From 2016 to 2019, he attended seminars on corporate governance.

Cesar G. Romero is the current President and Chief Executive Officer of the Corporation since 01 November 2016. He was formerly Vice President of Global Retail Network from 01 August 2013 to 31 December 2018. He is responsible for the management and capital investment associated with the Global Retail business' physical assets worldwide. This includes network planning, real estate, petrol station construction, facilities maintenance, soil and groundwater services, HSSE, and Continuous Improvement. From September 2009 up to July 2013, he was the Vice President of Retail Sales and Operations East which is accountable for the Operating Profit and Loss of the Shell Retail Petrol stations in SE Asia, South Asia, and China. During his four-year tenure, the Shell Retail East's operating profit grew by an average of 10% per annum with improved HSSE performance highlighted by a three-fold reduction in station robberies. Mr. Romero is a member of the Shell Global Retail Leadership team which sets 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. Prior to that role, he was the Vice President for Supply – East based in Singapore from July 2007 to July 2009. Before that, he was in London as the Vice President for Downstream Management Consultancy, which he held concurrently with the role of Business Assistant to the Executive Director for Shell's Global Downstream Business. He joined Shell Philippines in 1987 as a Refinery Engineer and has had further assignments in Supply Planning, Strategy, and Lubricants. In 1995, he was posted to Shell Centre, London to work in Shell's Scenario Planning Team, and later in the Strategy and Portfolio Team of the East/Asian Regional Office. Immediately, prior to coming to the UK a second time, he was the General Manager for Retail for Shell Philippines & North Pacific Cluster. Cesar holds a Bachelor of Science in Mechanical Engineering (cum laude) from the University of the Philippines, and a Masters in Business Administration (with High Distinction) from the University of Michigan. He has also attended a variety of management development courses at the London Business School and the Wharton Business School. From 2016 to 2019, he attended seminars on corporate governance.

Fernando Zobel de Ayala is currently an Independent Director of the Corporation. He is President and Chief Operating Officer of Ayala Corporation, one of the Philippines' largest conglomerates involved in real estate, financial services, telecommunications, water, electronics, automotive, power, transport, education, and healthcare. He is Board Chairman of Ayala Land and Manila Water Company and sits on the board of various companies in the Ayala group, including the Bank of the Philippine Islands, Globe Telecom, and the Ayala Foundation. Mr. Zobel de Ayala is a member of the INSEAD East Asia Council and the World Presidents' Organization and Chief

Executives Organization. He is a Board member of Habitat for Humanity International and chairs the steering committee of its Asia Pacific Capital Campaign. He also serves on the Board of the Asia Society and is a member of the Asia Philanthropy Circle, The TATE Museum Asia Pacific Acquisitions Committee and The Metropolitan Museum International Council. In the Philippines, he is a Board member of the Philippine National Museum, Caritas Manila, and Pilipinas Shell Foundation, Inc. Mr. Zobel de Ayala holds a Liberal Arts degree from Harvard College and a CIM from INSEAD, France. From 2016 to 2019, he attended seminars on corporate governance.

Jose Jerome R. Pascual III was first appointed Director of the Corporation on 13 June 2016. He was likewise appointed Vice President for Finance and Treasurer of the Corporation. He is also a director on the boards of other Shell-affiliated companies in the Philippines. He is presently the Chairman of the Board of Trustees of the Shell companies in the Philippines Multi-Employer Retirement Plan and of the Board of Trustees of the Shell Philippines Exploration B.V. Non-Contributory Retirement & Gratuity Fund. His previous roles in the Royal Dutch Shell Group include: Finance Director of Shell Philippines Exploration BV & Philippines Country Controller from 2009 to 2016; concurrent Finance Director of Shell Deepwater Borneo Ltd from 2009 to 2012; Deputy Business Finance Manager (Caspian) of Shell Kazakhstan Development BV & Kazakhstan Country Controller from 2005 to 2009; Regional Treasurer & Insurance Manager of Shell Exploration & Production – Asia Pacific from 2003 to 2005; Treasurer; Tax & Insurance Manager of Shell Philippines Exploration BV from 2002 to 2003; Finance Business Adviser of Shell Philippines Exploration BV from 2000 to 2002; Commercial Services Coordinator / Contracts Advisor of Nederlandse Aardolie Maatschappij BV from 1998 to 2000; Head of Management Accounting of Shell Philippines Exploration BV from 1995 to 1998; Head of Finance (STAR) Systems of Pilipinas Shell Petroleum Corporation from 1993 to 1995; Internal Auditor / Audit Supervisor for Pilipinas Shell Petroleum Corporation from 1990 to 1993; Senior Analyst / Programmer of Pilipinas Shell Petroleum Corporation from 1986 to 1990. He is an incorporator and current President of the Judicial Reform Initiative, Inc (JRI). Born on 6 January 1964, Mr. Pascual graduated Cum Laude from the University of the Philippines (Diliman) with a Bachelor of Science degree in Industrial Engineering, and was granted membership to the Honor Society of Phi Kappa Phi. He also holds the following accreditations: Certified Management Accountant from the Institute of Certified Management Accountants (Australia) and Professional Industrial Engineer from the Industrial Engineering Certification Board (Philippines). In 2014, he was recognized as CFO of the Year by ING Bank (Philippines) and the Financial Executives Institute of the Philippines (FINEX). In 2015, he received the Professional Degree Award for Industrial Engineering from the U.P. College of Engineering and U.P. Alumni Engineers. In 2017, he was conferred the Global Management Accounting Hall of Fame Award by the Institute of Certified Management Accountants (Australia) in recognition of his outstanding contribution, lifetime of achievement and services to the management accounting profession in the Philippines. From 2016 to 2019, he attended seminars on corporate governance.

Lydia B. Echaz is an Independent Director of the Corporation since 16 May 2017. Dr. Echaz currently holds directorships in publicly listed companies Metro Pacific Investments Corp. and D&L Industries, Inc.; as well as PLDT Beneficial Trust Fund, Philstar Group, BusinessWorld Publishing Corporation, Global Business Power Corp., Riverside College Inc., Fern Realty Corp. and (PLC). Dr. Echaz is a Trustee/Director of MCO Foundation, Inc., Immaculate Conception Academy, Henry Sy Foundation, Inc., SM Foundation, Inc., Manila Tytana College, Mano Amiga Academy, NBS College, and Museo del Galeon, Inc. She was President of Far Eastern University, FEU Silang, FEU Diliman, and FEU East Asia College from 2002 to 2012. She served as Director of Development Bank of the Philippines from 2013 to 2016. She was Dean of the Graduate School of Business, De La Salle University from 1986 to 2002, Associate Director of the Ateneo de Manila Graduate School of Business from 1980 to 1985 and faculty member of the University of the East College of Business from 1968 to 1980. 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. From 2017 to 2019, she attended a seminar on corporate governance.

Mona Lisa Bautista Dela Cruz was first elected as Director of the Corporation on 12 May 2015. She is the President and Chief Executive Officer of Insular Life Assurance Company Ltd. She is a member of the Board of Trustees of the Insular Life Assurance Company, Ltd., the Insular Foundation, Inc. and the Insular Life Employee Retirement Fund. She is Director and President of Insular Investment Corporation, Insular Property Ventures, Inc., and Insular Properties, Inc. She is a director of Insular Health Care, Inc., ILAC General Agency, Inc., Home Credit Mutual Building and Loan Association, Insular Life Management and Development Corporation, Insular Life Property Holdings, and MAPFRE Insular Insurance Corporation. She received her Bachelor of Science degree in Statistics from the University of the Philippines, Cum Laude, in 1978. She likewise completed her Master of Science in Mathematics, major in Actuarial Science, at the University of Michigan in 1979. She is a Fellow of the Actuarial Society of the Philippines, an Associate of the Society of Actuaries, USA, and a member of the Management Association of the Philippines, Makati Business Club, Filipina CEO Circle and the Filipina Women's Network. From 2016 to 2019, she attended seminars on corporate governance.

Luis C. la Ó was elected as Director of the Corporation on 03 May 2018. He is the Non-Executive Vice Chairman of the Board of The Insular Life Assurance Co., Ltd. Before he became the Chairman of Insular Life, 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 previously occupied the following roles: Regional Vice President for Asia of the MAPFRE Group- Spain, President of Provident Insurance Corporation of the Soriano Group and Senior Vice President of Universal Reinsurance Corporation of the Ayala Group. He obtained his Bachelor of Science degree in Management at Ateneo de Manila University. He completed his Master's degree in Business Management from De La Salle University. He also finished a course on General Insurance from the College of Insurance, Chartered Institute of London, United Kingdom. From 2018 to 2019, he attended a seminar on corporate governance.

Rolando J. Paulino, Jr. was appointed Director of the Corporation on 21 March 2019. He is currently the Managing Director and General Manager of Shell Philippines Exploration B.V. He has 23 years of international senior leadership experience in the oil and gas industry. His key experience includes leading large production facilities. He has worked in various locations including Aberdeen (Scotland), Bacton (England), Miri (Malaysia) and Perth (Australia). He is holding and has held various positions as President and Chairman of Tabangao Realty, Inc.; Vice President of Malampaya Foundation Inc.; President of Petroleum Association of the Philippines; and Trustee of Pilipinas Shell Foundation Inc. He is a member of Management Association of the Philippines. He was elected Board of East of England Energy Group from 2008 to 2010 and Business Mentor of Princes' Trust in 2010. He earned his Bachelor in Science in Mechanical Engineering (Cum Laude) at the University of Santo Tomas (Manila, Philippines); Masters in Business Administration (Leadership and Change) at Ateneo Graduate School of Business- Regis University (Makati City, Philippines); Shell Group Business Leadership Programme, and INSEAD (Fontainebleau, France).

The Corporate and By-Laws Executive Officers of the Corporation as of 31 December 2019 are as follows:

Asada Harinsuit	Non-Executive Chairman of the Board	Thai
Cesar G. Romero*	President and Chief Executive Officer	Filipino
Jose Jerome R. Pascual III*	Vice President – Finance, Treasurer, & Chief Risk Officer	Filipino
Carlo D. Zanduetta	Vice President – Human Resources	Filipino
Jan – Peter Groot Wassink	Vice President – Manufacturing	Dutch
Anthony Lawrence D. Yam*	Vice President – Retail	Filipino
Sergio C. Bernal, Jr.	Vice President – External Relations and Government Relations	Filipino
Dennis C. Javier	Vice President – Wholesale Commercial Fuels	Filipino
Jannet C. Regalado	Vice President – Legal and Chief Compliance Officer	Filipino
Reynaldo P. Abilo	Corporate Assurance Manager	Filipino
Erwin R. Orocio	Corporate Secretary	Filipino
Ellie Chris C. Navarra	Assistant Corporate Secretary	Filipino
Angelica M. Castillo	Corporate Controller and Investor Relations Manager	Filipino

**Member of the Board of Directors*

Below are the profiles of Corporate/By-Laws Executive Officers:

Other By-Laws Executive Officers (who are not directors/nominees to the Board):

Dennis C. Javier was appointed Vice President-Wholesale Commercial Fuels on 27 February 2018. Previously, he was the General Manager for Lubricants covering Philippines since 2012 then Thailand was added to his portfolio in April 2014. He joined Shell in 1989, performing various assignments in Sales, Marketing, Process Engineering and Supply Chain Management. He served as the General Manager for Supply in the Philippines from 2009 to 2011 concurrent to being the Supply Operations Manager for Thailand and Hong Kong. During this period, he was likewise appointed as Director of First Philippine Industrial Corporation representing the Corporation. His previous roles prior to his stint in Supply were Business Development and Pricing Manager for Commercial Fuels from 2004 to 2009; Regional Sales Manager from 1998 to 2003; Member of Transformation Management Team 1997 to 1998; Corporate Training Manager for the Learning and Development Program of Pilipinas Shell Petroleum Corporation from 1996 to 1997; and SAP Project Lead for Commercial from 1995 to 1996. In his early days in Shell, he worked as a Commercial Account Manager and Retail Territory Manager for the Commercial and Retail businesses of the corporation. He received a Bachelor of Science in Business Administration from the University of the Philippines in 1987. From 2018 to 2019, he attended seminars on corporate governance.

Jan-Peter Groot Wassink was appointed as General Manager and Vice President – Manufacturing of the Corporation on 13 August 2018. He served as: Production Unit Manager at Shell Pernis Refinery, Rotterdam, the Netherlands from 2012 to 2018; Assistant Operations Manager for Shell Middle Distillate Synthesis (SMDS), Bintulu, Malaysia from 2008 to 2012; Refinery Head of Technology for Brunei Shell Petroleum (BSP), Brunei Negara Darussalam from 2005 to 2008; Senior Technologist for Saudi Aramco Shell Refinery (SASREF), Al-Jubail, Saudi Arabia from 2004 to 2005; and Technologist Thermal Conversion Processes for Shell Global Solutions International BV, Amsterdam, The Netherlands from 2000 to 2004. He holds a Master's degree with honors in Chemical Engineering and Biotechnology from the Delft University of Technology, The Netherlands. In 2018, he attended a seminar on corporate governance.

Carlo D. Zandueta has been the Vice President for Human Resources since 01 October 2018. Prior to this role, he was based in Singapore as the Global HR Manager of Shell Aviation. He joined the Corporation in March 1999 as the Manufacturing Learning and Development Manager and has held a number of assignments since then: as HR Account Manager - B2B, Lubricants and Trading (Philippines, 2003-2006); Regional Skillpool Manager – APME (Singapore, 2006-2009); Global Learning Advisor – Commercial Fuels and Offer To Cash (Singapore, 2010-2012); and, Senior Talent Advisor – Global Commercial (Singapore, 2012-2016). He studied at the University of Santo Tomas, Bachelor of Arts in Philosophy (1989-1993) and Master of Arts in Philosophy (1994-1996); and at the De La Salle University, Master of Science in Industrial and Organizational Psychology, with High Distinction (2001-2006). From 2018 to 2019, he attended seminars on corporate governance.

Jannet Cruz- Regalado is the Vice President-Legal and Chief Compliance Officer of the Corporation. She is responsible for managing and supervising a sizeable portfolio of litigation and arbitration in these jurisdictions involving commercial, civil, criminal, tort, environmental & employment matters and deals with a big network of Shell - accredited global law firms. She has served the Corporation as: Corporate Secretary from 2001 to 2015; Employment and Industrial Relations Manager from 1997 to 2001; Assistant Legal Counsel from 1994 to 1997; Legal Assistant from 1992 to 1994. Prior to joining the Shell Companies in the Philippines (SCiP), she was corporate secretary of First Lepanto Corporation and was a legal counsel at the Carpio, Villaraza and Cruz Law Firm. She graduated with high honours with degrees in Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines (U.P.). During her stint at the University, she was a student leader and very active in intra-university debates and moot court competitions. She is also a faculty member of both the University of the Philippines and the Lyceum College of Law and is active in several legal and professional organizations. From 2015 to 2019, she attended seminars on corporate governance.

Sergio C. Bernal, Jr. was appointed as the new Vice President-External Relations on 08 August 2019. He started his career in sales before taking up a few other roles including Business Development, Training and Marketing in local, regional and global posts. He was the JV General Manager for LPG from 2009-2011, when the JV achieved remarkable volume and revenue targets and HSSE performance. He then moved back to Shell Philippines, taking up sales and marketing leadership roles in lubricants, where he led teams to achieve over 110% sales growth and at same time built a strong high-performing team, winning global recognition. He was a recipient of two Global EVP awards for Project Pearl and Project Kindle. In his recent lubricant marketing role, he was in charge of both Philippines and Thailand. He graduated from De La Salle University in Manila with a Bachelor's degree in Industrial Management Engineering. In 2019, he attended a seminar on corporate governance.

Reynaldo P. Abilo was appointed Corporate Assurance Manager on 01 June 2017. Mr. Abilo joined Shell in 2009 as the Retail Economics Manager in Philippines where he distinguished himself by winning the 2012 CFO award for site profitability analysis and 2013 Downstream Director Award for Dealer Operated platform strategy. Prior to Shell, he worked in Ernst & Young and Colgate-Palmolive for a number of years in various finance positions in supply chain, sales and marketing. He is a Certified Public Accountant with 16 years of experience in audit, accounting, economics, strategy development, business performance management, and commercial decision support. Prior to this assignment, he was Special Projects Advisor supporting the Global Marketing Growth Strategy. He was also Global Planning & Appraisal Manager for Marine Lubricants as well as Project & Economics Lead for Global Commercial (“GC”) based in Singapore where he successfully managed the various planning, appraisal, and reporting processes for Marine and capital investments in GC. From 2017 to 2019, he attended seminars on corporate governance.

Erwin R. Orocio is the Managing Counsel for Downstream, Corporate Secretary and Chief Information Officer. He was the Compliance Officer until 16 May 2017. He was also the Assistant Corporate Secretary of the Corporation, first appointed as such on 17 April 2012. He also serves as the Corporate Secretary for various Shell companies in the Philippines. He is also a Fellow of the Institute of Corporate Directors. He joined the Legal department as a Legal Counsel in November 1997 and has since advised all businesses and functions. Prior to that, he served as managing partner of the Garcia Ines Villacarlos Garcia Recaña & Orocio Law Office. He first joined the Corporation as an accountant in 1991 and left in January 1996 to complete his Juris Doctor degree from the Ateneo De Manila School of Law. He graduated from the De La Salle University in 1989 with a Bachelor of Arts (Major in Economics) and Bachelor of Science (Major in Accountancy). He placed 13th in the Accounting Board exams of May 1990. From 2016 to 2019, he attended seminars on corporate governance.

Ellie Chris C. Navarra is a Legal Counsel for Downstream since 16 February 2017 and was appointed Assistant Corporate Secretary of the Corporation and other Shell-affiliated companies in the Philippines. In March 2018, she has completed the Basic Occupational Health and Safety Training. In February 2017, she earned her Certified Fraud Examiner credential from the Association of Certified Fraud Examiners (“ACFE”). Prior to that, she served as an Associate of the Corporate and Special Projects Department of the law firm Cruz Marcelo & Tenefrancia for three years. She passed the 2013 Philippine Bar Examinations. As a scholar, she earned her Juris Doctor degree from the Ateneo De Manila School of Law in 2013, with Second Honors distinction. Prior to taking up law, she was an Associate of the Technology and Security Risk Services of Sycip Gorres Velayo & Co. for two years. She is likewise a Certified Public Accountant since 2007. She graduated from the De La Salle University in 2006 with a Bachelor of Science (Major in Accountancy). She is a member of ACFE International Chapter, Integrated Bar of the Philippines, and Philippine Bar Association. From 2017 to 2019, she attended seminars on corporate governance.

Angelica M. Castillo was appointed as the Corporate Controller and Investor Relations Manager on 01 April 2017. In this role, she received the 2019 CFO Award for delivering value through a finance-led E2E integration. She joined Shell in 2015 as Process Manager in Expenditure where she won the EVP Award for Operational Excellence for various process improvement, performance measurement, and automation initiatives. Prior to Shell, she worked in BP’s management consulting group based in Singapore where she drove operational improvement projects for BP’s upstream, downstream and support functions. She started her career at KPMG Philippines where she led mergers and acquisitions due diligence and corporate finance engagements. Here, she received the KPMG Advisory Star Award for Asia Pacific in 2012. Ms. Castillo has a Bachelor of Science degree in Accountancy from De La Salle University where she obtained full scholarship from Pilipinas Shell Petroleum Corporation. She holds a Master in Business Administration degree from INSEAD. She is also a Chartered Financial Analyst and is a Certified Public Accountant. From 2017 to 2019, she attended seminars on corporate governance.

2. Significant Employees

There is no significant employee or personnel who is not an executive officer but is expected to make a significant contribution to the business.

3. Family Relationships

PSPC has no director or officer related to any other director or officer up to the fourth degree of consanguinity.

4. Involvement in any Legal Proceedings

To the best knowledge and belief and after due inquiry, none of the Directors, nominees for election as directors, or By-Laws' executive officers of PSPC and affiliates have in the five year period preceding this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated., except that:

- 1) In connection with the leak of petroleum products from the First Philippine Industrial Corporation's (FPIC) white oil pipeline, the West Tower Condominium Corporation filed on 15 October 2011 a complaint for violation of Article 365 of the Revised Penal Code against several directors (Messrs. Buenaventura, Zobel and Gamab) and an officer (Mr. Javier) of the Corporation. The Corporation used said pipeline to transport its products from the Tabangao refinery to its Pandacan terminal. Preliminary investigation is ongoing before the Department of Justice with all parties directed to submit their respective Memoranda on 07 February 2018, after which the Criminal Complaint will be deemed submitted for resolution.
- 2) On March 24, 2011, a civil case was filed against FPIC and its directors and officers (two of whom were former officers of PSPC and two incumbent officers of PSPC), First Gen Corporation, Chevron, and PSPC. The above-mentioned incumbent officers of PSPC are Dennis G. Gamab (Vice- President – Trading & Supply) and Dennis C. Javier (Vice President – Wholesale Commercial Fuels), while the former officers are Edgar O. Chua (then the Chairman and President of PSPC) and, Willie J. Sarmiento (then the Vice President – Finance). This case was later on ruled as an ordinary civil case for damages and directed that the same be re-raffled to a regular court and that each of the individual complainants file a separate action for damages, as the damage suffered by one is not necessarily the same for all, and accordingly, pay the appropriate filing fees, which ruling has been questioned in the Court of Appeals and now currently pending with the Supreme Court. PSPC has also asserted that it is not liable for the alleged damages suffered by the complainants. A complaint for criminal negligence against the eleven directors of PSPC and two of its officers who were directors of FPIC, all of whom were holding such positions at the time of the filing of the complaint, is currently pending preliminary investigation before the Department of Justice. The names of these directors and officers (former and incumbent) are: Edgar O. Chua, Dennis G. Gamab, Dennis C. Javier, Willie J. Sarmiento, Carlos R. Araneta, Fernando Zobel de Ayala, Vicente R.

Ayllon, Cesar B. Bautista, Cesar Buenaventura, Mayo Jose B. Ongsingco, Arnel L. Santos, Henry R. Fadullon, and Noel P. Paraso. Edgar O. Chua, Willie J. Sarmiento, Arnel L. Santos and Henry R. Fadullon are no longer connected with PSPC. Carlos R. Araneta, Vicente R. Ayllon, Mayo Jose B. Ongsingco and Noel P. Paraso are no longer directors of PSPC. Cesar B. Bautista is deceased. In its Resolution dated 22 February 2018, the Office of the City Prosecutor of Manila dismissed the Complaint for lack of probable cause. The Resolution stated that the directors and officers of the Corporation were not under obligation to operate and maintain the pipeline belonging to FPIC. Hence, they are not personally liable for negligence.

- 3) The former Non-Executive Chairman of PSPC, Mr. Edgar O. Chua, was included as a respondent in a graft and corruption case filed before the Office of the Ombudsman by former Customs Commissioner Napoleon Morales, and former Batangas Customs Collector Juan Tan, in connection with PSPC's importation of Catalytic Cracked Gasoline and Light Catalytic Cracked Gasoline (CCG/LCCG) and Alkylate. In the Resolution dated 26 April 2017, the Ombudsman dismissed the complaint for Smuggling and Graft & Corruption given that the issue on the correct taxes to be paid by PSPC has yet to be resolved, complainants' charge of smuggling has no basis.

On 04 January 2017, Edgar O. Chua, Robert Kanapi and Nigel Avila filed a Joint Complaint-Affidavit for the purpose of filing criminal complaints for Perjury against Lourdes Aclan, Napoleon Morales & Juan Tan for the false statements indicated in the Graft case which they filed in relation to the supposedly committed crime of Illegal Importation and violation of RA No. 3019; Anti-Graft and Corrupt Practices Act. This is in relation to PSPC's importation of Catalytic Cracked Gasoline and Light Catalytic Cracked Gasoline (CCG/LCCG) and Alkylate. Given the affirmative Resolution dated 26 April 2017 on the Graft case, PSPC has filed an Appeal to the dismissal of the Perjury case. The complaint was previously dismissed for being premature since the Graft case before the OMB was still pending at the time of the Decision.

B. Executive Compensation

1. General

The compensation of PSPC's directors and officers is primarily based on its By-Laws provisions.

Directors. Article III Section 6 of PSPC's Amended By-Laws provides:

"Section 6 - Compensation: The Directors as such shall not receive any salary or compensation for their services, but for their attendance for each regular or special meeting of the Board of Directors, they shall receive an honorarium not exceeding such amounts as may be laid down from time to time by the stockholders of PSPC. Nothing herein contained shall preclude any Director from serving the PSPC in any other capacity and receiving compensation therefor."

Officers. Article IV, Section 4 of PSPC's Amended By-Laws provides that:

"Section 4 - Compensation: The Board of Directors shall from time to time fix the compensation of the Officers and agents of the PSPC."

The total annual compensation was all paid in cash. The total annual compensation of officers includes the basic salary, the mid-year bonus and the 13th month pay.

PSPC has a registered, non-contributory retirement plan. All regular employees are covered by the said retirement plan. The Executive Officers are regular employees of PSPC.

PSPC has no standard arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

There are no other actions to be taken with regard to election, any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

2. Summary Compensation Table

		Projected 2020		2019		2018	
Names	Principal Position	Basic pay	Other variable pay	Basic pay	Other variable pay	Basic pay	Other variable pay
Cesar G. Romero (Filipino)	President and Chief Executive Officer						
Jose Jerome R. Pascual III (Filipino)	Vice President – Finance and Treasurer						
Carlo D. Zanduetta	Vice President – Human Resources from 01 October 2018						
Homer Gerrard L. Ortega (Filipino)	Vice President – Human Resources Until 31 August 2018						
Eduard Geus (Dutch)	Vice President – Manufacturing Until 14 August 2018						
Jan-Peter Groot Wassink (Dutch)	Vice President – Manufacturing from 14 August 2018						
Anthony Lawrence D. Yam (Filipino)	Vice President – Retail						
Sergio C. Bernal, Jr. (Filipino)	Vice President – External Relations and Government Relations						
Jannet C. Regalado (Filipino)	Vice President – Legal and Chief Compliance Officer						
Erwin R. Orcio (Filipino)	Corporate Secretary						

Ellie Chris C. Navarra (Filipino)	Asst. Corporate Secretary						
Reynaldo P. Abilo (Filipino)	Corporate Assurance Manager since 01 June 2017						
Angelica M. Castillo (Filipino)	Investor Relations Manager and Corporate Controller						
All Directors as a Group		Php 40.89 million	Php 59.23 million	Php 61.74 million			

3. Compensation of Directors

The following amounts are payable to Board Members:

1. Non-Executive Chairman's and Non-Executive Director's Honorarium for attendance in Board Meetings is Php200,000.00 per meeting; Non-Executive Chairman's Annual Retainer is Php1,800,000.00; A Non-Executive Director's Annual Retainer is Php1,200,000.00. A Non-Executive Chairman and Non-Executive Directors' Honorarium for attendance at Board Committee Meetings is Php 100,000.00 per director.
2. Two of the Company's directors, Mr. Asada Harinsuit, Mr. Anabil Dutta and Mr. Rolando J. Paulino, Jr. are not paid the above amounts as of 31 December 2019.

4. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All staff, including the Executive Officers, has a standard employment letter accomplished on their respective dates of hiring by PSPC.

5. Warrants and Options Outstanding: Re-pricing

There are no outstanding warrants or options being held by the various Executive Officers and Directors, singly or as a group.

C. Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Title of Class	NAME, ADDRESS OF RECORD OWNER AND REALATIONSHIP 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, 2596	Shell Overseas Investments B.V. is both the	Dutch	890,860,233	55.215%

	HR The Hague The Netherlands - Parent PSPC	Beneficial and Record Owner ¹			
Common	The Insular Life Assurance PSPC, Ltd. The Insular Life Bldg., Ayala Avenue corner Paseo de Roxas, Makati City - Shareholder	The Insular Life Assurance PSPC, Ltd. is both the Beneficial and Record Owner ²	Filipino	265,465,395	16.453%
Common	PCD Nominee Corporation 37/F The Enterprise Center Ayala Avenue, Makati City - Shareholder	PCD participants acting for themselves or for their customers. ³	Foreign	187,932,247	11.648%
Common	PCD Nominee Corporation 37/F The Enterprise Center Ayala Avenue, Makati City - Shareholder	PCD participants acting for themselves or for their customers. ⁴	Filipino	158,439,276	9.820%

¹ The Board of Directors of Shell Overseas Investments B.V. (SOI) has the power to decide how SOI's shares in PSPC are to be voted.

² The Board of Directors of The Insular Life Assurance PSPC, Ltd. has the power to decide how The Insular Life Assurance shares in PSPC are to be voted.

³ Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant.

⁴ Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant.

Security Ownership of Management as of 31 December 2019

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY
Common	Cesar A. Buenaventura	Independent Director	200,001	Filipino
Common	Fernando Zobel de Ayala	Independent Director	1	Filipino
Common	Lydia B. Echaz	Independent Director	2,001	Filipino
Common	Luis C. La'O	Non-Executive Director	1	Filipino
Common	Mona Lisa B. Dela Cruz	Non-Executive Director	5,217	Filipino
Common	Cesar G. Romero	Director/President and Chief Executive Officer	11,291	Filipino
Common	Asada Harinsuit	Director/Chairman	1	Thai
Common	Anthony Lawrence D. Yam	Director / Vice President – Retail	4,291	Filipino
Common	Jose Jerome R. Pascual, III	Director/Treasurer, Vice President – Finance and Chief Risk Officer	29,231	Filipino
Common	Anabil Dutta	Non-Executive Director	1	Indian
Common	Rolando J. Paulino Jr	Non-Executive Director	1	Filipino
Common	Atty. Jannet C. Regalado	Vice President – Legal and Chief Compliance Officer	3,000	Filipino
Common	Sergio C. Bernal, Jr.	Vice President - External Relations	4,290	Filipino
Common	Carlo D. Zandueta	Vice President – Human Relations	0	Filipino
Common	Dennis C. Javier	Vice President - Wholesale Commercial Fuels	20,780	Filipino
Common	Jan-Peter Groot Wassink	Vice President - Manufacturing	0	Filipino
Common	Reynaldo P. Abilo, Jr.	Corporate Audit and Assurance Manager	6,000	Filipino

Common	Atty. Erwin R. Orocio	Corporate Secretary	6,290	Filipino
Common	Atty. Ellie Chris C. Navarra	Assistant Corporate Secretary	0	Filipino
Security Ownership of all Directors and Officers			292,397	

2. Voting Trust Holders of 5% or More

To the best of its knowledge, PSPC is not aware of any person holding more than 5% of common shares under a voting trust or similar agreement.

3. Changes in Control

PSPC is not aware of any change in control or arrangement that may result in a change in control of PSPC since the beginning of its last fiscal year.

D. Certain Relationships and Related Transactions

PSPC, in its regular course of trade or business, enters into transactions with affiliated companies. For details on these transactions, please refer to Note XX of the 2019 Audited Financial Statements.

No other transaction was undertaken by PSPC in which any Director or Executive Officer was involved or had a direct or indirect material interest. During the last two years, there were no transactions to which PSPC was a party concerning transactions with:

- (a) Any director/executive director
- (b) Any nominee for election as director
- (c) Any security holder of certain record, beneficial owner or Management
- (d) Any member of the immediate family of subpar (1) (a), (b) or (c) of this paragraph (d).

Shell Overseas Investments B.V. owned 55.215% of the total issued and outstanding capital stock of PSPC as of 31 December 2019.

PART V – CORPORATE GOVERNANCE

PSPC's Board of Directors is composed of eleven (11) directors: three (3) independent directors and four (4) non-executive directors and four (4) executive directors. Two (2) of the eleven directors, or 18%, are female.

On 31 May 2017, PSPC filed its Revised Manual on Corporate Governance ("Revised Manual") in compliance with the SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies, which aims to develop a strong corporate governance culture consistent with regulatory and statutory developments in this space.

As part of its initiatives, PSPC separated the roles of Chairman and President and the Corporate Secretary and Chief Compliance Officer. PSPC also created the Corporate Governance ("CG") Committee, composed of independent directors, to assist in its CG responsibilities and to take on, among others, the functions formerly assigned to the Compensation and Remuneration Committee. The CG Committee ensures compliance with and proper observance of CG principles and practices, and ensures that these are reviewed and updated regularly and consistently implemented in form and substance.

PSPC, through its Chief Compliance Officer, a newly created position, carries out an evaluation to measure PSPC's adherence to good CG towards over-all business sustainability and success. This evaluation ensures that good CG structures are built and maintained to create value for PSPC and provide accountability and control systems commensurate with the risks involved. In this connection, PSPC has collaborated with the Institute of Corporate Directors and other accredited organizations to determine the level of compliance by its Board and Management with CG best practices. The Revised Manual also requires assessment of Board performance which the CG Committee oversees. All directors and key officers are required to attend CG seminars.

Measures are constantly being undertaken to improve PSPC's CG. Monitoring implementation and change is paramount to ensure that PSPC's Revised Manual remains relevant and adjustable to uncertain and complex local and international environments. It is subject to annual review by the Board.

Moreover, another initiative taken by PSPC is the renaming of the Board Audit Committee to Board Audit and Risk Oversight Committee ("BARC"), befitting of its responsibility to ensure an effective and integrated risk management process in place through an enterprise risk management ("ERM") framework. BARC also provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of PSPC. To carry out these very critical activities, various officers like the Corporate Audit & Assurance Manager and Chief Risk Officer have been nominated and shall report, in one way or another, to the BARC.

The Revised Manual likewise provides for a Full Business Interest Disclosure for all incoming officers of PSPC in order to address possible conflict of interest issues. In fact, PSPC's internal policy on Conflicts of Interest applicable to all employees is well aligned with this requirement.

PSPC is committed to strictly adhere to the requirements of the Revised Manual. There has been no violation nor sanction imposed on PSPC so far and we intend to continue with this feat. The Chief Compliance Officer is responsible for determining violation/s through notice and hearing, and will recommend to the Chairman the imposable penalty, for further review and approval of the Board.

PSPC adopted the Revised Corporate Disclosure Guide to conform with the Revised Manual's steer for PSPC to perform its CG commitment as a publicly-listed company. PSPC provides a comprehensive, accurate and timely report of its financial condition, results and business operations, material fact or event and non-financial information (economic, environmental, social and governance) which underpin sustainability.

Pursuant to the new SEC Rules on Material Related Party Transactions for Publicly-Listed Companies, PSPC amended its Related Party Transaction Policy to align its requirements with the said rules. The rules cover any related party transactions amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statements.

Components of the monitoring system:

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
1. Separation of the roles of Chairman and President		01 November 2016	Board	Done	
2. Adoption of Securities Dealing Code		27 February 2017	Board	Done	
3. Submission to the Philippine Stock Exchange of the first Compliance Report on Corporate Governance		31 March 2017	Corporate Secretary	Done	
4. Adoption of the Revised Manual on Corporate Governance which details the functions and responsibilities of the Board and its Committees		16 May 2017	Board	Done	
5. Creation of the Corporate Governance Committee		16 May 2017	Board	Done	
6. Adoption of Corporate Governance Committee Charter		16 May 2017	Board	Done	
7. Appointment of Chief Compliance Officer		16 May 2017	Board	Done	
8. Renaming of the Board Audit Committee to Board Audit and Risk Oversight Committee		16 May 2017	Board	Done	
9. Establishment of selection procedure for new directors under pertinent SEC rules and best practice recommendations		16 May 2017 based on the Revised Manual	Nomination Committee	Done	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
10. Appointment of Chairman and Members of Board Committees consistent with the requirements of item 4 above	Board Committees: <ul style="list-style-type: none"> • Board Audit and Risk Oversight • Related Party Transaction • Corporate Governance • Nomination • Corporate Social Responsibility 	16 May 2017	Nomination Committee and Board	Done	
11. Directors to provide information on business interests and directorships in other corporations (Full business interest disclosure)			Nomination Committee	Done	
12. Assessment of "Independence" of directors based on disclosures in item 11 above			Nomination Committee	Done	
13. Appointment of Corporate Audit & Assurance Manager		01 June 2017	Board	Done	
14. Approval of the Revised Corporate Disclosure Guide		08 August 2017	Corporate Disclosure Committee	Done	
15. Approval of the Revised Related Party Transaction Committee Charter and Policy		27 February 2018	Board	Done	
16. First Non-Executive Directors Meeting		03 May 2018	Non-Executive Directors	Done	
17. Appointment of Lead Independent Director		03 May 2018	Non-Executive Directors	Done	
18. Submission of the first Integrated Annual Corporate Governance Report		30 May 2018	Board	Done	
19. Approval of the Internal Audit Charter		08 August 2018	Board	Done	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
20. Approval of the Nomination Committee Charter		21 March 2019	Board	Done	
21. Approval of the Revised Related Party Transaction Committee Policy		21 March 2019	Board	Done	
22. Implementation of Related Party Transaction Policy			Related Party Transaction Committee	Done	
23. Approval of the Revised Related Party Transaction Policy		08 August 2019	Related Party Transaction Committee	Done	
24. Information drive on the Revised Related Party Transaction Policy					
25. First SEC-Accredited In-House Corporate Governance Training		08 November 2019	Related Party Transaction Committee	Done	
26. Records of Attendance level of directors in board meetings to be prepared and accessible to shareholders			Corporate Secretary	Done on a yearly basis	
27. Disclosure of Results of Stockholders' and Board Meetings			Corporate Secretary	Done	
28. Disclosure of Public Ownership Report			Corporate Secretary	Done every quarter	
29. Disclosure of Top 100 Stockholders			Corporate Secretary	Done every quarter	
30. Disclosure of changes in beneficial ownership of directors, officers and principal stockholders			Corporate Secretary	Done as and when transactions occur	
31. Conduct of Investors' and Analysts' Briefings			Investor Relations Office	Done every quarter	
32. Continuous assessment of Board performance via questionnaire			Corporate Governance Committee and	Done annually	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
			Corporate Secretary		
33. Review of vision, mission and core values			Corporate Governance Committee	Done annually	
34. Conduct an induction program for incoming Board members on PSPC's financial, strategic, operational and risk management position and the role of committees		After election of Directors	Corporate Governance Committee Secretariat	As and when there are new directors	
35. Attendance in Corporate Governance Workshops (Sec. 4 of PSPC's Revised Manual)		After election of Directors	Corporate Governance Committee and Corporate Secretary	Done	
36. Dissemination of copies of PSPC's Revised Manual to all classes of business and service functions with one copy under custody of HR dept. (Sec. 3 of PSPC's Revised Manual)			Corporate Secretary	Ongoing	

PSPC fully recognizes that good corporate governance is a pressing imperative. It is not only because it is demanded by the law or the investor community. It simply makes good business sense to just do it.

PART VI – EXHIBITS and SCHEDULES

Reported Items via SEC Form 17-C

The following items were reported and submitted in 2019 via the SEC Form 17-C:

Date Submitted	Item No/Description	Details
04 February 2019	<p>Item 9 - Other Events</p> <p>Amendment of the Articles of Incorporation</p>	<p>At the Regular Meeting of the Board of Directors of PSPC held on 27 February 2018 at its principal office, at which meeting a quorum was present and acting throughout, the amendment of Articles of Incorporation to change its principal office was approved.</p> <p>During the Annual Stockholders' Meeting of the Corporation on 03 May 2018 at the Turf Room, Manila Polo Club, McKinley Road, Makati City, Metro Manila, Philippines, the stockholders of the Corporation ratified the foregoing resolution of the Board of Directors approving the amendment of its Articles of Incorporation to change its Principal Office. Stockholders representing 82.53%, or more than two thirds (2/3), of the total issued and outstanding capital stock of the Corporation voted in favor of the ratification.</p> <p>The change in principal office became effective after receiving the endorsement of the Department of Energy and approval of the Securities and Exchange Commission. The relocation is estimated to be completed in the first quarter of 2019.</p>
04 February 2019	<p>Item 9 - Other Events</p> <p>Amendment of By-Laws to Move Annual Stockholders' Meeting</p>	<p>At the Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation (the "Corporation") held on 10 November 2017 at its principal office, at which meeting a quorum was present and acting throughout, the Board of Directors approved the amendment of the By-Laws of the Corporation to move the date of its Annual Stockholders' Meeting from "third Tuesday in May of each year" to "second Tuesday in May of each year".</p>

		<p>During the Annual Stockholders' Meeting of the Corporation on 03 May 2018 at the Turf Room, Manila Polo Club, McKinley Road, Makati City, Metro Manila, Philippines, the stockholders of the Corporation ratified the foregoing resolution of the Board of Directors approving the amendment of its By-Laws to move its Annual Stockholders' Meeting. Stockholders representing 82.53%, or more than two thirds (2/3), of the total issued and outstanding capital stock of the Corporation voted in favor of the ratification.</p> <p>The said change became effective after receiving the endorsement of the Department of Energy and approval of the Securities and Exchange Commission.</p>
22 March 2019	<p>Item 9 - Other Events</p> <p>Declaration of Cash Dividend</p>	<p>At the Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation held on 21 March 2019 at its principal office, at which meeting a quorum was present and acting throughout, its Board of Directors declared cash dividend of Php3.00 per share.</p>
22 March 2019	<p>Item 9 - Other Events</p> <p>Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation held on 21 March 2019</p>	<p>At the Regular Meeting of the Board of Directors of the Corporation held on 21 March 2019 at its principal office, at which meeting a quorum was present and acting throughout, the following matters were discussed and approved:</p> <ol style="list-style-type: none"> 1. Appointment of New Director; 2. 2018 Audited Financial Statements ("AFS"); 3. Dividend Declaration; 4. Re-appointment of Sycip Gorres Velayo & Company as the External Auditors of the Corporation for 2019, upon recommendation of the Corporation's Board Audit and Risk Oversight Committee;

		<p>5. Closing of Stock and Transfer Book on 05 April 2019 to determine the list of Stockholders entitled to the Notice of Annual Stockholders Meeting on 07 May 2019; and</p> <p>6. Amendment of By-Laws on Stockholders' Quorum and Voting.</p> <p>Regarding item (1), to fill the vacancy in the Board of Directors of the Corporation, the remaining Directors, acting on the endorsement of the Nomination Committee, have appointed Mr. Rolando J. Paulino, Jr. as the new director of the Corporation, effective 21 March 2019.</p> <p>Concerning item (2), the 2018 AFS was approved by the Board upon the endorsement of the Board Audit and Risk Oversight Committee.</p> <p>With regard to item (3), the Board of Directors declared cash dividend of PhP4.84 billion from its unrestricted retained earnings as of 31 December 2018, acting on the endorsement of the Board Audit and Risk Oversight Committee, details as below:</p> <p>Date of Approval by Board of Directors 21 March 2019 Type of Meeting Regular Amount of Cash Dividend Per Share PhP3.00 Record Date 05 April 2019 Payment Date 30 April 2019.</p> <p>Finally, on item (6), the proposal to amend the By-Laws of the Corporation will allow stockholders to vote through remote communication or in absentia. This will be submitted to its shareholders for approval during the 2019 Annual Stockholders' Meeting.</p>
22 March 2019	Item 9 - Other Events	Mr. Rolando J. Paulino, Jr. was appointed as the new Director of the Corporation during

	Appointment of New Director	the Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation held on 21 March 2019.
22 March 2019	Item 9 - Other Events Date and Record Date of 2019 Annual Stockholders' Meeting	At the Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation (the "Corporation") held on 21 March 2019 at its principal office, at which meeting a quorum was present and acting throughout, the Board of Directors approved the date of 2019 Annual Stockholders' Meeting on 07 May 2019. The Board of Directors likewise approved the date of the closing of the Stock and Transfer Book in accordance with the regulations to determine the list of stockholders entitled to the Notice of Annual Stockholders' Meeting to be held on 07 May 2019.
22 March 2019	Item 9 - Other Events Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication or In Absentia	At the Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation (the "Corporation") held on 21 March 2019 at its principal office, at which meeting a quorum was present and acting throughout, the Board of Directors approved the amendment of the By-Laws of the Corporation to allow stockholders to vote through remote communication or in absentia. The Corporation will first implement this for the 2020 Annual Stockholders' Meeting. A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum. It will be submitted to its shareholders for approval during the 2019 Annual Stockholders' Meeting.
26 March 2019	Item 9 - Other Events Pilipinas Shell declares P3/share dividend	Pilipinas Shell declared cash dividends of P3 per share, translating to a total of P4.8 billion or 95% of its audited net income for 2018. This surpasses the Company's commitment to maintain a dividend payout of at least 75% and is the highest payout ratio since its IPO in 2016. Pilipinas Shell is one of the highest dividend-yielding stocks listed in the Philippine Stock

		<p>Exchange as the Company ended 2018 with a dividend yield of about six percent.</p> <p>“We generated P14.1 billion cash from operations last year, which allows us to not only cover our dividend payments, but also to fund P6 billion worth of capital expenditure this year,” says Cesar Romero, President and Chief Executive Officer.</p> <p>Approved by the Board of Directors on March 21, 2019, the dividends will be paid on April 30, 2019 to stockholders on record as of April 5, 2019.</p> <p>In 2018, Pilipinas Shell’s return on average capital employed remains high at 15%, demonstrating the Company’s ability to efficiently utilize capital to generate competitive returns. With a healthy balance sheet and gearing of 17%, the Company continues to be well-positioned to fund growth and sustain its attractive dividend policy. As of yearend, unappropriated retained earnings stands at P11.1 billion.</p> <p>Romero says the company is increasing its capital expenditures from P4.1 billion last year to P6 billion to support expansion plans of its retail business, which include the opening of some 50 to 70 new sites in strategic locations in 2019. Funds will also be used to implement projects in the mid-term to enhance the crude flexibility of the Shell Tabangao Refinery.</p> <p>“We are investing in our facilities and infrastructure to deliver strong returns to the public we continue to serve, including our investors. This means sustained reliable service, world-class quality products, and tangible returns for our shareholders,” Romero adds. “We are confident that the Company’s underlying performance remains intact and that we will meet our growth aspirations in the coming years.”</p>
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<p>07 May 2019</p>	<p>Item 9 - Other Events</p> <p>2019 Annual Stockholders' Meeting</p>	<p>Results of the Annual Stockholders' Meeting held on 07 May 2019</p> <p>Pilipinas Shell Petroleum Corporation (the "Corporation") held its Annual Stockholders' Meeting on 07 May 2019 at SMX Convention Centre Aura Hall 1, Third Floor, SM Aura Premier, 26th Street corner McKinley Parkway, Bonifacio Global City, Taguig City, Metro Manila, 1630, Philippines. Stockholders representing 84.70% (final figures subject to validation by Rizal Commercial Banking Corporation and external auditor) of the total issued and outstanding capital stock of the Corporation attended the meeting in person and by proxy. Majority of the members of the Board of Directors of the Corporation were present in person.</p> <p>During the meeting, the stockholders representing at least 84.69% (final figures subject to validation by Rizal Commercial Banking Corporation and external auditor) of the total issued and outstanding capital approved the amendment of By-Laws of the Corporation to allow presence and voting of stockholders through remote communication and in absentia.</p> <p>Moreover, the following persons have been duly elected as members of the Board of Directors for the ensuing calendar year:</p> <p>Directors: Mona Lisa B. Dela Cruz Anabil Dutta Asada Harinsuit Luis C. la Ó Jose Jerome Rivera Pascual, III Rolando J. Paulino, Jr. Cesar G. Romero Anthony Lawrence D. Yam</p> <p>Independent Directors: Cesar A. Buenaventura Lydia B. Echaz</p>
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		<p>Fernando Zobel de Ayala</p> <p>The stockholders also approved the engagement of Sycip Gorres Velayo & Company as the external auditor of the Corporation for 2019.</p>
08 May 2019	<p>Item 9 - Other Events</p> <p>Organizational Meeting of the Board of Directors</p>	<p>Organizational Meeting of the Board of Directors held on 07 May 2019</p> <p>On 07 May 2019, the newly elected members of the Board of Directors of Pilipinas Shell Petroleum Corporation (the "Corporation") held their Organizational/Regular Board Meeting, at which meeting majority of the members were present and acting throughout. The following matters were discussed and approved:</p> <p>(a) Election of Officers:</p> <p>Asada Harinsuit - Non-Executive Chairman of the Board Jose Jerome Rivera Pascual III - Treasurer, Vice President – Finance and Chief Risk Officer Cesar G. Romero - President and Chief Executive Officer Anthony Lawrence D. Yam - Vice President – Retail Ramon D. Del Rosario - Vice President - External Relations and Government Relations (until August 7, 2019)</p> <p>Sergio C. Bernal, Jr. (August 8, 2019-present) Jan-Peter Groot Wassink - Vice President - Manufacturing Dennis Evaristo C. Javier - Vice President - Wholesale Commercial Fuels Carlo D. Zandueta - Vice President - Human Resources Atty. Jannet C. Regalado - Vice President – Legal and Chief Compliance Officer Reynaldo P. Abilo - Corporate Assurance Manager</p>

		<p>Atty. Erwin R. Orocio - Corporate Secretary Atty. Ellie Chris C. Navarra - Assistant Corporate Secretary</p> <p>(b) Appointment of Chairperson & Members of Committees</p> <p>Board Audit and Risk Oversight Committee Cesar A. Buenaventura (Chairperson) Lydia B. Echauz Luis C. la Ó Anabil Dutta</p> <p>Related Party Transaction Committee Lydia B. Echauz (Chairperson) Cesar A. Buenaventura Luis C. la Ó Mona Lisa Dela Cruz</p> <p>Corporate Governance Committee Fernando Zobel de Ayala (Chairperson) Cesar A. Buenaventura Lydia B. Echauz Atty. Jannet C. Regalado</p> <p>Nomination Committee Cesar G. Romero (Chairperson) Cesar A. Buenaventura Atty. Jannet Regalado Carlo D. Zandueta (Non-voting)</p> <p>Corporate Social Responsibility Committee Luis C. la Ó (Chairperson) Asada Harinsuit Anabil Dutta Ramon D. del Rosario (Non-voting) (until August 7, 2019) Sergio C. Bernal, Jr. (Non-voting) (August 8, 2019-present)</p>
09 May 2019	<p>Item 9 - Other Events</p> <p>Pilipinas Shell delivers net income of P2.3 billion in the first quarter of 2019</p>	<p>Pilipinas Shell posts P2.3 billion in net earnings, reflecting an improvement from prior year performance amid higher excise taxes and depressed regional refining margins. Total volumes grew by 2%. Strong performance of its marketing businesses and operational efficiency enabled Pilipinas</p>

	<p>Shell to surpass the challenges and changes in the first quarter of 2019.</p> <p>The Company maintains its industry-leading return on average capital employed at 15%. Gearing remains low at 25% while cash from operations before changes in working capital increased by 16%. Pilipinas Shell paid dividends of P3 per share last April 30.</p> <p>Despite the second tranche of excise tax increase, Pilipinas Shell maintained its premium fuel penetration and retail volumes as it continues to leverage from the strength of its brand, world-class fuels and excellent service. During the quarter, the Company also launched new marketing campaigns promoting high-quality Shell FuelSave and Shell V-Power fuels. Pilipinas Shell's non-fuels retailing business maintains its double-digit growth as it continues to anticipate, and cater to, the evolving needs of its consumers.</p> <p>In the commercial segment, the Company saw volume growth in its lubricants business, following the success of its "Outride Anything" marketing campaign. The Company also secured strategic wins in other key B2B (business-to-business) fuels sectors. Pilipinas Shell's bitumen production facility, the only one of its kind in the country, supports the government infrastructure projects, following the recent approval of the 2019 national budget.</p> <p>While the quarter has been tough for the manufacturing business, as regional refining margins remain low, Pilipinas Shell continues to focus on keeping the refinery reliable and implementing cost-optimization projects to enhance its operational and financial performance. Both the Tabangao refinery and the North Mindanao Import Facility maintained their excellent records on safety and reliability.</p>
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24 May 2019	<p>Item 9 - Other Events</p> <p>Change in Shareholdings of Directors and Principal Officers</p>	<p>Change in Shareholdings of Directors and Principal Officers</p> <p>Mr. Cesar A. Buenaventura acquired additional shares.</p>
30 May 2019	<p>Item 9 - Other Events</p> <p>Values That Drive Us: Uplifting Lives, Powering Progress</p> <p>Annual and Sustainability Report for 2018</p>	<p>“Values that Drive Us” is the third Annual and Sustainability Report (ASR) of Pilipinas Shell Petroleum Corporation (“Pilipinas Shell,” “the Company”). This report has been prepared in accordance with the GRI Standards: Core option and the Oil and Gas Sector Disclosures. It covers our environmental, social, safety, governance, and financial performance in 2018. It also discusses the challenges to sustainability that we continue to face, and the ways in which we have chosen to respond. We aim to be transparent about the improvements that we need to make, even as we demonstrate the refinements we have already achieved.</p> <p>The report also covers our plan to increase our capital expenditure to Php 6 billion, in order to support the further expansion of our retail business and improve the flexibility of our refinery.</p>
30 May 2019	<p>Item 9 - Other Events</p>	<p>Change in Shareholdings of Directors and Principal Officers</p>

	Change in Shareholdings of Directors and Principal Officers	Mr. Cesar G. Romero acquired additional shares.
31 May 2019	Item 9 - Other Events Change in Corporate Contact Details and/or Website	Change in Business Address The change in principal office became effective on 25 January 2019, the date of approval of the Securities and Exchange Commission ("SEC"). The amended Articles of Incorporation reflecting the change in principal office was disclosed upon receipt of the SEC approval on 01 February 2019.
18 June 2019	Item 9 - Other Events Item 9 – Bargaining Deadlock	Pilipinas Shell Petroleum Corporation (the "Corporation") and the Tabangao Shell Refinery Employees Association – PTGWO (the "Union") conducted negotiations for the renewal of their Collective Bargaining Agreement. As no agreement on the economic provisions has been reached by the parties, the Corporation was served a Notice of Strike filed by the Union on the basis of a bargaining deadlock. Both parties have been invited to attend a Mediation Conference before the National Conciliation and Mediation Board on 21 June 2019 to facilitate negotiations with a view of reaching an agreement and resolving the issue. The Corporation's Tabangao Refinery and supply operations remain normal and undisrupted.
20 June 2019	Item 9 - Other Events Clarification Statement on Notice of Strike	On 18 June 2019, Pilipinas Shell disclosed that it received a Notice of Strike filed by a labor union of its Tabangao Refinery. Following this, Pilipinas Shell and its labor union shall endeavor to advance negotiations for their Collective Bargaining Agreement before the National Conciliation and Mediation Board. In the meantime, no actual strike may be staged. Pilipinas Shell assures its customers and the public that its Tabangao Refinery continues

		to operate and its supply of quality fuels shall remain undisrupted.
26 June 2019	<p>Item 9 - Other Events</p> <p>Clarification of News Report - "Oil firms ask court to halt DOE's unbundling policy"</p>	<p>Pilipinas Shell Petroleum Corporation (the "Corporation") confirms the statements in the above-quoted news article. The Corporation filed a petition questioning the validity of the DOE Department Circular No. DC2019-05-008 (Revised Guidelines for the Monitoring of Prices in the Sale of Petroleum Products by the Downstream Oil Industry in the Philippines) ("Unbundling Circular") as it appears to contradict the government's stated policy to liberalize and deregulate the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally-clean and high quality petroleum products. Since deregulation, the motoring public and consumers enjoy the freedom to choose their preferred fuel in locations most convenient for them, and at prices that are acceptable to them, availing of discounts, promotions, and other value-added services that their chosen service station offers.</p> <p>In challenging the Unbundling Circular, the Corporation is and will continue to exercise all legal remedies to protect its assets, operations, and stakeholders.</p>
26 July 2019	<p>Item 9 - Other Events</p> <p>Clarification of News Report - "Double-digit growth seen for Shell lubricants"</p>	<p>Pilipinas Shell Petroleum Corporation (the "Corporation") would like to clarify the above-quoted news article. On 25 July 2019, the Corporation launched its newest addition to its line of premium lubricants, the Shell Rimula Light Duty Range, at the PhilBus Truck Expo. During the event, the Lubricants sales team was given the challenge to achieve double-digit growth in sales with the truck engine oil category considering the growing e-commerce market coupled with the rising number of vehicles used in the country. The Bloomberg Intelligence forecast of USD10 billion e-commerce gross merchandise value (GMV) by 2025 supports the aim of the Corporation</p>

		to grow its lubricants business together with the industry. Discussions on possible business opportunities with logistic companies are in progress. On mention of tapping e-commerce platforms, this is currently being carried out by a third-party distributor.
08 August 2019	<p>Item 9 - Other Events</p> <p>Regular Meeting of the Board of Directors of Pilipinas Shell Petroleum Corporation held on 08 August 2019</p>	<p>At the Regular Meeting of the Board of Directors of the Corporation held on 08 August 2019 at its principal office, at which meeting a quorum was present and acting throughout, the following matters were discussed and approved:</p> <ol style="list-style-type: none"> 1. Appointment of the New Vice President – External Relations and Government Relations; and 2. Amended Related Party Transaction Policy. <p>Regarding item (1), following the retirement of Mr. Ramon D. Del Rosario as Vice President – External Relations and Government Relations of the Corporation, the Board, acting on the endorsement of the Nomination Committee, appointed Mr. Sergio C. Bernal, Jr. as the new Vice President – External Relations and Government Relations of the Corporation, effective immediately.</p> <p>Concerning item (2), considering the issuance of SEC Memorandum Circular No. 10, Series of 2019, on Rules on Material Related Party Transactions, the Board approved the Amended Related Party Transaction Policy upon the endorsement of the Related Party Transaction Committee.</p>
29 August 2019	<p>Item 9 - Other Events</p> <p>Signing of Collective Bargaining Agreement 2019-2022</p>	<p>Please be advised that a Collective Bargaining Agreement (“CBA”) between Pilipinas Shell Petroleum Corporation (the “Corporation”) and the Tabangao Shell Refinery Employees Association was signed today, 29 August 2019. This is a testament of the parties’ mutual desire towards</p>

		sustainable and safe operations of the Refinery. The CBA covers all regular rank and file employees of the Corporation in its Tabangao Refinery and will be effective for a period of three (3) years until 30 April 2022.
02 September 2019	Item 9 - Other Events Clarification of ANC News	On 28 August 2019, the ABS-CBN News Channel (“ANC”) reported in its news programs that the net income of Pilipinas Shell Petroleum Corporation (the “Corporation”) for the first half of 2019 was PHP1.4bn or 55% lower vs first half 2018. We wish to clarify that the first half net income of the Corporation was P3.7 billion or PHP2.3 billion higher than the net income reported by ANC. In addition, the Corporation’s first half net income is already at ~70% of its full year 2018 earnings. This was against the backdrop of depressed regional refining margins which the Corporation was able to temper through the strong delivery of its marketing businesses and cost and operational efficiencies implemented in the refinery. ANC has rectified the information in its newscasts on 30 August 2019.
04 September 2019	Item 9 - Other Events Change in Shareholdings of Directors and Principal Officers	Change in Shareholdings of Directors and Principal Officers Mr. Jose Jerome R. Pascual III acquired additional shares.
05 September 2019	Item 9 - Other Events Change in Shareholdings of Directors and Principal Officers	Change in Shareholdings of Directors and Principal Officers Mr. Reynaldo P. Abilo acquired shares.
05 September 2019	Item 9 - Other Events Philippine’s first hydrogen facility to rise in Pilipinas Shell’s refinery	Pilipinas Shell Petroleum Corporation (Pilipinas Shell), in partnership with Air Liquide Philippines, Inc. (Air Liquide), held its groundbreaking ceremony for its Integrated Hydrogen Manufacturing Facility at the Shell Refinery in Batangas City last August 29. The facility will be the first of its kind in the country and is targeted to improve the

		efficiency and competitiveness of the refinery.
06 September 2019	Item 9 - Other Events Change in Shareholdings of Directors and Principal Officers	Change in Shareholdings of Directors and Principal Officers Mr. Cesar A, Buenaventura acquired additional shares.
04 October 2019	Item 9 - Other Events Change in Contact Details	Change in Contact Details The new contact numbers of Pilipinas Shell Petroleum Corporation shall be effective 06 October 2019.
07 October 2019	Item 9 - Other Events Clarification of News Report - Pilipinas Shell builds an Integrated Energy System in its Batangas Refinery	<p>Pilipinas Shell Petroleum Corporation (Pilipinas Shell) would like to confirm that it is building an integrated energy system. More details as follows:</p> <p>Pilipinas Shell is building an integrated energy system that harnesses solar energy, natural gas and battery energy storage system to power the electricity requirements of its 110,000 barrel per day refinery in Tabangao, Batangas City.</p> <p>“This integrated solution is the result of collaboration between Pilipinas Shell and Royal Dutch Shell’s (Shell) New Energies business, to showcase Shell’s aspiration to thrive in the energy transition, and at the same time demonstrate opportunities to unlock value between conventional and new energy systems,” says Cesar Romero, Pilipinas Shell’s President and Chairman of Shell companies in the Philippines.</p> <p>Upon its full completion, the integrated energy system is expected to produce approximately 2,400MW-hours of power annually enough energy to power more than 850 homes, or roughly the size of a small community. This will improve the energy efficiency of Pilipinas Shell’s Refinery while enabling the export of its excess - and cleaner – natural gas-generated power to the Luzon grid. Pilipinas Shell is expecting to offset some 8,760 tons of carbon dioxide</p>

		<p>annually, equivalent to planting more than half a million trees.</p> <p>“The Integrated Energy System of the Refinery showcases Pilipinas Shell’s commitment to and leadership in the energy transition through the use of cleaner energy technologies in the oil and gas industry”, adds Romero.</p> <p>“Pilipinas Shell takes a broad perspective on the energy transition and will deliver commercially-viable energy solutions to our own sites. This started in our Retail business, where there are currently, 39 Shell retail stations in the Philippines already fitted out with solar panels and energy efficient equipment” he says.</p> <p>Pilipinas Shell’s Tabangao Refinery is the first oil refinery with an industrial-scale solar farm in the Philippines and one of the largest battery storage projects in Southeast Asia.</p> <p>Pilipinas Shell will also install a 3MW Battery Energy Storage System at its refinery. Work on the solar farm is expected to start next month, while installation of the battery system is scheduled in the second quarter of 2020.</p> <p>The use of cleaner energies to power the requirements of its Refinery is Pilipinas Shell’s contribution to the overall ambition of Shell to play a part and contribute to the global effort to tackle climate change as it provides energy to meet the world needs. Shell intends to cut the carbon intensity of its operations and of the energy products it sells, by around 20% by 2035 and around half by 2050, in step with society as it moves towards the goal of the Paris Agreement.</p>
08 November 2019	Item 9 - Other Events Regular Meeting of the Board of Directors of	At the Regular Meeting of the Board of Directors of the Corporation held on 08 November 2019 at its principal office, at which meeting a quorum was present and

	<p>Pilipinas Shell Petroleum Corporation held on 08 November 2019</p>	<p>acting throughout, the following appointments were approved effective 01 January 2020:</p> <ol style="list-style-type: none"> 1. Mr. Min Yih Tan as Non-Executive Director, Chairman of the Board and Corporate Social Responsibility (“CSR”) Committee Member; 2. Mr. Randolph “Randy” T. Del Valle as Executive Director and Vice President – Retail; and 3. Mr. Rafi Haroon Basheer as Non-Executive Director and CSR Committee Member and Board Audit and Risk Oversight Committee (“BARC”) Member. <p>The outgoing Board and CSR Committee members and officer, Mr. Asada Harinsuit, Non-Executive Chairman of the Board and CSR Committee Member; Mr. Anthony Lawrence D. Yam, Executive Director and Vice President – Retail; and Mr. Anabil Dutta, Non-Executive Director, CSR Committee and BARC Member, will be stepping down on 31 December 2019.</p> <p>Succeeding Mr. Harinsuit as Non-Executive Chairman of the Board and CSR Committee Member is Mr. Min Yih Tan. Mr. Tan is currently the Vice President - Global Retail Network of the Shell Group. He is a key member of the Global Retail Leadership Team and leads its Global Network Leadership Team. He has held the General Manager positions in the Shell Group for Retail Network Development, Global Retail & Commercial Strategy, Commercial Fuels (East) and Lubricants (South East Asia). He holds a Bachelor of Science in Mechanical Engineering and an MBA.</p> <p>Succeeding Mr. Yam as Executive Director and Vice President – Retail is Mr. Randolph “Randy” T. Del Valle. Mr. Del Valle has been the Global Head of the Shell Downstream Retail Network Strategy and Planning based</p>
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		<p>in Singapore. He was formerly the Senior Strategy Consultant, Royal Dutch Shell Group, Hague/London (February 2015 – January 2017); Shell-BG Integration PMO Shell Lead, Paddington, London (2015 – 2016); Senior Consultant, Downstream Strategy Consultancy, London (January 2014 – 2015); Global On-Site Operational Excellence Manager- Downstream Retail, London (November 2009 – December 2013); Retail Operations Manager, Downstream Retail Philippines & North Pacific, Manila (April 2008 – October 2009). He held various roles with in Operations and Marketing in Downstream Retail in Shell Philippines/East. He is a Chemical Engineer and has an MBA degree from the London Business School.</p> <p>Succeeding Mr. Anabil Dutta as Non-Executive Director, CSR Committee Member and BARC Member is Mr. Rafi Haroon Basheer. Mr. Basheer is currently Chairman of the Board of Shell Pakistan Ltd, a listed entity in Pakistan, and the Global GM Finance for Planning & Appraisal Downstream Retail and Global Commercial. He has held the following positions in the Shell Group: Global GM Finance – Specialities (August 2013– September 2015); Chief Financial Officer & Country Controller - Shell Companies in Pakistan (October 2009 – July 2013); Regional Finance Manager Asia Pacific - Shell Singapore (March 2007 – September 2009); Global Governance and Assurance Manager (January 2005 – February 2007); M&A Finance Advisor Asia Pacific – Shell Singapore (January 2003 – February 2004); and Retail Business Finance Manager – Shell Pakistan Limited (January 2000 – December 2002). He is a member of the Institute of Chartered Accountants in England and Wales.</p>
08 November 2019	Item 9 - Other Events Appointment of New Non-Executive Chairman of the	Mr. Asada Harinsuit, Non-Executive Chairman of the Board and CSR Committee Member will be stepping down on 31

	Board and Corporate Social Responsibility ("CSR") Committee Member effective 01 January 2020	December 2019. Succeeding Mr. Harinsuit as Non-Executive Chairman of the Board and CSR Committee Member is Mr. Min Yih Tan. Mr. Tan is currently the Vice President - Global Retail Network of the Shell Group. He is a key member of the Global Retail Leadership Team and leads its Global Network Leadership Team. He has held the General Manager positions in the Shell Group for Retail Network Development, Global Retail & Commercial Strategy, Commercial Fuels (East) and Lubricants (South East Asia). He holds a Bachelor of Science in Mechanical Engineering and an MBA.
08 November 2019	Item 9 - Other Events Appointment of New Executive Director and Vice President – Retail effective 01 January 2020	Mr. Anthony Lawrence D. Yam, Executive Director and Vice President – Retail will be stepping down on 31 December 2019. Succeeding Mr. Yam as Executive Director and Vice President – Retail is Mr. Randolph “Randy” T. Del Valle. Mr. Del Valle has been the Global Head of the Shell Downstream Retail Network Strategy and Planning based in Singapore. He was formerly the Senior Strategy Consultant, Royal Dutch Shell Group, Hague/London (February 2015 – January 2017); Shell-BG Integration PMO Shell Lead, Paddington, London (2015 – 2016); Senior Consultant, Downstream Strategy Consultancy, London (January 2014 – 2015); Global On-Site Operational Excellence Manager- Downstream Retail, London (November 2009 – December 2013); Retail Operations Manager, Downstream Retail Philippines & North Pacific, Manila (April 2008 – October 2009). He held various roles with in Operations and Marketing in Downstream Retail in Shell Philippines/East. He is a Chemical Engineer and has an MBA degree from the London Business School.
08 November 2019	Item 9 - Other Events Appointment of New Non-Executive Director, Corporate Social Responsibility (“CSR”)	Mr. Anabil Dutta, Non-Executive Director, CSR Committee and BARC Member, will be stepping down on 31 December 2019. Succeeding Mr. Anabil Dutta as Non-Executive Director, CSR Committee Member and BARC Member is Mr. Rafi Haroon

	<p>Committee and Board Audit and Risk Oversight Committee (“BARC”) Member effective 01 January 2020</p>	<p>Basheer. Mr. Basheer is currently Chairman of the Board of Shell Pakistan Ltd, a listed entity in Pakistan, and the Global GM Finance for Planning & Appraisal Downstream Retail and Global Commercial. He has held the following positions in the Shell Group: Global GM Finance – Specialities (August 2013– September 2015); Chief Financial Officer & Country Controller - Shell Companies in Pakistan (October 2009 – July 2013); Regional Finance Manager Asia Pacific - Shell Singapore (March 2007 – September 2009); Global Governance and Assurance Manager (January 2005 – February 2007); M&A Finance Advisor Asia Pacific – Shell Singapore (January 2003 – February 2004); and Retail Business Finance Manager – Shell Pakistan Limited (January 2000 – December 2002). He is a member of the Institute of Chartered Accountants in England and Wales.</p>
<p>11 November 2019</p>	<p>Item 9 – Other Events</p> <p>Pilipinas Shell welcomes fuel marking at its Cagayan depot</p>	<p>Start with our 90-million-liter capacity North Mindanao Import Facility (NMIF) in Cagayan de Oro City.</p> <p>Pilipinas Shell has informed the Department of Finance (DOF) that it is ready to start automated fuel marking this month at its storage facility servicing the requirements of Visayas and Mindanao. At the same time, Pilipinas Shell and SICPA-SGS consortium are also working to install and commission an automated fuel marking injection system at its refinery in Tabangao, Batangas City.</p> <p>The company is fully supporting the Government’s implementation of the fuel marking program to minimize oil smuggling and misdeclaration, which reportedly costs at least P40 billion in annual revenue losses according to the DOF’s estimates.</p>

At the Annual Stockholders' Meeting of 07 May 2019, the following were elected as directors:

Name	Directorship
Cesar A. Buenaventura	Independent Director
Fernando Zobel de Ayala	Independent Director
Lydia B. Echauz	Independent Director
Luis C. La'O	Non-Executive Director
Mona Lisa B. Dela Cruz	Non-Executive Director
Asada Harinsuit	Non-Executive Director
Cesar G. Romero	Executive Director
Anabil Dutta	Non-Executive Director (until 31 December 2019)
Rolando J. Paulino, Jr.	Non-Executive Executive Director
Anthony Lawrence D. Yam	Executive Director (until 31 December 2019)
Jose Jerome R. Pascual III	Executive Director

Additionally, at the Organizational Board Meeting of the same date, the following By-Laws Officers and Committee members were elected:

Position	Name of Officer
Non-Executive Chairman of the Board	Asada Harinsuit (until 31 December 2019)
President & Chief Executive Officer	Cesar G. Romero
Vice President - Finance, Treasurer and Chief Risk Officer	Jose Jerome R. Pascual, III
Vice President - Manufacturing	Jan-Peter Groot Wassink
Vice President - External Relations and Government Relations	Ramon D. Del Rosario (until 07 August 2019) Sergio C. Bernal, Jr. (August 8, 2019-present)
Vice President - Retail	Anthony Lawrence D. Yam (until 31 December 2019)
Vice President - Human Resources	Carlo D. Zandueta
Vice President - Legal and Chief Compliance Officer	Jannet C. Regalado
Vice President - Wholesale Commercial Fuel	Dennis C. Javier
Corporate Assurance Manager	Reynold P. Abilo
Corporate Secretary	Erwin R. Orocio
Asst. Corporate Secretary	Ellie Chris C. Navarra
Board Audit and Risk Oversight Committee	
Chairman	Cesar A. Buenaventura

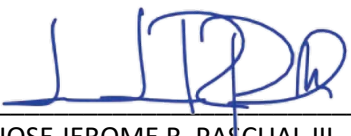
Member	Lydia B. Echauz
Member	Luis C. La'O
Member	Anabil Dutta (until 31 December 2019)
Related Party Transaction Committee	
Chairman	Lydia B. Echauz
Member	Cesar A. Buenaventura
Member	Luis C. La'O
Member	Mona Lisa B. De la Cruz
Corporate Governance Committee	
Chairman	Fernando Zobel de Ayala
Member	Cesar A. Buenaventura
Member	Lydia B. Echauz
Member	Jannet C. Regalado
Nomination Committee	
Chairman	Cesar G. Romero
Member	Cesar A. Buenaventura
Member	Jannet Regalado
Member (Non-voting)	Carlo D. Zanduetta
Corporate Social Responsibility Committee	
Chairman	Luis C. La'O
Member	Asada Harinsuit (until 31 December 2019)
Member	Anabil Dutta (until 31 December 2019)
Member (Non-voting)	Ramon D. Del Rosario (until August 7, 2019)
Member (Non-voting)	Sergio C. Bernal, Jr. (August 8, 2019-present)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of PSPC Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on xxth day of March 2020.

Issuer:

Signature and Title: 
CESAR G. ROMERO
President and Chief Executive Officer

Signature and Title: 
JOSE JEROME R. PASCUAL III
Vice President – Finance and Treasurer

Signature and Title: 
ANGELICA M. CASTILLO
Corporate Controller