

PILIPINAS SHELL PETROLEUM CORPORATION

CORPORATE GOVERNANCE COMMITTEE CHARTER

In line with the Revised Manual of Corporate Governance of Pilipinas Shell Petroleum Corporation (“PSPC”) and pursuant to the Code of Corporate Governance for Publicly-Listed Companies issued by the Securities and Exchange Commission, Republic of the Philippines in 2016, the Corporate Governance Committee (“CG Committee”) shall be governed by the following Charter:

PURPOSE

The CG Committee is a committee under the Board of Directors of PSPC which shall assist the Board in its corporate governance responsibilities and ensure compliance with and proper observance of corporate governance principles and practices.

COMPOSITION

The CG Committee is appointed by the Board and shall be composed of four (4) members, three (3) of whom, including the Chairman of the CG Committee, shall be Independent Directors. The fourth (4th) member shall be the Compliance Officer.

The Chairman of the CG Committee shall not be a Chairman of any other committee of PSPC while the Corporate Secretary shall not serve as the Compliance Officer.

To assist the Committee in its concerns, PSPC’s Vice President for Human Resources (or equivalent) shall serve as the Committee Secretary. The CG Secretariat shall be the principal support body of the CG Committee, acting as the management representative and committee resource person.

In the event of any vacancy resulting that the number of members is reduced to below three (3), the vacancy must be filled by the Board within four (4) months.

QUORUM, FREQUENCY OF MEETINGS AND VOTING

The Committee is and acts as a collegial body. Accordingly, a quorum shall be required to pass any action.

A quorum shall consist of at least two (2) members:

- a) In attendance, whether in person or by video/teleconferencing facility, or
- b) As evidenced by a paper resolution duly signed by at least two (2) members.

Meetings shall be held at least twice each calendar year, usually preceding the meetings of the Board.

The Committee may call for a meeting as and when required with reasonable notice as the Committee members deem fit.

COMMITTEE SECRETARY

The Committee Secretary shall provide assistance to the members of the CG Committee, including, but not limited to assisting the CG Committee Chair in planning the work of the CG Committee, formulating meeting agenda, maintenance of committee minutes, collation and distribution of information required by the CG Committee and provide practical support, as and when needed.

DUTIES AND RESPONSIBILITIES

The CG Committee shall have the following functions and responsibilities, among others:

- a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to PSPC's size, complexity and business strategy as well as its business and regulatory environments;
- b) Oversees the periodic performance evaluation of the Board and its committees as well as the executive management, and conducts an annual self-evaluation of its performance;
- c) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d) Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers and remuneration packages for corporate and individual performance;
- e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f) Proposes and plans relevant trainings for the members of the Board; and
- g) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with PSPC's culture and strategy as well as the business environment in which it operates.

The CG Committee shall likewise perform the following functions formerly assigned to the Compensation and Remuneration Committee:

- i. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with PSPC's culture, strategy and control environment.
- ii. Designate amount of remuneration, which shall be in a sufficient level to attract and retain qualified and competent directors, officers, and staff who are needed to manage PSPC sustainably.
- iii. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which require, among others, a declaration under

the penalty of perjury of all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

- iv. Disallow any director to decide on his or her own, his or her own remuneration or to participate in discussions or deliberations involving his own remuneration, except when the discussions or deliberations pertain to the remuneration scheme or structure of the board and its Chairman.
- v. Provide in PSPC's annual reports and information statements a clear, concise and understandable disclosure of all fixed and variable compensation of its directors and top four (4) management officers for the previous fiscal year and the ensuing year.

The establishment of a CG Committee does not preclude the Board from establishing a separate Nomination Committee, if it deems necessary.

REPORTING RESPONSIBILITIES

The CG Committee shall regularly report to the Board of Directors about its activities and issues that arise with respect to compliance with and proper observance of corporate governance principles and practices. It shall also review any other report PSPC issues that relate to the CG Committee responsibilities on corporate governance principles and practices.

The CG Committee, through its Secretariat, shall prepare its Annual Committee report, describing the committee's composition, meeting attendance, responsibilities and how they were discharged, and such other accomplishments or activities.

This Charter was reviewed and approved by the Board of Directors on 16 of May 2017.