



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2021**
2. SEC Identification Number **14829** 3. BIR Tax Identification No. **000-164-757**
4. Exact name of issuer as specified in its charter **PILIPINAS SHELL PETROLEUM CORPORATION**
5. **Metro Manila, Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **41st Floor, The Finance Center, 26th Street corner 9th Avenue 1635**
Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City, Metro Manila
Address of principal office Postal Code
8. **(632) 3 499 4001**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

		COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities				
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.				
Recommendation 1.1				
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	The Board has implemented a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. The members of the Board are composed of businessmen, professionals, educators, insurance experts, retired career banker and government executive, engineers and personalities with extensive knowledge, experience and expertise in the petroleum industry and the Philippine economy in general. For more information on the qualifications of the Board members, please refer to http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html . The qualification standards for directors of the Corporation are found in Sections 2.2.2 and 2.2.3.1 of the Revised Manual on Corporation Governance ("CG Manual"). The nomination process conducted by the Nomination Committee is outlined in Section 9.1.6 of the CG Manual. Please refer to https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf .		
2. Board has an appropriate mix of competence and expertise.	COMPLIANT			
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT			
Recommendation 1.2				
1. Board is composed of a majority of non-executive directors.	COMPLIANT	As of filing, the Board is composed of eleven (11) directors, nine (9) of whom, including four (4) independent directors, are non-executive directors. The remaining two (2) are executive directors. For more information on the directors and the type of their directorships, please refer to http://pilipinas.shell.com.ph/about-us/leadership.html .		
Recommendation 1.3				

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Sections 2.2.3.1.6 and 4 of the CG Manual provide for the orientation and training of directors. Pursuant to Section 2.2.3.3.2 of the CG Manual, the Corporate Governance Committee recommends continuing education/training programs for directors and proposes and plans relevant trainings for the members of the Board. Please refer to https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf .	
2. Company has an orientation program for first time directors.	COMPLIANT	Sections 2.2.3.1.6 and 4 of the CG Manual provide for the orientation and training of first-time directors. Please refer to https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf .	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>The new Independent Director and Executive Director underwent an onboarding with focus on corporate governance policies and rules and regulations covering listed companies.</p> <p>Information on the trainings attended by the Corporation's directors can be viewed at https://edge.pse.com.ph/openDiscViewer.do?edge_no=47fb3849eff505243470cea4b051ca8f.</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	In 2017, the Board is composed of eight (8) male and three (3) female directors. In 2018, one of the female non-executive directors stepped down and a male director was elected. From 2019 to November 2021, the Corporation had nine (9) male and two (2) female directors. The Corporation appointed its first female President and Chief Executive	

		<p>Officer, and currently has eight (8) male and three (3) female directors.</p> <p>The Board has adopted a policy on Board diversity, which may include diversity in gender, age, ethnicity, culture, skills, competence and knowledge. Please refer to Section 2.2.1.2 of the CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf.</p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	<p>The Board has adopted a policy on Board diversity, which may include diversity in gender, age, ethnicity, culture, skills, competence and knowledge. With this, the stockholders elected a female independent director from the academe. Further, the Nomination Committee included amongst the nominees for election during the annual stockholders' meeting with experience in banking, real estate and government, as well as individuals with valuable industry experience from other jurisdictions. Please refer to Section 2.2.1.2 of the CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf.</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>Information on the Corporation's Corporate Secretary, Atty. Ellie Chris C. Navarra, is available in the Definitive Information Sheet for the 2022 Annual Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=e8e517c23b4477045d542af6f1e997b9. The Chief Compliance Officer, Atty. Erwin R. Orocio, who is also the Managing Counsel of the Corporation, is a separate</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		

		<p>individual from the Corporate Secretary. Please refer to Section 2.1.1 of the CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf. Atty. Navarra is likewise not a member of the Board.</p> <p>The duties and functions of the Corporate Secretary are enumerated in Section 2.2.5.3 of the CG Manual.</p>	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>Please refer to https://edge.pse.com.ph/openDiscViewer.do?edge_no=47fb3849eff505243470cea4b051ca8f.</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	<p>Please refer to Section 2.2.4.2 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>Atty. Erwin R. Orocio is the Corporation's Managing Counsel and Chief Compliance Officer. Atty. Orocio is not a member of the Board of Directors. For more information on her qualifications, please refer to http://pilipinas.shell.com.ph/about-us/leadership/management-team.html.</p> <p>The qualifications, duties and functions of the Chief Compliance Officer are specified in Section 2.1 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		

4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Please refer to https://edge.pse.com.ph/openDiscViewer.do?edge_no=47fb3849eff505243470cea4b051ca8f .	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Information on how the directors performed their duties is available in the final Definitive Information Statement which was filed with the Securities and Exchange Commission on 11 April 2022. Please see filing with the Philippine Stock Exchange on 12 April 2022 at https://edge.pse.com.ph/openDiscViewer.do?edge_no=6b4b0e28b5eeea33470cea4b051ca8f .	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The directors performed this function pursuant to Section 2.2.1 of the Corporation's CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/33db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	The business objectives and strategy of the Corporation as contained in its business plan are reviewed by the Board every year. The Corporation likewise launched its next five-year strategy (https://www.shell.com.ph/media/media-releases/2021-media-releases/pilipinas-shell-rebounds-strongly-amidst-challenging-year-sets-strategy-for-2021-25.html)	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Corporation's vision, mission and core values are available at http://pilipinas.shell.com.ph/about-us/who-we-are.html . The Board oversees the development of, formulate, and approve the Corporation's vision, mission, strategic	

		objectives, business objectives and strategy, policies, and procedures that guide its activities, including the means to effectively monitor Management's performance. It shall also monitor their implementation, in order to sustain the Corporation's long-term viability and strength. The Corporation's vision, mission and core values are reviewed every year.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	<p>Management develops and formulates the Corporation's strategic and business objectives and plans, which are presented to the Board. The President and Chief Executive Officer oversees the operations and manages human and financial resources; and directs, evaluates and guides the work of key officers, among others.</p> <p>Please refer to Section 2.2.1 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>Information on the Corporation's Chairman of the Board, Mr. Min Yih Tan, is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html. The duties and responsibilities of the Chairman of the Board are provided in Section 2.2.1.4 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The Board has a competent, professional, honest and effective succession planning program for directors, key officers and Management to ensure growth and a continued increase in the shareholders' value. This includes adopting a policy on the retirement age for directors and	

2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>key officers as part of management succession and to promote dynamism in the Corporation. The Corporate Governance Committee recommends to the Board the succession plan for the Board members and senior officers, including retirement. Please refer to Sections 2.2.1.2 and 2.2.3.3.2 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>Succession planning forms a core part of the Senior Succession Review, Business and Country Talent Review processes. It is carried out on a regular basis to accurately assess the health of the pipeline for key leadership roles; to assist with identifying development needs of potential successors; and to gauge whether external recruitment may be required to strengthen the pipeline.</p> <p>As of 2021, about 90% of senior management are local hires. These managers lead large-scale business units or support functions.</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>Information on the Corporation's remuneration policy is available in the following:</p> <ol style="list-style-type: none"> CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). Corporate Governance Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expa 	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

		<p>ndablesection.137368764.stream/1495703726932/753d422d2e590902331b0eb323db4c9730d44723/pspc-corporate-governance-committee-charter.pdf).</p> <p>The Corporate Governance (CG) Committee is tasked with the implementation and review of the corporate governance framework, and adopts the functions formerly assigned to the Compensation and Remuneration Committee. It is composed of four members, three of whom are independent directors, including the Committee Chairman. The fourth member is the Chief Compliance Officer.</p> <p>The policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, including the CEO is within the oversight function of the CG Committee.</p> <p>The functions of the CG Committee, including its responsibility to establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates, are detailed in the CG Committee Charter.</p>	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	<p>The annual pay review is presented to the Corporate Governance Committee and Board pursuant to the CG Manual. Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
2. Company has measurable standards to align the performance-based remuneration of the	COMPLIANT	The remuneration of key officers and directors are aligned with the long-term interests of the Corporation. In doing so,	

<p>executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>		<p>it adopts a policy specifying the relationship between remuneration and performance and ensures that no director participates in discussions or deliberations involving his/her own remuneration. The Corporate Governance Committee has duly reviewed and considered remuneration packages based on corporate and individual performance through a formal and transparent procedure and has provided oversight over the remuneration of senior management and other key personnel to ensure that compensation is consistent with the Corporation's culture, strategy, and control environment. The amount of remuneration is in a sufficient level to attract and retain qualified and competent directors and officers who are needed to manage the Corporation sustainably. Thus, in the Corporation's Annual Report and Information Statement, a clear, concise and understandable disclosure of all fixed and variable compensation of its directors and top management officers are provided. Please refer to Sections 2.2.1.2 and 2.2.3.3.2 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>The remuneration of key officers and Board members are aligned with the long-term interests of the Corporation. There is currently no policy on the relationship between remuneration and performance. There is no claw back provision and deferred bonuses in case of a serious misconduct or a material misrepresentation.</p>	
Recommendation 2.6			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>The Board has implemented a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies</p>	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	and policies. Thus, members of the Board are composed of businessmen, professionals and personalities with extensive knowledge, experience and expertise in the petroleum industry and the economy.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	<p>The qualification standards for directors of the Corporation are found in Sections 2.2.2 and 2.2.3.1 of the CG Manual. The nomination process conducted by the Nomination Committee is outlined in Section 9.1.6 of the CG Manual. Please refer to https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf.</p> <p>For more information on the qualifications of the Board members, please refer to:</p> <ul style="list-style-type: none"> a. Nomination Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_397569864.stream/1532936704098/309b19d74078c6e39e4811a2a50da5a35ede4397/pspc-nomination-committee-charter.pdf) b. Nominations Guidelines (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_397569864.stream/1519807441474/d6dd2e2e012425d7bcc4e9981784913a0057e7f6/nocom-director-nominations-guidelines.pdf) c. List of Qualifications and Disqualifications (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_397569864.stream/1532936769570/8207b8102ce56b75e9fc69660541301e38f24313/pspc 	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		

		-list-of-qualifications-and-disqualifications-of-directors.pdf)	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	COMPLIANT	On 11 February 2022, the Nomination Committee issued letters to all stockholders of record informing them of their right to nominate and elect members of the Board of Directors and to submit by 04 March 2022 their nominations. When applicable, the Corporation uses external sources (i.e., Institute of Corporate Directors) and leverages on its broad network to search for potential candidates to the Board.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Information on the Corporation's related party policy is available at https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf .	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Related party transactions were disclosed in the Notes to the Audited Financial Statements (http://pilipinas.shell.com.ph/investors/financial-reports.html).	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	COMPLIANT	Please refer to the Corporation's Related Party Transaction Policy (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).	
2. Board establishes a voting system whereby a majority of non-related party shareholders	NOT APPLICABLE	The Corporation presently does not have a voting system specific to non-related party shareholders. Based on	Related party transactions entered, or to be entered

approve specific types of related party transactions during shareholders' meetings.		Section 4, Article II of the Corporation's Amended By-Laws, a majority of a quorum consisting of the majority of the subscribed capital stock of the Corporation shall decide any question at a meeting of the stockholders, except in matters in which the Corporation Code requires the affirmative vote of a greater proportion.	into by the Corporation are made in the ordinary course of business. These are recurring transactions which are entered into to take advantage of quality assured products and services, lower operating cost and improved efficiency. While, the said related party transactions are not submitted to non-related party shareholders for their approval, the approval and review process laid down in the Corporation's Related Party Transaction Policy sufficiency protects the interests of non-related party shareholders.
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Please refer to the CG Manual and Amended By-Laws dated 25 January 2019 (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html). Information on the Management Team is available at http://pilipinas.shell.com.ph/about-us/leadership/management-team.html .	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/33db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Please refer to the CG Manual, Shell General Business Principles) and Code of Conduct (https://pilipinas.shell.com.ph/about-us/our-values.html)	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Information on the Corporation's internal control system and the Board responsibility for overseeing said system and potential conflict of interest mechanism is available in the CG Manual (https://pilipinas.shell.com.ph/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). Please also refer to Shell General Business Principles) and Code of Conduct (https://pilipinas.shell.com.ph/about-us/our-values.html) An effective system of internal control ensures the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all the stockholders and other stockholders. The Board ensures that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		

		<p>The Board Audit and Risk Oversight Committee ("BARC") has enhanced oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. BARC also monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security. The Board also approved the Internal Audit Charter of the Corporate Audit and Assurance Department ("CAAD"). Through CAAD, BARC monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets.</p> <p>Well-designed internal control procedures and processes that will provide a system of checks and balances are in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations. The minimum internal control mechanisms for Management's operational responsibility is centered on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.</p> <p>The CEO and the CAAD Manager issue an annual joint attestation that a review of the adequacy and effectiveness of the overall internal control system of the Corporation is conducted. The review covered all material controls, including financial, operational, and compliance controls. The review approach consisted of the business assurance process and risk-based assurance plan approved by the BARC. The results of the review are reported to BARC. The external auditors use the review in their audit.</p>	
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3. Board approves the Internal Audit Charter.	COMPLIANT	Please refer to Section 2.2.7 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). The new CAAD Charter was approved by the Board on 25 March 2021.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Please refer to Sections 2.2.3.2 and 8 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	The composition, and duties and functions of, and other matters relating to the Board were already incorporated in the CG Manual which also serves as the Board Charter. Please refer to Section 2.2.1 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	The Corporation has adopted its own Securities Dealing Code which provides clear prohibition against insider dealing, short term/swing transactions, unauthorized disclosure of inside information (tipping), trading in commodities/derivatives or shares of other publicly-listed	

		companies in the Philippines using inside information gained from relationship with and employment in the Corporation. Please refer to its Securities Dealing Code (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1496638043870/3c0ec9e0818bdc93a7bccc1bdbd381f4a252127c/shlph-securities-dealing-code-2017-02-17.pdf).	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	<p>The Corporation created a Related Party Transactions Committee and has adopted a Related Party Transactions Policy. Please refer to its Related Party Transaction Policy (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).</p> <p>Executive directors may avail of loans granted pursuant to published employee loan policies (e.g. housing, car, emergency) that are also available to other employees who meet the criteria. Further, these loans are extended by third party providers (e.g. banks).</p>	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	Please refer to the Corporation's Amended By-Laws and CG Manual which are made available in the Corporation's website at (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html).	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Information about the Corporation's Board Committees is available in its website, https://pilipinas.shell.com.ph/corporate-governance/board-committees.html :	

		<ol style="list-style-type: none"> 1. Board Audit and Risk Oversight Committee 2. Related Party Transaction Committee 3. Corporate Governance Committee 4. Nomination Committee 5. Sustainability Committee <p>Information on all the board committees established by the Corporation is provided in the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	Please refer to the CG Manual and Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection.stream/1489634545629/bcf7fb04c1b894e12b85d0fa947afd889e73463962a5d3275d10f64c0715678b/audit-committee-charter-2016.pdf).	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Mr. Amando Tetangco, Jr. has joined the Board Audit and Risk Oversight Committee, a distinguished central banking career for over four decades. Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Information on the Committee's Chairman, Mr. Cesar A. Buenaventura, is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Please refer to the CG Manual and Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	Board Audit and Risk Oversight Committee has separate periodic meetings with the external auditor, without any executive directors (except the Vice President-Finance, Treasurer and Chief Risk Officer who attends in the executive capacity), present to ensure that proper checks and balances are in place with the Corporation. The Vice President-Finance and Treasurer does not participate as a director nor is a member of the Board Audit and Risk Oversight Committee. Please refer to the CG Manual and Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	Based on its Minutes, the Board Audit and Risk Oversight Committee held four (4) meetings in 2021. Based on the CG Manual, it shall meet with the Board at least every quarter.	

2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf). 	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>Please refer to the CG Manual and Corporate Governance Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_137368764.stream/1495703726932/753d422d2e590902331b0eb323db4c9730d44723/pspc-corporate-governance-committee-charter.pdf).</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	<p>Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html.</p>	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	<p>Information on the Committee's Chairman, Mr. Fernando Zobel de Ayala, is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html.</p>	
Optional: Recommendation 3.3.			

1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	Based on its Minutes, the Corporate Governance Committee held three (3) meetings in 2021. Please refer to its Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_137368764.stream/1495703726932/753d422d2e590902331b0eb323db4c9730d44723/pspc-corporate-governance-committee-charter.pdf)	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Please refer to the following: 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Board Audit and Risk Oversight Committee (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	Information on the Committee's Chairman, Mr. Cesar A. Buenaventura, is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	

Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	<p>Please refer to the following:</p> <p>1. CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf);</p> <p>2. Related Party Transaction Board Committee Charter https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1543201576341/45b71e0dd84b82bbccdee905360ff5ddcb8bbaf3/related-party-transaction-board-committee-charter.pdf); and</p> <p>3. Related Party Transaction Policy https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).</p>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	<p>Please refer to https://pilipinas.shell.com.ph/corporate-governance/board-committees.html and http://pilipinas.shell.com.ph/about-us/leadership.html.</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	<p>Please refer to the CG Manual and the Committee Charters which are available at https://pilipinas.shell.com.ph/corporate-governance/board-committees.html.</p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		

3. Committee Charters were fully disclosed on the company's website.	COMPLIANT		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<p>Information on the process and procedure for tele/videoconferencing board and/or committee meetings is available in the Corporation's Amended By-Laws (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html) and CG Manual (https://pilipinas.shell.com.ph/corporate-governance/policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>Information on the attendance and participation of directors to Board, Committee and shareholders' meetings is available at http://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html and http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html.</p>	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	<p>Directors are mandated to review meeting materials and, if called for, ask necessary questions or seek clarifications and explanations when they attend and actively participate in all Board, Committee, and shareholders' meetings in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family, and serious accidents, prevent him from doing so. Please refer to Section 2.2.1.3 (b) of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/policies/_jcr_content/par/textimage.stream/1542091083633</p>	

		3/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Based on the Minutes of Board Meetings, directors asked necessary questions and sought clarifications and explanations during the Board and Committee meetings.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	FOR COMPLIANCE	<p>Section 2.2.3.1.5 of the CG Manual provides that the Corporation's non-executive directors shall concurrently serve as directors in a maximum of five (5) publicly listed companies (https://pilipinas.shell.com.ph/corporate-governance/policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). As borne out by their attendance at most (if not all) Board and Committee meetings, all directors were able to effectively commit themselves to perform their roles and responsibilities in the Corporation. They contributed enough time to keep abreast of the Corporation's operations and to attend and actively participate during meetings.</p> <p>Information on the directorships of the Corporation's directors in other companies is available in its 2021 Annual Report (http://pilipinas.shell.com.ph/investors/financial-reports.html) and Definitive Information Statement which was filed with the SEC on 11 April 2022 and the PSE on 12 April 2022 at https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f.</p>	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Please refer to Section 2.2.3.1.4 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
Optional: Principle 4			

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	Please refer to the profiles of the Board found in the 2021 Annual Report of the Corporation (http://pilipinas.shell.com.ph/investors/financial-reports.html).	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	Based on the Corporate Calendar of the Corporation, Board meetings are scheduled before the start of the year. The Corporate Secretary assists the Board and its Committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agenda for those meetings.	
3. Board of directors meet at least six times during the year.	NOT APPLICABLE		Unless there is a need for special meeting, the Board holds at least four regular meetings each year. Further, Board Committees conduct their meetings prior to each Board meeting.
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NOT APPLICABLE	A quorum at any meeting of the Board of Directors shall consist of a majority of the entire membership of the Board. A majority of the Directors forming such quorum shall decide any question that may come before the meeting, save and except such matters in which the Corporation Code may require the affirmative vote of a greater proportion of the Board members (cf. Section 4, Article III, Amended By-Laws).	The minimum quorum provided under the Corporation's Amended By-Laws is compliant with the provisions of the Corporation Code.

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	Information on the number of independent directors of the Corporation is available in its CG Manual and General Information Sheet (http://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html).	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Information on the qualifications of the independent directors is available at https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_397569864.stream/1532936769570/8207b8102ce56b75e9fc69660541301e38f24313/pspc-list-of-qualifications-and-disqualifications-of-directors.pdf .	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	Please refer to the Corporation's Amended By-Laws (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html).	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	FOR COMPLIANCE	Information on the number of years that the independent directors have served as such is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html .	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	FOR COMPLIANCE	Two independent directors of the Corporation, Messrs. Cesar A. Buenaventura and Fernando Zobel de Ayala, have served their ninth (9th) year. Under the Code of Corporate Governance for Publicly Listed Companies, independent directors can be extended beyond nine years as independent directors so long as the Board of Directors can provide meritorious justification for the re-election of the independent directors and that the extension or their re-election is approved by the shareholders during a meeting for this purpose. Shareholders may re-elect an independent director who has served for more than nine years.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	In its meeting on 18 March 2022, the Nomination Committee endorsed once again the extension of the terms of Messrs. Cesar A. Buenaventura and Fernando Zobel de Ayala as independent directors on the following meritorious grounds:	

		<ul style="list-style-type: none"> a) Said independent directors are relevant to maintain the Corporation's external capabilities and support; b) The extended independent directors possess the wealth of experience and expertise and external network necessary for the Corporation to navigate during this challenging period; c) It would be difficult for majority of independent directors to depart at the same time; d) There must be a rational transition that ensures continuity especially during this time of uncertainty due to the pandemic; e) Enhanced good corporate governance by increasing the number of independent directors; f) The extended independent directors have consistently proven their value to the Board and the Corporation; g) The length of time that the extended independent directors sat on the Board has not and will not impair said directors' ability to act independently and objectively; h) The extended independent directors remain independent, being internationally respected and recognized leaders in their own right apart from the Corporation and its substantial shareholders; and i) The presence of a fourth independent director not only strengthens the independence of the Board but also broadens the Board's perspective given the nominees' experience. 	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	<p>The Corporation's Chairman of the Board is Mr. Min Yih Tan and its President and Chief Executive Officer is Ms. Lorelie Q. Osial (succeeded Mr. Cesar G. Romero on 01 December 2021). Please refer to Section 2.2.1.4 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/154209108363)</p>	

		3/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>Information on the roles and responsibilities of the Chairman of the Board and the President and Chief Executive Officer is available in the CG Manual (https://pilipinas.shell.com.ph/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>The Chairman of the Board and the President and Chief Executive Officer of the Corporation are not related to each other.</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	<p>Information on the Corporation's directors is available at http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html.</p> <p>The Chairman of the Board, Mr. Min Yih Tan, is not an independent director. The appointed lead director is Mr. Cesar A. Buenaventura, an independent director.</p>	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	<p>Directors have, when the occasion arises, recused themselves from discussions where they may have material interest in the subject matter. Please also refer to the Corporation's Related Party Transaction Policy which is available at https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf.</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external	COMPLIANT	The Non-Executive Directors have separate periodic meetings on the same day as the Annual Stockholders'	

auditor and heads of the internal audit, compliance and risk functions, without any executive present.		Meeting and the Organizational Board Meeting. The executive directors are not present to ensure that proper checks and balances are in place with the Corporation. The meetings are chaired by the lead independent director. The topics discussed included the Board's dynamics, mechanics, ways of working (e.g. results of performance self-evaluation) and relevant issues faced by the Corporation. The next meeting will be held on the same day as the 2022 Annual Stockholders' Meeting. On 11 May 2021, the non-executive directors held their separate meeting without the presence of the executive directors. Lead independent director, Mr. Buenaventura, chaired the said meeting.	
2. The meetings are chaired by the lead independent director.	COMPLIANT		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	The Corporation's Chief Executive Officer and President for the past two (2) years until 30 November 2021 is Mr. Cesar G. Romero. Ms. Lorelie Q. Osial succeeded him on 01 December 2021. None of the directors is a former CEO.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). Performance self-assessments have been conducted for the Board, individual members, Committees and the Management. Results were tabulated and presented by the Corporation Governance Committee to the Board.	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT		

		The external firm also conducted interview with the President and Chief Executive Officer. Results of the evaluation were reported to the Corporate Governance Committee in July 2021. The Committees and their respective Secretariats were engaged to address the recommendations and set the way forward. The Board evaluation covering 2021 is ongoing.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Please refer to the CG Manual and Committee Charters which are available at https://pilipinas.shell.com.ph/corporate-governance/board-committees.html .	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	The Corporation's Code of Business Conduct and Ethics and General Business Principle are made available in its website at http://pilipinas.shell.com.ph/about-us/our-values.html .	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Corporation's Code of Business Conduct and Ethics and General Business Principle were disseminated to its Board, senior management and employees mainly through its website. Printed copies of the said documents were also provided to the Board, senior management and employees.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Please refer to http://pilipinas.shell.com.ph/about-us/our-values.html .	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company	COMPLIANT	Information on the company's policy and procedure on curbing and penalizing bribery is available in the following:	

involvement in offering, paying and receiving bribes.		<ol style="list-style-type: none"> 1. Code of Business Conduct (https://pilipinas.shell.com.ph/about-us/our-values/jcr_content/par/textimage.stream/1519787681925/5003138fa511f112398bd8832f85523d89dd206c/codeofconduct-english-2015.pdf); and 2. Ethics and Compliance Manual (https://pilipinas.shell.com.ph/about-us/our-values.html). 	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	The Corporation's directors, officers and employees are required to comply with its Code of Business Conduct and Ethics.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Revised Corporate Disclosure Guide (https://pilipinas.shell.com.ph/corporate-governance/corporate-disclosure-policy.html). <p>The Corporation distributes the Definitive Information Statement to its stockholders. Printed copies of the Annual</p>	

		Report and Audited Financial Statements are also available upon the stockholder's request. The financial reports and other material disclosures of the Corporation are available in its website at http://pilipinas.shell.com.ph/investors/financial-reports.html and http://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html , respectively.	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	COMPLIANT	We aim to make the consolidated financial statements available within ninety (90) days from the end of the Corporation's fiscal year, while its interim reports are made available within forty-five (45) days from the end of the reporting period. The Corporation filed and submitted its 2021 Audited Financial Statements ("AFS") on 28 March 2022.	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	There are no principal risks associated with the identity of the Corporation's controlling shareholders, the degree of ownership concentration, cross-holdings among company affiliates, and any imbalances between the controlling shareholders' voting power and overall equity position in the company. Information on principal risks is available in its 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html).	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Please refer to the Corporation's Securities Dealing Code (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1496638043870/3c0ec9e0818bdc93a7bccc1bdbd381f4a252127c/shlph-securities-dealing-code-2017-02-17.pdf).	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	The actual dealings of directors involving shares of stock in the Corporation were disclosed under SEC Forms 23-A and 23-B (http://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html).	

Supplement to Recommendation 8.2

<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>Information on the shareholdings of directors and management is available in the Public Ownership Reports and Statements of Changes in Beneficial Ownership of the shares of the Corporation in its PSE Disclosures available at https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=663.</p> <p>The List of Top 100 Stockholders of the Corporation as of 31 March 2022 is available at https://edge.pse.com.ph/openDiscViewer.do?edge_no=89dc045f1016e3ca3470cea4b051ca8f.</p> <p>Information on the Corporation's associates and joint venture is available at http://pilipinas.shell.com.ph/about-us/who-we-are.html. The Conglomerate/Relationship Map is available in the Corporation's Audited Financial Statements (http://pilipinas.shell.com.ph/investors/financial-reports.html).</p>	
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Recommendation 8.3

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Please refer to the Corporation's General Information Sheets (https://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html) and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html.</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. General Information Sheets (https://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html) and http://pilipinas.shell.com.ph/about-us/leadership/board-of-directors.html); and 2. http://pilipinas.shell.com.ph/about-us/leadership/management-team.html. 	

Recommendation 8.4

<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Corporate Governance Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_137368764.stream/1495703726932/753d422d2e590902331b0eb323db4c9730d44723/pspc-corporate-governance-committee-charter.pdf). 	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Corporate Governance Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_137368764.stream/1495703726932/753d422d2e590902331b0eb323db4c9730d44723/pspc-corporate-governance-committee-charter.pdf). <p>The Corporate Governance (CG) Committee is tasked with the implementation and review of the corporate governance framework, and adopts the functions formerly assigned to the Compensation and Remuneration</p>	

		<p>Committee. It is composed of four members, at least three of whom are independent directors, including the committee chairman. The fourth member is the Chief Compliance Officer.</p> <p>The policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, including the CEO is within the oversight function of the CG Committee.</p> <p>The functions of the CG Committee, including its responsibility to establish 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, are detailed in the CG Committee Charter.</p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html); and; and 2. Information Statement (https://pilipinas.shell.com.ph/investors/2022-annual-stockholders-meeting/jcr_content/par/textimage_copy.stream/1649681578688/69a35e0a56848b1f37c6f78c1aaa9d52e928ffcc/definitive-information-statement-2022.pdf) 	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); 	

		<p>2. Related Party Transaction Board Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_2070877671.stream/1543201576341/45b71e0dd84b82bbccdee905360ff5ddcb8bbaf3/related-party-transaction-board-committee-charter.pdf); and</p> <p>3. Related Party Transaction Policy (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>Please refer to the following:</p> <p>1. Definitive Information Statement (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f); and</p> <p>2. 2021 Annual Report and Audited Financial Statements (https://pilipinas.shell.com.ph/investors/financial-reports.html).</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	<p>Please refer to the Corporation's Related Party Transaction Policy (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).</p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	<p>Please refer to the Corporation's Related Party Transaction Policy (https://pilipinas.shell.com.ph/corporate-governance/board-</p>	

		committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	The Corporation's disclosures of material transactions may be viewed at http://pilipinas.shell.com.ph/investors/other-corporate-disclosures.html .	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	Please refer to the Corporation's Related Party Transaction Policy for the procedure on benchmarking and assurance process (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_2070877671.stream/1565865518514/e797463e090bf964d6811fc9edbf134b9c4e2193/sec-related-party-transaction-policy.pdf).	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	Please refer to the Corporation's Revised Disclosure Guide (https://pilipinas.shell.com.ph/corporate-governance/corporate-disclosure-policy.html) .	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The Corporation's CG Manual may be viewed at https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf .	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Please refer to the CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf and https://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=663 .	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Please refer to the Annual Report at (https://pilipinas.shell.com.ph/investors/financial-reports.html).	
a. Corporate Objectives	COMPLIANT		
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		<p>While attendance of each director is not included in the Corporation's Annual Report, records of attendance level of directors in board meetings are prepared on a yearly basis and made available to stockholders.</p> <p>Please refer to the Attendance of Board in</p>

			Meetings (https://pilipinas.shell.com.ph/corporate-governance/board-committees.html).
g. Total remuneration of each member of the board of directors	COMPLIANT		Please refer to the Definitive Information Statement (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f).
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	Please refer to the 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html).	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	The Corporation complies with its Revised Manual on Corporation Governance. Compliance with the principles of good corporate governance shall start with the Board of Directors. The Chief Compliance Officer has an evaluation system to determine and measure compliance with the Manual.	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT		
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT		
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment,	COMPLIANT	Please refer to the following:	

reappointment, removal, and fees of the external auditors.		<ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 2. Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf). 	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	<p>At the Annual Stockholder's Meeting held on 11 May 2021, stockholders owning 80.248% of the Corporation's outstanding shares ratified the re-appointment of Sycip Gorres Velayo and Co. (SGV) as the Corporation's external auditor for the year ending 31 December 2021.</p> <p>Please refer to the Minutes of said meeting (https://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html).</p>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	Please refer to the Definitive Information Sheet for the Annual Stockholders' Meeting (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f).	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	FOR COMPLIANCE	<p>Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>On 06 May 2022, the Board approved the amendment of Sec. 2.2.6.1 (e) of the CG Manual to have the rotation of</p>	

		the audit partner be extended from five (5) years to seven (7) years, consistent with Board of Accountancy's Resolution No. 18, Series of 2018 and amended Securities Regulation Code Rule 68.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf) and Board Audit and Risk Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandable-section.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf) and Board Audit and Risk Committee Charter	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	(https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandable-section.stream/1591005190974/e2bbef8f78613bc0155c442f)	

		e7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Please refer to the 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html).	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf) and Board Audit and Risk Oversight Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandable-section.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Please refer to the Definitive Information Statement for the Annual Stockholders' Meeting (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f) and the 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html).	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	The relevant details on the Corporation's external auditor are as follows: 1. Name of the audit engagement partner: Jose Pepito E. Zabat, III 2. Accreditation number: 85501-SEC (Group A) 3. Date Accredited: 25 August 2021	

		4. Expiry date of accreditation: 15 April 2024 5. Name, address, contact number of the audit firm: Sycip Gorres Velayo & Co., 6760 Ayala Avenue, Makati City, Metro Manila 1226, (632) 891-0307	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	The audit engagement partner of SGV, Mr. Jose Pepito E. Zabat, III, has agreed to be subjected to the SEC SOAR Inspection Program conducted by its OGA.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Please refer to the following: 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); 2. Sustainability Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_1489696281.stream/1496417554027/341602211d783c7014b220d9db50e9b44489fa2d/corporate-social-responsibility-committee-charter.pdf) 3. Revised Corporate Disclosure Guide (https://pilipinas.shell.com.ph/corporate-governance/corporate-disclosure-policy.html); and 4. Sustainability section of the Corporation's website (http://pilipinas.shell.com.ph/sustainability.html).	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Please refer to the Corporation's Annual and Sustainability Report for 2021 which is available at https://pilipinas.shell.com.ph/sustainability.html .	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	Please refer to http://pilipinas.shell.com.ph/media.html . Disclosures are also available at http://edge.pse.com.ph/companyDisclosures/form.do?c_mpy_id=663 .	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:		Please refer to the following links: 1. Financial statements and Annual Reports (http://pilipinas.shell.com.ph/investors/financial-reports.html); 2. Materials provided to analysts and media (http://pilipinas.shell.com.ph/media.html); 3. Notices and Minutes of Stockholders' Meetings (http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html); and 4. Articles of Incorporation and By-Laws (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html).	
a. Financial statements/reports (latest quarterly)	COMPLIANT		
b. Materials provided in briefings to analysts and media	COMPLIANT		
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	COMPLIANT		
e. Minutes of ASM and/or SSM	COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	COMPLIANT	Please refer to http://pilipinas.shell.com.ph/ .	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The Board conducts a regular review of the Corporation's internal control system in order to maintain its adequacy and effectiveness. The minimum internal control mechanisms include overseeing the implementation of the key control functions, such as risk management, compliance and internal audit, and reviewing the Corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.</p> <p>At the forefront is the Board Audit and Risk Oversight Committee which is responsible for overseeing senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. Moreover, through the Corporate Audit and Assurance Department (CAAD), it monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets.</p> <p>Please see the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The Corporation's Risk Management Policy states that management is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable assurance of achieving business objectives. The approach to internal control includes a number of general and specific risks management processes and policies. The primary control mechanisms are self-appraisal processes in combination with strict accountability for results.</p>	

		<p>Information on the Corporation's risk management procedures and processes, key risks which the Corporation is facing, and how the Corporation manages the key risks is available in the following:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); 2. Board Audit and Risk Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf); and 3. Annual Report, Annual and Sustainability Report (https://pilipinas.shell.com.ph/sustainability.html) and Audited Financial Statements (http://pilipinas.shell.com.ph/investors/financial-reports.html). <p>The ERM is reviewed at least quarterly.</p>	
Supplement to Recommendations 12.1			
<ol style="list-style-type: none"> 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. 	COMPLIANT	<p>The Corporation's Board Audit and Risk Committee performs risk oversight management and compliance monitoring pursuant to the:</p> <ol style="list-style-type: none"> 1. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and 	

		<p>2. Board Audit and Risk Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf).</p> <p>The ERM is reviewed at least quarterly.</p>	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	Please refer to the Corporation's Code of Conduct (https://pilipinas.shell.com.ph/about-us/our-values/jcr_content/par/textimage.stream/1519787681925/5003138fa511f112398bd8832f85523d89dd206c/codeofconduct-english-2015.pdf).	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	The Corporation's internal audit is in-house. It has a Corporate Audit and Assurance Department which is headed by Mr. Mark Brian J. Nicdao and functionally reports to the Board Audit and Risk Oversight Committee. For more information, please see http://pilipinas.shell.com.ph/investors/governance.html .	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	The Chief Audit Executive (CAE) of the Corporation is Mr. Mark Brian J. Nicdao. Information on his functions is available at Section 8.3 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	The CAE oversees the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. Information on the CAE's functions is available at Section 8.3 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	

		governance/corporate-governance-policies/ jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	<p>Information on the Corporation's risk management function is available in the following:</p> <ol style="list-style-type: none"> CG Manual (https://pilipinas.shell.com.ph/corporate-governance-policies/ jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and Board Audit and Risk Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/ jcr_content/par/expandablelist/expandablesection.stream/1591005190974/e2bbef8f78613bc0155c442fe7d1812b2c060a7a/board-audit-and-risk-oversight-committee-charter20.pdf). 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	The Company engages the services of technical experts whenever necessary to manage identified risks. Examples are occupational health nurses and advisers, environmental consultancy firms, and insurance advisers. Furthermore, the Corporation's Chief Risk Officer is Mr. Reynaldo P. Abilo. He has adequate authority, stature, resources and support to fulfill his responsibilities regarding the ERM.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	The Corporation's Chief Risk Officer is Mr. Reynaldo P. Abilo.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	<p>Information on the responsibilities of the Chief Risk Officer is available in Section 8.7 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance-policies/ jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	

		policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). The profile of Mr. Abilo is available at http://pilipinas.shell.com.ph/about-us/leadership/management-team.html .	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	<p>The Corporation's Chief Executive Officer and Chief Audit Executive executed a separate written document attesting to the fact that a sound internal audit, control and compliance system is in place and working effectively.</p> <p>The Corporate Assurance Manager is tasked to submit to the Board Audit and Risk Oversight Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Board Audit and Risk Oversight Committee. The annual report includes significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. He will also certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing and if not, why he has not fully complied with the said standards.</p> <p>As part of the Corporation's system of risk management and internal control, the executive management provides an annual self-assurance on the extent of its compliance with the control framework.</p>	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Please refer to https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/154209108363	

		3/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Please refer to CG Manual which is made available in the Corporation's website at https://pilipinas.shell.com.ph/corporate-governance/policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf .	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Based on Section 6, Article II of the By-Laws of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in its name on the books of the Corporation and may vote either in person or by proxy.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Shareholders are treated equally pursuant to the Corporation Code, Amended Articles of Incorporation and By-Laws of the Corporation and its CG Manual.	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Please refer to the following: 1. Amended By-Laws (https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html); and 2. CG Manual (https://pilipinas.shell.com.ph/corporate-governance/policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf). 3. Items 19 and 20 of the Definitive Statement for the Annual Stockholders' Meeting (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f).	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority	COMPLIANT	The Corporation Code of the Philippines requires at least 2/3 of the outstanding capital stock for approval of certain acts	

shareholders against actions of controlling shareholders.		<p>of the Board that significantly affect the rights of all shareholders.</p> <p>Please refer to Section 9.1 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	<p>Under Section 2, Article II of the Corporation's Amended Articles of Incorporation, Special Meetings of the stockholders may be called by the President or by order of the Board of Directors, whenever he or they shall deem it necessary. It shall be the duty of the President to order and call such Special Meetings whenever the holders of record of not less than one-fifth (1/5) of the outstanding capital stock of the Corporation with voting privilege shall in writing so request. Please see https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html.</p> <p>Under Section 9.2.4 of the CG Manual, minority stockholders were accorded the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>Please refer to Section 9 of the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p>	
7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>The Corporation, pursuant to a board approval on 18 July 2016, intends to pay annual dividends in the amount of not less than seventy-five percent (75%) of its audited net income after tax of the previous year subject to compliance with the requirements of applicable laws and regulations, and subject to investment plans and financial conditions.</p>	

		<p>For more information on the Corporation's Dividend Policy, please refer to its 2021 Annual Report which is available in its website at http://pilipinas.shell.com.ph/investors/financial-reports.html).</p> <p>On 12 August 2020, the Board of decided to cancel 2020 dividend payouts for 2019 financial results to take a more prudent approach to preserve cash. This was induced by the continuous uncertainties due to the impact of COVID-19 pandemic. In the same manner, no dividend payout was made in 2021 due to deficit incurred in 2020.</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	The counting of votes at Annual Stockholders' Meeting is undertaken by RCBC Stock and Transfer Agent and witnessed by SGV.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	<p>The Corporation's Annual Stockholders' Meeting ("ASM") based on its By-Laws is set to be held on the second Tuesday in May. The 2022 ASM was held on 06 May 2022.</p> <p>The notice and details of the 2022 Annual Stockholders' Meeting was disclosed on 24 March 2022 (https://edge.pse.com.ph/openDiscViewer.do?edge_no=d276d063503bf01c3470cea4b051ca8f). Shareholders were invited to nominate directors as early as February 2022. Preliminary and Definitive Information Statements were disclosed on 25 March 2022 and 11 April 2022 with SEC and 25 March 2022 and 12 April 2022 with PSE, respectively (https://edge.pse.com.ph/openDiscViewer.do?edge_no=93543b6e44800e273470cea4b051ca8f) and (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f).</p>	

		Pursuant to SEC Notice on Alternative Mode of Distribution of Notice of Meeting, Information Statement, and Other Documents Related to the Holding of Annual Stockholders' Meeting for 2022, in lieu of physical distribution of 2022 ASM materials to shareholders, the Corporation made use of the alternative mode. Electronic copy of the Information Statement and Management Report and Annual Report and other pertinent documents are available in its website and PSE Edge. It likewise published Notice of the ASM in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days.	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Please refer to http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html .	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT		
b. Auditors seeking appointment/re-appointment	COMPLIANT		
c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	The rationales for the agenda items are included in the Definitive Information Statement. Please refer to (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f).	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Please refer to the Minutes of Stockholders' Meetings which are made available in the Corporation's website at http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html .	

2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	Please refer to the Minutes of Stockholders' Meetings which are made available in the Corporation's website at http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html .	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	The external auditor and other relevant individuals (such as representatives of the stock transfer agent) were present during Stockholders' Meetings.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	When applicable, an alternative dispute resolution system in the Corporation is available to amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities. Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Further, Shell Global helpline is available for stakeholders to report a concern or seek advice. The helpline is administered by an outside organization and is available in several languages and is open to not only the Corporation's employees but also to the general public.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	The contact details of the officer/office responsible for investor relations are as follows: 1. Name of the person: Angelica M. Castillo 2. Telephone number: (632) 3 499-4001 2. Fax number: not applicable 3. E-mail address: PSPC-Investor-Relations@shell.com	
2. IRO is present at every shareholder's meeting.	COMPLIANT	Investor Relations Officer was present during the 2021 Annual Stockholders' Meeting ("ASM"), and has confirmed attendance and participated in the 2022 ASM.	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	<p>The Board avoids anti-takeover measures and similar devices by respecting the voting right of each stockholder and providing a nomination process for Directors. Please refer to the following:</p> <p>1. CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); and</p> <p>2. Amended By-Laws https://pilipinas.shell.com.ph/corporate-governance/corporate-charter-documents.html).</p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NOT APPLICABLE	As of 31 March 2022, the Corporation's public float is 22.705%.	The Corporation's public float as of 31 March 2022 complies with the minimum public ownership level of ten percent (10%) as required in the amendments to the Rule on Minimum Public Ownership under Section 3, Article XVIII of the Listing and Disclosure Rules.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Please refer to the CG Manual https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	Under Section 6, Article II of the By-Laws of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in its name on the books of the Corporation and may vote either in person or	

		<p>by proxy. Proxy voting is allowed (which effectively allows shareholders to vote in absentia).</p> <p>With the Revised Corporation Code, the Board and shareholders of the Corporation approved allowing voting via remote communication and in absentia. This is for submission to the Securities and Exchange Commission. For Annual Stockholders' Meetings in the past three years, the Corporation allowed its stockholders to attend and vote via remote communication and <i>in absentia</i>. This in order to protect and safeguard the wellbeing of all concerned, and to help avert the spread of COVID-19, This is also in compliance with existing government regulations prohibiting mass gatherings and mandating strict social distancing measures and in line with the priority that the Corporation gives to health and safety.</p>	
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>The Corporation's key stakeholders are its employees, suppliers, customers and creditors, as well as the community and environment.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> CG Manual (https://pilipinas.shell.com.ph/corporate-governance/policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); Sustainability Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expa 	
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		ndablesection_1489696281.stream/1496417554027/341602211d783c7014b220d9db50e9b44489fa2d/corporate-social-responsibility-committee-charter.pdf); 3. Annual and Sustainability Report and Annual Reports (http://pilipinas.shell.com.ph/investors/financial-reports.html); and 4. Sustainable development of the Corporation (http://pilipinas.shell.com.ph/sustainability.html).	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>Through Shell Global Business Principle 7 - Communication and Engagement, the Corporation provides full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); Sustainability Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/_jcr_content/par/expandablelist/expandablesection_1489696281.stream/1496417554027/341602211d783c7014b220d9db50e9b44489fa2d/corporate-social-responsibility-committee-charter.pdf); Annual and Sustainability Report and Annual Reports (http://pilipinas.shell.com.ph/investors/financial-reports.html); and 	

		4. Sustainable development of the Corporation (http://pilipinas.shell.com.ph/sustainability.html).	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>Stakeholders can use to voice their concerns and/or complaints for possible violation of their rights through the channels provided in the Corporation's website at http://pilipinas.shell.com.ph/about-us/contact-us.html.</p> <p>As part of its good governance efforts, the Corporation encourages its employees and contractors to share any concerns they may have if they suspect that the Corporation's Code of Conduct is being breached through the Shell Global Helpline. For more information, please refer to page 52 of the 2021 Annual and Sustainability Report (https://pilipinas.shell.com.ph/investors/financial-reports.html).</p>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	<p>When applicable, an alternative dispute resolution system in the Corporation is available to amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities. Please refer to the CG Manual (https://pilipinas.shell.com.ph/corporate-governance-policies/_jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf).</p> <p>Through Shell Global Business Principle 7 - Communication and Engagement, we recognize that regular dialogue and engagement with our stakeholders is essential. We seek to listen and respond honestly and responsibly in our interactions with employees, business partners and local communities.</p>	

		Further, Shell Global helpline is available for stakeholders to report a concern or seek advice. The helpline is administered by an outside organization and is available in several languages and is open to not only the Corporation's employees but also to the general public.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	The Corporation has not sought any exemption from the application of a law, rule or regulation.	
2. Company respects intellectual property rights.	COMPLIANT	Please refer to the Corporation's 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html) and Code of Conduct (http://pilipinas.shell.com.ph/about-us/our-values/jcr_content/par/textimage.stream/1448871047472/d63089ffcbbc22d0aeb173dd3417997f9df9411004148469aba013d05926c8446/codeofconduct-english-2015.pdf).	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	<p>Please refer to the following:</p> <ol style="list-style-type: none"> CG Manual (https://pilipinas.shell.com.ph/corporate-governance/corporate-governance-policies/jcr_content/par/textimage.stream/1542091083633/3db39a3713abfca6bf9db826ac2544d1df5cf1d0/pspc-corporate-governance-manual-nov-13.pdf); Sustainability Committee Charter (https://pilipinas.shell.com.ph/corporate-governance/board-committees/jcr_content/par/expandablelist/expandablesection_1489696281.stream/1496417554027/341602211d783c7014b220d9db50e9b44489fa2d/corporate-social-responsibility-committee-charter.pdf); 	

		3. Annual and Sustainability Report and Annual Reports (http://pilipinas.shell.com.ph/investors/financial-reports.html); and 4. Sustainable development of the Corporation (http://pilipinas.shell.com.ph/sustainability.html).	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	The Corporation's Supplier Accreditation Process is available in its 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Please refer to the 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	<p>The Corporation attracts and retains the best employees through very competitive remuneration and growth opportunities.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> 2021 Annual Report (https://pilipinas.shell.com.ph/investors/financial-reports.html); and Definitive Information Statement for the 2022 Annual Stockholders' Meeting (https://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b4b0e28b5eeea33470cea4b051ca8f) <p>The Corporate Governance ("CG") Committee assumed the functions formerly assigned to the Compensation and Remuneration Committee. The CG Committee established a formal and transparent procedure for developing a policy on executive remuneration and for fixing the</p>	

		<p>remuneration packages of corporate officers and directors. It also provides oversight over the remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy, and control environment. The designated amount of remuneration is in a sufficient level to attract and retain qualified and competent directors and officers who are needed to manage the Corporation sustainably. The CG Committee also recommends remuneration packages for corporate and individual performance.</p> <p>We compete strongly for talent in the markets where we employ people. Our employer brand and competitive employee value proposition attract the best talent. Our approach to performance and reward is a key part of our employee value proposition, together with other elements such as providing challenging work and development opportunities. All parts of the value proposition combine to attract, engage and retain the diverse people needed.</p> <p>The HR and Rewards team, with the support of the President and Chief Executive Officer, conducts regular salary and benefits external benchmarking to ensure that our employee value proposition remains strong. They also ensure that we capture relevant internal insights through focused group discussions (FGDs) with employees. The FGDs cover a wide array of topics, where in most cases compensation and benefits are included in the agenda.</p> <p>Pilipinas Shell recognizes the value of showing care to our employees through the delivery of a competitive compensation and benefits package and consistent adherence to the Labor code standards. In most cases, our Company provides more than the statutory requirement. An example would be the minimum standard for maternity leave: whereas Philippine law mandates paid leave of up</p>	
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		to 105 days only, Shell provides up to 120 days of paid maternity leave regardless of the type of delivery.	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Please refer to the 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>Please refer to the Corporation's General Business Principles (https://pilipinas.shell.com.ph/about-us/our-values/jcr_content/par/textimage.stream/1519770430488/1424c1f1d37903394b9db3be58487bb295663246/shell-general-business-principles-2014.pdf) and Code of Conduct (https://pilipinas.shell.com.ph/about-us/our-values/jcr_content/par/textimage.stream/1519787681925/5003138fa511f112398bd8832f85523d89dd206c/codeofconduct-english-2015.pdf).</p> <p>Policies are in place to encourage employees to actively participate in the realization of the Corporation's goals and in its governance, including training and development. Staff must complete appropriate Shell Ethics and Compliance Training. The Ethics and Compliance training programme uses a risk-based approach. The type of Ethics and Compliance training that staff must take will depend on the level of risk associated with their role: "at risk" or "at higher risk". The businesses and functions are accountable for staff training nominations. Appropriate actions are taken with staff who have not completed the required Ethics and Compliance training, including consequence management.</p> <p>Moreover, "Learning and Development" is built on a foundation of defined competences as captured in Discipline/Function frameworks. They describe the skills, knowledge and behaviors required for each job. Competences form the essential link between describing a role and assessing development needs. Some technical competences are also used for assurance purposes. In taking development action, the Company recognizes that</p>	

		70% of learning and development is "on the job" (which is linked to staff's annual goals and performance assessment) 20% from coaching and mentoring (which is highly encouraged) and 10% from formal training.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	Please refer to the Corporation's Code of Conduct and Ethics and Compliance Manual (https://pilipinas.shell.com.ph/about-us/our-values.html).	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The Corporation disseminates the policy and program to its employees across the organization through orientations and regular trainings.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	Please refer to the Corporation's Ethics and Compliance Manual (https://pilipinas.shell.com.ph/about-us/our-values.html).	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	The Corporation's Whistle-Blowing Policy is described in its 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	Anyone may freely communicate concerns about illegal or unethical practices without fear of retaliation through the Global Helpline at https://shell.alertline.eu/gcs/welcome . The Helpline is operated by an independent third-party provider. Reports related to the Code of Conduct and the Shell General Business Principles should be made to the Global Helpline, or can be made to Human Resources (HR), Shell Legal, an Ethics and Compliance Officer or directly to the Business Integrity Department. Reports of antitrust concerns should also be made orally to Antitrust Legal Counsel.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Corporation does not tolerate any form of retaliation directed against anyone who raises a concern in good	

		faith. It is ensured that line managers maintain a culture in which staff feel confident to speak up if they know or suspect a violation.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	Please refer to Shell General Business Principles (https://pilipinas.shell.com.ph/about-us/our-values.html) and 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	Please refer to the Corporation's 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	Please refer to Shell General Business Principles (https://pilipinas.shell.com.ph/about-us/our-values.html) and 2021 Annual and Sustainability Report (http://pilipinas.shell.com.ph/sustainability.html).	

SIGNATURES

Pursuant to the requirements of SEC Memorandum Circular No. 15, Series of 2017, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on ~~May 24, 2022~~ ^{May 24, 2022} of May 2022.

For: **PILIPINAS SHELL PETROLEUM CORPORATION**


LORELIE Q. OSIAL
President and Chief Executive Officer


CESAR A. BUENAVENTURA
Lead Independent Director


FERNANDO ZOBEL DE AYALA
Independent Director


LYDIA B. ECHAUZ
Independent Director


AMANDO M. TETANGCO, JR.
Independent Director


ERWIN R. OROCIO
Chief Compliance Officer


ELLIE CHRIS C. NAVARRA
Corporate Secretary

MAY 24 2022

SUBSCRIBED AND SWORN to before me this ____ day of May 2022 at Taguig City, affiants exhibiting to me the following competent evidence of their identification:

Name	Competent Evidence of Identification		
	Passport Number	Date of Issue	Place of Issue
LORELIE Q. OSIAL	[REDACTED]	11 March 2019	DFA NCR South
CESAR A. BUENAVENTURA	Phil. National ID: [REDACTED]		
FERNANDO ZOBEL DE AYALA	[REDACTED]	22 Jan 2019	DFA Manila
LYDIA B. ECHAUZ	[REDACTED]	15 Jan 2018	DFA NCR East
AMANDO M. TETANGCO, JR.	[REDACTED]	22 July 2019	DFA NCR East
ERWIN R. OROCIO	[REDACTED]	21 April 2018	DFA Manila
ELLIE CHRIS C. NAVARRA	[REDACTED]	05 Nov 2020	DFA NCR West

IN WITNESS WHEREOF, I have hereunto affixed my signature and Notarial Seal.

NOTARY PUBLIC

Doc. No. 126;
Page No. 27;
Book No. V;
Series of 2022.



A blue ink signature of Atty. Vincent C. Juan.

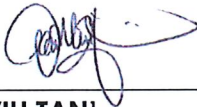
ATTY. VINCENT C. JUAN

NOTARY PUBLIC FOR & IN TAGUIG CITY
UNTIL DEC. 31 2021/ APPOINTMENT NO. 51 (2020-2021)
PTR NO. A-5432919; TAGUIG CITY; 24 JANUARY 2022
ROLL NO. 61889 / IBP NO. 110511, EASTERN MINDANAO-DAVAO DE NORTE CHAPTER
MCLE COMPLIANCE NO. VI-0029070 / 18 OCTOBER 2019
41ST FLOOR, THE FINANCE CENTER, 26TH STREET CORNER 9TH AVENUE, BGC, TAGUIG CITY

SIGNATURES

Pursuant to the requirements of SEC Memorandum Circular No. 15, Series of 2017, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the _____ on the ____ day of _____ 2022.

For: **PILIPINAS SHELL PETROLEUM CORPORATION**



MIN YIH TAN¹

Chairman of the Board

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2022 at _____, affiant exhibiting to me the following competent evidence of his identification:

Name	Competent Evidence of Identification		
	Passport Number	Date of Issue	Place of Issue
MIN YIH TAN	Singapore [REDACTED]	26 Feb 2018	Singapore

IN WITNESS WHEREOF, I have hereunto affixed my signature and Notarial Seal.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2022.

¹ The Chairman of the Board previously signed this electronically on **24** May 2022.