

COVER SHEET

1 4 8 2 9

S.E.C. Registration Number

P I L I P I N A S S H E L L P E T R O L E U M

C O R P O R A T I O N

(Company's Full Name)

4 I S T F L R . F I N A N C E C E N T E R , 2 6 T H

S T . C O R . 9 T H A V E . , B O N I F A C I O

G L O B A L C I T Y , B R G Y . F O R T

B O N I F A C I O , T A G U I G C I T Y , M E T R O

M A N I L A 1 6 3 5

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

ATTY. ERWIN R. OROCIO

Contact Person

+632 4994553 / +639175483479

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Definitive Information Statement

2 0 - I S

FORM TYPE

0 5

Month

0 7

Day

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

CERTIFICATE OF PERMIT TO OFFER
SECURITIES FOR SALE DATED 14
OCTOBER 2016

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

III

Principal Office

Amended Articles Number/Section

321
(31 March 2019)

Total No. of Stockholders

12,261,000,000

Domestic

Total Amount of Borrowings

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

PILIPINAS SHELL PETROLEUM CORPORATION
NOTICE OF ANNUAL STOCKHOLDERS' MEETING



NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of PILIPINAS SHELL PETROLEUM CORPORATION (the "Corporation") will be held at the **SMX Convention Centre Aura Hall 1, Third Floor, SM Aura Premier, 26th Street corner McKinley Parkway, Bonifacio Global City, Taguig City, Metro Manila, 1630, Philippines** at **2:00 p.m. on 07 May 2019**, for the following purposes:

A G E N D A

- (1) Call to Order
- (2) Certification of Service of Notice and Quorum
- (3) Approval of Minutes of the Annual Meeting of the Stockholders held on 03 May 2018
- (4) President's Report
- (5) FY 2018 Financial Updates
- (6) Approval of Certain Act of the Board, Board Committees and Management:
 - (a) Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication and *In Absentia*
- (7) Election of Directors
- (8) Appointment of External Auditors
- (9) Adjournment

The Board of Directors has fixed 05 April 2019 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. The holders of record of shares of Common Stock as of the record date will be entitled to vote on the proposed corporate actions set out in Items 3, 6, 7 and 8 above.

If you cannot attend and you wish to send a representative/proxy, please send your proxy letter, a sample of which is attached to this Information Statement as Annex A, to the Office of the Corporate Secretary of the Corporation **on or before 25 April 2019**. On the day of the annual stockholders' meeting, **07 May 2019**, your representative should bring any valid proof of identification (e.g., passport, driver's license, company I.D., or TIN card).]

Taguig City, 08 April 2019.

FOR THE BOARD OF DIRECTORS


ERWIN R. OROCIO
Corporate Secretary

**WE ARE NOT SOLICITING YOUR PROXY.
YOU NEED NOT SEND US A PROXY.**

**BRIEF DISCUSSION OF THE AGENDA
OF THE 2019 ANNUAL STOCKHOLDERS' MEETING**

I. Call to Order

The Chairman of the Board of Directors (or the Chairman of the meeting, as the case may be) (the "Chairman") will call the meeting to order.

II. Report on Attendance and Quorum

The Corporate Secretary (the "Secretary") will certify the date when the written notice of the Annual Stockholders' Meeting was sent to the stockholders as of record date of 05 April 2019. The Secretary will likewise certify the presence of a quorum. Under the By-Laws of the Corporation, the holders of a majority of the issued and outstanding capital stock of the Corporation entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

III. Review and Approval of the Minutes of the Previous Stockholders' Meeting

The draft of the minutes of the Annual Stockholders' Meeting held on 03 May 2018 has been posted on the Corporation's website (<http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html>). This will also be part of the materials distributed to stockholders together with the Definitive Information Statement. Copies will also be made available to the stockholders upon request at the registration area of the venue of the Annual Stockholders' Meeting. The stockholders will be requested to approve the draft of the Minutes of the Annual Stockholders' meeting held on 03 May 2018.

IV. President's Report

The President of the Corporation will deliver the report on the performance of the Corporation for 2018 and respond to questions which may be raised by any stockholder.

V. FY 2018 Financial Updates

The financial updates for 2018 will be discussed. Duly authorized representatives of SGV & Co. ("SGV"), the external auditor for 2018, will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2018 Audited Financial Statements of the Corporation.

VI. Approval of Certain Act of the Board, Board Committees and Management

The acts and resolutions of the Board of Directors are reflected in the minutes of meetings, the material contents of which are disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange and posted on the Corporation's website. A list of such acts and resolutions are also set out in the Definitive Information Statement for the Annual Stockholders' Meeting.

The item for approval of the stockholders is:

- (a) Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication and In Absentia

VII. Election of Directors

Pursuant to the Code of Corporate Governance for Publicly-Listed Companies and the Corporation's Revised Manual on Corporate Governance, the Nomination Committee evaluated the qualifications of the nominees and recommended the final list of nominees qualified for election as directors/independent directors.

During the Annual Stockholders' Meeting, the Secretary will announce the names of the persons nominated for election as directors/independent directors of the Corporation for the ensuing year. The Secretary will

report on the votes received by each nominee from the stockholders and the Chairman will declare the eleven (11) nominees who received the highest number of votes as the duly elected directors, including the three (3) qualified independent directors.

VIII. Appointment of External Auditors

The Board Audit and Risk Oversight Committee recommended to the Board of Directors the appointment of an external auditor who will examine the accounts of the Corporation for 2019. The Board of Directors, at its meeting held on 21 March 2019, approved the endorsement of the Board Audit Committee of the re-appointment of Sycip Gorres Velayo & Company as the external auditor of the Corporation for 2019.

The stockholders will be requested to approve the re-appointment.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE
SECURITIES REGULATION CODE

1. Check the appropriate box

☐ Preliminary Information Sheet
☒ Definitive Information Sheet

2. Name of Registrant as specified in its Charter:

Pilipinas Shell Petroleum Corporation

3. Province, country and other jurisdiction of incorporation or organization:

Taguig City, Metro Manila, Philippines

4. SEC Identification Number:

14829

5. BIR Tax Identification Code:

000-164-757

6. Address of principal office:

**41st Floor, The Finance Center, 26th Street corner 9th Avenue, Bonifacio Global City, Brgy.
Fort Bonifacio, Taguig City, Metro Manila, 1635, Philippines**

7. Registrant's telephone number, including area code:

(632) 816-6501 / 1635

8. Date, time and place of the meeting of security holders

Date	07 May 2019
Time	2:00 p.m.
Place	SMX Convention Centre Aura Hall 1, Third Floor SM Aura Premier. 26th Street corner McKinley Parkway, Bonifacio Global City, Taguig City, Metro Manila, 1630, Philippines

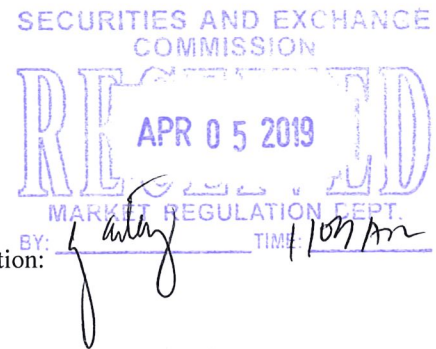
9. Approximate date on which the Information Statement is to be first sent or given to security holders:

08 April 2019

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **[N/A]**

Address and Telephone No.: **[N/A]**



11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
Common	1,613,444,202

12. Are any or all *registrant's* securities listed in a Stock Exchange?

✓ Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange Common Stock

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

- (a) The Annual Stockholders' Meeting (the "Meeting") of Pilipinas Shell Petroleum Corporation (the "Corporation") for the year 2019 has been set on the date, time and place indicated below:

Date: 07 May 2019

Time: 2:00 p.m.

Place: SMX Convention Centre Aura Hall 1, Third Floor, SM Aura Premier, 26th Street corner McKinley Parkway, Bonifacio Global City, Taguig City, Metro Manila, 1630, Philippines

The mailing address of the principal office of the Corporation is:

Pilipinas Shell Petroleum Corporation
41st Floor, The Finance Center, 26th Street corner 9th Avenue
Bonifacio Global City, Brgy. Fort Bonifacio
Taguig City, Metro Manila, 1635, Philippines

The approximate date on which the information statement forms are to be sent or given to the stockholder is 08 April 2019. The distribution of the information statement shall be made in Universal Serial Bus ("USB") cards. The Optical Media Board (OMB) approved the Corporation's use, replication and distribution of the information statement in USB cards:

1. Non-Commercial Replication Permit No. NCRP 19003022 dated 13 March 2019;
2. License to Operate Optical Media Business as Local Licensee [Book on Disc (USB)] with Optical Media Board ("OMB") Commercial License No. LBOD-USB 19-03251 dated 20 March 2019; and
3. License to Operate Optical Media Business as Duplicator [Storage Devices (USB)] with OMB Commercial License No. DUP 19-03321 dated 22 March 2019.

Proxy Solicitation: We are not soliciting for proxy.

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed corporate actions which may give rise to a possible exercise by stockholders of their appraisal rights under Section 80 and Title X, Appraisal Right of the Revised Corporation Code of the Philippines (the "Corporation Code").

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No current director or officer of the Corporation, or nominee for election as director of the Corporation and, to the best knowledge of the Board of Directors (the "Board") and management of the Corporation, no associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Meeting, other than election to office.
- (b) No director has informed the Corporation in writing that he/she intends to oppose any action to be taken by the Corporation at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of the date of this Information Statement, the total number of outstanding common shares of the Corporation is 1,613,444,202. All stockholders of record holding common shares as of 05 April 2019 (the "Record Date") are entitled to notice and to vote at the Meeting. Each common share is entitled to one vote.

Under the Corporation's By-Laws, during the election of directors the common shares shall be voted as stated in the Corporation Code which provides for cumulative voting in the election of directors. Thus, a stockholder may distribute his/her/its shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of common shares he/she/it has, or he/she/it may distribute them on the same principle among as many candidates as he/she/it shall see fit; provided, that the total number of votes cast by him/her/it shall not exceed the number of shares owned by him/her/it as shown in the stock and transfer books of the Corporation multiplied by the whole number of directors to be elected.

(b) Security Ownership of Certain Record and Beneficial Owners and Management

- 1) The following table sets forth the record owners and beneficial owners of more than five percent (5%) of the Corporation's outstanding common shares, the number of shares owned by, and the percentage of shareholders of each of the stockholders of the Corporation as of 31 March 2019:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen ship	No. of Shares	Percent
Common	Shell Overseas Investments B.V. Carel van Bylandtlaan 30, 2598 HR the Hague The Netherlands - Parent Company	Beneficial and Record Owner	Dutch	890,860,233	55.21%
Common	The Insular Life Assurance Company, Ltd. The Insular Life Bldg., Ayala Avenue cor. Paseo de Roxas, Makati City - Shareholder	Beneficial and Record Owner	Filipino	263,665,295	16.34%
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City - Shareholder	PCD Nominee Corporation	Foreign	196,719,630	12.19%
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City - Shareholder	PCD Nominee Corporation	Filipino	150,678,251	9.34%

The stockholders who hold more than five percent (5%) ownership are:

(i) Shell Overseas Investments B.V.

Shell Overseas Investments B.V. operates as a holding company and is based in The Hague, the Netherlands. It is 100% owned by Shell Petroleum N.V. (SPNV).

Mr. Michael Dopheide, and in his absence, Mr. Rolando J. Paulino, Jr., and in his absence, Mr. Lorelie Q. Osial, and in her absence, Mr. Jose Ma. Emmanuel A. Caral are the proxy holders who shall vote the shares of this stockholder.

(ii) The Insular Life Assurance Company Limited

The Insular Life Assurance Company Limited is engaged in carrying out the business of life assurance in all its branches and in particular, the grant or effect of assurances of all kinds for payment of money by way of single payment or by several payments or by way of immediate or deferred annuities upon the death of or upon the attainment of a given age by any person or persons or upon the birth or failure of issue or subject to or upon a fixed or certain date irrespective of any such event or contingency

The President and Chief Executive Officer of Insular Life Assurance Company Limited, Ms. Mona Lisa B. Dela Cruz, is the proxy holder who shall vote the shares of this stockholder.

(iii) PCD Nominee Corporation

PCD Nominee Corporation ("PCD"), is the registered owner of shares held by participants in the Philippine Depository and Trust Co. ("PDTC"), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

As of 31 December 2018, the Hongkong and Shanghai Banking Corporation Ltd.'s Client Account and Deutsche Bank Manila's Client Accounts own approximately 7.06% and 3.84%, respectively, of the Corporation's outstanding common stock as of such date. Based on available information, no other owners of the Corporation's common shares registered under the name of PCD own more than five percent (5%) of the Corporation's outstanding common stock as of the Record Date.

Except as stated above, the Board and Management of the Corporation have no knowledge of any other person, who, as of the date of this Information Statement, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than five percent (5%) of the Corporation's outstanding common shares.

2) The security ownership of directors and executive officers of the Corporation as of 31 March 2019 is as follows:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Asada Harinsuit	Non-Executive Director/ Chairman of the Board	Indirect: 1	Thai	0%
Common	Cesar A. Buenaventura	Independent Director	Direct: 70,001	Filipino	0.00434%
Common	Lydia B. Echauz	Independent Director	Direct: 2,000 Indirect: 1	Filipino	0.00012%
Common	Mona Lisa B. Dela Cruz	Non-Executive Director	Direct: 5,210	Filipino	0.00032%

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
			Indirect: 7		
Common	Jose Jerome R. Pascual, III	Director/ Treasurer/ Vice President - Finance/Chief Risk Officer	Direct: 26,730 Indirect: 1	Filipino	0.00166%
Common	Rolando J. Paulino, Jr.	Non-Executive Director	Direct: 0 Indirect: 1	Filipino	0%
Common	Cesar G. Romero	Director/ President/ Chief Executive Officer	Direct: 4,290 Indirect: 1	Filipino	0.00027%
Common	Anthony Lawrence D. Yam	Director/ Vice President - Retail	Direct: 4,290 Indirect: 1	Filipino	0.00027%
Common	Fernando Zobel de Ayala	Independent Director	Direct: 1	Filipino	0%
Common	Anabil Dutta	Non-Executive Director	Indirect: 1	Indian	0%
Common	Luis C. la Ó	Non-Executive Director	Indirect: 1	Filipino	0%
Common	Ramon D. Del Rosario	Vice President - External Relations	Direct: 29,290	Filipino	0.00182%
Common	Carlo D. Zandueta	Vice President - Human Resources	None	Filipino	Not Applicable
Common	Jannet C. Regalado	Vice President - Legal/Chief Compliance Officer	Direct: 3,000	Filipino	0.00019%
Common	Dennis Evaristo C. Javier	Vice President - Wholesale Commercial Fuels	Direct: 20,870	Filipino	0.00129%
	Jan-Peter Groot Wassink	Vice President - Manufacturing	None	Dutch	Not Applicable
Common	Erwin R. Orocio	Corporate Secretary	Direct: 4,290	Filipino	0.00027%
	Ellie Chris C. Navarra	Assistant Corporate Secretary	None	Filipino	Not Applicable
	Reynaldo P. Abilo	Corporate Assurance Manager	None	Filipino	Not Applicable
Security Ownership of all Directors and Officers			Direct: 169,882 Indirect: 15		0.01053%

None of the members of the Corporation's directors and management owns two percent (2.0%) or more of the outstanding capital stock of the Corporation.

3) Voting Trust Holders of Five Percent (5%) or More

The Corporation is not aware of any person holding more than five percent (5%) of the Corporation's common shares under a voting trust or similar agreement.

4) Changes in Control

The Corporation is not aware of any change in control or arrangement which may result in a change in control of the Corporation.

Item 5. Directors and Executive Directors

(a) Incumbent Directors and Executive Officers

There are eleven (11) members of the Board, three (3) of whom are independent directors. The members of the Board are elected at the general meeting of stockholders, and shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

The officers of the Corporation, unless removed by the Board, shall serve as such until their successors are elected or appointed.

The following are the incumbent directors and officers of the Corporation:

Name	Citizenship	Position
Asada Harinsuit	Thai	Non-Executive Director/Chairman of the Board
Cesar A. Buenaventura	Filipino	Independent Director
Fernando Zobel de Ayala	Filipino	Independent Director
Lydia B. Echauz	Filipino	Independent Director
Luis C. la 'O	Filipino	Non-Executive Director
Mona Lisa B. Dela Cruz	Filipino	Non-Executive Director
Anabil Dutta	Indian	Non-Executive Director
Rolando J. Paulino, Jr.	Filipino	Non-Executive Director
Jose Jerome Rivera Pascual III	Filipino	Director/Treasurer/Vice President - Finance/ Chief Risk Officer
Cesar G. Romero	Filipino	Director/President/Chief Executive Officer
Anthony Lawrence D. Yam	Filipino	Director/Vice President - Retail
Ramon D. Del Rosario	Filipino	Vice President - External Relations and Government Relations
Jan-Peter Groot Wassink	Dutch	Vice President - Manufacturing
Dennis Evaristo C. Javier	Filipino	Vice President - Wholesale Commercial Fuels
Carlo D. Zanduetta	Filipino	Vice President - Human Resources
Atty. Jannet C. Regalado	Filipino	Vice President - Legal/Chief Compliance Officer
Reynaldo P. Abilo	Filipino	Corporate Assurance Manager
Atty. Erwin R. Orocio	Filipino	Managing Counsel – Downstream and Corporate Secretary
Atty. Ellie Chris C. Navarra	Filipino	Legal Counsel – Downstream and Asst. Corporate Secretary

Since the date of the last annual meeting of stockholders, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

(b) Nominees for Election as Members of the Board

The following persons have been nominated for election as Members of the Board of Directors for the ensuing calendar year:

Directors	Independent Directors
Asada Harinsuit	Cesar A. Buenaventura
Cesar G. Romero	Fernando Zobel de Ayala
Mona Lisa B. Dela Cruz	Lydia B. Echauz
Anabil Dutta	Roy Eduardo T. Lucero
Rolando J. Paulino, Jr.	
Luis C. la O	
Jose Jerome Rivera Pascual III	
Anthony Lawrence D. Yam	

The Nomination Committee has determined that each of the nominees for election as directors/independent directors at the Meeting, possesses all the qualifications and none of the disqualifications to be elected as directors as set out in applicable laws and regulations, the Corporation's Revised Manual on Corporate Governance and Amended By-Laws. In addition, the Nomination Committee has determined that each of the independent director-nominees meets the independence criteria set out in SRC Rule 38 and the Securities & Exchange Commission (SEC) Memorandum Circular No. 19 (SEC MC 19), Recommendation No. 5.2, the Corporation's Revised Manual on Corporate Governance and Amended By-Laws. The Nomination Committee, composed of Messrs. Cesar A. Buenaventura (Independent Director), Cesar G. Romero (President, Chief Executive Officer and Chairman of the Nomination Committee), Atty. Jannet C. Regalado (VP-Legal and Chief Compliance Officer) and Carlo D. Zanduetta (VP-Human Resources and Non-Voting Member), endorsed the above nominees for election as directors at the Meeting.

The Corporation likewise submits herewith the Certifications of Qualification for the Independent Directors.

Below are the profiles of current members of the Board of Directors and the new nominees to the Board seats:

Fernando Zobel de Ayala (Filipino) is currently an Independent Director of the Corporation. He is President and Chief Operating Officer of Ayala Corporation, one of the Philippines' largest conglomerates involved in real estate, financial services, telecommunications, water, electronics, automotive, power, transport, education, and healthcare. He is Board Chairman of Ayala Land and Manila Water Company and sits on the board of various companies in the Ayala group, including the Bank of the Philippine Islands, Globe Telecom, and the Ayala Foundation. Mr. Zobel de Ayala is a member of the INSEAD East Asia Council and the World Presidents' Organization and Chief Executives Organization. He is a Board member of Habitat for Humanity International and chairs the steering committee of its Asia Pacific Capital Campaign. He also serves on the Board of the Asia Society and is a member of the Asia Philanthropy Circle, The TATE Museum Asia Pacific Acquisitions Committee and The Metropolitan Museum International Council. In the Philippines, he is a Board member of the Philippine National Museum, Caritas Manila, and Pilipinas Shell Foundation, Inc. Mr. Zobel de Ayala holds a Liberal Arts degree from Harvard College and a CIM from INSEAD, France. From 2015 to 2018, he attended seminars on corporate governance.

Cesar A. Buenaventura (Filipino) has been with the Corporation since 1956 and was Chairman and CEO from 1975 to 1990. He is currently an Independent Director of the Corporation. He is likewise Chairman of Buenaventura Echaz and Partners Inc. and Chairman of Mitsubishi Hitachi Power System Philippines. He is Vice Chairman of DMCI Holdings and director of Concepcion Industrial Corporation, Semirara Mining and Power Corporation, Petroenergy Resources Corporation and I People Inc. He is Founding Chairman of the Pilipinas Shell Foundation, Inc. and Founding Member of the Board of Trustees of the Makati Business Club. He is a recipient of many awards, to name a few: Management Man of the year in 1985; The Honorary Officer of The British Empire (O B E) in 1990 by Her Majesty Queen Elizabeth II; and one of the top 100 graduates of the College of Engineering University of the Philippines in its 100th year history. He received the degree of Bachelor of Science in Civil Engineering from the University of the Philippines in 1950 and a master's degree in Civil Engineering from Lehigh University in 1954 as a Fulbright scholar. From 2015 to 2018, he attended seminars on corporate governance.

Mona Lisa Bautista de la Cruz (Filipino) was first elected as Director of the Corporation on 12 May 2015. She is the President and Chief Executive Officer of Insular Life Assurance Company Ltd. She is a member of the Board of Trustees of the Insular Life Assurance Company, Ltd., the Insular Foundation, Inc. and the Insular Life Employee Retirement Fund. She is Director and President of Insular Investment Corporation, Insular Property Ventures, Inc., and Insular Properties, Inc. She is a director of Insular Health Care, Inc., ILAC General Agency, Inc., Home Credit Mutual Building and Loan Association, Insular Life Management and Development Corporation, Insular Life Property Holdings, and MAPFRE Insular Insurance Corporation. She received her Bachelor of Science degree in Statistics from the University of the Philippines, Cum Laude, in 1978. She likewise completed her Master of Science in Mathematics, major in Actuarial Science, at the University of Michigan in 1979. She is a Fellow of the Actuarial Society of the Philippines, an Associate of the Society of Actuaries, USA, and a member of the Management Association of the Philippines, Makati Business Club, Filipina CEO Circle and the Filipina Women's Network. From 2015 to 2018, she attended seminars on corporate governance.

Anabil Dutta (Indian) was first appointed as Director of the Corporation on 22 March 2016. He is the Regional Finance Manager, East Manufacturing & Chemicals business of Shell Group of Companies since January 2014. He was previously the Regional Finance Manager, East, Trading Supply and Distribution from November 2011 to December 2013; Finance Manager of Projects and Technology and Business Opportunity Manager East Technology Centre from June 2006 to October 2011. Prior to joining Shell, Anabil was with: Colgate Palmolive and held several senior positions in Finance including Country Head for Nepal. Prior to Colgate Palmolive he has been employed with ITC Limited and BATCO, ESS AAR projects and American Express Bank. Mr. Dutta has professional experience of 29 years internationally in Finance, Supply Chain, Manufacturing and General Management. Driving a strong performance ethic in business and broad experience in commercial finance has been his key achievements. He has held several Board, Trustee and Pension Fund positions and served on senior business leadership teams. Anabil is a Chartered Accountant and has a Master of

Business Administration (Finance). He also has an Advanced Diploma in Computer applications and Database Management. Anabil is a silver medalist of the Duke of Edinburgh Awards and received the Colgate Chairman's Global Award for Outstanding performance. From 2015 to 2018, he attended seminars on corporate governance.

Lydia B. Echauz (Filipino) is an Independent Director of the Corporation since 16 May 2017. Dr. Echauz currently holds directorships in publicly listed companies Metro Pacific Investments Corp. and D&L Industries, Inc.; as well as PLDT Beneficial Trust Fund, Philstar Group, BusinessWorld Publishing Corporation, Global Business Power Corp., Riverside College Inc., NBS College, Inc. and Fern Realty Corp. Dr. Echauz is also Trustee of the Henry Sy Foundation, Inc., SM Foundation, Inc., Felicidad T. Sy Foundation, Inc., Mano Amiga Academy, Museo del Galeon, Inc. and Akademyang Filipino Association, Inc. She was President of Far Eastern University (PLC), FEU Silang, FEU Diliman, and FEU East Asia College. She served as Director of Development Bank of the Philippines from 2013 to 2016. She was formerly Dean of the Graduate School of Business, De La Salle University, Associate Director of the Ateneo de Manila Graduate School of Business and faculty member of the University of the East College of Business Administration. She earned her AB Major in Economics and Mathematics from St. Theresa's College, MBA from Ateneo de Manila University and DBA from De La Salle University. From 2017 to 2018, she attended seminars on corporate governance.

Asada Harinsuit (Thai) is the current Non-Executive Chairman of the Board. He is the Country Chairman of Shell Companies in Thailand since September 2012. He is the Shell Shareholder representative for Shell Pakistan Ltd, plc and Pakistan Refinery Ltd, plc. A Thai national, Asada first joined the Shell Group in 1985. Over the years, he has held a number of different roles spanning IT, strategy, business development, supply chain, sales and marketing at local, regional and global levels across Shell's Downstream business. He was formerly the Vice President for Retail – East (ASEAN, India, Middle East) from 2013 to 2018. He started his Shell career in IT and then moved to the Lubricants business in 1990 where he worked in lubes supply chain, marketing and sales to automotive OEMs. He was given his first overseas posting in 1997 as general manufacturing marketing manager for Shell UK. He then returned to Thailand in late 1998 to take up the role of Commercial Manager for the Aviation, Marine, LPG, Bitumen, Fuels and Lubricants businesses. Prior to assuming his current roles in Thailand, he was based in Singapore as Vice President Specialities where he ran Shell's global businesses, Bitumen and Sulphur, for 5 years. During that time, he made significant changes to the global business in terms of customer value proposition, R&D programs, portfolio rationalization, new market entries, including working with Shell's Upstream business to create greater synergy and longer-term value. Mr. Harinsuit holds a Bachelor's and Master's Degree in Electrical Engineering from the University of Michigan. From 2016 to 2018, he attended seminars on corporate governance.

Luis C. la Ó (Filipino) is a current Non-Executive Director of the Corporation. He is the Non-Executive Vice Chairman of the Board of The Insular Life Assurance Co., Ltd. Before he became the Chairman of Insular Life, he first joined as a Non-Executive Trustee on 22 January 2015. He was a former Chairman of the Board of Directors of MAPFRE INSULAR Insurance Corporation. He previously occupied the following roles: Regional Vice President for Asia of the MAPFRE Group- Spain, President of Provident Insurance Corporation of the Soriano Group and Senior Vice President of Universal Reinsurance Corporation of the Ayala Group. He obtained his Bachelor of Science degree in Management at Ateneo de Manila University. He completed his Master's degree in Business Management from De La Salle University. He also finished a course on General Insurance from the College of Insurance, Chartered Institute of London, United Kingdom. In 2018, he attended a seminar on corporate governance.

Roy Eduardo T. Lucero (Filipino) is a new nominee to the Board of Directors of the Corporation. He is currently the President of Marvel Trucking Solutions, Inc. and L.C. Realty Corporation and is likewise holding/has held the following positions: Vice Chairman of Fidis Logistics and Director of Integral Chemicals Corp. He was a Trustee of Barangay San Antonio Senior Citizens' Association (2011 to 2013); Director of Philippine National Construction Corporation (2005-2011); Chairman, Rehabilitation Oversight Committee- Joint Philippine National Construction Corporation and South Luzon Tollway Corporation, South Luzon Expressway (2006 to 2011); and Director, Tollways Management Corporation (2007-2011). He is a real estate broker and a fellow of the Institute of Corporate Directors. He earned his Bachelor of Arts in Political Science at the University of the Philippines.

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

Jose Jerome Rivera Pascual III (Filipino) was first appointed Director of the Corporation on 13 June 2016. He was likewise appointed Vice President for Finance and Treasurer of the Corporation. He is also a director on the boards of other Shell-affiliated companies in the Philippines. He is presently the Chairman of the Board of Trustees of the Shell companies in the Philippines Multi-Employer Retirement Plan and of the Board of Trustees of the Shell Philippines Exploration B.V. Non-Contributory Retirement & Gratuity Fund. His previous roles in the Royal Dutch Shell Group include: Finance Director of Shell Philippines Exploration BV & Philippines Country Controller from 2009 to 2016; concurrent Finance Director of Shell Deepwater Borneo Ltd from 2009 to 2012; Deputy Business Finance Manager (Caspian) of Shell Kazakhstan Development BV & Kazakhstan Country Controller from 2005 to 2009; Regional Treasurer & Insurance Manager of Shell Exploration & Production – Asia Pacific from 2003 to 2005; Treasurer; Tax & Insurance Manager of Shell Philippines Exploration BV from 2002 to 2003; Finance Business Adviser of Shell Philippines Exploration BV from 2000 to 2002; Commercial Services Coordinator / Contracts Advisor of Nederlandse Aardolie Maatschappij BV from 1998 to 2000; Head of Management Accounting of Shell Philippines Exploration BV from 1995 to 1998; Head of Finance (STAR) Systems of Pilipinas Shell Petroleum Corporation from 1993 to 1995; Internal Auditor / Audit Supervisor for Pilipinas Shell Petroleum Corporation from 1990 to 1993; Senior Analyst / Programmer of Pilipinas Shell Petroleum Corporation from 1986 to 1990. He is an incorporator and current President of the Judicial Reform Initiative, Inc (JRI). Born on 6 January 1964, Mr. Pascual graduated Cum Laude from the University of the Philippines (Diliman) with a Bachelor of Science degree in Industrial Engineering, and was granted membership to the Honor Society of Phi Kappa Phi. He also holds the following accreditations: Certified Management Accountant from the Institute of Certified Management Accountants (Australia) and Professional Industrial Engineer from the Industrial Engineering Certification Board (Philippines). In 2014, he was recognized as CFO of the Year by ING Bank (Philippines) and the Financial Executives Institute of the Philippines (FINEX). In 2015, he received the Professional Degree Award for Industrial Engineering from the U.P. College of Engineering and U.P. Alumni Engineers. In 2017, he was conferred the Global Management Accounting Hall of Fame Award by the Institute of Certified Management Accountants (Australia) in recognition of his outstanding contribution, lifetime of achievement and services to the management accounting profession in the Philippines. From 2015 to 2018, he attended seminars on corporate governance.

Cesar G. Romero (Filipino) is the current President and Chief Executive Officer of the Corporation since 01 November 2016. He was formerly Vice President-Global Retail Network from 2013 to 2018 responsible for the management and capital investment associated with the Global Retail business' physical assets worldwide. This includes network planning, real estate, petrol station construction, facilities maintenance, soil and groundwater services, HSSE, and Continuous Improvement. From September 2009 up to July 2013, he was the Vice President of Retail Sales and Operations East which is accountable for the Operating Profit and Loss of the Shell Retail Petrol stations in SE Asia, South Asia, and China. During his four-year tenure, the Shell Retail East's operating profit grew by an average of 10% per annum with improved HSSE performance highlighted by a three-fold reduction in station robberies. Mr. Romero was a member of the Shell Global Retail Leadership team which set policies, strategy, annual business targets, capital allocation, and operations for Shell's Downstream Retail Business comprised of over 43,000 petrol stations in the world, the largest single branded retailer in the world. Prior to that role, he was the Vice President for Supply – East based in Singapore from July 2007 to July 2009. Before that, he was in London as the Vice President for Downstream Management Consultancy, which he held concurrently with the role of Business Assistant to the Executive Director for Shell's Global Downstream Business. He joined Shell Philippines in 1987 as a Refinery Engineer and has had assignments in Supply Planning, Strategy, and Lubricants. In 1995, he was posted to Shell Centre, London to work in Shell's Scenario Planning Team, and later in the Strategy and Portfolio Team of the East/Asian Regional Office. Immediately, prior to coming to the UK a second time, he was the General Manager for Retail for Shell Philippines & North Pacific Cluster. Cesar holds a Bachelor of Science in Mechanical Engineering (cum laude) from the University of the Philippines, and a Masters in Business Administration (with High Distinction) from the University of Michigan. He has also attended a variety of management development courses at the London Business School and the Wharton Business School. From 2015 to 2018, he attended seminars on corporate governance.

Anthony Lawrence D. Yam (Filipino) is the Vice-President- Retail Business of the Corporation since August 2011 and a director of the boards of other Shell-affiliated companies in the Philippines. He was appointed as one of the directors of the Brunei Shell Marketing Company in October 2016. His previous roles in the Shell Group include: Operational Excellence Manager for the East for the Customer Service Center from mid-2010 to mid-2011; Retail Pricing Manager from late 2009 to mid-2010; Interim General Manager for the LPG (Liquified Petroleum Gas) Business from May to October 2009; District Manager for Metro Manila from 2005 to 2009. He was assigned in Vietnam for a cross-posting assignment as the Managing Director for Shell Gas Haiphong Limited and LPG General Manager for Shell Vietnam Limited from 2001 to 2005. Prior to his cross-posting assignment, he was the Southern Regional Sales Manager for LPG (Phil) from 1997 to 2001 and has served Shell in various managerial roles in Corporate Brand, Customer Service Center, Lubricants Business and Internal Audits from 1993 to 1997. He joined the Shell group in August 1986 and started his career as a Retail Sales Representative until 1993. He received his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering degree from the De La Salle University in 1985. From 2015 to 2018, he attended seminars on corporate governance.

(c) *Final List of Nominees for Appointment as Corporate and By-Laws Executive Officers for 2019 to 2020:*

The final list of nominees for appointment as Corporate/By-Laws Executive Officers for the ensuing year are as follows:

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

*Member of the Board of Directors

Below are the profiles of incumbent and new nominee/s for appointment as Corporate/By-Laws Executive Officers who are not directors/nominees to the Board:

Reynaldo P. Abilo (Filipino) was appointed Corporate Assurance Manager on 01 June 2017. Mr. Abilo joined Shell in 2009 as the Retail Economics Manager in Philippines where he distinguished himself by winning the 2012 CFO award for site profitability analysis and 2013 Downstream Director Award for Dealer Operated platform strategy. Prior to Shell, he worked in Ernst & Young and Colgate-Palmolive for a number of years in various finance positions in supply chain, sales and marketing. He is a Certified Public Accountant with 14 years of experience in audit, accounting, economics, strategy development, business performance management, and commercial decision support. Prior to this assignment, he was Special Projects Advisor supporting the Global Marketing Growth Strategy. He was also Global Planning & Appraisal Manager for Marine Lubricants as well as Project & Economics Lead for Global Commercial (“GC”) based in Singapore where he successfully managed the various planning, appraisal, and reporting processes for Marine and capital investments in GC. From 2017 to 2018, he attended seminars on corporate governance.

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

Ramon Del Rosario (Filipino) has been the Vice President-External Relations since 19 August 2014. He graduated with a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines in 1981. Following his Bachelor’s degree, he took a Master’s degree in Business Administration from the Ateneo de Manila Graduate School of Business in 1982. He also took up several trainings in Program Management, Sales Effectiveness, Cultural Awareness, Marketing, Lubricants Business, and other Management and technical courses. He started his career in 1981 as a Commercial Fuels Account Manager in the Corporation before moving progressively to broader and more senior roles. He held various positions in Lubricants, Marketing and Sales, Brand and Market Research, Commercial Fuels, and GSAP. He gained extensive international exposure in his overseas assignments with the Shell Company of Cambodia Ltd., where he held the position of a Marketing and Sales Manager. Prior to his current assignment, he was assigned to Shell’s Regional Offices with responsibility over Commercial Transport Marketing Development, Consumer Lubricants, and Sales 1st. In 2007 to 2008, he became the Country Implementation Manager and organized the gap analysis of local processes relative to global Streamline design and policies. He then became the Country Programme Manager in the

successful Streamline, Global SAP, Organizational Design, and Connected Applications deployment in the Philippines. Ramon became the Shell Gas (LPG) Philippines Inc. General Manager in 2009 and succeeded in transitioning the LPG business from the Corporation to Isla Gas Corporation. Two years after, he became the Chief Executive Officer of Isla LPG Corporation. From 2015 to 2018, he attended seminars on corporate governance.

Jannet C. Regalado (Filipino) has been the General Counsel since 2001. She is the Vice President-Legal and Chief Compliance Officer of the Corporation. She is responsible for managing and supervising a sizeable portfolio of litigation and arbitration in these jurisdictions involving commercial, civil, criminal, tort, environmental & employment matters and deals with a big network of Shell - accredited global law firms. She has served the Corporation as: Corporate Secretary from 2001 to 2015; Employment and Industrial Relations Manager from 1997 to 2001; Assistant Legal Counsel from 1994 to 1997; Legal Assistant from 1992 to 1994. Prior to joining the Shell Companies in the Philippines (SCiP), she was corporate secretary of First Lepanto Corporation and was a legal counsel at the Carpio, Villaraza and Cruz Law Firm. She graduated with high honours with degrees in Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines (U.P.). During her stint at the University, she was a student leader and very active in intra-university debates and moot court competitions. She is also a faculty member of both the University of the Philippines and the Lyceum College of Law and is active in several legal and professional organizations. From 2015 to 2018, she attended seminars on corporate governance.

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

Carlo D. Zandueta (Filipino) was appointed Vice President-Human Resources on 01 October 2018. He held various positions within the Shell Group as: as the Manufacturing Learning and Development Manager in 1999; HR Account Manager - B2B, Lubricants and Trading (Philippines) from 2003 to 2006; Regional Skillpool Manager – APME (Singapore) from 2006 to 2009; Global Learning Advisor – Commercial Fuels and Offer To Cash (Singapore) from 2010 to 2012; Senior Talent Advisor – Global Commercial (Singapore) from 2012 to 2016; and Global HR Manager - Shell Aviation (Singapore). He studied at the University of Santo Tomas, Bachelor of Arts in Philosophy (1989 to 1993) and Master of Arts in Philosophy (1994 to 1996); and at the De La Salle University, Master of Science in Industrial and Organizational Psychology, with High Distinction (2001 to 2006). In 2018, he attended a seminar on corporate governance.

Erwin R. Orocio (Filipino) is the Managing Counsel for Downstream, Corporate Secretary and Chief Information Officer. He was the Compliance Officer until 16 May 2017. He was also the Assistant Corporate Secretary of the Corporation, first appointed as such on 17 April 2012. He also serves as the Corporate Secretary for various Shell companies in the Philippines. He is also a Fellow of the Institute of Corporate Directors. He joined the Legal department as a Legal Counsel in November 1997 and has since advised all businesses and functions. Prior to that, he served as managing partner of the Garcia Ines Villacarlos Garcia Recina & Orocio Law Office. He first joined the Corporation as an accountant in 1991 and left in January 1996 to complete his Juris Doctor degree from the Ateneo De Manila School of Law. He graduated from the De La Salle University in 1989 with a Bachelor of Arts (Major in Economics) and Bachelor of Science (Major in Accountancy). He placed 13th in the Accounting Board exams of May 1990. From 2015 to 2018, he attended seminars on corporate governance.

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

(d) *Significant Employees*

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

(e) Family Relationship

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

(f) Involvement in Certain Legal Proceedings

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

- 1) In connection with the leak of petroleum products from the First Philippine Industrial Corporation's (FPIC) white oil pipeline, the West Tower Condominium Corporation filed on 25 October 2011 a complaint for violation of Article 365 of the Revised Penal Code against several directors (Messrs. Buenaventura and Zobel de Ayala) and an officer (Mr. Javier) of the Corporation. The Corporation used said pipeline to transport its products from the Tabangao refinery to its Pandacan terminal. In its Resolution dated 22 February 2018, the Office of the City Prosecutor of Manila dismissed the Complaint for lack of probable cause.
- 2) On 24 March 2011, a civil case was filed against FPIC and its directors and officers (two of whom were former officers of PSPC and one incumbent officers of PSPC), First Gen Corporation, Chevron, and PSPC. The above-mentioned incumbent officers of PSPC is Dennis C. Javier (Vice President – Wholesale Commercial Fuels), while the former officers are Edgar O. Chua (then the Chairman and President of PSPC), Willie J. Sarmiento (then the Vice President – Finance), and Dennis G. Gamab (Vice- President – Trading & Supply). This case was later on ruled as an ordinary civil case for damages and the court directed that the same be re-raffled to a regular court and that each of the individual complainants file a separate action for damages, as the damage suffered by one is not necessarily the same for all, and accordingly, pay the appropriate filing fees, which ruling has been questioned in the Court of Appeals and now currently pending with the Supreme Court. PSPC has also asserted that it is not liable for the alleged damages suffered by the complainants.

(g) Certain Relationships and Related Transactions

The Corporation, in its regular course of trade or business, enters into transactions with affiliated companies. For details on these transactions, please refer to the 2018 Audited Financial Statements that are attached to this Definitive Information Statement.

Bank of the Philippines Islands is 22.22% owned by the Ayala Corporation as of 31 December 2018. Mr. Fernando Zobel de Ayala, who serves as an independent director of the Corporation, is the current Vice-Chairman, President and Chief Operating Officer of Ayala Corporation and the Vice-Chairman of Bank of the Philippine Islands. Bank of the Philippine Islands is a significant lender of the Corporation.

Transactions with related parties consist of (a) importation of crude oil, petroleum products, materials and supplies; (b) exportation of locally refined petroleum products; (c) reimbursement of expenses; (d) entering into lease agreements; (e) placing short-term placements; and (f) royalty fees arrangement. Purchases from and sales to related parties are consummated at competitive market rates and arm's length basis. Settlement and collection of outstanding related party payables and receivables are generally made within 30 to 60 days from the date of each transaction.

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

Below are the material related party transactions of the Corporation:

- i. The Corporation purchases crude and other oil products from Shell International Eastern Trading Co. (SIETCO), an entity under common shareholdings. The Corporation's crude purchases are being processed through its refinery in Batangas.
- ii. Shell International Petroleum Company (SIPC) of the United Kingdom and Shell Global Solutions International B.V. (SGS) of The Netherlands provide management advisory, business support, and research and development and technical support services to the Corporation under certain terms and conditions.
- iii. The Corporation leases from Tabangao Realty, Inc. (TRI) land for several depots and retail sites located around the country. Lease term ranges from 5 to 50 years and is renewable, thereafter.
- iv. Shell Brands International AG (SBI), an entity under common shareholdings, entered into Trade Marks and Manifestation License Agreement with the Corporation pursuant to which SBI, the licensor, grants the Corporation, the licensee, a non-exclusive right to reproduce, use, apply and display the Shell trade mark and other manifestation. In consideration, the Corporation shall pay a royalty fee computed as certain percentage of sales. Royalty rate varies from 0.02% to 0.79% depending on product type. This agreement can be terminated by either party without any penalty.
- v. The Corporation receives billings from entities under common shareholdings for group-shared expenses related to IT maintenance, shared services, personnel and other administrative costs. On the other hand, the Corporation charges entities under common shareholdings for group-shared expenses related to personnel and other administrative costs and other services

Except for the foregoing instances, no other transaction was undertaken by the Corporation in which any Director or Executive Officer was involved or had a direct or indirect material interest. During the last two (2) years, there were no transactions to which the Corporation was a party concerning transactions with:

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

(h) Parent Company

Shell Overseas Investments B.V. owns 55.21% of the total issued and outstanding capital stock of the Corporation as of 31 March 2019.

Item 6. Compensation of Directors and Executive Officers

- (a) The table below sets forth the aggregate amount of compensation paid in 2017 and 2018 and the estimated amount of compensation to be paid in 2019 to the executive officers and directors of the Corporation:

Name and Principal Position	Year	Salary (In Million PhP)	Bonus (In Million PhP)	Other Annual Compensation (In Million PhP)
1. Cesar G. Romero President and Chief Executive Officer				
2. Jannet C. Regalado Vice President – Legal and Chief Compliance Officer				
3. Anthony Lawrence D. Yam Vice President - Retail				
4. Jose Jerome R. Pascual III Vice President - Finance, Treasurer and Chief Risk Officer				
5. Eduard Geus Former Vice President – Manufacturing Jan-Peter Groot Wassink Incumbent Vice President – Manufacturing				
	Actual 2017	55.7	24.1	None

Name and Principal Position	Year	Salary (In Million PhP)	Bonus (In Million PhP)	Other Annual Compensation (In Million PhP)
President and the four most highly compensated executive officers named above	Actual 2018	52.7	25.8	None
	Projected 2019	44.8	20.9	None
All other directors (including Honoraria & Retainers) and all other by-law officers as a group	Actual 2017	30.8	8.2	11.4
	Actual 2018	45.2	14.0	14.1
	Projected 2019	44.7	7.5	19.0

**Projected total annual compensation*

- (b) The total annual compensation were all paid in cash. The total annual compensation of officers includes the basic salary and other variable pay.
- (c) The following amounts are payable to Board Members:
- Non-Executive Chairman's and Non-Executive Director's Honorarium for attendance in Board Meetings is PhP 200,000.00 per meeting
Non-Executive Chairman's Annual Retainer is PhP 1,800,000.00
A Non-Executive Director's Annual Retainer is PhP 1,200,000.00
A Non-Executive Chairman and Non-Executive Directors' Honorarium for attendance at Board Committee Meetings is PhP 100,000.00 per director
- Messrs. Asada Harinsuit, Anabil Dutta and Rolando J. Paulino, Jr. are not paid the above amounts.
- (d) The Corporation has a registered, non-contributory retirement plan. All regular employees are covered by the said retirement plan. The Executive Officers are regular employees of the Corporation.
- (e) The Corporation has no standard arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.
- (f) There are no other actions to be taken with regard to election, any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.
- (g) There are no outstanding warrants or options being held by the various Executive Officers and Directors, singly or as a group.

Item 7. Independent Public Accountants

- (a) SyCip Gorres Velayo & Co. (SGV), a member firm of Ernst & Young Global Limited, is the independent auditor of the Corporation for the calendar year 2018. Mr. Jose Pepito E Zabat III was assigned by SGV as the partner in-charge of auditing the Corporation. Isla Lipana rendered the same services for the Corporation during previous fiscal years, where Mr. Roderick M. Danao, Assurance Partner, was the Corporation's audit partner. The Corporation is in full compliance with the five (5) year rotation requirement for External Auditors under Section 68 of the Securities & Regulations Code (SRC).
- (b) SGV was recommended for re-appointment at the Board Meeting on 21 March 2019, subject to final approval by the stockholders during the annual meeting, for almost the same remuneration as in the previous year.
- (c) The Board Audit and Risk Oversight Committee (BARC), which recommended the appointment of the audit firm SGV is composed of Cesar A. Buenaventura (Chairman), Lydia B. Echaz (Member), Luis C. la 'O (Member), and Anabil Dutta (Member).
- (d) Duly authorized representatives of SGV will be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions concerning the 2018 Audited Financial Statements of the Corporation.
- (e) Disagreements with Accountants on Accounting and Financial Disclosures

The Corporation has not had any material disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the periods these independent auditors have been engaged as such by the Corporation.

(f) External Audit Fees

a) Audit and Other Fees

Audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements:

2016:	PhP21.6 million pesos
2017:	PhP14.8 million pesos
2018:	PhP9.9 million pesos

Other assurance and related services reasonably related to the performance of the audit or review of the financial statements:

2016:	PhP10.0 million pesos for Initial Public Offer
2017:	PhP3.0 million pesos for ITH's Segmented Income Statement Audit
2018:	PhP1.5 million pesos for ITH's Segmented Income Statement Audit and others

There are no tax fees and any other fees.

BARC performs oversight functions over the Corporation's internal and external auditors and approve their engagement, scope of work and fees during BARC meetings. BARC has ensured that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. Moreover, BARC has decided on the required non-audit work of the external auditor, and thereafter conducted review of non-audit fees in relation to their significance to the Corporation's overall consultancy expenses. In deciding, BARC should disallow any non-audit work that will conflict with the duties of an external auditor or may pose a threat to his independence.

b) The BARC's responsibilities in connection with the external audit of the Corporation are as follows:

1. Performs oversight functions over the Corporation's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
2. Prior to the commencement of the audit, discusses with the external auditor the nature, scope, and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
3. Monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
4. Reviews the report submitted by the external auditors;
5. Reviews and approves the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices;
 - b. Major judgmental areas;
 - c. Significant adjustments resulting from the audit;
 - d. Going concern assumptions;

- e. Compliance with accounting standards; and
 - f. Compliance with tax, legal, and regulatory requirements;
6. Coordinates, monitors, and facilitates compliance with laws, rules and regulations;
 7. Evaluates and determines the non-audit work, if any, of the external auditor, and reviews periodically non-audit fees paid to the external auditor in relation to their significance to the Corporation's overall consultancy expenses. BARC shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's Annual Report and Integrated-Annual Corporate Governance Report;
 8. Reviews the disposition of the recommendations in the External Auditor's management letter;
 9. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
 10. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the BARC.

The above are included in the Revised Manual on Corporate Governance duly approved by the Board and submitted to the SEC.

Item 8. Compensation Plans

There is no action that will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of any class of securities of the Corporation.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the Corporation, or the issuance of authorization for issuance of one class of securities of the Corporation in Exchange for outstanding securities of another class.

Item 11. Financial and Other Information

- (a) The Audited Financial Statements as of 31 December 2018 approved by the Board of Directors on 21 March 2019 is attached as Annex "A" to the Definitive Information Statement for distribution to the stockholders on 08 April 2019 and presented during the Annual Stockholders Meeting on 07 May 2019.

(b) **Management's Discussion and Analysis**

2018 vs 2017 Financial Condition

Current assets

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

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

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

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

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

Non-Current Assets

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

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

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

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

Current Liabilities

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

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

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

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

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

Non-Current Liabilities

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

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

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

Equity

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

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

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

2017 vs 2016 Financial Condition

Current assets

The Corporation's current assets increased from Php38,856.3 million as of 31 December 2016 to Php45,876.3 million as of 31 December 2017 primarily due to the following:

Cash increased by Php1,889.0 million, or 44.2% from Php4,274.3 million as of 31 December 2016 to Php6,163.3 million as of 31 December 2017 primarily as a result of strong cash generation from operations partially offset by strategic spend on capital projects and dividends paid during the year.

Trade and other receivables increased by Php2,043.5 million, or 23.2% from Php8,821.6 million as of 31 December 2016 to Php10,865.1 million as of 31 December 2017 primarily due to increase in trade receivables in line with increasing trend in oil prices.

Inventories increased by Php5,289.8 million, or 32.3% from Php16,381.4 million as of 31 December 2016 to Php21,671.2 million as of 31 December 2017 primarily as a result of increase in oil prices and in stocks intended to meet demand from the marketing business.

Prepayments and other current assets decreased by Php2,202.4 million, or 23.5% from Php9,379.1 million as of 31 December 2016 to Php7,176.7 million as of 31 December 2017. This is primarily due to the utilization of a portion of the accumulated excess input VAT from prior years and lower prepaid corporate taxes.

Non-Current Assets

The Corporation's non-current assets increased from PhP31,752.9 million as of 31 December 2016 to PhP36,000.7 million as of 31 December 2017 primarily due to the following:

Long-term Receivables, rentals and investments increased by PhP248.5 million, or 6.1% from PhP4,056.0 million as of 31 December 2016 to PhP4,304.5 million as of 31 December 2017 primarily as a result of increase in advance rentals due to increase in retail sites during the year.

Property, plant and equipment increased by PhP2,056.1 million, or 8.8% from PhP23,378.3 million as of 31 December 2016 to PhP25,434.4 million as of 31 December 2017 primarily due to additional retail stations built during the year and increase in refinery capital spend on Bitumen Production Facility and planned refinery turnaround.

Deferred income tax assets decreased by PhP330.3 million, or 100% from PhP330.3 million as of 31 December 2016 to Nil as of 31 December 2017 primarily driven by strong earnings delivered during the year and the reversal of the deferred tax asset associated with the provision for the abandonment case. The Company is now in a deferred tax liability position.

Other assets increased by PhP2,273.6 million, or 57.0% from PhP3,988.2 million as of 31 December 2016 to PhP6,261.9 million as of 31 December 2017 primarily due to increase in fair value of pension assets and intangibles during the year.

Current Liabilities

The Corporation's current liabilities increased from PhP22,400.8 million as of 31 December 2016 to PhP31,235.0 million as of 31 December 2017 primarily due to the following:

Trade and other payables increased by PhP4,142.6 million, or 24.3% from PhP17,021.2 million as of 31 December 2016 to PhP21,163.8 million as of 31 December 2017 primarily due to increase in trade payables as a result of increase in the crude oil prices.

Dividends payable increased by PhP4.5 million, or 47.1% from PhP9.7 million as of 31 December 2016 to PhP14.2 million as of 31 December 2017 primarily due to cash dividend issued in 2016 and 2017 which remain uncollected at 31 December 2017.

Short-term loans decreased by PhP1,313.0 million, or 24.5% from PhP5,370.0 million as of 31 December 2016 to PhP4,057.0 million as of 31 December 2017 primarily due to lower short-term borrowings for working capital requirements.

Current portion of long term debt increased by PhP6,000.0 million, or 100.0% from PhP Nil as of 31 December 2016 to PhP6,000.0 million as of 31 December 2017 mainly due to the transfer of the current portion of the long-term loan which is due to be paid in first quarter of 2018.

Non-Current Liabilities

The Corporation's non-current liabilities decreased from PhP15,280.1 million as of 31 December 2016 to PhP8,506.6 million as of 31 December 2017 primarily due to the following:

Long term debt decreased by PhP6,000.0 million, or 54.5% from PhP11,000.0 million as of 31 December 2016 to PhP5,000.0 million as of 31 December 2017 mainly due transfer of the current portion of the long-term loan which is due to be paid in first quarter of 2018.

Deferred income tax liabilities increased by PhP702.0 million, or 100% from Nil as of 31 December 2016 to PhP702.0 million as of 31 December 2017 primarily as result of profits generated in 2017 and full utilization of deferred tax assets

Provision and other liabilities decreased by PhP1,475.6, or 34.5% from PhP4,280.1 million as of 31 December 2016 to PhP2,804.6 million as of 31 December 2017 mainly due to favorable decision in the abandonment case resulting in reversal of the corresponding provision and related deferred tax assets.

Equity

The Corporation's total equity increased from PhP32,928.3 million as of 31 December 2016 to PhP42,135.4 million as of 31 December 2017 primarily due to the following:

Retained earnings increased almost threefold by PhP9,227.6 million from PhP5,111.9 million as of 31 December 2016 to PhP14,339.5 million as of 31 December 2017 primarily due to the increase in profits during the year. This increase is net of dividends paid amounting to P2,662.0 million.

Other reserves decreased by PhP20.5 million, or 4.3% from PhP480.7 million as of 31 December 2016 to PhP460.2 million as of 31 December 2017 due to increase in fair value reserves pertaining to available for sale securities owned by the Corporation.

2016 vs 2015 Financial Condition

Current assets

The Corporation's current assets increased from PhP36,655.7 million as of 31 December 2015 to PhP38,856.3 million as of 31 December 2016 primarily due to the following:

Cash increased by PhP697.5 million, or 20% from PhP3,576.8 million as of 31 December 2015 to PhP4,274.3 million as of 31 December 2016 primarily as a result of strong financial and operational performance.

Receivables, net decreased by PhP1,565.4 million, or 15% from PhP10,387.0 million as of 31 December 2015 to PhP8,821.6 million as of 31 December 2016 primarily as a result of reclassification of claims from government agencies on various taxes paid from receivables to long term receivables partly offset by increase in trade receivables in line with increase in oil price.

Inventories, net increased by PhP5,032.9 million, or 44% from PhP11,348.5 million as of 31 December 2015 to PhP16,381.4 million as of 31 December 2016 primarily as a result of increase in oil prices and stock building for the North Mindanao Import Facility ("NMIF").

Prepayments and other current assets decreased by PhP1,964.2 million, or 17% from PhP11,343.3 million as of 31 December 2015 to PhP9,379.1 million as of 31 December 2016. This is primarily due to the utilization of a portion of the excess input VAT accumulated from prior years.

Non-Current Assets

The Corporation's non-current assets increased from PhP29,578.4 million as of 31 December 2015 to PhP31,752.9 as of 31 December 2016 million primarily due to the following:

Long-term Receivables, rentals and investments, net increased by PhP3,170.7 million, or 358.0% from PhP885.3 million as of 31 December 2015 to PhP4,056.0 million as of 31 December 2016 primarily as a result of reclassification of claims from government agencies on various taxes paid from receivables to long term receivables.

Property, plant and equipment increased by PhP1,069.2 million, or 5% from PhP22,309.1 million as of 31 December 2015 to PhP23,378.3 million as of 31 December 2016 primarily due to additional retail sites and the capitalization of the NMIF.

Deferred income tax assets, net decreased by PhP3,382 million, or 91% from PhP3,712.3 million as of 31 December 2015 to PhP330.3 million as of 31 December 2016 primarily as a result of realization of some deferred tax assets as a result of profits delivered during the first year of 2016.

Other assets, net increased by PhP1,316.4 million, or 49% from PhP2,671.8 million as of 31 December 2015 to PhP3,988.2 million as of 31 December 2016 primarily due to increase in fair value of pension assets and reclassification of deferred input VAT from prepayments to non-current assets in 2016 based on management's assessment of its recoverability.

Current Liabilities

The Corporation's current liabilities increased from PhP18,901.2 million as of 31 December 2015 to PhP22,400.8 million as of 31 December 2016 primarily due to the following:

Accounts payable and accrued expenses increased by PhP846.6 million, or 5.0% from PhP16,174.6 million as of 31 December 2015 to PhP17,021.2 million as of 31 December 2016 primarily due to increase in trade payables as a result of increase in the crude oil prices.

Short-term borrowings increased by PhP2,653.0 million, or 98% from PhP2,717.0 million as of 31 December 2015 to PhP5,370.0 million as of 31 December 2016 primarily due to the repayment of long-term loans and conversion of a portion to short term loans to take advantage of lower interest rates. The borrowings are for working capital requirements.

Non-Current Liabilities

The Corporation's non-current liabilities decreased from PhP21,237.7 million as of 31 December 2015 to PhP15,280.1 million as of 31 December 2016 primarily due to the following,

Loans Payable, net of current portion decreased by PhP5,000.0 million, or 31% from PhP16,000.0 million as of 31 December 2015 to PhP11,000.0 million as of 31 December 2016 mainly due to the repayment of long-term loans.

Provision and other liabilities decreased by PhP957.6, or 18% from PhP5,237.7 million as of 31 December 2015 to PhP4,280.1 million as of 31 December 2016 primarily due to the reclassification of part of environmental remediation from long term to short term liabilities.

Equity

The Corporation's total equity increased from PhP26,095.1 million as of 31 December 2015 to PhP32,928.3 million as of 31 December 2016 primarily due to the following:

Share Premium increased by PhP1,766 million, or 7% from PhP24,396 million in 2015 to PhP26,162 million in 2016 mainly due to the 10% primary share offering during the Corporation's IPO in Q4 2016.

Retained earnings increased by PhP4,930.4 million, from PhP181.5 million as of 31 December 2015 to PhP5,111.9 million as of 31 December 2016 primarily due to the increase in profits during the year, net of dividends paid in Q3 2016 amounting to P3,300 million.

Other reserves increased by PhP109.5 million, or 30% from PhP371.2 million as of 31 December 2015 to PhP480.7 million as of 31 December 2016 due to increase in fair value reserves pertaining to available for sale securities owned by the Corporation.

2018 vs. 2017 Results of Operation

Net sales increased by PhP49,392.9 million, or 29.1%, from PhP169,475.8 million for the year ended 31 December 2017 to PhP218,868.7 million for the year ended 31 December 2018, mainly driven by higher pump prices as influenced by the general increase in average global oil prices.

Cost of sales increased by PhP53,503.3 million, or 37.4%, from PhP143,070.6 million for the year ended 31 December 2017 to PhP196,573.9 million for the year ended 31 December 2018 primarily as a result of general increase in average global oil prices.

Gross profit decreased by PhP4,110.4 million, or 15.6% from PhP26,405.2 million for the year ended 31 December 2017 to PhP22,294.8 million for the year ended 31 December 2018 primarily as result of general increase in global oil prices partially offset by higher margins from the retail business.

Selling, General and Administrative expenses increased by PhP526.5 million, or 3.8% from PhP13,860.1 million for the year ended 31 December 2017 to PhP14,386.6 million in 2018 for the year ended 31 December 2018 mainly due to general increase in rental expenses and higher depreciation and amortization from additional capital investments and

advertising expenses. This is partially offset by the reduction in employee costs and logistics costs. Philippine inflation hit 6.7% in Q3 of 2018, highest recorded in the past 9 years; 2018 average inflation is at 5.2%.

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

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

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

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

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

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

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

2017 vs. 2016 Results of Operation

Net sales increased by Php32,712.5 million, or 23.9%, from Php136,763.3 million for the year ended 31 December 2016 to Php169,475.8 million for the year ended 31 December 2017, primarily as a result of sustained volume growth from retail business coupled with higher product prices driven by the increase in average global oil prices. This is despite the price compression in some areas of the country, particularly in Mindanao.

Overall sales volumes decreased by 104.0 million litres or 1.9% from 5,714.0 million litres for 31 December 2016 to 5,610.0 million litres for 31 December 2017. Marketing volumes grew by 2.8% despite structural decline in demand from the power sector. Decline in supply sales was a deliberate move in 2017 so the Corporation can focus on selling its products through its marketing units which provides higher yields. Retail delivers strong volume growth of 4% brought by effective marketing promotions, growth from existing retail stations and incremental contribution from new retail sites with sustained premium brand preference. Commercial business, despite the structural decline in FO demand, registered growth in 2017 against prior year driven by the strategic decision to grow on other sectors.

Cost of sales increased by Php30,609.0 million, or 27.2%, from Php112,461.5 million for the year ended 31 December 2016 to Php143,070.6 million for the year ended 31 December 2017 primarily as a result higher purchase cost due to increase in average global oil prices.

Gross profit increased by Php2,103.5 million, or 8.7% from Php24,301.7 million for the year ended 31 December 2016 to Php26,405.2 million for the year ended 31 December 2017 mainly due to strong refinery margins, robust retail volume growth backed by 27% premium fuel penetration and recovery of the commercial business.

Selling, General and Administrative expenses increased by Php797.0 million, or 6.1% from Php13,063.1 million for the year ended 31 December 2016 to Php13,860.1 million in 2017 for the year ended 31 December 2017 mainly due to general increase in employee benefits, rental expenses and higher depreciation and amortization from additional capital investments partially offset by the reduction in advertisement costs during the year.

Finance income decreased by PhP107.3 million, or 61.1%, from PhP175.7 million for the year ended 31 December 2016 to PhP68.4 million for the year ended 31 December 2017, mainly as a result of weakening Philippine Peso during the year.

Finance expense decreased by PhP336.1 million, or 31.8%, from PhP1,058.0 million for the year ended 31 December 2016 to PhP721.9 million for the year ended 31 December 2017, mainly as a result lower foreign exchange losses during the year.

Other non-operating income increased by PhP1,378.1 million, from PhP1.0 million for the year ended 31 December 2016 to PhP1,379.2 million for the year ended 31 December 2017, due to the reversal of the provision booked on the abandonment case when the company received a favourable court decision on the case.

Net Profit for the period improved significantly by PhP2,924.5 million or 39.3% from PhP7,443.8 million for the year ended 31 December 2016 to PhP10,368.2 million for the year ended 31 December 2017. Higher net profit was delivered, despite the impact of the two-month planned refinery turnaround, primarily driven by stronger refinery margins, strong retail volume growth backed by successful marketing campaigns and high premium fuel penetration, Income Tax Holiday ("ITH") benefit from Euro IV registered activities and favourable impact of the abandonment case provision reversal. Inventory gain contributed PhP2,941.9 million to 2017 net income vs inventory holding gain of PhP2,104.2 million in 2016.

EBITDA Adjusted for COSA increased by PhP1,950.3 million, or 19.2% from PhP10,138.1 for the year ended 31 December 2016 to PhP12,088.4 million for the year ended 31 December 2017, meeting the EBITDA growth guidance provided to investors. This is mainly due to sustained volume and margin growth from retail despite the aggressive price competition in certain areas of the country, stronger refinery margins which offset impact of planned refinery maintenance, recovery of commercial business with robust growth in wholesale and aviation and reversal of abandonment case provision as a result of the favorable court decision.

EBITDA improved significantly by PhP3,125.6 million, or 23.7% from PhP13,166.0 million for the year ended 31 December 2016 to PhP16,291.6 million for 31 December 2017 mainly due to increase in EBITDA adjusted for COSA and increase of PhP1,175.4 million inventory holding gains from PhP4,203.2 million in 2017 vs PhP3,027.8 million in 2016.

2016 vs. 2015 Results of Operation

Net sales decreased by PhP20,214.4 million, or 13%, from PhP156,977.7 million for the year ended 31 December 2015 to PhP136,763.3 million for the year ended 31 December 2016, primarily as a result of significantly lower product prices driven by the decrease in global oil prices.

Sales volumes decreased by 1.7% from 5,812 million litres in 2015 to 5,715 million litres in 2016. Retail sales volumes grew by 4% mainly due to differentiated fuel offerings, successful marketing campaigns and network expansion. Commercial fuel sales volume, however, declined by 17% compared to 2015 mainly due to lower fuel demand from the power sector. This was partly offset by 46% volume growth of specialties and supply for the period.

Cost of sales decreased by PhP24,515.3 million, or 18%, from PhP136,976.9 million for the year ended 31 December 2015 to PhP112,461.5 million for the year ended 31 December 2016, primarily as a result of the decrease in global crude prices, and lower logistics and transshipment costs due to the closure of Pandacan.

Gross profit increased by PhP4,300.9 million, or 22% from PhP20,000.8 million for the year ended 31 December 2015 to PhP24,301.7 million for the year ended 31 December 2016. The improvement in gross profit was driven mainly by increased premium fuel penetration, strong retail volume growth and double-digit growth in Bitumen and Lubricants and successful marketing campaigns that offset the impact of lower commercial sales volumes and extended refinery downtime in Q4.

Selling, General and Administrative expenses decreased by PhP232 million, or 2% from PhP13,295 million in 2015 to PhP13,063 million in 2016 mainly due to logistics cost savings.

Other operating income, net increased by PhP258.5 million from PhP212.2 million for the year ended 31 December 2015 to PhP470.7 million for the year ended 31 December 2016, mainly due to the gain on revaluation of available for sale securities.

Finance expense decreased significantly by PhP723.2 million, or 40.0%, from PhP1,781.3 million for the year ended 31 December 2015 to PhP1,058.0 million for the year ended 31 December 2016, mainly as a result of lower interest and finance charges due to repayment of a long-term loans in Q1 2016.

Net Profit for the period improved significantly by PhP3,890.6 or 110% from PhP3,553.2 million for the year ended 31 December 2015 to PhP7,443.8 million for the year ended 31 December 2016. The improvement in net profit was driven mainly by increased premium fuel penetration, strong retail volume growth and successful marketing campaigns and logistics cost savings that offset the impact of lower commercial sales volumes and extended refinery downtime in Q4. Inventory gain contributed PhP2,119.5 million to net profit.

EBITDA improved significantly by PhP5,099.4 million, or 63% from PhP8066.6 million for the year ended 31 December 2015 to PhP13166.0 million for 31 December 2016 mainly due to inventory holding gains of PhP3,027.8 million in 2016 vs inventory losses of PhP4,250 million in 2016.

EBITDA Adjusted for COSA declined by PhP2,178.4 million, or 18% from PhP12316.6 for the year ended 31 December 2015 to PhP10138.2 for the year ended 31 December 2016 mainly due to lower refining margins in 2016 which reduced EBITDA by PhP2,142 million, the extended refinery shut down which decreased EBITDA by PhP1,074 million. This was offset partly by the growth in the Retail segment of PhP1,251 million year-on-year mainly driven by increased premium fuel penetration and volume growth.

STATEMENTS OF INCOME:

In PhP millions	2018	2017	2016	2015
Net Sales	218,869	169,476	136,763	156,978
Cost of Sales	196,574	143,071	(112,462)	(136,977)
Gross profit	22,295	26,405	24,301	20,001
Operating Expenses, net	(13,803)	(13,371)	(12,592)	(13,083)
Income/(Loss) from Operations	8,492	13,035	11,709	6,918
Other non-operating income/ (Expense)	0	1,379	1	17
Finance Income (costs), net	1,200	(654)	(882)	(1,712)
Income/(Loss) Before Provision for Income Tax	7,292	13,760	10,828	5,223
Provision for Income Tax	(2,216)	(3,392)	(3,384)	(1,670)
Net Income/(Loss) for the Year	5,076	10,368	7,444	3,553
Earnings Per Share	3.15	6.43	4.68	3.48

BALANCE SHEETS:

In PhP millions	2018	2017	2016	2015
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4,455	6,163	4,274	3,576
Receivables, net	12,993	10,865	8,822	10,387
Inventories, net	19,643	21,671	16,381	11,349
Prepayments and other current assets	3,688	7,177	9,379	11,328
Total current assets	40,779	45,876	38,856	36,641
NON-CURRENT ASSETS				
Long-term receivables, advance rentals and investments	4,659	4,304	4,056	885
Property, plant and equipment, net	28,129	25,434	23,378	22,309

Deferred income tax assets			330	3,712
Other assets	6,600	6,262	3,988	2,672
Total non-current assets	39,389	36,001	31,752	29,578
TOTAL ASSETS	80,166	81,877	70,608	66,219
LIABILITIES & STOCKHOLDERS EQUITY				
CURRENT LIABILITIES				
Accounts payable & accrued expenses	25,180	21,164	17,020	16,159
Dividends payable	16	14	10	10
Short-term borrowings	3,261	4,057	5,370	2,717
Current portion of Loans payable		6,000	0	0
Total current liabilities	28,457	31,235	22,400	18,886
NON-CURRENT LIABILITIES				
Long-term loans payable	9	5,000	11,000	16,000
Deferred income tax liabilities, net		702		
Provisions and other liabilities	3,044	2,805	4,280	5,238
Total non-current liabilities	12,738	8,507	15,280	21,238
Total Liabilities		39,742	37,680	40,124
STOCKHOLDERS' EQUITY	38,972	42,135	32,928	26,095
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	80,166	81,877	70,608	66,219

Key financial ratios

As of/for the year ended 31 December

	2015	2016	2017	2018
Current ratio ¹	1.9	1.7	1.5	1.4
Debt to equity ratio ²	0.6	0.4	0.2	0.2
Debt ratio ³	22.9%	17.1%	10.9%	9.7%
Return on assets ⁴	5.4%	10.5%	12.7%	6.3%
Return on equity ⁵	13.6%	22.9%	24.9%	13.2%
Return on average capital employed ⁶	13.8%	24.2%	26.9%	14.8%

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

² Debt to equity ratio is computed by dividing net debt (short-term borrowings and loans payable less cash) by equity (exclusive of other reserves).

³ Debt ratio is computed as net debt divided by total assets.

⁴ Return on assets is computed as profit (loss) for the period divided by total assets.

⁵ Return on equity is computed as profit (loss) for the period divided by equity (exclusive of other reserves).

⁶ Return on average capital employed is defined as EBIT as a percentage of the average capital employed for the period. Capital employed consists of total equity, short-term borrowings and loans payable. Average capital is calculated as the mean of the opening and closing balances of capital employed for that period.

Key operating data

	As of/for the year ended 31 December			
	2015	2016	2017	2018
Nameplate capacity (thousand barrels per day (kbpd)) ¹	110	110	110	110
Refinery utilization rate (%) ²	62.9%	68.6%	60.8%	69.6%
Retail volumes sold (million litres) ³	2,938	3,053	3,172	3,136
Commercial volumes sold (million litres) ⁴	2,497	2,090	2,115	1,917
Others (million litres) ⁵	395	572	323	598

Note:

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

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

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

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

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

OTHER FINANCIAL DATA

Reconciliation from statutory profit for the year to EBIT and EBITDA

	For the year ended 31 December			
	2015	2016	2017	2018
Profit (Loss) for the year/period ..	3,553.2	7,443.8	10,368.2	5,076.3
Add:				
(Benefit from) Provision for income tax	1,669.8	3,384.3	3,392.0	2,215.8
Finance expense	1,232.0	570.5	578.3	744.5
Depreciation and amortization .	1,637.9	1,766.2	1,959.4	1,957.6
Less:				
Finance income	26.3	1.2	6.4	5.6
EBITDA ¹	8,066.6	13,166.0	16,291.5	9,988.6
Depreciation and amortization .	1,637.9	1,766.2	1,959.4	1,957.6
EBIT ¹	11,399.8	11,399.8	14,332.1	8,031.0

EBITDA	8,066.6	13,166.0	16,291.5	9,988.6
Less:				
Cost of Sales Adjustment (COSA) ²				
.....	(4,250.0)	3,027.8	4,203.2	(56.9)
EBITDA (adjusted for COSA)³ ..	12,316.6	10,138.2	12,088.3	10,045.6
Less:				
Depreciation and amortization .	1,637.9	1,766.2	1,959.4	1,957.6
EBIT (adjusted for COSA)³	10,678.7	8,372.0	10,128.9	8,087.9

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

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

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

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

Commodity price risk

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

Liquidity risk

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

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

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

As of 31 December 2018, the Corporation's contingent liabilities for which provisions have been made primarily related to certain pending legal proceedings including tax matters, asset retirement obligations and potential remediation and demolition costs, as described in more detail in Note 28 of the Corporation's audited financial statements as of and for the year ended 31 December 2018. Other than these, there are no material or significant events that will trigger direct or contingent financial obligation that is material to the Corporation except for the cases discussed under "Legal Proceedings".

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

The Corporation does not have any material off-balance sheet arrangements with unconsolidated entities.

Capital Expenditures Commitments

The Corporation plans to spend approximately Php6,000 million for capital investments which will be mainly funded by cash provided by operating activities. The Company will continue to focus on building new retail service stations, invest on refinery growth projects and improve existing supply and distribution sites.

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

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

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

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

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

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

(c) Description of the General Nature and Scope of Business

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

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

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

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

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

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

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

As at 31 December 2018, PSPC is not subject of any bankruptcy, receivership or similar proceedings. It is also not involved in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

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

PSPC is one of the leading fuel retail players in the country, boasting a strong network of 1,084 Shell-branded retail stations nationwide. Through its network of Shell-branded retailers, the Company markets Shell V-Power Racing, Shell V-Power Gasoline, and Shell V-Power Diesel as its premium offering, and FuelSave Gasoline and FuelSave Diesel. Recognizing that its customers' needs go beyond fuel, the Company has non-fuel offerings through Shell Select convenience stores and Deli2go.

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

Geographical segmentation does not apply to PSPC's business.

Operational Highlights

Staying true to its commitment and expansion plan, PSPC has increased its retail stations to 1,084 by the end of 2018. It maintains network efficiency double the industry, serving motorists all over the country. PSPC's non-fuels retail business also continues to grow, now with 135 Shell Select, 58 deli2go stores and 337 Shell Helix Oil Change+ (SHOC+) and Helix Service Centers (HSC) to address the evolving needs of its customers.

Its commercial business includes Wholesale Commercial Fuels, Lubricants, Aviation and Specialities. Wholesale Commercial Fuels and Lubricants enjoyed more favourable premium mix and now aiming to grow its non-power sectors. Aviation, which serves the country's busiest airports in Manila, Clark and Cebu, posted volume growth. The Specialities business, which includes the sale of bitumen, has contributed to a number of projects under the government's infrastructure program.

PSPC's Tabangao refinery safely and successfully completed its planned one-month decoking pitstop in the second quarter of the year. The newly completed Bitumen Production Facility also improves the refinery's operational flexibility as part of its Fuel Oil production can now be shifted to bitumen. PSPC is the sole local manufacturer of bitumen products in the country.

Health, Safety, Security and Environment ("HSSE")

Safety is PSPC's first priority and embedded in the core of its operations. The "Goal Zero" ambition is to achieve no fatalities and no incidents that harm people, or put PSPC's neighbour's or facilities at risk. To achieve Goal Zero, the focus is on the three areas of safety hazards which have the highest risks: personal, process, and transport safety.

In pursuit of Goal Zero, PSPC works relentlessly to strengthen its safety culture, focusing on caring for people and leadership commitment. A strong safety culture is complemented by a competent workforce. PSPC ensures that people responsible for tasks with a significant safety hazard have the necessary training and skills.

Maintaining a high HSSE standard is a key pillar of PSPC's business. PSPC's HSSE and Social Performance Policy reflects its commitment to sustainability and environmental awareness and is fundamental to PSPC's goal of producing cleaner energy, creating benefits for local communities and reducing the environmental impact of operations. These standards apply to all aspects of PSPC's activities, from designing a facility to decommissioning a site. These standards likewise apply to PSPC's employees, its contractors and any joint ventures where it has operational accountability.

To date, PSPC consistently delivers sterling safety records with its various programs that are hailed as best practices by respected organizations such as the Safety Organization of the Philippines, one of the leading organizations in the advocacy of health, safety and environment protection. PSPC has achieved 10.69 million safe man-hours without lost time accident from 01 January 2018 to 31 December 2018, 6.91 million hours in 2017 and 10.30 million hours in 2016.

In line with its high HSSE standards, PSPC emphasizes a high level of safety consciousness in the storage and handling of products. Staff and contractors undergo proper training on HSSE procedures. Likewise, a strong environmental orientation pervades the design and operation of storage facilities and safeguards against possible contamination and spillage. HSSE audits are conducted regularly. Environmental impact assessments are similarly done as necessary.

Raising industry and community safety standards

PSPC is committed to protecting the environment and respecting its neighbours. It works hard to cause no harm to people. PSPC sets high environmental standards which not only meet all regulatory and compliance requirements but often exceed them. PSPC's standards cover its environmental performance including: managing emissions of greenhouse gases, using less energy and with more efficiency, flaring and burning off less gas during oil production, preventing spills and leaks of hazardous materials, using less fresh water, and conserving biodiversity wherever it operates. PSPC encourages its partners in joint ventures that it does not operate to apply Shell standards. PSPC works in partnership with many non-governmental organizations, local government units, academics and local communities to help it live up to the high standards.

Good Governance and Integrity practices

PSPC conforms with the Shell General Business Principles that describe the company's core values, responsibilities to stakeholders and principles/behaviors expected in doing business, all underpinned by sustainable development.

PSPC officers and employees share a set of core values – honesty, integrity and respect for people. The company's mission statements embody its responsibilities to its customers, employees, business partners, government & communities and shareholders. PSPC encourages its business partners to abide by the same or equivalent values and principles.

In 2013, PSPC was recognized by the Integrity Initiative, Inc. – a private sector-led campaign to promote ethical behavior and acceptable integrity standards in the Philippine business community and other sectors of society – as one of seven local companies assessed and validated with advanced integrity practices. In 2017, PSPC shared its supplier integrity screening procedures and anti-bribery & corruption contract clauses with Integrity Initiative member organizations for consideration and adoption into their own corporate processes, with the intent to promote a culture of integrity in Philippine business and maintain a level playing field that benefits both producers and consumers.

Corporate Social Responsibility

PSPC aspires to be a partner in nation-building and leader in community relations, treating local communities with dignity and respect, developing good relationships and mutual trust with local governments, as well as implementing industry best practice and environmentally friendly technology for our downstream oil business — while pursuing the underlying business objective of building value.

PSPC partners actively with Pilipinas Shell Foundation Inc. ("PSFI") its main social arm, with a track record of more than 35 years in high-impact and award-winning social development programs of national and local scales.

In 2018, the Country Social Investment Strategy 2018 – 2020 was rolled out, with the following key enablers: Strengthened Social Investment Strategy and Design; Effecting Reporting; Measurement and Evaluation; and Building Capacity and Enhancing Sustainability. Priority Social Investment themes on a country level are Community Skills and Enterprise Development; Science, Technology, Engineering and Mathematics or STEM Education; and Access to

Energy. On an asset level, priority Social Investment themes are Environment and Biodiversity, Road Safety, Health and Community Development.

PSPC is also a founding member of the Global Compact Network Philippines (GCNP), a local entity of the United Nations Global Compact whose primary goal is to inspire and promote collaboration primarily among business corporations, alongside government, academe and civil society, in practicing the 10 universal principles on human rights, labor, environment and anti-corruption, and take actions to advance the UN Sustainable Development Goals (SDGs). In 2018, GCNP organized the SDG Workshop Series where Pilipinas Shell presented on SDG 11: Sustainable Cities and Communities.

In 2018, PSPC was awarded in the Asia Corporate Excellence Awards (ACES) as “Asia’s Community Care Company of the Year” for its Movement Against Malaria and Gas Mo, Bukas Ko (You fuel my future) advocacies. The Company was also recognized in the Agora Awards of the Philippine Marketing Association for the programs Movement Against Malaria and Local Small Investors Program (IPO) as the “Most Outstanding Achievement in Advocacy Marketing”.

Empowering the Filipino workforce

PSPC employs 703 people in the Philippines as of 31 December 2018, almost all of whom are Filipinos. In its effort to recruit from local areas where it has business presence, it has developed the following programs jointly with PSFI: Sanayan sa Kakayahang Industriyal (SKIL), Gas Mo Bukas Ko (GMBK), Sanayan ng Kakayahan sa Agrikultura (SAKA) to encourage hiring and training to upskill local communities.

PSPC’s nationwide scholarship program delivered via PSFI, Gas Mo, Bukas Ko (GMBK, “You fuel my future”), is borne out of the belief that education is one of the best tools towards a better life. Since 2007, GMBK aims to develop technically-capable gas attendants who can seize more opportunities and potentially pursue alternative livelihood activities that could augment their current income.

As of December 2018, total number of GMBK scholars who graduated from the program has reached more than 1,700. GMBK continues to provide learning opportunities towards the betterment of its scholars’ lives. In fact, most of these scholars continued to take on bigger responsibilities as gas attendants, while some got promoted to higher positions.

In 2018, GMBK received an Award of Merit from the Shell CEO HSSE and SP Awards for Excellence in Social Performance.

Amount Spent on Research and Development:

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

R & D Costs	2018	2017	2016
Amount (in Million PhP)	297.39	332.50	489.35
Revenue/Net Sales	218,868.68	169,475.81	136,763.29
	0.14%	0.20%	0.36%

Cost and Effects of Complying with Environmental Laws:

The Clean Air Act

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

Republic Act No. 8749 mandates the following fuel standards:

A.	Gasoline	
	Tetra-ethyl lead	Nil

	Aromatics, vol.% max	35
	Benzene, vol.% max	2
	Sulfur, wt.% max	0.005
B.	Auto Diesel Oil	
	Sulfur, wt.%	0.005

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

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

Euro IV(PH) Equivalent Specifications

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

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

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

On 19 December 2017, the Philippine government has enacted R.A. 10963 (Tax Reform for Accelerated Inclusion) which included a provision on mandatory marking of fuel products to curb oil smuggling. Implementing rules and regulations from the government on the fuel marking program are anticipated to be released by the government in 2018.

Biofuels Act

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

In May 2016 and June 2018, respectively, the Department of Energy implemented revised national standards PNS/DOE QS 002:2015 for coconut methyl ester (CME) biodiesel component and PNS/DOE QS 008:2018 for ethanol-blended gasoline fuels to address technical concerns. The said standard further tightened quality specifications related to sulfur and product stability and introduced a maximum specification on methanol content in gasoline fuel – methanol is a highly corrosive and toxic substance. The Corporation reviewed its supply contracts to ensure compliance on the new standard.

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

Clean Water Act

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

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

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

Compensation for Oil Pollution Damage.

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

Oil Spill Prevention and Control.

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

(d) Securities of the Registrant

1) Market Price

The Corporation's common shares are listed and traded in the Philippine Stock Exchange as "SHLPH".

As of 31 March 2019, the total number of stockholders of the Corporation was 321.

The high and low sale prices of its shares per quarter from its listing until 31 March 2019 are as follows:

FROM	TO	HIGH (Php)	LOW (Php)
03 November 2016	31 December 2016	73.00	66.60
01 January 2017	31 March 2017	80.00	70.65
01 April 2017	30 June 2017	73.95	64.20
01 July 2017	30 September 2017	69.35	65.95
01 October 2017	31 December 2017	68.00	57.30
01 January 2018	31 March 2018	66.50	54.35
01 April 2018	30 June 2018	54.95	48.10
01 July 2018	30 September 2018	59.50	51.20
01 October 2018	31 December 2018	54.00	46.05
01 January 2019	31 March 2019	51.25	46.25

As of 29 March 2019, the last trading day for March 2019, the last traded price for SHLPH stocks is Php49.40.

2) Holders

The top twenty (20) stockholders of the Corporation as of 31 March 2019 are as follows:

	Name	No. of Shares Held	% of Shares Held
1	Shell Overseas Investments B.V.	890,860,233	55.21%
2	The Insular Life Assurance Company, Ltd.*	263,665,295	16.34%
3	PCD Nominee Corporation (Foreign)	196,719,630	12.19%
4	PCD Nominee Corporation (Filipino) ^	150,678,251	9.34%
5	Spathodea Campanulata Inc.	67,184,265	4.16%

6	Rizal Commercial Banking Corporation	28,863,475	1.79%
7	Victoria L. Araneta Properties, Inc.	2,312,245	0.14%
8	Pan Malayan Management & Investment Corporation	1,298,536	0.08%
9	Gregorio Araneta III	1,177,720	0.07%
10	Miguel P. De Leon	817,447	0.05%
11	Nieva Paz L. Eraña	665,970	0.04%
12	Joselito L. Eraña	553,380	0.03%
13	Maria Lina A. De Santiago	467,541	0.03%
14	Francisco L. Eraña	403,380	0.03%
15	E. Zobel Inc.	329,785	0.02%
16	Margarita J. Ortoll	298,500	0.02%
17	Teresa Velasquez Fernandez	294,057	0.02%
18	Miguel P. De Leon	272,459	0.02%
19	Jose Araneta Albert	203,877	0.01%
20	Jordan M. Pizaras	168,881	0.01%

* Including shares held under PCD Nominee

^ Excluding shares held by Insular Life

3) Dividends

Previously, at the Regular Meeting of the Board held on 21 March 2019, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2018 to stockholders of record amounting to P4.84 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 3.00 per share	05 April 2019	30 April 2019

Previously, at the Regular Meeting of the Board held on 14 March 2018, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2017 to stockholders of record amounting to P8.29 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 5.14 per share	28 March 2018	19 April 2018

At the Regular Meeting of the Board held on 20 April 2017, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2016 to stockholders of record amounting to P2.6 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 1.65 per share	05 May 2017	18 May 2017

Prior to that, at the Regular Meeting of the Board held on 15 August 2016, the Board approved the distribution of a cash dividend likewise from the unrestricted retained earnings as of as of 30 June 2016 to stockholders of record as of 15 August 2016 amounting to P3.3 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 2.08 per share	15 August 2016	19 September 2016

There were no dividends declared during the year 2014 and 2015.

Dividend Policy

The Board of Directors is authorized to declare dividends only from the Corporation's unrestricted retained earnings, representing the net accumulated earnings of the Corporation with its unimpaired capital, which are not appropriated for any other purpose. The Board of Directors may not declare dividends which will impair the Corporation's capital. Dividends may be payable in either cash, shares or property, or a combination thereof, as the Board of Directors determines. A cash dividend declaration does not require any further approval from the Corporation's shareholders. Each holder of Shares will be entitled to such dividends as may be declared by the Board of Directors on the basis of outstanding stock held by them, provided that any declaration of stock dividends requires the further approval of shareholders holding at least two-thirds of the Corporation's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares.

The Corporation, pursuant to a Board approval on 18 July 2016, intends to pay annual dividends in the amount of not less than 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 condition. The amount of dividends will be reviewed periodically by the Board in light of the Company's earnings, financial condition, cash flows, capital requirements and other considerations while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a standalone basis. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Company's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

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

As at 31 December 2017, cost of treasury shares, accumulated earnings of its associates and unrealized mark to market gains are not available for dividend declaration

4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

In 2015, the Corporation issued stock rights enabling its existing shareholders, thru their pre-emptive rights, to subscribe to up to an additional 900,000,000 common shares. The Authorized Capital Stock was increased from 1,000,000,000 shares to 2,500,000,000 shares, each with a par value of P 1.00 per share. Subscribed Capital Stock, which was fully paid, increased by PhP 894,672,777 from PhP 691,271,425 to PhP 1,585,944,202.

The Philippine Securities Exchange Commission issued on 18 August 2015 its Certificate of Approval of Increase of Capital Stock.

5) Description of the Corporation's Shares

Capital stock and treasury shares as at 31 December 2014 to 2018 consist of:

	2018, 2017 2016, 2015		2014			
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorized capital stock, common shares at P1 par value per share	2.5 billion	2,500,000	2.5 billion	2,500,000	1 billion	1,000,000
Issued shares	1,681,058,291	1,681,058	1,653,558,291	1,653,558	758,885,514	758,885
Treasury shares	(67,614,089)	(507,106)	(67,614,089)	(507,106)	(67,614,089)	(507,106)
Issued and outstanding shares	1,613,444,202	1,173,953	1,585,944,202	1,146,452	691,271,425	251,779

The capital stock of the Corporation increased from PhP1.0 billion divided into 1 billion shares with a par value of PhP1.00 each to PhP2.5 billion divided into 2.5 billion shares with a par value of PhP1.00 each. The increase was approved by majority of the Board of Directors on 24 March 2015 and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on 12 May 2015, certified to by the Chairman and the Secretary of the stockholders meeting and a majority of the Board of Directors.

The SEC approved the increase in authorized capital stock on 18 August 2015. In 2015, after approval of increase in authorized capital stock, the Corporation issued 894,672,777 shares with par value of PhP1 per share for a total consideration of PhP17.9 billion. Transaction costs relating to the issue of shares that were accounted for as a deduction from equity, through share premium, amounted to PhP40.6 million composed of registration and regulatory fees, and stamp duties. During its initial public offering, the Corporation issued 27,500,000 shares with par value of P1 per share for a total consideration of PhP1.8 billion. Transaction costs relating to the issue of shares and other costs of initial public offer that were accounted for as a deduction from equity, through share premium, amounted to PhP49.3 million composed of underwriting and selling fees, professional consultancy cost stamp duties and others. Transaction cost that relate jointly to more than one transaction (e.g. professional consultancy costs) are allocated to those transactions based on the proportion of the number of new shares sold compared to the total number of outstanding shares immediately after the new share issuance.

As at 31 December 2018, the Corporation has 317 shareholders (31 December 2017 - 320), 295 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2017 - 287).

(e) Compliance with leading practice on Corporate Governance

On 31 May 2018, the Corporation filed its first Integrated Annual Corporate Governance Report. It disclosed the Corporation's compliance with the recommendations under SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies. The Report harmonized the corporate governance reportorial requirements of the Securities and Exchange Commission and the Philippine Stock Exchange.

On 31 May 2017, the Corporation filed its Revised Manual on Corporate Governance ("Revised Manual") in compliance with the Code of Corporate Governance for Publicly-Listed Companies, which aims to develop a strong corporate governance culture consistent with regulatory and statutory developments in this space.

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

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

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

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

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

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

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

The Nomination Committee of the Corporation also adopted its own Charter. It included the nomination guidelines and process, statement on diversity and inclusion as well as review of the effectiveness of the nomination process. The Related Party Transaction Committee has also updated its Charter and Policy as part of its periodic review.

Components of the monitoring system:

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
1. Separation of the roles of Chairman and President		01 November 2016	Board	Done	
2. Adoption of Securities Dealing Code		27 February 2017	Board	Done	
3. Submission to the Philippine Stock Exchange of the first Compliance Report on Corporate Governance		31 March 2017	Corporate Secretary	Done	
4. Adoption of the Revised Manual on Corporate Governance which details the functions and responsibilities of the Board and its Committees		16 May 2017	Board	Done	
5. Creation of the Corporate Governance Committee		16 May 2017	Board	Done	
6. Adoption of Corporate Governance Committee Charter		16 May 2017	Board	Done	
7. Appointment of Chief Compliance Officer		16 May 2017	Board	Done	
8. Renaming of the Board Audit Committee to Board Audit and Risk Oversight Committee		16 May 2017	Board	Done	
9. Establishment of selection procedure for new directors under pertinent SEC rules and best practice recommendations		16 May 2017 based on the Revised Manual	Nomination Committee	Done	
10. Appointment of Chairman and Members of Board Committees consistent with the requirements of item 4 above	Board Committees: <ul style="list-style-type: none"> Board Audit and Risk Oversight Related Party Transaction Corporate Governance Nomination Corporate Social Responsibility 	16 May 2017	Nomination Committee and Board	Done	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
11. Directors to provide information on business interests and directorships in other corporations (Full business interest disclosure)			Nomination Committee	Done	
12. Assessment of "Independence" of directors based on disclosures in item 11 above			Nomination Committee	Done	
13. Appointment of Corporate Audit & Assurance Manager		01 June 2017	Board	Done	
14. Approval of the Revised Corporate Disclosure Guide		08 August 2017	Corporate Disclosure Committee	Done	
15. Approval of the Revised Related Party Transaction Committee Charter and Policy		27 February 2018	Board	Done	
16. First Non-Executive Directors Meeting		03 May 2018	Non-Executive Directors	Done	
17. Appointment of Lead Independent Director		03 May 2018	Non-Executive Directors	Done	
18. Submission of the first Integrated Annual Corporate Governance Report		30 May 2018	Board	Done	
19. Approval of the Internal Audit Charter		08 August 2018	Board	Done	
20. Approval of the Nomination Committee Charter		21 March 2019	Board	Done	
21. Approval of the Revised Related Party Transaction Committee Policy		21 March 2019	Board	Done	
22. Implementation of Related Party Transaction Policy			Related Party Transaction Committee	Done	
23. Records of Attendance level of directors in board meetings to be prepared and accessible to shareholders			Corporate Secretary	Done on a yearly basis	
24. Disclosure of Results of Stockholders' and Board Meetings			Corporate Secretary	Done	
25. Disclosure of Public Ownership Report			Corporate Secretary	Done every quarter	
26. Disclosure of Top 100 Stockholders			Corporate Secretary	Done every quarter	
27. Disclosure of changes in beneficial ownership of directors, officers and principal stockholders			Corporate Secretary	Done as and when transactions occur	
28. Conduct of Investors' and Analysts' Briefings			Investor Relations Office	Done every quarter	
29. Continuous assessment of Board performance via questionnaire			Corporate Governance Committee	Done annually	

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

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken with respect to any transaction involving the following:

- the merger or consolidation of the registrant into or with any other person or of any other person into or with the Corporation;
- the acquisition by the registrant or any of its stockholder of securities of another person;
- the acquisition by the registrant of any other going business or of the assets thereof;
- the sale or other transfer of all or any substantial part of the assets of the Corporation; or
- the liquidation or dissolution of the Corporation.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up with respect to acquisition or disposition of any property by the Corporation.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The approval of the stockholders on the following actions will be taken up:

- Approval of the Minutes of the Annual Meeting of the Stockholders held on 03 May 2018;

(b) Approval of act of the Board of Directors, Board Committees and Management for the period covering 04 May 2018 to 07 May 2019:

(i) Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication and *In Absentia*

(c) Election of the Members of the Board of Directors, including Independent Directors, for the ensuing calendar year; and

(d) Appointment of External Auditors.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, Bylaws or Other Documents

i) Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication and *In Absentia*

Pursuant to the Revised Corporation Code which allows stockholders to vote through remote communication or *in absentia*, the Corporation will amend its By-Laws to show its commitment to recognize the right to vote of its stockholders. Said stockholder voting through remote communication or *in absentia* shall be considered as deemed present for purposes of quorum. The amendment shall be effective upon the endorsement of the Department of Energy and approval by the Securities and Exchange Commission. The Corporation intends to operationalize presence and voting through remote communication and *in absentia* in 2020.

Item 18. Other Proposed Action

There are no other actions to be taken up other than those mentioned above.

Item 19. Voting Procedures

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative majority vote of stockholders present in person or by proxy and entitled to vote thereat, provided a quorum is present.

For election of directors, a stockholder may vote such number of shares for as many persons as there are for directors to be elected. The stockholder may also cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned or the shareholder may distribute them on the same principle among as many candidates as they see fit.

Voting and counting shall be by ballot or electronic where available. Such stockholder may or may not cumulate his votes. The counting thereof shall be witnessed by SyCip Gorres Velyao & Co. (SGV), a member firm of Ernst & Young Global Limited.

UNDERTAKING

The Annual Report and Audited Financial Statements as of 31 December 2018 as approved by the Board of Directors on 21 March 2019 are attached to this Definitive Information Statement for distribution to the stockholders on 08 April 2019.

Upon written request of the stockholders, the Corporation undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge except for exhibit attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

**PILIPINAS SHELL PETROLEUM CORPORATION
41st Floor, The Finance Center, 26th Street corner 9th Avenue
Bonifacio Global City, Brgy. Fort Bonifacio
Taguig City, Metro Manila, 1635, Philippines**

Attention: The Corporate Secretary

PART II.

SIGNATURE PAGE

After reasonable inquiry and o the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Taguig on 08 April 2019.

By:



ERWIN R. OROCIO
Corporate Secretary
Pilipinas Shell Petroleum Corporation

ANNEX A

SAMPLE PROXY FORM (DRAFT)

The undersigned stockholder of **PILIPINAS SHELL PETROLEUM CORPORATION** (the "Corporation") hereby appoints _____ or in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on 07 May 2019 and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | | | |
|---|------------------------------|-----------------------------|----------------------------------|
| 1. Approval of minutes of previous meeting. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 2. Approval of the 31 December 2018 Audited Financial Statements. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 3. Approval of act and resolutions of the Board of Directors, Committees and Management: | | | |
| (a) Amendment of By-Laws to Allow Presence and Voting of Stockholders Through Remote Communication and <i>In Absentia</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |

- | | <u>No. of Votes</u> |
|--|---|
| 4. Election of Directors/Independent Directors | |
| i. Fernando Zobel de Ayala (Independent Director, Incumbent) | _____ |
| ii. Cesar A. Buenaventura (Independent Director, Incumbent) | _____ |
| iii. Mona Lisa B. Dela Cruz (Non-Executive Director, Incumbent) | _____ |
| iv. Anabil Dutta (Non-Executive Director, Incumbent) | _____ |
| v. Lydia B. Echauz (Independent Director, Incumbent) | _____ |
| vi. Asada Harinsuit (Non-Executive Director, Incumbent) | _____ |
| vii. Luis C. La Ó (Non-Executive Director, Incumbent) | _____ |
| viii. Roy Eduardo T. Lucero (Independent Director, New Nominee) | _____ |
| ix. Jose Jerome Rivera Pascual III (Executive Director, Incumbent) | _____ |
| x. Rolando J. Paulino, Jr. (Non-Executive Director, Incumbent) | _____ |
| xi. Cesar G. Romero (Executive Director, Incumbent) | _____ |
| xii. Anthony Lawrence D. Yam (Executive Director, Incumbent) | _____ |
| 5. Election of SyCip Gorres Velayo & Co. as the independent auditor and fixing of its remuneration | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain |

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

DATE

WE ARE NOT SOLICITING A PROXY. YOU ARE NOT REQUIRED TO ISSUE A PROXY. THIS SAMPLE FORM IS PROVIDED ONLY FOR YOUR REFERENCE AND CONVENIENCE.

ANY PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **25 APRIL 2019**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.