

COVER SHEET

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S.E.C. Registration Number

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C	O	R	P	O	R	A	T	I	O	N																			

(Company's Full Name)

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M	A	N	I	L	A		1	6	3	5																			

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

ATTY. ELLIE CHRIS C. NAVARRA

Contact Person

+ (632) 3499-4001/ +639173012237

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

Definitive Information Statement

2	0	-	I	S
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FORM TYPE

0	5
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Month

0	6
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Day

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

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

M	S	R	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

322 (31 March 2022)

Total No. of Stockholders

Total Amount of Borrowings

22,000,000,000

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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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 **conducted virtually through Shell Operated Webcast at 2:00 p.m. on 06 May 2022 (Friday)**, 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 11 May 2021
- (4) Chairman's Report
- (5) President's Report
- (6) Financial Updates
- (7) Approval of Certain Acts of the Board, Board Committees and Management
 - (a) Appointment of External Auditors
- (8) Election of Directors
- (9) Other Matters
- (10) Adjournment

The 8th day of April 2022 has been fixed 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, 7 and 8 above.

Considering the health measures to prevent spread of COVID-19, there will be no physical meeting for the Annual Stockholders' Meeting. Stockholders may participate in the meeting by remote communication and by voting through the Chairman of the Board as 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's email at PSPC-Governance@shell.com **on or before 25 April 2022**. On the day of the annual stockholders' meeting, **06 May 2022**, stockholders may also vote *in absentia* or by remote communication in accordance with the procedure set forth in Annex "B" and as posted in the website of the Corporation at <https://pilipinas.shell.com.ph/>. This will be subject to validation procedure and the final results published in our website.

Taguig City, 12 April 2022.

FOR THE BOARD OF DIRECTORS


ELLIE CHRIS C. NAVARRA
Corporate Secretary

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

BRIEF DISCUSSION OF THE AGENDA OF THE 2022 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 notice of the Annual Stockholders’ Meeting was sent to the stockholders as of record date of 08 April 2022. 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.

Pursuant to Sections 23, 49 and 50 of the Revised Corporation Code, shareholders may participate through remote communication and *in absentia*. During the Annual Stockholders’ Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote *in absentia* or via remote communication. Awaiting the approval of said amendment, the Board of Directors has approved on 24 March 2022 the conduct of a virtual Annual Stockholders’ Meeting for 2022, thereby allowing stockholders to participate and vote through *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

Please refer to Annex “B” for the procedure to participate or vote *in absentia* or via remote communication. This is similar to the registration and voting process in the previous year.

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

The draft of the minutes of the Annual Stockholders’ Meeting held on 11 May 2021 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 to be distributed through alternative mode to stockholders together with the Definitive Information Statement and relevant attachments. The stockholders will be requested to approve the draft of the Minutes of the Annual Stockholders’ meeting held on 11 May 2021.

IV. Chairman’s Report

The Chairman of the Board of the Corporation will render his report.

V. President’s Report

The President and Chief Executive Officer of the Corporation will render her report.

VI. Financial Updates

The financial updates will be discussed by the Vice President-Finance, Treasurer and Chief and Risk Officer. Duly authorized representatives of SGV & Co. (“SGV”), the external auditor for 2021, will be present at the Annual Stockholders’ Meeting to respond to appropriate questions concerning the 2021 Audited Financial Statements of the Corporation.

VII. Approval of Certain Acts 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 will also be set out in the Definitive Information Statement for the Annual Stockholders' Meeting.

The item for approval of the stockholders is:

(a) 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 2022. The Board of Directors, at its meeting held on 24 March 2022, approved the endorsement of the Board Audit Committee for the re-appointment of SGV as the external auditor of the Corporation for 2022.

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

VIII. 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 four (4) qualified independent directors.

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 Centre, 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) 3 499 4001
8. Date, time and place of the meeting of security holders

Date	06 May 2022 (Friday)
Time	2:00 p.m.
Place	Virtual Meeting through Shell Operated Webcast
9. Approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge:
12 April 2022
10. In case of Proxy Solicitations:
Name of Person Filing the Statement/Solicitor: [N/A]
Address and Telephone No.: [N/A]

- | <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 |

- ✓ Yes No

<u>Philippine Stock Exchange</u>	<u>Common Stock</u>
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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 2022 has been set on the date, time and place indicated below:

Date: 06 May 2022 (Friday)
Time: 2:00 p.m.
Place: Virtual Meeting through Shell Operated Webcast

Holding the meeting earlier than set in the By-laws is for the benefit of the Corporation's shareholders for them to participate effectively in the Meeting. Based on Section 1, Article II of the By-Laws of the Corporation, its annual shareholders' meeting shall be held "on the second Tuesday in May of each year." For 2022, said date falls on May 10. Since this is a day right after the Philippine national and local elections, the Corporation shall hold its Meeting earlier than the said date or on 06 May 2022, Friday, subject to the approval of the Securities and Exchange Commission. This will ensure orderly and efficient preparation for the Meeting and provide the Corporation's stakeholders (including our shareholders) an opportunity to focus on the exercise of their civic duty on 09 May 2022.

This will also allow an earlier discussion of last year's performance to the shareholders closer to the filing of the 2021 Audited Financial Statements of the Corporation. We acknowledge that Rule 20.11.1.1 of the Securities Regulation Code ("SRC") states that the date of the annual meeting as fixed in the By-laws will be followed. However, due to the timing of this year's Meeting, the date is respectfully set under the exception or on any date after April 15 as determined by the Board of Directors of the Corporation (SRC Rule 20 as reconciled with Sec. 49 of the Revised Corporation Code). On 24 March 2022, the Board of Directors of the Corporation has approved 06 May 2022 (Friday) as the date for the Meeting pursuant to the explanation cited.

While the Meeting would be held earlier than that set in the By-laws of the Corporation, the Corporation shall abide by the timely and appropriate disclosures in compliance to the requirements of the SRC and its implementing rules and regulations, and the pertinent issuances of the Securities and Exchange Commission and the Philippine Stock Exchange.

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

Pilipinas Shell Petroleum Corporation
41st Floor, The Finance Centre, 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, Management Report, Annual Report, Annual and Sustainability Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website (<https://pilipinas.shell.com.ph/>) and PSE Edge is on 12 April 2022.

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 Sections 41 and 80 of the Revised Corporation Code of the Philippines ("RCC").

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.

(b) Record Date

All stockholders of record holding common shares as of 08 April 2022 (the "Record Date") are entitled to notice and to vote at the Meeting. Each common share is entitled to one vote.

(c) Manner of Voting

Under the Corporation's By-Laws, during the election of directors the common shares shall be voted as stated in the RCC 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 number of directors to be elected.

Pursuant to Sections 23, 49 and 50 of the RCC, shareholders may participate *in absentia* or via remote communication. During the Annual Stockholders' Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote *in absentia* or via remote communication. Awaiting the approval of said amendment, the Board of Directors approved during its meeting on 24 March 2022 conducting a virtual Annual Stockholders' Meeting for 2022, thereby allowing stockholders to participate and vote *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

(d) 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 December 2021**:

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, 2596 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	265,465,395	16.45%
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	200,539,585	12.43%
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	155,687,543	9.65%

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. Jose Ma. Emmanuel A. Caral, and in his absence, Mr. Michael Ramolete, 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, Mr. Raoul Antonio E. Littaua, 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 2021, the Hongkong and Shanghai Banking Corporation Ltd.’s Client Account own approximately 5.07% 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 December 2021** is as follows:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Min Yih Tan	Non-Executive Director/ Chairman of the Board	Indirect: 1	Singaporean	0%
Common	Cesar A. Buenaventura	Independent Director	Direct: 200,001	Filipino	0.01240%
Common	Lydia B. Echauz	Independent Director	Direct: 2,000 Indirect: 1	Filipino	0.00012%
Common	Fernando Zobel de Ayala	Independent Director	Direct: 1	Filipino	0%
Common	Amando M. Tetangco, Jr.	Independent Director	Indirect: 1	Filipino	0%
Common	Nina D. Aguas	Non-Executive Director	Direct: 164,357 Indirect: 0	Filipino	0.01019%
Common	Lorelie Q. Osial	Director/ President/ Chief Executive Officer	Direct: 0 Indirect: 1	Filipino	0%
Common	Reynaldo P. Abilo	Director/ Treasurer/ Vice President - Finance/Chief Risk Officer	Direct: 16,000 Indirect: 1	Filipino	0.00099%

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Randolph T. Del Valle	Executive Director/ Vice President - Mobility	Direct: 0 Indirect: 1	Filipino	0%
Common	Rafi Haroon Basheer	Non-Executive Director	Indirect: 1	Pakistani	0%
Common	Luis C. la Ó	Non-Executive Director	Indirect: 1	Filipino	0%
Common	Sergio C. Bernal, Jr.	Vice President - Corporate Relations	Direct: 4,290	Filipino	0.00027%
Common	Carlo D. Zanduetta	Vice President - Human Resources	None	Filipino	Not Applicable
Common	Stephen D. Quila	Vice President - Lubricants	None	Filipino	Not Applicable
Common	Kit Arvin M. Bermudez	Vice President – Supply and Distribution	Direct: 0 Indirect: 1,600	Filipino	0.0001%
Common	Albert A. Lim	Vice President – Wholesale Commercial Fuels	Direct: 4,290	Filipino	0.00027%
Common	Erwin R. Orcio	Chief Compliance Officer/ Managing Counsel	Direct: 6,290	Filipino	0.00039%
Common	Ellie Chris C. Navarra	Corporate Secretary	None	Filipino	Not Applicable
Common	Mark Hadrian P. Gamo	Assistant Corporate Secretary	Direct: 3,000	Filipino	0.0002%
Common	Mark Brian J. Nicdao	Corporate Audit and Assurance Manager	Direct: 2,200	Filipino	0.00014%
Security Ownership of all Directors and Officers			Direct: 402,429 Indirect: 1,608		0.0250%

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, four (4) 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
Min Yih Tan	Singaporean	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
Amando M. Tetangco, Jr.	Filipino	Independent Director
Luis C. la Ó	Filipino	Non-Executive Director
Nina D. Aguas	Filipino	Non-Executive Director
Rafi Haroon Basheer	Pakistani	Non-Executive Director
Reynaldo P. Abilo	Filipino	Director/Treasurer/Vice President - Finance/ Chief Risk Officer
Lorelie Q. Osial	Filipino	Director/President/Chief Executive Officer
Randolph T. Del Valle	Filipino	Director/Vice President - Mobility
Sergio C. Bernal, Jr.	Filipino	Vice President - External Relations and Government Relations
Carlo D. Zanduetta	Filipino	Vice President - Human Resources
Stephen D. Quila	Filipino	Vice President - Lubricants
Kit Arvin M. Bermudez	Filipino	Vice President – Supply and Distribution
Albert A. Lim	Filipino	Vice President - Wholesale Commercial Fuels
Atty. Erwin R. Orocio	Filipino	Chief Compliance Officer/ Managing Counsel
Mark Brian J. Nicdao	Filipino	Corporate Audit and Assurance Manager
Atty. Ellie Chris C. Navarra	Filipino	Corporate Secretary and Legal Counsel
Atty. Mark Hadrian P. Gamo	Filipino	Assistant Corporate Secretary and Legal Counsel

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:

<u>Directors</u>	<u>Independent Directors</u>
Min Yih Tan	Cesar A. Buenaventura
Lorelie Q. Osial	Fernando Zobel de Ayala
Reynaldo P. Abilo	Lydia B. Echauz
Nina D. Aguas	Amando M. Tetangco, Jr.
Rafi Haroon Basheer	
Randolph T. Del Valle	
Luis C. la Ó	

On 11 February 2022, the Corporation invited its shareholders to submit nominations to the Board for the 2022 Annual Shareholders' Meeting of the Corporation. No new nominations have been received. The Nomination Committee endorsed the incumbent independent directors to be nominated for election to the Board of Directors.

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 and 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, then composed of Mr. Cesar A. Buenaventura (Independent Director), Ms. Lorelie Q. Osial (President, Chief Executive Officer and Chairperson of the Nomination Committee), Atty. Erwin R. Orocio (Managing Counsel 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. The number of independent directors is four (4).

Since the previous Annual Stockholders' Meeting, two independent directors of the Corporation, Messrs. Cesar A. Buenaventura and Fernando Zobel de Ayala, have served their ninth (9th) year. Under SEC Memorandum Circular No. 4, Series of 2017, independent directors can be extended beyond nine years as independent directors so long as the Board of Directors can provide meritorious justification for the re-election of the independent directors and that the extension or their re-election is approved by the shareholders during a meeting for this purpose. Shareholders may re-elect an independent director who has served for more than nine years.

In its meeting on 18 March 2022, the Nomination Committee endorsed the extension of the terms of Messrs. Cesar A. Buenaventura and Fernando Zobel de Ayala as independent directors on the following meritorious grounds:

- a) Said independent directors are relevant to maintain the Corporation's external capabilities and support;
- b) The extended independent directors possess the wealth of experience and expertise and external network necessary for the Corporation to navigate during this challenging period;
- c) It would be difficult for majority of independent directors to depart at the same time;
- d) There must be a rational transition that ensures continuity especially during this time of uncertainty due to the pandemic;
- e) Enhanced good corporate governance by decreasing the number of executive directors from three to two, and increasing the number of independent directors;
- f) The extended independent directors have consistently proven their value to the Board and the Corporation;
- g) The length of time that the extended independent directors sat on the Board has not and will not impair said directors' ability to act independently and objectively;
- h) The extended independent directors remain independent, being internationally respected and recognized leaders in their own right apart from the Corporation and its substantial shareholders; and
- i) The presence of a fourth independent director not only strengthens the independence of the Board but also broadens the Board's perspective given the nominees' experience.

The Board in its meeting on 24 March 2022 supported the endorsement with the approval of the minutes of the Nomination Committee.

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

Reynaldo P. Abilo (Filipino) serves as a Director of the Corporation since 01 January 2021. He is likewise the Vice President-Finance, Treasurer and Chief Risk Officer of the Corporation. He was appointed Corporate Assurance Manager on 01 June 2017. Mr. Abilo joined Shell in 2009 as the Mobility Economics Manager in the Philippines where he distinguished himself by winning the 2012 CFO award for site profitability analysis and the 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 over 17 years of experience in audit, accounting, economics, strategy development, business performance management, and commercial decision support. Prior to this assignment, he was a 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. He graduated Cum Laude from the University of the Philippines (Diliman) with a Bachelor’s degree in Business Administration and Accountancy. He placed 11th in the October 2004 CPA Board examinations. From 2017 to 2021, he attended various seminars on corporate governance.

Nina D. Aguas (Filipino) was appointed Non-Executive Director of the Corporation on 10 August 2021. She is the Executive Chairperson of The Insular Life Assurance Co., Ltd., where she also served as a Non-Executive Director from 2016 to 2018. She was the first woman CEO of Insular Life after more than a century of its operations. She currently holds the following positions: Chairman of the Board of Bank of Florida; Independent Director of Monde Nissin Corporation; Director of Unionbank of the Philippines; Trustee of Insurance Institute for Asia and Pacific; and member of the Advisory Council for Gender and Development of the World Bank Group. She is a business leader with over 30 years in mobility, wealth, investments and private banking. She managed global and regional and country-level businesses and operations in large international companies in developed and emerging markets in the Asia-Pacific and the US. She was recognized by Forbes Magazine as one of the 25 Asia Power Businesswomen in 2019. She holds a Bachelor of Science in Commerce, Accounting degree from the University of Santo Tomas. In 2021, she attended a seminar on corporate governance.

Fernando Zóbel de Ayala (Filipino) is currently an Independent Director of the Corporation. Mr. Zóbel de Ayala is the President and Chief Executive Officer of Ayala Corporation and is part of the seventh generation in the family overseeing Ayala Corporation. He is Board Chairman of Ayala Land and AC Energy, Vice Chairman of Bank of the Philippine Islands, Co-Vice Chairman of Globe Telecom, and a Director of Manila Water. In addition to roles in publicly listed companies, he also serves on the Board of Institut Européen d’Administration des Affaires (INSEAD) and Georgetown University and is a member of the Chief Executives Organization. He is also involved in various international and local non-profit organizations. He serves on the Board of Asia Society, and is a member of Asia Philanthropy Circle and Habitat for Humanity International’s Asia Pacific Development Council. In the Philippines, he is a Board member of Ayala Foundation, Caritas, and Pilipinas Shell Foundation. From 2015 to 2021, he attended seminars on corporate governance.

Rafi Haroon Basheer (Pakistani) is a Director of the Corporation since 01 January 2020. He is currently Chairman of the Board of Shell Pakistan Ltd, a listed entity in Pakistan, and the Global GM Finance for Planning & Appraisal Downstream Mobility and Global Commercial. He has held the following positions in the Shell Group: Global GM Finance – Specialities (August 2013– September 2015); Chief Financial Officer & Country Controller – Shell Companies in Pakistan (October 2009 – July 2013); Regional Finance Manager Asia Pacific – Shell Singapore (March 2007 – September 2009); Global Governance and Assurance Manager (January 2005 – February 2007); M&A Finance Advisor Asia Pacific – Shell Singapore (January 2003 – February 2004); and Mobility Business Finance Manager – Shell Pakistan Limited (January 2000 – December 2002). He is a member of the Institute of Chartered Accountants in England and Wales. He earned his diploma in Accountancy with distinction at the London Metropolitan University. From 2020 to 2021, 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 Echauz and Partners Inc. and Chairman of Mitsubishi Hitachi Power System Philippines. He is Vice Chairman of DMCI Holdings and director of Concepcion Industrial Corporation, Semirara Mining and Power Corporation, Petroenergy Resources Corporation, I People Inc, and Manila Water. He is Founding Chairman of the Pilipinas Shell Foundation, Inc. and Founding Member 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 2021, he attended seminars on corporate governance.

Randolph T. Del Valle (Filipino) is the Vice-President – Mobility (formerly, Retail) of the Corporation effective 01 January 2020. He has been re-appointed as Director of the Corporation on 09 November 2021. He is responsible for the Downstream Marketing Mobility Business that covers more than 1,000 sites serving approximately 1 million customers/day enabled by a strong team of 15,000 employees, retailers and service champions. He brings with him more than 20 years of experience across different businesses. In his recent role as Global Head of Strategy & Planning for DS Mobility Network based in Singapore, he helped shape a number of important Mobility Growth Projects (Russia, Indonesia, China and the US), evolved Network Strategy & Planning processes and methodology toward a holistic value maximization approach with various Integrated Mobility Offers (Fuels, NFR, New Fuels including EV) and prepared the business to test new ideas in line with Energy Transition through Innovation. Prior to this, he was in Group Strategy Consultancy based in London, UK /Hague, NL where he led various high-impact projects in Upstream, Integrated Gas, Shell Business Operations and Downstream. He was also part of the selected core team member that played a pivotal role in effectively planning and executing Shell's largest strategic acquisition of BG Group in 2015/2016. He has also held various local, regional and global roles: Mobility Marketing (Global On-Site Ops Excellence-PMTDR, Cards, Payment, Loyalty, Pricing, Fuels Marketing) as well as in Sales & Operations (as Territory Manager, District Manager and Operations Manager). Randy is passionate about people development, innovation/energy transition development, team success and puts customers first. Randy is a Chemical Engineer where he earned his Bachelor of Science in Chemical Engineering from the University of San Carlos (USC), Cebu. He also has an MBA degree from London Business School, UK. In 2020, he attended a seminar 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 Meralco and D&L Industries, Inc.; as well as PLDT Beneficial Trust Fund, Tahanan Mutual Building and Loan Association, Inc., Philstar Group, 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., De La Salle College of St. Benilde, Mano Amiga Academy, Museo del Galeon, Inc. and Akademyang Filipino Association, Inc. She was a 10-year 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 a 16-year 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 2021, she attended seminars on corporate governance.

Luis C. la Ó (Filipino) is a Non-Executive Director of the Corporation since 03 May 2018. He is the Non-Executive Vice Chairman of the Board of The Insular Life Assurance Co., Ltd. Before he became the Chairman of Insular Life, he first joined as a Non-Executive Trustee on 22 January 2015. He was a former Chairman of the Board of Directors of MAPFRE INSULAR Insurance Corporation. He previously occupied the following roles: Regional Vice President for Asia of the MAPFRE Group- Spain, President of Provident Insurance Corporation of the Soriano Group and Senior Vice President of Universal Reinsurance Corporation of the Ayala Group. He obtained his Bachelor of Science degree in Management at Ateneo de Manila University. He completed his Master's degree in Business Management from De La Salle University. He

also finished a course on General Insurance from the College of Insurance, Chartered Institute of London, United Kingdom. From 2018 to 2021, he attended seminars on corporate governance.

Lorelie Q. Osial (Filipino) is the new President and Chief Executive Officer of the Corporation since 01 December 2021, the first female CEO since its incorporation. Prior to her appointment, she is the Vice President – Finance Process Expenditure of Shell Shared Services (Asia) B.V. since 2019. Ms. Osial has 20 years of experience with Shell having previously worked at Pepsi-Cola and Jargine/United Logistics. She joined Shell Philippines Exploration B.V. and since then, has worked in various business-facing Finance roles in production, projects, regional, shareholder and joint venture environments in Upstream and Midstream Asia, the Middle East and North Africa. Prior to her return to the Philippines in 2016, she was the Finance Manager for Projects in Iraq South Gas Projects/Basrah Gas Company, the world's largest flare reduction project and one of the toughest external environments within the Shell portfolio. After that, she took on the role of Finance Director Upstream and Country Controller in the Philippines. She is Chairperson of the Board of Trustees in two pension funds and was formerly a member of the Board of Directors of the British Chamber of Commerce in the Philippines. Ms. Osial has a degree in Bachelor of Science in Accountancy from Silliman University (Cum Laude) and is a Certified Public Accountant in the Philippines. She also holds a Master of Business Administration degree from the University of Western Australia.

Min Yih Tan (Singaporean) is the Chairman of the Board of Pilipinas Shell Petroleum Corporation starting 01 January 2020. Mr. Tan is likewise the Vice President - Global Retail Network and oversees the life cycle management of all Shell Retail assets across the world. He is a key member of the Global Retail Leadership Team and leads its Global Network Leadership Team. He has held the following positions in the Shell Group: General Manager, Retail Network Development; General Manager, Global Retail & Commercial Strategy; General Manager, Commercial Fuels (East); and General Manager, Lubricants (S. E. Asia). Prior to joining Shell, Mr. Tan worked in ExxonMobil where he held a series of commercial, operational and staff leadership roles in downstream businesses spanning Retail, Marine, Lubricants, Commercial Vehicles & Cards and Technology, including a stint based in Fairfax, Virginia as Global Planning Advisor. He holds a Bachelor of Science in Mechanical Engineering and an MBA. From 2020 to 2021, he attended seminars on corporate governance.

Amando Tetangco, Jr. (Filipino) is an Independent Director of the Corporation since 11 May 2021. He was a career central banker for over four decades. He served as the Governor of the Bangko Sentral ng Pilipinas for two consecutive terms (July 2005 - July 2017). He held other government positions, such as Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council and the Philippine International Convention Center. Prior to his appointment as Governor, he was Deputy Governor in charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He worked at the Management Services Division of SGV and Co. in 1973 - 1974. Currently, he also serves as an independent director in various companies in the property development, resort and leisure, telecommunications, auto, hotel, health care and credit information sectors, and is a trustee in foundations involved in education, environment and other social services. Mr. Tetangco graduated from the Ateneo de Manila University with an AB Economics degree and obtained his Master's degree in Public Policy and Administration (Development Economics) from the University of Wisconsin-Madison, USA. He attended various training programs at different institutions including the Harvard Business School and the New York Institute of Finance. In 2021, he attended a seminar on corporate governance.

(c) *Final List of Nominees for Appointment as Corporate and By-Laws Executive Officers for 2022 to 2023:*

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

Min Yih Tan*	Non-Executive Chairman of the Board	Singaporean
Lorelie Q. Osial*	President and Chief Executive Officer	Filipino
Reynaldo P. Abilo*	Vice President – Finance/Treasurer/Chief Risk Officer	Filipino
Randolph T. Del Valle*	Vice President – Mobility	Filipino
Sergio C. Bernal, Jr.	Vice President – Corporate Relations	Filipino
Carlo D. Zanduetta	Vice President – Human Resources	Filipino

Erwin R. Orocio	Managing Counsel & Chief Compliance Officer	Filipino
Albert A. Lim	Vice President – Wholesale Commercial Fuels	Filipino
Stephen D. Quila	Vice President – Lubricants	Filipino
Kit Arvin M. Bermudez	Vice President – Supply and Distribution	Filipino
Mark Brian J. Nicdao	Corporate Audit and Assurance Manager	Filipino
Ellie Chris C. Navarra	Corporate Secretary	Filipino
Mark Hadrian P. Gamo	Assistant 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:

Kit Arvin M. Bermudez (Filipino) was appointed Vice President – Supply and Distribution on 10 August 2021. He has been with Shell for more than 23 years with experience in the Downstream- Mobility and Strategy. His career stamps are founded on strong operational delivery focus, HSSE and high achievement track records, delivering high performance results in teams handled across different positions, cultures, and geographies to include base country the Philippines and extending to the Middle East (Oman), Europe (Italy), and Asia (Singapore). He started as a Mobility Convenience Store Operations Executive when he joined us from San Miguel Corporation in 1997. He then became a Territory Manager before being posted to Milan, Italy for a business development role where he won a European VP Award for his contribution to Mobility Italy's pricing strategy. He came back to the local Mobility Business as a District Manager (DM) and then moved to the Operations Manager (OM) role. He was then posted to Oman for three years as the National Sales and Operations Manager before transferring to Singapore as a member of the Strategy and Portfolio Team. He led the Downstream Integrated Strategy Review for the Philippines in 2013 and the Chemical Logistics Project in Bukom which eventually won the Downstream Strategy and Portfolio (DX) EVP Award for Creativity and Innovation. He was also a part of the Chief Executive Review for 2013 Portfolio work stream that also won another DX EVP Award. He came back to Mobility (now Mobility) to support the growth of Mobility East's convenience retailing business as the Regional Convenience Mobility Manager before he returned to the Philippines to take up his role as the Marketing Delivery Manager. In 2019, he was appointed as a National Sales Manager. He has been a consistent high performer and has significantly progressed the growth and development of the Mobility business in the Philippines. In 2021, he attended a seminar on corporate governance.

Sergio C. Bernal, Jr. (Filipino) was appointed as the new Vice President-External Relations on 08 August 2019. He graduated from De La Salle University in Manila with a Bachelor's degree in Industrial Management Engineering. Mr. Bernal started his career in sales before taking up a few other roles including Business Development, Training and Marketing in local, regional and global posts. Serge was the JV General Manager for LPG from 2009-2011, when the JV achieved remarkable volume and revenue targets and HSSE performance. He then moved back to Shell Philippines, taking up sales and marketing leadership roles in lubricants, where Serge led teams to achieve over 110% sales growth and at the same time built a strong high-performing team, winning global recognition. Serge himself was a recipient of 2 Global EVP awards for Project Pearl and Project Kindle. In his recent lubricant marketing role, he was in charge of both the Philippines and Thailand. From 2019 to 2020, he attended seminars on corporate governance.

Mark Hadrian P. Gamo (Filipino) was appointed as the new Assistant Corporate Secretary of the Corporation effective 09 November 2021. He is currently a Legal Counsel of the Corporation effective August 2021. Prior to his current role, he was with Shell Global Litigation Asia Pacific Team, a position he occupied since joining the Corporation in June 2012. In said capacity, he managed various litigation matters of Shell in the Philippines and in some other countries in the Asia Pacific region. Prior to joining the Corporation, he was a Senior Associate at the Litigation Department of Villaraza Cruz Marcelo & Anganco. He obtained his Juris Doctor degree from the Ateneo De Manila School of Law in 2006 where he graduated with honors and in the top 20 of his class. In 2002, he graduated from Ateneo De Manila University with a Bachelor of Arts degree in Economics. In 2021, he attended a seminar on corporate governance.

Albert A. Lim (Filipino) was appointed Vice President – Wholesale Commercial Fuels on 10 August 2021. Mr. Lim joined the Corporation in 1998 as a commercial sales account manager and eventually moved to a marketing role for the Philippines and thereafter, for East (Asia Pacific). He is a well-rounded Shell Commercial Fuels leader with over 20 years of experience both locally and globally. He headed the implementation of global and regional projects and pioneered initiatives in Commercial Fuels on hedging and exposure management, integrated planning and portfolio optimization activities. Prior to his new role, Mr. Lim was the Corporation’s Business Development and Pricing Manager. He holds a degree in Management Engineering from the Ateneo De Manila University. In 2021, he attended a seminar on corporate governance.

Ellie Chris C. Navarra (Filipino) was appointed Corporate Secretary and Corporate Information Officer of the Corporation on 10 November 2020. She is likewise a Legal Counsel for Downstream since 16 February 2017, and was appointed the Corporate Secretary of Shell Energy Philippines, Inc. and Assistant Corporate Secretary of other Shell-affiliated companies in the Philippines. She is a Graduate Member of the Institute of Corporate Directors. She worked to deliver the Corporation’s Revised Manual on Corporate Governance, Securities Dealing Code, Corporate Disclosure Guide, Related Party Transactions Policy; its Board Committee Charters; and publication of multi-awarded Annual and Sustainability Reports. 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 2021, she attended seminars on corporate governance.

Mark Brian J. Nicdao (Filipino) is the Corporate Audit and Assurance Manager of the Corporation since 01 January 2021. He joined the Corporation in 2011 as the Commercial Fuels Pricing and Demand Analyst and has since held critical roles such as Country Business Manager of Specialities, Government & External Relations Manager for Downstream, and Internal Communications Manager. He has been instrumental in helping build the Corporation’s status as a trusted company and advisor with regard to industry advocacies and issues. He supported the businesses in managing risks associated with industry issues. Prior to joining the Corporation, he spent eight years in Unilever Philippines, where his last role was Country Channel Marketing Head. He graduated Magna Cum Laude from the University of the Philippines Diliman, majoring in Business Administration. From 2021 to 2022, he attended seminars on corporate governance.

Erwin R. Orocio (Filipino) was appointed Chief Compliance Officer and Member of the Corporate Governance and Nomination Committees of the Corporation on 10 November 2020. He is likewise the Managing Counsel with over 24 years of legal experience. He was previously the Corporate Secretary of the Corporation and various Shell companies in the Philippines. He ensured the delivery of the 2016 Initial Public Offering of the Corporation and its evolution as a publicly listed company whose governance practices are now being recognized internationally. He is a director of Shell Energy Philippines, Inc., Shell Chemicals Philippines, Inc., and Shell Solar Philippines Corporation. He is also a trustee of Pilipinas Shell Foundation, Inc. He was a former trustee, Vice President and Treasurer of the Shell Employees’ Savings and Loan Association, Inc., a financial institution regulated by the Bangko Sentral ng Pilipinas. Erwin is 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 2021, he attended seminars on corporate governance.

Stephen D. Quila (Filipino) was appointed Vice President – Lubricants on 25 March 2021. He is the General Manager – Lubricants from 2018 to present. He is responsible for leading Shell’s Lubricants business in the

Philippines. Prior to that, he was General Manager - Customer Operations of Shell Shared Services Asia, B.V. from 2012 to 2017. He led Shell's largest Customer Operations & services in Manila covering the Americas, Global Marine & Aviation, Philippines & the United Kingdom. He has over 23 years of experience in Shell companies across different jurisdictions.

Carlo D. Zanduetta (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). From 2018 to 2021, he 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 Pilipinas Shell and affiliates have in the five year period preceding this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated., except that:

- 1) In connection with the leak of petroleum products from the First Philippine Industrial Corporation's (FPIC) white oil pipeline, the West Tower Condominium Corporation filed on 15 October 2011 a complaint for violation of Article 365 of the Revised Penal Code against several directors. Included in the complaint were Messrs. Buenaventura and Zobel as well as former Director Gamab and a former 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 (which include former officers of Pilipinas Shell), First Gen Corporation, Chevron, and Pilipinas Shell. The above-mentioned former officers of Pilipinas Shell were Dennis G. Gamab (Vice- President – Trading & Supply), Dennis C. Javier (Vice President – Wholesale Commercial Fuels), Edgar O. Chua (then the Chairman and President of Pilipinas Shell), and Willie J. Sarmiento (then the Vice President – Finance). This case was later on ruled as an ordinary civil case for damages and directed that the same be re-raffled to a regular court and that each of the individual complainants file a separate

action for damages, as the damage suffered by one is not necessarily the same for all, and accordingly, pay the appropriate filing fees, which ruling has been questioned in the Court of Appeals and now currently pending with the Supreme Court. The company 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 the regular course of trade or business, enters into transactions with affiliated companies. For details on these transactions, please refer to the 2021 Audited Financial Statements attached to this Definitive Information Statement.

Bank of the Philippines Islands is 22.16% owned by the Ayala Corporation as of 31 December 2021. Mr. Fernando Zobel de Ayala, who serves as an independent director of the Corporation, is the current Vice-Chairman of Ayala Corporation and 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 petroleum products from Shell International Eastern Trading Co. (SIETCO), an entity under common shareholdings. Until May 2020, the Corporation's crude purchases were being processed through its refinery in Batangas. The Corporation no longer purchases crude. On 10 November 2021, the Board of Directors approved the contracts of the Corporation with Shell International Eastern Trading Company (SIETCO), trading arm of the Shell Group, after a favorable endorsement from the Related Party Transaction Committee. An external independent party evaluated the fairness of the contract terms and this resulted in a favorable result of the assurance procedures.
- 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 3 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 0.87% to 9.27% 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.
- vi. The Corporation has medium-term loan from Bank of Philippines (BPI), an entity with common director.

- vii. PSPC has five common members between its Board of Directors and Board of Trustees of Pilipinas Shell Foundation Inc. PSPC has contributed towards donations and program recovery expenses.

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 three (3) 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 December 2020.

Item 6. Compensation of Directors and Executive Officers

- (a) The table below sets forth the aggregate amount of compensation paid in 2020 and 2021 and the estimated amount of compensation to be paid in 2022 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. Lorelie Q. Osial President and Chief Executive Officer (starting 01 December 2021) Cesar G. Romero President and Chief Executive Officer (until 30 November 2021)				
2. Randolph T. Del Valle Vice President - Mobility				
3. Sergio C. Bernal Jr. Vice President – Corporate Relations				
4. Carlo D. Zanduetta Vice President – Human Resources				
5. Kit Arvin Bermudez Vice President – Supply and Distribution (starting 10 August 2021) Wesley Stewart Vice President – Supply and Distribution (until 10 August 2021)				
President and the four most highly compensated	Actual 2020	55.6	10.2	None
	Actual	55.0	None	None

Name and Principal Position	Year	Salary (In Million PhP)	Bonus (In Million PhP)	Other Annual Compensation (In Million PhP)
executive officers named above	2021			
	Projected 2022	40.8	11.5	None
All other directors (including Honoraria & Retainers) and all other by-laws officers as a group	Actual 2020	33.1	2.7	13.9
	Actual 2021	26.5	None	15.5
	Projected 2022	33.9	7.6	26.6

**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 PhP200,000.00 per meeting
Non-Executive Chairman's Annual Retainer is PhP1,800,000.00
A Non-Executive Director's Annual Retainer is PhP1,200,000.00
A Non-Executive Chairman and Non-Executive Directors' Honorarium for attendance at Board Committee Meetings is PhP100,000.00 per director
- Messrs. Min Yih Tan, Rafi Haroon Basheer and Rolando J. Paulino, Jr. are not paid the above amounts. Mr. Paulino has stepped down as director of the Corporation on 08 September 2021.
- (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 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 2021. 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 before 2016, where Mr. Roderick M. Danao, Assurance Partner, was the Corporation's audit partner.
- (b) SGV was recommended for re-appointment at the Board Meeting on 24 March 2022, 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. Echauz (Member), Luis C. la Ó (Member), Amando M. Tetangco, Jr. (Member), and Rafi Haroon Basheer (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 2021 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:

2019:	PhP10.7 million pesos
2020:	PhP10.7 million pesos
2021:	PhP11.0 million pesos

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

2019:	PhP1.2 million pesos for ITH's Segmented Income Statement Audit
2020:	PhP0.5 million pesos for other professional services

There are no tax-related 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 2021 approved by the Board of Directors on 24 March 2022 is attached as Annex “A” to this Definitive Information Statement for alternative mode of distribution to the stockholders on 12 April 2022, and to be presented during the Annual Stockholders Meeting on 06 May 2022.

(b) Management’s Discussion and Analysis and Plan of Operation

STATEMENTS OF INCOME:

In PhP millions	2021	2020	2019	2018	2017
Net Sales	177,157	156,952	218,403	218,869	169,476
Cost of Sales	154,413	153,291	194,953	196,574	143,071
Gross profit	22,744	3,661	23,450	22,295	26,405
Operating Expenses, net	(13,733)	(24,669)	14,060	(13,775)	(13,371)
Income/(Loss) from Operations	9,011	(21,008)	9,390	8,492	13,035
Other non-operating income/(Expense)	0	0	0	0	1,379
Finance Income (costs), net	(2,244)	(2,019)	(1,369)	1,200	(654)
Income/(Loss) Before Provision for Income Tax	6,766	(23,028)	8,021	7,292	13,760
Provision for Income Tax	(2,910)	6,846	(2,400)	(2,216)	(3,392)
Net Income/(Loss) for the Year	3,856	(16,183)	5,621	5,076	10,368
Earnings Per Share	2.39	(10.03)	3.48	3.15	6.43

In %	2021	2020	2019	2018	2017
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	87.16%	97.67%	89.26%	89.81%	84.42%
Gross profit	12.84%	2.33%	10.74%	10.19%	15.58%
Operating Expenses, net	-7.75%	-15.72%	6.44%	-6.29%	-7.89%
Income/(Loss) from Operations	5.09%	-13.38%	4.30%	3.88%	7.69%
Other non-operating income/(Expense)	0.00%	0.00%	0.00%	0.00%	0.81%
Finance Income (costs), net	-1.27%	-1.29%	-0.63%	0.55%	-0.39%
Income/(Loss) Before Provision for Income Tax	3.82%	-14.67%	3.67%	3.33%	8.12%
Provision for Income Tax	-1.64%	4.36%	-1.10%	-1.01%	-2.00%

Net Income/(Loss) for the Year	2.18%	-10.31%	2.57%	2.32%	6.12%
Earnings Per Share	2.39	(10.03)	3.48	3.15	6.43

Change (year-on-year)	2021 v 2020	2020 v 2019	2019 v 2018	2018 v 2017
Net Sales	20,205.0	(61,451.0)	(466.0)	49,393.0
Cost of Sales	1,122.0	(41,662.0)	(1,621.0)	53,503.0
Gross profit	19,083.0	(19,789.0)	1,155.0	(4,110.0)
	-	-	-	-
Operating Expenses, net	10,936.0	(38,729.0)	27,835.0	(404.0)
Income/(Loss) from Operations	30,019.0	(30,398.0)	898.0	(4,543.0)
	-	-	-	-
Other non-operating income/(Expense)	-	-	-	(1,379.0)
Finance Income (costs), net	(225.0)	(650.0)	(2,569.0)	1,854.0
Income/(Loss) Before Provision for Income Tax	29,794.0	(31,049.0)	729.0	(6,468.0)
	-	-	-	-
Provision for Income Tax	(9,756.0)	9,246.0	(184.0)	1,176.0
Net Income/(Loss) for the Year	20,039.0	(21,804.0)	545.0	(5,292.0)
Earnings Per Share	12.4	(13.5)	0.3	(3.3)

% Change (year-on-year)	2021 v 2020	2020 v 2019	2019 v 2018	2018 v 2017
Net Sales	13%	-28%	0%	29%
Cost of Sales	1%	-21%	-1%	37%
Gross profit	521%	-84%	5%	-16%
Operating Expenses, net	-44%	-275%	-202%	3%
Income/(Loss) from Operations	-143%	-324%	11%	-35%
Other non-operating income/(Expense)				-100%
Finance Income (costs), net	11%	47%	-214%	-283%
Income/(Loss) Before Provision for Income Tax	-129%	-387%	10%	-47%
Provision for Income Tax	-143%	-385%	8%	-35%
Net Income/(Loss) for the Year	-124%	-388%	11%	-51%
Earnings Per Share	-124%	-388%	11%	-51%

BALANCE SHEETS:

In PhP millions	2021	2020	2019	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,684	6,291	4,779	4,455	6,163
Receivables, net	15,940	11,733	15,768	12,993	10,865
Inventories, net	15,853	10,016	25,423	19,643	21,671
Prepayments and other current assets	2,998	1,863	1,500	3,688	7,177
Total current assets	36,476	29,903	47,469	40,779	45,876
NON-CURRENT ASSETS					
Long-term receivables, advance rentals and investments	7,881	5,605	4,623	4,659	4,304
Property, plant and equipment, net	23,419	23,135	30,926	28,129	25,434
Right to use assets, net	17,964	14,507	12,649	0	0
Deferred income tax assets	4,131	6,103	0	0	0
Other assets	5,279	7,297	7,252	6,600	6,262
Total non-current assets	58,674	56,648	55,450	39,389	36,001
TOTAL ASSETS	95,149	86,550	102,919	80,166	81,877
LIABILITIES & STOCKHOLDERS EQUITY					
CURRENT LIABILITIES					
Accounts payable & accrued expenses	24,467	20,377	29,684	25,180	21,164
Short-term borrowings	8,220	13,000	9,752	3,261	4,057
Dividends payable	17	17	17	16	14
Current portion of Loans payable					6,000
Total current liabilities	32,704	33,394	39,453	28,457	31,235
NON-CURRENT LIABILITIES					
Long-term loans payable	15,000	9,000	9,000	9,000	5,000
Lease liabilities	15,929	13,019	10,477	0	0
Deferred income tax liabilities, net	-	-	1,000	694	702
Provisions and other liabilities	5,344	7,505	3,160	3,044	2,805
Total non-current liabilities	36,273	29,524	23,638	12,738	8,507
Total Liabilities	68,978	62,918	63,091	41,195	39,742
STOCKHOLDERS' EQUITY	26,172	23,632	39,828	38,972	42,135
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	95,149	86,550	102,919	80,166	81,877

In %	2021	2020	2019	2018	2017
ASSETS					

CURRENT ASSETS					
Cash and cash equivalents	1.77%	7.27%	4.64%	5.56%	7.53%
Receivables, net	16.75%	13.56%	15.32%	16.21%	13.27%
Inventories, net	16.66%	11.57%	24.70%	24.50%	26.47%
Prepayments and other current assets	3.15%	2.15%	1.46%	4.60%	8.77%
Total current assets	38.34%	34.55%	46.12%	50.87%	56.03%
NON-CURRENT ASSETS					
Long-term receivables, advance rentals and investments	8.28%	6.48%	4.49%	5.81%	5.26%
Property, plant and equipment, net	24.61%	26.73%	30.05%	35.09%	31.06%
Right to use assets, net	18.88%	16.76%	12.29%	0.00%	0.00%
Deferred income tax assets	4.34%	7.05%	0.00%	0.00%	0.00%
Other assets	5.55%	8.43%	7.05%	8.23%	7.65%
Total non-current assets	61.67%	65.45%	53.88%	49.13%	43.97%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES & STOCKHOLDERS EQUITY					
CURRENT LIABILITIES					
Accounts payable & accrued expenses	25.71%	23.54%	28.84%	31.41%	25.85%
Short-term borrowings	8.64%	15.02%	9.48%	4.07%	4.95%
Dividends payable	0.02%	0.02%	0.02%	0.02%	0.02%
Current portion of Loans payable	0.00%	0.00%	0.00%	0.00%	7.33%
Total current liabilities	34.37%	38.58%	38.33%	35.50%	38.15%
NON-CURRENT LIABILITIES					
Long-term loans payable	15.76%	10.40%	8.74%	11.23%	6.11%
Lease liabilities	16.74%	15.04%	10.18%	0.00%	0.00%
Deferred income tax liabilities, net	0.00%	0.00%	0.97%	0.87%	0.86%
Provisions and other liabilities	5.62%	8.67%	3.07%	3.80%	3.43%
Total non-current liabilities	38.12%	34.11%	22.97%	15.89%	10.39%
Total Liabilities	72.49%	72.70%	61.30%	0.00%	48.54%
STOCKHOLDERS' EQUITY	27.51%	27.30%	38.70%	48.61%	51.46%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	100.00%	100.00%	100.00%	100.00%	100.00%

Change (year-on-year)	2021 v 2020	2020 v 2019	2019 v 2018	2018 v 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	(4,607)	1,512	324	(1,708)
Receivables, net	4,207	(4,035)	2,775	2,128

Inventories, net	5,837	(15,407)	5,780	(2,028)
Prepayments and other current assets	1,135	363	(2,188)	(3,489)
Total current assets	6,573	(17,566)	6,690	(5,097)
NON-CURRENT ASSETS	-	-	-	-
Long-term receivables, advance rentals and investments	2,276	982	(36)	355
Property, plant and equipment, net	284	(7,791)	2,797	2,695
Right to use assets, net	3,457	1,858	12,649	-
Deferred income tax assets	(1,972)	6,103	-	-
Other assets	(2,018)	45	652	338
Total non-current assets	2,026	1,198	16,061	3,388
TOTAL ASSETS	8,599	(16,369)	22,753	(1,711)
LIABILITIES & STOCKHOLDERS EQUITY	-	-	-	-
CURRENT LIABILITIES	-	-	-	-
Accounts payable & accrued expenses	4,090	(9,307)	4,504	4,016
Short-term borrowings	(4,780)	3,248	6,491	(796)
Dividends payable	-	-	1	2
Current portion of Loans payable	-	-	-	(6,000)
Total current liabilities	(690)	(6,059)	10,996	(2,778)
NON-CURRENT LIABILITIES	-	-	-	-
Long-term loans payable	6,000	-	-	4,000
Lease liabilities	2,910	2,542	10,477	-
Deferred income tax liabilities, net	#VALUE!	#VALUE!	306	(8)
Provisions and other liabilities	(2,161)	4,345	116	239
Total non-current liabilities	6,749	5,886	10,900	4,231
Total Liabilities	6,060	(173)	1,453	(39,742)
STOCKHOLDERS' EQUITY	2,540	(16,196)	856	(3,163)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	8,599	(16,369)	22,753	(1,711)

% Change (year-on-year)	2021 v 2020	2020 v 2019	2019 v 2018	2018 v 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	-73%	32%	7%	-28%
Receivables, net	36%	-26%	21%	20%
Inventories, net	58%	-61%	29%	-9%
Prepayments and other current assets	61%	24%	-59%	-49%

Total current assets	22%	-37%	16%	-11%
NON-CURRENT ASSETS				
Long-term receivables, advance rentals and investments	41%	21%	-1%	8%
Property, plant and equipment, net	1%	-25%	10%	11%
Right to use assets, net	24%	15%		
Deferred income tax assets	-32%			
Other assets	-28%	1%	10%	5%
Total non-current assets	4%	2%	41%	9%
TOTAL ASSETS	10%	-16%	28%	-2%
LIABILITIES & STOCKHOLDERS EQUITY				
CURRENT LIABILITIES				
Accounts payable & accrued expenses	20%	-31%	18%	19%
Short-term borrowings	-37%	33%	199%	-20%
Dividends payable	0%	0%	6%	14%
Current portion of Loans payable				
Total current liabilities	-2%	-15%	39%	-9%
NON-CURRENT LIABILITIES				
Long-term loans payable	67%	0%	0%	80%
Lease liabilities	22%	24%		
Deferred income tax liabilities, net			44%	-1%
Provisions and other liabilities	-29%	138%	4%	9%
Total non-current liabilities	23%	25%	86%	50%
Total Liabilities	10%	0%	53.2%	-100%
STOCKHOLDERS' EQUITY	11%	-41%	2%	-8%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	10%	-16%	28%	-2%

Current assets

Pilipinas Shell's current assets increased from Php29,902.6 million as of 31 December 2020 to Php36,475.6 million as of 31 December 2021 primarily due to the following:

Trade and other receivables increased by Php4,207.5 million, or 35.9% from Php11,732.6 million as of 31 December 2020 to Php15,940.1 million as of 31 December 2021 primarily driven by the increase in finished products prices in the region.

Inventories increased by Php5,837.1 million, or 58.3% from Php10,016.4 million as of 31 December 2020 to Php15,853.5 million as of 31 December 2021 primarily driven by steep increase in average global fuel prices for petroleum product such as gasoline, diesel, fuel oil, aviation fuel from ~\$53/bbl as of 31 December 2020 to ~\$82/bbl by end of 31 December 2021.

Prepayments and other current assets increased by Php1,134.7 million, or 60.9% from Php1,863.1 million as of 31 December 2020 to Php2,997.8 million as of 31 December 2021 mainly driven by increase in creditable withholding tax which the company may offset against future income tax liability and increase in input VAT credit.

Cash decreased by Php4,606.3 million, or 73.2% from Php6,290.5 million as of 31 December 2020 to Php1,684.3 million as of 31 December 2021 driven by net earnings performance, capital expenditures, working capital movements including payment under protest of alleged excise tax on importation of alkylate and settlement of contractual obligations from the cessation of refinery operations, and movements in borrowings.

Non-Current Assets

Pilipinas Shell's non-current assets increased from Php56,647.5 million as of 31 December 2020 to Php58,673.6 million as of 31 December 2021 primarily due to the following:

Right to use assets, increased by Php3,457.0 million, or 23.8% from Php14,507.5 million as of 31 December 2020 to Php17,964.5 million as of 31 December 2021 owing to additions and renewal of lease contracts.

Long-term Receivables, rentals and investments, net increased by Php2,275.3 million, or 40.6% from P5,605.2 million as of 31 December 2020 to P7,880.5 million as of 31 December 2021 mainly due to increase in excise duty claims including the payment under protest of alleged excise tax on importation of alkylate. The decision on the merits of the case on importation of alkylate is pending with the Court of Tax Appeals ("CTA"). The District Collector of the Bureau of Customs, taking action outside of the court proceedings, issued a letter to the Company demanding for the payment of around the principal amount involved of P3.4 billion. The Company promptly responded and argued, among others, that there is no final decision yet from either the CTA or Supreme Court on the taxability of the Company's alkylate importations. In December 2021, the Company **paid under protest** to the Bureau of Customs P1.7 billion of the P3.4 billion alleged excise tax and the balance was paid in January 2022. The Company has since initiated refund proceedings to recover the amounts paid under protest. Please refer to Note 8 of the 2021 Audited Financial Statements.

Property, plant and equipment, net increased by Php284.4 million, or 1.2% from Php23,135.0 million as of 31 December 2020 to Php23,419.4 million as of 31 December 2021 due to additional mobility stations built during the year, upgrades made to existing mobility sites and enhancement of the supply chain network. This is partially offset by additional impairment of certain assets that will no longer be used in SHIFT.

Deferred income tax assets, net, decreased by P1,972.1 million, or 32.3% from P6,102.8 million as of 31 December 2020 to P4,130.7 million as of 31 December 2021 primarily due to reduction in Regular Corporate Income Tax Rate (RCIT) from 30% to 25% effective 01 July 2020 and realization of the provisions related to the cessation of the refining operations.

Other assets decreased by Php 2,018.5 million, or 27.7% from Php7,297.1 million as of 31 December 2020 to Php5,278.6 million as of 31 December 2021 mainly driven by decrease in fair value of pension assets.

Current Liabilities

Pilipinas Shell's current liabilities decreased from Php33,394.3 million as of 31 December 2020 to Php32,704.3 million as of 31 December 2021 primarily due to the following:

Trade and other payables increased by Php4,090.2 million, or 20.1% from Php20,377.2 million as of 31 December 2020 to Php24,467.5 million as of 31 December 2021 primarily driven by increased in overall global petroleum product prices and depreciation of Philippine peso.

Short-term loans decreased by Php4,780.0 million, or 36.8% from Php13,000.0 million as of 31 December 2020 to Php8,220.0 million as of 31 December 2021 primarily due to settlement and conversion of short-term loans to long-term borrowing.

Non-Current Liabilities

Pilipinas Shell's non-current liabilities increased from Php29,524.0 million as of 31 December 2020 to Php36,273.4 million as of 31 December 2021 primarily due to the following:

Long term debt increased by Php6,000.0 million, or 66.7% from Php9,000.0 million as of 31 December 2020 to Php15,000.0 million as of 31 December 2021 primarily driven by conversion of short-term loan to long-term borrowing.

Lease liabilities, increased by Php2,910.4 million, or 22.4% from Php13,018.8 million as of 31 December 2020 to Php15,929.2 million as of 31 December 2021 primarily driven by additions and renewals of lease contracts.

Provision and other liabilities decreased by Php2,161.0 million, or 28.8% from Php7,505.2 million as of 31 December 2020 to Php5,344.2 million as of 31 December 2021 primarily driven by reversal of provision for decommissioning and restoration costs of the refinery process unit sold and the settlement of refinery contractual obligation arising from the cessation of the refinery operations.

Equity

Pilipinas Shell's total equity increased from Php23,631.9 million as of 31 December 2020 to Php26,171.5 million as of 31 December 2021 primarily due to the following:

Share Premium decreased by Php4,304.1 million, or 16.5% from Php26,161.7 million as of 31 December 2020 to Php21,857.7 million as of 31 December 2021 primarily due to an equity restructuring to offset the 2020 deficit in share premium.

Retained earnings increased by Php8,159.8 million, or 119.4% from Php6,833.9 million deficits as of 31 December 2020 to Php1,325.9 million as of 31 December 2021 primarily driven by the earnings for the period and equity restructuring.

Remeasurement Gains on Defined Benefit Plans decreased by Php1,382.3 million, or 54.6% from Php2,529.8 million as of 31 December 2020 to Php1,147.5 million as of 31 December 2021 primarily due to reduction in fair value of pension assets during the year.

Other reserves increased by Php66.3 million, or 11.0% from Php600.2 million as of 31 December 2020 to Php666.5 million as of 31 December 2021 due to increase in fair value of equity instruments.

2020 vs 2019 Financial Condition

Current assets

PSPC's current assets decreased from Php47,469.4 million as of 31 December 2019 to Php29,902.6 million as of 31 December 2020 primarily due to the following:

Cash increased by Php1,511.6 million, or 31.6% from Php4,778.9 million as of 31 December 2019 to Php6,290.5 million as of 31 December 2020 driven by strong cash flow from operations in the latter part of the year as a result of strong performance from marketing business and various cash conservation strategies.

Trade and other receivables decreased by Php4,035.0 million, or 25.6% from Php15,767.6 million as of 31 December 2019 to Php11,732.6 million as of 31 December 2020 primarily driven by general decrease in global oil prices for petroleum products and decline in volumes due to the pandemic.

Inventories decreased by Php15,406.3 million, or 60.6% from Php25,422.7 million as of 31 December 2019 to Php10,016.4 million as of 31 December 2020 primarily driven by the Company's decision to sell all the pumpable crude oil stock in 2020, as a result of cessation of refining operations in Tabangao. The Company does not hold any remaining marketable crude oil stock as at 31 December 2020.

Prepayments and other current assets increased by Php362.9 million, or 24.2% from Php1,500.2 million as of 31 December 2019 to Php1,863.1 million as of 31 December 2020 mainly driven by increase in prepaid corporate taxes arising from unutilized credits, which is partially offset by decrease in prepaid excise taxes as a result of cessation of refining operations.

Non-Current Assets

PSPC's non-current assets increased from Php55,450.1 million as of 31 December 2019 to Php56,647.5 million as of 31 December 2020 primarily due to the following:

Long-term Receivables, rentals and investments, net increased by Php982.4 million, or 21.3% from Php4,622.8 million as of 31 December 2019 to P5,605.2 million as of 31 December 2020 mainly due to increase in excise duty claims.

Right to use assets, increased by Php1,858.4 million, or 14.7% from Php12,649.1 million as of 31 December 2019 to Php14,507.5 million as of 31 December 2020 owing to additions and renewal of lease contracts.

Property, plant and equipment decreased by Php7,790.8 million, or 25.2% from Php30,925.8 million as of 31 December 2019 to Php23,135.0 million as of 31 December 2020 due to impairment of refinery assets as a result of cessation of refining operations in Tabangao.

Other assets increased by Php44.8 million, or 0.6% from Php7,252.3 million as of 31 December 2019 to Php7,297.1 million as of 31 December 2020 mainly driven by increase in fair value of pension assets, which is partially offset by decrease in value of intangible assets as a result of impairment of refinery assets.

Current Liabilities

PSPC's current liabilities decreased from Php39,453.2 million as of 31 December 2019 to Php33,394.3 million as of 31 December 2020 primarily due to the following:

Trade and other payables decreased by Php9,307.0 million, or 31.4% from Php29,684.2 million as of 31 December 2019 to Php20,377.2 million as of 31 December 2020 primarily driven by the decline in demand owing to the pandemic, decrease in general crude oil prices and increase in provision for decommissioning and restoration owing to the cessation of the refining operations.

Short-term loans increased by Php3,248.0 million, or 33.3% from Php9,752.0 million as of 31 December 2019 to Php13,000.0 million as of 31 December 2020 primarily due to higher short-term bridge financing requirements.

Non-Current Liabilities

PSPC's non-current liabilities increased from Php23,637.9 million as of 31 December 2019 to Php29,524.0 million as of 31 December 2020 primarily due to the following:

Lease liabilities, increased by Php2,541.3 million, or 24.3% from Php10,477.4 million as of 31 December 2019 to Php13,018.7 million as of 31 December 2020 primarily driven by additions and renewals of lease contracts.

Deferred Tax moved from a net liability position of Php1,000.1 million as of 31 December 2019 to a net asset position of Php6,102.8 million as of 31 December 2020.

Provision and other liabilities increased by Php4,344.8 million, or 137.5% from Php3,160.4 million as of 31 December 2019 to Php7,505.2 million as of 31 December 2020 primarily due to increase in asset retirement obligations and provisions for onerous contracts due to cessation of refining operations.

Equity

PSPC's total equity decreased from Php39,828.3 million as of 31 December 2019 to Php23,631.9 million as of 31 December 2020 primarily due to the following:

Retained earnings decreased by Php16,242.1 million from Php11,938.0 million as of 31 December 2019 to Php4,304.1 million deficit as of 31 December 2020. The reduction in retained earnings is primarily attributable to the net loss realized in the current year amounting to P16,182.7 million owing to the pandemic impact on decline in demand, decrease in crude oil prices and one-off charges related to the impairment and its associated costs due to the cessation of refining operations.

Other reserves increased by Php45.6 million, or 8.2% from Php554.6 million as of 31 December 2019 to Php600.2 million as of 31 December 2020 due to increase in fair value of equity instruments.

2019 vs 2018 Financial Condition

Current assets

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

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

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

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

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

Non-Current Assets

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

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

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

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

Current Liabilities

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

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

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

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

Non-Current Liabilities

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

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

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

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

Equity

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

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

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

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 million, 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.

2021 vs 2020 Results of Operation

Net sales increased by Php20,205.0 million, or 12.9%, from Php156,951.8 million for the year ended 31 December 2020 to Php177,156.9 million for the year ended 31 December 2021 mainly driven by increase in average global fuel prices for petroleum product such as gasoline, diesel, fuel oil, aviation fuel from ~\$53/bbl as of 31 December 2020 to ~\$82/bbl by end of 31 December 2021, partially offset by reclassification of specific expenses to selling expenses after the cessation of refinery operations.

Cost of sales increased by Php1,121.5 million, or 0.7% from Php153,291.2 million for the year ended 31 December 2020 to Php154,412.7 million for the year ended 31 December 2021 driven by increase in average global fuel prices for petroleum product such as gasoline, diesel, fuel oil, aviation fuel from ~\$53/bbl as of 31 December 2020 to ~\$82/bbl by end of 31 December 2021, partially offset by reclassification of specific expenses to selling expenses after the cessation of refinery operations.

Gross profit increased by Php19,083.5 million, or 521.3% from Php3,660.6 million for the year ended 31 December 2020 to Php22,744.2 million for the year ended 31 December 2021 primarily as result of increased premium fuel penetration and the cessation of charges associated to the closure of refining operations in 2020.

Selling, General and Administrative expenses increased by Php1,625.0 million, or 11.8% from Php13,722.8 million for the year ended 31 December 2020 to Php15,347.7 million for the year ended 31 December 2021 primarily as a result of increased spending on repairs and maintenance due to Typhoon Odette, logistics and transshipment, advertising expenses and employee cost. Some costs were also reclassified from cost of sales to selling, general and administrative expenses after the cessation of refinery operations.

Impairment losses decreased by Php10,824.1 million, or 97.3%, from Php11,124.5 million for the year ended 31 December 2020 to Php300.4 million for the year ended 31 December 2021 due to the conversion of the refinery into Shell Import Facility Tabangao (SHIFT) and additional impairment of certain assets that will no longer be used in SHIFT.

Other operating income increased by Php1,737.0 million, or 977.1%, from Php177.8 million for the year ended 31 December 2020 to Php1,914.8 million for the year ended 31 December 2021 primarily driven by reversals of onerous provisions from the refinery's contractual obligations, net movements of decommissioning and demolition due to remeasurements and increase in market prices leading to commodity hedging net mark to market gain in 2021 as compared to net mark to market loss in 2020.

Finance income decreased by Php277.0 million, or 98.9%, from Php280.1 million for the year ended 31 December 2020 to Php3.1 million for the year ended 31 December 2021, mainly due to decrease in foreign currency exposure during the year as a result of weakening of Peso against other foreign currencies.

Finance expense decreased by Php51.5 million, or 2.2%, from Php2,299.4 million for the year ended 31 December 2020 to Php2,248.0 million for the year ended 31 December 2021 mainly driven by decrease in interest expense on borrowing as a result of lower interest rate.

Net Income After Tax for the period improved by Php20,038.6 million or 123.8% from a loss of Php16,182.7 million for the year ended 31 December 2020 to a profit of Php3,855.7 million for the year ended 31 December 2021. This is primarily driven by higher premium fuel penetration and cost savings due to the conversion of the refinery into Shell Import Facility Tabangao (SHIFT).

Core earnings increased by Php1,958.6 million, from Php362.4 million for the year ended 31 December 2020 to Php2,321.0 million for the year ended 31 December 2021 primarily driven by marketing delivery and the cessation of refinery operations. In 2020, depressed regional refining margins have resulted in significant losses in the manufacturing segment. The cessation of refinery operations has eliminated the Company's exposure to refining margins in 2021. Core earnings represents earnings before inventory holding gains and other one-offs (i.e., inventory holding gains, adjustments related to the enactment of CREATE and adjustments in manufacturing provisions in 2021).

EBITDA increased significantly by Php28,866.7 million, or 174.9% from a loss of Php16,501.4 million for the year ended 31 December 2020 to a profit of Php12,365.3 million for 31 December 2021 mainly due to impact of increase in pre-tax inventory holding gains from Php6,812.2 million inventory holding loss in 2020 vs inventory holding gain of Php4,859.5 million in 2021.

2020 vs 2019 Results of Operation

Net sales decreased by Php61,451.1 million, or 28.1%, from Php218,403.0 million for the year ended 31 December 2019 to Php156,951.8 million for the year ended 31 December 2020 mainly driven by decline in global oil prices and lower marketing volumes due to lockdowns implemented by the government as a measure to prevent the spread of the pandemic. Starting August, the Government relaxed the imposition of community lockdowns to improve the economic activity in the country.

Cost of sales decreased by Php41,661.4 million, or 21.4% from Php194,952.6 million for the year ended 31 December 2019 to Php153,291.2 million for the year ended 31 December 2020 due to lower purchase prices on account of decline in global petroleum products and lower volumes as a result of COVID-19 pandemic.

Gross profit decreased by Php19,789.7 million, or 84.4% from Php23,450.3 million for the year ended 31 December 2019 to Php3,660.6 million for the year ended 31 December 2020 primarily as result of decline in

sales volumes due to mobility restrictions imposed to prevent the spread of the pandemic and one off charges associated to the cessation of refining operations.

Selling, General and Administrative expenses decreased by Php725.8 million, or 5.0% from Php14,448.6 million for the year ended 31 December 2019 to Php13,722.8 million for the year ended 31 December 2020 primarily as a result of reduced spending on repairs and maintenance, logistics and transshipment, advertising expenses and travel expenses in line with the various cash preservation initiatives and strategies implemented.

Other operating income decreased by Php210.6 million, or 54.2%, from Php388.4 million for the year ended 31 December 2019 to Php177.8 million for the year ended 31 December 2020 primarily due to decrease in non-fuel retail income as a result of mobility restrictions and higher notional net mark to market loss in 2020 as compared 2019, primarily driven by decline in market prices. When there is a downward trend for market prices, commodity hedging may result in mark-to-market losses, which is offset by the lower cost of materials.

Impairment losses amounting to Php11,124.5 represents the losses on impairment of refinery assets and decommissioning and demolition expenses due to cessation of refining operations.

Finance income decreased by Php231.6 million, or 45.3%, from Php511.7 million for the year ended 31 December 2019 to Php280.1 million for the year ended 31 December 2020, mainly due to decrease in foreign currency exposure during the year as a result of weakening of Peso against other foreign currencies.

Finance expense increased by Php418.8 million, or 22.3%, from Php1,880.6 million for the year ended 31 December 2019 to Php2,299.4 million for the year ended 31 December 2020, mainly driven by increase in interest on lease liabilities as a result of additions and renewals of lease contracts.

Net Income After Tax for the period reduced by Php21,803.8 million or 387.9% from a profit of Php5,621.2 million for the year ended 31 December 2019 to a loss of Php16,182.7 million for the year ended 31 December 2020. The loss reported during the period consists of 73% or Php12 billion of one-off charges related to the cessation and transformation of the refinery into a World-Class import facility, while Php4.8 billion is due to the drastic decline in petroleum products prices.

EBITDA Adjusted for COSA decreased by Php22,009.4 million, or 178.8% from profit of Php12,311.3 for the year ended 31 December 2019 to loss of Php9,698.1 million for the year ended 31 December 2020 primarily driven by the lower demand on oil products arising from the COVID-19 pandemic. The Company's core earnings have shown a strong rebound by end of 2020 by Php1.1 billion or 157.1% from a loss of Php0.7 billion as of Q3 to a profit of Php0.4 as of Q4 due to the improved market conditions.

EBITDA decreased significantly by Php30,753.8 million, or 215.8% from a profit of Php14,252.3 million for the year ended 31 December 2019 to loss of Php16,501.5 million for 31 December 2020 mainly due to impact of increase in pre-tax inventory holding gains from Php1,941.0 inventory holding gain in 2019 vs inventory holding loss of Php6,803.4 million in 2020.

2019 vs. 2018 Results of Operation

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

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

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

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

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

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

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

EBITDA Adjusted for COSA increased by Php2,265.7 million, or 22.6% from Php10,045.6 for the year ended 31 December 2018 to Php12,331.3 million for the year ended 31 December 2019. This is primarily driven by robust delivery from the marketing businesses and implementation of PFRS 16. This was partially offset by lower refinery margins and the impact of planned maintenance of Tabango refinery. EBITDA adjusted for COSA or the period ended 31 December 2019 under PAS 17 would have resulted to Php8,556.9 million.

EBITDA increased significantly by Php4,263.7 million, or 42.7% from Php9,988.6 million for the year ended 31 December 2018 to Php14,252.3 million for 31 December 2019 mainly due to impact of increase in pre-tax inventory holding gains from Php56.9 million inventory holding loss in 2018 vs inventory holding gain of Php1,941.0 million in 2019 and strong marketing delivery.

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 nil 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 million 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 Php6,302.9 million, or 38.7% from Php16,291.5 million for the year ended 31 December 2017 to Php9,988.6 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 million inventory holding gain in 2017 vs inventory holding loss of Php56.9 million in 2018.

Key financial ratios

	As of/for the year ended 31 December				
	2017	2018	2019	2020	2021
Current ratio ¹	1.5	1.4	1.2	0.9	1.1
Debt to equity ratio ²	0.2	0.2	0.4	0.7	0.8
Debt ratio ³	10.9%	9.7%	13.6%	18.2%	22.6%
Return on assets ⁴	12.7%	6.3%	5.5%	(18.7)%	4.1%
Return on equity ⁵	24.9%	13.2%	14.3%	(70.3)%	15.1%
Return on average capital employed ⁶	26.9%	14.8%	16.3%	(39.8)%	17.5%

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			
	2018	2019	2020	2021
Nameplate capacity (thousand barrels per day (kbpd)) ¹	110	110	110	N/A
Refinery utilization rate (%) ²	69.6%	63.5%	56.3%	N/A
Mobility volumes sold (million litres) ³	3,136	3,175	2,312	2,184
Commercial volumes sold (million litres) ⁴	1,917	2,084	1,748	1,602
Others (million litres) ⁵	598	570	1,022	65

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 Mobility 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 specialties sold for the period.

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

OTHER FINANCIAL DATA

4Q 2021	4Q 2020		Financial year 2021	Financial year 2020
52,838,973	49,059,560	Net sales	177,156,862	156,951,843
(47,389,558)	(47,625,087)	Cost of sales	(154,412,692)	(153,291,201)
5,449,415	(1,434,473)	Gross profit	22,744,170	3,660,642
(4,635,687)	(3,674,877)	Selling, general and administrative expenses	(15,347,738)	(13,722,778)
755,950	381,010	Other operating income, net	1,914,787	177,773
(7,441,173)	(740,086)	Impairment losses	300,368	(11,124,473)
11,293,167	(2,599,880)	Income from operations	9,010,851	(21,008,836)
(2,247,634)	(635,384)	Finance expense, net	(2,244,906)	(2,019,366)
1,303,992	(3,235,264)	Income before income tax	6,765,945	(23,028,202)
(212,767)	922,429	Provision for income tax	(2,910,232)	6,845,529
1,091,225	(2,312,835)	Net income	3,855,713	(16,182,673)
0.68	(1.43)	Earnings per share – Basic and Diluted	2.39	(10.03)

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

Uncertainties that may impact the Company's liquidity are disclosed in the Corporate Risks section.

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. Its pending legal cases are discussed in Note 28 of the Audited Financial Statements.

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

PSPC plans to spend approximately ~Php3-4 billion for capital investments which will be mainly funded by cash provided by operating activities. The Company will continue to focus on expanding and upgrading its network of mobility stations 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

The ongoing conflict between Ukraine and Russia has resulted in several uncertainties on businesses and institutions worldwide. The Company does not expect any significant impact from these developments after the end of the reporting period. The Company has long-term and secured access to petroleum products through the Shell network. The Company will continue to closely monitor the situation.

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 a material effect on the financial condition or results of operations during the period.

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%.

Pilipinas Shell celebrated its 107 years in the Philippines in 2021. Throughout history, the Company has been committed in partnering with the country in nation-building and powering progress of Filipinos.

As at 31 December 2021, 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. It is primarily engaged in the marketing of petroleum products, including gasoline, diesel, fuel oil, aviation fuel, marine fuel, lubricants and bitumen to its customers across the Philippines.

PSPC is one of the leading fuel mobility players in the country, boasting a strong network of over 1,100 Shell-branded mobility stations nationwide. Through its mobility arm, the Company markets Shell V-Power Racing, Shell V-Power Gasoline, and Shell V-Power Diesel as its premium offering, and FuelSave Gasoline and FuelSave Diesel for its main grade offers. Recognizing that its customers' needs go beyond fuel, the Company has non-fuel offerings through Shell Select convenience stores and Deli2go. It also offers full vehicle servicing such as oil change and other car maintenance through Shell Oil Helix Oil Change+ and Helix Service Centers (HSC).

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.

2021 Operational Highlights

In 2021, the COVID-19 pandemic continued to have a serious impact on people's health and livelihoods. The Philippine energy sector remained impacted by the mobility restrictions locally and globally coupled by the effect of strong weather disturbances and other calamities. This is at the back of recovering global oil prices reaching higher than pre-pandemic levels up to USD90/barrel.

In March 2021, Pilipinas Shell communicated its reset and refocused 2021-25 strategy highlighting the shift in its supply chain model, evolution of its retail stations into mobility destinations, and drive for lower carbon operations, products, and solutions. These will enable the company to continue powering progress in the country through innovative lower carbon products and services, while delivering superior value for its customers, shareholders, and the society.

Building on the company's strength in fuels retailing, the network of mobility stations will be more competitive, customer centric, and fit for the future. From being known as traditional gas station, the new Pilipinas Shell mobility stations will serve the wider needs of the Filipino consumers. They would cater not just cars, trucks, and buses, but will provide mobility offers to bikers, cyclists, and even pedestrians. Leveraging on digital applications, Shell mobility stations will also cater to people working from home through delivery services. In September, Pilipinas Shell opened its very first Site of the Future, one of the firsts in the world. Located in Acienda Silang, Cavite, the site is set to become a global blueprint for mobility stations focused on enhancing customer experiences, enabling more forms of transportation, and lowering carbon footprint through innovation.

Pilipinas Shell continues to elevate customer journey and experience through best-in-class digital loyalty program. The Shell Go+ App has reached more than 1 million subscribers over the course of the year. This program allows the customer to pay contactless while earning more rewards in both fuels and non-fuel offerings on-site. The program successfully helps in increasing customers' trip spending and loyalty volume through brand engagements and promotions.

Pilipinas Shell's mobility network remains the most efficient in the industry, with more than 1,100 Shell-branded stations nationwide. Recognizing the evolving needs of customers, the company continues to expand its non-fuel retailing business. Affordable food choices and other products are made available in its more than 180 Select shops, 75 deli2go stores and quick service restaurants present on the sites. The Company has also put up more than 200 Select Express stations nationwide – a smaller version of the typical Select shops. Other services such as oil change and car maintenance are also offered through its more than 450 SHOC+ and Helix Service Centers (HSC).

Wholesale Commercial Fuels continues to supply quality products to resilient industry sectors such as manufacturing, mining and power. The business also positions itself as the preferred energy partner in the growing construction sector of the country. Lubricants had an outstanding year in increasing its customer base with new products and services, maintaining its market leadership. In 2021, the Aviation business remained challenged with continued travel restrictions in international and domestic flights. Construction and Road (formerly, Specialities) business has recovered from last year by successfully capturing the resumption and expansion of construction projects nationwide.

In 2021, Pilipinas Shell made firm steps in integrating sustainability in how it operates and runs its businesses as well as in the products and services that it offers to customers. During the year, some accounts of the Fleet Solutions business have signed up for the carbon offset offer. Sales of lower carbon products such as Shell Helix Ultra 0W and Shell BituFreshAir have more than doubled. At the same time, the company continued to reduce its carbon footprint on its assets with its Shell Import Facility in Tabangao (SHIFT) running on 100% renewable energy, and the use of ecobricks and other sustainability features in mobility stations. Pilipinas Shell also declared its support to the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD), the 15th Philippine company to do so and the first in the energy sector. The company will use the TCFD framework along with other globally recognized frameworks such as the Global Reporting Initiative (GRI) in the Company's Annual and Sustainability Report (ASR).

The Company applied for equity restructuring with the Securities and Exchange Commission (SEC) to offset the 2020 deficit against its share premium amounting to Php4.3 billion. The SEC approved the application and the same has been reflected in the 2021 Audited Financial Statements. More information on 2021 financial performance of the Company and the impact of the COVID-19 pandemic to the business can be found in the Notes to Financial Statements and Management's Discussion and Analysis portion of this report.

Business of Pilipinas Shell

(i) Principal products or services and their markets

Pilipinas Shell solely operates under the downstream oil and gas segment. It is primarily engaged in the marketing of petroleum products, including gasoline, diesel, fuel oil, aviation fuel, marine fuel, lubricants and bitumen to its customers across the Philippines.

Pilipinas Shell is one of the leading fuel mobility players in the country, boasting a strong network of over 1,100 Shell-branded mobility stations nationwide. Through its mobility arm, the Company markets Shell V-Power Racing, Shell V-Power Gasoline, and Shell V-Power Diesel as its premium offering, and FuelSave Gasoline and FuelSave Diesel for its main grade offers. Recognizing that its customers' needs go beyond fuel, the Company has non-fuel offerings through Shell Select convenience stores and Deli2go. It also offers full vehicle servicing such as oil change and other car maintenance through Shell Oil Helix Oil Change+ and Helix Service Centers (HSC).

Pilipinas Shell'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. Pilipinas Shell is a key supplier of wholesale commercial fuels to the manufacturing, mining, marine, power, transport and other sectors and counts a number of major conglomerates operating in the Philippines as its loyal customers.

Geographical segmentation does not apply to Pilipinas Shell's business.

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

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

<i>Net Sales</i>	Domestic	Exports	Total
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2021, in million pesos	175,981	1,175	177,156
2021, in percentage	99%	1%	100%
2020, in million pesos	146,209	10,743	156,952
2020, in percentage	93%	7%	100%
2019, in million pesos	209,755	8,648	218,403
2019, in percentage	96%	4%	100%

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

(iii) Distribution methods of the products

Pilipinas Shell's integrated supply chain is composed of 24 fuel distribution terminals and supply points, 12 lubricants warehouses and three MR-capable import facilities spread throughout the Philippine archipelago. This includes the recently opened Subic import terminal last October 2020, the Shell Import Facility Tabangao (SHIFT), and the Northern Mindanao Import Facility (NMIF) in Cagayan De Oro.

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

The logistics network is further optimized to replenish stocks in other strategically located depots in the country. Local distribution to customers is managed by third party logistics service providers.

(iv) New products

Lubes

In 2021, the Company launched Shell Coolants which offers a superior protection from corrosion, rust and cavitation. Shell Coolants are also compatible and can be mixed with Japanese Car coolant initial filling (Toyota, Honda, Suzuki, Daihatsu, Mitsubishi, Nissan, Subaru, Mazda). It has the most number of OEM specification and approvals (General Motors, Ford, Honda, Chrysler, Mercedes-Benz, Toyota, VW, Nissan, Hyundai, Suitable) and compatible with all automotive and light diesel applications.

Mobility

True to Shell Mobility's thrust to cater to its customers' complete vehicle care needs, the Shell-branded Car Care products were launched in Q3 2021. These car care products bring in Shell's high-quality formulation into the car care industry. The portfolio offers a wide range of SKUs such as car shampoo, car wax, coolant, instant tyre repair, AC sanitizer and refresher, interior cleaners engine degreaser, brake cleaner and many more.

(v) Competition

The Philippine oil industry is composed of numerous players in the mobility and commercial segments. Based on the market share data available from DOE, Pilipinas Shell retains its top 2 position in terms of serving the total demand of petroleum products in the country as of YTD Q3 2021. The two largest companies, Petron and Pilipinas Shell, hold around 34% while the balance is made up of numerous smaller players.

In the mobility segment, Pilipinas Shell holds around 30% of the total mobility fuels market. The company's value delivery is maintained and protected through the company's differentiated offerings and integrated

supply chain. Its differentiated fuels portfolio providing both economy and performance driven formulas, combined with innovative and high-quality services, drives the company's growth in a competitive fuels market. The company also leads the industry in the sustainable products segment. On the other hand, its integrated, competitive, and reliable supply chain and highly efficient mobility network assures its customers with the reliability and quality of its offerings.

Pilipinas Shell also leverages on Shell's regional trading organization to globally source petroleum products and hence captures purchasing benefits from accessing a wider trading organization that is buying petroleum products for all of Shell's Asian operations.

International and Market Forces in the Industry

The downstream oil industry is heavily impacted by market fluctuations and economic and political developments overseas. Some of these include: the economic contraction and recession experienced by other economies and foreign exchange volatilities. There is a steep increase in average global fuel prices for petroleum product such as gasoline, diesel, fuel oil, aviation fuel from ~\$53/bbl as of 31 December 2020 to ~\$82/bbl by end of 31 December 2021. The rebound came as nations emerged from lockdowns while OPEC countries agreed to major cuts in petroleum production. Despite the bounce back, oil price remains volatile as global mobility remains uncertain with the on-going COVID-19 pandemic. Being a petroleum product importer, Pilipinas Shell is exposed to volatilities in regional product prices and foreign exchange.

Pilipinas Shell also used to be exposed in movements in regional refining margins. In 2021, the company formally transitioned into a pure-import supply chain model, removing its exposure on refining margins.

(vi) Sources and availability of products and the names of principal suppliers

Its affiliation with the Shell Group provides Pilipinas Shell long-term and secured access to finished petroleum products. Pilipinas Shell's product import requirements are supplied by Shell International Eastern Trading Co. (SIETCO), a trading company based in Singapore, using term supply agreements. This enables Pilipinas Shell to benefit from the consistency and reliability provided by the Shell Group's single market interface approach.

Bulk of Pilipinas Shell's finished products requirements, are sourced from Asian countries such as China, Taiwan, Korea, and Singapore. As confirmed with SIETCO, the refineries where the Company obtains its petroleum products from, do not use Russian crude as feedstock.

(vii) Major customers

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

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	2021	2020	2019
Amount (in Million Php)	133.89	185.86	235.13
Revenue/Net Sales	177,157	156,952	218,403
	0.08%	0.12%	0.11%

Effect of existing or probable governmental regulations on the business

The Clean Air Act

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

Following the implementation of the Clean Air Act, limits were imposed on Sulphur dioxide, nitrogen dioxide and particulate emissions from manufacturing facilities. Continuous emissions monitoring systems ("CEMS") were installed in Tabangao, Batangas in 2001. Pilipinas Shell 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.

On 01 January 2016, the effectivity of the new PNS for Euro IV (Philippines) gasoline and automotive diesel took place under the mandate of the Department of Energy pursuant to the Clean Air Act. In line with this, Pilipinas Shell upgraded its refinery which enabled the company to supply Euro IV fuels in all its mobility sites and depots before it ceased its operation in 2020.

Republic Act No. 8749 mandates the following fuel standards:

A.	Gasoline	
	Tetra-ethyl lead	Nil

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

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

Mandatory Fuel Marking

On 19 December 2017, the Philippine government has enacted R.A. 10963 (Tax Reform for Accelerated Inclusion) which included a provision on mandatory marking of fuel products to curb oil smuggling. Implementing rules and regulations from the government on the fuel marking program were released on 05 July 2019 through Joint Circular No 001.2019 by the Department of Finance, Bureau of Internal Revenue and Bureau of Customs. The Joint Circular mandates the marking of refined, manufactured and imported gasoline, diesel and kerosene after duties and taxes have been paid. As confirmed with the fuel marking consortium, the Tabangao refinery is the first refinery to be marked in the country and North Mindanao Import Facility is the first import terminal to be marked in Mindanao.

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

Data gathered by the government consortium in 2021 identified homogeneity issues of the fuel marker in storage tanks for several oil industry players resulting to a deferment of the program's enforcement phase. The government has identified terminals/locations where fuel marking operations are instructed to shift from vertical tanks dosing to truck/lorry marking to immediately address the homogeneity issues. Subic OSP is scheduled to shift their marking operations to truck marking on Q1 2022.

The automated injection system fuel marking facility for SHIFT, which is funded by the Department of Finance as part of the fuel marking program, has commenced onsite installation activities in December 2021 with a target commissioning date of March 2022. Pilipinas Shell has also proposed to the Department of Finance to upgrade its own fuel marking facility at Shell North Mindanao Import Facility to an automated injection system (AIS) of technology to minimize the homogeneity risks identified in the present fuel marking dosing operations by the consortium. The proposal is currently undergoing review by the DOF.

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.

Pilipinas Shell currently blends diesel with 2% coconut methyl ester (CME) and gasoline with 10% ethanol as mandated in the current PNS.

On December 2021, the Department of Energy Technical Committee on Petroleum Products and Additives (TCPPA) has finalized the draft national standards for 3% and 4% CME blends into diesel and are ready for endorsement to the Bureau of Product Standards. The implementation of these new standards are subject to

the DOE's implementation plan for the succeeding years. Utilization of Locally-Produced Bioethanol in the Production of E-Gasoline.

Consistent with The Biofuels Act of 2006, DC2011-12-0013 was implemented. It mandated the exhaustion of locally-sourced bioethanol in order to sustain and expand the local bioethanol industry. Pilipinas Shell sources its local bioethanol in accordance with its Local Monthly Allocation as computed and circulated by the Department of Energy's Oil Industry Management Bureau (OIMB).

Euro IV(PH) Equivalent Specifications

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

Euro IV vehicle emission technology requires a more stringent fuel quality, i.e. 50 ppm sulfur content for both diesel and gasoline. In 2012, the DOE spearheaded discussions on the development of a Euro IV PNS fuel specification to support DENR DAO 2010-23. Pilipinas Shell, 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. Pilipinas Shell successfully completed its refinery upgrade and is producing and supplying Euro IV-compliant fuels since 01 January 2016. All Shell terminals and mobility stations supply Euro IV-compliant fuels since 01 January 2016.

Clean Water Act

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

No further impact from the effect of Clean Water Act towards the Company's Shell Mobility stations is expected. No major change from the Pollution Head Accreditation Board has been received. All sites continue to comply with the quarterly SMRs and Discharge Permit to DENR or LLDA.

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 local tankers and barges hauling oil and/or contributing oil (petroleum products) in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund ("OPMF"), is on top of the requirement under the 1992 CLC and 1992 Fund Conventions and will be administered by the Maritime Industry Authority ("MARINA"). The circular was published in November 2021, and the imposition of the 10 centavos/liter fee has taken into effect starting 10 December 2021.

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.

The Philippine Coast Guard **MC 01-2005** provides implementing guidelines pursuant to PD No. 600, PD No. 979 as rationalized in accordance with the International Convention for the Prevention of Pollution from Ships, MARPOL 73/78. This MC applies to oil marine pollution in all bodies of water within the territorial jurisdiction of the Philippines including ports, coastlines, lakes, rivers and their tributaries.

Under the Policies of this MC, below are some of the requirements:

- Oil refineries/terminals/depots and tanker owners engaged in black products and persistent oil shall be provided with at least complete set of oil containment and recovery equipment, sorbent dispersants and other MARPOL combating accessories duly accredited by the PCG sufficient to prevent, control and mitigate a medium discharge.
- Oil companies and tanker owners shall submit to CPCG their respective contingency plans for approval and execution in case of oil spillages in their areas and conduct regular team training on managing oil spill operations, handling and operations, handling and operation of MARPOL combating equipment. A dedicated oil spill response team shall be organized to react to land and ship originated oil spills.

Cost and Effects of Complying with Environmental Laws:

Compliance with various environmental laws entails costs on the part of Pilipinas Shell, resulting in higher production costs and operating expenses. In 2021, Pilipinas Shell's long term provision for environmental remediation is Php65.3 million and the short-term provision is Php1,014.5 million.

Major risks involved/Risk management

Pilipinas Shell's Risk Management Policy explicitly states that management is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives. Internal controls include a number of general and specific risk management processes and policies. The primary control mechanisms are self-appraisal processes in combination with strict accountability for results.

- A. Board of Directors Responsibility (via Board Audit and Risk Oversight Committee)
 - Evaluate Pilipinas Shell's Management culture
 - Evaluate Pilipinas Shell's risks and effectiveness of risk management processes, including the adequacy of the overall control environment, and controls in selected areas representing significant risks
 - Assess (with internal and external auditors) any fraud, illegal acts, deficiencies in internal controls or other similar issues
 - Assess and monitor Management's implementation of internal control recommendations made by internal and external auditors
- B. Executive Management
 - Establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking, and apply fit-for-purpose risk responses
 - Incorporate risk responses into a system of internal control which is designed to address opportunities, protect Pilipinas Shell assets, facilitate effective and efficient operations, and help to ensure reliable reporting and compliance with applicable laws and regulations
 - Monitor the effectiveness of the system of risk and internal control management

- Provide annual self-assurances regarding the extent of compliance with Pilipinas Shell's and Shareholders' Control Framework
- C. Line Management
- Design, resource, operate and monitor the system of internal control
 - Ensure that a risk-based approach to internal control is communicated to staff, embedded in business processes, and responsive to evolving risks
 - Assign accountability for managing risks within agreed boundaries
 - Report the results of balanced self-assessments regarding the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to Executive Management.
- D. Independent Assurance Providers (including External Audit, Internal Audit and CAAD)
- Undertake periodic review to assess effectiveness of the design and operation of the system of risk management and internal control or parts thereof.
 - In 2017, Corporate Assurance and Audit Department (CAAD) was established to provide an independent and objective assurance to the Management and Board Audit & Risk Oversight Committee on the design and operation of Pilipinas Shell's governance, internal control and risk management processes.

Based on the results of controls self-assessments and risk-based assurance reviews, the reliance on the work of SGV Co., the Company's external auditor, on their audit of the 31 December 2021 Financial Statements, and the assurance provided by the Corporate Assurance and Audit Department (CAAD) as a result of their audit activities, the Board Audit and Risk Oversight Committee assessed that Pilipinas Shell's systems of internal control, risk management, compliance, and governance processes are adequate and effective as of 31 December 2021.

Risk Response Strategies & Accountabilities

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

1. State clear business strategies and objectives;
2. Assess internal and external business environment;
3. Identify risks that business is exposed in its operating environment;
4. Analyze the potential impact and likelihood to the businesses; and
5. Determine effectiveness of risk responses to, among other objectives:
 - Achieve business objectives;
 - Safeguard company assets from inappropriate use, loss or fraud;
 - Facilitate economic, effective, efficient and safe operations;
 - Enable compliance with the Pilipinas Shell Control Framework.
6. Monitor, communicate and report changes in the risk environment and the effectiveness of actions taken to manage identified risks on an ongoing basis.

Accountabilities for Risks

Market/Operational/Business risks are mostly the accountabilities of business/line managers. Corporate risks such as foreign exchanges risks, interest rate risks, and liquidity risks, among others, are under the responsibility of the Corporate Finance Department in coordination with business and function managers.

Major Risks & General Responses

A. Operational / Business Risks

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

1. Non-level playing field/Unfair & Illegal practices

Unfair and illegal practices, and non-level playing field, e.g. fuel smuggling and pilferage, proliferation of new mobility outlets which do not conform to Health, Safety, Security & Environmental standards as well as to Philippine National standards remained as key concerns, particularly due to the impact on sales and safety. To counteract these market practices, Pilipinas Shell, in coordination with key industry players and government, has sustained its advocacy to promote brand protection and consumer awareness.

Moreover, industry and government have intensified the drive against illegal refilling activities through the Fuel Marking Program. Pilipinas Shell has been complying to the site and terminal marking and has also been providing technical input to the Philippine Institute for Petroleum (PIP) to support the program's success.

2. Operational risks

Impact of unanticipated or prolonged shutdowns in key facilities such as depots and the refinery (when it was still in operation) could have a severe impact on Pilipinas Shell's ability to meet customer requirements. Pilipinas Shell has an asset master plan which includes preventive maintenance activities to ensure strong reliability performance.

Calamities such as typhoons and earthquakes, are considered normal occurrences in the Philippines. Severe calamities can disrupt operations, particularly the company's supply chain. Pilipinas Shell has a Business Continuity Plan to ensure the continued supply of quality products nationwide.

3. Regulatory risks

Abrupt changes in laws and regulations can pose detrimental results on Pilipinas Shell's financial and business operations. Changes in tax regulations, customs rules and licensing procedures can make it difficult to sustain viable business operations in some segments. Pilipinas Shell regularly engages with government agencies and ensures strong partnerships with local government units to ensure risks are identified in advance and mitigation plans are put in place to address them.

B. Corporate Risks

(I) Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or the prices of petroleum products will adversely affect the value of Pilipinas Shell's assets, liabilities or expected future cash flows.

1. Foreign currency exchange risk

Pilipinas Shell is exposed to fluctuations in exchange rates, primarily with respect to the importations of petroleum products denominated in US dollars. Foreign currency exchange risk may also arise from future commercial transactions and recognized assets and liabilities denominated in a currency other than Pilipinas Shell's functional currency.

Foreign exchange currency risks are not hedged. Pilipinas Shell does not enter into significant derivative contracts to manage foreign currency risks. Since foreign currency exposure is significantly concentrated on purchase of petroleum products, Pilipinas Shell manages foreign currency risk by planning the timing of its importation settlements with related parties and considering the forecast of foreign exchange rates.

2. Interest rate risk on cash flow and fair value of financial instruments

Future cash flows and fair value, of a financial instrument may fluctuate because of changes in market interest rates.

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

Pilipinas Shell's interest-rate risk arises from its borrowings. Borrowings obtained at variable rates expose the company to cash flow interest-rate risk.

At 31 December 2021 and 2020, Pilipinas Shell's short-term borrowings and loans payable carry floating rates based on a certain index plus applicable premium.

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

3. Commodity and other price risk

Commodity price risk is the risk that future cash flows may fluctuate because of changes in market prices. Pilipinas Shell is affected by price volatility of certain commodities such as petroleum products. To minimize Pilipinas Shell's risk of potential losses due to volatility of petroleum product prices, the company may implement commodity hedging for petroleum products. The hedges are intended to protect inventories from risk of downward prices and therefore lower margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost. While for producer (sell) hedges, if prices go down, hedge positions may show marked-to-market gains; however, any gain in the marked-to-market position is offset by the resulting lower selling price.

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

(II) Credit risk

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

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

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

There is no concentration of credit risks as at statement of financial position dates as Pilipinas Shell deals with a large number of homogenous trade customers. Additional information is presented in Note 4 of the accompanying Audited Financial Statements for the year 2021.

(III) Liquidity risk

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

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

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

(c) **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 2022, the total number of stockholders of the Corporation was 322.

The high and low sale prices of its shares per quarter from its listing until 31 March 2021 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
01 April 2019	30 June 2019	49.65	37.30
01 July 2019	30 September 2019	39.95	31.35
01 October 2019	31 December 2019	34.25	31.8
01 January 2020	31 March 2020	35.00	17.50
01 April 2020	30 June 2020	22.30	16.30
01 July 2020	30 September 2020	19.20	16.00
01 October 2020	31 December 2020	23.30	14.52
01 January 2021	31 March 2021	23.00	19.00
01 April 2021	30 June 2021	22.30	19.98
01 July 2021	30 September 2021	21.05	17.50
01 October 2021	31 December 2021	24.50	18.90
01 January 2022	31 March 2022	21.00	17.00

As of 06 April 2022, the last traded price for SHLPH stocks is PhP18.22.

2) **Holders**

The top twenty (20) stockholders of the Corporation as of **31 December 2021** 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.*	265,465,395	16.45%
3	PCD Nominee Corporation (Filipino) ^	190,526,515	11.81%
4	PCD Nominee Corporation (Foreign)	155,687,543	9.65%
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	Maria Lina A. De Santiago	467,541	0.03%
13	E. Zobel Inc.	329,785	0.02%
14	Homer Lee Ante and/or Sara Jem Maggay Ante	300,000	0.02%
15	Margarita J. Ortoll	298,500	0.02%
16	Teresa Velasquez Fernandez	294,057	0.02%
17	Miguel P. De Leon	272,459	0.02%
18	Henry O. Chusuey	215,000	0.01%
19	Jose Araneta Albert	203,877	0.01%
20	Jordan M. Pizarra	168,881	0.01%

* Including shares held under PCD Nominee

^ Excluding shares held by Insular Life

3) Dividends

The Company has negative unrestricted retained earnings as at 31 December 2021, making it unable to declare dividends. Updates on dividend payout will be disclosed as necessary.

On 12 August 2020, the Board of Directors decided to take a more prudent approach to preserve cash and consequently cancel dividends for 2020 was induced by the continuous uncertainties due to the impact of COVID-19 pandemic, including the reinstatement of modified enhanced community quarantine (MECQ) from 04 to 18 August 2020. The Corporation recorded a deficit in its 2020 Audited Financial Statements.

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 P2.7 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 2020, 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 2017 to 2021 consist of:

	2021, 2020, 2019 2018, 2017		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 amounted to PhP40.6 million composed of registration and regulatory fees, and stamp duties. These were accounted for as a deduction from equity - through share premium. 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 amounted to PhP49.3 million composed of underwriting and selling fees, professional consultancy cost stamp duties and other related costs. These were accounted for as a deduction from equity, through share premium, 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 2021, the Corporation has 323 shareholders (31 December 2020 - 320), 286 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2020 - 283).

As at 31 December 2020, the Corporation has 320 shareholders (31 December 2019 - 320), 283 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2019 - 283).

(d) Compliance with leading practice on Corporate Governance

On 24 March 2022, the Board approved the amendments to the following corporate governance documents:

1. Updated Securities Dealing Code
2. Revised Related Party Transaction Policy, as endorsed by the RPT Committee

3. Revised Board Audit and Risk Oversight Committee Charter, as endorsed by BARC

On 24 and 25 November 2021, the Corporation held its second Virtual In-House Corporate Governance Training Sessions held on November 24 and 25 through Microsoft Teams (“Training”). The topic of the Training was Shell Scenarios: Building Resilient Mindsets. Ms. Geraldine Wessing, Chief Political Advisor from the Shell Group, delivered the Training. The Training commenced with the Founding Principles of a Scenario mindset, the Scenarios and the need to use them. The guiding principles in Scenarios: The Long View, Outside-in Thinking, and Multiple Perspectives are used to make better decisions. The participants applied the learnings in the Philippine setting for each of the Scenarios.

Following a competitive tender process and pursuant to the endorsement from the RPT Committee and Board approval, the Corporation secured a five-year loan amounting to PhP6 billion with the Bank of the Philippines Islands, a related party, replacing an existing PhP6 billion of short-term loan. The loan will reduce the Corporation’s exposure to short-term volatilities in the market and maximize the low interest rate for its cash requirements. This will not impact its gearing which remains healthy. The drawdown date of the loan was on 20 December 2021.

On 10 November 2021, the Corporation received the Certificate of Approval of Equity Restructuring dated 05 November 2021 from the Securities and Exchange Commission (the “Commission”). Accordingly, the Corporation’s deficit amounting to PhP4,304,059,000.00 in its Audited Financial Statements as of 31 December 2020 was wiped out against its additional paid-in capital (“APIC”) of PhP26,161,736,000.00. Said approval is subject to the condition that the Corporation’s remaining APIC of PhP21,857,677,000.00 shall not be used to wipe out future losses without the approval of the Commission. The Board of Directors of the Corporation approved its equity restructuring at its Regular Meeting held on 25 March 2021.

On 09 November 2021, the Board of Directors approved the contracts of the Corporation with Shell International Eastern Trading Company (SIETCO), the trading arm of the Shell Group, after a favorable endorsement from the RPT Committee. Due to the materiality of the contracts, an external independent party evaluated the fairness of the contract terms. Transactions with SIETCO accounted for 96% of the related party transactions of the Corporation as of Q3 2021. The relevant advisement report was timely disclosed in compliance with Sec Memorandum Circular No. 10 on Rules on Material Related Party Transactions (MRPT) for Publicly-Listed Companies and the Corporation’s RPT Policy.

On 11 October 2021, the Corporation became the first Philippine energy company to support Task Force on Climate-related financial disclosures (TCFD) and adopt its recommendations in providing decision-useful, climate-related information for its stakeholders. It will start to report on said disclosures in its 2021 Annual and Sustainability Report.

The Corporation appointed an external facilitator to conduct a Board Effectiveness Evaluation covering 2020. The directors completed the assessment in February 2021. The external firm also conducted interview with the President and Chief Executive Officer. Results of the evaluation were reported to the Corporate Governance Committee in July 2021. The Committees and their respective Secretariats were engaged to address the recommendations and set the way forward.

On 11 May 2021, the Corporation held its second virtual Annual Stockholders’ Meeting. It recorded a quorum of more than 80% of the total outstanding shares of the Corporation. Total votes cast reached 1.295 billion shares and the elected directors garnered favorable votes of more than 13.352 billion votes. The Corporation also increased the number of its independent directors with the election of former Governor Amando M. Tetangco, Jr. He will be part of the Board Audit and Risk Oversight Committee and Sustainability Committee. He was the Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board for two six-year terms covering 04 July 2005 to 02 July 2017.

On 28 April 2021, the Corporate Governance Committee received the results of the Board Evaluation Survey covering the period of 2020 and has approved on 29 July 2021 the key action items to strengthen the Board’s and the Committees’ effectiveness.

On 26 March 2021, the Corporation launched its reset and refocused five-year strategy (2021-2025), which includes:

1. Transforming retail fuel stations to broader mobility destinations
2. Pursuing a reliable, competitive and sustainable supply chain
3. Driving lower carbon operations, products and solutions

On 21 January 2021, the Sustainability Committee (formerly, CSR Committee) has amended its Charter to make it more relevant to the Corporation and the Board. This has been approved by the Board on 21 March 2021. The Committee's objective has been amended to support one of the Mission Statements of the Corporation which is "to be a partner in nation-building through multi-sector collaboration, especially with national and local government, civil society/NGOs and communities, on sustainability initiatives." The duties of the Sustainability Committee would be focused on:

1. Sharing external sustainability best practices and trends
2. When there is an opportunity, steering the Business to provide additional resources or support to particular social performance, social investment and sustainability initiatives;
3. Providing support needed with regard to engagement with external stakeholders;
4. Support communication on the Corporation's social performance, social investment and sustainability initiatives, if needed; and
5. Reviewing the sustainability-related content of the Annual Report prior to its issuance.

In 2020, the Corporation was conferred by Capital Finance International with the Best Energy Corporate Governance Award, a recognition for the Corporation's comprehensive governance code and its strong fit-for-purpose corporate structure that is guided by its core values of honesty, integrity, and respect for people.

On 16 June 2020, the Corporation held its first virtual Annual Stockholders' Meeting. The meeting was held virtually for the safety of the shareholders, stakeholders, directors and officers of the Corporation in the midst of the COVID-19 pandemic, and in compliance with government regulations prohibiting mass gatherings. It was the first time that its shareholders were allowed to participate *in absentia* or via remote communication. The meeting recorded a quorum of more than 84% of the total outstanding shares of SHLP. Total votes cast reached 1.355 billion shares and the elected directors garnered favorable votes of more than 14.617 billion votes.

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

On 31 May 2018, the Corporation filed its first Integrated Annual Corporate Governance Report. It disclosed the Corporation's state of 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 the Chairman from the President and that of the Corporate Secretary from the 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 overall 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 an 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	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
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		16 May 2017	Nomination Committee and Board	Done	
11. Directors to provide information on business interests and directorships in other corporations (Full business interest disclosure)			Nomination Committee	Done	
12. Assessment of “Independence” of directors based on disclosures in item 11 above			Nomination Committee	Done	
13. Appointment of Corporate Audit & Assurance Manager		01 June 2017	Board	Done	
14. Approval of the Revised Corporate Disclosure Guide		08 August 2017	Corporate Disclosure Committee	Done	
15. Approval of the Revised Related Party Transaction Committee Charter and Policy		27 February 2018	Board	Done	
16. First Non-Executive Directors Meeting		03 May 2018	Non-Executive Directors	Done	
17. Appointment of Lead Independent Director		03 May 2018	Non-Executive Directors	Done	
18. Submission of the first Integrated Annual Corporate Governance Report		30 May 2018	Board	Done	
19. Approval of the Internal Audit Charter		08 August 2018	Board	Done	
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	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
22. Implementation of Related Party Transaction Policy			Related Party Transaction Committee	Done	
23. Approval of the Revised Related Party Transaction Policy		08 August 2019	Related Party Transaction Committee and Board	Done	
24. Information drive on the Revised Related Party Transaction Policy			Related Party Transaction Committee	Done	
25. First SEC-Accredited In-House Corporate Governance Training		08 November 2019	Corporate Secretary	Done	
26. Approval of the Revised Internal Audit Charter		26 March 2020	BARC and Board	Done	
27. Approval of the Revised BARC Charter		26 March 2020	BARC and Board	Done	
28. Records of Attendance level of directors in board meetings to be prepared and accessible to shareholders			Corporate Secretary	Done on a yearly basis	
29. Disclosure of Results of Stockholders' and Board Meetings			Corporate Secretary	Done	
30. Disclosure of Public Ownership Report			Corporate Secretary	Done every quarter	
31. Disclosure of Top 100 Stockholders			Corporate Secretary	Done every quarter	
32. Disclosure of changes in beneficial ownership of directors, officers and principal stockholders			Corporate Secretary	Done as and when transactions occur	
33. Conduct of Investors' and Analysts' Briefings			Investor Relations Office	Done every quarter	
34. Continuous assessment of Board performance via questionnaire			Corporate Governance Committee and Corporate Secretary	Done annually	
35. Review of vision, mission and core values			Corporate Governance Committee	Done annually	
36. Conduct an induction program for incoming Board members on PSPC's financial, strategic, operational and risk management position and the role of committees		After election of Directors	Corporate Governance Committee Secretariat	As and when there are new directors	
37. Attendance in Corporate Governance Workshops (Sec. 4 of PSPC's Revised Manual)		After election of Directors	Corporate Governance Committee and Corporate Secretary	Done	
38. Dissemination of copies of PSPC's Revised Manual to all			Corporate Secretary	Done	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
classes of business and service functions with one copy under custody of HR dept. (Sec. 3 of PSPC's Revised Manual)					
39. Held first Virtual Annual Stockholders' Meeting allowing shareholders to attend and vote <i>in absentia</i> or via remote communication		16 June 2020	Corporate Secretary	Done	
40. Approval of the Revised Internal Audit Charter		25 March 2021	BARC and Board	Done	
41. Approval of the Sustainability Committee Charter (formerly, Corporate Social Responsibility Committee Charter)		25 March 2021	Sustainability Committee (formerly, Corporate Social Responsibility Committee) and Board	Done	
42. Board approval of equity restructuring to wipe out deficit		25 March 2021	Board of Directors	Done	
43. Launched the next five-year strategy (2021 to 2025)		26 March 2021	Management	Done	
44. Results of the Board Evaluation Survey covering the period of 2020		28 April 2021	Corporate Governance Committee	Done	
45. Increase in the number of independent directors from three to four in the 2021 Annual Shareholders' Meeting		11 May 2021	Shareholders	Done	
46. Approved the key action items on Board Evaluation Survey		29 July 2021	Corporate Governance Committee	Done	
47. Submitted the Advisement Report on the contracts with SIETCO, a material reportable RPT		06 November 2021	RPT Committee and Secretariat	Done	
48. Disclosure of loan with BPI, a material RPT		20 December 2021	Corporate Disclosure Committee	Done	
49. Updated Securities Dealing Code		24 March 2022	Board	Done	
50. Revised Related Party Transaction Policy		24 March 2022	RPT Committee and Board	Done	
51. Revised Board Audit and Risk Oversight Committee Charter		24 March 2022	BARC and Board	Done	

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

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

- (a) the merger or consolidation of the registrant into or with any other person or of any other person into or with the Corporation;
- (b) the acquisition by the registrant or any of its stockholder of securities of another person;
- (c) the acquisition by the registrant of any other going business or of the assets thereof;
- (d) the sale or other transfer of all or any substantial part of the assets of the Corporation; or
- (e) 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:

- (a) Approval of the Minutes of the Annual Meeting of the Stockholders held on 11 May 2021;
- (b) Approval of act of the Board of Directors, Board Committees and Management for the period covering 11 May 2021 to 06 May 2022:
 - (ii) Appointment of External Auditors
- (c) Election of the Members of the Board of Directors for the ensuing calendar year. The nominees includes two independent directors whose terms are proposed to be extended beyond nine (9) years on the bases of the following meritorious grounds provided by the Board through the Nomination Committee:
 - 1) Said independent directors are relevant to maintain the Corporation's external capabilities and support;
 - 2) The extended independent directors possess the wealth of experience and expertise and external network necessary for the Corporation to navigate during this challenging period;
 - 3) It would be difficult for majority of independent directors to depart at the same time;
 - 4) There must be a rational transition that ensures continuity especially during this time of uncertainty due to the pandemic;
 - 5) Enhanced good corporate governance by decreasing the number of executive directors from three to two, and increasing the number of independent directors;
 - 6) The extended independent directors have consistently proven their value to the Board and the Corporation;
 - 7) The length of time that the extended independent directors sat on the Board has not and will not impair said directors' ability to act independently and objectively;
 - 8) The extended independent directors remain independent, being internationally respected and recognized leaders in their own right apart from the Corporation and its substantial shareholders; and

- 9) The presence of a fourth independent director not only strengthens the independence of the Board but also broadens the Board's perspective given the nominees' experience.

Copy of the Minutes of the Annual Meeting of the Stockholders may be accessed through the Corporation's website at <https://pilipinas.shell.com.ph/>.

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

There are no other actions to be taken up other than those mentioned above on amendment of the Primary Purpose of the Corporation in its Articles of Incorporation.

Item 18. Other Proposed Action

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

Item 19. Voting Procedures

Only those shareholders who have voted by proxy, *in absentia* or remote communication will be included in determining the existence of a quorum. All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative majority vote of stockholders present by proxy, *in absentia* or by remote communication 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.

Pursuant to Sections 23, 49 and 50 of the RCC, shareholders may participate through remote communication and *in absentia*. During the Annual Stockholders' Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote through remote communication or *in absentia*. Awaiting the approval of said amendment, the Board of Directors approved during its meeting on 24 March 2022 conducting a virtual Annual Stockholders' Meeting for 2022, thereby allowing stockholders to participate and vote *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

For the detailed procedure on voting *in absentia* or via remote communication, please refer to Annex "B".

Voting and counting shall be by ballot or electronic where available. Such stockholder may or may not cumulate his/her votes. The counting thereof shall be verified by SGV, a member firm of Ernst & Young Global Limited.

Item 20. Participation and Voting of Shareholders *In Absentia* or By Remote Communication

In view of the conduct of a virtual Annual Stockholders Meeting, the shareholders, after a verification process, may attend through Shell Operated Webcast.

The registration, verification and voting processes are outlined in Annex "B". Stockholders may also email questions or comments prior to the meeting to the Office of the Corporate Secretary at PSPC-Governance@shell.com.

UNDERTAKING

The Annual Report and Audited Financial Statements as of 31 December 2021 as approved by the Board of Directors on 24 March 2022 and endorsed by the Board Audit and Risk Oversight Committee on 21 March 2022 is attached to this Definitive Information Statement for alternative mode of distribution on 12 April 2022.

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

PILIPINAS SHELL PETROLEUM CORPORATION
Office of the Corporate Secretary at PSPC-Governance@shell.com.

Attention: Request for Documents

PART II.

SIGNATURE PAGE

After reasonable inquiry and of 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 electronically signed on 12 April 2022.

By:



ELLIE CHRIS C. NAVARRA
Corporate Secretary
Pilipinas Shell Petroleum Corporation

ANNEX A

SAMPLE PROXY FORM (DRAFT)

The undersigned stockholder of **PILIPINAS SHELL PETROLEUM CORPORATION** (the “Corporation”) hereby appoints _____¹ 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 06 May 2022 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting. ☐ Yes ☐ No ☐ Abstain

2. Approval of acts and resolutions of the Board of Directors, Committees and Management:

(a) Election of SyCip Gorres Velayo & Co. as the independent auditor and fixing of its remuneration ☐ Yes ☐ No ☐ Abstain

No. of Votes

3. Election of Directors/Independent Directors

i. Reynaldo P. Abilo (Independent Director, Incumbent)	_____
ii. Nina D. Aguas (Non-Executive Director, Incumbent)	_____
iii. Fernando Zobel de Ayala (Independent Director, Incumbent)	_____
iv. Cesar A. Buenaventura (Independent Director, Incumbent)	_____
v. Rafi Haroon Basheer (Non-Executive Director, Incumbent)	_____
vi. Randolph T. Del Valle (Executive Director, Incumbent)	_____
vii. Lydia B. Echauz (Independent Director, Incumbent)	_____
viii. Luis C. la Ó (Non-Executive Director, Incumbent)	_____
ix. Lorelie Q. Osial (Executive Director, Incumbent)	_____
x. Min Yih Tan (Non-Executive Chairman, Incumbent)	_____
xi. Amando Tetangco, Jr. (Independent Director, Incumbent)	_____

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 BY EMAIL TO PSPC-Governance@shell.com ON OR BEFORE **25 APRIL 2022**, 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

¹ Please include the email address of the proxy named other than the Chairman of the Board to allow the proxy to attend via remote communication.

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.

ANNEX B
PARTICIPATION *IN ABSENTIA* OR VIA REMOTE COMMUNICATION

Stockholders of record as of 08 April 2022 have the option of electronic voting *in absentia* on the matters in the Agenda, after email registration and successful validation.

Registration

7. Shareholder must send an email to the Office of the Corporate Secretary at PSPC-Governance@shell.com on or before **25 April 2022:**

- a. Subject of the Email: SHLPH 2022 Annual Stockholders' Meeting Registration
- b. The following must be provided or attached in the email:

Individual stockholders with stock certificates	<ol style="list-style-type: none"> i. A recent photo of the stockholder, with the face fully visible (in JPG format). File size should be no larger than 2MB; ii. A scanned copy of the front and back portions of the stockholder's valid government-issued ID, preferably with residential address (in JPG format). File size should be no larger than 2MB; iii. Email address iv. Contact number v. <u>Indicate if stockholder will attend via remote communication</u>
Stockholders under Broker accounts	<ol style="list-style-type: none"> i. Broker's certification on the stockholder's number of shareholdings (in JPG format) as of 25 April 2022. File size should be no larger than 2MB; ii. A recent photo of the stockholder, with the face fully visible (in JPG format). File size should be no larger than 2MB; iii. A scanned copy of the front and back portions of the stockholder's valid government-issued ID, preferably with residential address (in JPG format). File size should be no larger than 2MB; iv. Email address v. Contact number vi. <u>Indicate if stockholder will attend via remote communication</u>
Corporate stockholders	<ol style="list-style-type: none"> a. Secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG format). File size should be no larger than 2MB; b. A recent photo of the stockholder's representative, with the face fully visible (in JPG format). File size should be no larger than 2MB; c. A scanned copy of the front and back portions of the valid government-issued ID of the stockholder's representative, preferably with residential address (in JPG format). The file size should be no larger than 2MB; d. Company email address e. Contact number f. <u>Indicate if stockholder will attend via remote communication</u>

Validation

8. Upon receipt by the Corporation of the email, the Office of the Corporate Secretary will acknowledge it and will revert with its validation result no later than three (3) business days from receipt.
9. Once successfully validated, the stockholders will receive another e-mail notification of their successful registration.

Voting

10. Registered stockholders have until the end of the Meeting to cast their votes *in absentia* or via remote communication through the digital ballot link that will be sent by the Office of the Corporate Secretary.
 - a. For items other than the Election of Directors, the registered stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
 - b. For the election of directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Further, if a stockholder has indicated an intention to vote for the nominees but did not indicate the number of shares voted for/against each nominee, it will be presumed that the stockholder (i) has cast the maximum number of votes he is entitled to (i.e. shares held multiplied by 11) and (ii) that he allocated an equal number of votes for/against the indicated nominees.
 - c. The registered stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

Votes cast *in absentia* will have equal effect as votes cast in person or by proxy. If a proxy was sent prior to voting *in absentia*, the proxy will be superseded by a ballot cast by the same shareholder or his/her/its proxy *in absentia*.

Counting

11. The Office of the Corporate Secretary will count and tabulate the votes cast *in absentia* and via remote communication together with the votes cast by proxy.

For any clarifications, please contact Office of the Corporate Secretary at PSPC-Governance@shell.com.

Remote Communication

1. Only shareholders who have notified the Office of the Corporate Secretary upon registration of their intention to participate in the Meeting by remote communication will receive the link of the Meeting.
2. Note that shareholders participating by remote communication may, should they wish to cast their votes must also accomplish the digital ballot to cast their votes.
3. Stockholders will be on audio mode and will be able to see the presentations. Since only the presenters can speak during the Meeting, stockholders may email questions or comments prior to the meeting to the Office of the Corporate Secretary at PSPC-Governance@shell.com. Time permitting, the Corporation will exert best efforts to read and answer the questions during the Meeting.
4. The recorded webcast of the Meeting will be posted on the Corporation's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted.