

**PILIPINAS SHELL PETROLEUM CORPORATION**  
**MINUTES OF THE ANNUAL MEETING**  
**OF THE STOCKHOLDERS**  
**HELD AT THE**  
**THE TURF ROOM, MANILA POLO CLUB**  
**MCKINLEY ROAD, MAKATI CITY, METRO MANILA**  
**ON 03 MAY 2018**

**STOCKHOLDERS**  
**PRESENT:**

Stockholder	No. of Shares Voted in Person	No. of Shares Voted by Proxy	Percentage
Acosta, Federico	14,145		0.00%
Araneta, Carlos R.		1	0.00%
Ayala Corporation		98	0.00%
Babia, Rosauro	1,200		0.00%
Belson Securities		1,490	0.00%
Buencamino, Roberto Calupitan	4,290		0.00%
Citibank		236,620	0.01%
Citibank		14,653,460	0.91%
Citibank		439,030	0.03%
Citibank		168,990	0.01%
Citibank		8,960	0.00%
Citibank		302,790	0.02%
Citibank		89,010	0.01%
Citibank		464,970	0.03%
Citibank		8,800	0.00%
Citibank		701,840	0.04%
Deutsche Bank AG Manila Branch		83,492,119	5.17%
Edwin Florendo Cruz or Maria Margarita Manas	500		0.00%
Gillegean, Ma Rizza Checa		4,290	0.00%
HSBC FAO		53,214,173	3.30%
Jimenez, Maria Luisa P.	1,490		0.00%
Lacuarta, Vicente	1,490		0.00%
Lao, John	1,000		
Maria Margarita Manas Cruz or Aurora Florend	500		0.00%
Menchavez, Recca Marie	2,500		0.00%
Monteiro, Salvacion C.	1,490		0.00%

Stockholder	No. of Shares Voted in Person	No. of Shares Voted by Proxy	Percentage
SCB OBO - BBH B- BNBIFP/NBEMEF		544,500	0.03%
SCB OBO - BPSS LUX/Aberdeen Global		28,826,230	1.79%
SCB OBO RBC Investor Services Trust Client Account		1,020,040	0.06%
Shareholders' Association of the Philippines		10	0.00%
Shell Overseas Investments B.V. The Insular Life Assurance Company, Ltd.		890,860,233	55.21%
Valencia, Jesus San Luis	30		0.00%
Various brokers		60,577	0.00%
Velasquez, Javier	126,173		0.01%
Villanueva, Milagros Pineda	1,000		0.00%
Villanueva, Myra P.		3,000	0.00%
Villanueva, Myrna Pineda	1,000		0.00%
Uy Vendiola, Supatra	1,490		0.00%
Yu, Bee Hee	150		0.00%
Total	158,448	1,331,555,646	
<b>Grand Total</b>		<b>1,331,714,094</b>	<b>82.54%</b>

**DIRECTORS  
PRESENT:**

Mr. Asada A. Harinsuit  
Mr. Cesar G. Romero  
Mr. Jose Jerome R. Pascual III  
Ms. Nina D. Aguas  
Mr. Cesar A. Buenaventura  
Ms. Mona Lisa B. Dela Cruz  
Mr. Dennis G. Gamab  
Dr. Lydia B. Echaz  
Mr. Anthony Lawrence D. Yam  
Mr. Fernando Zobel de Ayala

**ALSO IN  
ATTENDANCE:**

Mr. Erwin R. Orocio, Corporate Secretary and Managing Counsel-  
Downstream  
Ms. Ellie Chris C. Navarra, Assistant Corporate Secretary and Legal  
Counsel  
Mr. Ramon M. Del Rosario, Vice President – External Relations

- Mr. Homer Gerrard L. Ortega, Vice President – Human Resources
- Ms. Jannet C. Regalado, Vice President – Legal and Chief Compliance Officer
- Mr. Dennis C. Javier, Vice President – Wholesale Commercial Fuels
- Mr. Steve L. Quila, Lubricants General Manager
- Mr. Nimfa Dimailig, Country Tax Manager
- Mr. Reynaldo P. Abilo, Corporate Assurance Manager
- Ms. Angelica M. Castillo, Investor Relations Officer and Controller  
Alex Hernandez, DSO Integration Manager
- Mr. Ronald A. Suarez, ER Adviser Future of Energy Campaign
- Mr. Rubin G. Cura, Legal Counsel
- Mr. Mark Brian J. Nicdao, External Relations and Internal  
Communications Manager
- Mr. Luis C. la Ó
- Mr.

785. **National Anthem and Safety Briefing**

Atty. Rubin Cura requested the attendees to stand up for the Philippine National Anthem. Afterwards, the attendees were asked to take their seats for the Safety Briefing. During the Safety Briefing, the attendees were informed that the Corporation treats safety with utmost importance. The Manila Polo Club is equipped with a Fire Detection System that will trigger an intermittent alarm in case of an emergency. There was no scheduled fire drill on the day of the meeting. Nearest exits and assembly area were shown. A doctor and a nurse were on duty to provide first aid. Manila Polo Club has an accredited ambulance and the nearest hospital is the St. Luke’s Medical Center.

786. **Call to Order**

The Chairman of the Board called the meeting to order and invited the Corporate Secretary to introduce Members of the Board of Directors and the Committee Chairmanship/ Memberships.

787. **Introduction of the Members of the Board of Directors & Committee Chairmanship/Memberships**

The Corporate Secretary acknowledged the presence of the following directors:

NAME	POSITION	COMMITTEE
Anthony Lawrence D. Yam	Executive Director/ VP- Retail	
Fernando Zobel de Ayala	Independent Director	Chairperson – Corporate Governance Committee

NAME	POSITION	COMMITTEE
Nina D. Aguas	Non-Executive Director	Chairperson – Corporate Social Responsibility Committee  Member – Related Party Transactions Committee  Member – Board Audit and Risk Oversight Committee
Cesar G. Romero	Executive Director/ President & Chief Executive Officer	Member – Nomination Committee
Asada Harinsuit	Non-Executive Director/ Chairman of the Board	Member – Corporate Social Responsibility Committee
Jose Jerome R. Pascual, III	Executive Director/ Treasurer/ VP- Finance	
Cesar A. Buenaventura	Independent Director	Chairperson – Board Audit and Risk Oversight Committee,  Member – Corporate Governance Committee  Member – Related Party Transactions Committee  Member - Nomination Committee
Dr. Lydia B. Echauz	Independent Director	Chairperson – Related Party Transaction Committee  Member - Board Audit and Risk Oversight Committee  Member – Corporate Governance Committee

NAME	POSITION	COMMITTEE
Mona Lisa Bautista Dela Cruz	Non-Executive Director	Member – Related Party Transactions Committee
Dennis G. Gamab	Executive Director/ VP – Trading and Supply	

Mr. Anabil Dutta, a Non-Executive Director and member of the Board Audit and Risk Oversight Committee and Corporate Social Responsibility Committee, was not present.

Likewise present were senior members of Management, the external auditors of the Corporation, SyCip Gorres Velayo & Co. (“SGV”), a member firm of Ernst & Young Global Limited, and Mr. Luis C. la O, nominee for the Board of Directors.

788. **Notice of Meeting and Quorum**

The Chairman of the Board inquired the Corporate Secretary if the stockholders have been duly notified of the Annual Meeting. The Corporate Secretary declared that in accordance with the By-laws of the Corporation and applicable rules and regulations, the written notice of the date, place, purpose and details as well as materials of the meeting were sent by 06 April 2018 to all stockholders of record as of the record date on 31 March 2018.

Accordingly, the Corporate Secretary certified to the service of Notices of the Stockholders' Meeting.

The Chairman of the Board thereafter inquired if a quorum was present.

The Corporate Secretary certified to the presence of a quorum. In attendance, in person and by proxy, are stockholders owning at least 1,331,714,094 shares representing 82.54% of the total issued and outstanding shares.

789. **Voting Procedure**

The Chairman of the Board invited the Corporate Secretary to discuss the voting procedure. The Corporate Secretary shared that details on the voting procedure were previously circulated to the stockholders as Item 19 of the Definitive Information Statement. Voting was by viva voce and ballot distributed during the registration.

Proxy votes received as of 25 April 2018, accounting for 82.52% of the outstanding shares, were validated and counted on 27 April 2018 by RCBC Stock and Transfer Agent in the presence of SGV.

The final counting of all votes cast shall be undertaken by RCBC Stock & Transfer Agent and witnessed by SGV.

SGV performed agreed-upon procedures on the Company's proxy validation, registration and tabulation processes following Philippine Standard on Related Services 4400 – Engagements to Perform Agreed-upon Procedures, issued by the Auditing and Assurance Standards Council. In addition, representatives from SGV were present at the Annual Stockholders' Meeting to observe the registration, determination of quorum and tabulation of votes.

790. **Approval of Previous Minutes**

The Chairman of the Board informed the stockholders that the next item in the agenda was the approval of the minutes of the previous meeting. Copies of the Minutes of the Annual Meeting of the Stockholders held on 16 May 2017 were previously distributed to the stockholders together with the Notices, and an electronic copy was made available on the website of the Corporation.

On motion duly made by Mr. Federico A. Acosta and seconded by Ms. Gaudiosa Concepcion, and as verified by the Corporate Secretary, stockholders owning 1,331,551,079 shares and representing 82.53% of the outstanding capital stock of the Corporation, adopted the following resolution:

“**RESOLVED**, that the Minutes of the Annual Meeting of the Stockholders held on 16 May 2017 be, as it is hereby, approved.”

No shareholder (or 0.00%) voted against or had abstained from the decision to approval.

The Chairman of the Board declared that since the stockholders owning majority of the total outstanding shares voted for the motion, the same was carried and the minutes deemed read and approved.

791. **Message from the Chairman of the Board**

The Chairman of the Board delivered his message, in verbatim:

“We are proud to present to you our second Annual and Sustainability Report, which details our financial, social, safety, and environmental performance for 2017.

For the past 103 years, Pilipinas Shell has been more than just an oil and gas company in the Philippines. We are a partner in national development and an advocate of sustainable growth.

We are aligned with the Philippine government's energy plan and take direction from its industry roadmap. To that end, Pilipinas Shell ensures that it supplies our customers with products

and services of high quality, right quantity, and utmost regard for service and safety. In fact, we successfully introduced Euro IV (PH)-compliant fuels in 2016. This is part of our sustainability goal of providing access to high-quality fuels. In addition, we support the recently enacted Tax Reform for Acceleration and Inclusion (TRAIN) Law, as we understand that it has impacts not just for the fuel industry, but for the Filipino.

The TRAIN Law is designed to support the government's "Build, Build, Build" infrastructure programme, which is expected to further boost the country's economy.

The Philippines has received multiple credit rating upgrades, and achieved a growth of 6.7% in 2017, which places it among the fastest growing economies in Asia. Alongside strong remittances from overseas Filipino workers (OFWs), which hit an all-time high at \$28.1 billion in 2017, domestic consumption is expected to remain high. It is against this economic backdrop that Pilipinas Shell positions itself. Our success as a business is supported by the overall growth for the country, and the outlook continues to be bright for the Philippines.

We count ourselves among the publicly listed firms that present a solid investment case and seek to protect the interests of our shareholders, which include local small investors. Beyond providing high dividends to our shareholders, our business also provides quality jobs, not only within our Company, but also for our extensive network of contractors and suppliers. As an employer, we invest in our people, equipping them so they are able to hold their own in the local arena or abroad.

Our core values have remained the same throughout our long history: honesty, integrity, and respect for people. As we work together towards strengthening Pilipinas Shell, we will remain ever mindful of our greater responsibility to society and the planet.

This is how we make the future."

A resounding round of applause followed.

792. **Report of the President and Chief Executive Officer**

The Chairman of the Board informed the stockholders that the next item in the agenda was the Report of the President and Chief Executive Officer. The Chairman of the Board invited the President and Chief Executive Officer to render his report. Visual aids had been prepared for the better appreciation of the report.

The President and Chief Executive Officer rendered his report:

“Thank you Mr. Chairman. The second Annual Stockholders Meeting is a testament to our continued growth alongside the nation. We have been in the Philippines for the past 103 years, and in our second year as a listed company, we hope to collaborate with shareholders who share the same mindset of sustainability, and long-term commitment. Owning a part of Pilipinas Shell is not only a solid investment; it is a partnership with an organization that seeks to balance short- and long-term interests, with consideration to the triple bottom line - economic, environment, and social performance.

Sound business management and corporate practices have helped us maintain stable financial health. In 2017, our financial performance continues to be driven by the strength of our marketing businesses. Pilipinas Shell’s year-on-year earnings surged 39% to close 2017 with a net income after tax of Php 10.4 billion at an attractive return on average capital employed of 27%. Our dividend pay-out of 80% exceeds our dividend policy of a minimum of 75% of prior year’s income. Our level of earnings and dividend pay-out position our dividend yield as one of the highest in the industry. Our gearing also remains healthy at 18%.

Our retail business continued its steady growth and efficient operations. Retail volumes grew by 4%, higher than industry, with the average station throughput double that of the industry average.

Our premium fuels business exhibited robust sales this year, helped by our launch of V-Power with DYNAFLEX technology.

The preference for the Shell brand remains very strong. The Shell brand is valued at \$39 b, leading other major brands. The brand share preference of Shell in the Philippines remains above 40%.

Our retailer and forecourt service champion are recognized globally as the best in their fields.

The Shell Global Multi-Site Retailer of the Year, Erwin Dueñas, and the Global Shop Service Champion, Rowel Ellevera, hailing from the Philippines, were awarded during the Smiling Stars Awards, a Shell Global incentive programme for retail world-wide.

We also strengthened our branded non-fuel retail offerings, such as Shell Select and deli2go, to maximise the value we can generate from our retail stations. Today, we have 102 Shell Select convenience stores and 41 deli2go stores nationwide. Due



in part to our focus on convenience retailing, our non-fuel retail business enjoyed double-digit growth in 2017.

In 2017, our commercial fuels business was affected in part by lower demand from the power sector. However, the team worked hard to make a strong recovery in the latter half of the year, managing to win new accounts and grow volumes in new commercial sectors.

Shell Aviation celebrated 55 years of operations in the country. In 2017, we expanded our refuelling network to include the Mactan-Cebu International Airport, currently the second busiest terminal in the country.

Our supply chain also continues to extract value and reap financial and operational benefits from the North Mindanao Import Facility (NMIF), which has helped significantly reduce stock outs. Our Tabangao refinery successfully completed its planned two-month turnaround with excellent safety record.

Going into 2018, we expect to complete our bitumen production facility inside the refinery. This should allow us to produce bitumen locally and help us support the government's infrastructure program. The bitumen production facility positions Pilipinas Shell to participate in public-private partnerships to build the infrastructure necessary for business and economic growth, as well as export some bitumen raw materials, as appropriate to other countries.

Our commitment to nation-building also means generating quality jobs. Pilipinas Shell directly employs over 700 people and help generate employment to approximately 25,000 more through our business partners and suppliers such as our retailers, hauliers, and construction and maintenance contractor companies.

Through Pilipinas Shell Foundation, Inc. (PSFI), the social arm of Shell companies in the Philippines (SciP), we also made significant social investments. In its 35 years of existence, PSFI has touched more than 12 million lives. Through Movement Against Malaria, PSFI has helped move the country forward in its fight against the malaria epidemic. Thanks in part to the programme, 42 provinces in the country have been declared malaria-free as of 2017, with 92% reduction in the total number of cases and 98% reduction in deaths due to malaria.

At Pilipinas Shell, sustainability means strengthening our operations to allow us to become a stable and reliable company for the benefit of our stakeholders. Our strategy is to strengthen our leadership in the oil and gas industry to create a world-class

investment case for our shareholders. Our ambition is to be able to supply high-quality fuels to serve the needs of our developing nation, as we uplift the lives of its citizens. Moving forward, we will continue to bolster our efforts towards promoting and practicing sustainability.”

A resounding round of applause followed. The Chairman of the Board thanked the President and noted the presentation was very comforting to the shareholders.

793. **Approval of Certain Acts of the Board, Board Committees and Management**

The Chairman of the Board informed the stockholders that the next item in the agenda was the ratification of two corporate acts, namely:

- i) Amendment of By-Laws to Move Annual Stockholders’ Meeting; and
- ii) Amendment of the Articles of Incorporation to Change Principal Office.

The Chairman of the Board requested the Chief Financial Officer to report on the proposed Amendment of By-Laws.

***a) Amendment of By-Laws to Move Annual Stockholders’ Meeting***

Mr. Jose Jerome R. Pascual III explained that the Definitive Information Statement of the Corporation provided details of the proposed Amendment of the By-Laws, as approved by the Board of Directors on 10 November 2017. Specifically, the proposal was to move the annual stockholders meeting from the ‘third Tuesday in May of each year’ to the ‘second Tuesday in May of each year’ and that Section 1, Article II of the By-laws of the Corporation, be amended accordingly. The amendment was necessary to avoid confusion from the 1st quarter results that are announced around the 3rd week of May.

On motion duly made by Ms. Malu Jimenez and seconded by Mr. Roberto “Bobby” Buencamino, and as verified by the Corporate Secretary, stockholders owning 1,331,551,279 shares and representing 82.53% of the outstanding capital stock of the Corporation, adopted the following resolution:

“**RESOLVED**, that the amendment of the by-laws be approved and adopted to move the annual stockholders meeting from the ‘third Tuesday in May of each year’ to the ‘second Tuesday in May of each year’ and that Section 1, Article II of the By-laws of the Corporation, be amended accordingly.”

No shareholder (or 0.00%) voted against or had abstained from the decision to approval.

The Chairman of the Board declared that since stockholders owning at least two-thirds (2/3) of the total outstanding shares voted affirmatively for the amendment, the same was approved.

***b) Amendment of the Articles of Incorporation to Change Principal Office***

The President and Chief Executive Officer declared that the Definitive Information Statement of the Corporation provided details of the proposed Amendment of the Articles of Incorporation, as approved by the Board of Directors on 27 February 2018. Specifically, the proposal is to change the principal office of the Corporation from Shell House in Salcedo Village, Makati City to '41st Floor, The Finance Center, 26th Street corner 9th Avenue, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City, Metro Manila, 1630' and that Article III of the Articles of Incorporation of the Corporation, be amended accordingly.

Due to its age, Shell House is becoming increasingly expensive to operate and maintain. The building's mechanical, electrical, plumbing, and fire security systems are all nearing the end of their useful lives. Consequently, the cost of occupancy is expected to increase. In addition to the cost and HSSE concerns within the Shell House, the aging building does not provide a suitable corporate image. Moreover, steps will be taken to ensure that the office space, while substantially less (<50%) than the current premises, will be used much more efficiently at an 80% utilization rate.

On motion duly made by Ms. Recca Menchavez and seconded by Atty. Jose Ma. Emmanuel A. Caral, and as verified by the Corporate Secretary, stockholders owning 1,331,551,279 shares and representing 82.53% of the outstanding capital stock of the Corporation, adopted the following resolution:

**“RESOLVED**, that the Articles of Incorporation be amended to change the principal office of the Corporation from 'Shell House, No. 156 Valero St., Salcedo Village, Brgy. Bel-Air, Makati City 117' to '41st Floor, The Finance Center, 26th Street corner 9th Avenue, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City, Metro Manila, 1630' and that Article III of the Articles of Incorporation of the Corporation, subject to the approval of the Securities and Exchange Commission, be amended accordingly.”

No shareholder (or 0.00%) voted against or had abstained from the decision to approval.

The Chairman of the Board declared that since stockholders owning at least two-thirds (2/3) of the total outstanding shares voted affirmatively for the amendment, the same was approved.

794. **Election of Directors**

The Chairman of the Board informed the stockholders that the next item on the agenda was the Election of Directors. The Nomination Committee came up with the short and final list of candidates for Board Membership. The list included the nominees for three (3) independent directors.

The Chairman of the Board invited the Corporate Secretary to read the names of the candidates.

The Corporate Secretary discussed that the qualifications of the nominees as directors were included as Item 5 of the Definitive Information Statement of the Corporation, copies of which were distributed to the stockholders together with the Notices.

The nominees were:

<b><u>Directors</u></b>	<b><u>Independent Directors</u></b>
Mona Lisa B. Dela Cruz	Cesar A. Buenaventura
Anabil Dutta	Lydia B. Echauz
Dennis G. Gamab	Fernando Zobel de Ayala
Asada Harinsuit	
Luis C. la Ó	
Jose Jerome Rivera Pascual III	
Cesar G. Romero	
Anthony Lawrence D. Yam	

The Corporate Secretary certified that based on the final tabulation, the following votes were cast:

<b>Nominee</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Asada Harinsuit	1,032,773,260	622,540	41,672,491
Anabil Dutta	1,027,586,617	5,977,663	41,503,501
Mona Lisa B. Dela Cruz	2,443,155,623	741,020	41,672,491
Dennis G. Gamab	1,033,852,170	374,510	40,841,701
Cesar G. Romero	1,061,786,315	11,985,527	1,307,300
Jose Jerome R. Pascual III	1,036,446,167	5,620,374	33,003,410
Luis C. la Ó	2,447,666,098	4,223,680	33,665,210
Anthony Lawrence D. Yam	1,042,485,521	-	32,583,330
Fernando Zobel de Ayala (Independent Director)	1,059,664,053	6,127,963	9,279,151
Cesar A. Buenaventura (Independent Director)	1,043,138,337	22,653,114	9,279,151
Lydia B. Echauz (Independent Director)	1,066,437,180	374,510	8,258,371

On motion duly made by Atty. Caral and seconded by Mr. Roberto Buencamino, adopted the following resolution:

**“RESOLVED**, that the candidates, whose names had just been cited by the Secretary, be declared as the duly elected members of the Board of Directors of the Corporation upon the

adjournment of this meeting, to serve as such until their successors shall have been duly elected and qualified.”

The Chairman of the Board declared that since stockholders owning majority of the total outstanding shares voted for the election of the said nominees, they are now the duly elected as directors of the Corporation upon the adjournment of this meeting.

The Corporate Secretary shared that the President and Chief Executive Officer would like to say a few words.

The President and Chief Executive Officer said a few words about the outgoing Director, Ms. Nina D. Aguas, in verbatim:

“On behalf of the Board and Management, I would like to express our appreciation for the contribution of Ms. Nina D. Aguas who joined the Board in early 2016, bringing with her a wealth of experience from here and abroad. This was immediately shown by her incisive questions and fresh outlook which were very welcome. She journeyed with us in improving the financial condition of the Company, from gearing ratio of close to 90% to what is now 18% and eventually primed us for a successful IPO. We wish her all the success in her future endeavours and we welcome Mr. Luis la Ó to the Board.”

A resounding round of applause followed.

795. **Appointment of External Auditors**

The Chairman of the Board informed the stockholders that the next item on the agenda was the appointment of the external auditors of the Corporation.

Mr. Cesar A. Buenaventura, Chairman of the Board Audit and Risk Oversight Committee, averred that the Committee recommended to the Board of Directors the appointment of an external auditor which will examine the accounts of the Corporation for 2018. The Board of Directors, at its meeting held on 14 March 2018, approved the endorsement of the Committee of the re-appointment of SGV as the external auditor of the Corporation for 2018.

On motion duly made by Ms. Recca Menchavez and seconded by Ms. Sally Monteiro, and as verified by the Corporate Secretary, stockholders owning 1,331,549,766 shares and representing 82.53% of the outstanding capital stock of the Corporation, adopted the following resolution:

“**RESOLVED**, that Sycip Gorres Velayo and Co., member of Ernst and Young International, be appointed as the External Auditors of the Corporation for the calendar period ending 31 December 2018, under such terms and conditions as the Board of Directors may consider reasonable.”

No shareholder (or 0.00%) voted against, while 100 shares (0.00%) abstained from the decision to approval.

The Chairman of the Board declared that Since the stockholders owning a majority of the total outstanding shares voted affirmatively for the appointment of SGV as external auditor, the same is approved.

796. **Question and Answer**

The Chairman of the Board opened the floor for questions from the stockholders. Mr. Mark Nicdao facilitated the question and answer portion.

Mr. Alfredo Parungao asked the first question. He represented the Shareholders Association of the Philippines (SHAREPhil), a professional association whose mission is the improvement of shareholder information, particularly the minority shareholders, to better appreciate their rights, duties and responsibilities as shareholders. He inquired:

1. While the performance for 2017 is very impressive compared to 2016, how is the performance for 2017 compared with the targets set initially at the beginning of the year for 2017?
2. What are the major business risks that the business is facing for 2018 and beyond and how is the company addressing these business risks?

The Chairman of the Board thanked Mr. Parungao and turned over the floor to the President and Chief Executive Officer to respond to the questions.

The President and Chief Executive Officer affirmed that the targets for 2017 were within the guidelines given. The aspiration is to contribute PhP1 to 2 billion per year of EBITDA improvement for four years from the time of listing. For those following the stocks of the Corporation, the commitment is based on EBITDA because it shows the underlying business performance. The 2017's almost PhP2 billion improvement in operating performance is on the upper end of its commitment.

Insofar as business risks for 2018 is concerned, the impact of TRAIN Law on demand is yet to be understood. Significant amount of excise taxes were imposed on fuel products. Hopefully, the country will be able to handle this. Levels of crude prices are still lower than the early 2014 levels. Some may still recall the time when crude amounted to USD100 per barrel and premium grade was PhP67.00 per liter (currently less than PhP60 with GDP growth of less than 6%). Excise taxes will hopefully not have any negative impact on the continuous economic growth of the country. The other item, although not considered a risk, is that the Corporation must continue to keep abreast of the developments of TRAIN Law. Two more versions of TRAIN Law are coming and the Corporation will ensure that it is on top of the conversation so that the final outcome will be beneficial for all.

Thereafter, another stockholder addressed a question to the Chairman of the Board inquiring of the reason behind the move of the day of the Annual Stockholders' Meeting to Second Tuesday in May. The Chairman of the Board replied that the movement is due to the close timing between the Annual Stockholders' Meeting and the first quarter results. Said decision was prompted to avoid any confusion. The stockholder further commented that about ten other listed companies are holding their meetings around the same time. The President and Chief Executive apologized for the conflicting schedule and noted that the challenge is the timing of first quarter results. The Chairman of the Board thanked the stockholder and mentioned that her comment will be looked at.

Mr. Sam Canua, a stockholder, then asked the next questions:

1. 90% of the total crude mix is sourced from the Middle East, of which 36.6% came from Saudi Arabia, the top supplier of crude oil in the country; followed by Kuwait with 30.2% of the total crude mix; and then UAE with 17.6% share. Since there is diplomatic crisis between Philippines and Kuwait, will this impact oil supply?
2. On putting up Globe cell sites in retail stations, is there any risk on safety and security?

The Chairman of the Board referred the first question to Mr. Dennis G. Gamab, Vice President – Trading and Supply, on oil supply security. Mr. Gamab answered that the Corporation has varied fuel sources from various countries. It sources its crude from its international trading desk, SIETCO, based on the specifications that the refinery needs as well as the demand. SIETCO will source these from the market, whether in Kuwait or Saudi Arabia. The Corporation does not fear that current problems between Philippines and Kuwait will have impact to crude sources.

The Chairman of the Board referred the second question to Mr. Anthony Lawrence D. Yam, Vice President – Retail. The putting up of cell sites in retail stations has been carefully studied. These cell sites will be put up at secured places and there is no grave or major problem on safety or security for these cell sites.

Mr. Canua remarked that the President and Chief Executive Officer bears a resemblance to the President of Mexico while Mr. Fernando Zobel de Ayala is like another version of James Bond. Mr. Zobel de Ayala thanked Mr. Canua for being kind.

Ms. Eugenia Socorro Gomez congratulated the President and Chief Executive Officer. She saluted Mr. Romero since out of all the stockholders' meetings she has attended, Mr. Romero is the only President who went from table to table to greet the stockholders. Ms. Gomez suggested for the Annual and Sustainability Report to include the dates of birth and educational attainment of directors. Ms. Gomez also mentioned that the most important thing was the core value, respect for people, cited by the Chairman of the Board. Ms. Gomez is dealing with a staff under network expansion department of the Corporation. She commended said staff, by the name of "Archie", for being professional and she appreciates dealing

with him in relation to her property in Pangasinan. Following respect for people as one of the core values, she gets respect from the professionalism of Archie.

Anonymous question from one of the stockholders were announced by the moderator. It inquired how the Corporation compares against its competitors? Petron Corporation has a CCR (continuous catalytic regeneration unit) expansion while Phoenix is building a new bitumen plant.

The President and Chief Executive Officer responded that the Corporation remains disciplined and prudent with its expansion programs both in retail and in manufacturing in a manner that is fit for purpose of its aspirations. If competitors are doing the foregoing actions that they think are best for them, then let them do so.

On the other hand, the Corporation's investment on Euro IV in 2016, in addition to the bitumen production facility, Project Barako, the Corporation continues to look for ways to make the refinery more reliable and operate more effectively. The response of the Corporation is directly in tune with what it needs to support the marketing business. At this stage, there is no big expansion plan for the refinery although projects are in the pipeline to further optimize the refinery. Nonetheless, the Corporation invested on an import facility in Cagayan de Oro, which has continuously serviced the Corporation well. Moreover, for 2018, the Corporation invested USD250 million to decongest the depot in Tabangao. Due to the closure of Pandacan, most operations were moved to Tabangao. As a consequence, the depot capacity was increased and loading facilities were grown to further cut the cycle time by 50%. It currently takes 40 to 50 minutes from the time the truck goes in and out. With this capability, time will be lowered to 20 to 30 minutes to further improve the performance of the Corporation.

The next stockholder took the floor to state his observation. He commended Management for introducing a new innovation on the Philippine National Anthem. He said that in all stockholders' meeting that he attended, the Philippine National Anthem was pre-recorded. He suggested for the Ayala empire (sic), in its stockholders' meeting next year, to invite Atty. Rubin Cura to sing the Philippine National Anthem.

Subsequently, a question was posed if the Corporation has plans to enter into the business of petrochemicals. The President and Chief Executive Officer answered that the Corporation has no plans to engage in said business. It remains focused on its marketing business. As previously shared, the main drivers of its marketing business are retail, commercial fuels and lubricants and the refinery is an enabler of the marketing business. The President and Chief Executive Officer shared that capital investment on the retail side was doubled. From PhP1 billion, the Corporation will invest PhP2 billion to the retail segment starting 2018 until two to three years to grow and strengthen further its strong position in retail.

Thereafter, another stockholder congratulated the Management. He mentioned that the share price of the Corporation is currently undervalued by the market but hopefully, it will catch up. He inquired if:



1. discounts to public utility jeepneys (“PUJs”) is being implemented and if the Corporation can subsidize further the oil prices for PUJs?
2. since energy stocks in the US are going up, what is the trend on oil and energy stocks?

The Chairman of the Board referred the first question to Mr. Yam.

Mr. Yam replied that discounts to PUJs is not new. This has been a practice for more than 10 years. Nonetheless, Retail is enhancing the number of sites, primarily stations along the routes of PUJs. The possibility of increasing the sites is dictated by the market and the discounts given are competitive to attract clients. Currently, discounts to PUJs are substantial. This is the Corporation’s help to the country to aid drivers in surviving the effects of the TRAIN Law. The President and Chief Executive Officer added that the discount agreed with the Department of Energy is time-bound and it is expected to end by the end of June. He also pronounced that the challenge is to balance helping in nation-building and ensuring that profitability will not suffer as this will impact the dividends as well.

On the second question, the Chairman of the Board replied that energy stocks go into cycles. It is difficult to predict the oil price due to a number of factors, such as political issues and relationship between governments. Volatility will always be present. Energy as a sector is influenced by population growth in the world, which is based on current projection, will grow from 7.5 to 9-10 billion in 20 to 30 years. Bigger population requires more energy. Challenges are to have cleaner and more energy. While oil will be around for a few decades, transition to different types of energy mix will take some time. Different types of energy mix will be competing with one another. Ultimately, regulations and consuming sectors will be key determinants.

On motion duly made and seconded, the question and answer portion was closed.

797. **Adjournment**

There being no further business to transact, the meeting was adjourned upon motion duly made by Mr. Federico A. Acosta and seconded by Ms. Malu Jimenez.

Prepared by:

**ERWIN R. OROCIO**  
*Corporate Secretary*

**Attested By:**

**ASADA HARINSUIT**  
*Chairman of the Board*