

**PILIPINAS SHELL PETROLEUM CORPORATION
MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS
HELD VIA PREMIUM CONFERENCING
ON 11 MAY 2021**

**STOCKHOLDERS
PRESENT:**

| Stockholder | No. of Shares in Remote Communication | No. of Shares by Proxy | Percentage |
|---|---|---------------------------|------------|
| ABILO, REYNALDO P. | 1 | 6,000 | 0.0004% |
| ARANETA, FERNANDO G. | | 1 | 0.0000% |
| ARANETA, JUAN CARLOS G. | | 1 | 0.0000% |
| ARANETA, SANTIAGO G. | | 1 | 0.0000% |
| BASHEER, RAFI HAROON | | | 0.0000% |
| | 1 | | |
| BPI SECURITIES FAO ANGEL JOSE GARIN DE JESUS | | 3,100 | 0.0002% |
| BPI SECURITIES FAO JOSE JEROME R. PASCUAL III | | 29,230 | 0.0018% |
| BPI SECURITIES FAO JULIUS VICTOR EMMANUEL J. SANVICTORES | | 100 | 0.0000% |
| BPI SECURITIES FAO MICHAEL PLANTA RAMOLETE | | 6,290 | 0.0004% |
| CITIOMNIFOR6001689531 | | 32,070 | 0.0020% |
| CITIOMNIFOR6002070101 | | 1,429,790 | 0.0886% |
| CITIOMNIFOR6002070102 | | 184,030 | 0.0114% |
| CITIOMNIFOR6002070132 | | 1,357,940 | 0.0842% |
| CITIOMNIFOR6002079785 | | 33,380 | 0.0021% |
| COL FINANCIAL FAO ABIGAIL C. SY | | 740 | 0.0000% |
| COL FINANCIAL FAO WILLIE JAN- MICHAEL P. BARCELON | | 1,380 | 0.0001% |
| CURA, RUBIN GALANG | | | 0.0003% |
| | 4,290 | | |
| DEUTSCHE BANK AG MANILA ERWIN C. OROCIO | | 9,062,696 | 0.5617% |
| | | 6,290 | 0.0004% |
| FIRST METRO SECURITIES FAO CESAR ANTONIO CALAYAN CUARESMA | | 4,000 | 0.0002% |
| | | HSBC10 | |
| | | 49,706,950 | 3.0808% |
| JAVIER, DENNIS EVARISTO C. | | 20,780 | 0.0013% |

| Stockholder | No. of Shares in Remote Communication | No. of Shares by Proxy | Percentage |
|---|---------------------------------------|------------------------|------------|
| JIMENEZ, MARIA LUISA P. | 1,490 | | 0.0001% |
| LA 'O, LUIS C. | 1 | | 0.0000% |
| NICDAO, MARK | | 2,200 | 0.0001% |
| PHILSTOCKS KENNETH ANG CHAN | | 500 | 0.0000% |
| ROMERO, CESAR G. | 1 | 11,290 | 0.0007% |
| SCB OBO DBS BANK LFC A/C SG0264200001 | | 9,336,700 | 0.5787% |
| SHELL OVERSEAS INVESTMENTS B.V. | | 890,860,233 | 55.2148% |
| SPATHODEA CAMPANULATA INC. | | 67,184,265 | 4.1640% |
| TAN, MIN YIH | 1 | | 0.0000% |
| THE INSULAR LIFE ASSURANCE COMPANY, LTD. | | 265,465,395 | 16.4533% |
| ABILO, REYNALDO P. | 1 | 6,000 | 0.0004% |
| ARANETA, FERNANDO G. | | 1 | 0.0000% |
| ARANETA, JUAN CARLOS G. | | 1 | 0.0000% |
| ARANETA, SANTIAGO G. | | 1 | 0.0000% |
| Total | 5,785 | 1,294,745,352 | |
| Grand Total | | 1,294,751,137 | 80.248% |

**DIRECTORS
PRESENT:**

Mr. Min Yih Tan
 Mr. Cesar G. Romero
 Mr. Reynaldo P. Abilo
 Mr. Rafi Haroon Basheer
 Mr. Cesar A. Buenaventura
 Ms. Mona Lisa B. Dela Cruz
 Dr. Lydia B. Echauz
 Mr. Luis C. la 'O
 Mr. Rolando J. Paulino, Jr.
 Mr. Randolph T. Del Valle (Outgoing)
 Mr. Fernando Zobel de Ayala
 Mr. Amando M. Tetangco, Jr. (Incoming)

**ALSO IN
ATTENDANCE:**

Mr. Erwin R. Orocio, Managing Counsel and Chief Compliance Officer
 Ms. Ellie Chris C. Navarra, Corporate Secretary and Legal Counsel

Mr. Rubin G. Cura, Assistant Corporate Secretary and Legal Counsel
Mr. Sergio C. Bernal, Jr., Vice President – External Relations and Government Relations
Mr. Carlo D. Zandueta, Vice President – Human Resources
Mr. Dennis C. Javier, Vice President – Wholesale Commercial Fuels
Mr. Jan-Peter Groot Wassink, Vice President – Manufacturing
Mr. Steve L. Quila, Vice President – Lubricants
Mr. Wesley Stewart, Vice President – Vice President – Supply & Distribution
Mr. Augusto P. Mathay, Jr., Supply Operations Manager
Dr. Rose Rivera, Country Health Manager
Ms. Nimfa G. Dimailig, Country Tax Manager
Mr. Mark Brian J. Nicdao, Corporate Audit and Assurance Manager
Ms. Angelica M. Castillo, Investor Relations Officer and Controller
Mr. Alex Hernandez, DSO Integration Manager
Ms. Tina Lozano, Ethics and Compliance Manager
Mr. Cesar Abaricia, External Relations Adviser
Mr. Ryan Andres, Legal Counsel
Mr. Vincent Juan, Legal Counsel
Mr. Paulo Gavino, External Relations and Internal Communications Manager

824. **Safety Briefing**

Ms. Angelica M. Castillo, Investor Relations Officer and Controller, delivered the Safety Briefing:

“In Shell, we treat safety with utmost importance as it is our license to operate. Although this is a virtual meeting, allow me to conduct a Safety Briefing. First of all, please do not drive while you are attending this virtual meeting. We will understand if you will need to drop off this webcast for any reasons. Please be mindful of your surroundings. If you are using an earpiece, please make sure that you will also be able to hear any alarms and can continue to be conscious of any potential hazards around you. Kindly take note of the nearest exit in case of emergency. In case of an earthquake, do not panic and remember the rules: Duck, cover and hold. Once clear, proceed to the nearest exit. Do not forget to have a ready list of the emergency numbers in your areas.

On a more domestic front for those of you at home, please ensure that young children are safe and properly supervised. You may also want to ensure that gas stoves and ranges have been shut off, in case you left something cooking.

In closing, I am pleased to advise that we will be posting a recording of this meeting in our website as required by the Philippine Securities and Exchange Commission. You may email in your questions and concerns over the next two (2) weeks.”

825. **National Anthem**

Atty. Ellie Chris Navarra requested the participants to stand up for the Philippine National Anthem sang by the Shell Music Club.

Afterwards, the attendees in the call were asked to take their seats.

826. **Call to Order**

The Corporate Secretary turned over floor to the Chairman of the Board, Mr. Min Yih Tan. Mr. Tan assumed the chairmanship last 1 January after Khun Asada Harinsuit retired and stepped down from the Board. Mr. Tan is concurrently the Vice President - Global Retail Network of Shell. He is a key member of the Shell Global Retail Leadership Team and leads its Global Network Leadership Team.

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

827. **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 |
|-----------------------|--|---|
| Min Yin Tan | Non-Executive Chairman of the Board | Member – Sustainability Committee |
| Cesar G. Romero | Executive Director/ President & Chief Executive Officer | Member – Nomination Committee |
| Cesar A. Buenaventura | Independent Director | Chairman - 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 |

| NAME | POSITION | COMMITTEE |
|-------------------------|--|---|
| | | Member - Board Audit and Risk Oversight Committee Member – Corporate Governance Committee |
| Fernando Zobel de Ayala | Independent Director | Chairman- Corporate Governance Committee |
| Mona Lisa B. Dela Cruz | Non-Executive Director | Member – Related Party Transactions Committee |
| Luis C. la ‘O | Non-Executive Director | Chairman – Sustainability Committee Member – Related Party Transactions Committee Member – Board Audit and Risk Oversight Committee |
| Reynaldo P. Abilo | Executive Director/ Treasurer/ VP- Finance/ Chief Risk Officer | |
| Randolph T. Del Valle | Outgoing New Executive Director/ VP-Mobility | |
| Rafi Haroon Basheer | New Non-Executive Director | Member- Board Audit and Risk Oversight Committee Member – Sustainability Committee |
| Rolando J. Paulino, Jr. | Non-Executive Director | |

Also present were senior members of Management and external auditors of the Corporation, SyCip Gorres Velayo & Co. (“SGV”), a member firm of Ernst & Young Global Limited.

828. **Certification of Notice of Meeting and Quorum**

The Chairman of the Board inquired whether the stockholders had 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 published through alternative modes of distribution through the website of the Corporation, Philippine Stock Exchange and

newspapers of general circulation. The stockholders of record as of the record date on 31 March 2021 were entitled to the notice.

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, via remote communication, *in absentia*, and by proxy, were stockholders owning 1,294,751,137 shares representing 80.248% of the total issued and outstanding shares.

829. **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 Items 19 and 20 and Annex B of the Definitive Information Statement.

Only those shareholders who 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 vote of a majority of the outstanding capital stock, provided a quorum is present.

Total votes received of from shareholders owning 1,218,224,949 shares accounting for 75.5046% of the outstanding shares, were validated and counted by RCBC Stock and Transfer Agent.

The final counting of all votes cast was undertaken by RCBC Stock & Transfer Agent.

830. **Approval of Minutes of the Previous Meeting**

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 June 2020 were distributed through alternative modes to the stockholders together with the Notices, and an electronic copy was made available on the website of the Corporation.

Based on the final voting tabulation, stockholders owning 1,218,224,949 shares and representing 75.5046% of the outstanding capital stock of the Corporation, voted for the resolution:

“**RESOLVED**, that the Minutes of the Annual Meeting of the Stockholders held on 16 June 2020 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.

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

The Chairman of the Board delivered his message with visual aids for the better appreciation of the shareholders:

“Good afternoon.

In 2020, the Philippines experienced the perfect storm of extenuating challenges. The oil and gas industry experienced a global collapse in prices. Over and above the continuing pandemic, the Philippines was beset with a series of natural disasters. The year started with the Taal Volcano eruption and ended with a series of typhoons.

The pandemic disrupted the entire oil and gas value chain, as evidenced by recent declines in production, cuts in large capital expenditures, deferments of investment decisions and reduced utilization of refinery capacities. Indeed, the current crisis is having a profound impact on the industry, both in the short and the long term.

The myriad of challenges last year inevitably slowed down economic activity and hampered demand. During the imposition of the enhanced community quarantine in March, demand for petroleum products severely declined and only picked up in June with the easing of lockdown restrictions. Your Pilipinas Shell prioritized care, continuity, and cash to deliver a favourable performance overall. Our rallying cry was “Pilipinas Kaya Natin ito,” (Philippines, we can get through this) – and we did.

Times like these demand that we have the strength and resolve to make bold choices to keep the business resilient. We consequently initiated the structural conversion of the Tabangao Refinery into a best in class import terminal. The transformation of the Tabangao facility was a tough but vital decision to bolster Pilipinas Shell with a more balanced and competitive marketing portfolio supported by robust supply chain.

Today, Pilipinas Shell enjoys good standing within the Royal Dutch Shell (RDS) Group and the Philippines continues to be a growth market.

Our grit and agility to respond to these unprecedented changes have been the cornerstone of Pilipinas Shell's sustainable business success. These challenges enabled us to re-examine our business—who we are and where do we go—and emboldened us to set the pace towards building a business that is resilient for the future. Consequently, we have embarked on the strategy for Powering Progress in the Philippines.

Later on, our President and CEO, Cesar Romero will illustrate the concrete steps of how we will Power Progress for the Philippines in the next 5 years. 2021- 2025 will be an exciting time for us as we thrive in the energy transition, evolve our marketing businesses and structurally strengthen our supply chain.

We intend to grow our customer-facing businesses, purposefully and profitably.

We will focus on working with our customers and across sectors to lower the carbon footprint of our operations, products and services, in step with society.

Powering Progress means powering lives and livelihoods by supporting an inclusive society.

Powering Progress also means respecting nature by protecting the environment, reducing waste and making a positive contribution to biodiversity.

As a partner in nation building, we strive to contribute to the UN Sustainable Development Goals throughout our value chain. We remain committed to our core values of honesty, integrity and respect for people as well as relentless focus on safety.

The past year has revealed everyone's drive, passion and resilience amid the uncertainty. I would like to express my sincere appreciation to all for their tenacity. We will prevail because we have achieved better clarity, taken concrete actions and shown character in difficult circumstances. Let's transcend the present challenges and provide more and cleaner energy solutions to the Filipinos!

Thank you.”

832. **President's Report**

The Chairman of the Board invited the President and Chief Executive Officer to render his report.

The President and Chief Executive Officer rendered his report with visual aids for the better appreciation of the shareholders:

“Good afternoon. I am Cesar Romero, Pilipinas Shell President and CEO.

A lot of things have been said about the unprecedented events of 2020. I personally want to remember it as the year that Pilipinas Shell emerged stronger; and where our people showed their true capacity to adapt and to excel.

It was also a year of delivery -- delivery of the decisive measures we took to preserve cash; delivery of solid and resilient operational safety and financial performance; and delivery of care for our customers, communities and people.

We all realized the value of connection and mobility— two things that are at the heart of our business—during the height of the lockdown period.

Despite the restrictions, Pilipinas Shell’s different classes of business continued to be reliable partners for essential services. Our network of ~1,100 retail stations remained open to serve customers nationwide.

Shell Aviation, on the other hand, continued to provide jet fuel and refueling services for local and international flights, and even fueled 1,000+ humanitarian repatriation flights. Our commercial fuels and lubricants businesses continued to cater to essential industries, such as the power, manufacturing, transport, and mining sectors, just to name a few.

On top of innovating its sustainable product segment, our bitumen business also continued to serve its key customers in construction and infrastructure development.

Aside from continuing to power the nation, your Pilipinas Shell helped alleviate the effects of COVID-19 in the communities we serve. To date, we have spent over PHP150 million in response activities, which have reached almost 800,000 Filipinos. Pilipinas Shell Foundation’s Ani Para sa Bayani initiative has provided around 522,000 meals to front line workers and vulnerable communities.

We provided close to 3.8 million litres of discounted fuel for the transport of healthcare workers, frontliners, and critical goods. Through our non-fuel retail offers at Shell Select convenience stores and deli2go, we were also able to provide

households quick access to necessities such as food and other essentials.

Meanwhile, our other businesses-initiated programs not only for indigent beneficiaries; but also, for our consumers and extended workforce is ongoing. As we speak, we have rolled out Shell Community Pantries in select mobility sites.

Confronted by the biggest health and economic crisis in decades, we have proven that our purpose and core values remain at the heart of everything we do.

Of course, the driving force behind our purpose and core values are our people. There were a lot of uncertainties; but we in the leadership team knew that how our people performed amid the pandemic would spell the difference.

Our people rose to the challenge. We would not have continued to thrive if it were not for the unwavering commitment and dedication of our 606 staff nationwide. Our employees – especially those who kept our operations running every day – showed great care in ensuring the safety of our different stakeholders. Our forecourt staff, our very own frontliners, showed tireless persistence as they continued to serve thousands of motorists every day even at the peak of the lockdown.

And so, at this point, allow me to thank and pay tribute to our people. Thank you for continuing to perform excellently for Shell – whether it be from home, various worksites, offshore platforms or import terminals. I could not have asked for a better team to face these extraordinary challenges with.

So where do we go from here? There is no going back to how things were pre-COVID-19; and I am proud that our organization – with your support – is leading the way to a better normal. A number of you were present during our Strategy Day last month, and I would like to reiterate how we re-introduced ourselves – Pilipinas Shell Petroleum Corporation is a marketing led energy company supported by a world-class supply chain with 107 years of experience in the Philippines.

The big difference in how we introduce ourselves now is rooted in three (3) core items – first, is making structural additions to our world-class supply chain. Second, is our change of business from retail to mobility, And last but not the least, is our focus on lower carbon operations and the introduction of our lower carbon products and services.

2020 has seen PSPC at its most efficient iteration yet, and the next 5 years will see us make structural additions to our world-class supply chain to make it more reliable, competitive, and sustainable.

The ongoing transformation of our Tabangao facility, from a refinery to a world-class import facility, will strengthen our position to meet demand not only in Metro Manila and Southern Luzon, but also in the Northern Visayas.

We also established another MR-capable in Subic, Zambales, an important piece in our supply chain network, which will secure our competitive edge in Central and North Luzon. These developments, together with the continued success of our North Mindanao Import Facility (NMIF) in Cagayan de Oro, complements the supply chain triangle that Pilipinas Shell has created.

By 2025, we aspire to grow our MR capable terminals from three (3) to five (5). Capital expenditures of ~P1 billion per annum is dedicated to increase and strengthen our supply chain across the country. All these assure the public of supply security and reliability; and support the national government's efforts to jumpstart the economy amidst the pandemic.

Royal Dutch Shell has set a target to become a net-zero emissions energy business by 2050. Locally, Pilipinas Shell believes that we have a role to play, a responsibility, and an opportunity to find solutions for a net zero carbon future.

Becoming a net-zero emissions energy business means that we are reducing emissions from our operations, and from the fuels and other energy products we sell to our customers. It also means capturing and storing any remaining emissions using technology or balancing them with offsets.

Early this year, Pilipinas Shell made history together with Knowles Corporation as it became the first carbon neutral fleet in the country. The company has helped them offset 4.63 tons of carbon dioxide from vehicle emissions—the equivalent of driving back and forth between the north and south of the Philippines 791 times. Customers using Shell Fleet Cards for their business will have their fuel consumption tracked and resulting carbon emissions will be offset through Shell's many nature-based projects around the world. Meanwhile, the introduction of offerings such as the Shell Helix OW lubricant for vehicles and the Shell Bitumen FreshAir—which reduces carbon emissions by 40% for road pavements— diversifies Shell's portfolio of low carbon products.

Internally, Shell continues to manage the impact of our operations in our terminals, and depots by complying with environmental regulations and standards for our emissions and effluents. The continued installations of solar panels, greenwalls, LED lights, inverter technology, and the use of ecobricks or upcycled plastics in our mobility sites are expected to reduce energy consumption by approximately 30%.

In the coming years, we aim to transform our business and find new opportunities – to provide more low-carbon energy products and services.

Lastly, we will evolve our Retail business from a fuel station into a destination site as we create mobility sites with more customer centric offerings. Alliances with international and local brands, coupled with full vehicle servicing such as car wash and oil change lounges, will turn each mobility station into a one-stop community hub.

Your Pilipinas Shell will also work on increasing our accessibility to customers nationwide by opening up 60 to 80 new mobility sites per year. We expect to increase our convenience retailing offer with 550 select stores and close to 900 vehicle servicing offers by 2025.

Through this, Pilipinas Shell is aiming to grow alongside the Philippine economy by increasing fuels volumes by ~4% per year and convenience retail profits by ~15 percent per year.

The circumstances of 2020 allowed us to demonstrate the resilience of our company. Pilipinas Shell is confidently looking forward to serving the country's energy and mobility requirements with its refocused strategy. We will be bringing customer-centric innovative offerings, backed by our strong balance sheet, technical capability and resources, and a world-class supply chain.

We are here to power progress and make the future of energy for the Filipinos – and I am happy that we are embarking on this journey with you.

Thank you.”

The Chairman of the Board thanked the President and Chief Executive Officer.

833. **Chief Financial Officer's Report**

The Chairman of the Board invited the Chief Financial Officer to render his report.

The Chief Financial Officer rendered his report:

“Thank you, Mr. Chairman.

Good afternoon, our dear shareholders. My name is Reynaldo Abilo, your Chief Financial Officer.

2020 is definitely an unprecedented year. The Company took a hit in earnings as we experienced the “perfect storm” due to the combined collapse in global oil prices and demand destruction brought about by the COVID-19 pandemic.

We closed the year with a net loss of over PHP16b. PHP12b of which are one-off costs associated with the difficult but necessary decision to transform our refinery into a world-class import facility. More than half of these costs are non-cash related to write-down of process unit assets. We also incurred inventory losses of ~PHP5b. Stripping out the one-off items related to Tabangao transformation and the inventory losses, we still managed to post a core earnings of about PHP 400 million. Certainly, in our view a very decent performance amidst the difficulties of last year.

While this crisis of uncertainty is undoubtedly one of the biggest challenges we ever experienced, we are proud of the financial resilience and balance sheet strength that we demonstrated as we continued to pursue our 3C financial strategy of strong cash generation, prudent cost management and disciplined capital allocation.

STRONG CASH GENERATION

The Company generated cash flow from operations of PHP5.9 billion, a strong ending, coming from the negative cash flow we reported by the end of first half of PHP3.3 billion. Our marketing teams’ bounce-back plans were able to successfully capture the recovering demand. In addition, we have taken concrete steps to manage collections and overdue payments, particularly balancing our customers liquidity needs with our own value and risk considerations to reach mutually beneficial arrangements.

PRUDENT COST MANAGEMENT

As early as April last year, the Company made cash conservation a priority to preserve its financial resilience given the uncertainties of the pandemic. We deliberately and successfully achieved a combined capital and operating expenditure savings of PHP3.9 billion, almost double against our target of PHP2 billion.

The scale of these crucial actions triggered some difficult decisions for the Company, which includes the foregoing of 2020 performance bonus for all our employees.

DISCIPLINED CAPITAL ALLOCATION AND SUSTAINABILITY

It was also clear that the long-term sustainability of our business is hinged upon how we use the Company's resources. With a heavy heart, we had to permanently close our refinery due to the negative outlook on regional refining margins and cancel the 2020 dividend payout. These were critical and strategic measures that we needed to take to protect the long-term interests of the Company and you, as shareholders.

We concentrated our capital on the recovery and future growth of the business. Despite the mobility restrictions, we built 36 new retail stations in 2020 and continued to invest in low-carbon operations. We completed the installation of our 5,220-panel 1.8-megawatt solar farm in Batangas, which will provide 10% of the Tabangao import facility's annual power requirements. In addition, more retail stations are now enabled with solar panels. These are the types of industry-leading innovations that we are investing in to increase our cost competitiveness and, more importantly, move towards a lower-carbon footprint.

Towards end of last year, we also opened the Subic import terminal, further strengthening our supply chain reach. The strategic placement of this new terminal will enable lower transshipment costs and unlock road transport efficiencies.

2020 has been a pivotal year towards the Company's transformation into a more sustainable, purposeful and profitable future. As you may have seen in our Strategy Day presentation last March, we will continue to invest in the future, while ensuring that we meet our responsibilities today. One our biggest priority in the near term, is to reward you our shareholders, with dividends, for the invaluable trust that you have given us, even in the most challenging times. We thank you for that. With a new business model that ensures more ratable profitability and continued strong cash generation, I am confident that Pilipinas Shell will succeed in delivering a compelling investment case while remaining steadfast in upholding high corporate governance standards and solid financial foundations.

Let me to close this report by saying that we will continue to be guided by our core values and strong presence in the country over the last 106 years. And thus, Pilipinas Shell will continue to

be a key player in the Philippines' energy transition and will continue powering progress for the Filipino.”

The Chairman of the Board thanked Mr. Abilo.

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

a. **Amendment of the Purpose of the Corporation**

The Chairman of the Board informed the stockholders that the next item in the agenda was the amendment of the primary purpose of the Corporation. He requested the President and CEO to introduce the proposal.

The President and CEO informed that the Board meeting on 12 August 2020, the Board approved the transformation of the Tabangao Refinery into a world-class full import and storage terminal for finished products and components to support the long-term sustainable plan of the Corporation. Consequently, pursuant to and aligned with the Board approval, the Primary Purpose of the Articles of Incorporation of the Corporation, was proposed to be amended and broadened to:

“To purchase, acquire, import, manufacture, refine, transport, use and store any and all kinds of petroleum and petroleum products, components, additives, lubricants, bitumen, chemical and/or petro-chemical products; and to market, distribute and sell at wholesale, export, exchange, deal in and dispose of such products and by-products which may be produced, developed or made therefrom.”

Based on the final voting tabulation, stockholders owning 1,218,224,949 shares and representing 75.5046% of the outstanding capital stock of the Corporation, voted for the resolution:

“RESOLVED, that the Articles of Incorporation be amended to change the Article II of the Articles of Incorporation of the Corporation:

x x x

SECOND: That the purposes for which such corporation is formed are:

Primary Purpose

- (a) To purchase, acquire, import, manufacture, refine, transport, use and store any and all kinds of petroleum and petroleum products, components, additives, lubricants, bitumen, chemical and/or petro-chemical products; and to market, distribute and sell at

wholesale, export, exchange, deal in and dispose of such products and by-products which may be produced, developed or made therefrom.

Secondary Purpose

- (b) To carry on business or petroleum refining in all its branches.
- ~~(c) To purchase, acquire, import and store crude oil, blending stock and other supplies and raw materials; to manufacture therefrom petroleum, chemical and/or petro-chemical products of all kinds; and to sell at wholesale export, exchange, transport and dispose of such products.~~
- (c) To the extent permitted by law, to buy, trade, exchange and sell at wholesale, all kinds and classes of goods, wares, merchandise, and other articles of trade including, but not limited to, dry goods, foodstuffs, products, electrical supplies, office equipment, rubber and synthetic products, hydrocarbon products, chemical and chemical products.
- (d) To purchase, build, acquire, charter, own and operate ships and vessels of all kinds, for the corporation's own use.
- (e) To the extent permitted by law, to acquire by purchase, lease or otherwise and to hold all such property, whether real or personal, as may be necessary for the purposes of the said corporation; and to make such contracts and enter into such agreements as may be incidental to the objects of the corporation.
- (f) To the extent permitted by law, to acquire any company or companies for the purpose of acquiring all or any of the property, rights or liabilities of the said corporation or for any purpose which may seem directly or indirectly calculated to benefit the said corporation.
- (g) To the extent permitted by laws, to invest and deal with the monies of the said corporation not immediately required in such manner as the said corporation shall from time to time determine.
- (h) To borrow, raise or secure the payment of money in such manner as the said corporation shall from time to time think fit.
- (i) To purchase, create, generate, hold or otherwise acquire electric current and electric power of every kind, description and source, and to sell, market, supply or otherwise dispose of at wholesale/retail, insofar as may be permitted by law, light, heat and power of every kind, description and source.

- (j) Generally, to do all such other things and transact all such business as may be, directly or indirectly or conducive to the attainment of the above objects or any of them.”

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 at least two-thirds (2/3) of the total outstanding shares voted affirmatively for the amendment of the Articles of Incorporation, the same is approved.

b. Appointment of External Auditor

The Chairman of the Board informed the stockholders that the next item in the agenda was the appointment of the external auditors of the Corporation. He requested the Corporate Secretary to introduce the proposal in behalf of Cesar A. Buenaventura, the Chairman of the Board Audit and Risk Oversight Committee.

The Corporate Secretary reported that 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 2021. The Board of Directors, at its meeting held on 25 March 2021, approved the re-appointment of Sycip Gorres Velayo & Company as the external auditor of the Corporation for 2021.

Based on the final voting tabulation, stockholders owning 1,218,224,949 shares and representing 75.5046% of the outstanding capital stock of the Corporation, voted for the 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 2021, under such terms and conditions as the Board of Directors may consider reasonable.”

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 a majority of the total outstanding shares voted affirmatively for the appointment of SGV as external auditor, the same is approved.

835. 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 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 through alternative mode of distribution.

The nominees were:

| <u>Directors</u> | <u>Independent Directors</u> |
|-------------------------|------------------------------|
| Rafi Haroon Basheer | Cesar A. Buenaventura |
| Mona Lisa B. Dela Cruz | Lydia B. Echauz |
| Luis La 'O | Fernando Zobel de Ayala |
| Rolando J. Paulino, Jr. | Amando M. Tetangco, Jr. |
| Reynaldo P. Abilo | |
| Cesar G. Romero | |
| Min Yih Tan | |

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

| | YES | NO | ABSTAIN |
|---|----------------------|------------------|-------------------|
| Fernando Zobel de Ayala (Independent Director, Incumbent) | 1,144,501,605 | 6,226,890 | - |
| Cesar A. Buenaventura (Independent Director, Incumbent) | 1,144,501,605 | 6,226,890 | - |
| Rafi Haroon Basheer (Non-Executive Director, Incumbent) | 1,144,548,234 | 6,180,260 | - |
| Mona Lisa B. Dela Cruz (Non-Executive Director, Incumbent) | 1,521,958,994 | - | - |
| Lydia B. Echauz (Independent Director, Incumbent) | 1,150,728,495 | - | - |
| Luis C. la O' (Non-Executive Director, Incumbent) | 1,515,762,533 | 6,196,460 | - |
| Reynaldo P. Abilo (Executive Director, Incumbent) | 1,133,166,455 | - | 17,562,040 |
| Rolando J. Paulino, Jr. (Non-Executive Director, Incumbent) | 1,150,728,494 | - | - |
| Cesar G. Romero (Executive Director, Incumbent) | 1,144,500,195 | 6,228,300 | - |
| Min Yih Tan (Non-Executive Chairman, Incumbent) | 1,150,712,294 | 16,200 | - |
| Amando Tetangco, Jr. (Independent Director, New) | | - | 500 |
| | 1,150,727,995 | | |

Based on the final voting tabulation, a total of 13,351,836,899 cumulative votes were affirmatively cast in favor of the eleven (11) nominees:

“RESOLVED, that the eleven (11) nominees 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. He requested the Corporate Secretary to read out the names of the duly elected directors for the coming year.

The Secretary read the names of the newly elected directors:

1. Rafi Haroon Basheer
2. Mona Lisa B. Dela Cruz
3. Luis La ‘O
4. Reynaldo P. Abilo
5. Rolando J. Paulino, Jr.
6. Cesar G. Romero
7. Min Yih Tan
8. Fernando Zobel de Ayala (Independent Director)
9. Cesar A. Buenaventura (Independent Director)
10. Lydia B. Echauz (Independent Director)
11. Amando M. Tetangco, Jr. (Independent Director)

836. **Question and Answer**

The Chairman of the Board opened the floor for questions from the stockholders. Mr. Paulo Gavino facilitated the question and answer portion based on the questions received through email.

First question: What is your outlook for 2021 following the net loss of P16.2Bn incurred in 2020?

The President and CEO responded as follows:

“First of all, it is important to put the loss in 2020 in perspective. Of the 16 bln loss, about 12 bln is related to the decision we have taken to transform Tabangao; of which over 6 bln is non-cash as it is related to the impairment of the asset. Some 5 bln is due to the inventory losses following the collapse of the oil price in the first half. Stripping these once offs, the company posted a core earnings of 400 mln due to the strong performance of our marketing businesses in the latter part of the year.

For 2021, we see our performance to continue to be strongly correlated to the performance of the Philippine economy. Hence, if the Philippine economy recovers in conjunction with positive developments in the health crisis, then we see every reason to see improvements in our business as well.

Having said this, the impact of COVID-19-to our business is still present - slower demand due to increase in COVID-19 cases in key cities, including logistical constraints in opening stations in areas where quarantine is imposed. Hence, financial resilience and prudent investments remain a priority to ensure that we are able to weather any prolonged challenges but at the same time, be in a position to emerge stronger from the crisis.

Thank you, Mr. Chairman.”

Second question: What is the status of dividends for shareholders moving forward?

Mr. Abilo responded as follows:

“Thank you, Mr. Chairman and thank you for the question. Allow me to reiterate our commitment of dividends to our shareholders. Primarily, providing attractive and meaningful dividends to our shareholders remains one of our priorities. As such, we're working on delivering the three pre-requisites to be in a position to pay-out dividends: first, available cash; second, strong net income, and third, positive retained earnings. In 2020, we have demonstrated our ability to generate good cash performance despite very challenging business environment. In terms of earnings in line with our strategy, we are aspiring to grow our net earnings at least at GDP growth rates of the country. However, for 2020 as you have seen, we have drove our retained earnings to negative territory and that is primarily because of the one-off costs that we have to take in to convert the refinery into a world-class import facility. But we are working very quickly to rebuild our retained earnings through strong earnings delivery quarter-on-quarter as well as a possible equity restructuring, subject to the approval of the SEC. The equity restructuring will allow us to reduce our retained earnings deficit faster and enable us to declare dividends from our current and future net income and cash generation.

Thank you, Mr. Chairman.”

Third question: What do you mean by a world class import terminal? Any update on your Tabangao Import Terminal?

The President and CEO responded as follows:

“Thank you, Mr. Chairman. A world class import terminal has the following characteristics:

- 1) Tank farm flexibility to accommodate spikes in demand for all our finished product offerings with

the readiness to support growth in fuel demand in the coming years.

- 2) Capable to receive MR vessels and has large capacity fuel tanks with fast transfer rates for efficient marine discharge and loading operations.
- 3) Fully connected terminal system with the integration of the truck gantry facility that enables operational excellence in every step of the transport process.
- 4) MOST IMPORTANTLY it is a safe and environmentally friendly loading facility operated by world-class Filipinos.

As far as the updates on Tabangao import terminal:

- 1) The first thing we are really proud of is on People: around 70% of our impacted refinery employees found roles within the Shell Companies in the Philippines, and the rest either retired or have moved on to other opportunities, with the help of various upskilling sessions and job fairs organized by our Human Resources.
- 2) The second development is on Asset Transformation: As of Q4 2020, finished goods tankage increased by about 40% (from 191ML to 263ML). We have obtained the necessary permits to utilize our existing cleaned component tanks to accommodate the returning (and eventually increasing) demand in Luzon. We still plan to increase our finished goods tankage sustainably in the next years, to ensure that we have a future ready Tabangao Facility that will support our marketing's business growth."

Fourth question: What level of profitability can be expected from PSPC given the transformation of the refinery into an import facility?

Mr. Abilo responded as follows:

"Thank you, Mr. Chairman. It is a good question. As I mentioned earlier, we are aspiring to grow our clean earnings in line or at least higher than the projected GDP growth rate of the country. If the government health measures will progress as promised, then we can assume that 1) the petroleum demand going back to pre-pandemic levels by 2022 2) energy demand, together with vehicle sales and household spending will also grow in line with the increase in economic activities. We know that these serve as the foundations of growth for our business. Lastly, 3) we should be able to realize structural opex savings

from Manufacturing of about PhP700mln this year and additional PhP300mln in 2023/24 upon full transformation of our site into a world-class import facility.

But over and above this absolute level of profitability, a key feature that we expect to see from the refinery conversion is the higher degree of rateability in our performance and reduced volatility of our earnings. Now that we have a fully imported supply chain, we will have no more exposure to the highly volatile and currently depressed refining margins. We are also reducing our exposure from inventory holding losses now that we only carry finished products in our system, and we have relatively shorter supply chain. Last but not the least, the cessation of our refinery business allows us to redeploy our capex or resources to assets and projects that generate higher yields, and which will support us and accelerate our growth agenda going forward.

Thank you very much, Mr. Chairman.”

Fifth question: What is your outlook for the Philippines and how is the Philippines seen from a Royal Dutch Shell’s perspective?

The Chairman of the Board responded as follows:

“Thank you for that question, Paulo.

When you look at the whole landscape, the Philippines continues to be a country of positive interest for Royal Dutch Shell. The country maintains robust macroeconomics and attractive demographics which puts it in a very good position to survive, recover and thrive from the crisis.

In line with sound business practice, Shell will continuously monitor and adjust its strategy, organization, and business portfolio to stay relevant and competitive with these times, as we have done over the years in the past, and as we will continue to do so going forward in the future. We are strengthening our customer-facing businesses, such as Retail or Mobility, Commercial Fuels, Lubricants and Bitumen, in a purposeful and profitable way. Some of you may recall, we used to be in Agricultural Chemicals and LPG but chose to exit from these businesses as we saw appropriate at the right time for our competitiveness and longevity. Our recent move to transform our Tabangao facility from a refinery to an import facility is another example of how we scan the environment and take appropriate actions and decisions for the long term for not just sustainability but also competitiveness in the Philippines. Our outlook is that the global supply – demand imbalance of

petroleum products, worsened by the COVID-19 pandemic, makes it economically unsustainable to be in the refining business, and thus our difficult but bold decision to change our supply chain.

We are here to stay and thrive and Shell has been in the Philippines for over a century and will be here for the next 100 years again.”

837. **Adjournment**

There being no further business to transact, the meeting was adjourned.

Prepared by:

ELLIE CHRIS C. NAVARRA
Corporate Secretary

Attested By:

MIN YIH TAN
Chairman of the Board