

PEOPLE AND CULTURE:

Doing Things Right

We recognize that the heart of our Company is our people. We continue to improve our employee value proposition to attract, develop, and retain world-class talent. We engage them through various initiatives to maintain our culture of care and safety.

CARING FOR OUR PEOPLE

Our people are essential to the success of Pilipinas Shell. We strive to recruit, develop, and retain such talented individuals; to continuously support and elevate their performance to a global standard; and to maintain a healthy, productive, and stable organization. [103-1](#)

Pilipinas Shell's Employee Value Proposition (EVP) includes ownership and accountability for the Shell brand and reputation. Our corporate culture enhances our drive for excellence and builds on opportunities for personal development and professional growth, as well as ways to contribute to nation-building. The Human Resources (HR) Department, together with the Company's leadership, ensures that our managers and supervisors engage, enable, and motivate our staff to perform, in accordance with the Shell values and business principles. [103-2](#)

"We value [our people's] opinions and viewpoints about the business, and we are pleased that they recognize the Company's good reputation. We see from their responses that they are on board with the direction of the Company, and that they believe we are a responsible business and a good corporate neighbor."

CESAR G. ROMERO,
President and Chief Executive Officer,
Pilipinas Shell Petroleum Corporation



Our corporate culture enhances our drive for excellence and builds on opportunities for personal development and professional growth, as well as ways to contribute to nation-building.

SHELL PEOPLE SURVEY

The annual Shell People Survey is our principal tool to measure our employees’ engagement, their level of affiliation and commitment to Shell, and their satisfaction with the quality of leadership and management.

SHELL PEOPLE SURVEY 2018 103.3

	PILIPINAS SHELL	SHELL¹	TQB²
Response Rate	95%	82%	
Employee Engagement	81	77	78
Organizational Leadership	78	70	74
Team Leadership	80	76	80
Collaboration	83	80	82
Working Conditions	73	69	75
Your Job	84	78	79
People Development	79	74	76
Reputation	90	81	81
Total Rewards & benefits	76	70	71
Diversity & Inclusion	84	82	85
Operational Excellence	78	73	77
Responsible Business	85	81	85

¹ Shell refers here to the Shell Group (i.e., the enterprise as a whole, including Royal Dutch Shell plc)
² The Top Quartile Benchmark is the top quartile score based on the performance of other companies

COMPLIANCE WITH GOVERNMENT
LABOR REGULATIONS 401.1

Pilipinas Shell aims to comply with labor laws in the Philippines. In 2018, a review was conducted for the Shell companies in the Philippines (SciP), Pilipinas Shell included, to ensure compliance with all relevant labor regulations. Representatives from the legal department, and all line managers and senior managers were engaged during the review. The assessment showed that Pilipinas Shell is compliant with the country’s labor laws.



FINDING THE RIGHT TALENT

703
regular employees

As the demand for energy rises, we will need more talented people who are dedicated to pursuing a better energy future for all.

- Our recruitment process answers several questions:
- 1. “Is the applicant skilled enough?”
 - 2. “Does the applicant have potential and learning ability?”
 - 3. “Is the applicant motivated to work?”
 - 4. “Do the applicant’s values align with Shell’s values and principles?”

In 2018, there were 57 new hires at Pilipinas Shell. The turnover rate for the past two years has been steady at 3.68%.

Pilipinas Shell takes pride in prioritizing hiring and development of locals for key strategic positions, a strategy that more multinationals have begun to adopt.

NEW EMPLOYEE HIRES 401.1

By Age Group and Gender

	MALE	FEMALE	TOTAL
< 35 years old	28	25	53
35-50 years old	3	0	3
> 50 years old	0	1	1
TOTAL	31	26	57

EMPLOYEE TURNOVER 401-1

By Age Group and Gender

	MALE	FEMALE	TOTAL
< 35 years old	9	9	18
35-50 years old	7	0	7
> 50 years old	0	0	0
TOTAL	16	9	25

COMPENSATION AND BENEFITS

401-2 103-1 103-2 103-3

We compete strongly for talent in the markets where we employ people. Our employer brand and competitive employee value proposition attract the best talent. Our approach to performance and reward is a key part of our employee value proposition, together with other elements such as providing challenging work and development opportunities. All parts of the value proposition combine to attract, engage and retain the diverse people needed.

The HR and Rewards team, with the support of the Country Chairman, conducts regular salary and benefits external benchmarking to ensure that our employee value proposition remains strong. They also ensure that we capture relevant internal insights through focused group discussions (FGDs) with employees. The FGDs cover a wide array of topics, where in most cases compensation and benefits are included in the agenda.

Pilipinas Shell recognizes the value of showing care to our employees through the delivery of a competitive compensation and benefits package and consistent adherence to the Labor code standards. In most cases, our Company provides more than the statutory requirement. An example would be the minimum standard for maternity leave: whereas Philippine law mandates paid leave of up to 105 days only, Shell provides up to 120 days of paid maternity leave regardless of the type of delivery.

DIVERSITY AND INCLUSION INITIATIVES

405 103-1 103-2 103-3

Pilipinas Shell aims to maintain a diverse workforce, working collaboratively in an inclusive workplace. We encourage and nurture diversity of talent, practicing equal opportunity in recruitment, career development and promotion, training, and rewards for all employees.

One of the key levers that help drive our Diversity and Inclusion (D&I) approach is our talent acquisition targets, cascaded down locally to ensure that our resourcing team can implement a deliberate and purposive recruitment strategy. There are also efforts to provide greater flexibility in terms of job roles and functions. Furthermore, we adhere to our non-discrimination policy in hiring and we hire employees based on merit and capacity to fulfill the job functions.

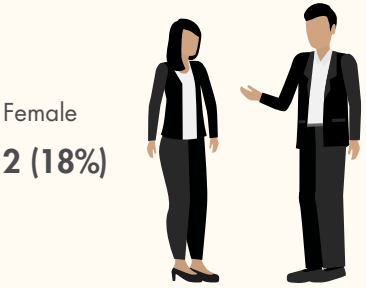
Pilipinas Shell also aims to close the gender gap through increased representation of women among senior leadership. In various areas of the business, female leadership is in place and is increasing. We have two Board-level female executives, whereas female leaders comprise 21% of senior management, 33% of middle management, and 48% of frontline supervisors and operations heads. Finally, we are increasing the potential of women joining a male-dominated engineering labor pool by supporting STEM-focused programs (such as NXplorers).

Our biggest test of D&I would be the diversity of thought in the Company, that allows us to come up with creative solutions to current and future needs.

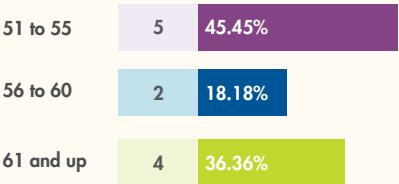
DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES 405-1

GOVERNANCE DIVERSITY (BOARD OF DIRECTORS)

By Gender



By Age

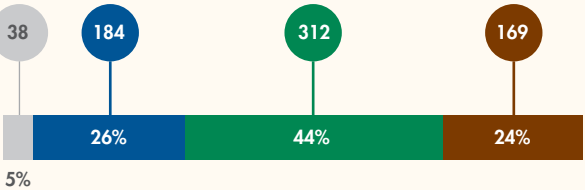


EMPLOYEE DIVERSITY

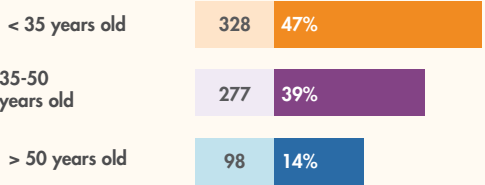
By Gender



By Employee Category



By Age



LEGEND:

- Senior Management
- Middle Management
- Front Line Supervision & Front Line Operations
- Union Staff

Per Employee Category Diversity

SENIOR MANAGEMENT

By Gender

Female 8 (21%) Male 30 (79%)



By Age	
< 35 years old	1 (3%)
35-50 years old	20 (53%)
> 50 years old	17 (45%)

MID MANAGEMENT

By Gender

Female 60 (33%) Male 124 (67%)



By Age	
< 35 years old	50 (27%)
35-50 years old	104 (57%)
> 50 years old	30 (16%)

Celebrating International Women's Day 103-2

We celebrate National Women's Month during March, with the 8th designated as International Women's Day. We do our part by implementing pro-women policies, supporting the Shell Women's Network, training our employees to recognize and avoid microaggressions against marginalized groups, and promoting a culture of non-discrimination and cooperation.



Women's Month was celebrated in March across SciP

FRONT LINE SUPERVISION & OPERATIONS

By Gender

Female 149 (48%) Male 163 (52%)



By Age	
< 35 years old	193 (62%)
35-50 years old	96 (31%)
> 50 years old	23 (7%)

UNION STAFF

By Gender

Female 33 (20%) Male 136 (80%)



By Age	
< 35 years old	84 (50%)
35-50 years old	57 (34%)
> 50 years old	28 (17%)

Creating a safe and inclusive workplace: International Coming Out Day 103-1 103-2

Globally, we celebrate International Coming Out Day on October 11 to reinforce the Shell core value of respect for people, and to better appreciate the members of the LGBT community. We also support the Shell LGBT Network and encourage our employees to participate as members and allies. This culture of acceptance fosters better collaboration, camaraderie, and empathy, and forges bonds for a stronger company.



We promote Diversity and Inclusion throughout SciP

Prejudicial and discriminatory behavior may be reported via the Global Helpline or directly to the HR Department. In 2018, there were no incidents of discrimination, hence no corrective actions were taken. 406-1

LABOR-MANAGEMENT RELATIONS

102-41 103-1 103-2 402 407-1

There are two unions with active collective bargaining agreements (CBAs) at Pilipinas Shell: the Tabangao Shell Refinery Employees Association (TASREA), which covers the Tabangao Refinery; and Kapisanan ng mga Manggagawa sa Shell (KMS) for the employees in Pilipinas Shell's supply and distribution arm, who are based in depots and terminals.

A Labor Management Council (LMC), composed of representatives from the union and the company, is in place to further enhance labor-management relations. The council meets on a monthly basis to keep the communication lines open for both parties. TASREA union finalized their agreement in 2016 and KMS union in 2017. The CBA will be renegotiated in 2019 for TASREA, and 2022 for KMS, in keeping with scheduled negotiations, every three years for TASREA and every five years for KMS.

While there is no standard minimum period in giving notice to employees regarding any operational changes, it is company policy to continuously engage with employees, and to involve them in matters that have direct bearing on their lives. Engagement plans would depend on the nature and the impact of the change on employees. It is therefore imperative to notify employees prior to any operational change.

LEARNING AND DEVELOPMENT

103-1 103-2 103-3

We continuously explore new ways of thinking and working, while providing mentorship and learning opportunities for our employees. In addition to specialized business learning and training initiatives, we also invest heavily in leadership training and development. We believe that leadership capability and engagement are key to unlocking the best performance from our employees.

We keep in mind the 70-20-10 model in designing our program: in-role development or hands-on experience (70%); coaching and mentoring (20%); and formal training (10%). We strive to provide training that is tailored to and focused on the needs of the business. Pilipinas Shell has learning advisors per business to focus on delivering the right material to our employees.

The employees undergo mandatory training on health, safety, security, and environment, as well as ethics and compliance.

Although we cover a wide range of practical, commercial and technical e-learning programs in the Shell Open University, each business also provides specialized, job-specific training. Our employees are regularly tested on their technical proficiency and refresher courses are mandatory within a given time period.

ASSESSMENT AND EVALUATION

Performance evaluations are conducted regularly. Employees are also empowered to identify their strengths and key development areas using self-assessment tools. At the start of the year, employees, together with their line manager, jointly set and agree on business goals which will be the basis for mid-year and year-end performance reviews.

HR Optimization: On Track to 2020

Pilipinas Shell's Human Resources (HR) Department undertook a reorganization in 2018, with operational functions moved to Shell Business Operations (SBO). The key change is an enhancement of self-service technology to allow for more streamlined and targeted HR functions. Moreover, line managers will be able to collaborate directly with SBO on recruitment and turnover, whereas local HR will focus on strategic initiatives.

The enhanced HR system allows for faster and easier turnaround for simple, operational tasks. With the HR Online Tool, staff will be connected to the appropriate HR advisor immediately.

The proactive stance is not new to Pilipinas Shell, which empowers employees to take ownership of their professional development. Employees with their line managers, for example, actively participate in Goals, Performance, and Appraisals setting; this becomes the basis of their mid-year, and year-end performance reviews. Longer-term career goals are articulated in the Individual Development Planning document.

What changed with the new system is that line managers have more accountability, with HR acting as support. Under performance management, business leaders facilitate the coaching and engagement sessions, aided by HR. The line managers are also empowered to trigger the leaving actions of retiring employees, as well as the posting of job requests for recruitment, for SBO action. It is expected that this new approach will lead to an enhancement of the employee experience.

HEALTH AND WELLNESS

Health is a priority for Pilipinas Shell, and this shows in the way the Company cares for its employees. In recent years, the Company’s Health Division has recalibrated the focus to enhance human performance and care—that is, beyond simply addressing specific health disorders or disease, Pilipinas Shell is taking a more holistic approach to overall wellness. The roadmap for the entire year is based on this theme, with consideration to the specific needs of the business and the wellness aspirations of employees.

103-1 103-2



A YEAR OF GOOD HEALTH

FEBRUARY HEART MONTH Love starts with care, a Valentine special	MARCH BLOOD DRIVE Caring is Sharing <small>*Volunteers in the bloodletting activities enable blood to be available for any Shell employee during emergencies.</small> GLOBAL CORPORATE CHALLENGE e-registration in March	APRIL SKIN WELLNESS DIY Skin Care
JUNE OPTICAL WELLNESS Healthy Eyesight Matters! <small>*Workers may volunteer for thorough eye check-up.</small>	JULY NUTRITION MONTH Hydroponics	AUGUST BLOOD DRIVE Caring is Sharing
SEPTEMBER GLOBAL CORPORATE CHALLENGE closing activity in September <small>*Pilipinas Shell participants commit to walking at least 10,000 steps a day for 100 days.</small>	OCTOBER MENTAL HEALTH It’s OK Campaign	DECEMBER WORLD AIDS DAY Care for yourself and others! <small>*Workers may participate, at no cost to them, in free voluntary counselling and HIV Testing.</small>

100% of total employees completed the Annual Physical Exam (APE)

87% participated in Wellness Talks from January to June 2018

Beyond mandatory health programs, such as the Annual Physical Exam (APE), Pilipinas Shell has expanded its Be Well Program to help employees focus on wellness through the adoption of good habits and a healthy lifestyle. This includes healthful food options (Eat Well), regular physical activity (Move More), smoking cessation support (Breathe Well), fatigue risk mitigation (Sleep Well), and resilience (Think Well).

Apart from conducting learning sessions, Wellness Hub (Clinic) Practitioners help the employees articulate and commit fit-for-purpose interventions (via one-on-one Wellness Talks), track progress (via Be Well Scorecards) and, eventually, achieve the wellness goals they have committed for themselves (Self-Care first!). Employees in need of emotional and psychosocial support can also easily schedule appointments with their in-house Resilience coaches.

The approach to wellness addresses the needs of the business. Business challenges on performance such as productivity, team dynamics, and work norms have tailored interventions. The Health team is proactive by engaging line managers and project managers to align care interventions sessions in anticipation of potential periods of stress. For instance, during turnaround at the refinery when there is usually a high likelihood of stress, the Health team designed Care Sessions to empower employees to reinforce their resilience and enable self-care.

It’s OK Campaign

On October 12, World Mental Health Day, Pilipinas Shell launched the It’s Ok Campaign. The program is implemented SciP-wide, and has three key aspirations:

- **Psychological Safety.** Allows employees to know that the Company is a safe environment where it’s okay to say that they are “not okay.” There will be no judgment or discrimination against any employee who expresses that they are not okay.
- **Recognition.** Enables employees to be courageous to express being not okay and the assurance that the employee will readily receive support. It includes access to helpful tools so that they can take part in conversations and coaching sessions.
- **Personal Accountability.** Empowers employees to take control of their overall well-being and the balance to perform at their best.

At the It’s OK Campaign launch, the Health team set up “expression” boxes to encourage employees to write down how they feel; by doing so, they can acknowledge their emotions and release them. Employees are not required to identify themselves, but the identities of those who do so are kept confidential to protect their privacy. Data gathered from these expression boxes serves as a “spot check” to determine employee well-being and morale.

Aside from positive feedback, the 139 responses revealed reasons why employees sometimes feel they are “not OK”: (a) lack of work-life integration in terms of diversity and inclusiveness, and feeling overwhelmed with work; and (b) stressors at work, including interpersonal issues. This resulted in three program initiatives: (1) Fit-for-Purpose Care Sessions for an expanded network; (2) Psychosocial well-being integrated in Wellness talks; and (3) D&I-focused activities (in partnership with HR).

The It’s OK Campaign carries the mandate from Pilipinas Shell’s leadership, with Country Chair Cesar G. Romero expressing his support in a message sent out during the program launch. The campaign is also a collaboration with the Human Resources department, which provides support to employees through the Employee Assistance Program (EAP).

The EAP is an employer-sponsored service that offers support for the well-being of employees. The program aims to provide proactive interventions and help resolve personal and work challenges that may affect employee well-being and performance.

SIT-STAND WORKSTATIONS

Workstations are equipped with ergonomic chairs and height-adjustable desks



KEY FEATURES

Well-designed facilities are accessible to our employees and partners while an increase in office utilization contribute to the reduction of our surface area footprint.

ENERGY HUBS

multi-functional hubs on each floor that serve as the office pantry

coffee
break
delicious
TIME OUT
REF



COLLABORATION AREAS

open spaces for informal meetings



Moving Up: A new home at The Finance Centre



A major change for Pilipinas Shell at the beginning of 2019 was the transfer of the head office from Shell House in Makati City, where it has been located for 32 years, to The Finance Centre (TFC) in Bonifacio Global City. This move was two years in the making. Preparation required close collaboration among the Real Estate, Health, and Project Change Management teams from the business to ensure that employees adjusted well to their new office environment.

The new office at TFC is based on the Shell Connect Workplace Design Standards. These standards enable both Shell staff and business partners to be more productive and help them perform at their best. The standard is about connecting people, place, and technology to deliver a vibrant, energetic, engaging and ultimately, productive workplace.

The aim of the Connect Workplace strategy is to drive consistency across Shell offices to support flexibility and cultural change, and enable a true feeling of a single enterprise. Employee well-being is also given prime importance. At TFC, employees who need to have a mid-day recharge can do so in the Wellness Center which has a meditation or quiet room and lactation room. Pilipinas Shell employees, who are members of the Shell Fitness Club, also have access to the gym facilities of Anytime Fitness and Kerry Sports at the Shangri-La The Fort, which are both within walking distance from TFC.

The Finance Centre is designed by Gensler, one of the top global design and architecture firms, with a goal of securing a LEED® Gold certification.



WELLNESS CENTER

comprises of the office clinic, relaxation room, nursing room, and meditation/quiet room



PHONE BOOTHS

private meeting rooms with teleconference facilities



MULTI-PURPOSE ROOM

venue for plenaries and other activities

Care of Wellness Hubs

The Care of Wellness Hubs provides not only medical care, but also other healthcare services. These hubs are located at the Tabangao Refinery in Batangas and the Visayas Regional Office in Mandaue, Cebu.

At The Finance Centre in Bonifacio Global City, employees have an expanded Wellness Center that includes a clinic, lactation room, relaxation area, and quiet room/meditation areas.

At the North Mindanao Import Facility (NMIF), a Wellness Corner has a registered nurse on-board, and a doctor based in Cebu on-call for video consultations, to provide the same services at the Wellness Hubs.

The Care of Wellness Hubs are already showing positive impacts. The data show that the wellness programs have not only improved employee health but have also led to improvements in work performance.



Pilipinas Shell partners with PSFI for blood donations to children living with HIV/AIDS

In 2018, Pilipinas Shell donated a portion of blood supply for the benefit of children living with HIV/AIDS who are undergoing treatment at different clinics in Metro Manila.

A blood drive initiative held in partnership with private hospitals such as St. Luke’s Medical Center (Quezon City), Mary Mediatrix Medical Center (Lipa City, Batangas), and Perpetual Succor Hospital (Manila) allows employees to give blood on-site. The program includes ready access to blood for any employee of Pilipinas Shell, should they need it.

This year, Pilipinas Shell extended this service to benefit not just employees, but also children living with HIV/AIDS. Through the Pilipinas Shell Foundation, Inc. (PSFI), 30% of the total collected blood bags were made available and ready for use.

PRACTICING SAFETY

Pilipinas Shell’s safety culture is grounded in maintaining a safe working environment: we manage our facilities during our stay, for example, with the goal of not releasing hazardous material. We enforce this safety culture by obliging our workers to adopt safe working habits and be ever vigilant of any changes that will adversely affect their health or the environment. This allows the Company to stay true to its Goal Zero ambition.

HSSE PERFORMANCE SUMMARY

	TOTAL RECORDABLE CASES (TRC) FREE MAN-HOURS IN 2018	YEARS TRC FREE
PSPC	10.4 million	0.18 years
Manufacturing	0.6 million	0.18 years
Supply and Distribution	3.3 million	0.84 years
Retail	2.8 million	8.3 years
Lubricants	3.6 million	6.1 years
Aviation	1.9 million	9 years
Specialties	3.7 million	9 years
Real Estate	2.2 million	5.9 years
Lubricants Supply Chain	0.4 million	3.6 years

Asset integrity and process safety

We follow four asset integrity principles: design integrity, which means building to specific engineering standards; technical integrity, which involves testing, inspection, maintenance and repair of facilities in accordance with the Shell Global Reliability and Integrity maintenance plan; operating integrity, which includes safe operating procedures and safeguarding systems; and integrity leadership, which obliges business leaders to be accountable for asset integrity and worker safety.

Beyond ensuring that the conditions are safe for work, our workers are also trained to watch out for their safety and those of others. We enforce 12 Life-Saving Rules, which are clear-cut “dos and don’ts” covering activities with the highest potential safety risk, and a Stop Work Policy, whereby work must stop and only continue if an unsafe condition has been rectified. Prior to any work, Toolbox Talks with contractors and third-party operators in the terminals ensure that hazards and how to prevent accidents are discussed.

HSSE&SP Control Framework Audits and Integrated Assurance Plans (IAP) check the effectiveness of our management approach. Through our Fountain Incident Management (FIM) system, as well as the BOW Tie and TRIPOD process, incidents are reported and investigated according to internally established standards and regulatory requirements. The findings and results are relayed to Shell HSSE for advice and concurrence. We act on the analysis and reports of actual incidents and near misses. We also measure our health, safety, security, and environment performance against clear metrics.

An occupational health and safety management system is implemented based on the HSSE&SP Control Framework of Shell, which covers all personnel. The assurance process for HSSE and SP is done through various audits, including internal audits and Assessment of Risks and Responses at Worksites of Shell (ARROWS). Findings are discussed with respective safety officers or focal points and agreed on how these will be rectified or closed. Workers are made aware of the Medical Emergency Response strategy of the work site. Workers are involved and part of the team in the development of health risk assessments; they also contribute in the job hazard analysis.

Supply Chain Management

Pilipinas Shell maintains the highest standards of safety and quality throughout our supply chain. To achieve this, we conduct integrity due diligence (IDD) as part of a rigorous assessment of our contractors and third-party suppliers.

Supply and Distribution follows the same process as provided by Global Shell Ethics and Compliance Office (SECO). This process is handled by the RDS Global Financial Crime Prevention Team. Depending on the risks involved, the approval process will need to be provided by Global Leadership, in addition to SECO’s, before Pilipinas Shell can enter into a contract with a counterparty.

We also have processes in place to support the HSSE performance of our partners, among them vessel owners and crew, and hauliers and drivers. This process includes post-award contractor management to ensure their compliance with Shell standards and specifications. Our teams conduct business and performance reviews to monitor their performance, provide feedback, and make recommendations for improvement.

To achieve Pilipinas Shell’s Goal Zero objectives, we also implement programs to build and promote a culture of safety among our contractors. As a result, Shell global standards for safety and quality are recognized by stakeholders in the industries where we operate.



PARDS and MASTERS: Keeping the deliveries of our fuel safe

Driver behavior is perhaps the greatest factor in achieving road transport safety.

We make sure that our lorry drivers act in a responsible and professional manner while en route to our retail and customer sites, while delivering our products, and while journeying back to the terminals after delivery and ultimately to their homes.

As a policy, Pilipinas Shell already ensures that the transportation meets our global safety standards. We require all vehicles to have an anti-locking brake system (ABS), for example. We are currently also exploring the installation of a roll-over prevention device, so that our vehicles remain balanced to further avoid accidents on the road. We co-develop designs and work with our suppliers and contractors on meeting the stringent specifications for our lorry tanks and other equipment.

We further lower the risk of incidents by focusing on fatigue management, with controls in place to make sure that drivers are well-rested and fit to work; coaching skills for road transport team and staff; and personal safety.

We ask our drivers to commit this practice to memory via the STOP campaign:

- S** : Spot the hazards and act safely.
- T** : Take a quality rest and day-off.
- O** : Obey rules and policies.
- P** : Practice defensive driving, always.

Pilipinas Shell reinforces these safe habits through recognition programs that motivate lorry drivers and vessel operators to uphold safe operations 24/7. We conduct spot checks, and quarterly and annual assessments on drivers' attendance and safety performance, particularly their observance of the 12 Life-Saving Rules. Drivers are given a rating based on key performance indicators, and those with outstanding scores are recognized and rewarded for their excellent service.

PARTNERS IN ROAD SAFETY

The annual Professional and Responsible Drivers for Shell (PARDS) safety program recognizes the most outstanding drivers with certificates of excellence and rewards them with cash incentives. They are judged on attendance, customer satisfaction, compliance with "safe to load" and "safe to deliver" procedures, journey management, adherence to pre- and post-trip discussions, and integrity in reporting zero, near-miss, and potential incidents.

In 2018, PARDS recognized haulier drivers who received a Class A rating, the highest given based on the above criteria. Their performance has set the bar in fostering a culture of safety within and outside of Pilipinas Shell.

MASTER AWARDS

Pilipinas Shell also holds the annual Maritime Safety and Technical Efficiency Recognition System (MASTERS) Awards to recognize partner vessel owners for performing with the highest levels of safety, product integrity, and operational readiness.

For this year, we awarded MIS Maritime Corp. "Shipowner of the Year." They were nominated in three other categories, winning "Best TC Vessel" and "Best in HSSE." Meanwhile, MT Carla 2 won "Best in Voyage Charter," and Samal Island, who was also nominated thrice, won "Best in Performance."

PARDS and MASTERS, among other initiatives implemented in Pilipinas Shell, help us ensure excellence in our operations, improve our interactions with the environment, and eliminate risks to the communities where we do business.

STICK TO THE STANDARD

4.5 HOURS
maximum continued driving hours
allowed for lorry drivers

12 HOURS
maximum duty per day

36 HOURS
minimum duration of break, when
changing shift schedules

3 YEARS
mandatory prior experience when
operating the vehicle or vessel

Managing our environmental impacts

Running a safe and responsible business means understanding the impacts we can have on the environment and the communities for the entire life cycle of our operations. We measure our environmental performance in terms of greenhouse gas emissions management, efficient energy consumption, minimized flaring during oil production, spills and leaks prevention, and water and biodiversity conservation. With our efforts, we aim to comply with regulatory requirements and establish our credibility as a responsible company and safeguard our license to operate in the Philippines. **103-1** **103-2**

We are guided by the Environment Manual of the HSSE and Social Performance Control Framework. The HSSE Core Team and Safety Steering Committee monitor our performance, which is reflected in the HSSE dashboard. Since 2016, we have also been monitoring our performance through the Sustainability Scorecard published in this report. **103-3**

SPILLS **306-3**

LOCATION & DATE	VOLUME (MT)	MATERIAL OF SPILL	DATE
Tabangao Refinery October 27, 2018	0.88	Fuel Oil	LOPC ¹ 100-1,000kg (cumulative release of fuel oil)

¹ Loss of primary containment (LOPC)

There was only one reportable spill in 2018. Fuel oil was observed in one of the canals, and this was traced to an open vent of a pump discharge pressure gauge. The valve was immediately closed. Upon the discovery of the spill, sandbags were deployed at once to contain the fuel oil in the canal and prevent run-off to the impounding basin and outfall. The fuel oil from the canal was also manually scooped into drums for proper disposal.

TABANGAO REFINERY'S SUCCESSFUL PITSTOP AND HIGH RELIABILITY IN 2018

Pilipinas Shell continues to maintain a reliable and efficient manufacturing operations. In the second quarter, the Tabangao Refinery successfully completed its planned decoking pitstop. Contributing to this success is the use of new technologies like chemicals that allowed for faster decontamination to facilitate the decoke of our Thermal Gasoil Unit (TGU). The completion of the pitstop and other maintenance activities with clear focus on our critical tactics, together with continued vigilance of our refinery team in addressing plant concerns, has improved the reliability of the Refinery. In 2018, the Refinery also recorded its lowest unplanned downtime in five years and was recognized as the second most reliable among Shell refineries across the globe.



Crisis Readiness: The 2018 ARAT Tier 3 Oil Spill exercise

In June 2018, Tabangao Refinery hosted the first ever Tier 3 Incident Management Exercise held in the Philippines. The exercise was attended by around 300 participants, led by officials from OSEC ARAT (Oil Spill Expertise Center-Asia, Russia, and Australia Team) and the Philippine Crisis Management Team (CMT), along with representatives from the Philippine Coast Guard, Department of Energy, and the Department of Environment and Natural Resources (DENR) Region IV-A, as well as the Philippine-based Waterborne Industry Spill Cooperative (WISE).

The exercise simulated a Tier 3 worst-case scenario following an earthquake that resulted in the rupture of a hydrogen pipeline and crude pipeline, also causing a fire at Tabangao Refinery, thus activating Shell’s Global Response Support Network (GRSN). It was a scenario meant to test the response capability of Pilipinas Shell in containing a high-impact spill. It also tested our ability to work together with support teams from other countries, as well as multiple local government agencies.

The contingent from Tabangao Refinery practiced raising the alarm and escalating the information to the CMT. The Country Chairman then deemed the crisis a matter to be tackled locally. The CMT and the Incident Management Team then simulated interface meetings. Working in concert, the Incident Commander along with the various section chiefs—finance, logistics, and HSSE focal points—determined how to best manage the spill. A Communication Support team and Joint Information Center monitored the flow of information, and a mock press conference was also held so the teams could simulate engaging with local officials and other key stakeholders during crisis management.

Overall, the succession of drills and sharing sessions lasted nearly a week. Feedback from participants indicated they had more confidence in their roles and the application of existing emergency plans, given their enhanced competencies in disaster response and crisis management.

“The beauty of having these drills is that in a certain way, you’ve hardwired your brain to think a particular way. You respond semi-automatically, and you know what to do in an actual incident,” says HSSE Country Manager Oliver L. Ortega.

ENERGY & WATER USE

ENERGY CONSUMPTION¹ 302-1

ENERGY TYPE	CONSUMPTION (GJ)
Natural Gas and Electricity	7,186 ,773.86

¹ Pilipinas Shell uses the Shell Performance Monitoring and Reporting (PMR) Guide and Specifications for its calculations. We started publicly reporting on our energy consumption in 2016 and continue to do so yearly.

Energy consumption 302-4 in 2018 was comparatively lower than when we started reporting in 2016. The spike in energy use from 2017 to 2018 is attributed to the increase in annual production. Maintenance turnaround was also shorter this year compared to the two-month turnaround in 2017.

ENERGY REDUCTION¹ 302-4

2016	2017	2018
15,379.9 GJ (+) ¹	734,605.2 GJ (-) ²	583,220 (+) ³

^{1,2,3} Figures represent an increase (+) or decrease (-) from the previous year

We use a combination of natural gas and diesel oil. To cut down on electrical consumption, the Tabangao Refinery generates its own electricity, using cleaner-burning natural gas from the Malampaya Deepwater Gas-to-Power project. Should the Malampaya platform be on maintenance or on emergency shutdown, we use back-up Euro IV (PH) diesel.

POWER GENERATION, CONSUMPTION, AND DISTRIBUTION	AMOUNT (GJ)
Own Energy Generated (Natural Gas & Refinery Diesel Fuel Gas)	7,130,411.97
Electricity Imported ¹	42,576.54
Electricity Exported ²	13,785.35

¹ Refers to energy purchased from the national grid
² Electricity is sold to the Bitumen Import Facility (BIF), the Tabangao Depot, and some are returned to the National Grid Corporation of the Philippines if there is excess power supply.

We generated a surplus of electrical power in 2018 which was exported to the Tabangao depot, the refinery residential compound, the Bitumen Import Facility, and SPEX.

WATER CONSUMPTION 303-1

WATER WITHDRAWAL (ML) 303-1	
Groundwater ¹ (Wells)	1,947.63

¹ All freshwater withdrawn is from groundwater (wells), which is measured in flowmeters on each deep well.

We harvest freshwater from deep wells located around the Tabangao Refinery, for domestic and operational consumption. We also utilize seawater as cooling water. We do not use municipal water. The refinery has a Water Management Action Plan in place to address potential issues regarding water use. This includes action plans to improve the management of deep wells and the treatment/monitoring of effluent water. To evaluate our environmental compliance, we also conduct Environmental Impact Assessments, which are submitted to the local regulators. 103-1 103-2 103-3

EMISSIONS, EFFLUENTS, AND WASTE

GHG EMISSIONS¹ 305

Pilipinas Shell maintains a CO₂ Business Plan that includes an inventory of greenhouse gas (GHG) emissions based on the reporting requirements of the current Performance Monitoring and Reporting (PMR) Specification; a forecast with a 10-year projection; and targets and performance monitoring in support of the Company’s GHG and energy management objectives.

SCOPE (tCO ₂ e)	2016	2017	2018
Gross Direct (Scope 1)	345,448.7	322,851.3	342,476.6
Gross Indirect (Scope 2)	2,083.1	3,120.4	3,565.66

Source of emission factors, global warming potential (GWP), and rates: API Compendium and Shell PMR Guide. The Tabangao Refinery’s Greenhouse Gas (GHG) Accounting and Management System has been assured by Lloyd’s Register Quality Assurance (LRQA), a global provider of management system certification, validation, verification, and training on international standards.

In 2018, due to the increase in annual utilization of the Tabangao Refinery, there was a corresponding increase in energy consumption and related GHG emissions. It should also be noted that in 2017, the refinery conducted a turnaround maintenance activity (shutdown), which lasted around 50 days. This shutdown resulted in significantly lower energy consumption and emissions. While the refinery had a pitstop maintenance in the second quarter of 2018, this was shorter than the 2017 turnaround and therefore did not lead to substantial energy or emission reductions.

NO_x, SO_x, AND OTHER SIGNIFICANT EMISSIONS

EMISSIONS (TONS)	2016	2017	2018
NO _x	1,077.7	1,433.2	1328.86
SO _x	3,635.3	3,100.6	3214.04
VOCs	1,038.8	680.1	453.93

Source of the emission factors used: Shell PMR Guide and Specifications

We follow the maximum annual limits as prescribed by the Control Framework for Sulfur Oxides (SO_x), Nitrogen Oxides (NO_x), and Volatile Organic Compounds (VOCs). Part of our strategy to reduce sulfur as a by-product at the Tabangao Refinery is to capture some of the waste material for eventual sale to third parties engaged in the production of batteries, soap, and fertilizer, and other specialty products.

The increase in SO_x is in line with the increased process utilization. Change in NO_x and VOCs, meanwhile, is attributed to the performance and run-time of the gas turbines.

VOLUME OF FLARED & VENTED HYDROCARBON OG6

HYDROCARBON EMISSIONS (TONS)	TOTAL
CO ₂ Emissions from Flaring	9,415.06
CH ₄ Emissions from Flaring	36.19
CH ₄ Emissions from Venting	0.67

EFFLUENTS 303-4

We follow the standards set by the DENR under Republic Act 9275: Philippine Clean Water Act of 2004 and the DENR Administrative Order No. 2016-08 - Water Quality Guidelines and General Effluent Standards. In 2018, we discharged 13,140 mega-liters of water to Batangas Bay. There were no non-compliances related to exceeding discharge limits. 103-1

Effluent quality parameters are sampled and tested by a third-party DENR-accredited laboratory. Aside from the effluent standards set by the local regulators, the refinery is also monitoring its effluent water quality against the parameters required by the global HSSE Control Framework. 103-2

The site’s External Relations Team is continuously engaging with the neighboring communities to keep them updated and to maintain an open channel for any feedback and other concerns. The refinery is also conducting weekly and monthly effluent water sampling which is being reported to DENR on a quarterly basis to ensure that the quality of water discharge is within regulatory limits. Oil spill contingency plans are also in place to ensure response preparedness in case of an incident. 103-3

WASTE TYPE BY DISPOSAL* 306-2

We monitor our waste activities and dispose of waste according to local regulatory requirements and the Waste Manual of the Control Framework. We dispose of hazardous waste and use government-approved disposal sites. When able, we practice waste segregation, recycling, and recovery.

Hazardous

YEAR	DISPOSAL METHOD (RECOVERY, LANDFILL, RECYCLING)	AMOUNT IN TONS	REMARKS
2018	Landfill	1,863.58	Other hazardous wastes that are disposed via an accredited landfill

Non-Hazardous

YEAR	DISPOSAL METHOD (RECOVERY, LANDFILL, RECYCLING)	AMOUNT IN TONS	REMARKS
2018	Landfill	2,090.58	Domestic Waste Collected by the Materials Recovery Facility

Reused or Recycled Residual Materials

YEAR	DISPOSAL METHOD (RECOVERY, LANDFILL, RECYCLING)	AMOUNT IN TONS	REMARKS
2018	Recovery and Recycling	3,185.46	Includes: Waste oil from tank maintenance, recovered and sold to a third party, to be used for cement plant and scrap materials

*Hazardous and non-hazardous waste reported is for the whole downstream business.