

COVER SHEET

1 4 8 2 9

S.E.C. Registration Number

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

(Company's Full Name)

1 5 6 V A L E R O S T S A L C E D O V I L L A G E

M A K A T I C I T Y

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

ATTY. ERWIN R. OROCIO

Contact Person

+632 4994553 / +639175483479

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Definitive Information Statement

2 0 - I S

FORM TYPE

0 5

Month

1 6

Day

3rd Tuesday of May
Annual General Meeting
as per By-Laws

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

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

35

(31 December 2016)

Total No. of Stockholders

Total Amount of Borrowings

16,370,000,000

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

PILIPINAS SHELL PETROLEUM CORPORATION
NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of PILIPINAS SHELL PETROLEUM CORPORATION (the "Corporation") will be held at the Turf Room, Manila Polo Club, McKinley Road, Makati City, Metro Manila, Philippines at 9:00 a.m. on 16 May 2017, for the following purposes:

A G E N D A

- (1) Call to Order
- (2) Certification of Service of Notice and Quorum
- (3) Approval of Minutes of the Special Meeting of the Stockholders held on 18 July 2016
- (4) President's Report
- (5) FY 2016 Financial Updates
- (6) Approval/Ratification of Certain Acts of the Board, Board Committees and Management:
 - (a) New Compensation Scheme for Non-Executive Directors
 - (b) Amendment of the Articles of Incorporation to Expand Secondary Power to Include Sale of Excess Electricity Through the Wholesale Electricity Spot Market
- (7) Election of Directors
- (8) Appointment of External Auditors
- (9) Any Other Matters that are Necessary and Appropriate for the Annual Stockholders' Meeting may be taken up
- (10) Adjournment

The Board of Directors has fixed 31 March 2017 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. The holders of record of shares of Common Stock as of the record date will be entitled to vote on the proposed corporate actions set out in Items 3, 6, 7 and 8 above.

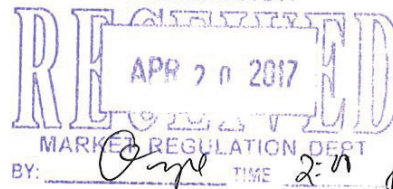
If you cannot attend and you wish to send a representative/proxy, please send your proxy letter, a sample of which is attached to this Information Statement as Annex A, to the Office of the Corporate Secretary of the Corporation on or before 6 May 2017. On the day of the annual stockholders' meeting, 16 May 2017, your representative should bring any valid proof of identification (e.g., passport, driver's license, company I.D., or TIN card).]

Makati City, 19 April 2017.

FOR THE BOARD OF DIRECTORS



ERWIN R. OROCIO
Corporate Secretary



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

**BRIEF DISCUSSION OF THE AGENDA
OF THE 2017 ANNUAL STOCKHOLDERS' MEETING**

I. Call to Order

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

II. Report on Attendance and Quorum

The Corporate Secretary (the "Secretary") will certify the date when the written notice of the Annual Stockholders' Meeting was sent to the stockholders as of record date of 31 March 2017. The Secretary will likewise certify the presence of a quorum. Under the By-Laws of the Corporation, the holders of a majority of the issued and outstanding capital stock of the Corporation entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

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

The draft of the minutes of the Special Stockholders' Meeting held on 18 July 2016 has been posted on the Corporation's website (<http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html>). Copies will also be made available to the stockholders at the registration area of the venue of the Annual Stockholders' Meeting. The stockholders will be requested to approve the draft of the Minutes of the Special Stockholders' meeting held on 18 July 2016.

IV. President's Report

The President of the Corporation will deliver the report on the performance of the Corporation for 2016 as well as the outlook for 2017, and respond to questions which may be raised by any stockholder.

V. FY 2016 Financial Updates

The financial updates for 2016 will be discussed. Duly authorized representatives of SGV & Co. ("SGV"), the external auditor for 2016, will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2016 audited financial statements of the Corporation.

VI. Approval/Ratification of Certain Acts of the Board, Board Committees and Management

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

The items for approval of the stockholders are:

- (a) New Compensation Scheme for Non-Executive Directors
- (b) Amendment of the Articles of Incorporation to Expand Secondary Power to Include Sale of Excess Electricity Through the Wholesale Electricity Spot Market

The stockholders will be requested to ratify certain acts of the Board of Directors and Management since the last stockholders' meeting on 18 July 2016.

VII. Election of Directors

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

During the Annual Stockholders' Meeting, the Secretary will announce the names of the persons nominated for election as directors/independent directors of the Corporation for the ensuing year. The Secretary will report on the votes received by each nominee from the stockholders and the Chairman will declare the eleven (11) nominees who received the highest number of votes as the duly elected directors, including the three (3) qualified independent directors.

VIII. Appointment of External Auditors

The Board Audit Committee recommended to the Board of Directors the appointment of an external auditor which will examine the accounts of the Corporation for 2017. The Board of Directors, at its meeting held on 27 February 2017, approved the endorsement of the Board Audit Committee of the re-appointment of Sycip Gorres Velayo & Company as the external auditor of the Corporation for 2017.

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

IX. Any Other Matters that are Necessary and Appropriate for the Annual Stockholders' Meeting may be taken up

Other matters not specifically referred to above may be raised by the stockholders. The Chairman will decide whether such business may be properly taken up in the meeting or in another stockholders' meeting or other proper forum.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE
SECURITIES REGULATION CODE



1. Check the appropriate box
☐ Preliminary Information Sheet
☒ Definitive Information Sheet
2. Name of Registrant as specified in its Charter:
Pilipinas Shell Petroleum Corporation
3. Province, country and other jurisdiction of incorporation or organization:
Makati City, Philippines
4. SEC Identification Number:
14829
5. BIR Tax Identification Code:
000-164-757
6. Address of principal office:
Shell House, No. 156 Valero Street, Salcedo Village, Brgy. Bel-Air, Makati City 1227
7. Registrant's telephone number, including area code:
(632) 816-6501 / 1227
8. Date, time and place of the meeting of security holders

Date	16 May 2017
Time	9:00a.m.
Place	Turf Room, Manila Polo Club, McKinley Road, Makati City, Metro Manila, Philippines
9. Approximate date on which the Information Statement is to be first sent or given to security holders:
20 April 2017
10. In case of Proxy Solicitations:
Name of Person Filing the Statement/Solicitor: **[N/A]**
Address and Telephone No.: **[N/A]**

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

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

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

✓ Yes No

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

Philippine Stock Exchange Common Stock

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

- (a) The Annual Stockholders' Meeting (the "Meeting") of Pilipinas Shell Petroleum Corporation (the "Corporation") for the year 2017 has been set on the date, time and place indicated below:

Date: 16 May 2017

Time: 9:00 a.m.

Place: Turf Room, Manila Polo Club, McKinley Road, Makati City, Metro Manila, Philippines

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

Pilipinas Shell Petroleum Corporation
Shell House, 156 Valero Street, Salcedo Village
Makati City 1227

The approximate date on which the information statement forms are to be sent or given to the stockholder is 20 April 2017. The distribution of the information statement shall be made in CD format. All required permits from the Optical Media Board (OMB) for the distribution of the information statement in CD format have been secured.

Proxy Solicitation: We are not soliciting for proxy.

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed corporate actions which may give rise to a possible exercise by stockholders of their appraisal rights under Section 42 and Title X, Appraisal Right of the Corporation Code of the Philippines (the "Corporation Code").

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) *Voting Securities*

As of the date of this Information Statement, the total number of outstanding common shares of the Corporation is 1,613,444,202. All stockholders of record holding common shares as of 31 March 2017 (the "Record Date") are entitled to notice and to vote at the Meeting. Each common share is entitled to one vote.

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

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

- 1) The following table sets forth the record owners and beneficial owners of more than five percent (5%) of the Corporation's outstanding common shares, the number of shares owned by, and the percentage of shareholders of each of the stockholders of the Corporation as of 31 March 2017:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent
Common	Shell Overseas Investments B.V. Carel van Bylandtlaan 30, 2598 HR the Hague The Netherlands - Parent Company	Beneficial and Record Owner	Dutch	890,860,212	55.21%
Common	The Insular Life Assurance Company, Ltd. The Insular Life Bldg., Ayala Avenue cor. Paseo de Roxas, Makati City - Shareholder	Beneficial and Record Owner	Filipino	255,452,325	15.83%
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City - Shareholder	PCD Nominee Corporation	Foreign	233,158,225	14.45%
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City - Shareholder	PCD Nominee Corporation	Filipino	121,836,703	7.55%

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

(i) Shell Overseas Investments B.V.

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

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

(ii) The Insular Life Assurance Company Limited

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

The Chief Executive Officer, Ms. Nina D. Aguas, or the President and Chief Operating Officer, Ms. Mona Lisa B. Dela Cruz, is the proxy holder who shall vote the shares of this stockholder.

(iii) PCD Nominee Corporation

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

Based on available information, none of the owners of the Corporation's common shares registered under the name of PCD, owned more than five percent (5%) of the Corporation's outstanding common stock as of the Record Date, except, The Hongkong and Shanghai Banking Corporation Ltd.'s Client Account which owned approximately 7.11% of the Corporation's outstanding common stock as of such date.

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

2) The security ownership of directors and executive officers of the Corporation as of 31 March 2017 is as follows:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Edgar O. Chua	Director/ Chairman	Direct: 425,810 Indirect: 22	Filipino	0.02639%
Common	Nina D. Aguas	Director	Direct: 164,350 Indirect: 1	Filipino	0.01019%
Common	Cesar A. Buenaventura	Independent Director	Direct: 50,001	Filipino	0.00310%
Common	Dennis G. Gamab	Director/VP – Trading and Supply	Direct: 8,390 Indirect: 1	Filipino	0.00052%
Common	Jose Jerome R. Pascual, III	Director/ Treasurer/ VP-Finance	Direct: 5,780 Indirect: 1	Filipino	0.00036%

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Mona Lisa Bautista Dela Cruz	Director	Direct: 5,210 Indirect: 7	Filipino	0.00032%
Common	Cesar G. Romero	Director/ President/ Chief Executive Officer	Direct: 4,290 Indirect: 1	Filipino	0.00027%
Common	Anthony Lawrence D. Yam	Director/VP-Retail	Direct: 4,290 Indirect: 1	Filipino	0.00027%
Common	Fernando Zobel de Ayala	Independent Director	Direct: 1	Filipino	0%
Common	Anabil Dutta	Director	Indirect: 1	Indian	0%
Common	Asada Harinsuit	Director	Indirect: 1	Thai	0%
Common	Ramon Del Rosario	VP- External Relations	Direct: 29,290	Filipino	0.00182%
Common	Homer Gerrard L. Ortega	VP-Human Resources	Direct: 4,290	Filipino	0.00027%
Common	Jannet C. Regalado	VP-Legal	Direct: 3,000	Filipino	0.00019%
Common	Erwin R. Orocio	Corporate Secretary	Direct: 4,290	Filipino	0.00027%
	Ellie Chris C. Navarra	Assistant Corporate Secretary	None	Filipino	Not Applicable
	Eduard Rudolf Geus	VP- Manufacturing	None	Dutch	Not Applicable
Security Ownership of all Directors and Officers			Direct: 708,991 Indirect: 37		0.0439%

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

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

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

4) Changes in Control

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

Item 5. Directors and Executive Directors

(a) Incumbent Directors and Executive Officers

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

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

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

Name	Age	Citizenship	Position
Edgar O. Chua	60	Filipino	Director/Chairman
Fernando Zobel de Ayala	57	Filipino	Independent Director
Nina D. Aguas	64	Filipino	Director
Anabil Dutta	50	Indian	Director
Mona Lisa B. Dela Cruz	59	Filipino	Director
Cesar A. Buenaventura	87	Filipino	Independent Director
Cesar G. Romero	51	Filipino	Director/President
Jose Jerome Rivera Pascual III	53	Filipino	Director/Treasurer/VP-Finance
Asada Harinsuit	55	Thai	Director
Anthony Lawrence D. Yam	52	Filipino	Director/VP-Retail
Dennis G. Gamab	52	Filipino	Director/VP-Trading and Supply
Homer Gerrard L. Ortega	50	Filipino	VP - Human Resources
Ramon Del Rosario	57	Filipino	VP –External Relations
Atty. Jannet C. Regalado	53	Filipino	VP-Legal
Eduard Rudolf Geus	51	Dutch	VP-Manufacturing
Atty. Erwin R. Orocio	48	Filipino	Managing Counsel – Downstream and Corporate Secretary
Atty. Ellie Chris C. Navarra	30	Filipino	Legal Counsel – Downstream and Asst. Corporate Secretary

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

(b) *Nominees for Election as Members of the Board*

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

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

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

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

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

Nina D. Aguas (64 years old, Filipino) – was first appointed as a Director of the Corporation on 22 March 2016. She was elected as Trustee since 27 May 2015 (Independent Trustee until 23 January 2016; Executive Trustee since 24 January 2016. Chief Executive Officer (CEO) of the Insular Life Assurance Company, Ltd; Former Director, President and CEO of the Philippine Bank of Communications (PBCOM, a Publicly Listed Company); Former Managing Director and Head of Private Banking, Asia Pacific, Australia and New Zealand Banking Group, Ltd.; Former Managing Director and Head of Retail Banking, Asia Pacific, Australia and New Zealand Banking Group, Ltd.; Former Head of the following

groups and offices of Citigroup/ Citibank U.S.A: Managing Director and Head of Corporate Center Compliance, New York; Country Business Manager of Global Consumer Group, Philippines; Regional Head of Audit and Risk, Asia-Pacific; and Regional Head of Quality and Re-engineering, Asia Pacific. Chairman of the Board of the following: Insular Life Subsidiaries- Insular Health Care, Inc.; Insular Investment Corporation, Home Credit Mutual Building & Loan Association, Inc.; Insular Foundation, Inc.; Chairman of the Board of Directors & CEO of Insular Life Management and Development Corporation (ILMADECO); Chairman of the Board of Directors & President of Insular Life Property Holding, Inc.. Director of the following Companies: MAPFRE INSULAR Insurance Corporation; Union Bank of the Philippines (a Publicly Listed Company); and Shell Company of the Philippines, Ltd. She is a Certified Public Accountant; B.S. Commerce, Major in Accounting from the University of Santo Tomas. Trainings/Seminars/Conferences attended during the last three years: Orientation on Corporate Governance, Manila; and Corporate Governance Orientation Program, Manila. Resource Speaker for the following events: Leadership Series: Organization and Enterprise Development, Manila; Corporate Governance, Manila; Practice of Good Governance as CEO and Board of Director, Manila; Asia Women's Summit, Manila; "Journey to Change, Choice for Tomorrow", Confederation of Rural Banks, Manila; People Management Association of the Philippines (PMAP) Asian Integration, Cebu; First Pacific Leadership Academy, Manila; Cebu Banker's Club, Cebu; Igniting the Digital Revolution in Wealth Management, Singapore; Annual Filipina Leadership Summit, San Francisco, USA. She was born on 10 December 1952.

Fernando Zobel de Ayala (57 years old, Filipino) – has been a Director of the Corporation since 1996 and is currently an Independent Director. He is President and Chief Operating Officer of Ayala Corporation, one of the Philippines' largest conglomerates involved in real estate, financial services, telecommunications, water, electronics, automotive, power, transport, education, and healthcare. He is board chairman of Ayala Land and Manila Water Company and sits on the board of various companies in the Ayala group, including the Bank of the Philippine Islands, Globe Telecom, and the Ayala Foundation. Mr. Zobel de Ayala is a member of the INSEAD East Asia Council and the World Presidents' Organization. He is a board member of Habitat for Humanity International and chairs the steering committee of its Asia Pacific Capital Campaign. He also serves on the board of the Asia Society and is a member of the Asia Philanthropy Circle, TATE Asia Pacific Acquisitions Committee and The Metropolitan Internal Council. In the Philippines, he is a board member of the Philippine National Museum, Caritas Manila, and Pilipinas Shell Foundation. Mr. Zobel de Ayala holds a liberal arts degree from Harvard College and a CIM from INSEAD, France. He was born on 14 March 1960.

Cesar A. Buenaventura (87 years old, Filipino) – has been with the Corporation since 1956 and was Chairman and CEO from 1975 to 1990. He has been a director since 1970 and is currently an independent director. He is currently chairman of Buenaventura Echaz and Partners Inc and chairman of Mitsubishi Hitachi Power System Philippines. He is Vice Chairman of DMCI Holdings a director of Concepcion Industrial Corporation, Semirara Mining and Power Corporation, Petroenergy Resources Corporation and I People Inc. He is founding chairman of the Pilipinas Shell Foundation and Founding Member of the Board of Trustees of the Makati Business Club. He is a recipient of many awards among which are the following: Management Man of the year in 1985; The Honorary Officer of The British Empire (O B E) in 1990 by Her Majesty Queen Elizabeth II; and One of the top 100 graduates of the College of Engineering University of the Philippines in its 100 year history. He received the degree of Bachelor of Science in Civil Engineering from the University of the Philippines in 1950 and a master's degree in Civil Engineering from Lehigh University in 1954 as a Fulbright scholar. He was born on 18 December 1929.

Edgar O. Chua (60 years old, Filipino) – has been a Director of the Corporation since 1998. He is the current Chairman of the Corporation effective 01 November 2016. He was a director of the various Shell companies in the Philippines. He served The Corporation in the following capacities: GM – Consumer Markets (Commercial OP East) from 2001 to 2003; GM – Commercial Marketing (ASEAN+) from 1999 to 2000; VP - Marketing from 1998 to 1999; GM – Marketing in 1998; GM of the Shell Company of Cambodia from 1995 to 1997; Energy Demand Analyst, Group Planning for SIPC from 1993 to 1995; Supply Planning & Trading Manager from 1991 to 1993; Lubricants Manager from 1989 to 1991; Consumer Development & Services Manager in 1988; Economics Assistant in the Supply Trading Department from 1986 to 1988; Inventory Management & Manila Movements Assistant from 1985 to 1986; General Auditor in 1985; Internal Auditor from 1983 to 1985. He was a director of joint venture companies wherein the Corporation has investment. He is currently Chairman of the Makati Business Club, Chairman of the Board of Trustees of De La Salle University ("DLSU"), Chairman of the DLSU Science Foundation, an Independent Director at Energy Development Corporation (EDC) and Integrated Micro Electronics Inc. at IMI (IMI). He also serves in the Advisory Board of Coca-Cola FEMSA Philippines, and Mitsubishi Motors Philippines, Inc. Ed earned his Bachelor of Science degree in Chemical Engineering from DLSU (1978) and attended various international seminars and courses including the senior management course in INSEAD in Fontainebleau, France. He is a recipient of numerous local and international recognitions, including CEO EXCEL for Excellence in Communications in Organizations (2005); Asia People of the Year 2013; Management Association of the Philippines' (MAP) Management Man of the Year (2013); CEO of the Year in the Asia Pacific SABRE (Superior Achievement in Branding Reputation and Engagement) Awards in China in 2014. In 2015, he was conferred the Lifetime Achievement Award by the Golden Wheel Awards Foundation and recently awarded Executive of the Year in the Asia CEO Awards 2016. He was born on 09 October 1956.

Mona Lisa Bautista de la Cruz (59 years old, Filipino) – was first elected as a Director of The Corporation on 12 May 2015. She is the President and Chief Operating Officer of Insular Life Assurance Company Ltd. She is a director of Insular Health Care, Inc., ILAC General Agency, Inc., Home Credit Mutual Building and Loan Association, Insular Life Management and Development Corporation, Insular Life Property Holdings, Mapfre Insular Insurance Corporation and Union Bank of the Philippines. She is a Trustee of the Insular Life Assurance Company Ltd. and the Insular Foundation, Inc. and the Insular Life Employee Retirement Fund. She is Director and President of Insular Investment Corporation, Insular Property Ventures, Inc. and Insular Properties, Inc. She received her Bachelor of Science degree in Statistics from the University of the Philippines and graduated Cum Laude in 1978. She likewise completed her Master of Science in Mathematics, major in Actuarial Science, at the University of Michigan in 1979. She is a Fellow of the Actuarial Society of the Philippines, an Associate of the Society of Actuaries, USA, and a member of the Management Association of the Philippines, Makati Business Club, Filipina CEO Circle and the Filipina Women's Network. She was born on the 05 June 1957.

Anabil Dutta (50 years old, Indian) – was first appointed as a Director of the Corporation on 22 March 2016. He is the Regional Finance Manager, East Chemicals & Manufacturing of Shell Group of Companies since January 2014. He was previously the Regional Finance Manager, East, Trading Supply and Distribution from November 2011 to December 2013; Finance Manager of Projects and Technology and Business Opportunity Manager East Technology Centre from June 2006 to October 2011. Prior to joining Shell, Anabil was with: Colgate Palmolive and held several senior positions in Finance including Country Head for Nepal. Prior to Colgate Palmolive he has been employed with ITC Limited and BATCO, ESS AAR projects and American Express Bank. Anabil has professional experience of 29 years internationally in Finance, Supply Chain, Manufacturing and General Management. Driving a strong performance ethic in business and broad experience in commercial finance has been his key achievements. He has held several Board, Trustee and Pension Fund positions and served on senior business leadership teams. Anabil is a Chartered Accountant and has a Master of Business Administration (Finance). He also has an Advanced Diploma in Computer applications and Database Management. Anabil is a silver medalist of the Duke of Edinburgh Awards and received the Colgate Chairman's Global Award for Outstanding performance. He was born on 12 April 1967.

Lydia B. Echauz (69 years old, Filipino) - is the incoming Independent Director of the Corporation. Dr. Echauz currently holds directorship in Metro Pacific Investments Corp., PLDT Beneficial Trust Fund, Philstar Group, BusinessWorld Publishing Corporation, Global Business Power Corp., Riverside College Inc., Fern Realty Corp. and DBP Data Center, Inc. Furthermore, Dr. Echauz is a Trustee of MCO Foundation, Inc., Immaculate Conception Academy, Henry Sy Foundation, Inc., Manila Tytana College and Mano Amiga Academy. She served as President of Far Eastern College-Silang, Inc., Nicanor Reyes Educational Foundation, East Asia Computer Center Inc. and East Asia Educational Foundation Inc. She served as the chair of the Capital Markets Integrity Corporation and Dangkal Bulacan Foundation, Inc. and a Trustee of Far Eastern College-Silang, Inc. She served as Director of Development Bank of the Philippines. She served as a Director of the Nicanor Reyes Memorial Foundation, SM Foundation and Philippine Association of Colleges and Universities. She was a Trustee of Children's Hour, St. Theresa's College Alumni Association and King's College, Inc. of the British Schools Foundation. She served as President of The Far Eastern University, Incorporated from June 2003 to 25 August 2012 and served as its Chief Operating Officer until 25 August 2012. She served as a Trustee of The Far Eastern University, Incorporated from 1999 to 25 August 2012. Dr. Echauz served as Acting President of Far Eastern University since October 2002. She served as Chief Operating Officer of Far Eastern University Inc. She was Dean of the Graduate School of Business, De La Salle University from September 1986 to May 2002. She served as President of the Association of Southeast Asian Institutes of Higher Learning - Philippine Council. She served as Associate Professor of the College of Business Administration, University of the East since 1968. She served as Associate Director of the MBA program, Ateneo de Manila University Graduate School of Business for seven years. She has a Bachelor of Arts degree, major in Economics and Mathematics from St. Theresa's College. She holds a Masters in Business Administration from the Ateneo de Manila University. She holds a Doctorate degree in Business Administration from De La Salle University. She was born on 18 July 1947.

Dennis G. Gamab (52 years old, Filipino) - was elected as director of the Corporation on 15 August 2016. He has been Vice President for Trading and Supply since 2010. He joined The Corporation in 1987 and has served The Corporation as: Vice President for Supply from 2005-2009, Road Transport Manager for the Philippines from 2000 - 2005, Secondary Logistics Economist from 1998 - 2000, Logistics Project Implementer in 1997 - 1998, Poro Installation Manager in 1995 - 1997, cross posting assignment in Dubai 1992 - 1995 as Marine and Lubricants Distribution Head, Bataan Depot Manager 1990 - 1992 and Plant and Transport Assistant and various other Distribution jobs from 1987 - 1990. He received a Bachelor of Science in Mathematics from the University of the Philippines in 1987. He was born on the 12th of February 1965.

Asada Harinsuit (55 years old, Thai) – is a director of the Corporation, first appointed as such on 15 August 2016. He is also the Chairman Shell Companies in Thailand; VP Retail – East (ASEAN, India, Middle East); Shareholder rep – Shell Pakistan Ltd, plc; Shareholder rep – Pakistan Refinery Ltd, plc. Asada was appointed Chairman of Shell Companies in Thailand in September 2012. He is concurrently Vice President, Retail East, a role he has assumed since September

2013. He also holds positions in Shell Pakistan Ltd, plc and Pakistan Refinery Ltd, plc. A Thai national, Asada first joined Shell in 1985. Over the years he has held a number of different roles spanning IT, strategy, business development, supply chain, sales and marketing at local, regional and global levels across Shell's Downstream business. He has also lived and worked overseas in London and in Singapore. Asada started his Shell career in IT working in business process design and programming. He then moved to the Lubricants business in 1990 where he worked in Lubes Supply Chain, marketing and sales to automotive OEMs. He was given his first overseas posting in 1997 as general manufacturing marketing manager for Shell UK. He then returned to Thailand in late 1998 to take up the role of Commercial Manager for the Aviation, Marine, LPG, Bitumen, Fuels and Lubricants businesses. Prior to assuming his current roles in Thailand, Asada was based in Singapore where as VP Specialities, he ran two of Shell's global businesses - Bitumen and Sulphur – for 5 years. During that time, he made significant changes to the global business in terms of customer value proposition, R&D programs, portfolio rationalization, new market entries, including working with Shell's Upstream business to create greater synergy and longer-term value. Asada holds a Bachelor's and Master's degree in electrical engineering from the University of Michigan. He is married and has a daughter. He enjoys skiing, playing golf and going to the movies in his free time. Asada is a firm believer of being a force for good and in helping others to achieve their fullest potential. He was born on 20 April 1961.

Jose Jerome Rivera Pascual III (53 years old, Filipino) - was first appointed as a Director of the Corporation on 13 June 2016. He was appointed Vice President - Finance and Treasurer of the Corporation with effect also on 13 June 2016. He is also a director on the boards of other Shell-affiliated companies in the Philippines. His previous roles in the Royal Dutch Shell Group include: Finance Director of Shell Philippines Exploration BV & Philippines Country Controller from 2009 to 2016; concurrent Finance Director of Shell Deepwater Borneo Ltd from 2009 to 2012; Deputy Business Finance Manager (Caspian) of Shell Kazakhstan Development BV & Kazakhstan Country Controller from 2005 to 2009; Regional Treasurer & Insurance Manager of Shell Exploration & Production – Asia Pacific from 2003 to 2005; Treasurer; Tax & Insurance Manager of Shell Philippines Exploration BV from 2002 to 2003; Finance Business Adviser of Shell Philippines Exploration BV from 2000 to 2002; Commercial Services Coordinator / Contracts Advisor of Nederlandse Aardolie Maatschappij BV from 1998 to 2000; Head of Management Accounting of Shell Philippines Exploration BV from 1995 to 1998; Head of Finance (STAR) Systems of Pilipinas Shell Petroleum Corporation from 1993 to 1995; Internal Auditor / Audit Supervisor for Pilipinas Shell Petroleum Corporation from 1990 to 1993; Senior Analyst / Programmer of Pilipinas Shell Petroleum Corporation from 1986 to 1990. He is presently the Chairman of the Board of Trustees of the Shell companies in the Philippines Multi-Employer Retirement Plan and of the Board of Trustees of the Shell Philippines Exploration BV Non-Contributory Retirement & Gratuity Fund. He is an incorporator and current trustee of the Judicial Reform Initiative, Inc (JRI). Mr. Pascual graduated Cum Laude from the University of the Philippines (Diliman) with a Bachelor of Science degree in Industrial Engineering, and was granted membership to the Honor Society of Phi Kappa Phi. He also holds the following accreditations: Certified Management Accountant from the Institute of Certified Management Accountants (Australia) and Professional Industrial Engineer from the Industrial Engineering Certification Board (Philippines). In 2015, he received the Professional Degree Award for Industrial Engineering from the U.P. College of Engineering and U.P. Alumni Engineers. And in November 2014, he was recognized as CFO of the Year by ING Bank (Philippines) and the Financial Executives Institute of the Philippines (FINEX). He was born on 06 January 1964.

Cesar G. Romero (51 years old, Filipino) – is the current President and Chief Executive Officer of the Corporation effective 01 November 2016. He was last appointed as Director of the Corporation on 18 July 2016. He also serves as the Vice President Global Retail Network effective 1 August 2013. He is responsible for the management and capital investment associated with the Global Retail business' physical assets worldwide. This includes network planning, real estate, petrol station construction, facilities maintenance, soil and groundwater services, HSSE, and Continuous Improvement. From September 2009 up to July 2013, he was the Vice President of Retail Sales and Operations East which is accountable for the Operating Profit and Loss of the Shell Retail Petrol stations in SE Asia, South Asia, and China. Cesar is a member of the Shell Global Retail Leadership team which sets policies, strategy, annual business targets, capital allocation, and operations for Shell's Downstream Retail Business comprised of over 43,000 petrol stations in the world, the largest single branded retailer in the world. Prior to that role, he was the Vice President for Supply – East based in Singapore from July 2007 to July 2009. Before that, he was in London as the Vice President for Downstream Management Consultancy, which he held concurrently with the role of Business Assistant to the Executive Director for Shell's Global Downstream Business. He joined Shell Philippines in 1987 as a Refinery Engineer and has had further assignments in Supply Planning, Strategy, and Lubricants. In 1995, he was posted to Shell Centre, London to work in Shell's Scenario Planning Team, and later in the Strategy and Portfolio Team of the East/Asian Regional Office. Immediately, prior to coming to the UK a second time, he was the General Manager for Retail for Shell Philippines & North Pacific Cluster. Cesar holds a Bachelor of Science in Mechanical Engineering (cum laude) from the University of the Philippines, and a Master's in Business Administration (with High Distinction) from the University of Michigan. He has also attended a variety of management development courses at the London Business School and the Wharton Business School. He is married with 2 sons, 13 and 15 years old. He was born on the 11 August 1965.

Anthony Lawrence D. Yam (52 years old, Filipino) - is the Vice-President for Retail Business of the Corporation. He was appointed Vice-President for Retail of the Corporation in August 2011 and is also a director on the boards of other Shell-affiliated companies in the Philippines. He was appointed as one of the directors of the Brunei Shell Marketing Company in October 2016. His previous roles in the Shell Group include: Operational Excellence Manager for the East for the Customer Service Center from mid-2010 to mid-2011; Retail Pricing Manager from late 2009 to mid-2010; Interim General Manager for the LPG (Liquefied Petroleum Gas) Business from May to October 2009; District Manager for Metro Manila from 2005 to 2009. He was assigned in Vietnam for a cross-posting assignment as the Managing Director for Shell Gas Haiphong Limited and LPG General Manager for Shell Vietnam Limited from 2001 to 2005. Prior to his cross-posting assignment, he was the Southern Regional Sales Manager for LPG (Phil) from 1997 to 2001 and has served Shell in various managerial roles from 1993 to 1997 that included stints in Corporate Brand, Customer Service Center, Lubricants Business and Internal Audits. He joined Shell in August 1986 and started his career as a Retail Sales Representative until 1993. He received his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering degree from the De La Salle University in 1985. He is married with 5 sons and was born on 20 December 1964.

(c) *Final List of Nominees for Appointment as Corporate and By-Laws Executive Officers for 2017 to 2018:*

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

Asada Harinsuit*	Chairman	Thai
Cesar G. Romero*	President	Filipino
Jose Jerome R. Pascual III*	Vice President – Finance/Treasurer	Filipino
Homer Gerrard L. Ortega	Vice President – Human Resources	Filipino
Eduard Geus	Vice President – Manufacturing	Dutch
Dennis G. Gamab*	Vice President – Trading and Supply	Filipino
Anthony Lawrence D. Yam*	Vice President – Retail	Filipino
Ramon Del Rosario	Vice President – External Relations	Filipino
Jannet C. Regalado	Vice President – Legal and Incoming Compliance Officer^	Filipino
Erwin R. Orocio	Corporate Secretary and Outgoing Compliance Officer^	Filipino
Ellie Chris C. Navarra	Asst. Corporate Secretary	Filipino

*Member of the Board of Directors

^The functions of the Compliance Officer will be held by a separate individual from the Corporate Secretary. The Board of Directors intends to appoint Atty. Jannet C. Regalado as the new Compliance Officer during its Organizational Meeting.

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

Homer Gerrard L. Ortega (50 years old, Filipino) - has been the Vice President for Human Resources since April 2007. He has served The Corporation in several assignments: as HR Change Manager supporting Shell's Retail businesses in Asia/Pacific/Middle East countries (2005-2007); HR Capability Manager also for Shell's Retail businesses in Asia/Pacific/Middle East (2002-2004); Retail Operations Manager (1999-2001); HR Transition Management Team Member (1997-1998); HR Recruitment & Training Adviser (1996-1997); and, Retail Territory Manager (1990-1995). He studied at the University of the Philippines in Diliman, Bachelor of Science in Business Administration and Accountancy (1984-1989); and, became a Certified Public Accountant in 1990. He was born in Quezon City on 13 January 1967.

Ramon Del Rosario (57 years old, Filipino) – has been the Vice President for External Relations since 19 August 2014. He graduated with a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines in 1981. Following his Bachelor's degree, he took a Master's degree in Business Administration from the Ateneo de Manila Graduate School of Business in 1982. He also took up several trainings in Program Management, Sales Effectiveness, Cultural Awareness, Marketing, Lubricants Business, and other Management and technical courses. He started his career in 1981 as a Commercial Fuels Account Manager in the Corporation before moving progressively to broader and more senior roles. He held various positions in Lubricants, Marketing and Sales, Brand and Market Research, Commercial Fuels, and GSAP. He gained extensive international exposure in his overseas assignments with the Shell Company of Cambodia Ltd., where he held the position of a Marketing and Sales Manager. Prior to his current assignment, he was assigned to Shell's Regional Offices with responsibility over Commercial Transport Marketing Development, Consumer Lubricants, and Sales 1st. In 2007 to 2008, he became the Country Implementation Manager and organized the gap analysis of local processes relative to global Streamline design and policies. He then became the Country Programme Manager in the successful Streamline, Global SAP, Organizational Design, and Connected Applications deployment in the Philippines. Ramon became the Shell Gas (LPG) Philippines Inc. General Manager in

2009 and succeeded in transitioning the LPG business from The Corporation to Isla Gas Corporation. Two years after, he became the Chief Executive Officer of Isla LPG Corporation. He was born on the 19 July 1959.

Jannet C. Regalado (54 years old, Filipino) – has been the General Counsel since 2001. She is the Vice President for Legal of the Corporation Petroleum Corporation and is concurrently Royal Dutch Shell's Managing Counsel for Global Litigation Asia Pacific covering the Philippines, China, New Zealand, Korea, Japan, Indonesia, Brunei and the Pacific Islands, Malaysia, Singapore, Thailand, India, Pakistan, Vietnam, Laos, Cambodia, and Australia. The Board intends to appoint her as the Compliance Officer during its Organizational Meeting. She is responsible for managing and supervising a sizeable portfolio of litigation and arbitration in these jurisdictions involving commercial, civil, criminal, tort, environmental & employment matters and deals with a big network of Shell - accredited global law firms. She has served The Corporation as: Corporate Secretary from 2001 to 2015; Employment and Industrial Relations Manager from 1997 to 2001; Assistant Legal Counsel from 1994 to 1997; Legal Assistant from 1992 to 1994. Prior to joining the Shell Companies in the Philippines (SCIP), she was corporate secretary of First Lepanto Corporation and was a legal counsel at the Carpio, Villaraza and Cruz Law Firm. She graduated with high honours with degrees in Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines (U.P.). During her stint at the University, she was a student leader and very active in intra-university debates and moot court competitions. She is also a faculty member of both the University of the Philippines and the Lyceum College of Law and is active in several legal and professional organizations. She is married to Atty. Reynaldo Regalado of the Regalado, Atienza and Mendoza Law Offices, with whom she has three children. She was born on the 26 November 1962.

Eduard Rudolf Geus (51 years old, Dutch) - is the General Manager and Vice-President for Manufacturing of the Corporation since 5 May 2011. He served as: Senior Advisor Refining – Secondec to Statoil Refinery Mongstad, Norway from 2011 to 2013; General Manager Global Operations – Shell WindEnergy Inc., Houston, USA from 2007 to 2011; Business Improvement Leader – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2006 to 2007; Process Unit Manager – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2003 to 2006; Senior Technologist – Couronnaise de Raffinage, Shell Refinery Petit Couronne, France from 2000 to 2003; Distillation and Membrane Technology Technologist – Shell Global Solutions, Amsterdam, The Netherlands from 1996 to 2000; Technologist – Sola Refinery, Norske Shell, Norway from 1993 to 1996; Base Oil Technologist – Shell Internationale Petroleum Maatschappij, The Hague, The Netherlands in 1993. He received a Master's Degree in Chemical Technology from the Technical University Delft, the Netherlands in 1988, and a PhD Degree in Technical Sciences also from the Technical University Delft in 1993. He was born on the 09 July 1965.

Erwin R. Orocio (48 years old, Filipino) – is the Managing Counsel for Downstream and Corporate Secretary (and incumbent Compliance Officer since 2015). He was also the Assistant Corporate Secretary of the Corporation, first elected as such on 17 April 2012. He also serves as the Corporate Secretary for various Shell companies in the Philippines. He is also a Fellow of the Institute of Corporate Directors. He joined the Legal department as a Legal Counsel in November 1997 and has since advised all businesses and functions, including leading the Legal team in the 2016 Initial Public Offering (IPO) and listing with the Philippine Stock Exchange on 3 November 2016. Prior to that, he served as managing partner of the Garcia Ines Villacarlos Garcia Recifia & Orocio Law Office. He first joined The Corporation as an accountant in 1991 and left in January 1996 to complete his Juris Doctor degree from the Ateneo De Manila School of Law. He graduated from the De La Salle University in 1989 with a Bachelor of Arts (Major in Economics) and Bachelor of Science (Major in Accountancy). He placed 13th in the Accounting Board exams of May 1990. He was born on the 09 March 1969.

Ellie Chris C. Navarra (30 years old, Filipino) – serves as Legal Counsel for Downstream since 16 February 2017. She is also the Assistant Corporate Secretary for various Shell Companies in the Philippines. She recently earned her Certified Fraud Examiner credential. Prior to that, she served as an Associate of the Corporate and Special Projects Department of the law firm Cruz Marcelo & Tenebrancia for three years. She earned her Juris Doctor degree from the Ateneo De Manila School of Law in 2013. Prior to taking up law, she was an Associate of the Technology and Security Risk Services of Sycip Gorres Velayo & Co. for two years. She is likewise a Certified Public Accountant since 2007. She graduated from the De La Salle University in 2006 with a Bachelor of Science (Major in Accountancy). She was born on 10 October 1986.

(d) *Significant Employees*

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

(e) *Family Relationship*

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

(f) Involvement in Certain Legal Proceedings

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

- (1) In connection with the leak of petroleum products from the First Philippine Industrial Corporation's (FPIC) white oil pipeline which the Corporation used to transport products from the Tabangao refinery to its former Pandacan terminal, a civil case was filed against FPIC and its directors and officers (four of whom were officers of The Corporation), First Gen Corporation, Chevron, and the Corporation on March 24, 2011. The involved officers of the Corporation are Edgar O. Chua, currently Chairman of the Board, Dennis G. Gamab, Vice-President – Trading & Supply, Dennis Javier, General Manager – Lubricants, and Willie Sarmiento who was then the Vice-President for Finance. This case was later on ruled as an ordinary civil case for damages and directed to be re-raffled to a regular court and that each of the individual complainants file a separate action for damages, as the damage suffered by one is not necessarily the same for all, and accordingly, pay the appropriate filing fees. This ruling of the trial court has been affirmed by the Court of Appeals and now the subject of an appeal with the Supreme Court. The Corporation has also asserted that it is not liable for the alleged damages suffered by the complainants.

Meanwhile, another complaint for criminal negligence was filed against eleven directors of the Corporation and two of its officers who were directors of FPIC, all of whom were holding such positions at the time of the filing of the complaint on 15 October 2011. Preliminary investigation is ongoing before the Department of Justice with respondents having filed their respective counter-affidavits on 19 December 2011. Of said directors and officers, only Mssrs. Chua, Buenaventura, Fernando Zobel de Ayala, and Gamab remain connected with the Corporation.

- (2) The Chairman of the Corporation, Mr. Edgar O. Chua, was included as a respondent in a graft and corruption case filed before the Office of the Ombudsman by former Customs Commissioner Napoleon Morales, and former Batangas Customs Collector Juan Tan, in connection with The Corporation's importation of Catalytic Cracked Gasoline and Light Catalytic Cracked Gasoline (CCG/LCCG) and Alkylate. In an Order dated 24 October 2016, the Office of the Ombudsman directed the respondents, including Mr. Edgar O. Chua, to submit their respective Counter – Affidavits within ten (10) days from the date of receipt of the Order.

Edgar O. Chua, Roberto Kanapi and Nigel Avila filed their Joint Counter-Affidavit on 21 November 2016 and the Complainants filed their Joint Reply Affidavit on 04 January 2017. A Rejoinder Affidavit was filed on 31 January 2017.

On 04 January 2017, Edgar O. Chua, Robert Kanapi & Nigel Avila filed a Joint Complaint-Affidavit for the purpose of filing criminal complaints for Perjury against Lourdes Aclan, Napoleon Morales & Juan Tan for the false statements indicated in the Graft case which they filed in relation to the supposedly committed crime of Illegal Importation and violation of RA No. 3019; Anti-Graft and Corrupt Practices Act. This is in relation to the Corporation's importation of Catalytic Cracked Gasoline and Light Catalytic Cracked Gasoline (CCG/LCCG) and Alkylate. Preliminary investigation is ongoing and the respondents filed their Joint Counter-Affidavit on 21 March 2017.

(g) Certain Relationships and Related Transactions

The Corporation, in its regular course of trade or business, enters into transactions with affiliated companies. For details on these transactions, please refer to Note 22 to the 2016 Audited Financial Statements that will be attached to the Definitive Information Statement.

BPI Capital Corporation (BPI Capital) is a wholly-owned subsidiary of Bank of the Philippines Islands, which in turn is 21.81% owned by the Ayala Corporation as of 31 December 2016. Mr. Fernando Zobel de Ayala, who serves as an independent director of the Corporation, is the current Vice-Chairman, President and Chief Operating Officer of Ayala Corporation and the Vice-Chairman of Bank of the Philippine Islands. Bank of the Philippine Islands is a significant lender of the Corporation. BPI Capital was the domestic lead underwriter, domestic bookrunner and stabilizing agent in the initial public offering of the Corporation which was completed in November 2017.

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

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

Below are the material related party transactions of the Corporation:

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

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

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

(h) Parent Company

Shell Overseas Investments B.V. owns 55.21% of the total issued and outstanding capital stock of the Corporation as of 31 December 2016.

Item 6. Compensation of Directors and Executive Officers

- (a) The table below sets forth the aggregate amount of compensation paid in 2015 and 2016 and the estimated amount of compensation to be paid in 2017 to the executive officers and directors of the Corporation:

Name and Principal Position	Year	Salary (In Million PhP)	Bonus (In Million PhP)	Other Annual Compensation (In Million PhP)
1. Edgar O. Chua				

Name and Principal Position	Year	Salary (In Million PhP)	Bonus (In Million PhP)	Other Annual Compensation (In Million PhP)
President prior to 01 November 2016				
2. Cesar G. Romero President as of 01 November 2016				
3. Eduard Geus VP - Manufacturing				
4. Jannet C. Regalado VP - Legal				
5. Dennis G. Gamab VP - Trading and Supply				
6. Jose Jerome R. Pascual III VP - Finance and Treasurer				
President and the four most highly compensated executive officers named above	Actual 2015	54.7	34.3	None
	Actual 2016	59.7	86.4	None
	Projected 2017	57.3	23.9	None
All directors and all other by-law officers as a group (Excluding Honorariums & Retainers)	Actual 2015	27.2	8.3	None
	Actual 2016	29.1	8.6	None
	Projected 2017	31.0	8.8	None

**Projected total annual compensation*

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

Item 7. Independent Public Accountants

- (a) SyCip Gorres Velayo & Co. (SGV), a member firm of Ernst & Young Global Limited, has audited the Corporation's financial statements as of 30 June 2016 and for the six months ended 30 June 2015 and 2016. Isla Lipana & Co. (Isla Lipana), a member firm of PricewaterhouseCoopers International Limited, independent auditors, has audited the Corporation's financial statements as of and for the years ended December 31, 2013, 2014 and 2015.

- (b) SGV is the independent auditor of the Corporation for the calendar year 2016. Mr. Jose Pepito E Zabat III was assigned by SGV as the partner in-charge of auditing the Corporation. Isla Lipana rendered the same services for the Corporation during previous fiscal years, where Mr. Roderick M. Danao, Assurance Partner, was the Corporation's audit partner. The Corporation is in full compliance with the five (5) year rotation requirement for External Auditors under Section 68 of the Securities & Regulations Code (SRC).
- (c) SGV was recommended for re-appointment at the scheduled Board Meeting on 27 February 2017, subject to final approval by the stockholders during the annual meeting, for almost the same remuneration as in the previous year.
- (d) The Board Audit Committee, which recommended the appointment of the audit firm SGV is composed of Cesar Buenaventura (Chairman) and Sebastian Quiniones (Member).
- (e) Duly authorized representatives of SGV will be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions concerning the 2016 audited financial statements of the Corporation.
- (f) Isla Lipana resigned as auditor of The Corporation on 12 May 2016. There are no disagreements with both auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.
- (g) Disagreements with Accountants on Accounting and Financial Disclosures

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

(h) External Audit Fees

a) Audit and Other Fees

Audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements in 2016:

2015:	P 7.3 million pesos
2016:	P 21.6 million pesos

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

2015:	none
2016:	P10.0 million pesos for Initial Public Offer

There are no tax fees and any other fees.

- b) The BAC's responsibilities in connection with the external audit of the Corporation are as follows:
 1. Perform oversight functions over the Corporation's external auditors. It should ensure that the external auditors act independently from each other, and that the auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 2. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 3. Review the reports submitted by the external auditors;

4. Review the quarterly, half-year and annual financial statements that are presented by external auditors before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices
 - b. Major judgmental areas
 - c. Significant adjustments resulting from the audit
 - d. Going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with tax, legal and regulatory requirements; and
5. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.

The above are included in the Board Audit Committee and Internal Audit Charters duly approved by the Board and submitted to the SEC.

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No action is to be taken with respect to the authorization or issuance of any class of securities of the Corporation other than for Exchange for outstanding securities of the Corporation.

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

- (a) The Audited Financial Statements as of 31 December 2016 approved by the Board of Directors on 27 February 2017 will be attached to the Definitive Information Statement for distribution to the stockholders on 20 April 2017 and presented during the Annual Stockholders Meeting on 16 May 2017.

The said financial statements as of 31 December 2016 and other data related to the Corporation's financial information are attached hereto as Annex "A".

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

2016 vs 2015 Financial Condition

Current assets

The Corporation's current assets increased from Php36,655.7 million as of 31 December 2015 to Php38,856.3 million as of 31 December 2016 primarily due to the following:

Cash increased by Php697.5 million, or 20% from Php3,576.8 million as of 31 December 2015 to Php4,274.3 million as of 31 December 2016 primarily as a result of strong financial and operational performance.

Receivables, net decreased by Php1,565.4 million, or 15% from Php10,387.0 million as of 31 December 2015 to Php8,821.6 million as of 31 December 2016 primarily as a result of reclassification of claims from government agencies

on various taxes paid from receivables to long term receivables partly offset by increase in trade receivables in line with increase in oil price.

Inventories, net increased by Php5,032.9 million, or 44% from Php11,348.5 million as of 31 December 2015 to Php16,381.4 million as of 31 December 2016 primarily as a result of increase in oil prices and stock building for the NMIF.

Prepayments and other current assets decreased by Php1,964.2 million, or 17% from Php11,343.3 million as of 31 December 2015 to Php9,379.1 million as of 31 December 2016. This is primarily due to the utilization of a portion of the excess input VAT accumulated from prior years.

Non-Current Assets

The Corporation's non-current assets increased from Php29,578.4 million as of 31 December 2015 to Php31,752.9 as of 31 December 2016 million primarily due to the following:

Long-term Receivables, rentals and investments, net increased by Php3,170.7 million, or 358.0% from Php885.3 million as of 31 December 2015 to Php4,056.0 million as of 31 December 2016 primarily as a result of reclassification of claims from government agencies on various taxes paid from receivables to long term receivables.

Property, plant and equipment increased by Php1,069.2 million, or 5% from Php22,309.1 million as of 31 December 2015 to Php23,378.3 million as of 31 December 2016 primarily due to additional retail sites and the capitalization of the NMIF.

Deferred income tax assets, net decreased by Php3,382 million, or 91% from Php3,712.3 million as of 31 December 2015 to Php330.3 million as of 31 December 2016 primarily as a result of realization of some deferred tax assets as a result of profits delivered during the first year of 2016.

Other assets, net increased by Php1,316.4 million, or 49% from Php2,671.8 million as of 31 December 2015 to Php3,988.2 million as of 31 December 2016 primarily due to increase in fair value of pension assets and reclassification of deferred input VAT from prepayments to non-current assets in 2016 based on management's assessment of its recoverability.

Current Liabilities

The Corporation's current liabilities increased from Php18,901.2 million as of 31 December 2015 to Php22,400.8 million as of 31 December 2016 primarily due to the following:

Accounts payable and accrued expenses increased by Php846.6 million, or 5.0% from Php16,174.6 million as of 31 December 2015 to Php17,021.2 million as of 31 December 2016 primarily due to increase in trade payables as a result of increase in the crude oil prices.

Short-term borrowings increased by Php2,653.0 million, or 98% from Php2,717.0 million as of 31 December 2015 to Php5,370.0 million as of 31 December 2016 primarily due to the repayment of long-term loans and conversion of a portion to short term loans to take advantage of lower interest rates. The borrowings are for working capital requirements.

Non-Current Liabilities

The Corporation's non-current liabilities decreased from Php21,237.7 million as of 31 December 2015 to Php15,280.1 million as of 31 December 2016 primarily due to the following,

Loans Payable, net of current portion decreased by Php5,000.0 million, or 31% from Php16,000.0 million as of 31 December 2015 to Php11,000.0 million as of 31 December 2016 mainly due to the repayment of long-term loans.

Provision and other liabilities decreased by Php957.6, or 18% from Php5,237.7 million as of 31 December 2015 to Php4,280.1 million as of 31 December 2016 primarily due to the reclassification of part of environmental remediation from long term to short term liabilities.

Equity

The Corporation's total equity increased from Php26,095.1 million as of 31 December 2015 to Php32,928.3 million as of 31 December 2016 primarily due to the following:

Share Premium increased by Php1,766 million, or 7% from Php24,396 million in 2015 to Php26,162 million in 2016 mainly due to the 10% primary share offering during the Corporation's IPO in Q4 2016.

Retained earnings increased by Php4,930.4 million, from Php181.5 million as of 31 December 2015 to Php5,111.9 million as of 31 December 2016 primarily due to the increase in profits during the year, net of dividends paid in Q3 2016 amounting to P3,300 million.

Other reserves increased by Php109.5 million, or 30% from Php371.2 million as of 31 December 2015 to Php480.7 million as of 31 December 2016 due to increase in fair value reserves pertaining to available for sale securities owned by the Corporation.

2015 vs. 2014 Financial Condition

The following is a discussion of The Corporation's current and non-current assets and liabilities as of the year ended 31 December 2014 compared to the year ended 31 December 2015.

Current assets

The Corporation's current assets decreased from Php47,222.8 million as of 31 December 2014 to Php36,640.6 million as of 31 December 2015. The decrease was primarily due to the decrease in net inventories, as a result of lower crude oil prices and corresponding provisions for inventory write-downs.

Non-current assets

The Corporation's non-current assets increased from Php26,279.9 million as of 31 December 2014 to Php29,578.4 million as of 31 December 2015. The increase was primarily due to the increase in property, plant and equipment relating mainly to the construction of the NMIF and the Euro-IV upgrade, as well as increased pension-related assets corresponding to their increase in fair value.

Current liabilities

The Corporation's current liabilities decreased from Php52,452.6 million as of 31 December 2014 to Php18,886.2 million as of 31 December 2015. The decrease in 2015 primarily resulted from repayments of short-term borrowings and the conversion of a portion of The Corporation's short-term loans into long-term loans, as well as repayment of the current portion of The Corporation's long-term loans.

Non-current liabilities

The Corporation's non-current liabilities increased from Php17,219.5 million as of 31 December 2014 to Php21,237.7 million as of 31 December 2015 reflecting increases in The Corporation's long-term borrowings, including the conversion of a short-term loan to a long-term loan.

2016 vs. 2015 Results of Operation

Net sales decreased by Php20,214.4 million, or 13%, from Php156,977.7 million for the year ended 31 December 2015 to Php136,763.3 million for the year ended 31 December 2016, primarily as a result of significantly lower product prices driven by the decrease in global oil prices.

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

Cost of sales decreased by Php24,515.3 million, or 18%, from Php136,976.9 million for the year ended 31 December 2015 to Php112,461.5 million for the year ended 31 December 2016, primarily as a result of the decrease in global crude prices, and lower logistics and transshipment costs due to the closure of Pandacan.

Gross profit increased by Php4,300.9 million, or 22% from Php20,000.8 million for the year ended 31 December 2015 to Php24,301.7 million for the year ended 31 December 2016. The improvement in gross profit was driven mainly by increased premium fuel penetration, strong retail volume growth and double-digit growth in Bitumen and Lubricants and

successful marketing campaigns that offset the impact of lower commercial sales volumes and extended refinery downtime in Q4.

Selling, General and Administrative expenses decreased by Php232 million, or 2% from Php13,295 million in 2015 to Php13,063 million in 2016 mainly due to logistics cost savings.

Other operating income, net increased by Php258.5 million from Php212.2 million for the year ended 31 December 2015 to Php470.7 million for the year ended 31 December 2016, mainly due to the gain on revaluation of available for sale securities.

Finance expense decreased significantly by Php723.2 million, or 40.0%, from Php1,781.3 million for the year ended 31 December 2015 to Php1,058.0 million for the year ended 31 December 2016, mainly as a result of lower interest and finance charges due to repayment of a long-term loans in Q1 2016.

Net Profit for the period improved significantly by Php3,890.6 or 110% from Php3,553.2 million for the year ended 31 December 2015 to Php7,443.8 million for the year ended 31 December 2016. The improvement in net profit was driven mainly by increased premium fuel penetration, strong retail volume growth and successful marketing campaigns and logistics cost savings that offset the impact of lower commercial sales volumes and extended refinery downtime in Q4. Inventory gain contributed Php2,119.5 million to net profit.

EBITDA improved significantly by Php5,099.4 million, or 63% from Php8066.6 million for the year ended 31 December 2015 to Php13166.0 million for 31 December 2016 mainly due to inventory holding gains of Php3,027.8 million in 2016 vs inventory losses of Php4,250 million in 2016.

EBITDA Adjusted for COSA declined by Php2,178.4 million, or 18% from Php12316.6 for the year ended 31 December 2015 to Php10138.2 for the year ended 31 December 2016 mainly due to lower refining margins in 2016 which reduced EBITDA by Php2,142 million, the extended refinery shut down which decreased EBITDA by Php1,074 million. This was offset partly by the growth in the Retail segment of Php1,251 million year-on-year mainly driven by increased premium fuel penetration and volume growth.

2015 vs. 2014 Results of Operation

Net sales decreased by Php67,107 million, or 30% from Php224,084.8 million in 2014 to Php156,977.7 million in 2015. This decrease is mainly due to significantly lower product prices in 2015 vs 2014 driven by the drop in global oil prices. Sales Volume, on the other hand, increased by 3% from 5,627M Liters in 2014 to 5,812M Liters in 2015 driven by Retail and Commercial fuels growth.

Cost of Sales decreased by 38% from Php222,450 million in 2014 to Php136,976.9 million in 2015. This is mainly due to the drop in global oil prices resulting in lower cost of purchases and lower primary transport cost.

Gross profit increased by Php18,366 million from Php1,634.7 million in 2014 (equivalent to 1% of net sales) to gross profit of P20,000 million in 2015 (equivalent to 12% of net sales) mainly due to stronger refinery margins in 2015 and lower primary transport cost.

Selling, General and Administrative Expenses, net increased by Php565.7 million, or 4%, from Php12,729.3 million in 2014 to Php13,295 million in 2015, as a result of increased advertising and promotions.

Finance expenses has increased by 7% from Php1,660 million in 2014 to Php1,781.2 million in 2015, mainly due to realized foreign exchange losses resulting from revaluation of certain of The Corporation's foreign currency denominated trade payables.

Profit for the year 2015 increased by Php12,000 million from P8,489 losses for the year 2014 to Php3,553 million profit in 2015. This is mainly driven by the exceptionally strong refining margins, growth in sales volume and lower inventory losses in 2015 vs. 2014.

STATEMENTS OF INCOME:

In PhP millions	2016	2015	2014
Net Sales	136,763	156,978	224,085

Cost of Sales	(112,462)	(136,977)	(222,450)
Gross profit	24,301	20,001	1,635
Operating Expenses, net	(12,592)	(13,083)	(12,582)
Income/(Loss) from Operations	11,709	6,918	(10,947)
Other non-operating income/ (Expense)	1	17	(18)
Finance Income (costs), net	(882)	(1,712)	(1,420)
Income/(Loss) Before Provision for Income Tax	10,828	5,223	(12,385)
Provision for Income Tax	(3,384)	(1,670)	3,897
Net Income/(Loss) for the Year	7,444	3,553	(8,488)
Earnings Per Share	4.68	3.48	(12.28)

BALANCE SHEETS:

In Php millions	2016	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,274	3,576	4,722
Receivables, net	8,822	10,387	14,004
Inventories, net	16,381	11,349	16,336
Prepayments and other current assets	9,379	11,328	12,161
Total current assets	38,856	36,641	47,223
NON-CURRENT ASSETS			
Long-term receivables, advance rentals and investments	4,056	885	1,390
Property, plant and equipment, net	23,378	22,309	18,630
Deferred income tax assets	330	3,712	5,293
Other assets	3,988	2,672	965
Total non-current assets	31,752	29,578	26,280
TOTAL ASSETS	70,608	66,219	73,503
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued expenses	17,020	16,159	19,893
Dividends payable	10	10	10
Short-term borrowings	5,370	2,717	21,550
Current portion of Loans payable	0	0	11,000
Total current liabilities	22,400	18,886	52,453
NON-CURRENT LIABILITIES			
Long-term loans payable	11,000	16,000	12,000
Provisions and other liabilities	4,280	5,238	5,219
Total non-current liabilities	15,280	21,238	17,219
Total Liabilities	37,680	40,124	69,672
STOCKHOLDERS' EQUITY	32,928	26,095	3,830

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	70,608	66,219	73,503
---	---------------	---------------	---------------

2013 Audited Balances

The balances of the 2013 Audited Financial Statements were not compared with the 2014 audited balances since the former were audited by another external auditor, Isla Lipana & Co. (PWC - Philippines) formerly known as Joaquin Cunanan & Co. The same are not subject of the 2016 audit of the Corporation's current external auditor, Sycip Gorres Velayo & Co. (E&Y Philippines). In compliance with Securities Regulation Code Rule No. 20, the following are the 2013 audited balances:

STATEMENT OF INCOME:

	2013	As Percentage of Net Sales
In PhP millions		
Net Sales	198,848.9	100.00%
Cost of Sales	(187,218.8)	(94.15%)
Gross profit	11,630.1	5.85%
Operating Expenses, net	(8,791.1)	(4.42%)
Income/(Loss) from Operations	2,839.1	1.43%
Other non-operating income/ (Expense)	(1,170.4)	(0.59%)
Finance Income (costs), net	(2,399.70)	(1.21%)
Income/(Loss) Before Provision for Income Tax	(731.0)	(0.37%)
Provision for Income Tax	(181.1)	(0.09%)
Net Income/(Loss) for the Year	(912.1)	(0.46%)
Earnings Per Share	(1.32)	

The Corporation registered a Net loss after tax for the year 2013 at Php (0.912) Billion, representing (0.46%) of Net Sales. During the year, Cost of Sales accounted for 94.15% of total Net Sales yielding 5.85% Gross Profit ratio.

2013 sales grew by 5.3% mainly driven successful national promotions, increased power sector demand, favorable impact of government's effort to fight smuggling and effective strategy on growing customer base.

Operating expenses, net recorded 4.42% of Net Sales, representing a slight increase from prior year. The Corporation disclosed Income from Operations at 1.43% of Net Sales.

Other non-Operating Income/ (Expense) accounted for (0.59%) of Net Sales while Finance Costs, mainly due to foreign exchange losses as a result of peso depreciation and higher interest charges due to increased borrowings, were (1.21%). With a Provision for Income Tax of (0.09%) of Net Sales, the Corporation registered a Net Loss for 2013 of (0.46%) resulting to a negative earnings per share of Php (1.32).

BALANCE SHEET:

In PhP millions	2013	Percentage of Total Assets/ Total Liabilities and Stockholders' Equity
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,161.2	7.83%
Receivables, net	15,664.0	19.89%
Inventories, net	28,514.2	36.22%
Prepayments and other current assets	9,531.9	12.11%
Total current assets	59,871.3	76.04%
NON-CURRENT ASSETS		
Long-term receivables, advance rentals and investments	1,409.4	1.79%
Property, plant and equipment, net	14,777.2	0.00%
Deferred income tax assets	1,488.7	18.77%
Other assets	1,186.8	1.89%
Total non-current assets	18,862.1	1.51%
TOTAL ASSETS	78,733.4	23.96%
LIABILITIES & STOCKHOLDERS EQUITY		100.00%
CURRENT LIABILITIES		
Accounts payable & accrued expenses	14,291.8	
Dividends payable	10.1	18.15%
Short-term borrowings	35,537.0	0.01%
Current portion of Loans payable	-	45.14%
Total current liabilities	49,838.9	0.00%
NON-CURRENT LIABILITIES		63.30%
Long-term loans payable	11,000.0	
Provisions and other liabilities	5,333.8	13.97%
Total non-current liabilities	16,333.8	6.77%
Total Liabilities	66,172.7	20.75%
STOCKHOLDERS' EQUITY	12,560.7	84.05%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	78,733.4	15.95%
		100.00%

Current Assets comprised 76.04% of Total Assets. Of this, Inventories, net accounted for 36.22% of the Total Assets. Non-Current Assets showed 23.96% of Total Assets with Property, Plant and Equipment representing the largest part at 18.77% of the Total Assets.

Majority of the liabilities of the Corporation were composed of Current Liabilities at 63.30% of the Total Liabilities and Stockholders' Equity. The Corporation had substantial Short-term borrowings of 45.14% of the Total Liabilities and Stockholders' Equity. Total Liabilities consisted of 84.05% while the Stockholders' Equity made up the remaining 15.95%.

KEY PERFORMANCE INDICATORS

Key financial ratios

	As of/for the year ended 31 December		
	2014	2015	2016
Current ratio ¹	0.9	1.9	1.7
Debt to equity ratio ²	11.4	0.6	0.4
Debt ratio ³	54.2%	22.9%	23.2%
Return on assets ⁴	(11.6%)	5.4%	10.5%
Return on equity ⁵	(221.6%)	13.6%	22.6%
Return on average capital employed ⁶	(20.3%)	13.8%	24.2%

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

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

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

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

⁵ Return on equity is computed as profit (loss) for the period divided by total equity.

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

Key operating data

	As of/for the year ended 31 December		
	2014	2015	2016
Nameplate capacity (thousand barrels per day (kbpd)) ¹	110	110	110
Refinery utilization rate (%) ²	60.5%	62.9%	68.6%
Retail fuel volumes sold (million litres) ³	2,714	2,926	3,041
Commercial fuel volumes sold (million litres) ⁴	2,421	2,401	1,993
Retail lubricants volumes sold (million litres) ⁵	10	11	12
Commercial lubricants volumes sold (million litres) ⁶	46	45	42
Others (million litres) ⁷	436	429	627

Note:

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

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

³ Retail fuel volumes sold indicates the total volume of fuel sold through the retail business for the period.

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

⁵ Retail lubricants volumes sold indicates the total volume of lubricants sold through the retail business for the period.

⁶ Commercial lubricants volumes sold indicates the total volume of lubricants sold through the wholesale and marine businesses for the period.

OTHER FINANCIAL DATA

Reconciliation from statutory profit for the year to EBIT and EBITDA

	For the year ended 31 December		
	2014	2015	2016
Profit (Loss) for the year/period..	(8,488.6)	3,553.2	7,443.8
Add:			
(Benefit from) Provision for income tax	(3,897.0)	1,669.8	3,384.3
Finance expense.....	1,472.5	1,232.0	570.5
Depreciation and amortization..	2,299.3	1,637.9	1,766.2
Less:			
Finance income.....	19.7	26.3	1.2
EBITDA ¹	(8,633.5)	8,066.6	13,166.0
Less:			
Depreciation and amortization..	2,299.3	1,637.9	1,766.2
EBIT ¹	(10,932.8)	6,428.7	11,399.8
EBITDA	(8,633.5)	8,066.6	13,166.0
Less:			
Cost of Sales Adjustment (COSA) ²	(12,393.4)	(4,250.0)	3,027.8
EBITDA (adjusted for COSA) ³ ...	3,759.9	12,316.6	10,138.2
Less:			
Depreciation and amortization..	2,299.3	1,637.9	1,766.2
EBIT (adjusted for COSA) ³	1,460.6	10,678.7	8,372.0

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

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

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

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

Commodity price risk

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

Liquidity risk

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

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

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

As of 31 December 2016, the Corporation's contingent liabilities for which provisions have been made primarily related to certain pending legal proceedings including tax matters, asset retirement obligations and potential remediation and demolition costs, as described in more detail in note 26 of the Corporation's audited financial statements as of and for the year ended 31 December 2016. Other than these, there are no material or significant events that will trigger direct or contingent financial obligation that is material to the Corporation except for the cases discussed under "Error! Reference source not found.."

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

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

Capital Expenditures Commitments

The Corporation has historically funded its capital expenditures mainly with cash provided by operating activities.

The table below sets forth The Corporation's anticipated capital expenditure for period 2017 through 2020.

	For the year ended 31 December			
	2017	2018	2019	2020
	(Php million)			
Retail	1,504.6	962.1	952.7	606.8
Manufacturing and supply	3,160.0	3,410.1	3,478.1	1,419.4
Total	4,664.6	4,372.2	4,430.8	2,025.4

Capital expenditures for retail principally relate to the planned establishment of new retail service stations.

Capital expenditures for manufacturing and supply principally relate to the planned turnaround and upgrade in 2017 of the Tabangao Refinery to enable production of bitumen, and revamp in 2018 and 2019 of the Tabangao Refinery's catalytic cracking reformer to a continuous reformer. Additional capital expenditures for manufacturing and supply also relate to the improvement of existing supply and distribution sites.

The Corporation expects to fund the planned capital expenditures indicated above using cash generated from operations.

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

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

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

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

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

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

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

The Company is one of only two integrated refining and marketing or R&M companies in the Philippines, and its retail distribution network constitutes the second largest in the country.

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

For the years ended 31 December 2015 and 31 December 2016, the The Corporation's retail business generated sales of Php 82.5 billion and Php 78.5 billion respectively, representing 52.5% of total net sales in 2015 and 57.5% of total net sales for 2016. The Corporation's retail network remains to be one of the largest in the country.

The Corporation's commercial product portfolio includes wholesale commercial fuels, jet fuels, lubricants and bitumen. Wholesale commercial fuel premium products include, among others, Shell FuelSave Diesel and Shell FuelOil Plus. The wholesale commercial fuels product portfolio includes diesel, gasoline, kerosene, fuel oil and blended fuels. Net sales from The Corporation's commercial segment for the year ended 31 December 2015 and 31 December 2016 were Php 54 billion and Php 39.5 billion respectively, representing, 34.4% of total net sales in 2015 and 28.9% of total net sales in 2016. The Corporation is a key supplier of wholesale commercial fuels to the manufacturing, mining, marine, power, transport and other sectors and counts a large number of major conglomerates operating in the Philippines as its loyal customers.

Geographical segmentation does not apply to The Corporation's business.

The Corporation distributes the refined products produced at the Tabangao Refinery and imported petroleum products, including lubricants and bitumen, through its 22 fuel distribution terminals, 10 lubricants warehouses and two bitumen import facilities spread throughout the Philippine archipelago. This includes the newly commissioned NMIF, which enhances The Corporation's distribution capability in the Visayas and Mindanao areas.

Main fuel products are transported from the Tabangao refinery through vessels/barges and lorry trucks to supply Luzon demand. Vessels/barges also transport products from the refinery to other parts of the country. The Corporation contracts a fleet of time-chartered and guaranteed sea-worthy ocean vessels and barges that meet international safety standards. Delivery trucks contracted from private professional haulers are used for inland distribution of products.

In the case of lubricants, products to serve the country's demand are imported from Thailand, Singapore and Malaysia. Imported products are directly sent and stored in five main strategic points in the country, such as the Regional Distribution Center in Taguig, Bulk Facility in Bulacan and other smaller depots in Sasa, Mandaue and CDO. The logistics network is further optimized to replenish stocks in other strategically located depots. Local distribution to customers is managed by a third party logistics service provider.

The Corporation Operational Highlights

The Corporation inaugurated its 90-million litre capacity fuel import facility in Cagayan de Oro known as the North Mindanao Import Facility ("NMIF") on 19 July, 2016. NMIF, the first Shell terminal in the Philippines equipped to receive a medium range (MR) vessel, will cater to the power and energy needs of millions of residents, motorists and other end-users and consumers in Visayas and Mindanao. This project epitomizes The Corporation's commitment to the development of the Philippine downstream sector and will contribute toward two of the Department of Energy's ("DOE") directives under the Philippine Development Plan 2011-2016, which are: (1) to promote development and upgrade of the downstream infrastructure; and (2) to update the Oil Supply Contingency Plan through the establishment of oil stockpile. The NMIF provides an additional source point for fuels that can be distributed to depots in the Visayas and Mindanao. The facility will contribute to increased security of energy supply as it will provide additional storage capacity of finished petroleum products. At the same time, the facility will help reduce maritime risks as the source of petroleum products is closer to the intended distribution points.

The Corporation also established alternative supply points in North Harbor and Clark which enables The Corporation to meet the demands of its customers with minimal disruption despite the closure of its Pandacan oil depot in Manila in 2015. In addition, The Corporation has upgraded the truck loading facilities in Tabangao, the main terminal supporting Metro Manila demand, to further improve the capacity and efficiency of the supply points in Luzon area.

The Corporation successfully upgraded its refinery through the STAR-TREC [Shell Tabangao Asset Renewal – Tabangao Refinery Euro IV (PH) Compliance] Project. The project is The Corporation's response to the national government's call for cleaner fuel products which aims to curb air pollution and make vehicles comply with globally accepted Euro IV (PH) emission standards starting 01 January 2016.

The refinery also spent a significant amount of time in 2016 preparing for the launch of Project Barako to enable the refinery to produce Bitumen for inland as well as export sales.

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

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

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

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

To date, The Corporation consistently delivers sterling safety records with its various programs that are hailed as best practices by respected organizations such as the Safety Organization of the Philippines, one of the leading organizations in the advocacy of health, safety and environment protection. The Corporation has achieved 10.30 million safe man-hours without lost time accident from 01 January 2016 to 31 December 2016, 10.84 million hours in 2015 and 9.64 million hours in 2014.

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

Raising industry and community safety standards

The Corporation works in partnership with various government organizations, local communities and stakeholders to share safety experience, standards and knowledge. Some of these initiatives include:

- Partnership with the Bureau of Fire Protection to ensure that fire prevention initiatives are implemented for the safety of the sites we operate in, as well as neighbouring communities. This also ensures that firefighting personnel are equipped with the capacity and capability to respond to any fires in our operating sites thru joint training exercises.
- Partnership with the Philippine National Police in efforts to maintain peace and order at The Corporation's dealerships and surrounding areas, as well as strengthen cooperation between The Corporation's dealers and local police in law enforcement and active community support;
- Partnership with various local communities in Project KALSADA (Kabataang Ligtas sa Sakuna at Disgrasya), a Road Safety Program for students of schools located along the roads in the vicinity of the Tabangao refinery, and other regions (including Pandacan, Manila, Palawan, and Bacolod); and
- The Corporation co- founded the Philippine Global Road Safety Program ("PGRSP"). PGRSP is an NGO whose mission is to improve road safety here in the Philippines. Over the years, The Corporation continues to be an active member and leads in sharing its road safety practices in the industry.

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

Corporate Social Responsibility

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

The Corporation partners actively with Pilipinas Shell Foundation Inc. ("PSFI") in its community outreach programmes. The partnership between The Corporation and PSFI has over 30 years' experience in spearheading and managing award-winning social development programs of national and local scales ranging from leadership enhancement and attitude development; technical, vocational and agricultural skills development, training and employment; healthcare and services, sanitation, and safety; livelihood and entrepreneurship development; and environmental stewardship.

Empowering the Filipino workforce

The Corporation employs 698 people in the Philippines as of 31 December 2016, almost all of which are Filipinos. In its effort to recruit from local areas where it has business presence, it has developed the following programs jointly with PSFI: Sanayan sa Kakayahang Industriyal (SKIL), Gas Mo Bukas Ko (GMBK), Sanayan ng Kakayahan sa Agrikultura (SAKA) to encourage hiring and training to upskill local communities.

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

With over 1,700 scholars, GMBK continues to provide learning opportunities towards the betterment of its scholars' lives. In fact, 85% of these scholars continued to take on bigger responsibilities as gas attendants, while some got promoted to higher positions.

Developing sustainable energy

The Corporation advocates for efficient use of energy as the simplest and most cost-effective way to reduce emissions, and mitigate climate change—through driver education, fuel efficient driving behavior, and smarter mobility

collaboration and strategic partnerships with relevant organizations to fuel the country's progress. As The Corporation aims to meet the world's future energy needs with a diversified energy mix and cleaner energy, to enjoin consumers and businesses to use energy better, to do more with less, and to make energy conservation a way of life.

Bringing the future of sustainable mobility more and more to everyday consumers is the goal of the Shell Eco-marathon Asian leg, an innovative fuel-efficiency program that gathers engineering students from all over Asia to design and build vehicles of the future. The Corporation was the host country of this global initiative from 2014 to 2016 at the historic Rizal Park in Manila.

Developing the Youth

The Corporation also continues to be the sponsor of the following long-running programs:

- Shell National Students Art Competition ("NSAC"), the country's longest running art competition and training ground to some of the country's National Artists (Jose Joya, Federico Aguilar Alcuaz, Ang Kiukok and Benedicto 'Bencab' Cabrera). This advocacy continues to build Shell's positive reputation through youth development and education;
- Shell National Youth Active Chess Competition (SNYACC), program that continues to provide a platform for fostering character formation, sportsmanship, and youth empowerment through annual chess tournaments open to Filipinos under 20 years old. It is held in strategically located sites nationwide – Metro Manila, Batangas, Cagayan De Oro, Davao, and Cebu. In 2016, Shell Active Chess continued to gather 1,700 chess players in the five-leg tournaments;

Disaster resiliency, relief and rehabilitation

The foreign business community recognized The Corporation and PSFI for its relief and rehabilitation efforts following the devastation brought about by Typhoon Yolanda by awarding the 2014 Big Tick Award from the UK Business in the Community (BITC) Responsible Business Awards under the International Disaster Relief category.

In the wake of Typhoon Haiyan, The Corporation immediately mobilized to provide relief and support long-term rehabilitation to the affected communities. Highlights of the social and business impacts to the community include:

- US\$3.8 million in funding and in-kind support provided immediate assistance for basic necessities (water, food, medicine, shelter), as well as sustainable livelihood opportunities, access to energy, environmental protection and community redevelopment programs;
- a "Call for Help" advisory was released to staff and general public announcing Shell sites and retail stations as receiving centres for in-kind donations like food, clothes, water and medicine, which were distributed to 37,820 affected families;
- Regional and local disaster and emergency preparedness training and disaster management plans strengthened communities' resilience in the face of disasters;
- Re-established safe business operations in the affected areas within two to 13 days, minimizing impact on customer operations and supply of fuel;
- Created opportunity for public-private partnerships with the Philippine Ports Authority and International Container Terminal Services, Inc. where The Corporation has provided free fuel to facilitate smooth cargo handling of relief and rehabilitation; and
- The Corporation is a member of the Philippine Disaster Resilience Foundation (PDRF) and it utilizes its network of depots and Retail station to ensure that fuel is available to affected areas as it is vital to disaster recovery and rehabilitation

The Corporation continues to provide relief and recovery support to affected communities. In 2016, around P1.5 million was collected from staff; Shell Companies in the Philippines (SCiP) partners and business that will benefit the victims of super typhoons Lawin and Nina.

Corporate Communications

In 2016, The Corporation harvested awards from prestigious award organizations.

The Corporation won a Gold award and seven Silver awards for its corporate social responsibility and business marketing programs in the 51st Anvil Awards by the Public Relations Society of the Philippines. The International Business for Business Communicators' Quill Awards bestowed two (2) Awards of Excellence and four (4) Merit Awards to The Corporation's outstanding programs in safety, community development, arts & culture, and smarter mobility. The

Corporation also bagged a Bronze and two (2) Finalist honors in the 3rd PANATA Marketing Effectiveness Awards by the Philippine Association of National Advertisers.

Recognizing outstanding safety performance, the Tabangao Refinery won a Global Reliability Award given by Shell Global. In the area of health promotion in the workplace, Shell Be Well and Resilience programs entry received the Outstanding Health Lifestyle Advocacy Award 2016 by the Department of Health. The Asia CEO Excel Award 2016 gave the highest honors to The Corporation's former Country Chairman and The Corporation President and now currently The Corporation Chairman of the Board Edgar Chua, recognizing him as Executive of the Year.

The Corporation was also recognized in the international arena. The Corporation landed as Finalist in the 2016 CEB Internal Communications Award (London) for its revitalised internal communication efforts. Meanwhile, the Gold Standard Awards (Hong Kong) gave The Corporation citations for High Commendation and Finalist for its significant achievement in internal employee communications. The Corporation is the only Philippine-based company to be recognized by CEB Internal Communications and Gold Standard Awards.

The Legal Team of Shell companies in the Philippines, of which the Corporation's Legal Department is a significant part, bagged the Philippine In-House Team of the Year award at the Philippine Law Awards 2016 hosted by Asian Legal Business (ALB), a monthly publication by Thomson Reuters for legal professional in Asia. This prestigious awards body celebrates legal excellence of private practitioners and in-house teams that have significantly contributed to the evolving legal landscape in the country.

Amount Spent on Research and Development:

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

R & D Costs	2016	2015	2014
Amount (in Million Php)	489.35	499.09	360.73
Revenue/Net Sales	136,763.29	156,977.70	224,084.83
	0.36%	0.32%	0.16%

Cost and Effects of Complying with Environmental Laws:

The Clean Air Act

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

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

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

On 01 January 2016, the effectivity of the new PNS for Euro-4 (Philippines) gasoline and automotive diesel took place under the mandate of the Department of Energy in pursuant to the Clean Air Act. In line with this, the Corporation upgraded its refinery which enabled the Corporation to supply Euro-4 fuels in all its retail sites and depots.

Republic Act No. 8749 mandates the following fuel standards:

A.	Gasoline	
	Tetra-ethyl lead	Nil

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

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

Biofuels Act

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

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

Euro IV(PH) Equivalent Specifications

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

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

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

Clean Water Act

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

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

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

Fund For Compensation for Oil Pollution Damage.

The Oil Pollution Compensation Fund proposes the imposition of liability for oil pollution damage. It proposes to require entities, which receive more than 150,000 tons of oil in a year from all ports or terminals in the Philippines to contribute to the International Oil Compensation Fund (IOPC) in accordance with the provisions of the 1992 Fund Convention. Republic Act No. 9483, otherwise known as the Oil Pollution Compensation Act of 2007, proposes to collect a fee of ten (10) centavo/liter from owners and operators of tankers and barges hauling oil and/or petroleum products in Philippine

waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund (“OPMF”), will be on top of the requirement under the 1992 CLC and 1992 Fund Conventions and will be administered by the Maritime Industry Authority (“MARINA”).

Oil Spill Prevention and Control.

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

Compliance with various environmental laws entails costs on the part of the Corporation, resulting in higher production costs and operating expenses. In 2016, The Corporation’s provision for environmental remediation is Php 442 million.

The Corporation spent Php 5.5 billion for the upgrade of Tabangao refinery to meet the Euro IV/Clean Air Act requirements.

(d) Securities of the Registrant

1) Market Price

The Corporation’s common shares are listed and traded in the Philippine Stock Exchange as “SHLPH”.

As of 31 March 2017, the total number of stockholders of the Corporation was 312.

The price of the common shares of the Corporation on 31 March 2017, the trading day of the record date, was PhP72.00 per share. The high and low prices of the common shares for the first quarter of 2017 are PhP80.00 per share (20 February 2017) and PhP70.65 per share (03 January 2017), respectively.

2) Holders

The top twenty (20) stockholders of the Corporation as of 31 March 2017 are as follows:

	Name	No. of Shares Held	% of Shares Held
1	Shell Overseas Investments B.V.	890,860,212	55.21%
2	The Insular Life Assurance Company, Ltd.	255,452,325	15.83%
3	PCD Nominee Corporation (Foreign)	233,158,225	14.45%
4	PCD Nominee Corporation (Filipino)	121,836,703	7.55%
5	Spathodea Campanulata Inc.	67,184,265	4.16%
6	Rizal Commercial Banking Corporation	28,863,475	1.79%
7	Victoria L. Araneta Properties, Inc	2,312,245	0.14%
8	Gregorio Araneta Iii	1,177,720	0.07%
9	Miguel P. De Leon	817,447	0.05%
10	Nieva Paz L. Eraña	665,970	0.04%
11	Joselito L. Eraña	553,380	0.03%
12	Shell Companies In The Philippines Multi-Employer Retirement Plan (Scip-Merp)	472,223	0.03%
13	Maria Lina A. De Santiago	467,541	0.03%
14	Francisco L. Eraña	403,380	0.03%
15	E. Zobel Inc.	329,785	0.02%
16	Carlos Ortoll And/Or Maria Asuncion Ortoll	306,720	0.02%
17	Margarita J. Ortoll	298,500	0.02%
18	Teresa Velasquez Fernandez	294,057	0.02%
19	Jose Antonio Sevilla Gonzalez	292,383	0.02%
20	Leon, Miguel P. De	272,459	0.02%

3) Dividends

At the regular meeting of the Board held on 15 August 2016, the Board approved the distribution of a cash dividend from the unrestricted retained earnings to stockholders of record as of 15 August 2016 amounting to P3.3 billion as of 30 June 2016, with details as follows:

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

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

Dividend Policy

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

The Corporation, pursuant to a board approval on 18 July 2016, intends to pay annual dividends in the amount of not less than 75% of its audited net income after tax of the previous year subject to compliance with the requirements of applicable laws and regulations and subject to investment plans and financial condition. The amount of dividends will be reviewed periodically by the Board in light of the Company's earnings, financial condition, cash flows, capital requirements and other considerations while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a standalone basis. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

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

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

As at 31 December 2016, cost of treasury shares, accumulated earnings of its associates and unrealized mark to market gains are not available for dividend declaration

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

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

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

5) Description of the Corporation's Shares

Capital stock and treasury shares as at 31 December 2014 to 2016 consist of:

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

The capital stock of the Corporation increased from Php1.0 billion divided into 1 billion shares with a par value of Php1.00 each to Php2.5 billion divided into 2.5 billion shares with a par value of Php1.00 each. The increase was approved by majority of the Board of Directors on 24 March 2015 and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on 12 May 2015, certified to by the Chairman and the Secretary of the stockholders meeting and a majority of the Board of Directors.

The SEC approved the increase in authorized capital stock on 18 August 2015. In 2015, after approval of increase in authorized capital stock, the Corporation issued 894,672,777 shares with par value of Php1 per share for a total consideration of Php17.9 billion. Transaction costs relating to the issue of shares that were accounted for as a deduction from equity, through share premium, amounted to Php40.6 million composed of registration and regulatory fees, and stamp duties. During its initial public offering, the Corporation issued 27,500,000 shares with par value of P1 per share for a total consideration of Php1.8 billion. Transaction costs relating to the issue of shares and other costs of initial public offer that were accounted for as a deduction from equity, through share premium, amounted to Php49.3 million composed of underwriting and selling fees, professional consultancy cost stamp duties and others. Transaction cost that relate jointly to more than one transaction (eg. professional consultancy costs) are allocated to those transactions based on the proportion of the number of new shares sold compared to the total number of outstanding shares immediately after the new share issuance.

As at 31 December 2016, The Corporation has 35 shareholders (31 December 2015 - 362), 34 of whom hold at least 10 shares (board lot size) of The Corporation's common shares (31 December 2015 - 336).

(e) Compliance with leading practice on Corporate Governance

The Corporation's Board of Directors is composed of eleven (11) directors, two (2) of whom are independent directors. Four (4) directors are executive directors. The Corporation has adopted its Manual of Corporate Governance, which requires regular review to provide an avenue for its continuous improvement.

The evaluation system consists of a questionnaire that is annually revisited, reviewed and revised, as necessary, to measure the Corporation's adherence to good corporate governance, towards over-all business sustainability and success. In this connection, the Corporation has collaborated with the Institute of Corporate Directors and has since been in close coordination with the Institute to determine the level of compliance by the Board and Management with the Corporation's Manual of Corporate Governance. The Board of Directors has likewise approved the establishment of such an Evaluation and Monitoring System for compliance with the Manual of Corporate Governance. This evaluation system ensures that good corporate governance structures are built and maintained to create value for The Corporation and provide accountability and control systems commensurate with the risks involved.

Measures are constantly being undertaken to further improve the Corporation's corporate governance. Monitoring implementation and change is paramount to ensure that the Corporation's Manual remains relevant, adjustable to local and international developments and continues to reflect best practice in the area of good corporate governance.

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

The Corporation requires the Executive Directors as well as the Independent Directors to attend seminars on Corporate Governance. Non-Executive Directors have also attended seminars on Corporate Governance and are much aware of the same.

There has been so far no sanction imposed as a result of violation of the Manual of Corporate Governance. The Corporation is committed to strictly adhere to the requirements of the said Manual.

Components of the monitoring system:

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason For Non-Compliance /Deviation from Manual
1. Appointment of Compliance Officers and Disclosure to the SEC				Done	
2. Creation of a Board Charter which details the functions and responsibilities of the Board				Done	
3. Records of Attendance level of directors in board meetings to be prepared and accessible to shareholders				Done on a yearly basis	
4. Appointment of members of Nomination Committee				Done	
5. Appointment of members of Audit Committee				Done	
6. Appointment of members of Remuneration Committee				Done	
7. Directors to provide information on business interests and directorships in other corporations (Full business interest disclosure)			Nomination Committee	Done	
8. Assessment of "Independence" of directors based on disclosures in item 7 above				Done	
9. Establishment of selection procedure for new directors under pertinent SEC rules and best practice recommendations		March 2005, as updated pursuant to SEC Memorandum Circular Nos. 16-2002 and 9-2011.	Nomination Committee	Done	
10. Continuous assessment of Board performance via questionnaire			Corporate Secretary	Done	
11. Conduct an induction pro-gram for incoming Board members on the Corporation's financial, Strategic, operational and risk mgt. position and the role of committees		After election of directors	Audit Committee and Corporate Secretary	As and when there are new directors	
12. Attendance in Corporate Governance Workshops (Sec. 4.1 of the Corporation's Manual)		After election of directors	VP- Finance (per Corporation's Manual)	Done. Newly elected directors shall be required	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason For Non-Compliance /Deviation from Manual
13. Dissemination of copies of the Corporation's Manual to all classes of business and service functions with one copy under custody of HR dept. (Sec. 3.3)			Corporate Secretary	Done	

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

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

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

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

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

- Approval of the Minutes of the Special Meeting of the Stockholders held on 18 July 2016:
 - Ratification of the Corporation's Initial Public Offering
 - Ratification of the Amendments to the Corporation's Articles of Incorporation
 - Ratification of the Amendments to the Corporation's By-Laws
- Ratification of all acts of the Board of Directors, Board Committees and Management for the period covering 18 July 2016 through 16 May 2017:
 - New Compensation Scheme for Non-Executive Directors to place the Corporation at the 75% percentile mark for all components of remuneration:
 - Annual Retainer Fee increased from PhP1,000,000.00 per year to PhP1,200,000.00 per year, with the exception of the Non-Executive Chairman who is extended a retainer of PhP1,800,000.00 after applying a 50% premium.

In the case of Mr. Chua, considering the need to ensure seamless transition, he was provided a retainer of PhP4,299,450.00 for the period November 2016 until May 2017, which takes into account the extended time he needs to devote to the Corporation. This was endorsed by both the Compensation

and Remuneration Committee and Board Audit Committee of the Corporation in relation to the Related Party Transactions Policy and duly approved by the Board during the Regular Meeting of the Board of Directors held on 10 November 2016.

- b) Honorarium per Board meeting attended from PhP100,000.00 to PhP200,000.00 per meeting
- c) Honorarium per Committee meeting attended from PhP40,000.00 to PhP100,000.00 per meeting
- ii) Amendment of the Articles of Incorporation to Expand Secondary Power to Include Sale of Excess Electricity Through the Wholesale Electricity Spot Market
- (c) Election of the Members of the Board of Directors, including Independent Directors, for the ensuing calendar year; and
- (d) Appointment of External Auditors.

Item 16. Matters Not Required to be Submitted

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

Item 17. Amendment of Charter, Bylaws or Other Documents

The Articles of Incorporation of the Corporation will be amended to allow the Corporation to sell excess electricity through the Wholesale Electricity Spot Market ("WESM"). The Corporation operates a refinery in Tabangao, Batangas that produces its own electric power through four (4) turbines which are fueled mainly by natural gas. The self-generation of electricity by the Corporation is covered by a Certificate of Compliance issued by the Energy Regulatory Commission. The Corporation intends to sell the excess power it produces to the WESM as an additional source of revenue.

Item 18. Other Proposed Action

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

Item 19. Voting Procedures

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

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

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

UNDERTAKING

The Annual Report and Audited Financial Statements as of 31 December 2016 as approved by the Board of Directors on 27 February 2017 are attached to this Definitive Information Statement for distribution to the stockholders on 20 April 2017.

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

PILIPINAS SHELL PETROLEUM CORPORATION
Shell House, 156 Valero Street
Salcedo Village, Makati City

Attention: The Corporate Secretary

PART II.

SIGNATURE PAGE

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

This report is signed in the City of Makati on 19 April 2017.

By:



ERWIN R. OROCIO
Corporate Secretary
Pilipinas Shell Petroleum Corporation

ANNEX A

SAMPLE PROXY FORM (DRAFT)

The undersigned stockholder of **PILIPINAS SHELL PETROLEUM CORPORATION** (the "Corporation") hereby appoints _____ or in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on 16 May 2017 and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | | | |
|--|------------------------------|-----------------------------|----------------------------------|
| 1. Approval of minutes of previous meeting. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 2. Approval of the 31 December 2016 Audited Financial Statements. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 3. Ratification of certain acts and resolutions of the Board of Directors, Committees and Management: | | | |
| (a) New Compensation Scheme for Non-Executive Directors | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| (a) Amendment of the Articles of Incorporation to Expand Secondary Power to Include Sale of Excess Electricity Through the Wholesale Electricity Spot Market | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 4. Election of Directors/Independent Directors | <u>No. of Votes</u> | | |
| Asada Harinsuit | _____ | | |
| Nina D. Aguas | _____ | | |
| Anabil Dutta | _____ | | |
| Mona Lisa B. Dela Cruz | _____ | | |
| Cesar G. Romero | _____ | | |
| Jose Jerome Rivera Pascual III | _____ | | |
| Anthony Lawrence D. Yam | _____ | | |
| Dennis G. Gamab | _____ | | |
| Fernando Zobel de Ayala (Independent Director) | _____ | | |
| Cesar A. Buenaventura (Independent Director) | _____ | | |
| Lydia B. Echauz (Independent Director) | _____ | | |
| 5. Election of SyCip Gorres Velayo & Co. as the independent auditor and fixing of its remuneration | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

DATE

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

ANY PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE 6 MAY 2017, THE DEADLINE FOR SUBMISSION OF PROXIES.

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

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.