

30 May 2019

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila



Philippine Stock Exchange
Disclosure Department
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Makati City, Metro Manila

Philippine Dealing & Exchange Corporation
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Makati, 1226 Metro Manila, Philippines

Attention: Hon. Vicente Graciano P. Felizmenio, Jr.
Director, Market and Securities Regulation Department
Securities & Exchange Commission

Ms. Janet Encarnacion
Head - Disclosure Department
Philippine Stock Exchange

Atty. Joseph B. Evangelista
Head- Issuer Compliance and Disclosure Department (ICDD)

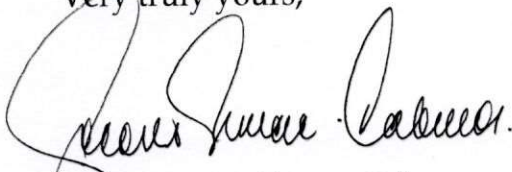
Re: SEC FORM I-ACGR

Gentlemen and Madam:

We are herewith submitting the Company's Integrated Annual Corporate Governance Report (SEC Form I-ACGR) for fiscal year ended 2018 in compliance with SEC Memorandum Circulars No. 19, Series of 2016 and No. 15, Series of 2017.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

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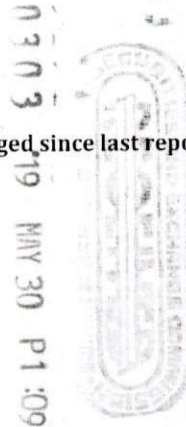


SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended ... 2018
2. SEC Identification Number... A200207283
3. BIR Tax Identification No... 006-036-274
4. Exact name of issuer as specified in its charter... P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
5. Davao City, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:

8000
Postal Code
7. Stella Hizon Reyes Road, Bo. Pampanga, Davao City
Address of principal office
8. (082) 235-8888
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.



INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Principle 1: The Corporation shall be governed by a working, competent and effective Board of Directors			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the Company's industry/sector	Compliant	All members of the Corporation's Board of Directors are expert possessing substantial experience and knowledge in their respective fields namely: Fuel, Finance, Food, Energy, Law and Education. The Revised Corporate Governance Manual of the company states that the Board of Directors shall be composed of eleven (11) members who shall be elected by the stockholders in accordance with the Amended By-laws of the Corporation.	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfil their roles and responsibilities and respond to the needs of the organization	Compliant	There shall be at least two (2) independent directors who shall be members of the Board of Directors. The independent directors shall constitute twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2). Board members are qualified for their position and meet all the qualifications and none of the disqualifications as stated in its Corporate Governance Manual. For the Board's credentials, they are made available to the public in the company's website, Information Statement, Annual Reports, Revised Corporate Governance Manual. Source: https://www.phoenixfuels.ph/pdf/DIS_2019.pdf https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf https://www.phoenixfuels.ph/annual-reports/	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors	Compliant	The Company's Board is composed of eleven (11) directors. Three (3) members are part of the management in the Company namely: Dennis A. Uy, Domingo T. Uy and Romeo B. de Guzman Non-Management members of the Board are as follows: Consuelo Ynares Santiago, Monico V. Jacob, J.V. Emmanuel A. De Dios, Stephen CuUnjieng, Cherylyn C. Uy, Nicasio Alcantara, Frederic Dybuncio and Minoru Takeda	

Recommendation 1.3			
1. Company provide in its Charter and Manual on Corporate Governance a policy on training of director	Compliant	<p>Principle 1 Section1.4 of the Company's Corporate Governance Rules and Principles</p> <p>By practice, Company gives Annual Corporate Governance Seminar attended by all the directors of the Corporation including key management personnel</p>	
2. Company has an orientation program for first time directors	Compliant	<p>The annual seminar is usually conducted just before the start of the term of the Board of Directors. Nominees to the Board of Directors are constantly invited and hence, this serves as the orientation for new directors</p>	
3. Company has relevant annual continuing training for all directors	Compliant	<p>Principle 1 Section1.4 of the Company's Corporate Governance Rules and Principles</p> <p>By practice, Company gives Annual Corporate Governance Seminar attended by all the directors of the Corporation including key management personnel</p>	
Recommendation 1.4			
1. Board has a policy on board diversity	Compliant	<p>Members of the Board come from various field of industries particularly education, finance, food, retail business, professional services, etc.</p> <p>The Board credentials are available to the public in the company's website, Information Statement, Annual Reports, Revised Corporate Governance Manual.</p> <p>Source: https://www.phoenixfuels.ph/pdf/DIS_2019.pdf https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf https://www.phoenixfuels.ph/annual-reports/ </p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary	Compliant	<p>Art. IV, Section 5 of the Amended By-laws of the Corporation specifies the powers and duties of the Corporate Secretary</p> <p>Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf </p>	
2. Corporate Secretary is a separate individual from the Compliance Officer	Non-Compliant		<p>Currently, the Company has no compliance officer as the previous has resigned. It is still hiring some prospects.</p>

3. Corporate Secretary is not a member of the Board of Directors	Compliant	The Corporate Secretary is Atty. Socorro Ermac Cabrerros. She is a lawyer who has been doing the functions of corporate secretary for the Company since 2006. She is a member of the Bar and has none of the disqualification of a Corporate Secretary. She is not a member of the Board of Directors	
4. Corporate Secretary attends training/s on corporate governance	Compliant	The Corporate Secretary attended the Seminars on Corporate Governance conducted last 15 March 2018 and 2019	

Recommendation 1.6			
1. Board is assisted by a Compliance Officer	Non-Compliant		Currently, the Corporation has no Compliance Officer. Corporation is still in the process of hiring the Compliance Officer of the Company with proper qualifications.
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation	Non-Compliant		
3. Compliance officer is not a member of the Board	Non-Compliant		
4. Compliance Officer attends training/s on corporate governance	Non-compliant		

Principle 2: Establishing Clear Roles and Responsibilities of the Board

Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company	Compliant	<p>All corporate actions are approved on the basis of the Board Paper which must be presented to the Board by a proponent of a transaction, copy of the sample Board Paper is herein attached and discussions during the board meetings are thoroughly deliberated by the Board</p> <p>Source:</p> <p>Annex "A" - Sample Board Paper</p> <p>Minutes of the meeting :</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/2018-Minutes-of-ASM-15Marc-h2018.pdf</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval	Compliant	In accordance with the Company's Corporate Governance Manual, the Board	

of the company's business objectives and strategy.		oversee the company's business objectives and strategy and checks its implementation. overseen by the Board for its implementation	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>The Acts and Resolutions of the Board of Directors for the Period covering February 01, 2018 to January 30, 2019 is attached as Annex A to the Company's SEC Form 20-IS:</p> <p>https://www.phoenixfuels.ph/pdf/DIS_2019.pdf</p>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>Board is fully aware of the Vision Mission of the Company. In fact, it revisits its Vision, Mission every 5 years.</p> <p>Vision: To be an indispensable partner in the journey of everyone whose life we touch.</p> <p>Mission:</p> <ul style="list-style-type: none"> • We deliver the best value in products and services to our business partners • We conduct our business with respect, integrity, and excellence • We provide maximum returns to our shareholders and investors • We create opportunities for learning, growth, and recognition to the Phoenix Family • We build programs to nurture the environment and welfare of the communities we serve <p>Values:</p> <p>INTEGRITY. We adhere to the highest standards of ethics and conduct. Our reputation defines who we are.</p> <p>EXCELLENCE. We aim to be the best in everything we do.</p>	

		<p>SERVICE. We value all our stakeholders, and provide unrivalled customer experience.</p> <p>INNOVATION. We welcome opportunities to create at all times new and better products, services and ideas.</p> <p>TEAMWORK. We value relationships. We achieve goals through collaborative efforts.</p> <p>STEWARDSHIP. We nurture our resources responsibly.</p> <p>Source: https://www.phoenixfuels.ph/mission-and-values/ </p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment and culture	Compliant	<p>The Board is aware that management has an annual corporate target by which all respective business units aim for its respective targets and these are by end of the year the basis for performance evaluation of each employee and business units.</p> <p>See attached: <i>Annex A- Corporate target for 2019</i> <i>Annex A-1 Sample Pacepro</i> </p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson	Compliant	<p>The current Chairman of the Company's Board of Directors is Domingo T. Uy. Mr. Domingo Uy is a reputable businessman in Davao City engaged in the business of real estate company, restaurant, mining and general merchandising. He is actively involved in socio-civic programs and He is the Chairman of the Board of Trustees of the Davao Chong Hua High School, director of the Philippine National Red Cross - Davao Chapter, and a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.</p> <p>Source: https://www.phoenixfuels.ph/board-of-directors-management-team/ </p>	

		https://www.phoenixfuels.ph/pdf/DIS_2019.pdf	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management	Non-Compliant		The Board has yet to approve a succession plan for its key officers and senior management.
2. Board adopts a policy on the retirement for directors and key officers	Compliant	The Board has approved a retirement program for its key officers but there are no retirement programs for directors as they are not receiving any regular compensation but honoraria.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests in the Company	Not Applicable		<p>Since the inception of the Corporation until the present, it has been the practice of the Corporation that members of the Board of Directors do not receive regular compensation except honoraria which is given based on their attendance specifically given to non-management directors.</p> <p>Corporate key officers who are likewise employees and part of executive or senior management only receive their salaries.</p>
2. Board adopts a policy specifying the relationship between remuneration and performance	Compliant	<p>Although there is no specific express policy specifying the relationship between remuneration and performance, the Company has adopted in practice and observed through the years that remuneration is given on a regular basis such as salaries and wages and benefits to all employees regardless of status.</p> <p>As incentive, the Board as a matter of policy has approved and the Company has practiced the annual performance evaluation implemented in mid-year to evaluate the</p>	

		<p>performance of the previous year and the basis for paying out performance bonuses.</p> <p>The practice and policy has deterred high attrition rate and encouraged long term employment to preserve talent and encourage loyalty.</p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration	Not Applicable		<p>Since the inception of the Corporation until the present, it has been the practice of the Corporation that members of the Board of Directors as well as key corporate officers do not receive regular compensation except honoraria which is given based on their attendance specifically given to non-management directors. Corporate key officers who are likewise employees and part of executive or senior management only receive their salaries.</p>
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy	Compliant	<p>Please refer to the Company's Bylaws, Article III Section 2(a) Please refer to Article III of the By-Laws, as amended, particularly Section 12 on Nomination of Directors and Section 13 on Election of Directors.</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf</p> <p>The Committee on Corporate Governance screens nominees to the Board of Directors. They are then presented before the stockholders for election. Election is done viva voce or by ballot as certified by the Company's external auditor during the Annual Stockholders' Meeting</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance	Non-compliant		<p>The Corporation has yet to draft the express policy on the nomination and election especially from the minority stockholders which shall be approved</p>

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders	Non-compliant		by the Board and thereafter incorporated in the Manual on Corporate Governance. The policy shall not only include nominations from minority shareholders but
4. Board nomination and policy includes how the board shortlists candidates	Non-compliant		likewise, procedure for shortlists. Currently, the Corporation follows the procedure provided under the Company's Bylaws in receiving nomination and screened by the nominations committee regardless of the status or classification of the nominator as well as replacement of directors
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director	Non-compliant		

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the Company.	Compliant	The nominations of members of the Board of Directors are referred and approved by the Nominations Committee (Corporate Governance Committee) though there are no written policies/standards observed by the Board	
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Recommendation 2.7

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Non-Compliant		Though the final approval of a board action and corporate transactions rest upon the board, there is no express policy on related party transactions. The Company is currently formulating policies on Risk Management which includes Related party transactions
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Non-Compliant		

3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-Compliant		
4. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Non-Compliant		
5. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Non-Compliant		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance	Compliant	In line with the company's Corporate Governance Manual and By-Laws, the members of the Board of Directors appoint or elect by majority votes the executive officers. Source: https://www.phoenixfuels.ph/articles-of-incorporation-and-by-laws/	

Officer and Chief Audit Executive).		https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Code-On-Corporate-Governance-2017.pdf	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Currently, the Board is responsible for approving selection and/or appointment of the following key officers: Chief Executive Officer, Chief Operating Officer and Chief Finance Officer. Since the Company is yet to formulate the Risk Enterprise Management Policies, the Risk Officer, Compliance Officer and Audit Executive have yet to be appointed	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Annually, the Company launches and conducts the company-wide Performance And Career Development Program (PACEPro) on all employees including senior management. Each business unit sets their respective Key Results Area and Key Performance Indicators based on the Corporate KRA and KPI as their targets. This will be the basis of their PACEPro the following year.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	This PACEPro will be the basis for grant of bonuses among others.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Company has a policy on Conflict of Interest as well as an approved Internal Audit Charter.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	The Board ensures that the Corporation is properly managed and effectively supervised. Source: https://www.phoenixfuels.ph/board-committees/ https://www.phoenixfuels.ph/wp-content/uploads/2018/12/030614-PPPI-Audit-Committee-Charter001.pdf	
3. Board approves the Internal Audit Charter.	Compliant	https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	In accordance with the Company's Code of Corporate Governance and Revised Corporate Governance Manual, the board identifies and monitors key risk areas and key performance indicators and ensures that ERM is establish. https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-Compliant		The Company has yet to formulate and put in place its risk management framework. Currently, each business unit handles respective risk which is evaluated by the Executive Committee.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Board is fully aware of its roles, responsibilities and accountabilities. The Manual of Corporate Governance fully defines and clarifies their role in the Company and the same is posted in the Company's website https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
4. The Board has a clear inside trading policy	Compliant		The Company has an existing Inside Trading Policy source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/COMPANY-POLICIES-13Dec2018.pdf

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	This year the Board has formed the new committees namely: The Audit Committee, Nominations & Governance Committee, Board Risk Oversight Committee and Related Party Transaction Committee Source: https://www.phoenixfuels.ph/board-committees/	
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	The Board has an existing audit committee which reviews the internal and external control audit processes Source https://www.phoenixfuels.ph/board-committees/	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	The members of the Audit Company are non-executive members namely: Ms. Justice Consuelo Ynares-Santiago (Independent Director/Chairman), Domingo T. Uy (Member) and Monico V. Jacob (Member)	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Both members, Mr. Uy and Mr. Jacob experienced and engaged in their respective businesses (not related to the Company) and have substantial experience and knowledge as far as audit, accounting and finance are concerned while Justice Santiago is a respected lawyer being a former member of the Supreme Court who always exercises her independent judgment	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit Committee is Justice Santiago as disclosed on 15 March 2019	

5. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Audit recommends to the Board all non-audit services conducted by the external auditor	
6. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The Audit Committee conducts regular meeting every quarter with the Company's Internal Audit Team and once a year with the External Audit Team, in all instance without the presence of management	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Last year the Board just formed the Nominations & Corporate Governance Committee composed of at least three (3) members of the board. https://www.phoenixfuels.ph/board-committees/	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	For this year, the Nomination and Governance Committee are non-executive members namely: Nicasio I. Alcantara (Chairman), Minoru Takeda (member) and JV Emmanuel De Dios (Member) Source: https://www.phoenixfuels.ph/board-committees/	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Mr. Nicasio I. Alcantara chairs the Nominations Committee, an independent director, his credentials are available to the public in the website: Source: https://www.phoenixfuels.ph/pdf/DIS2019.pdf	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management	Compliant	The Board has recently organized the Board Risk Oversight Committee which is composed of three (3)non-executive members namely: Minoru Takeda (Chairman), Frederic	

system to ensure its functionality and effectiveness.		Dybuncio (member) and JV Emmanuel A. De Dios (member). The Risk Oversight Committee is responsible for the oversight of the Company's Enterprise Risk Management System and that said system should be functional and effective.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Source: https://www.phoenixfuels.ph/pdf/DIS2019.pdf	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the BROC Mr. Minoru Takeda doesn't serve as the chairman of any other committee. https://www.phoenixfuels.ph/pdf/DIS2019.pdf	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	All members of the committee are knowledgeable and have relevant experience on risk and risk management. Their credentials are available to the public in the company's website. Source: https://www.phoenixfuels.ph/pdf/DIS2019.pdf	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The Board has formed and organized the Related Party Transactions Committee but the Committee and have yet to meet to define their roles and functions	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	There are 3 non-executive members of the Committee and the Chairman is a regular, non-executive director of the Board, with two (2) independent directors, namely Mr. Stephen T. CuUnjieng (Chairman), Justice Consuelo Ynares-Santiago (member) and Nicasio I. Alcantara (member) Frederic Dybuncio.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting	Non-Compliant		Except for the <u>Audit Committee Charter</u> , Board Risk Oversight Committee Related Party Transaction Committee

process, resources and other relevant information.			Corporate Governance Committee
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		are having their respective Charters approved in the next board meeting of the Company They will all be subject to the company's board approval once completed and the proper disclosure made at the appropriate time.
3. Committee Charters were fully disclosed on the company's website.	Non-Compliant		

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	All members of the Board substantially attend the board meetings/ shareholders meetings conducted by the Company in accordance with its Corporate Governance Manual . Source: https://www.phoenixfuels.ph/company-disclosures/	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Minutes of the Meetings are regularly submitted for the boards review, consideration and approval before the start of the meeting	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Before a transactions or corporate action is approved, a proponent is tasked to submit a board paper containing the executive summary, background, recommendation, level of risk, the corporate governance compliance which is submitted at least a week before the actual meeting. During the meeting, the proponent is task to present and discussion on the matter ensues before the board votes on the proposal	

Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/ views, and oversee the long-term strategy of the company.	Compliant	Each non-executive directors concurrently serve an average of 3 publicly listed companies	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Non-compliant		Currently, there is no duty on the part of each director of the Company to inform the latter of other new nominations or directorship from other Companies.
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	In accordance with the Company's Code of Corporate Governance, the board has elected at least 3 independent directors, namely, Nicasio I. Alcantara, Minoru Takeda and Justice (Ret.) Consuelo Ynares-Santiago	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	The Independent Directors of the Company possess all the qualifications and none of the disqualification. They do not have any transactions or dealings with the Company nor are they involved in any part of management. Moreover, they do not own shares in the Company except qualifying shares as required under law.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	There are no independent directors serving more than 9 years in the Company	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant		

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>The Company has sought the approval last 15 March 2018 to allow former independent director Monico V. Jacob to serve as regular director for 2018-2019 term and stockholders approved the same during the annual meeting.</p> <p>Please refer to page 25 of the Company's Sec Form 20-IS: https://www.phoenixfuels.ph/wp-content/uploads/2018/03/2-19-Definitive-Information-Statement.pdf</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Company's Chairman of the Board Domingo T. Uy and the President Dennis A. Uy are separate individuals	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>The roles of Chairman and President are separate and distinct. Chairman heads the Board and is not involved in the management of the Company while President manages the Company. Their duties are clearly defined in the company's By Laws and Revised Corporate Governance Manual</p> <p>Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non-Compliant		The Chairman is not an independent director but he is not part or member of the management of the Company. Each independent director of the Company has her respective roles and assignment and hence, there is no designated lead independent director in the Company
Recommendation 5.6			
1. Directors with material interest in a transaction affecting	Compliant	Currently, there are no directors with material interest in any transaction. It is the procedure of the Company that	

the corporation abstain from taking part in the deliberations on the transaction.		in any substantial related party transactions, directors do not vote or participate in the deliberations on the transactions	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-Compliant		Currently, only the Audit Committee who are mostly non-executive members meet the external and internal auditors. But other non-executive directors are not precluded from meeting with the external and internal auditors should they request.
2. The meetings are chaired by the lead independent director.	Non-Compliant		
Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		The Board have yet to appoint a facilitator to assist in formulating an self-assessment process for the performance of each member of the Board including the entire Board itself. It has yet to formulate a system and provide criteria for self assessment.
2. The Chairman conducts a self-assessment of his performance.	Non-Compliant		
3. The individual members conduct a self-assessment of their performance.	Non-Compliant		
4. Each committee conducts a self-assessment of its performance.	Non-Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum,	Non-Compliant		The Board has yet to appoint and approve a self-assessment

criteria and process to determine the performance of the Board, individual directors and committees.			method through the assistance of a facilitator.
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Upon approval of the Board, the Company a Code of Conduct prescribing for the conduct and ethics, both professional and business practices acceptable and unacceptable to the Company. These code and other business policies are properly disseminated with proper orientation to all employees and other business units of the Company. It is likewise made available in the Company's website Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Phoenix-Code-of-Conduct.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant		
4. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company has a policy on penalizing bribes which is made available in the Company's website	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the	Compliant	The Company conducts orientation on the Code of Conduct and its supplemental policies for all officers and employees and ensures that the same have been understood and is	

Code of Business Conduct and Ethics.		made available in the company's website	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Upon approval of the Board, the Company has an independent disciplinary committee that hears disciplinary cases filed against erring employees which include management</p> <p>Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Phoenix-Code-of-Conduct.pdf </p>	
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Company has a specific policy on disclosures and timely reports to shareholders. It regularly discloses annual and quarterly reports containing the Comprehensive Financial Statements of the Company in a particularly period.</p> <p>Source: https://www.phoenixfuels.ph/company-disclosures/ https://www.phoenixfuels.ph/annual-reports/ </p>	
Supplement to Recommendation 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>The Company makes available annual and quarterly reports, cash flows, and special audit revisions, financial statements through its websites</p> <p>Source: https://www.phoenixfuels.ph/company-disclosures/ https://www.phoenixfuels.ph/annual-reports/ https://www.phoenixfuels.ph/pdf/DIS_2019.pdf </p>	
2 Company distributes or makes available annual and quarterly consolidated reports,	Compliant		

	cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.			
3	Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant		
Recommendation 8.2				
1.	Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	All disclosures pertaining to the Directors' respective transactions involving the Company including trading of company shareholdings are coursed through the Office of the Corporate Counsel and the latter makes the disclosures in a timely manner.	
2.	Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Source: https://www.phoenixfuels.ph/wp-content/uploads/2019/03/3-28-SEC-Form-23-A-AIcantaraTakeda.pdf	
Supplement to Recommendation 8.2				
1.	Company discloses the trading of the corporation's shares by directors, officers(or persons performing similar functions) and controlling	Compliant	All disclosures pertaining to the Directors' respective transactions involving the Company including trading of company shareholdings are coursed through the Office of the Corporate Counsel and the latter makes the disclosures in a timely manner.	


shareholders. This includes the disclosure of the company's purchase of its shares from the markets (e.g. share buy-back program)			
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant		
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Members of the Board of Directors of the Company are transparent in any dealings that will affect the Company. However, so far except for the shares some members trade and disclose there are no other transactions, material information that would contain any conflict of interest or any potential thereof.	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Non-Compliant		There are no clear policy setting Board remuneration because as a matter of practice, there are no regular remuneration given to the directors except for honorarium based on attendance
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Non-Compliant		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	The Company has standardized remuneration on an individual basis including retirement packages	
Recommendation 8.5			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Non-Compliant		Currently, there are no express policy on related party transactions. The Company has yet to formulate and come up with a policy on RPT. In the past transactions, there were only 3 transactions affecting RPT namely the shareswap agreement executed between Udenna Management & Resource Corp. and the Company for the purchase of Chelsea Shipping Corp. and thereafter, the disposal of the latter after a 3-5 years to Chelsea Logistics Corp and the disposal of Phoenix Petroterminals & Industrial Park Corp. to Udenna Development Corp (UDEVCO). All RPTs were timely and duly disclosed
2. Company discloses material or significant RPTs reviewed and approved during the year.	Non-Compliant		
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>Pursuant to the Company's Revised Corporate Governance Manual, the Directors are required to disclose their interest in any transactions or any other conflict of interests to the Board.</p> <p>In line with the company's policy on conflict of interest, directors, officers and employees disclose their interests in transaction.</p> <p>Fortunately, there are no reported conflicts of interest, actual or potential or any interests or involvement of any directors in any transactions with the Company.</p> <p>Source: https://www.phoenixfuels.ph/company-policies/ </p>	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every	Compliant	The Company disclosed all material transactions to the Exchange and Commission particularly on acquisitions and disposal of assets.	

material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.		For the record, for the past year, the Company has timely disposed about 3 acquisitions already and 1 joint ventures. Disclosures contain the name of the parties, price per share, rationale of the transaction, method of determining the consideration Source: https://www.phoenixfuels.ph/company-disclosures/	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Non-Compliant		An independent party has not been appointed for this purpose. However, on every merger and acquisition transaction, the management engages third-party firms, such as financial advisor, legal counsel, and/or tax counsel, to ensure the viability of the particular project.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Pursuant to the duty of every director to disclose any conflict of interests or any other interests in any transactions involving the Company, there are no agreements, confidentiality agreements, voting trust agreements entered by the Company or by any directors.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	All Manual on Corporate Governance including any revisions thereof, have been fully disclosed and submitted to the PSE and SEC Source: https://www.phoenixfuels.ph/corporate-governance/	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		

3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices	Compliant	All Manual on Corporate Governance including any revisions thereof, have been fully disclosed and submitted to the PSE and SEC Source: https://www.phoenixfuels.ph/corporate-governance/	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Pursuant to the The Audit Committee Charter, Section 6 and the Corporation's Revised Corporate Governance Manual, the process of approving and recommending the appointment, reappointment and fees of the external auditors are duly provided therein	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Board Approval on the reappointment, removal and fees of the external auditors, as recommended by the audit Committee, is ratified during the Annual Stockholders' Meeting. The Minutes of the 2018 ASM held last March 15, 2018 is made available in the company's website. Sources: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/030614-PPPI-Audit-Committee-Charter001.pdf https://www.phoenixfuels.ph/wp-content/uploads/2018/12/2018-Minutes-of-ASM-15Marc-h2018.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website	Compliant	There are no reasons existing for the removal or change in external auditor. External Auditors are voted upon and approved by the Stockholders of the Company during the Annual stockholders meeting.	

and required disclosures.		Should the need arise, the company shall disclose the removal and reasons for the removal. <i>please refer to</i> https://www.phoenixfuels.ph/wp-content/uploads/2018/12/2018-Minutes-of-ASM-15Marc-h2018.pdf	
4. Company has a policy of rotating the lead audit partner every five years.	Compliant	External Auditors rotate their handling partner assigned to the Company pursuant to the Company's Revised Corporate Governance Manual.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	The Audit Committee Charter Section 6 (6.4) <i>please refer to</i> https://www.phoenixfuels.ph/wp-content/uploads/2018/12/030614-PPPI-Audit-Committee-Charter001.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's	Compliant	The Audit Committee Charter – Section Section 6 (6.5) <i>please refer to</i> https://www.phoenixfuels.ph/wp-content/uploads/2018/12/030614-PPPI-Audit-Committee-Charter001.pdf	

suitability and effectiveness on an annual basis.			
Recommendation 9.3			
1. Company discloses the nature of non audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Non-Compliant		There are no express statements as to any conflicts of interest or any potentials thereof in the 2018 Annual Report for period submitted to the Commission and Exchange considering that there are actually NO conflicts of interest of any nature that exists for all transactions covered until period ended 31 December 2018
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.	Non-Compliant		
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services	Compliant	There were no Non-Audit services rendered by the external auditor during the last fiscal year. Please refer to the company’s Item 7, Definitive Information Statement: please refer to https://www.phoenixfuels.ph/pdf/DIS_2019.pdf	
Additional Recommendation to Principle 9			
1. Company’s external auditor is duly accredited by the SEC under Group A category.	Compliant	PUNONGBAYAN & ARAULLO  By: Ramilito L. Nafola Partner CPA Reg. No. 0080741 TIN 109-228-427 PTR No. 7333698, January 3, 2019, Makati City SEC Group A Accreditation Partner - No. 0395-AR-3 (until May 19, 2019) Firm - No. 0002-FR-5 (until Mar. 26, 2021) BIR AN 08-002511-19-2018 (until Jan. 25, 2021) Firm’s BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021) February 22, 2019 Punongbayan & Araullo received the notification from SEC on May 24, 2018 and it has agreed to be subjected to the SOAR.	
2. Company’s external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC’s Office of the General Accountant (OGA).	Compliant		

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>The company implements programs that promote environmental preservation and social and economic development in the communities where its business operates.</p> <p>Our programs span the circle of life: from planting seedlings of trees that will grow to protect and nourish, to ensuring that seas are clean, to taking care of endangered animals that play a vital role in the ecosystem. These, so nature can continue to nurture life.</p> <p>Source: https://www.phoenixfuels.ph/environment/</p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		<p>The company have yet to adopt to what is globally recognized standard/framework in reporting sustainability and non-financial issues.</p> <p>The company, however, provides on its website information on the company's sustainability and CSR program.</p> <p>Source: https://www.phoenixfuels.ph/environment/</p>

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The Company make regular press releases and allows media interviews pertaining to material and relevant information to the public and our investors. Analyst briefings are occasionally schedule.</p> <p><i>please refer to</i> https://www.phoenixfuels.ph/company-disclosures/</p>	
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>The company's Financial Statements, materials provided in briefings to analyst and media or press releases, downloadable annual report, notices of ASM/SSM, Minutes of the ASM/SSM and the Company's Articles and By-Laws and its amendments are all made available to its stockholders via the company's website:</p> <p><i>please refer to</i> https://www.phoenixfuels.ph/company-disclosures/ https://www.phoenixfuels.ph/articles-of-incorporation-and-by-laws/</p>	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template	Compliant	Source: https://www.phoenixfuels.ph/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>To ensure adequate and effective internal control system within the organization, the company established its foundation of sound internal control through directed leadership, shared core values and a culture that emphasizes accountability for control. Top risks faced by the company are identified and assessed periodically at all levels and within all functions in the organization. Also, policies and processes are designed to address and mitigate the significant risks. Further, information critical to meeting the company's objectives is communicated in various media across the company. Lastly, the entire system of internal</p>	

		control is monitored continuously for effectiveness and efficiency. <i>please refer to</i> https://www.phoenixfuels.ph/wp-content/uploads/2018/12/030614-PPPI-Audit-Committee-Charter001.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant		The Company has yet to formulate and the board to approve a comprehensive ERM policy and framework. Currently the practice is that each business unit and the Executive Committee assesses their respective risk and manages the same
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	The Company's Revised Corporate Governance manual provide that the Board ensures that the corporation is properly managed and effectively supervised and that the management actively manages and operates the Corporation in a sound and prudent manner. Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The company has an internal audit group which is functionally reporting to the Board of Directors, specifically to the Audit Committee.	
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		While Internal Audit is a functioning business unit in the Company, there is NO Chief Audit Executive
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		The Company has yet to appoint such. As part of our continuous efforts to improve and align our processes, effective January 1, 2019, the Company's Internal Audit Team will be directly reporting to the Audit Head of our ultimate Parent Company, UDENNA Corporation, Ms. Chonabeth I. Nazario.
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-Compliant		Ms. Nazario is a seasoned Finance Executive who held different positions in the fields of Accounting and Audit such as AVP for Controller of Fil-Estate Ecocentrum Corporation and Finance Head, Treasurer, and member of the Board of Directors of San Miguel Properties Inc. and its subsidiaries.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The Company has yet to define and formulate policy for ERM and appoint its Chief Risk Officer
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	When needed, the company will identify technical support source	
Recommendation 12.5			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		The Company has yet to define and formulate policy for ERM and appoint its Chief Risk Officer
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities	Non-Compliant		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-Compliant		The Company's has yet to appoint its Chief Audit Executive to perform this duty.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	The Revised Corporate Governance Manual provides for the rights and protection stakeholders. Source: https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Code-On-Corporate-Governance-2017.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please refer to Item 19 Voting Procedures of the Company's Sec Form 20-IS: Source: https://www.phoenixfuels.ph/pdf/DIS_2019.pdf	

2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>The Board ensures that all shareholders are treated equally with respect to voting rights, subscription rights and transfer rights</p> <p>Source:</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf</p> <p>https://www.phoenixfuels.ph/pdf/DIS_2019.pdf</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf</p>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>The Board has an effective, secure and efficient voting system in place.</p> <p><i>please refer to</i></p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/03/2-19-Definitive-Information-Statement.pdf</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/03/2-19-Definitive-Information-Statement.pdf</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/6-November-12-2012-compressed3.pdf</p>	
5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>Art. 5 of the Company’s Revised Corporate GovernanceManual</p> <p><i>please refer to</i></p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf</p>	
6. Board clearly articulates and enforces policies with respect to treatment	Compliant	<p>Pursuant to the Company’s Revised Corporate GovernanceManual, Art 5, the company adheres to the rights and protection of stakeholders especially the minority shareholders.</p>	

of minority shareholders.		<i>please refer to</i> https://www.phoenixfuels.ph/wp-content/uploads/2018/12/Amended-Revised-Corporate-Governance-Manual-2014-compressed.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	<p>The company has a transparent and specific dividend policy, which may be found on the Revised Corporate Governance manual.</p> <p>The Company's dividend policy is to declare at least 30% of its prior year's net income as dividends, whether in stock or in cash or a combination of both, payable out of its unrestricted retained earnings subject to statutory limitations.</p> <p>For 2018, the company has declared a P0.15 centavo per share with record date of Apr 2, 2018 and payment date of April 26, 2018.</p> <p>Please refer to Annex B, page 41 of the company's DIS :</p> <p>https://www.phoenixfuels.ph/pdf/DIS_2019.pdf</p>	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The Company sends Notice of Annual Meeting to all shareholders in accordance with the Securities Regulation Code (SRC), sends to all shareholder via registered mail, email and publication in Company's website:</p> <p>https://www.phoenixfuels.ph/company-disclosures/</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<p>The Company sends Notice of Annual Meeting to all shareholders in accordance with the Securities Regulation Code (SRC), sends to all shareholders via registered mail, email and publication in Company's website</p> <p><i>please refer to</i> https://www.phoenixfuels.ph/company-disclosures/ and Annex "C"</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			

b. Auditors seeking appointment / reappointment			
c. Proxy documents			
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	In accordance with the Company's Revised Corporate Governance Manual, the results of the ASM is immediately disclosed to the public right after the meeting. please refer to https://www.phoenixfuels.ph/company-disclosures/	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant		
Supplemental to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor and key officers of the Company were present during the ASM and SSM to answer shareholders question. please refer to https://www.phoenixfuels.ph/wp-content/uploads/2018/12/2018-Minutes-of-ASM-15-Marc-h2018.pdf	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		The Company has yet to formulate an alternative dispute mechanism for intra corporate dispute considering that there are nor has there been any intra-corporate disputes experience at any time.

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant		
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company has an active IRO which is under the Office of the Treasurer and Corporate Finance. IRO is always present in Company events relating to investors and shareholders meetings	
2. IRO is present at every shareholder's meeting.	Compliant		
Supplemental to Recommendation 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Non-Compliant		The Board has yet to incorporate in its Code an anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		The company' public float as of December 31, 2018 is approximately 13.30%.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company is fully aware of its stakeholders. There are programs the ensure substantial communication and cooperation such as dealers' dialogues for its customers, funds managers and investors through regular road shows, etc.	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Stakeholders of the Company are varied. For the main stakeholders who are identified as dealers, contracts and policies are in place to assists them in the management of their stations; for employees, code of conducts and other policies regulating acceptable	

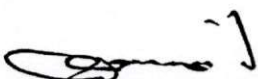
		behaviour are in place to guide employees, etc.	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Grievance Policy is in place for stakeholders to communicate with the Company.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-Compliant		The Company has yet to formulate an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	There are no applications for any exemptions lodged by the company to exempt the same from any rule or law particularly on Corporate Governance. However, the Company is still in the process of complying best practices required under Corporate Governance such as qualifying and hiring of an experienced Compliance Officer and Risk Officer	
2. Company respects intellectual property rights.	Compliant	The Company respects intellectual properties	


Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>To be work on one objective, direction, the Company sets its annual Corporate targets where all BUs based their annual targets and thereafter, each employee based their individual targets.</p> <p>A regular townhall meeting is conducted to inform everyone about targets and it is in this town hall meetings that employees are informed if the corporate target is likewise achieved.</p> <p>One of the target common to all BU's is the Safety, health and development target of each BU.</p> <p>https://www.phoenixfuels.ph/wp-content/uploads/2018/12/COMPANY-POLICIES-13Dec2018.pdf</p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant		
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant		
3. Company has policies and practices on training and development of its employees.	Compliant		
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The Company in integrity and honesty in the performance of its functions. The Company has an existing Code of Conduct implemented to all employees, regardless of status, management regulating behaviour and conducts in the performance of their jobs. The code emphasizes honesty and integrity and prohibits the practice of corruption</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant		
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and	Compliant	<p>please refer to</p> <p>https://www.phoenixfuels.ph/company-policies/</p>	

penalizing employee involvement in offering, paying and receiving bribes.			
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Company has an existing policy of whistleblowing. Policies and the Code of Conduct are implemented and monitored by the Company's Human Resources Department (HR)	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	The Company has a Foundation independent of the Company that is the Corporate Social Responsibilities (CSR) arm of the Company. please refer to http://www.phoenixfuels.ph/outreach-programs/	

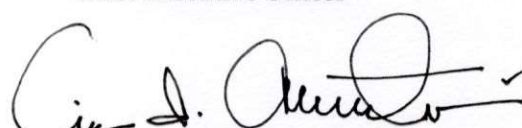
Pursuant to the requirements of SEC Memorandum Circular No. 19, Series of 2016, and No.15, Series of 2017, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Davao this day of 30th of May 2019.

SIGNATURES

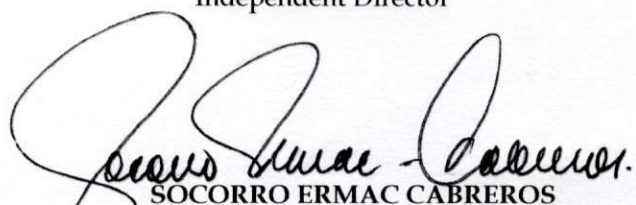

DOMINGO T. UY
Chairman of the Board


DENNIS A. UY
Chief Executive Officer


MINURO TAKEDA
Independent Director


NICASIO I. ALCANTARA
Independent Director


CONSUELO YNARES-SANTIAGO
Independent Director


SOCORRO ERMAC CABREROS
Corporate Secretary / VP for Corporate Legal
(In lieu of Compliance Officer)

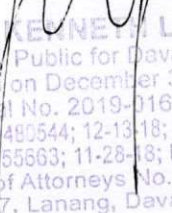
SUBSCRIBE AND SWORN TO before me on MAY 30 2019 and affiants exhibiting to me their TIN as follows:

Name
Domingo T. Uy
Dennis A. Uy
Minuro Takeda
Nicasio I. Alcantara
Consuelo Ynares-Santiago
Socorro Ermac-Cabreros

TIN /Passport ID
140-162-193
172-020-135
TZ0832390
105-252-527
118-014-893
111-790-618

Doc. No. 8 ;
Page No. 3 ;
Book No. 102 ;
Series of 2019




ATTY. KENNETH L. DABI
Notary Public for Davao City
Expires on December 31, 2020
Serial No. 2019-016-2020
PTR No. 4480544; 12-13-18; D.C. (2019)
BP No. 055663; 11-28-18; D.C. (2019)
Roll of Attorneys No. 47866
Km. 7, Lanang, Davao City

2019 Targets

What will each Phoenix employee do?

Each Phoenix employee is expected to contribute to achieve our corporate targets.

No passengers, no freeloaders allowed. Everyone should be drivers.

By working together, we'll get to where we want to be! Yes, we will!

KPI	Target	Weight
Volume (L)	3.610B	20%
up to 30 days past due	1% of sales	10%
>30 days past due	nil	10%
NIAT (Php)	2.035B	20%
EBITDA	5.249B	20%
HSSE	Zero LTI	20%



Performance and Career
Development Program
PACEpro

Form 1- Annual Performance Review

Employee Name:	Employment Date:
Position Title:	Performance Review Date: Review Cycle (From) (To)
Department/Business Unit:	Length of Time in Current Position:

Part 1. Key Result Areas and Indicators (KRAs & KPIs) Rating

Key Result Areas and Key Performance Indicators agreed during the Review Cycle. These are quantitative and measurable goals, critical in meeting job objectives. Indicate Results achieved and if not achieved, explain why. Score on a scale of 0-5. To obtain equivalent KPI rating, multiply Weight Assigned by Raw Score.

Key Result Areas		Assigned Weight (in %)	KPIs Per KRA	Raw Score (0-5)	Equivalent KPI Rating
1.	Legal Documentation, Assistance and Monitoring	30%	Review of Contract with Template and drafting of special contract within 5-10 working days Standardization of regular legal documents for various BU's Conduct standard legal due diligence on every transaction/contract specially on the purchased lots.		
2.	Drafting of Demand Letters from Legal	30%			
3.	Processing Before Regulatory Bodies	20%	File with appropriate body within 14 days wording days from submission of complete documents and requirements Compliance of reportorial r requirements, special projects and government processing Develop relationships/liaise with government agencies Zero Penalty with PSE/SEC/PDEX		
4.	Safety	10%	Observe safety policies of the Company; safety incident		
5.	Reduction in Opex	10%	Reduce Operating expenses by at least 15% from 2018 Budget		
		100%	Overall KPI Rating		

BOARD PAPER NO.

Agenda Item: Request for approval to infuse capital to the following fully-owned subsidiaries of Phoenix Petroleum Philippines, Inc. (PPPI) up to the amount of PHP 507,925,000.00.

1. Subic Petroleum Trading and Transport, Inc. (SPTT)
2. Phoenix Global Merchantile, Inc. (PGMI)
3. PFL Petroleum Management, Inc. (PPMI)

Sponsor: Finance and Treasury

Executive Summary:

The request for PPPI to increase the capital of SPTT, PPMI, and PGMI is needed to correct capital deficiencies, improve the D-E ratios, and fund investments of the subsidiaries in line with expansion plans.

The total requirement shall amount to up to PHP 507,925,000.00 and will be distributed as follows:

Subsidiary	Requirement to correct existing capital deficiencies in the Subsidiaries	Requirement for investments to be made by the Subsidiaries	Total Requirements
SPTT	55,800,000.00		55,800,000.00
PPMI	79,625,000.00	350,000,000.00	429,625,000.00
PGMI	4,500,000.00	18,000,000.00	22,500,000.00
TOTAL	139,925,000.00	368,000,000.00	507,925,000.00

P139.925M shall be utilized to correct the capital deficiencies in the subsidiaries, will be converted from advances made by PPPI to the respective subsidiaries.

P 350.00M shall be invested by PPPI in PPMI to provide the subsidiary with the additional capital to support the expansion of stations under its management.

P 18.00Mn shall be invested by PPPI in PGMI to provide the subsidiary with the additional capital to support the expansion of its distribution network.

Background:

Subic Petroleum Trading and Transport Phils., Inc. (SPTT) incorporated on February 20, 2007 and is a wholly owned subsidiary of PPPI. It is engaged in the buying and selling, supply and distribution, import and export, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. Its primary function to date is to service the aviation fuel importation of PPPI for Cebu Pacific which makes use of the SBMA Freeport to avail of tax incentives.

SPTT imports fuel via Letter of Credit utilizing the shared credit facilities of PPPI with some of its banks. Recent volumes are as follows:

SPTT Importations		
Period	Value (USD)	Volume (bbls)
2017	41,295,000.00	625,000.00
Q1 2018	17,430,000.00	210,000.00
Q2 2018	5,400,000.00	60,000.00

Due to the capital deficiencies on SPTT's balance sheet, banks increase the interest cost or cause the temporary unavailability of the credit facility to SPTT. Creditors are aware that the SPTT subsidiary services specific customer requirements for the benefit of the parent company .

Phoenix Global Mercantile Inc. (PGMI) was incorporated on July 31, 2006 and is a wholly-owned subsidiary of PPPI. It is engaged in the sale and distribution of all kinds of transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation.

PGMI has requirements amounting to PHP 18.00Mn as part of the expansion of its distribution network here and abroad.

PFL Petroleum Management Inc. (PPMI) was incorporated in January 31, 2007 and is a wholly-owned subsidiary of PPPI. Its primary purpose is to engage in and carry on the business of organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations, hauling companies and such other companies desirous of strengthening and establishing their operation processes, except management of funds, securities and portfolio and similar assets of managed utilities.

In addition to correcting its capital deficiency, PPMI will have requirements to expand the retail network under its management.

Recommendation:

1. Authorize Management of PPPI to infuse additional capital amounting to PHP 139.925M in SPTT, PGMI, and PPMI which shall correct the existing capital deficiencies and improve the D-E ratios of the subsidiaries.

This shall be via the conversion of outstanding advances into equity.

2. Authorize Management of PPPI to infuse additional capital up to the amount of P 368.00M for its investments in PGMI and PPMI.

Issues:

Strategy Implications:

The capital infusion to the subsidiaries will allow the following:

1. Address the negative retained earnings or impairment of the subsidiaries, and improve their respective D-E ratios. This shall improve the credit risk rating with creditors to make credit lines more readily available and affordable for the subsidiaries;
2. The additional investments of PPPI to the subsidiaries shall be utilized by PPMI and PGMI for the expansion and growth of the said subsidiaries. The growth of these subsidiaries will benefit PPPI's long term growth strategies.

Financial Implications:

For the PHP 139.925M requirement to correct the capital deficiencies and optimize D-E ratios of the subsidiaries, the company shall convert the equivalent amount of advances of PPPI into equity.

The PHP 368.00M requirement to support the expansion of subsidiaries requires actual cash outlay. PPPI will fund the investment from a combination of internal sources and long term borrowings.

To provide indication on borrowing costs, the latest term loan drawdown is priced semi-annually against the PDST R2 6 month rate plus a spread of 100bps which is approximately 5.2% to 5.3% based on current rates. Preferred share offerings currently range from 7.25% to 8.00% for a five year period.

Risk Analysis:

Identified Risk	Risk Likelihood (H,M,L)	Impact of Risk (H,M,L)	Strategy to Manage Risk
Additional investment will increase the debt service of PPPI.	L	M	Funding is part of the budgeted long term debt to be raised by PPPI for 2018.
Additional investment will increase the debt burden (DE ratio) which shall violate loan covenants.	L	H	Adequate capital will allow the subsidiaries to optimize their DE ratio to carry the debt on their books vs. PPPI.
Additional investments in the subsidiaries will be viewed negatively by the Capital Markets	L	L	<p>The subsidiaries complement the efficient operations of PPPI.</p> <p>Resolving capital deficiencies of these subsidiaries will allow these to borrow from banks directly instead of relying fully on PPPI.</p> <p>Maintaining adequate capital and D-E ratios are in line with good corporate governance.</p>

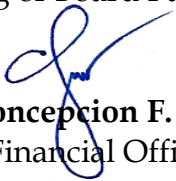
Corporate Governance and Compliance:

Treasury Group and Legal

Management Responsibility:

Chief Financial Officer	- Ma. Concepcion F. De Claro
Head of Corp. Finance	- Joseph John L. Ong
Treasury Head	- Reynaldo A. Phala
Treasury Manager	- Vicente Miguel R. Jayme

Signing of Board Paper


Ma. Concepcion F. De Claro
Chief Financial Officer

ANNEX A:

This annex provides a brief description of the existing capital structure of the SPTT, PPMI, and PGMI, and the impact of the additional capital infusion of PPPI to correct deficiencies and for investment purposes.

Capital Structure	SPTT	PPMI	PGMI
Capital Stock	200,000.00	375,000.00	2,500,000.00
Retained Earnings	(54,846,269.00)	(79,568,756.00)	(6,958,929.00)
Capital Deficiency	(54,646,269.00)	(79,193,756.00)	(4,458,929.00)
Add:			
Additional Capital	55,800,000.00	79,625,000.00	4,500,000.00
Requirement for Subsidiary Investments		350,000,000.00	18,000,000.00
Capital Stock (End)	1,153,731.00	350,431,244.00	18,041,071.00

KPI Rating Scale

5	Exceptional (EP)	Substantially <u>exceeded</u> performance goals <u>by a wide margin in all</u> key result areas; and clearly and measurably <u>exceeded all KPIs</u> set for the review period.
4	Above Target (AT)	Has <u>exceeded</u> in one or two critical KPIs while achieving objectives in lesser priority KPIs.
3	On Target (OT)	Has achieved 100% the expected performance criteria in all KPIs.
2	Below Target (BT)	Has achieved some, but not all, of the performance criteria for assigned KPIs/objectives.
1	Unacceptable (UP)	The employee has failed to meet the performance criteria in all KPIs/objectives.

Comment from Employee

Comment from Immediate Boss

This performance review has been discussed with:

Staff Printed Name & Signature

Date

Reviewer's Printed Name & Signature

Date

Reviewer's Manager/Dept/BU Head Printed Name & Signature

Date

Human Resources Printed Name & Signature

Date

PROXY**(For Common Shareholder/s)**

The undersigned stockholder of **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.** (the "Company") hereby appoints _____ or in his absence, the Chairman of the meeting, as *attorney* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on **March 15, 2018** and at any of the adjournments there of the purpose of acting on the following matters:

<p>1. Approval of the minutes of 2017 Annual Stockholders Meeting. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>2. Approval of 2017 Audited FS and Annual Report. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>3. Approval of the following Corporate Actions:</p> <p style="padding-left: 20px;">a. Amendment of Articles of Incorporation particularly Article II on Secondary Purpose. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p style="padding-left: 20px;">b. Approval and authority to enter into and execute Management Contracts with its Corporate Subsidiaries, i.e., Phoenix LPG Philippines, Inc. PNX Petroleum Singapore PTE Ltd. and Philippine FamilyMart CVS, Inc. and other subsidiaries; <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p style="padding-left: 20px;">c. Investment of Corporate Funds consisting of P110,000,000.00 of the Authorized Capital Stock of the Joint Venture Corporation with TIPCO Asphalt Public Company Limited and Carlito B. Castrillo of PhilAsphalt Development Corp. for the manufacture, storage and distribution of bitumen and bitumen-related products; <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p style="padding-left: 20px;">d. Ratification of the investment of Php510M or its US Dollar equivalent to PNX Petroleum Singapore Pte. Ltd. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p style="padding-left: 20px;">e. Ratification of the acquisition of 100% shares in the following corporation:</p> <p style="padding-left: 40px;">i. <i>Petronas Energy Philippines, Inc. (PEPI), Duta, Inc. (DUTA) and Kaparangan, Inc.</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p style="padding-left: 40px;">ii. <i>Philippine FamilyMart CVS, Inc. (PFM)</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>4. Ratification of all acts and resolutions of the Board of Directors and Management covering the period 01 February 2017 to 31 January 2018. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p>	<p>5. Election of the Members of Board Directors <input type="checkbox"/> Vote for all nominees listed below:</p> <ul style="list-style-type: none"> • Domingo T. Uy • Dennis A. Uy • Cherylyn C. Uy • Romeo B. de Guzman • Joseph John L. Ong • J. V. Emmanuel A. de Dios • Monico V. Jacob • Consuelo Ynares-Santiago (Independent Director) • Carolina Inez Angela S. Reyes (Independent Director) • Frederic C. DyBuncio • Stephen T. CuUnjieng <p><input type="checkbox"/> Withhold authority to vote for all nominees listed above.</p> <p><input type="checkbox"/> Withhold authority to vote for the nominees listed below:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>5.a If elected, approval for Atty. Monico V. Jacob to become Regular Director: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>6. Election of Punongbayan & Araullo as independent auditors and fixing of their remuneration. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>7. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting. <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="text-align: center; margin-top: 20px;">_____ PRINTED NAME OF STOCKHOLDER</p> <p style="text-align: center; margin-top: 20px;">_____ SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY</p> <p style="text-align: center; margin-top: 20px;">No. of Shares: _____ Date: _____</p>
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THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE MARCH 12, 2018, 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 EXPRESSES HIS INTENTION TO VOTE IN PERSON.