



28 June 2013

**Hon. Justina F. Callangan**

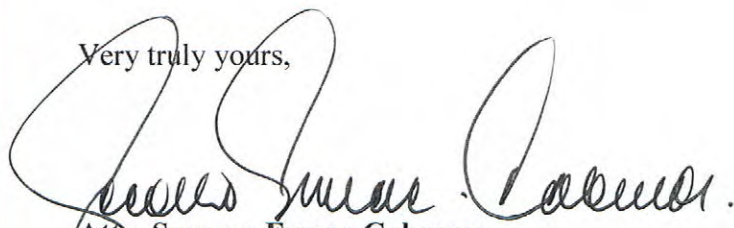
Director, Corporate Finance Department  
Securities & Exchange Commission  
EDSA, Greenhills  
Mandaluyong City

Dear *Dir. Callangan*:

Pursuant to SEC Memorandum Circular No. 5, Series of 2013, we would like to submit herein the Annual Corporate Governance Report as of December 31, 2012 of our Company.

Thank you and warm regards.

Very truly yours,

  
**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM - ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year ..... **2013**

2. Exact Name of Registrant as Specified in its Charter..... **PHOENIX PETROLEUM PHILIPPINES, INC.**

3. **Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City**

.....  
Address of Principal Office

..... 8000.....  
Postal Code

4. SEC Identification Number ....**A200207283**..... 5.

(SEC Use only)

Industry Classification Code

6. BIR Tax Identification Number ..... **TIN 006-036-274 V**

7. (082) 233-0168/ (082) 235-8888

Issuer's Telephone number, including area code

8. ....

Former name or former address, if changed from the last report

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**ANNUAL CORPORATE GOVERNANCE REPORT  
P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

This ACGR is adopted pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 5, Series of 2013 issued on March 20, 2013.

## A. Board Matters

### 1) Board of Directors

|                                                   |    |
|---------------------------------------------------|----|
| Number of Directors per Articles of Incorporation | 11 |
| Number of Directors per Amended AI on Nov. 2012   | 11 |
| Actual number of Directors for the year 2012-2013 | 9  |

#### a) Composition of the Board

| Director's Name                         | Type [Executive (ED), Non-Executive (NED), Independent (ID)] | If nominee, Identify the principal | Nominator in the last election (If ID, state the relationship with the nominator) | Date first elected | Date last elected (If ID, state the number of years as served as ID) | Elected when (Annual/Special Meeting)       | Number of years served as director  |
|-----------------------------------------|--------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------|---------------------------------------------|-------------------------------------|
| Domingo T. Uy                           | ED                                                           |                                    |                                                                                   |                    |                                                                      |                                             | Since incorporation to present      |
| Dennis A. Uy                            | ED                                                           |                                    |                                                                                   |                    |                                                                      |                                             | Since incorporation to present      |
| Jose Manuel R. Quimson                  | ED                                                           |                                    |                                                                                   |                    |                                                                      |                                             | 2007 to present                     |
| Romeo B. De Guzman                      | ED                                                           |                                    |                                                                                   |                    |                                                                      |                                             | Since 2009 to present               |
| Socorro T. Ermac Cabreros               | ED                                                           |                                    |                                                                                   |                    |                                                                      |                                             | 2006 to present (except 2009, 2010) |
| J.V. Emmanuel A. de Dios                | NED                                                          |                                    |                                                                                   |                    |                                                                      |                                             | 2007 to present                     |
| Paul G. Dominguez                       | NED                                                          |                                    |                                                                                   |                    |                                                                      | March 8, 2013 Annual Stockholders' Meeting  | 2013 to present                     |
| Cherylyn C. Uy                          | NED                                                          |                                    |                                                                                   |                    |                                                                      | March 8, 2013 Annual Stockholders' Meeting  | 2013 to present                     |
| Joseph John L. Ong                      | ED                                                           |                                    |                                                                                   |                    |                                                                      | March 8, 2013 Annual Stockholders' Meeting  | 2013 to present                     |
| Justice (Ret.) Consuelo Ynares-Santiago | ID                                                           |                                    |                                                                                   |                    |                                                                      | March 8, 2013 Annual Stockholders' Meeting  | 2013 to present                     |
| Monico V. Jacob                         | ID                                                           |                                    |                                                                                   |                    |                                                                      | March 8, 2013, Annual Stockholders' Meeting | 2008 to present                     |

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

***Disclosure and transparency to promote equitable treatment of shareholders and the rights and interests of other stakeholders are among the fundamental corporate governance policies that the Board has adopted and strictly adhere to.***

(c) How often does the Board review and approve the vision and mission?

***Every five (5) years***

(d) Directorship in Other Companies

- (i) Directorship in
- (ii) the Company's Group

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

| Name of Director  | Name of Reporting Company  | Position Held        |
|-------------------|----------------------------|----------------------|
| Ricardo S. Pascua | Boulevard Holdings, Inc.   | Independent Director |
| Monico S. Jacob   | Jollibee Foods Corporation | Independent Director |
|                   | Chemrez Technologies, Inc. |                      |

(iii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

| Name of Director  | Name of Reporting Company  | Position Held        |
|-------------------|----------------------------|----------------------|
| Ricardo S. Pascua | Boulevard Holdings, Inc.   | Independent Director |
| Monico S. Jacob   | Jollibee Foods Corporation | Independent Director |
|                   | Chemrez Technologies, Inc. |                      |

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

| Director's Name | Name of the Significant Shareholder | Description of the relationship                |
|-----------------|-------------------------------------|------------------------------------------------|
| Domingo T. Uy   | Dennis A. Uy                        | By consanguinity within the first civil degree |
| Dennis A. Uy    | Cherylyn Uy                         | Spouses                                        |
|                 |                                     |                                                |

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? **None.**



In particular, is the limit of five board seats in other publicly listed companies imposed and observed?

|                        | Guidelines | Maximum Number of Directorship in other Companies |
|------------------------|------------|---------------------------------------------------|
| Executive Director     |            |                                                   |
| Non-Executive Director |            |                                                   |
| CEO                    |            |                                                   |

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Members of the Board of Directors as of 2012-2013

| Name of Director                 | Number of Direct Shares | Number of Indirect Shares/<br>(name of record owner) | % of Capital Stock |
|----------------------------------|-------------------------|------------------------------------------------------|--------------------|
| Dennis A. Uy                     | 3,070,624               |                                                      | 0.33%              |
| Dennis A. Uy &/or Cherylyn C. Uy | 884,662                 |                                                      | 0.09%              |
| Domingo T. Uy                    | 496,861                 |                                                      | 0.05%              |
| Romeo B. De Guzman               | 54,600                  |                                                      | 0.01%              |
| Socorro T. Ermac-Cabrerros       | 79,474                  |                                                      | 0.01%              |
| Jose Manuel R. Quimson           | 273,031                 |                                                      | 0.02%              |
| J.V. Emmanuel De Dios            | 1                       |                                                      | 0.00%              |
| Diana Pardo Aguilar              | 1                       |                                                      | 0.00%              |
| Monico V. Jacob                  | 1                       |                                                      | 0.00%              |
| Ricardo S. Pascua                | 1                       |                                                      | 0.00%              |
| TOTAL:                           | 4,859,256               |                                                      | 0.51%              |

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

|                       |               |
|-----------------------|---------------|
| Chairman of the Board | Domingo T. Uy |
| CEO                   | Dennis A. Uy  |

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

|                  | Chairman                                                                                                                                                                                                                                                                   | Chief Executive Officer                                                                                                                                                                                                                                                                                                                                                                |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Roles            | <ul style="list-style-type: none"><li>▪ Presides at the meetings of the stockholders</li><li>▪ Receives the nominations for the vacant seats of the board</li></ul>                                                                                                        | <ul style="list-style-type: none"><li>▪ Initiator and developer of corporate objectives</li><li>▪ Supervisor and manager of corporate business operations, affairs and properties of the corporation</li><li>▪ Corporate representative in all functions and proceedings</li><li>▪ Signatory of certificates of stocks</li></ul>                                                       |
| Accountabilities | <ul style="list-style-type: none"><li>▪ Facilitation of all meetings of stockholders</li></ul>                                                                                                                                                                             | <ul style="list-style-type: none"><li>▪ Implementation of the administrative and operational policies of the corporation</li><li>▪ Preparation of the budgets and statements of accounts of the corporation</li><li>▪ Execution of all contracts, agreements and other instruments entered into by the board</li><li>▪ Organizational procedural controls of the corporation</li></ul> |
| Deliverables     | <ul style="list-style-type: none"><li>▪ Agenda of the meetings of stockholders</li><li>▪ Election of Independent Directors at the stockholders' meeting</li><li>▪ Qualitative and timely lines of communication and information between the Board and Management</li></ul> | <ul style="list-style-type: none"><li>▪ Reports to the Board and to the stockholders</li></ul>                                                                                                                                                                                                                                                                                         |

3) Explain how the Board of Directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

***Aside from the Company's Nomination Committee which screens the nomination and election of its directors, the shareholders are given equal opportunity under the By-Laws to nominate individuals based on the number of shares voted.***

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

***None. The By-Laws does not impose additional qualifications for directorship other than the basic citizenship, residency and share requirements. This setup is consistent with the Board's intent to open its membership to every shareholder regardless of background or expertise. Currently, however, the membership of the Board is characterized by the diverse background, professional experience and expertise of individuals comprising it.***

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

***No. There is no express policy for non-executive directors to possess requisite experience from any particular sector or industry, but there is an apparent preference for those with relevant exposure and/or experience in the same sector or industry the Company belongs to.***

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:



Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

**No. There is no express policy for non-executive directors to possess requisite experience from any particular sector or industry, but there is an apparent preference for those with relevant exposure and/or experience in the same sector or industry the Company belongs to.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

|                  | Executive                                                                                                                                                           | Non-Executive                                                                | Independent Director                           |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------|
| Role             | The executive directors are directly involved in the management of the Company such as the day to day operations necessary and incidental to the operations.        | Provide guidance and assists in the directions and objectives of the Company | Reivews significant related party transactions |
| Accountabilities | Has more accountabilities in the Board due to their functions in the Company. They monitor the operations and implement the directions and objective of the Company |                                                                              |                                                |
| Deliverables     | Implement the projected targets set the start of the year                                                                                                           |                                                                              |                                                |

Provide the company's definition of "independence" and describe the company's compliance to the definition.

**In terms of directorship, the By-Laws define "independence" in negatives as follows:**

- (a) Not being a director, officer or substantial stockholder of the Corporation or of its related companies or any of its substantial shareholders**
- (b) Not being a relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders.**
- (c) Not acting as nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;**
- (d) Has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;**
- (e) Not retained professional adviser by the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm; and**
- (f) Has not engaged or does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a Corporation of which he is a director or a substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.**



Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows the minimum requirement imposed by SEC. The independent director has a term of 5 years after which the Company appoints another independent director. Should the independent director be re-appointed, it is the rule of the Company that after one year of hiatus, he may be appointed for another 2 years which should be the last and final term.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

| Name              | Position             | Date of Cessation | Reason                |
|-------------------|----------------------|-------------------|-----------------------|
| Ricardo A. Pascua | Independent Director | March 7, 2012     | Expiration of 5 years |
|                   |                      |                   |                       |

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

| Procedure                            | Process Adopted                            | Criteria                                                                                        |
|--------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------|
| <b>a. Selection/Appointment</b>      |                                            |                                                                                                 |
| (i) Executive Directors              | Nomination Committee procedure is followed | Professional background, work performance provided the nominee has none of the disqualification |
| (ii) Non-Executive Directors         | Nomination Committee is followed           | Professional background, work performance provided the nominee has none of the disqualification |
| (iii) Independent Directors          | Nomination Committee procedure is followed | Professional background, work performance provided the nominee has none of the disqualification |
| <b>b. Re-appointment</b>             | Same                                       | Same                                                                                            |
| (i) Executive Directors              |                                            |                                                                                                 |
| (ii) Non-Executive Directors         |                                            |                                                                                                 |
| (iii) Independent Directors          |                                            |                                                                                                 |
| <b>c. Permanent Disqualification</b> |                                            |                                                                                                 |
| (i) Executive Directors              |                                            |                                                                                                 |
| (ii) Non-Executive Directors         |                                            |                                                                                                 |
| (iii) Independent Directors          |                                            |                                                                                                 |



|                                      |  |  |
|--------------------------------------|--|--|
| <b>c. Temporary Disqualification</b> |  |  |
| (i)Executive Directors               |  |  |
| (ii)Non-Executive Directors          |  |  |
| (iii)Independent Directors           |  |  |
| <b>d. Removal</b>                    |  |  |
| (i)Executive Directors               |  |  |
| (ii)Non-Executive Directors          |  |  |
| (iii)Independent Directors           |  |  |
| <b>e. Re-instatement</b>             |  |  |
| (i)Executive Directors               |  |  |
| (ii)Non-Executive Directors          |  |  |
| (iii)Independent Directors           |  |  |
| <b>f. Suspension</b>                 |  |  |
| (i)Executive Directors               |  |  |
| (ii)Non-Executive Directors          |  |  |
| (iii)Independent Directors           |  |  |

#### Voting Result of the last Annual General Meeting

| Name of Director                        | Votes Received              |
|-----------------------------------------|-----------------------------|
| Cherylyn C. Uy                          | 969,558,252 Shares (88.22%) |
| Paul G. Dominguez                       | 969,558,252 Shares (88.22%) |
| Joseph John L. Ong                      | 969,558,252 Shares (88.22%) |
| Justice (Ret.) Consuelo Ynares-Santiago | 969,558,252 Shares (88.22%) |

#### 6) Orientation and Education Program

- a) Disclose details of the company's orientation program for new directors, if any.

***There is no clear and established policy on board and directors development program although all directors are encouraged to attend trainings and seminars that are offered to the Company from time to time by respectable and reputable institutions.***

- b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years:

- 1. Annual disclosure programs by the Securities Exchange Commission;**
- 2. ASEAN Corporate Governance Scorecard 2013**

- c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

| Name of Director/Officer | Date of Training | Program | Name of Training/Institution     |
|--------------------------|------------------|---------|----------------------------------|
|                          | March 20, 2013   |         | Institute of Corporate Directors |
|                          |                  |         |                                  |
|                          |                  |         |                                  |



**B. CODE OF BUSINESS CONDUCT & ETHICS**

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

***Although the Company develops and nurtures a culture of ethics, the Company has yet to establish a Code of Business Conduct & Ethics for its directors.***

| Business Conduct & Ethics                                   | Directors | Senior Management | Employees |
|-------------------------------------------------------------|-----------|-------------------|-----------|
| (a) Conflict of Interest                                    |           |                   |           |
| (b) Conduct of Business & Fair Dealings                     |           |                   |           |
| (c) Receipt of gifts from third parties                     |           |                   |           |
| (d) Compliance with Laws & Regulations                      |           |                   |           |
| (e) Respect for Trade Secrets/Use of Non-Public Information |           |                   |           |
| (f) Use of Company Funds, Assets & Information              |           |                   |           |
| (g) Employment & Labor Laws & Policies                      |           |                   |           |
| (h) Disciplinary action                                     |           |                   |           |
| (i) Whistle Blower                                          |           |                   |           |
| (j) Conflict Resolution                                     |           |                   |           |

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

**N/A**

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

**N/A**

**4) Related Party Transactions**

**(a) Policies and Procedures**

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

| Related Party Transactions | Policies and Procedures                                                                 |
|----------------------------|-----------------------------------------------------------------------------------------|
| (1) Parent Company         | Develop and disclose a policy governing the company's transactions with related parties |

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | <p>Define the thresholds for disclosure and approval of RPTs and categorize such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. Aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p> <p>Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings</p> <p>Independent Directors or audit committee review significant RPTs</p> <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p> |
| (2) Joint Ventures                                       | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (3) Subsidiaries                                         | <p>Independent Directors or audit committee review significant RPTs</p> <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (4) Entities Under Common Control                        | <p>Independent Directors or audit committee review significant RPTs</p> <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (5) Substantial Stockholders                             | <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (6) Officers including spouse/children/siblings/parents  | <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (7) Directors including spouse/children/siblings/parents | <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



|                                                              |                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                              | directors or management                                                                                                                                                                                                                                                                         |
| (8) Interlocking director relationship of Board of Directors | <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p> |

(b) Conflict of Interest - **NONE**

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

**N/A**

|                                  | Details of Conflict of Interest (Actual or Probable) |
|----------------------------------|------------------------------------------------------|
| Name of Director/s               |                                                      |
| Name of Officer/s                |                                                      |
| Name of Significant Shareholders |                                                      |

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

|         | Directors/Officers/Significant Shareholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company | <p>Develop and disclose a policy governing the company's transactions with related parties</p> <p>Define the thresholds for disclosure and approval of RPTs and categorize such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. Aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p> <p>Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings</p> <p>Independent Directors or audit committee review significant RPTs</p> <p>Transparent and consistent in reporting RPTs such that summary of such transactions are published in the company's annual report</p> <p>Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management</p> |
| Group   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family, commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description of the Relationship |
|-------------------------------------------|----------------------|---------------------------------------|
| Phoenix Petroleum Holdings, Inc.          | Majority Shareholder |                                       |
| Udenna Management & Resources Corp.       | Shareholder          |                                       |
| PPCD Nominee Corporation                  | Shareholder          |                                       |
| Udenna Corporation                        | Shareholder          |                                       |

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

n/a

| Name of Shareholders | Type of Relationship | Brief Description |
|----------------------|----------------------|-------------------|
|                      |                      |                   |
|                      |                      |                   |
|                      |                      |                   |
|                      |                      |                   |

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

| Name of Shareholders             | % of Capital Stock Affected (Parties) | Brief Description of the Transaction                                             |
|----------------------------------|---------------------------------------|----------------------------------------------------------------------------------|
| Phoenix Petroleum Holdings, Inc. | 17.5604%                              | Subscription of 193,000,000 common shares of Phoenix Petroleum Philippines, Inc. |

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

*The Board has yet to establish and maintain an alternative dispute resolution system in the corporation. So far there are no known conflict that exist or has ever existed and experienced with the Company and stockholders.*

*For conflict with third parties, conflicts are privately and amicably resolved at the first level and those that cannot be resolved, the Company observes the judicial arbitration procedure that follows after all extrajudicial means are exhausted.*



|                                  |                                       |
|----------------------------------|---------------------------------------|
|                                  | Alternative Dispute Resolution System |
| Corporation & Stockholders       |                                       |
| Corporation & Third Parties      |                                       |
| Corporation & Regulatory Offices |                                       |

### C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

***At the beginning of the year and every quarter thereafter.***

- 2) Attendance of Directors

| Board      | Name                     | Date of Election | Number of Meetings Held During the Year | Number of Meetings Attended | %    |
|------------|--------------------------|------------------|-----------------------------------------|-----------------------------|------|
| Chairman   | Domingo T. Uy            | 8 Mar 2012       | 5                                       | 5                           | 100% |
| President  | Dennis A. Uy             | 8 Mar 2012       | 5                                       | 5                           | 100% |
| Member     | Jose Manuel R. Quimson   | 8 Mar 2012       | 5                                       | 5                           | 100% |
| COO        | Romeo B. De Guzman       | 8 Mar 2012       | 5                                       | 5                           | 100% |
| Corp. Sec. | Socorro Ermac Cabrerios  | 8 Mar 2012       | 5                                       | 5                           | 100% |
| Member     | J.V. Emmanuel A. De Dios | 8 Mar 2012       | 5                                       | 5                           | 100% |
| Member     | Diana Pardo Aguilar      | 8 Mar 2012       | 5                                       | 4                           | 80%  |
| Member     | Ricardo S. Pascua        | 8 Mar 2012       | 5                                       | 5                           | 100% |
| Member     | Monico V. Jacob          | 8 Mar 2012       | 5                                       | 4                           | 80%  |

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? *If yes, how many times?*

***No***

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

***Yes for those corporate actions that need 2/3 vote but for quorum most, majority rules.***

- 5) Access to Information

(a) How many days in advance are board papers for board of directors meetings provided to the board?

**Five days before**

(b) Do board members have independent access to Management and the Corporate Secretary?

**Yes**

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

**Yes. The corporate secretary is an officer of the corporation, a member of the Board of Directors and part of its management team.**

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

**Yes**

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☐ No ☒

**As a practice, it is the Corporate Secretary who furnishes them with the information pertaining to the meeting and the Company. Any other information needed is still coursed through the Corp. Sec.**

| Committee        | Details of the Procedures |
|------------------|---------------------------|
| Executive        |                           |
| Audit            |                           |
| Nomination       |                           |
| Remuneration     |                           |
| Others (specify) |                           |



6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: **None**

| Procedures | Details |
|------------|---------|
|            |         |
|            |         |
|            |         |
|            |         |

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

**None**

| Existing Policies | Changes | Reason |
|-------------------|---------|--------|
|                   |         |        |
|                   |         |        |
|                   |         |        |
|                   |         |        |
|                   |         |        |

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

| Process                   | CEO                                                                                                                      | Top 4 Highest Paid Management Officers                                                                                   |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| (1) Fixed Remuneration    | Industry standard but on the low                                                                                         | Industry standard but on the low up to mid                                                                               |
| (2) Variable Remuneration | N/A                                                                                                                      | N/A                                                                                                                      |
| (3) Per diem allowance    | Standard Company Travel Policy                                                                                           | Standard Company Travel Policy                                                                                           |
| (4) Bonus                 | Aligned with Company Performance Bonus Policy which multiple is the same as that of any other Company Officers and Staff | Aligned with Company Performance Bonus Policy which multiple is the same as that of any other Company Officers and Staff |

|                                                   |                                                                                                                          |                                                                                    |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| (5) Stock options and other financial instruments | Aligned with Company Performance Bonus Policy which multiple is the same as that of any other Company Officers and Staff | Same application as that of other officers and rank and file under the ESOP policy |
| (6) Others (specify)                              | Same application as that of other officers and rank and file under the ESOP policy                                       | N/A                                                                                |

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

|                                | Remuneration Policy                                                                                                                                                                                                            | Structure of Compensation Packages                                                                                                                                                                                             | How Compensation is Calculated |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Executive Directors</b>     | The Company's executives are regular employees and are paid a compensation package of twelve (12) months pay. They also receive performance bonuses similarly to those of the managerial, supervisory and technical employees. | The Company's executives are regular employees and are paid a compensation package of twelve (12) months pay. They also receive performance bonuses similarly to those of the managerial, supervisory and technical employees. |                                |
| <b>Non-Executive Directors</b> | Member of the Board of Director who are not employees of the Company are elected for a period of one (1) year. They receive a reasonable per diem on a per meeting participation.                                              | Member of the Board of Director who are not employees of the Company are elected for a period of one (1) year. They receive a reasonable per diem on a per meeting participation.                                              |                                |

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

| Remuneration Scheme | Date of Stockholders' Approval |
|---------------------|--------------------------------|
|                     |                                |
|                     |                                |
|                     |                                |

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:



| Remuneration Item                                    | Executive Directors | Non-Executive Directors<br>(other than Independent<br>Directors) | Independent Directors |
|------------------------------------------------------|---------------------|------------------------------------------------------------------|-----------------------|
| (a) Fixed Remuneration                               | 17,900,839.91       | 3,411,764.90                                                     |                       |
| (b) Variable Remuneration                            | 185,400,00.00       | 223,529.41                                                       | 164,705.88            |
| (c) Per Diem Allowance                               |                     |                                                                  |                       |
| (d) Bonuses                                          |                     |                                                                  |                       |
| (e) Stock Options and/or other financial instruments |                     |                                                                  |                       |
| (f) Others (specify)                                 | 2,019,748.02        |                                                                  |                       |
| <b>Total:</b>                                        |                     |                                                                  |                       |

| Other Benefits                         | Executive Directors | Non-Executive Director<br>(other than independent<br>directors) | Independent Directors |
|----------------------------------------|---------------------|-----------------------------------------------------------------|-----------------------|
| a) Advances                            |                     |                                                                 |                       |
| b) Credit granted                      |                     |                                                                 |                       |
| c) Pension Plans/Contributions         |                     |                                                                 |                       |
| d) Pension Plans, Obligations incurred |                     |                                                                 |                       |
| e) Life Insurance Premium              | 27,600              | 9,200                                                           |                       |
| f) Hospitalization Plan                | 23,667.87           | 7,889.29                                                        |                       |
| g) Car Plan                            |                     |                                                                 |                       |
| h) Others (specify)                    |                     |                                                                 |                       |
| <b>Total:</b>                          |                     |                                                                 |                       |

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

None. The Company has an approved Employees' Stock Option Plan (ESOP) but the same has yet to be implemented

| Director's Name | Number of Direct<br>Option/Rights/Warrants | Number of Indirect<br>Option/Rights/Warrants | Number of<br>Equivalent<br>Shares | Total % from<br>Capital Stock |
|-----------------|--------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------|
|                 |                                            |                                              |                                   |                               |

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

**None. The Company has an approved Employees' Stock Option Plan (ESOP) but the same has yet to be implemented**

| Director's Name | Number of Direct Option/Rights/Warrants | Number of Indirect Option/Rights/Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|-----------------|-----------------------------------------|-------------------------------------------|-----------------------------|----------------------------|
|                 |                                         |                                           |                             |                            |
|                 |                                         |                                           |                             |                            |
|                 |                                         |                                           |                             |                            |
|                 |                                         |                                           |                             |                            |

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

**N/A**

| Incentive Program | Amendments | Date of Stockholders' Approval |
|-------------------|------------|--------------------------------|
|                   |            |                                |
|                   |            |                                |
|                   |            |                                |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

| Name of Officer/Position | Total Remuneration |
|--------------------------|--------------------|
| Joseph John L. Ong       | Php 9,438,637      |
| Alan Raymond Zorrilla    |                    |
| Jose Victor Cruz         |                    |
| Edgardo A. Alerta        |                    |
| Chryss Alfonsus V. Damuy |                    |



E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

| Committee        | No. of Members          |                              |                           | Committee Charter | Functions | Key Responsibilities                                                                                                                                                              | Power |
|------------------|-------------------------|------------------------------|---------------------------|-------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
|                  | Executive Director (ED) | Non-Executive Director (NED) | Independent Director (ID) |                   |           |                                                                                                                                                                                   |       |
| Executive        | 4                       |                              |                           |                   |           | Act on such specific matters within the competence of, and as may be delegated by, the Board of Directors<br><br>Report to the Board in summary form all matters acted upon by it |       |
| Audit            | 1                       | 1                            | 1                         |                   |           | Financial Reporting<br><br>Internal Control<br><br>Internal Audit<br><br>External Audit<br><br>Compliance<br><br>Regular Reports to the Board                                     |       |
| Nomination       | 3                       | 1                            |                           |                   |           | Review and evaluation of the qualifications of all persons nominated to the Board of Directors<br><br>Recommend qualified nominees for election to the Board                      |       |
| Remuneration     | 3                       |                              | 1                         |                   |           | Establish a procedure for development of executive remuneration packages<br><br>Provide oversight over remuneration of senior management and other key personnel                  |       |
| Others (specify) |                         |                              |                           |                   |           |                                                                                                                                                                                   |       |

2) Committee Members

(a) Executive Committee

| Office       | Name                    | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | %    | Length of Service in the Committee |
|--------------|-------------------------|---------------------|----------------------|--------------------------|------|------------------------------------|
| Chairman     | Domingo T. Uy           | 8 Mar 2012          | 5                    | 5                        | 100% |                                    |
| Member (ED)  | Dennis A. Uy            | 8 Mar 2012          | 5                    | 5                        | 100% |                                    |
| Member (NED) | Romeo B. de Guzman      | 8 Mar 2012          | 5                    | 5                        | 100% |                                    |
| Member (ID)  |                         |                     |                      |                          |      |                                    |
| Member       | Socorro Ermac Cabrerros | 8 Mar 2012          | 5                    | 5                        | 100% |                                    |

(b) Audit Committee

| Office       | Name                  | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | %    | Length of Service in the Committee |
|--------------|-----------------------|---------------------|----------------------|--------------------------|------|------------------------------------|
| Chairman     | Monico Jacob          | 100%                | 5                    | 4                        | 80%  |                                    |
| Member (ED)  | Domingo T. Uy         | 100%                | 5                    | 5                        | 100% |                                    |
| Member (NED) | J.V. Emmanuel De Dios | 100%                | 5                    | 5                        | 100% |                                    |
| Member (ID)  |                       |                     |                      |                          |      |                                    |
| Member       |                       |                     |                      |                          |      |                                    |

Disclose the profile or qualifications of the Audit Committee members.

***All members of the Audit Committee have significant experience and knowledge in business, audit and finance.***

Describe the Audit Committee's responsibility relative to the external auditor.

***The Audit Committee ensures the integrity of the external auditor. It discloses all relevant information to it and makes certain that external auditor has adequate quality controls.***



(c) Nominations Committee

| Office       | Name                     | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | %    | Length of Service in the Committee |
|--------------|--------------------------|---------------------|----------------------|--------------------------|------|------------------------------------|
| Chairman     | J.V. Emmanuel De Dios    | 8 Mar 12            | 5                    | 5                        | 100% |                                    |
| Member (ED)  | Alan Raymond T. Zorrilla | 8 Mar 12            | 5                    | 5                        | 100% |                                    |
| Member (NED) | Diana Pardo Aguilar      | 8 Mar 12            | 5                    | 4                        | 80%  |                                    |
| Member (ID)  |                          |                     |                      |                          |      |                                    |
| Member       | Jose Manuel R. Quimson   | 8 Mar 12            | 5                    | 5                        | 100% |                                    |

(d) Remuneration Committee

| Office       | Name               | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | %    | Length of Service in the Committee |
|--------------|--------------------|---------------------|----------------------|--------------------------|------|------------------------------------|
| Chairman     | Dennis A. Uy       | 8 Mar 12            | 5                    | 5                        | 100% |                                    |
| Member (ED)  | Domingo T. Uy      | 8 Mar 12            | 5                    | 5                        | 100% |                                    |
| Member (NED) |                    |                     |                      |                          |      |                                    |
| Member (ID)  | Ricardo S. Pascua  | 8 Mar 12            | 5                    | 5                        | 100% |                                    |
| Member       | Joseph John L. Ong | 8 Mar 12            | 5                    | 5                        | 100% |                                    |

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

N/A

| Office       | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman     |      |                     |                      |                          |   |                                    |
| Member (ED)  |      |                     |                      |                          |   |                                    |
| Member (NED) |      |                     |                      |                          |   |                                    |
| Member (ID)  |      |                     |                      |                          |   |                                    |
| Member       |      |                     |                      |                          |   |                                    |

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

| Name of Committee | Name                                       | Reason                      |
|-------------------|--------------------------------------------|-----------------------------|
| Executive         | Joseph John L. Ong                         | Election last March 8, 2013 |
| Audit             | Paul Dominguez                             | Election last March 8, 2013 |
| Nomination        | Cherylyn C. Uy<br>Alan Raymond T. Zorrilla | Election last March 8, 2013 |
| Remuneration      | Justice Consuelo Ynares-Santiago           | Election last March 8, 2013 |
| Others (specify)  |                                            |                             |

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

| Name of Committee | Work Done                          | Issues Addressed |
|-------------------|------------------------------------|------------------|
| Executive         |                                    |                  |
| Audit             | Established an internal audit unit |                  |
| Nomination        | Selected new sets of directors     |                  |
| Remuneration      | Reviewed remuneration packages     |                  |
| Others (specify)  |                                    |                  |

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

**None**

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|------------------|------------------------|
| Executive         |                  |                        |
| Audit             |                  |                        |
| Nomination        |                  |                        |
| Remuneration      |                  |                        |
| Others (specify)  |                  |                        |



F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

*None. Risk management is currently undertaken by each business unit. The Company has yet to establish and institutionalize each internal procedures and processes. To deter, mitigate and essentially manage potential risks, the Company strictly requires transparency in all its affairs and dealings by making the following imperative before any corporate project or action obtains Board approval: full disclosure, assessment and evaluation through extensive deliberation.*

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

*Not Applicable*

(c) Period covered by the review;

*Not Applicable*

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

*Not Applicable*

(e) Where no review was conducted during the year, an explanation why not.

*Not Applicable*

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

*Not applicable*

| Risk Exposure | Risk Management Policy | Objective |
|---------------|------------------------|-----------|
|               |                        |           |
|               |                        |           |
|               |                        |           |
|               |                        |           |
|               |                        |           |

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

**Not applicable**

| Risk Exposure | Risk Management Policy | Objective |
|---------------|------------------------|-----------|
|               |                        |           |
|               |                        |           |
|               |                        |           |
|               |                        |           |
|               |                        |           |

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

| Risk to Minority Shareholders |
|-------------------------------|
| Share dilution                |
|                               |
|                               |

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

| Risk Exposure  | Risk Assessment (Monitoring & Measurement Process)                                                                                                                           | Risk Management & Control (Structures, Procedures, Actions Taken)                |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Market Risk    | Monitoring of non-Philippine peso cash flows<br><br>Monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts | Manage the fluctuation of the fuel price                                         |
| Credit Risk    |                                                                                                                                                                              | Deal only with creditworthy counterparts                                         |
| Liquidity Risk | Monitoring of scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business.                                   | Maintain cash and cash equivalents<br>Investment of excess cash in time deposits |



(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

| Risk Exposure  | Risk Assessment (Monitoring & Measurement Process)                                                                                                                           | Risk Management & Control (Structures, Procedures, Actions Taken)                |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Market Risk    | Monitoring of non-Philippine peso cash flows<br><br>Monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts | Manage the fluctuation of the fuel price                                         |
| Credit Risk    |                                                                                                                                                                              | Deal only with creditworthy counterparts                                         |
| Liquidity Risk | Monitoring of scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business.                                   | Maintain cash and cash equivalents<br>Investment of excess cash in time deposits |

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

| Committee/Unit  | Control Mechanism | Details of Its Functions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Committee | Internal Control  | <ul style="list-style-type: none"><li>• Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation</li><li>• Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security</li><li>• Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses</li></ul> |
|                 | Internal Audit    | <ul style="list-style-type: none"><li>• Review and approval of the Internal Audit Charter and subsequent revisions thereto</li><li>• Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal</li></ul>                                                                                                                                                                                                                                                                                                 |

|  |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |                | <ul style="list-style-type: none"> <li>• Review the annual internal audit plan to ensure its conformity with the objective of the Corporation</li> <li>• Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities</li> <li>• Perform oversight functions over its internal and external auditors</li> <li>• Review of reports of the Internal Auditors and regulatory agencies</li> <li>• Review the effectiveness of internal audit function, including compliance with The Institute of Internal Auditors' <i>International Professional Practices Framework for Internal Auditing</i> consisting of the <i>Definition of Internal Auditing</i>, <i>Code of Ethics</i> and the <i>Standards</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|  | External Audit | <ul style="list-style-type: none"> <li>• Recommend the appointment of External Auditor duly accredited by the SEC</li> <li>• Evaluate and determine the non-audit work, if any, of the External Auditor and review periodically the non-audit fees paid to the External Auditor and to the Corporation's overall consultancy expenses</li> <li>• Review of reports of the External Auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues</li> <li>• Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit</li> <li>• Review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors</li> <li>• Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors</li> <li>• Ensure that the corporation's External Auditor should be rotated</li> </ul> |



|  |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |            | or the handling partner should be changed every five (5) years or earlier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|  | Compliance | <ul style="list-style-type: none"> <li>• Coordinate, monitor and facilitate compliance with laws, rules and regulations</li> <li>• Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of compliance</li> <li>• Review the findings of any examinations by regulatory agencies and any auditor observations</li> <li>• Review the process for communicating the code of conduct to company personnel and for monitoring compliance therewith</li> <li>• Obtain regular updates from management and company legal counsel regarding compliance matters</li> </ul> |

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;

***Internal control refers to the processes designed to provide reasonable assurance about the realization of the following objectives of the Company:***

- ***Reliability and Integrity of financial reporting;***
- ***Accomplishment of established goals and targets for Operations;***
- ***Effective and efficient use of resources;***
- ***Safeguarding of assets;***
- ***Compliance with relevant policies, procedures, laws and regulations.***

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

***No review conducted by Board of Directors or Audit Committee yet. Audit report from inception (2010) up to December 2012 was submitted to the Audit Committee last March 8, 2013 during the Annual Stockholder's Meeting***

- (c) Period covered by the review;

***n/a***

- (d) How often internal controls are reviewed and the directors' criteria for assessing

the effectiveness of the internal control system; and

n/a

(e) Where no review was conducted during the year, an explanation why not.

n/a

## 2) Internal Audit

### (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function

| Role                                                                                                                                                                                                                                 | Scope                    | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/auditing Firm | Reporting Process                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------------|----------------------------------------------|-----------------------------------------------|
| <ul style="list-style-type: none"> <li>Evaluating the Company's governance processes including ethics-related programs;</li> </ul>                                                                                                   | Company and subsidiaries | In-house                                                       | Audit Manager                                | Audit Committee                               |
| <ul style="list-style-type: none"> <li>Performing an objective assessment of the effectiveness of risk management and internal control framework, identifying risk exposures and recommending strategies to control them;</li> </ul> | Company and subsidiaries | In-house                                                       | Audit Manager                                | Audit Committee                               |
| <ul style="list-style-type: none"> <li>Systematically analyzing and evaluating business processes and associated controls;</li> </ul>                                                                                                | Per business unit        | In-house                                                       | Audit Manager                                | Reports sent to BU Head, CEO, Audit Committee |
| <ul style="list-style-type: none"> <li>Providing information, as appropriate, regarding instances of fraud, corruption, unethical behavior and irregularities</li> </ul>                                                             | Per case                 | In-house                                                       | Audit Manager                                | Report sent to HR, Legal and BU Head          |

(b) Do the appointment and/or removal of the Internal Auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?



**Yes. The Audit Committee Charter clearly states that it is the responsibility of the Audit Committee to organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.**

- (c) Discuss the internal auditor's reporting relationship with the audit committee.  
Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

**Yes. The Audit Committee Charter also states that the Audit Committee has the responsibility to establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Internal Audit functionally reports directly to the Audit Committee. The Audit Committee also ensures that, in performance of the work of the Internal Auditor, he shall be free from interference by outside parties.**

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third party auditing firm) and the reason/s for them.

| Name of Audit Staff | Reason              |
|---------------------|---------------------|
| Adrian Lloyd Tan    | Work Related Issues |
| Florence Fernandez  | Career Shift        |
| Muriel Lacida       | Work Related Issues |
| Shara Mae Pontero   | Career Shift        |

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

|                        |                                                                                                                                                                            |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Progress Against Plans | Generally, audit activities are aligned with the plans set at the beginning of the fiscal year.                                                                            |
| Issues                 | Major issue noted is that most of the company's business operations lack standard policies or manuals that would serve as guidelines in the day-to-day business operations |
| Findings               | Some key controls or processes are not properly documented which sometimes led to the difficulty in validating if the controls are in place and was consistently applied.  |
| Examination Trends     | Recommendations were generally accepted with sufficient priority.                                                                                                          |

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;

6) Conduct of the foregoing procedures on a regular basis.)

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

| Policies & Procedures                                                                                                                                                         | Implementation     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Annual Audit Plan and Risk Assessment                                                                                                                                         | Implemented        |
| Audit Process<br>-Planning<br>-Fieldwork<br>-Reporting<br>-Follow-up                                                                                                          | Implemented        |
| Governance and consulting Activities                                                                                                                                          | For Implementation |
| Quality Assurance and Improvement Program<br>-Quality Assurance Procedures<br>-Professional Development<br>-Administrative duties regarding records maintenance and retention | Implemented        |

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

| Auditors<br>(Internal and External)                                                                                                                                                     | Financial Analysts | Investment Banks | Rating Agencies |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|-----------------|
| The Audit Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose threat to his independence                                  |                    |                  |                 |
| The Audit Committee shall review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company. |                    |                  |                 |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| including non-audit services, and discussing the relationships with the auditors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |  |  |
| Internal Auditor shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
| <p>An Internal Auditor must not perform audits under the following instances:</p> <ul style="list-style-type: none"> <li>-Any situation that involves a member of the auditor's immediate family</li> <li>- Any activity that the auditor previously performed or supervised unless a reasonable period (at least 1 year) has elapsed.</li> <li>- Any activity to which the auditor previously provided advisory services unless a reasonable period (at least 1 year) has elapsed.</li> <li>- Any activity that the auditor has authority over or has responsibility for any situation in which other conflict of interest or bias is present or may reasonably be inferred.</li> </ul> |  |  |  |

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

**H. ROLE OF STAKEHOLDERS**

1) Disclose the company's policy and activities relative to the following:

|                                           | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers' welfare                        | Company has comprehensive Customer Service Policy and Ethics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Supplier/contractor selection practice    | Company has a comprehensive Purchasing Policy and Ethics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Environmentally-friendly value chain      | The Company practices its Corporate Social Responsibility to adopted communities through the Company's Foundation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Community interaction                     | <p>Phoenix Philippines Foundation, Inc. works with communities to enhance their education, environment, well being, and dignity. We have initiated and supported programs that, in small but meaningful steps, improve the lives of people and preserve our natural resources.</p> <p>This commitment to fueling people's lives for better futures is exemplified through our programs that empower people, protect the environment, improve health, and reduce suffering. These initiatives, as well as future ones, are built on our vision to be an indispensable partner to everyone whose lives we touch.</p> | <p><b>EDUCATION:</b></p> <ul style="list-style-type: none"> <li>a. Adopt-a-School</li> <li>b. Phoenix Livelihood Training Program (ALS)</li> <li>c. Book Donations/Phoenix Library</li> <li>d. Scholarships to Phoenix Employees</li> </ul> <p><b>HEALTH &amp; SAFETY:</b></p> <ul style="list-style-type: none"> <li>a. Blood-Letting</li> <li>b. Medical and Dental Missions</li> <li>c. Mindanao Heart Fund</li> <li>d. Donation to St. Luke's Medical Center</li> <li>e. Children's Ward and Phoenix Children's Play Corner</li> <li>f. Donation of Traffic Vests</li> </ul> |
| Anti-corruption programmes and procedures | Company has in place a workplace development program that may deter possible corruption among stakeholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Safeguarding creditors' rights            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

**Yes**

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

*The company provides HMO card for health benefits, annual sports fest, zumba/energy dance twice a week, basketball games every week, anti-flu vaccination every year, annual physical exam and drug testing. There are random blood sugar tests done quarterly and regular blood pressure monitoring for employees daily.*



(b) Show data relating to health, safety and welfare of its employees.

(c ) State the company's training and development programmes for its employees.

**TRAINING PROGRAMS**

| Technical                                                                                                         | No. of Hours | No. of Participants | Period |
|-------------------------------------------------------------------------------------------------------------------|--------------|---------------------|--------|
| 1. SGV Tax Updates Seminar                                                                                        | 8            | 1                   | Jan-13 |
| 2. Effective Collection Strategies and Receivable Management                                                      | 8            | 1                   |        |
| 3. Powerful Presentation Skills                                                                                   | 24           | 1                   | Feb-13 |
| 4. Effective Performance Coaching                                                                                 | 16           | 18                  | Feb-13 |
| 5. Training the Trainers                                                                                          | 8            | 1                   | Feb-13 |
| 6. Credit Investigation Seminar                                                                                   | 8            | 2                   | Mar-13 |
| 7. Brand Health Check Seminar                                                                                     | 16           | 2                   | Mar-13 |
| 8. Expenditures Taxation: A Comprehensive Seminar to Achieve Tax Compliance in the Local Accounts Payable Process | 8            | 3                   | Mar-13 |
| 9. Stock Trading Seminar: Mangun on Markets: The PSE Market Strategy                                              | 8            | 1                   | Mar-13 |
| 10. Import-Export Procedure and Documentation                                                                     | 8            | 2                   | Apr-13 |
| 11. Simplified and Shortcut Techniques on Financial Statement Analysis                                            | 8            | 3                   | May-13 |
| 12. Import-Export Procedure and Documentation                                                                     | 8            | 2                   | Apr-13 |
| 13. Simplified and Shortcut Techniques on Financial Statement Analysis                                            | 8            | 3                   | May-13 |
| <b>Total:</b>                                                                                                     | 136          | 40                  |        |

| Safety                           | No. of Hours | No. of Participants | Period       |
|----------------------------------|--------------|---------------------|--------------|
| 1. Safety & Security Orientation | 8            | 160                 | January 2013 |
| 2. Defensive Driving             | 8            | 42                  | May 2013     |
| 3. Aviation Fuels Handling       | 8            | 22                  | May 2013     |
| <b>Total:</b>                    | <b>24</b>    | <b>224</b>          |              |

| Management                                                   | No. of Hours | No. of Participants | Period        |
|--------------------------------------------------------------|--------------|---------------------|---------------|
| 1. Effective Performance Coaching                            | 16           | 19                  | May 2013      |
| 2. MARINE FUEL MANAGEMENT COURSE                             | 16           | 2                   | November 2012 |
| 3. Team Building/Training Development                        | 24           | 3                   | December 2012 |
| 4. CORPORATE COMMUNICATIONS                                  | 8            | 1                   | March 2013    |
| 5. Compensation and Benefits: Trends and Challenges (Re-run) | 8            | 1                   | April 2013    |
| 6. Managing Change and Transition Workshop                   | 16           | 21                  | June 2013     |
| <b>Total:</b>                                                | <b>88</b>    | <b>47</b>           |               |

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

*The company grants Christmas bonus when company's performance is very good. In 2013, there was initial offer of stock options for all regular employees as of March 1, 2013. However, full implementation has yet to be made.*

- 3) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

*Whenever an employee complains of illegal and unethical behavior, due process is followed by PPPI. A notice to explain is served to the concerned person and sufficient period is given for him/her to reply. Once the explanation is submitted, HR will schedule an admin hearing. The committee that will hear the case is composed of 3 Business Unit Heads (with rights to decide) and the presence of the concerned person's BU Head will also be there to validate or enlighten facts/documents. The complainant will be scheduled first and then the concerned employee later. Based on the merits of the case, the committee will endeavor to make a decision after the*



*meeting. Once a decision is made, the committee will explain to the accused that PPPI will protect the complainant from his/her retaliation by closely monitoring the work environment and random interviews.*

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

| Shareholder                         | Number of Shares | Percent | Beneficial Owner                    |
|-------------------------------------|------------------|---------|-------------------------------------|
| Phoenix Petroleum Holdings, Inc.    | 390,035,100      | 43%     | Phoenix Petroleum Holdings, Inc.    |
| Udenna Management & Resources Corp. | 196,093,649      | 22%     | Udenna Management & Resources Corp. |
| PCD Nominee Corp (Fil)              | 188,163,535      | 21%     | PCD Nominee Corp (Fil)              |
| Udenna Corporation                  | 98,129,821       | 11%     | Udenna Corporation                  |

| Name of Senior Management | Number of Direct Shares | Number of Indirect shares/through name of record owner | % of Capital Stock |
|---------------------------|-------------------------|--------------------------------------------------------|--------------------|
| Joseph John L. Ong        | 282,525                 |                                                        | 0.03%              |
| Chryss Alfonsus V. Damuy  | 54,600                  |                                                        | 0.01%              |
| Edgardo A. Alerta         | 245,004                 |                                                        | 0.03%              |
| Alberto D. Alcid          | 46,481                  |                                                        | 0.01%              |
| Rebecca Pilar C. Caterio  | 114,195                 |                                                        | 0.01%              |
| Gigi Q. Fuensalida        | 54,600                  |                                                        | 0.01%              |
| Reynaldo A. Phala         | 27,300                  |                                                        | 0.00%              |
| TOTAL                     |                         |                                                        |                    |

2) Does the Annual Report disclose the following:

|                                                                                                                                                                                 |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Key risks                                                                                                                                                                       | Yes |
| Corporate objectives                                                                                                                                                            | Yes |
| Financial performance indicators                                                                                                                                                | Yes |
| Non-financial performance indicators                                                                                                                                            | Yes |
| Dividend policy                                                                                                                                                                 | Yes |
| Details of whistle-blowing policy                                                                                                                                               | Yes |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners | Yes |
| Training and/or continuing education programme attended by each director/commissioner                                                                                           | Yes |
| Number of board of directors/commissioners meetings held during the year                                                                                                        | Yes |
| Attendance details of each director/commissioner in respect of meetings held                                                                                                    | Yes |
| Details of remuneration of the CEO and each member of the board of directors/commissioners                                                                                      | Yes |

Should the Annual Report not disclose any of the above, please indicate the reason for the nondisclosure.

3. External Auditor's fee

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors:

| Audit and Related Fees   |                                                         |                         |          |          |
|--------------------------|---------------------------------------------------------|-------------------------|----------|----------|
|                          |                                                         | Amount in Thousands Php |          |          |
|                          |                                                         |                         |          |          |
| Particulars              | Nature                                                  | 2010                    | 2011     | 2012     |
| Punongbayan and Araullo  | Audit of FS for the year 2008 - Parent and Subsidiaries |                         |          |          |
|                          |                                                         |                         |          |          |
| Punongbayan and Araullo  | Audit of FS for the year 2009 - Parent and Subsidiaries | 2,098                   |          |          |
|                          |                                                         |                         |          |          |
| Punongbayan and Araullo  | Audit of FS for the year 2010 –Parent and Subsidiaries  |                         | 3,553.19 |          |
| Punongbayan and Araullo  | Audit of FS for the year 2011 - Parent and Subsidiaries |                         | 462.00   | 2,110.06 |
|                          |                                                         |                         |          |          |
| Punongbayan and Araullo  | Audit of FS for the year 2012 - Parent and Subsidiaries |                         |          | 630      |
| Sub-total                |                                                         | 2,098                   | 4,015.19 | 2,740.06 |
|                          |                                                         |                         |          |          |
| Tax Advisory Services    |                                                         |                         |          |          |
| Sycip, Gorres and Velayo | Tax Consultancy                                         | 88                      | 122.34   | 119.94   |
| Sub-total                |                                                         | 88                      | 122.34   | 119.94   |
|                          |                                                         |                         |          |          |
| All Other Fees           |                                                         |                         |          |          |
|                          |                                                         |                         |          |          |



|                         |                                                                 |         |          |  |
|-------------------------|-----------------------------------------------------------------|---------|----------|--|
| Entia Accounting Office | Professional Fee for BOI<br>Registration of Depot<br>Facilities | 211.8   |          |  |
|                         |                                                                 |         |          |  |
|                         |                                                                 |         |          |  |
| Sub-total               |                                                                 | 211.8   | -        |  |
|                         |                                                                 |         |          |  |
| GRAND TOTAL             |                                                                 | 2,397.8 | 4,137.54 |  |

4) Medium of Communication

List down the *models* of communication that the company is using for disseminating information.

***The Company has a communications strategy to promote effective communication with shareholders. We have our company website: [www.phoenixfuels.ph](http://www.phoenixfuels.ph) wherein Our stockholders can view disclosures, annual and quarterly reports, list of stations, events, products, management teams and CSR activities.***

5) Date of release of audited financial report: ***April 12, 2013***

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

|                                                                                    |     |
|------------------------------------------------------------------------------------|-----|
| Business Operations                                                                | Yes |
| Financial statements/reports (current & prior years)                               | Yes |
| Materials provided in briefings to analysts and media                              | Yes |
| Shareholding structure                                                             | Yes |
| Group corporate structure                                                          | Yes |
| Downloadable annual report                                                         | Yes |
| Notice of AGM and/or EGM                                                           | No  |
| Company's constitution (company's by-laws, memorandum and articles of association) | No  |

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

***We are currently upgrading our system and such information are still in the process of being added to the website.***

7) Disclosure of RPT

| RPT | Relationship | Nature | Value |
|-----|--------------|--------|-------|
|     |              |        |       |
|     |              |        |       |

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

- *The Company develops and discloses a policy governing the company's transactions with related parties in the Notes to Financial Statements.*
- *The Company established a voting system whereby a majority of non-related party shareholders approves specific types of related party transactions in shareholders meetings.*
- *There is transparency and consistency in reporting its RPTs, the summary of which are published in the company's annual report*
- *There is a clear policy in dealing with material non-public information by company insiders.*
- *The Independent Directors play an important role in reviewing significant related party transactions.*
- *Full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management*

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

|                 |                                                                          |
|-----------------|--------------------------------------------------------------------------|
| Quorum Required | Majority of the outstanding capital stock must be present or represented |
|                 |                                                                          |

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

|             |                              |
|-------------|------------------------------|
| System Used | Voting in person or in proxy |
| Description |                              |

- Under the rule, voting may be done by ballots or viva voce.
- In both procedures, we have made the proper arrangement.
- Ballots are ready in case voting by ballots is necessary. Ballots shall be distributed upon registration.
- We used ID's with control numbers during voting instead of hand raising. Upon registration, all stockholders shall register their name and the votes they represent. They will be given IDs with control number. By the time the meeting starts, we shall



have determined the number of shares present and being represented either personally or by proxy.

- During the voting, stockholders will be asked to raise their ID's instead of hands. Only negative votes and abstain votes shall be counted. External Audit will determine and take note of the control numbers who voted No and Abstained. These votes shall be entered in a prepared template that automatically deducts the negative and abstain votes to get the positive votes.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

**None**

| Stockholders' Rights under The Corporation Code | Stockholders' Rights NOT under The Corporation Code |
|-------------------------------------------------|-----------------------------------------------------|
|                                                 |                                                     |
|                                                 |                                                     |
|                                                 |                                                     |

Dividends

| Dividend           | Declaration Date | Record Date    | Payment Date   |
|--------------------|------------------|----------------|----------------|
| Php 0.10 Cash Div. | February 8, 2012 | March 23, 2012 | April 23, 2012 |
| 50% Stock Div      | February 8, 2012 | March 26, 2012 | April 26, 2013 |

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

| 2. Measures Adopted | 3. Communication Procedure |
|---------------------|----------------------------|
| 4.                  | 5.                         |
| 6.                  | 7.                         |

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

**Any changes in the matters below are taken up during the Annual Stockholders' Meeting. The changes in these matters are made known ahead of time through notices of agenda specifying the changes and sent individually via postage to each of the stockholder.**

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

**Yes.**

- a. Date of sending out notices: Feb/ 15, 2013
- b. Date of the Annual/Special Stockholders' Meeting: March 8, 2013

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.(last 6 September 2013)

- A Stockholder requested elaboration on the decline of the net results for 2nd quarter of 2012 vs. the net results of the 2nd quarter of 2011. The Chairman referred the question to the Chief Operating Officer, Romeo de Guzman. Mr. de Guzman explained that the decline was attributed to the global decline of fuel price during the second quarter of this year. The decline of fuel prices ate up whatever was earned during the first quarter. There are also external factors to consider such as the Philippine economy as well as other foreign economies. However, the third quarter is expected to give good margins and if it continues until the fourth quarter, most likely, the year will end on a positive note.
- The Stockholder sought clarification that the figure or number pertaining to the beginning balance of the retained earnings for June 2012 which is Php 1,402,617,415.00 does not tally with the ending balance of the retained earnings of Jun3 2011 which is Php 1,565,711,759.00. Mr. Damuy pointed and clarified that comparative figures pointed have different basis for beginning balances such as: for June 2012, the basis for the beginning balance is January 2012 while the beginning balance for Jun 2011 had its basis on the beginning balance of January 2011. The comparative figures shown and prescribed by the SEC and the PSE is for June 2012 and June 2011 and not June 2012 and December 2011.
- A Stockholder inquired on the meaning of warrants and what are its advantages and effects to the particular transaction with BDO. The Chairman referred the question to Mr. Phala who explained that warrants under financial terms are derivative security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time frame. Further, he explained that warrants are often included in a new debt issue as a "sweetener" to entice investors. Hence, he proceeded to point out that the advantages of warrants in this particular transaction is: (1)



the entry of the SM/BDO group will give the Company a seal of good housekeeping and improve credit standing in and access to the capital markets as well as possibly push up PNX price; (2) there are likewise potential synergies created due to possible access to best practices, revenues from the SM/BDO group.

- A Stockholder sought clarification if there was any due diligence conducted on Chelsea Shipping considering that the latter has a negative working capital. The Chairman referred the question to Mr. Damuy who confirmed that due diligence was conducted on Chelsea Shipping. In fact, this was part of the valuation process and included in the Fairness Valuation Report conducted and submitted, respectively, by Penta Capital. On the matter of the negative working capital, Mr. Damuy further explained that Chelsea Shipping was acquiring a number of vessels to add to its fleet which explains for the increase in its PPE(property, plant and equipment) entry. Mr. Damuy further justified that given the fact that Chelsea Shipping is a service company, working capital will be more focused or concentrated on fuels and services as against a trading company which will have to include huge inventories.
- A Stockholder inquired about further plans on Chelsea Shipping after the acquisition such as its dissolution and merging its operation with the Company and plans on its possible listing with the PSE. Mr. Damuy elaborated that Chelsea will be operating as a wholly owned subsidiary of Phoenix Petroleum as the intention is likewise to continue to serve other clients of Chelsea. On the matter of listing, Mr. Damuy clarified that listing with the PSE will depend on the opportunities in the future that will be presented to the company, Chelsea.
- A Stockholder inquired that since the investment is substantial what is the main plan behind the acquisition and also the reason behind the acquisition when Chelsea is already an affiliate. The Chairman again referred the question to Mr. Damuy who elaborated that acquisition of Chelsea will further strengthen the balance sheet of Phoenix Petroleum, increase the market capitalization enticing more local and possibly foreign investors to invest in the Company.

11. Result of Annual/Special Stockholders' Meeting's Resolutions

| 12. Resolution                                                           | 13. Approving                                              | 14. Dissenting | 15. Abstaining             |
|--------------------------------------------------------------------------|------------------------------------------------------------|----------------|----------------------------|
| a. Proposed Amendment of Article II of the Articles of Incorporation     | 830,593,191 shares or 100% of present and entitled to vote | none           | none                       |
| b. Proposed Amendment of Article VI of the Articles of Incorporation and | 830,593,191 shares or 100% of present and entitled to vote | none           | 830,593,191 shares of 100% |

|                                                                                                                                                                    |                                                                                                        |      |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------|------|
| Amendment of Article III Section 1(a) of the Corporation's By-laws, both increasing the Composition of the Board of Directors from nine (9) to eleven (11) members |                                                                                                        |      |      |
| c. Proposed Issuance of Php180,000,000.00 warrants in relation to the issuance of Php 500,000,000.00 Convertible Notes to BDO Unibank, Inc                         | 827,601,191 shares or 100% of present and entitled to vote (Preferred shares of 2,992,000 was excluded | none | none |
| d. Proposed Acquisition of 100% shares of stock in Chelsea Shipping Corp.                                                                                          | 830,593,191 shares or 100% of present and entitled to vote                                             |      |      |
| e. Waiver of Rights offering requirement of the PSE among minority shareholders present or represented                                                             | 74,849,540 shares or 100% present and entitled to vote (majority of the minority shareholders)         | none | none |

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

| Modifications | Reason of Modification |
|---------------|------------------------|
| None          |                        |
|               |                        |
|               |                        |

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

| Type of Meeting              | Names of Board Members/ Officers Present | Date of Meeting | Voting Procedure(by poll, show of hands, etc.)                                                                                                                                                         | % of SH Attending in Person | % of SH Attending in Proxy | Total % of SH attendance |
|------------------------------|------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|--------------------------|
| Special Stockholders Meeting | 5                                        | 6 Sept 2012     | Stockholders are given IDS with control numbers. The control numbers per ID has a corresponding entry in the database. Each ID are color coded: blue fonts represent the minority common and preferred | .58%                        | 88.46%                     | 89.04%                   |



|  |  |  |                                                                                                                                                                                                                                                                                                                                   |  |  |  |
|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|  |  |  | <p>shareholders while the red fonts represent the major stockholders, affiliates, directors and officers. Thus, when a motion is under votation, the Chairman shall be asking the stockholders/proxies to raise the IDs and the external auditor, Punongbayan and Araullo shall be tasked to record the votes and count them.</p> |  |  |  |
|  |  |  |                                                                                                                                                                                                                                                                                                                                   |  |  |  |

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

YES

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

*No. Stockholders are given IDS with control numbers. The control numbers per ID has a corresponding entry in the database. Each ID are color coded: blue fonts represent the minority common and preferred shareholders while the red fonts represent the major stockholders, affiliates, directors and officers. Thus, when a motion is under votation, the Chairman shall be asking the stockholders/proxies to raise the IDs and the external auditor, The external auditor shall be tasked to record the votes and count them. Only negative votes and abstain votes shall be counted. External Audit will determine and take note of the control numbers who voted No and Abstained. These votes shall be entered in a prepared template that automatically deducts the negative and abstain votes to get the positive votes.*

*The stockholders of the Corporation shall have no pre-emptive right to subscribe to any issues or dispositions of shares of any class.*

*The new class of PREFERRED SHARES shall have the following features:*

- i) Non-convertible into common shares;*
- ii) Non participating in any other corporate activities or other further dividends, non-voting except in cases specified by law;*
- iii) No pre-emptive rights to any issue of the Company's share but shall enjoy preference over the holders of common shares as to distribution of net assets in the event of dissolution or liquidation and in the payment of dividends at a specified rate. The Board of Directors shall determine its issued value at the time of issuance and shall determine its dividend rates and the dividends shall be paid cumulatively;*

- iv) *The preferred shares shall be redeemable at the Company's option under such terms as the Board of Directors may provide at the time of issuance. It shall also be re-issuable when fully redeemed.*

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

|                                     | Company's Policies                                                                                                                                                                           |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Execution and acceptance of proxies |                                                                                                                                                                                              |
| Notary                              | Not required to be notarized                                                                                                                                                                 |
| Submission of Notary                | Not required                                                                                                                                                                                 |
| Several Proxies                     |                                                                                                                                                                                              |
| Validity of Proxy                   |                                                                                                                                                                                              |
| Proxies executed abroad             |                                                                                                                                                                                              |
| Invalidated Proxy                   | Invalidated when revoked by the stockholder at any time before the right granted is exercised or if the stockholder attends the meeting in person and expresses intention to vote in person. |
| Validation of Proxy                 | A forum for the validation of proxies chaired by the Secretary or Assistant Secretary and attended by the Stock Transfer Agent convened at least five (5) days before any meetings.          |
| Violation of Proxy                  |                                                                                                                                                                                              |

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

| Policies                                      | Procedure                                                                                                                                                                                |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Timely sending out of notices to stockholders | Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting |
|                                               |                                                                                                                                                                                          |

(i) Definitive Information Statements and Management Report

|                                                                                                                                                                 |                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials                                          | 184 including beneficial owners |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | February 15, 2013               |
| Date of Actual Distribution of Definitive Information Statement and Management Report held by Stockholders                                                      | February 15, 2013               |
| State whether CD format or hard copies were distributed                                                                                                         | Yes                             |
| If yes, indicate whether requesting stockholders were provided hard copies                                                                                      | Yes                             |



(k) Does the Notice of Annual/Special Stockholders' Meeting include the following:

|                                                                                                                                                                              |     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Each resolution to be taken up deals with only one item.                                                                                                                     | Yes |
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/ re-election. | Yes |
| The auditors to be appointed or re-appointed.                                                                                                                                | Yes |
| An explanation of the dividend policy, if any dividend is to be declared.                                                                                                    | Yes |
| The amount payable for final dividends.                                                                                                                                      | Yes |
| Documents required for proxy vote.                                                                                                                                           | Yes |

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

| Policies                                      | Implementation                                                                                                                            |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| One share, one vote principle                 | Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights |
| Effective, secure and efficient voting system |                                                                                                                                           |
|                                               |                                                                                                                                           |
|                                               |                                                                                                                                           |

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed.

***The Company maintains a communications strategy promoting effective communication with all its stakeholders that is reviewed on a regular basis.***

Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

***The Company has an External Corporate Affairs unit that reviews and approves all company announcements.***

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Investor relations are usually coursed through the finance department particularly under the Office of the Chief Finance Officer. The CFO schedules a regular investors' briefing to update investors on the latest projects of the Company and these are usually disclosed ahead of time for the information of the investors and stakeholders.

|                                 | Details |
|---------------------------------|---------|
| (1) Objectives                  |         |
| (2) Principles                  |         |
| (3) Modes of Communication      |         |
| (4) Investors Relations Officer |         |

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

| Initiative                                                         | Beneficiary                                               |
|--------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Environment</b>                                                 |                                                           |
| Kadayawan Tree Planting                                            | Davao City Water District                                 |
| Adopt an Eagle Program                                             | Philippine Eagle Foundation, Inc.                         |
| Sea of Life                                                        | Local Government of Island Garden City of Samal           |
| Mangrove Tree Planting                                             | Residents of the coastal are of Brgy. Bunawan, Davao City |
| National Tree Planting                                             | Residents of the Davao River                              |
| International Coastal Clean-up                                     | Residents of coastal area in Coaco, Davao City            |
| Tilapia Dispersal                                                  | Residents of coastal area in Coaco, Davao City            |
| Supported the Earth Hour Activity held at                          | SM Lanang Premier Fountain Court                          |
| Tree Growing Activity with NBA Cares, 500 seedlings of narra woods | Davao City Water District                                 |
| Bacolod Tree Growing, 500 seedlings                                | Residents of Brgy. Minoyan, Murcia, Bacolod City          |
| <b>Humanitarian</b>                                                |                                                           |
| 5th Phoenix Bloodletting Activity                                  | Red Cross of the Philippines                              |
| Joint Bloodletting with Toril Lodge # 208                          | Red Cross of the Philippines                              |
| Phoenix in Partnership with the Local Gov't of Zamboanga           | Red Cross of the Philippines                              |
| Phoenix in Partnership with ABS-CBN in Dugong Kapamilya            | Red Cross of the Philippines                              |
| Phoenix in Partnership with UMBN (True Blood)                      | Red Cross of the Philippines                              |
| Phoenix Joins and Supports Maritime Bloodletting Activity          | Red Cross of the Philippines                              |
| Happy Trip Day                                                     | Tricycle Drivers and Operators in Tagum City              |
| Operation Tuli                                                     | Teenagers in Bacolod City                                 |
| Medical Mission to the Victims of Typhoon Pablo                    | Victims of Typhoon Pablo                                  |
| Disaster Relief Operation to the Victims of Typhoon                | Victims of Typhoon Pablo                                  |



|                                                                                                                                   |                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Pablo                                                                                                                             | Indigent Children's in Bo. Obrero and Agdao                                                                     |
| Annual Christmas Gift-Giving                                                                                                      | Indigent Children's with rheumatic heart problem                                                                |
| Phoenix Indigent Children's Heart Program                                                                                         | Pedia patients of SPMC                                                                                          |
| Phoenix Children's Corner                                                                                                         | Residents of Brgy. Bawug, General Santos City                                                                   |
| Medical and Dental Mission (gensan)                                                                                               | Red Cross of the Philippines                                                                                    |
| "Blood is Life" Blood Letting Activity at Gaisanon Mall                                                                           | Residents of Brgy. Bucana, Davao City                                                                           |
| Supported the "Liter of Light Project" with JCI DAVAO                                                                             | Pupils of Palma Gil Elementary School                                                                           |
| Supported the "Deworming and Vit-A Project" with JCI DAVAO                                                                        | Victims of Typhoon Pablo                                                                                        |
| Turned Over of 200,000 worth of roofing material to Comval for the public schools with JCI DAVAO                                  | Davao Medical Society                                                                                           |
| Partnered with Davao Medical Society for the "run for your life"                                                                  | Julio Azriel Cavan                                                                                              |
| Supported and sponsored the Open Heart Surgical Operation of Julio Azriel Cavan                                                   | Red Cross of the Philippines                                                                                    |
| 2nd Kapamilya Blood Letting Activity with ABS CBN                                                                                 | Residents of Brgy. Lapu Lapu, Davao City                                                                        |
| Phoenix- Sakya Medical and Dental Mission                                                                                         |                                                                                                                 |
| <b>Education</b>                                                                                                                  |                                                                                                                 |
| Phoenix Libraries                                                                                                                 | Adopted Schools (Lapu-Lapu E.S., SPED Bangkal, San Roque E.S., V. Hizon E.S., Doña Asuncion E.S.)               |
| Brigada Skwela                                                                                                                    | Adopted Schools (Lapu-Lapu E.S., SPED Bangkal, San Roque E.S., V. Hizon E.S., Doña Asuncion E.S.)               |
| Phoenix Livelihood Program thru ALS                                                                                               | DepEd ALS at F. Bangoy Elementary School                                                                        |
| Phoenix Araw ng Dabaw "Takbo para sa Kinabookasan" run                                                                            | Adopted Schools (Lapu-Lapu E.S., SPED Bangkal, San Roque E.S., V. Hizon E.S., Doña Asuncion E.S.)               |
| k-12 Nail Care Program                                                                                                            | DepEd                                                                                                           |
| Turned Over of Support to ALS (3 pcs welding machine, 2 set computers)                                                            | DepEd ALS at F. Bangoy Elementary School                                                                        |
| Turned Over of books to SPED Bangkal Phoenix Library 20,000 worth of books                                                        | SPED Bangkal                                                                                                    |
| Libreng Gupit Activity                                                                                                            | F. Bangoy Elementary School Pupils                                                                              |
| Supported the moving on program of DAHES and donated ribbons, certificates and medals to                                          | Graduating pupils from Doña Asuncion Hizon Elementary School                                                    |
| Supported the moving on program of V. Hizon and donated ribbons, certificates and medals to                                       | Graduating pupils from Vicente Hizon Elementary School                                                          |
| Supported the moving on program of San Roque and donated ribbons, certificates and medals to                                      | Graduating pupils from San Roque Elementary School                                                              |
| Supported the moving on program of Lapu Lapu and donated ribbons, certificates and medals to                                      | Graduating pupils from Lapu Lapu Elementary School                                                              |
| Supported and Sponsored the Bangkaton Race (2 boxes pnx Lubricants, 3 pack pnx buting, 25pcs pnx shirt, 500 liters of pnx diesel) | Resident of Brgy. Bucana, Davao City                                                                            |
| Turned Over of Donation to SPED, SAN ROQUE, LAPU LAPU, DAHES, V. HIZON and F. Bangoy E.S.                                         | Adopted Schools (Lapu-Lapu E.S., SPED Bangkal, San Roque E.S., V. Hizon E.S., Doña Asuncion E.S. and F. Bangoy) |
| Team Phoenix Annual Brigada Eskwela at F. Bangoy E.S.                                                                             | Adopted School (F. Bangoy Elementary School)                                                                    |
| <b>Other Corporate Activity</b>                                                                                                   |                                                                                                                 |
| Supported the Phoenix Open Golf Tournament                                                                                        | for the advocacies of the Phoenix Philippines Foundation, Inc.                                                  |
| Supported the 5th Phoenix Marathon                                                                                                | for the advocacies of the Phoenix Philippines Foundation, Inc.                                                  |
| PHOENIX-DCPO 1st Tok Hang Cup                                                                                                     | Davao City Police Office                                                                                        |
| Supported the "New Born Screening Awareness Fun Run", Fun run of Bukidnon Provincial Hospital                                     | Bukidnon Provincial Hospital                                                                                    |
| Supported and Sponsored the PNX-DCPO Summer Basketball Tournament 2013                                                            | Davao City Police Officers                                                                                      |
| Annual Support to Our Lady of Victory                                                                                             | Our Lady of Victory Parish                                                                                      |
| Supported and Sponsored the 29th PCGA National Convention                                                                         | PCGA CGADSEM                                                                                                    |

## M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

|                    | Process               | Criteria                                            |
|--------------------|-----------------------|-----------------------------------------------------|
| Board of Directors | Director's Score Card | Performance based on the Company's business targets |



|                      |                                                 |                                                     |
|----------------------|-------------------------------------------------|-----------------------------------------------------|
| Board of Committees  | Selection procedure of the Nomination Committee | Criteria set by the committee                       |
| Individual Directors | Corporate Governance Scorecard                  | Performance based on the Company's business targets |
| CEO/President        | Corporate Governance Scorecard                  | Performance based on the Company's business targets |

## N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

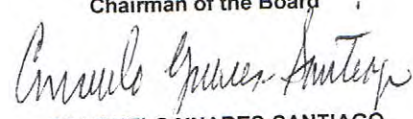
| Violations | Sanctions |
|------------|-----------|
|            |           |
|            |           |
|            |           |
|            |           |
|            |           |
|            |           |

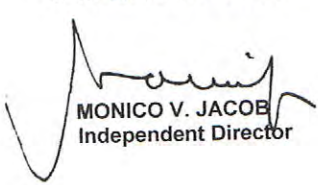
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Davao on 28 June 2013.

### SIGNATURES

  
DOMINGO T. UY  
Chairman of the Board

  
DENNIS A. UY  
Chief Executive Officer

  
CONSUELO YNARES-SANTIAGO  
Independent Director

  
MONICO V. JACOB  
Independent Director

  
SOCORRO ERMAC CABREROS  
Corporate Secretary  
(in lieu of Compliance Officer)

JUN 28 2013

**SUBSCRIBED AND SWORN** to before me this 28<sup>th</sup> day of 2013, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

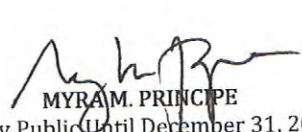
NAME

ID NO./DATE OF ISSUE

DOMINGO T. UY  
DENNIS A. UY  
MONICO V. JACOB  
CONSUELO YNARES-SANTIAGO  
SOCORRO ERMAC CABREROS

TIN: 140-162-193  
TIN: 172-020-135  
TIN: 123-030-879  
TIN: 118-014-893  
TIN: 111-790-618

Doc No. 77 ;  
Page No. 16 ;  
Book No. 1 ;  
Series of 2013.

  
MYRAM M. PRINCIPE  
Notary Public Until December 31, 2014  
SN 250-2013 / TIN 275-800-544  
Phoenix Petroleum Philippines Inc.  
Phoenix Bulk Depot, Lanang, Davao City  
Roll of Attorney No. 59985  
PTR No. 1326945/01-04-2013/Davao City  
IBP No. 884576/01-04-2013/ Davao City