

30 May 2018

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

**Philippine Stock Exchange**  
Disclosure Department  
3/F PSE Plaza, Ayala Triangle Plaza  
Makati City, Metro Manila

**Philippine Dealing & Exchange Corporation**  
37th Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave. corner Paseo de Roxas  
Makati, 1226 Metro Manila, Philippines

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

**Mr. Jose Valeriano B. Zuño III**  
Head - Disclosure Department  
Philippine Stock Exchange

**Ms. Kathlene F. Famadico**  
OIC - Issuer Compliance and Disclosure Department (ICDD)


**Re: SEC FORM I-ACGR**

*Gentlemen and Madam:*

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

Thank you and warm regards.

Very truly yours,



**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

**SEC FORM - I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended 31 December 2017
2. SEC Identification Number A200207283
3. BIR Tax Identification No. 006-036-274
4. Exact name of issuer as specified in its charter **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
5. Davao City, Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. Stella Hizon Reyes Road, Bo. Pampanga, Davao City.  
Address of principal office
- 8000  
Postal Code
8. 082 235 8888  
Issuer's telephone number, including area code
9. N/A  
Former name, former address, and former fiscal year, if changed since last report.

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
<b>Principle 1: The Corporation shall be governed by a working, competent and effective Board of Directors</b>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the Company's industry/sector	Compliant	<p>All members of the Corporation's Board of Directors are expert possessing substantial experience and knowledge in their respective fields namely: Fuel, Finance, Food, Energy, Law and Education</p> <p><a href="http://www.phoenixfuels.ph/company-disclosures/">http://www.phoenixfuels.ph/company-disclosures/</a></p> <p>please refer to company's <u>Definitive Information Statement</u> February 19, 2018 PSE Form Number 17-5: CR01101-2018</p>	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfil their roles and responsibilities and respond to the needs of the organization	Compliant		
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors	Compliant	<p>There are 4 members who are part of the management in the Company namely: <b>Dennis A. Uy, Domingo T. Uy, Romeo B. de Guzman, and John Joseph L. Ong</b></p> <p>Non-Management members of the Board are as follows:</p> <p><b>Consuelo Ynares Santiago, Monico V. Jacob, Carolina Inez S. Reyes, J.V. Emmanuel A. De Dios,</b></p>	
<b>Recommendation 1.3</b>			
1. Company provide in its Charter and Manual on Corporate Governance a policy on training of director	Compliant	<p>Principle 1 Section1.4 of the Company's Corporate Governance Rules and Principles</p> <p>By practice, Company gives Annual Corporate Governance Seminar attended by all the directors of the Corporation including key management personnel</p>	
2. Company has an	Non-Compliant		The annual seminar

orientation program for first time directors			is usually conducted just before the start of the term of the Board of Directors. Nominees to the Board of Directors are constantly invited and hence, this serves as the orientation for new directors
3. Company has relevant annual continuing training for all directors	Compliant	Principle 1 Section 1.4 of the Company's Corporate Governance Rules and Principles  By practice, Company gives Annual Corporate Governance Seminar attended by all the directors of the Corporation including key management personnel	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity	Compliant	There is no express policy on board diversity but in practice and at current practice members of the board come from various field and hence, shares their personal expertise with the Company	There is no express policy on board diversity but in practice and at current practice members of the board come from various field and hence, shares their personal expertise with the Company
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary	Compliant	Section 5 of the Amended By-laws of the Corporation	
2. Corporate Secretary is a separate individual from the Compliance Officer	Non-Compliant		Currently, the Company has no compliance officer as the previous has resigned. It is still hiring some prospects.
3. Corporate Secretary is not a member of the Board of Directors	Compliant	The Corporate Secretary is Atty. Socorro Ermac Cabreros. She is a lawyer who has been doing the functions of corporate secretary for the Company since 2006. She is a member of the Bar and has none of the disqualification of a Corporate Secretary	
4. Corporate Secretary attends training/s on corporate governance	Compliant	The Corporate Secretary attended the Seminar on Corporate Governance conducted last 15 March 2018	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer	Non-Compliant		Currently, the Corporation has no Compliance Officer.

2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation	Non-Compliant		Corporation is still in the process of hiring the Compliance Officer of the Company.
3. Compliance officer is not a member of the Board	Non-Compliant		
4. Compliance Officer attends training/s on corporate governance	Non-compliant		
<b>Principle 2: Establishing Clear Roles and Responsibilities of the Board</b>			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company	Compliant	All corporate actions are approved on the basis of the Board Paper which must be presented to the Board by a proponent of a transaction, copy of the sample is herein attached and discussions during the board meetings are thoroughly deliberated by the Board	
<b>Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Board is fully aware of the Vision Mission of the Company. Source: <a href="http://www.phoenixfuels.ph">www.phoenixfuels.ph</a>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment and culture	Compliant	The Board is aware that management has a annual corporate target by which all respective business units aims for its respective targets and these are by end of the year the basis for performance evaluation of each employee and business units. Source: corporate target for 2018 and sample pace pro for sales	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson	Compliant	The current Chairman of the Company's Board of Directors is Domingo T. Uy. Mr. Domingo Uy is a reputable businessman in Davao City engaged in the business of real estate company, restaurant, mining and general merchandising. He is	

		actively involved in socio-civic programs and is Director of the Philippine National Red Cross, Davao City Chapter.	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management	Non-compliant		
2. Board adopts a policy on the retirement for directors and key officers	Compliant	The Board has approved a retirement program for its key officers but there are no retirement programs for directors as they are not receiving any regular compensation but honoraria.	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests in the Company	Not Applicable		Since the inception of the Corporation until the present, it has been the practice of the Corporation that members of the Board of Directors as well as key corporate officers do not receive regular compensation except honoraria which is given based on their attendance specifically given to non-management directors. Corporate key officers who are likewise employees and part of executive or senior management only receive their salaries.
2. Board adopts a policy specifying the relationship between remuneration and performance	Non-Compliant		There is no specific express policy specifying the relationship between remuneration and performance but in practice which the Company has followed and observed through the years, remuneration is given on a regular basis such as salaries and wages and benefits. The Board on the other hand has approved performance evaluation implemented in mid-year to evaluate

			performance of the previous year and the basis for paying out performance bonuses
3. Directors do not participate in discussions or deliberations involving his/her own remuneration	Not Applicable		Since the inception of the Corporation until the present, it has been the practice of the Corporation that members of the Board of Directors as well as key corporate officers do not receive regular compensation except honoraria which is given based on their attendance specifically given to non-management directors. Corporate key officers who are likewise employees and part of executive or senior management only receive their salaries.
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy	Compliant	Company's Bylaws, Article III Section 2(a)	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance	Non-compliant		The Corporation is still drafting the policy on the nomination and election which shall be approved by the Board and thereafter incorporated in the Manual on Corporate Governance. The policy shall include nominations from minority shareholders, procedure for shortlists. Currently, the Corporation follows the procedure provided under the Company's Bylaws in receiving nomination and screened by the nominations committee regardless of the status or classification of the nominator as well as replacement of directors
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders	Non-compliant		
4. Board nomination and policy includes how the board shortlists candidates	Non-compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director	Non-compliant		

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the Company.	Compliant	The nominations of members of the Board of Directors are referred and approved by the Nominations Committee though there are no written policies/standards observed by the Board	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Non-compliant		Though the final approval of a board action and corporate transactions rest upon the board, there is no express policy on relate party transactions. The Company is currently formulating policies on Risk Management which includes Related party transactions
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Non-Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-Compliant		
4. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any	Non-Compliant		



twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.			
5. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Non-Compliant		
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Non-Compliant		Currently, the Board is responsible for approving selection and/or appointment of the following key officers: Chief Executive Officer, Chief Operating Officer and Chief Finance Officer.  Since the Company is yet to formulate the Risk Enterprise Management Policies, the Risk Officer, Compliance Officer and Audit Executive have yet to be appointed.
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Non-Compliant		
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Annually, the Company launches and conducts the company-wide Performance And Career Development Program (PACEPro) on all employees including senior management.  Each business unit sets their respective Key Results Area and Key Performance Indicators based on the Corporate KRA and KPI as their targets. This will be the	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	basis of their PACEPro the following year.  This PACEPro will be the basis for grant of bonuses among others.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Company has an policy on Conflict of Interest as well as an approved Internal Audit Charter.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant		
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Non-Compliant		The Company has yet to formulate and put in place an Enterprise Risk Management. Currently, each business unit handles respective risk which is evaluated by the Executive Committee
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Non-Compliant		
Recommendation 2.12			
1. Board has a Board	Compliant	The Board is fully aware of its roles,	

Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.		responsibilities and accountabilities. The Manual of Corporate Governance fully defines and clarifies their role in the Company and the same is posted in the Company's website	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
4. The Board has a clear inside trading policy	Compliant	The Company has an existing Inside Trading Policy, copy of which is hereto attached	
<b>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</b>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	This year the Board has formed the new committees namely: The Audit Committee, Nominations & Governance Committee, Board Risk Oversight Committee and Related Party Transaction Committee	
<b>Recommendation 3.2</b>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	The Board has an existing audit committee which reviews the internal and external control audit processes	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is	Compliant	The members of the Audit Company are non-executive members namely: Ms. Carolina Inez S. Reyes (Independent Director), Justice Consuelo Ynares-Santiago (Independent Director) and Domingo T. Uy (Chairman)	

independent.			
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Both members, Mr. Uy and Ms. Reyes are experienced and engaged in their respective businesses (not related to the Company) and have substantial experience and knowledge as far as audit, accounting and finance are concerned while Justice Santiago is a respected lawyer being a former member of the Supreme Court who always exercises her independent judgment	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit Committee is Ms. Carolina Inez Reyes as disclosed on 15 March 2018	
5. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Audit recommends to the Board all non-audit services conducted by the external auditor	
6. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The Audit Committee conducts regular meeting every quarter with the Company's Internal Audit Team and once a year with the External Audit Team, in all instance without the presence of management	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	This year the Board just formed the Nominations & Corporate Governance Committee who will be meeting for the first time this year to clarify and define their particular role and function in the Board and Company	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Nominations Committee as disclosed on 15 March 2018 is composed of: Romeo B. de Guzman, Ms. Caroline Inez S. Reyes and Consuelo Ynares Santiago. Since the Company has only 2 independent directors, Mr. De Guzman fills in as 3 <sup>rd</sup> member	
3. Chairman of the	Compliant	Mr. Romeo de Guzman chairs the	

Corporate Governance Committee is an independent director.		Nominations Committee who is no longer part of the management but Vice Chairman of the Board	
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	The Board has recently organized the Board Risk Oversight Committee	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The BROC is composed of 4 members. Since Company has only 2 independent directors, all the 2 independent directors are members of the BROC with the President and Mr. Monico V. Jacob who fills in as the 4 <sup>th</sup> member	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		The Chairman of the BROC is former Justice Consuelo Ynares Santiago
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	All members of the committee are knowledgeable and have relevant experience on risk and risk management	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	This year the Board has just formed and organized the Related Party Transactions Committee but the Committee have yet to meet to define their roles and functions	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the	Non-Compliant		There are 4 members of the Committee and the Chairman is a regular, non-executive director of the Board, Mr. Frederic Dybuncio.

Chairman.			Only 1 independent director is member of the committee but all the rest of the members are non-executive directors
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Non-Compliant		Except for the Audit Committee, all the other committees have yet to formulate their Charters since this is only recently
2. Committee Charters provide standards for evaluating the performance of the Committees.	Non-Compliant		
3. Committee Charters were fully disclosed on the company's website.	Non-Compliant		
<b>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</b>			
<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	All members of the Board substantially attend the board meetings, shareholders meetings conducted by the Company	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Minutes of the Meetings are regularly submitted for the boards review, consideration and approval before the start of the meeting	
3. The directors ask the necessary questions	Compliant	Before a transactions or corporate action is approved, a proponent is tasked to	

or seek clarifications and explanations during the Board and Committee meetings.		submit a board paper containing the executive summary, background, recommendation, level of risk, the corporate governance compliance which is submitted at least a week before the actual meeting.  During the meeting, the proponent is task to present and discussion on the matter ensues before the board votes on the proposal	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Each non-executive directors concurrently serve an average of 3 publicly listed companies	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Non-compliant		Currently, there is no duty on the part of each director of the Company to inform the latter of other new nominations or directorship from other Companies.
<b>Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs</b>			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-Compliant		The Company has yet to appoint another independent director. However, the Board is currently dominated by non-executive directors composing of 7 directors who no direct relations with the Company
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and	Compliant	The Independent Directors of the Company possess all the qualifications and none of the disqualification. They	

none of the disqualifications to hold the positions.		do not have any transactions or dealings with the Company nor are they involve in any management. Moreover, they do not own shares in the Company	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	There are no independent directors serving more than 9 years in the Company	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant		
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	The Company has sought the approval last 15 March 2018 to allow former independent director Monico V. Jacob to serve as regular director for 2018-2019 term and stockholders approved the same during the annual meeting	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Company's Chairman of the Board is Domingo T. Uy while the President is Dennis A. Uy	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The roles of Chairman and President are separate and distinct. Chairman heads the Board and is not involve in the management of the Company while President manages the Company	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non-Compliant		The Chairman is not a independent director but he is not part or member of the management of the Company. Each independent director of the Company has her respective roles and assignment and hence, there is no designated lead independent director in the Company



Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Currently, there are no directors with material interest in any transaction. It is the procedure of the Company that in any substantial related party transactions, directors do not vote or participate in the deliberations on the transactions	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-Compliant		Currently, only the Audit Committee who are mostly non-executive members meet the external and internal auditors. But other non-executive directors are not precluded from meeting with the external and internal auditors should they request.
2. The meetings are chaired by the lead independent director.	Non-Compliant		
<b>Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</b>			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Non-Compliant		The Board have yet to appoint a facilitator to assist in formulating a self-assessment process for the performance of each member of the Board including the entire Board itself.
2. The Chairman conducts a self-assessment of his performance.	Non-Compliant		
3. The individual members conduct a self-assessment of their performance.	Non-Compliant		
4. Each committee conducts a self-assessment of its performance.	Non-Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		

<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Non-Compliant		The Board has yet to appoint and approve a self-assessment method through the assistance of a facilitator.
2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant		
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Upon approval of the Board, the Company a Code of Conduct prescribing for the conduct and ethics, both professional and business practices acceptable and unacceptable to the Company. These code and other business policies are properly disseminated with proper orientation to all employees and other business units of the Company. It is likewise made available in the Company's website	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant		
4. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company has a policy on penalizing bribes which is made available in the Company's website	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient	Compliant	Upon approval of the Board, the Company has an independent	

implementation and monitoring of compliance with the Code of Business Conduct and Ethics.		disciplinary committee that hears disciplinary cases filed against erring employees which include management	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant		
2. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	The Company has a specific policy on disclosures and timely reports to shareholders. It regularly discloses annual and quarterly reports containing the Comprehensive Financial Statements of the Company in a particularly period.	
3. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-	Compliant		

holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.			
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	All disclosures pertaining to the Directors' respective transactions involving the Company including trading of company shareholdings are coursed through the Office of the Corporate Counsel and the latter makes the disclosures in a timely manner.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Members of the Board of Directors of the Company are transparent in any dealings that will affect the Company. However, so far except for the shares some members trade and disclose there are no other transactions, material information that would contain any conflict of interest or any potential thereof.	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant		
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its	Non-Compliant		There are no clear policy setting Board

policies and procedure for setting Board remuneration, including the level and mix of the same.			remuneration because as a matter of practice, there are no regular remuneration given to the directors except for honorarium based on attendance
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Non-Compliant		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	The Company has standardized remuneration on an individual basis including retirement packages	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Non-Compliant		Currently, there are no express policy on related party transactions. The Company has yet to formulate and come up with a policy on RPT. In the past transactions, there were only 3 transactions affecting RPT namely the shareswap agreement executed between Udenna Management & Resource Corp. and the Company for the purchase of Chelsea Shipping Corp. and thereafter, the disposal of the latter after a 3-5 years to Chelsea Logistics Corp and the disposal of Phoenix Petroterminals & Industrial Park Corp. to Udenna Development Corp (UDEVCO). All RPTs were timely and duly disclosed
2. Company discloses material or significant RPTs reviewed and approved during the year.	Non-Compliant		

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	The Company disclosed all material transactions to the Exchange and Commission particularly on acquisitions and disposal of assets. For the record, for the past year, the Company has timely disposed about 3 acquisitions already and 1 joint ventures. Disclosures contain the name of the parties, price per share, rationale of the transaction, method of determining the consideration	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant		
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	All Manual on Corporate Governance including any revisions thereof, have been fully disclosed and submitted to the PSE and SEC	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
<b>Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</b>			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee Charter Section 6	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant		
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant		
5. Company has a policy of rotating the lead audit partner every five years.			
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and</li> </ul>	Compliant	The Audit Committee Charter Section 6 (6.4)	

regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	The Audit Committee Charter – Section Section 6 (6.5)	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Non-Compliant		There are no express statements as to any conflicts of interest or any potentials thereof in the 2018 Annual Report for period submitted to the Commission and Exchange considering that there are actually NO conflicts of interest of any nature that exists for all transactions covered until period ended 31 December 2018
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Non-Compliant		
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.			



2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.			
<b>Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</b>			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	The Company make regular press releases and allows media interviews pertaining to material and relevant information to the public and our investors. Analyst briefings are occasionally scheduled	
1. Company has a website disclosing up-to-date information on the following:	Compliant		
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant	<a href="http://www.phoenixfuels.ph/">http://www.phoenixfuels.ph/</a>	

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	To ensure adequate and effective internal control system within the organization, the company established its foundation of sound internal control through directed leadership, shared core values and a culture that emphasizes accountability for control. Top risks faced by the company are identified and assessed periodically at all levels and within all functions in the organization. Also, policies and processes are designed to address and mitigate the significant risks. Further, information critical to meeting the company's objectives is communicated in various media across the company. Lastly, the entire system of internal control is monitored continuously for effectiveness and efficiency.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-Compliant		The Company has yet to formulate and the board to approve a comprehensive ERM policy and framework. Currently the practice is that each business unit and the Executive Committee assesses their respective risk and manages the same
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The company has an internal audit group which is functionally reporting to the Board of Directors, specifically to the Audit Committee.  The Internal Audit Team has an existing Internal Audit Charter	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the	Non-Compliant		While Internal Audit is a functioning business unit in the Company, there is

Board.			NO Chief Audit Executive The Company has yet to appoint such.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Non-Compliant		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-Compliant		
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The Company has yet to define and formulate policy for ERM and appoint its Chief Risk Officer
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-Compliant		The Company has yet to define and formulate policy for ERM and appoint its Chief Risk Officer
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		
<b>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</b>			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder	Compliant	The Revised Corporate Governance Manual, Section IV	

rights are disclosed in the Manual on Corporate Governance.			
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<a href="http://www.phoenixfuels.ph/company-disclosures/">http://www.phoenixfuels.ph/company-disclosures/</a>	
3. Company's common share has one vote for one share.	Compliant	Articles of Incorporation	
4. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant		
5. Board has an effective, secure, and efficient voting system.	Compliant	By-laws of the Company	
6. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.			
7. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	By-laws and Definitive Information Statement	
8. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Non-Compliant		There are no specific policy but minority shareholders are given due attention if they request for information

9. Company has a transparent and specific dividend policy.	Compliant	The Company is committed to declare dividends every year since its listed	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	The Company sends Notice of Annual Meeting to all shareholders in accordance with the Securities Regulation Code (SRC), sends to all shareholder via registered mail, email and publication in Company's website	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant		As of date of submission of this report, minutes have yet to be made available in the Company's website but transcription of the minutes is currently underway and shall be made available in due time
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Non-Compliant		
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Non-Compliant		The Company has yet to formulate an alternative dispute mechanism for intra corporate dispute considering that there are nor has there been any intra-corporate disputes experience at any time.
2. The alternative dispute mechanism is included in the	Non-Compliant		

company's Manual on Corporate Governance.			
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Company has an active IRO which is under the Office of the Treasurer and Corporate Finance. IRO is always present in Company events relating to investors and shareholders meetings	
2. IRO is present at every shareholder's meeting.	Compliant		
<b>Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</b>			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company is fully aware of its stakeholders. There are programs the ensure substantial communication and cooperation such as dealers' dialogues for its customers, funds managers and investors through regular road shows, etc.	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Stakeholders of the Company are varied. For the main stakeholders who are identified as dealers, contracts and policies are in place to assists them in the management of their stations; for employees, code of conducts and other policies regulating acceptable behaviour are in place to guide employees, etc.	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Grievance Policy is in place for stakeholders to communicate with the Company.	
2. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance	Compliant	There are no applications for any exemptions lodged by the company to exempt the same from any rule or law particularly on Corporate Governance. However, the Company is still in the process of complying best practices required under Corporate Governance	

issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.		such as qualifying and hiring of an experienced Compliance Officer and Risk Officer	
3. Company respects intellectual property rights.	Compliant	The Company respects intellectual properties	
<b>Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</b>			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	To be work on one objective, direction, the Company sets its annual Corporate targets where all BUs based their annual targets and thereafter, each employee based their individual targets. A regular townhall meeting is conducted to inform everyone about targets and it is in this town hall meetings that employees are informed if the corporate target is likewise achieved.  One of the target common to all BU's is the Safety, health and development target of each BU.	
2. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant		
3. Company has policies and practices on health, safety and welfare of its employees.	Compliant		
4. Company has policies and practices on training and development of its employees.	Compliant		
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Company in integrity and honesty in the performance of its functions. The Company has an existing Code of Conduct implemented to all employees, regardless of status, management regulating behaviour and conducts in the performance of their jobs. The code emphasizes honesty and integrity and prohibits the practice of corruption	

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



Pursuant to the requirement of SEC Memorandum Circular No. 19, Series of 2016, and No. 15, Series of 2017, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Davao this day of 30<sup>th</sup> of May 2018 .

**SIGNATURES**



**DOMINGO T. UY**  
Chairman of the Board



**DENNIS A. UY**  
Chief Executive Officer



**JUST. CONSUELO YNARES-SANTIAGO**  
Independent Director



**CAROLINA INEZ ANGELA S. REYES**  
Independent Director




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

**SUBSCRIBED AND SWORN TO** before me on **MAY 30, 2018**, and affiant (s) exhibiting to me their TIN as follows:

Name	ID No.
DOMINGO T. UY	140-162-193
DENNIS A. UY	172-020-135
CONSUELO YNARES-SANTIAGO	118-013-893
SOCORRO ERMAC-CABREROS	111-790-618
CAROLINA INEZ ANGELA REYES	101-117-459

Doc. No. 364;  
Page No. 74;  
Book No. XCIII;  
Series of 2018



**ATTY. KENNETH L. DABI**  
Notary Public for Davao City  
Expires on December 31, 2018  
Serial No. 2017-0055-2018  
PTR No. 6367637; 01-04-18; D.C.  
IBP No. 024561; 01-08-18; D.C.  
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