

COVER SHEET

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SEC Registration Number

P	E	T	R	O	E	N	E	R	G	Y		R	E	S	O	U	R	C	E	S		C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1231

MonthDay
(Fiscal Year)

I-ACGR 2022

0728

MonthDay
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document ID

LCU

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" – derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" – practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of the fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE.**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2022
2. SEC Identification Number AS094-08880 3. BIR Tax Identification No. 004-471-419-000
4. Exact name of issuer as specified in its charter **PetroEnergy Resources Corporation**
5. METRO MANILA
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 7TH Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City 1605
Address of principal office Postal Code
8. (02) 8637-2917
Issuer's telephone number, including area code
9. Negative. No change has been made from the last report.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<ul style="list-style-type: none">• Pages 9-13 of the 2022 Information (SEC Form 20-IS)• PERC Website• Clause 4.1 to 4.2.7 of the PERC 2017 Manual on Corporate Governance	
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 fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<ul style="list-style-type: none">• 2022 General Information Sheet• Page 36 of the 2022 Annual Report (SEC Form 17-A)	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<ul style="list-style-type: none">• Clause 4.1.3 of the 2017 Manual on Corporate Governance• Item 12, Page 11 of the Board Charter	

2. Company has an orientation program for first time directors.	Compliant	<ul style="list-style-type: none"> Seminar on 8th SEC-PSE Corporate Governance Forum organized by the SEC and PSE, in partnership with the Global Reporting Initiative on November 19, 2021. 	
3. Company has relevant annual continuing training for all directors.	Compliant	<ul style="list-style-type: none"> Certificate of Completion (Most of the Company's directors are also directors of other listed companies that provide trainings for their own directors. In such cases, the Company just request for copies of their certificates of completion (4-hours)) 	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<ul style="list-style-type: none"> Clause 4.1.6 of the 2017 Manual on Corporate Governance 2022 General Information Sheet – 4 Directors (including the Chairperson) out of 7 Board Seats are female 	

Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Noncompliant		The Company has no formal policy on measuring objectives for implementing board diversity. The Board Charter mandates, however, that the Board, in consultation with the Corporate Governance Committee, shall regularly review its composition.
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<ul style="list-style-type: none"> 2022 General Information Sheet Pages 13 to 14 of the <u>2022 Information Statement (SEC Form 20-IS)</u>. Clause 4.1.7 of the <u>2017 Manual on Corporate Governance</u> 	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<ul style="list-style-type: none"> <u>Certificate of Completion: 2022 YGC Annual Corporate Governance Seminar "Going from Good to Great"</u> 	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Noncompliant		Board Materials are usually distributed on the day of the meeting itself. However, the directors are regularly updated on the Company's operations through the <u>Monthly Operations Update Report</u> sent to them. Most of the items discussed in the agenda have been covered by the same.

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<ul style="list-style-type: none">2022 General Information SheetClause 4.1.8 of the 2017 Manual on Corporate GovernancePage 13-14 of the 2022 Information Statement (SEC Form 20-IS)	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	<ul style="list-style-type: none">Certificate of Completion: 2022. Completed Compliance Officer Training from Center for Global Best Practices	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<ul style="list-style-type: none">Management regularly updates the Board about the Company's projects that are being carried out by its subsidiaries and affiliate. The directors take this chance to clarify matters and to decide on an informed basis.Minutes of July 28, 2022 Board MeetingThe directors are regularly updated on the Company's operations through the Monthly Operations Update Report regularly sent to them.	

Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<ul style="list-style-type: none"> The Board directs the Company's objectives and strategy through active participation during meetings. 	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<ul style="list-style-type: none"> Minutes of July 28, 2022 Board Meeting The Board reviews the Company's main business objectives every five (5) years 	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<ul style="list-style-type: none"> The Company's Vision and Mission Statements are displayed in the PERC Website. The Company's core principles are embodied in its Code of Ethics and Business Conduct. 	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Noncompliant		While a formal strategy execution process has not been adopted, the Board, through the board meetings, impose its strategy and guide management in navigating through the Company's business environment.
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<ul style="list-style-type: none"> Page 10-11 of the 2022 Information Statement (SEC Form 20-IS) Ms. Helen Y. Dee's CV 	

Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<ul style="list-style-type: none">The Company is in the process of formalizing its Succession Planning and Mentoring Program. For several years now, the Company hired understudies for each of the key positions, including those for the positions of the President and heads of each department. The key officers and their respective understudies work closely in order to facilitate knowledge transfer.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>An effective and formal Succession Planning and Mentoring Program is among the action items that will be monitored under the Company's Enterprise Risk Management Program.</p> <ul style="list-style-type: none"><u>Policy No. 360 of the Personnel Policy Manual PERC's Retirement Policy (Retirement Plan)</u>	

Recommendation 2.5

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<ul style="list-style-type: none">Section 3, Article VII of the <u>By-Laws</u> – provides for a Profit Sharing Plan for Directors, Officers, Managers and Employees at an amount not exceeding 5% of the audited income before tax.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<ul style="list-style-type: none"><u>PERC Policy No. 342 on Car Benefit for Officers</u>	

		<ul style="list-style-type: none"> PERC Policy No. 401 on <u>Performance Evaluation and Increases</u> 	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<ul style="list-style-type: none"> While there was no instance in 2022 that a director's remuneration was discussed, it is the Board's practice that a director should not be involved in deliberations involving his or her own remuneration. 	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Noncompliant		The approval of the remunerations of senior executives are normally discussed at high levels and in confidence, usually involving the Chairman and the President. Approvals for remunerations beyond the existing compensation and benefits structure would have to be presented to the Corporate Governance Committee and to the Board for endorsement and approval, respectively.
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Noncompliant		The Company has no such measurable standards on a per executive basis. The performance-based remuneration is more a company-wide performance measurement through the profit sharing system which should not exceed 5% of the audited income before tax of the immediately preceding fiscal year.

Recommendation 2.6

<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<ul style="list-style-type: none"> • Section 2-4, Article IV of the <u>By-Laws</u> • Nomination and Election Process - Pages 3, 4, 7, 9, and 16 of <u>2022 Information Statement (SEC Form 20-IS)</u> quoting Section 7, Article III of the <u>By-Laws</u>. • Board Nomination and Election Process Clause 4.2.6 of the <u>2017 Manual on Corporate Governance</u> • Clause 4.2.7 of the <u>2017 Manual on Corporate Governance</u> • Section 2, Article IV of the <u>By-Laws</u> • <u>Nomination Acceptance Form</u> 	<p>Policies on nomination and election of directors are embodied in the By-Laws and are likewise captured in the Information Statement. The process is transparent as the Preliminary and Definitive Information Statements are duly submitted to the SEC and disclosed publicly through the PSE EDGE.</p> <p>There are likewise some unwritten practices that are followed, like the requirement for nominees to accomplish a <u>Nomination Acceptance Form</u> that captures the eligibility, qualification or disqualification of nominees, including directorship in other publicly-listed companies.</p> <p>While the policies are embodied in the By-Laws, a written Nomination and Election Policy and Procedure, as stated in the <u>2017 Manual on Corporate Governance</u>, shall be crafted in order to consolidate all the nomination and election practices of the Company. This will be incorporated in the <u>2017 Manual on Corporate Governance</u> by reference.</p>
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>Noncompliant</p>		<p>While the policies are embodied in the By-Laws, a written Nomination and Election Policy and Procedure, as stated in the <u>2017 Manual on Corporate Governance</u>, shall be crafted in order to consolidate all the nomination and election practices of the Company. This will be incorporated in</p>

			the <u>2017 Manual on Corporate Governance</u> by reference.
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		The acceptance of nominations from minority shareholders is included as a policy in the 2017 Manual on Corporate Governance. However, the specific procedures to do this are not yet crafted. By actual practice, however, the announcement for the holding of Stockholders' Meeting and the Election of Directors are disclosed publicly through publication in a newspaper of general circulation and by uploading the Preliminary and Definitive Information Statements (SEC Form 20-IS) through the PSE EDGE. All these are available to minority shareholders and thus give them the opportunity to make the nominations.
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		While the policies are embodied in the By-Laws, a written Nomination and Election Policy and Procedure, as stated in the <u>2017 Manual on Corporate Governance</u> , shall be crafted in order to consolidate all the nomination and election practices of the Company. This will be incorporated in the <u>2017 Manual on Corporate Governance</u> by reference.
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in	Compliant		While the policies are embodied in the By-Laws, a written Nomination and Election Policy and Procedure, as stated in the <u>2017 Manual on Corporate Governance</u> ,

the nomination, election or replacement of a director.			shall be crafted in order to consolidate all the nomination and election practices of the Company. This will be incorporated in the 2017 Manual on Corporate Governance by reference.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Noncompliant		This process will be embodied in the Nomination and Election Policy and Procedure that will be crafted. Currently, directors are chosen based on their competence in relation to the business of the Company. The qualifications of the Company's directors are discussed in pages 9-13 of the 2022 Information Statement (SEC Form 20-IS) . The incumbent directors are well-versed in the fields of oil, energy, and finance – all of which are aligned with the strategic direction of the Company of growing more as an Energy Company.
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Noncompliant		The principals rely on their own network/connections in searching for candidates for board positions.

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.	Compliant	<ul style="list-style-type: none"> • Clause 4.2.10 of the <u>2017 Manual on Corporate Governance</u> • Final Investment Decision to pursue the 50 MW_{DC} Tarlac Solar Power Project and for the Company to make the necessary investments in its subsidiary, PetroGreen Energy Corporation, and the Project Company, PetroSolar Corporation. 	The overall board responsibility as to RPTs is embodied in the Manual. The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u> .
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p><u>Minutes of June 18, 2015 Special BOD Meeting</u></p> <ul style="list-style-type: none"> • Sale of 10% equity interest in PetroGreen Energy Corporation to EEI Power Corporation and the extension of P200 MM Loan to Maibarara Geothermal, Inc. 	<p>The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u>.</p> <p>Material RPTs are discussed in the Definitive Information Statement.</p> <p>All material board actions are ratified by stockholders, including Material RPTs. The matters for Stockholders' ratification are listed in the Definitive Information Statement.</p>
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<ul style="list-style-type: none"> • Page 18-19 (Item D (15) of the <u>2022 Information Statement (SEC Form 20-IS)</u> (Ratification of Board Actions by Stockholders) • Page 15, Item E of the <u>2022 Information Statement (SEC Form 20-IS)</u> (Certain Relationships and Related Transactions) • <u>Related Party Transaction Policy</u> 	<p>The RPT Policy takes into consideration all the recommendations under the Code of Corporate Governance for PLCs and the Manual.</p> <p>The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u>.</p>

Supplement to Recommendations 2.7

1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	<ul style="list-style-type: none">• <u>Related Party Transaction Policy</u>	The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u> .
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	<ul style="list-style-type: none">• <u>Related Party Transaction Policy</u>	The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u> .

Recommendation 2.8

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<ul style="list-style-type: none">• <u>2022 General Information Sheet</u>• Executive Officers (Pages 13-14 of the <u>2022 Information Statement</u> (SEC Form 20-IS))• Appointment of Officers (<u>Results of Organizational Meeting</u>)• <u>Clause 4.2.11 of the 2017 Manual on Corporate Governance</u>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<ul style="list-style-type: none">• <u>Corporate Review for Effective Governance</u> (appraisal system for the Board, including for the President, which is conducted annually)• <u>Company Policy No. 401 on Performance Evaluation of Officers and Employees</u> (conducted annually)	

Recommendation 2.9

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<ul style="list-style-type: none">• <u>Company Policy No. 401 on Performance Evaluation of Officers and Employees</u> (conducted annually)	
2. Board establishes an effective performance management framework that ensures that personnel's performance	Compliant	<ul style="list-style-type: none">• Performance Evaluation Form (attached to <u>Company Policy No. 401</u>)	

is at par with the standards set by the Board and Senior Management.			
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<ul style="list-style-type: none"> • Audit Committee Charter • Internal Audit Plan reported by House of Investments to the Audit Committee (Minutes of November 24, 2022 Audit Committee Meeting) 	
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	<ul style="list-style-type: none"> • Audit Committee Charter 	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<ul style="list-style-type: none"> • Risk Management Manual • Risk Management Charter • Item IV (C) of the November 23, 2017 Minutes of Board Meeting 	
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.	Compliant	<ul style="list-style-type: none"> • P&A Update on the ERM Process Revisit, including the establishment of a Quarterly Monitoring System • Clause 4.2.14 of the 2017 Manual on Corporate Governance 	

Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<u>Charter of the Board of Directors</u>	<p>A Board Charter has been presented to and approved by the Board on May 21, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u>.</p> <p>For the covered year, all the roles, responsibilities and accountabilities of the Board in in carrying out its fiduciary role are captured in the Company's Amended <u>Articles of Incorporation</u> and Amended <u>By-Laws</u>, the <u>2017 Manual on Corporate Governance</u>, and the <u>Code of Ethics and Business Conduct</u>.</p>
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	<u>Charter of the Board of Directors</u>	<p>A Board Charter has been presented to and approved by the Board on May 21, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u>.</p> <p>For the covered year, all the roles, responsibilities and accountabilities of the Board in in carrying out its fiduciary role are captured in the Company's Amended <u>Articles of Incorporation</u> and Amended <u>By-Laws</u>, the <u>2017 Manual on Corporate Governance</u>, and the <u>Code of Ethics and Business Conduct</u>.</p>

3. Board Charter is publicly available and posted on the company's website.	Compliant	<u>Charter of the Board of Directors</u>	<p>A Board Charter has been presented to and approved by the Board on May 21, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u>.</p> <p>For the covered year, all the roles, responsibilities and accountabilities of the Board in carrying out its fiduciary role are captured in the Company's <u>Amended Articles of Incorporation</u> and <u>Amended By-Laws</u>, the <u>2017 Manual on Corporate Governance</u>, and the <u>Code of Ethics and Business Conduct</u>.</p> <p>The <u>Company's Website</u> contains a general discussion of the Company's duties and responsibilities in relation to Corporate Governance.</p>
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<ul style="list-style-type: none"> • Page 4, Item A of the <u>Code of Ethics and Business Conduct</u> • <u>Overview of Company Policies</u> • <u>Insider Trading Policy</u> 	The Company drafted an <u>Insider Trading Policy</u> which will be presented to the Board for approval.

Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Noncompliant		While there is no written policy on granting loans to directors, the same has not been a Company practice. This and any other conflict of interest situations are governed by the Code of Ethics (Page 6, Item E of the <u>Code of Ethics and Business Conduct on Conflict of Interest</u>)
2. Company discloses the types of decision requiring board of directors' approval.	Noncompliant		There is no formal list identifying which decisions require board approval. The Company uses its judgement to determine the decisions that need board action. The Company likewise follows the requirements under existing corporate laws and rules and regulations on the matter.

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

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<ul style="list-style-type: none"> • Page 52 of the 2022 Information Statement (SEC Form 20-IS) • Results of the July 28, 2022 Organizational Meeting • Clause 4.3 of the 2017 Manual on Corporate Governance 	
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<ul style="list-style-type: none"> • Results of the July 28, 2022 Organizational Meeting • Clause 4.3.1 of the 2017 Manual on Corporate Governance • It is the Audit Committee's responsibility to endorse the appointment, removal, or replacement of external auditors. <p>Minutes of the July 28, 2022 Audit Committee Meeting</p>	
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2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<ul style="list-style-type: none"> • <u>2022 General Information Sheet</u> • <u>Minutes of the July 28, 2022 Organizational Meeting</u> 	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<ul style="list-style-type: none"> • Pages 9-13 of the <u>2022 Information Statement (SEC Form 20-IS)</u> • Page 36-42 of the <u>2022 Annual Report (SEC Form 17-A)</u> 	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<ul style="list-style-type: none"> • <u>2022 General Information Sheet</u> • <u>Minutes of the July 28, 2022 Organizational Meeting</u> 	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<ul style="list-style-type: none"> • <u>Minutes of July 22, 2014 Audit Committee Meeting</u> 	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Noncompliant	<ul style="list-style-type: none"> • <u>Minutes of November 24, 2022 Audit Committee Meeting</u> 	It is the usual practice for the Management to join the Audit Committee Meetings, so that questions on particular matters may be readily clarified.

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<ul style="list-style-type: none"> The Audit Committee met seven (7) times in 2022 Certification of Corporate Secretary on the Completeness of Minutes Minutes of Audit Committee Meetings for 2022	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<ul style="list-style-type: none"> Minutes of the September 2012 Audit Committee Meeting 	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<ul style="list-style-type: none"> Page 10 of the 2022 Information Statement (SEC Form 20-IS) Results of the July 28, 2022 Organizational Meeting Clause 4.3.2 of the 2017 Manual on Corporate Governance 	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<ul style="list-style-type: none"> 2022 General Information Sheet Minutes of the July 28, 2022 Organizational Meeting 	

3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<ul style="list-style-type: none"> • 2022 General Information Sheet • Minutes of the July 28, 2022 Organizational Meeting 	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Noncompliant	<ul style="list-style-type: none"> • Certification of Corporate Secretary on the Completeness of Minutes 	The Corporate Governance Committee, performing the functions of the Nomination Committee, met once in 2022.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<ul style="list-style-type: none"> • Pages 16 & 47 of the 2022 Information Statement (SEC Form 20-IS) • Results of the July 28, 2022 Organizational Meeting • Clause 4.3.3 of the 2017 Manual on Corporate Governance 	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<ul style="list-style-type: none"> • 2022 General Information Sheet • Minutes of the July 28, 2022 Organizational Meeting 	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<ul style="list-style-type: none"> • 2022 General Information Sheet • Minutes of the July 28, 2022 Organizational Meeting • Pages 9, 10, 13& 18 of the 2022 Information Statement (SEC Form 20-IS) (Mr. Eliseo B. Santiago) 	

4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<ul style="list-style-type: none"> Page 13 & 18 of the <u>2022 Information Statement (SEC Form 20-IS)</u> Page 7 of the 2022 Sustainability Report attached to the 2022 SEC 17 A 	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<ul style="list-style-type: none"> Clause 4.3.1 (m) of the <u>2017 Manual on Corporate Governance</u> (the Audit Committee absorbed the functions of the RPT Committee) Related Party Transaction Policy 	The RPT Policy has been presented to and approved by the Board on October 14, 2019. The same is downloadable and is available to the public through the <u>Company's Website</u> .
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<ul style="list-style-type: none"> <u>2022 General Information Sheet</u> <u>Minutes of the July 28, 2022 Organizational Meeting</u> 	
Recommendation 3.6			
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.	Noncompliant	<ul style="list-style-type: none"> Clauses 4.3.1, 4.3.2, and 4.3.3 of the <u>2017 Manual on Corporate Governance</u> 	<p>Committee Charters will be executed and will be made available in the Company's website.</p> <p>In the meantime, all relevant information concerning the Board Committees are embodied in the <u>2017 Manual on Corporate Governance</u> (Clauses 4.3.1, 4.3.2, and 4.3.3).</p>

2. Committee Charters provide standards for evaluating the performance of the Committees.	Noncompliant		<p>Committee Charters will be executed and will be made available in the Company's website.</p> <p>In the meantime, all relevant information concerning the Board Committees are embodied in the <u>2017 Manual on Corporate Governance</u> (Clauses 4.3.1, 4.3.2, and 4.3.3).</p>
3. Committee Charters were fully disclosed on the company's website.	Noncompliant		<p>Committee Charters will be executed and will be made available in the Company's website.</p> <p>In the meantime, all relevant information concerning the Board Committees are embodied in the <u>2017 Manual on Corporate Governance</u> (Clauses 4.3.1, 4.3.2, and 4.3.3).</p>

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

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<ul style="list-style-type: none"> Section 5 & 6, Article IV of the <u>Amended By-Laws</u> Board of Directors' Attendance to Meetings 	
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2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<ul style="list-style-type: none"> The directors review the meeting materials immediately before the meetings, particularly when there are no items in the agenda outside of the ordinary course of business. Matters requiring more attention from directors are usually sent ahead of the day of the meeting. In addition, the directors are regularly updated on the Company's operations through the <u>Monthly Operations Update Report</u> sent to them. Most of the items discussed in the agenda have been covered by the same. 	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<ul style="list-style-type: none"> <u>Minutes of July 28, 2022 Board Meeting</u> 	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<ul style="list-style-type: none"> Pages 9-13 of the <u>2022 Information Statement (SEC Form 20-IS)</u> 	

2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<ul style="list-style-type: none"> • Notice of Tentative Schedules of Meetings 	
3. Board of directors meet at least six times during the year.	Compliant	<ul style="list-style-type: none"> • Certification of Corporate Secretary on the Completeness of Minutes 	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Noncompliant	<ul style="list-style-type: none"> • Board of Directors' Attendance to Meetings 	<p>Quorum is usually majority of directors only, unless the Revised Corporation Code or the rules and regulations of the PSE and the SEC require otherwise.</p> <p>Nonetheless, all board decisions have been made with all directors being present and voting affirmatively, unless certain directors inhibited from voting due to conflicts of interest.</p>

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	<ul style="list-style-type: none"> • 2022 General Information Sheet 	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<ul style="list-style-type: none"> • Certificate of Independent Directors. Pages 72-76 Information Statement • Nomination Acceptance Form 	
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Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<ul style="list-style-type: none"> • Amended By-Laws • 2017 Manual on Corporate Governance • There is no document limiting the directors' ability to vote independently nor a document stating that there is such a limitation 	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Non-Compliant	<ul style="list-style-type: none"> • Pages 9-10 of the 2022 Information Statement (SEC Form 20-IS) • Nomination Acceptance Form • Page 6 of 2022 Annual Stockholders' Meeting 	<p>Mr. Cesar A. Buenaventura's term as Independent Director was extended on account of his expertise in the oil and power industry and his extensive knowledge about the Company.</p> <p>Mr. Buenaventura graduated from the University of the Philippines with a degree in BS Civil Engineering. As a Fullbright scholar, he received his Master's Degree in Civil Engineering from Lehigh University in Bethlehem, Pennsylvania. He started his profession in the construction business with David M. Consunji. Thereafter, in 1956, Mr. Buenaventura went on to commence a long-standing career at Pilipinas Shell, serving as the first Filipino Chairman & CEO of the Shell Group of Companies in the Philippines, from 1977 to 1990. He remains as a Director of said company to date. Among the many appointments and positions that Mr. Buenaventura has held and continues to hold, one of the most notable would be as a Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector from 1981 to 1987. He was also a Founding Member of the Board of Trustees of the Makati Business Club, a Member of the Board of Regents of the University of the Philippines from 1987 to</p>

			<p>1994 and of the Board of Trustees of the Asian Institute of Management from 1994 to 1997. Mr. Buenaventura has also been honored with numerous awards and accolades, including being made an Honorary Officer of the Order of the British Empire (OBE) by HM Queen Elizabeth II.</p> <p>Undoubtedly, the Company greatly benefits from Mr. Buenaventura's guidance as a well-respected member of the business community and through his expertise in the oil and power industry. It would be in the Company's best interest for Mr. Buenaventura to continue providing the same guidance and wisdom as the Company's Independent Director.</p>
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Noncompliant	<ul style="list-style-type: none"> • <u>Clause 4.5.3 of the 2017 Manual on Corporate Governance</u> • <u>Nomination Acceptance Form</u> 	Mr. Cesar A. Buenaventura's and Mr. Eliseo B. Santiago's term as Independent Directors were extended on account of their expertise in the oil and power industry and his extensive knowledge about the Company.
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	<ul style="list-style-type: none"> • 73.51% of the Stockholders were duly represented in the 2022 Annual Stockholders' Meeting and the same percentage have been voted in favor of the extension and retention of Mr. Buenaventura and Mr. Santiago as Independent Directors of the Company. 	

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<ul style="list-style-type: none">• 2022 General Information Sheet• Clause 4.5.4 of the 2017 Manual on Corporate Governance• Minutes of the July 28, 2022 Organizational Meeting• Chairman of the Board is Ms. Helen Y. Dee and the President and Chief Executive Officer is Ms. Milagros V. Reyes	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<ul style="list-style-type: none">• Chairman Clause 4.2.3 of the 2017 Manual on Corporate Governance• President Clause 4.5.4 of the 2017 Manual on Corporate Governance• The Chairman and the President and CEO are not related by way of consanguinity or affinity.	

Recommendation 5.5

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<ul style="list-style-type: none">• Change in Directors and/or Officers• Mr. Cesar A. Buenaventura was appointed as the Lead Independent Director among the independent directors.	
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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	<ul style="list-style-type: none">Both the Chairman and the Treasurer abstained from voting on the renewal of the Directors' and Officers' Liability Insurance with Malayan Insurance Corporation Inc. (MICO) for being the Chairman and President, respectively of MICO. <p>Page 7, Item IV, A of the Minutes of March 31, 2022 Meeting of the Board of Directors</p>	
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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.	Noncompliant		The external auditors, the internal auditors and those tasked with compliance and risk functions normally interact with the Board of Directors during Audit Committee Meetings and during the Board Meetings. However, the presence of Management, including those with executive functions, are normally requested so that any concern could be addressed immediately.
2. The meetings are chaired by the lead independent director.	Noncompliant		The external auditors, the internal auditors and those tasked with compliance and risk functions normally interact with the Board of Directors during Audit Committee Meetings and during the Board Meetings. However, the presence of Management, including those with executive functions, are normally requested so that any concern could be addressed immediately.

Optional: Principle 5

1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<ul style="list-style-type: none">General Information Sheets for the years 2020, 2021, and 2022Ms. Milagros V. Reyes held the position of President and CEO for the past two (2) years.	
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Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Noncompliant	<ul style="list-style-type: none"><u>Corporate Review for Effective Governance</u> Form (CORE eGov)	The Company has an existing performance evaluation mechanism (CoRE eGOV), but the same has not been fully implemented. The CORE eGov will be implemented along with other recommendations under the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.
2. The Chairman conducts a self-assessment of his performance.	Noncompliant		The Company has an existing performance evaluation mechanism (CoRE eGOV), but the same has not been fully implemented. The CORE eGov will be implemented along with other recommendations under the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.

3. The individual members conduct a self-assessment of their performance.	Noncompliant		The Company has an existing performance evaluation mechanism (CoRE eGOV), but the same has not been fully implemented. The CORE eGov will be implemented along with other recommendations under the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.
4. Each committee conducts a self-assessment of its performance.	Noncompliant		The Company has an existing performance evaluation mechanism (CoRE eGOV), but the same has not been fully implemented. The CORE eGov will be implemented along with other recommendations under the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.
5. Every three years, the assessments are supported by an external facilitator.	Noncompliant		The Company has an existing performance evaluation mechanism (CoRE eGOV), but the same has not been fully implemented. The CORE eGov will be implemented along with other recommendations under the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.

Recommendation 6.2			
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.	Compliant	<ul style="list-style-type: none">Corporate Review for Effective Governance Form (CORE eGov)	
2. The system allows for a feedback mechanism from the shareholders.	Noncompliant		Shareholders and other stakeholders are given the opportunity to communicate their feedback during the annual stockholders' meetings and through the Company's Investor Relations Office.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<ul style="list-style-type: none">Code of Ethics and Business ConductPERC Website -Corporate Governance	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	<ul style="list-style-type: none">The Code of Ethics and Business Conduct was printed and distributed to the Directors and to employees.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<ul style="list-style-type: none">Code of Ethics and Business Conduct	

Supplement to Recommendation 7.1

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<ul style="list-style-type: none">• Page 4, Item A (3) of the <u>Code of Ethics and Business Conduct</u>: "No officer or employee of the company shall accept or give any form of bribe, facilitation payment, kickback, or any other type of improper payment to any party for any reason."• Page 10, Item 6 of the <u>Code of Ethics and Business Conduct</u>: "Violation of the provisions of this Code, or of any laws or regulations governing company operations, may have severe consequences for the individuals concerned. A failure to follow the Code that involves a criminal act may result in prosecution. Employees who violate shall be subject to internal disciplinary action which may include termination of employment."• Item IV, No. 31 of the Policy on Discipline (<u>Policy No. 213 of the Personnel Policy Manual</u>)	
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Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<ul style="list-style-type: none"> Item 2, Page 10 of the <u>Code of Ethics and Business Conduct</u>: "All directors, officers, and employees including contractual, temporary, or project-hire staff must comply with the Code." There have been no noncompliance findings within PERC, however, issues on conflict of interest arose and were settled in one of the operating companies. The particular concerned employee is no longer connected to the operating company. 	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<ul style="list-style-type: none"> Clause 5 of the <u>2017 Manual on Corporate Governance</u> The Company discloses all information that are required to be disclosed to the SEC and the PSE in accordance with the Securities Regulation Code and the Disclosures Rules of the PSE. This includes all dealings of directors and officers through the SEC Form 23A (for new directors) and 23B (for subsequent dealings) 	
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		of directors), as the case may be. A formal policy on corporate disclosure and transparency will be crafted in accordance with the Code of Corporate Governance for PLCs and under the 2017 Manual on Corporate Governance.	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<ul style="list-style-type: none"> The 2022 Consolidated Audited Financial Statements attached to the 2022 Annual Report (SEC Form 17-A) was submitted to the SEC on April 17, 2023. The Quarterly Reports (SEC Form 17-Q) were submitted on the following dates: <ul style="list-style-type: none"> ➤ 3rd Quarter 2022 Report ending September 30, 2022 (SEC Form 17-Q) – November 14, 2022 ➤ 2nd Quarter 2022 Report ending June 30, 2022 (SEC Form 17-Q) – August 15, 2022 ➤ 1st Quarter 2023 Report ending March 31, 2023 (SEC Form 17-Q) – May 15, 2023 	Annual Reports (SEC Form No. 17-A) was submitted on April 17, 2023 through email at ictdsubmission@sec.gov.ph ; and Quarterly Reports (SEC Form No. 17-Q) were submitted within the reglementary period not later than 45 days from end of the quarter.

2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<ul style="list-style-type: none"> Pages 15-20 of the 2022 Annual Report (SEC Form 17-A) 	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Noncompliant	<ul style="list-style-type: none"> Clause 5.1.2 of the 2017 Manual on Corporate Governance Statement of Changes in Beneficial Ownership (SEC Form 23-B) Page 7, Item F (1) of the Code of Ethics and Business Conduct 	<p>The Company drafted an Insider Trading Policy requiring the disclosure of the directors' dealings in the Company's shares in accordance with the Code of Corporate Governance for PLCs and the 2017 Manual on Corporate Governance. This will be presented to the appropriate Committee and the Board for endorsement and approval, respectively.</p> <p>In the meantime, directors' dealings are duly disclosed through SEC Form 23-B to the SEC and the PSE within the reglementary periods to file them.</p>
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.	Noncompliant		<p>The Company drafted an Insider Trading Policy requiring the disclosure of the directors' dealings in the Company's shares in accordance with the Code of Corporate Governance for PLCs and the 2017 Manual on Corporate Governance. This will be presented to the appropriate Committee and the Board for endorsement and approval, respectively.</p>

			In the meantime, directors' dealings are duly disclosed through SEC Form 23-B to the SEC and the PSE within the reglementary periods to file them.
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<ul style="list-style-type: none"> • <u>Statement of Changes in Beneficial Ownership (SEC Form 23-B)</u> • <u>Public Ownership Report as of December 31, 2022</u> • <u>Top 100 Report as of December 31, 2022</u> • Conglomerate Map Page 65 of the <u>2018 Stock Rights Offering Prospectus</u> 	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<ul style="list-style-type: none"> • Pages 8-13 of the <u>2022 Information Statement (SEC Form 20-IS)</u> • <u>Public Ownership Report as of December 31, 2022</u> • Duly accomplished <u>Nomination Acceptance Form</u> 	

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	<ul style="list-style-type: none"> • Pages 8-13 of the 2022 Information Statement (SEC Form 20-IS) • Pages 36 – 42 of the 2022 Annual Report (SEC Form 17-A) 	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<ul style="list-style-type: none"> • Page 16 of the 2022 Information Statement (SEC Form 20-IS) • Pages 42-43 of the 2022 Annual Report (SEC Form 17 – A) 	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<ul style="list-style-type: none"> • Page 16 of the 2022 Information Statement (SEC Form 20-IS) • Pages 42-43 of the 2022 Annual Report (SEC Form 17 – A) 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Noncompliant	<ul style="list-style-type: none"> • Page 16 of the 2022 Information Statement (SEC Form 20-IS) • Page 43 of the 2022 Annual Report (SEC Form 17 – A) 	Total remunerations of key persons are disclosed.

Recommendation 8.5

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<ul style="list-style-type: none">• Clause 4.2.10 of the 2017 Manual on Corporate Governance• Page 15 of the 2022 Information Statement (SEC Form 20-IS)• Page 44 of the 2022 Annual Report (SEC Form 17-A)• Note 26 of the 2022 Consolidated Audited Financial Statements• Chairman Helen Y. Dee and Director/Treasurer Yvonne S. Yuchengco, being the Chairman and President, respectively of Malayan Insurance Co., Inc. (MICO) both abstained from voting on the renewal of the Directors' and Officers' Liability Insurance being provided by MICO. <p><i>Page 7, Item V (A) of the Minutes of the Board of Directors' Meeting held on March 31, 2022</i></p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<ul style="list-style-type: none">• Page 14 of the 2022 Information Statement (SEC Form 20-IS)• Page 44 of the 2022 Annual Report (SEC Form 17-A)	

		<ul style="list-style-type: none"> Note 26 of the 2022 Consolidated Audited Financial Statements; and Item 12, page 44 of the SEC 17 A 	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<ul style="list-style-type: none"> Page 6, Item E of the <u>Code of Ethics and Business Conduct</u> 	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<ul style="list-style-type: none"> Note 26 of the Audited Financial Statements attached to the 2022 Annual Report (SEC Form 17-A) 	
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	<ul style="list-style-type: none"> <u>PERC Website - Disclosures</u> 	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<ul style="list-style-type: none"> Sale of 10% equity interest in PetroGreen Energy Corporation to EEI Power Corporation – the independent auditing and valuation firm Punongbayan and Araullo was selected to prepare the valuation report. <p><u>Minutes of the November 19, 2014 Special Board of Directors' Meeting</u></p>	While there was no such instance for the covered year, the Company practices the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<ul style="list-style-type: none">Page 8 of the <u>2022 Information Statement (SEC Form 20-IS)</u>Shareholders' Agreement entered into by subsidiary – Note 4, Note 30 and Note 34 of the 2022 Audited Consolidated Financial Statements attached to the 2022 SEC 17 A Report	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<ul style="list-style-type: none"><u>PSE EDGE Disclosure of Submission of the 2017 Manual on Corporate Governance</u>The Company's <u>2017 Manual on Corporate Governance</u> was submitted to the SEC on May 30 2017 as duly stamped on Page 1 of the Manual.<u>2017 Manual on Corporate Governance</u> posted on the Company's website	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<ul style="list-style-type: none">The Company will submit an updated Manual on Corporate Governance that will incorporate the Policies that need to be crafted and issued.	

Optional: Principle 8

1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant	<ul style="list-style-type: none"> Message to Shareholders that discuss the corporate objectives Capital Management - Page 20 of the 2022 Annual Report (SEC Form 17-A) and Note 20 of the 2022 Consolidated AFS 	
b. Financial performance indicators	Compliant	<ul style="list-style-type: none"> Schedule of Financial Soundness Indicators attached to 2022 Annual Report (SEC Form 17-A) 	
c. Non-financial performance indicators	Compliant	<ul style="list-style-type: none"> Nonfinancial performance indicators Pages 5-20 of the 2022 Annual Report (SEC Form 17-A) 	
d. Dividend Policy	Compliant	<ul style="list-style-type: none"> Dividend Policy Page 35, of the 2022 Annual Report (SEC Form 17-A) 	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	<ul style="list-style-type: none"> Pages 36-42 of the 2022 Annual Report (SEC Form 17-A) Page 16 of the 2022 Information Statement (SEC Form 20-IS) 	

f. Attendance details of each director in all directors' meetings held during the year	Compliant	<ul style="list-style-type: none"> • Board of Directors' Attendance to Meetings 	
g. Total remuneration of each member of the board of directors	Noncompliant	<ul style="list-style-type: none"> • Pages 42-43, Item 10 of the 2022 Annual Report (SEC Form 17-A) 	The total remuneration of all directors and officers are stated.
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Noncompliant	<ul style="list-style-type: none"> • Page 51 of the 2022 Information Statement (SEC Form 20-IS) 	This is discussed in the Information Statement that are disseminated to stockholders together with the Color Printed Annual Report.
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	<ul style="list-style-type: none"> • 2022 Annual Report (SEC Form 17-A) 	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<ul style="list-style-type: none"> • 2022 Annual Report (SEC Form 17-A) 	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<ul style="list-style-type: none"> • Pages 15-20 of 2022 Annual Report (SEC Form 17-A) • Note 27 of the 2022 Audited Consolidated Financial Statements attached to the 2022 Annual Report (SEC Form 17-A) 	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<ul style="list-style-type: none"> Item III (D) of the Audit Committee Charter 	
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	<ul style="list-style-type: none"> 73.51% of the Stockholders were duly represented in the 2022 Annual Stockholders' Meeting and the same percentage approved the reappointment of SGV & Co. as external auditors of the Company. Minutes of the 2022 Regular Annual Stockholders' Meeting 	
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	<ul style="list-style-type: none"> Page 4, Item 7 and Pages 15 and 16 & 17, Items 7 (a) and (c) of the 2022 Information Statement (SEC Form 20-IS). 	

Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<ul style="list-style-type: none"> Item III (D) 2nd par. of the Audit Committee Charter Page 35, Item 8 of the 2022 Annual Report (SEC Form 17-A) 	
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Recommendation 9.2

1. Audit Committee Charter includes the Audit Committee's responsibility on:	Compliant	<ul style="list-style-type: none"> Item III (D) of the Audit Committee Charter 	
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<ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 			
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	<ul style="list-style-type: none"> • Item III (D) 1st par. of the Audit Committee Charter 	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<ul style="list-style-type: none"> • Item III (D) 1st par. of the Audit Committee Charter 	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<ul style="list-style-type: none"> • Item III (D) 1st par. of the Audit Committee Charter 	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external	Compliant	<ul style="list-style-type: none"> • Pages 35-36, Item 8 of the 2022 Annual Report (SEC Form 17-A) 	

auditor in the Annual Report to deal with the potential conflict of interest.			
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.	Compliant	<ul style="list-style-type: none"> Item III (D) 4th par. of the <u>Audit Committee Charter</u> 	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	<ul style="list-style-type: none"> Page 35-36, Item 8 of the <u>2022Annual Report (SEC Form 17-A)</u> 	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<ul style="list-style-type: none"> Ana Lea C. Bergado (Audit Engagement Partner) <p>SEC Accreditation No. 80470-SEC (Group A) Valid to cover audit of 2021 to 2025</p> <p>SyCip Gorres Velayo & Co. 6760 Ayala Avenue, Makati City 1226 Metro Manila, Philippines</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<ul style="list-style-type: none"> SGV & Co. agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). The names of the members of the engagement team were provided 	

		to the SEC during the SOAR inspection.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<ul style="list-style-type: none"> Sustainability Reporting 2022 attached to the 2021 SEC 17-A Report 	<p>The Company used the GRI framework for Sustainability as reference in preparing its Sustainability Report. Sustainability and non-financial issues are reported through the Annual Report, PERC CSR Magazine, and Sustainability Report (SR).</p> <p><u>CSR Updates</u></p>
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<ul style="list-style-type: none"> Sustainability Reporting 2022 attached to the SEC 17 – A Report 	<p>The Company used the GRI framework for Sustainability as reference in preparing its Sustainability Report. Sustainability and non-financial issues are reported through the Annual Report, PERC CSR Magazine, and Sustainability Report (SR).</p>
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<ul style="list-style-type: none"> Quarterly Reporting through the SEC Form 17-Q which are submitted to the SEC and uploaded to the PSE EDGE and the Company's Website Material Transaction Reporting (SEC Form 17-C) 	

		<ul style="list-style-type: none"> Social Media Twitter: @percgroupph 	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	Compliant	<ul style="list-style-type: none"> 1st Quarter 2023 Report ending March 31, 2023 (SEC Form 17-Q) submitted on May 15, 2023 	
b. Materials provided in briefings to analysts and media	Compliant	<ul style="list-style-type: none"> Mini Newsletters for Investors 	
c. Downloadable annual report	Compliant	<ul style="list-style-type: none"> 2022 Annual Report (SEC 17-A) 	
d. Notice of ASM and/or SSM	Compliant	<ul style="list-style-type: none"> 2021 Color Printed Annual Report 	
e. Minutes of ASM and/or SSM	Compliant	<ul style="list-style-type: none"> Notice of Annual Stockholders' Meeting 	
f. Company's Articles of Incorporation and By-Laws	Compliant	<ul style="list-style-type: none"> Minutes of the 2022 Regular Annual Stockholders' Meeting Amended Articles of Incorporation Amended By-Laws 	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	<ul style="list-style-type: none"> PERC Website 	

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<ul style="list-style-type: none"> • November 24, 2022 Audit Committee Meeting 	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<ul style="list-style-type: none"> • COSO Framework • Risk Management Manual and Risk Management Charter • The Company updated its whole ERM Process to the 2017 COSO ERM. 	

Supplement to Recommendations 12.1

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Noncompliant		<p>The Company will formalize its compliance practices into a comprehensive enterprise –wide compliance program.</p> <p>In the meantime, the Company's Compliance Team, headed by the Compliance Officer, collated the different compliance requirements from each of the Company and its subsidiaries and affiliate encompassing compliance with laws and relevant regulations imposed by different government agencies, including under various loan covenants.</p>
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Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	<u>PERC IT Policies and Guidelines</u>	<p>The Company engaged IT experts to evaluate its IT environment and to implement various measures, including switching to cloud-based computing and use of Windows 10 and Microsoft Office 365 across all of the Company and its subsidiaries and affiliate.</p> <p>The Company has commissioned a third-party consultant to help the Company draft its disaster recovery and business continuity policies.</p>
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	<ul style="list-style-type: none"> The Internal Audit Function has been outsourced and has been performed by the Internal Audit Team of House of Investments, Inc. (HOI). HOI reports to the Audit Committee. 	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<ul style="list-style-type: none"> The Internal Audit Function, including that of the CAE, has been outsourced and has been performed by the Internal Audit Team of HOI. 	
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.	Compliant	<ul style="list-style-type: none"> The functions of the CAE is being performed by HOI. 	

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.	Compliant	<ul style="list-style-type: none"> The HOI Internal Audit Team is headed by Mr. Alexander Anthony G. Galang, a Senior Vice President of HOI. 	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<ul style="list-style-type: none"> Please refer to the <u>Risk Management Manual</u> and <u>Risk Management Charter</u>. 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Complaint	<ul style="list-style-type: none"> The Company contracted Punongbayan and Araullo for the external technical support. 	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<ul style="list-style-type: none"> Ms. Maria Victoria M. Olivar acts as the Chief Risk Officer on top of her current position as the Company's Assistant Vice President. She has been actively participating in the ERM Process since her appointment in 2021 and is also actively involved in the revisit of the ERM Process. 	

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<ul style="list-style-type: none"> The CRO is an Assistant Vice President of the Company and has adequate authority to fulfill the duties of the CRO. 	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<ul style="list-style-type: none"> HOI reports to the Audit Committee the results of its audit, including whether the Company has a sound internal audit, control and compliance system. 	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<ul style="list-style-type: none"> Page 43, Clause 7 of the <u>2017 Manual on Corporate Governance</u> 	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<ul style="list-style-type: none"> Page 43, Clause 7 of the <u>2017 Manual on Corporate Governance</u> 	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<ul style="list-style-type: none"> Page 7, Item 4(a) of the <u>2022 Information Statement (SEC Form 20-IS)</u> (Section 7, Article III of the <u>By-Laws</u>) 	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<ul style="list-style-type: none"> The Company only has Common Stocks. All Common Stocks have the same rights. 	

3. Board has an effective, secure, and efficient voting system.	Compliant	<ul style="list-style-type: none"> The voting procedure for election and approval of corporate actions in which Stockholders' approval will be required shall be by "viva voce", unless voting by ballot is decided upon during the meeting. <p>The methods by which votes will be counted, except in cases where voting by ballots is applicable, voting and counting shall be by "viva voce". If by ballot, counting shall be supervised by external auditors.</p> <ul style="list-style-type: none"> Page 17, Item 19 of the <u>2022 Information Statement (SEC Form 20-IS)</u>. 	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Noncompliant		<p>The Company has no "supermajority" provisions other than those under the Corporation Code of the Philippines that require quorum and voting to be greater than a simple majority of the outstanding capital stock and majority of those present, respectively.</p> <p>The "majority of minority", on the other hand is recognized under Clause 4.2.10 of the <u>2017 Manual on Corporate Governance</u>, particularly in instances that concern the interested majority shareholders, in which cases, the interested shareholders should abstain and the matter should be resolved by the</p>

			vote of a majority of the minority shareholders.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<ul style="list-style-type: none"> The Company recognizes this right as stated in page 47 of the <u>2017 Manual on Corporate Governance</u>. However, there has been no instance that this right has been exercised by minority stockholders. 	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<ul style="list-style-type: none"> Clause 7 of the <u>2017 Manual on Corporate Governance</u> the treatment of stockholders, including minority shareholders. 	
7. Company has a transparent and specific dividend policy.	Compliant	<ul style="list-style-type: none"> Page 36 of the <u>2022 Information Statement (SEC Form 20-IS)</u> <u>Minutes of July 26, 2018 Board Meeting</u> <u>Minutes of the 2022 Regular Annual Stockholders' Meeting</u> <p>The last time that the Company declared dividends was in <u>2022</u>. The Company paid the dividends 42 days after the date of declaration. The Company has not declared scrip dividends.</p>	

Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<ul style="list-style-type: none"> In case there is a determination during the meeting that a vote by balloting will be made, the external auditors present during the Annual Stockholders' Meeting shall supervise the counting. The Company has not needed to resort to this manner of counting. 	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<ul style="list-style-type: none"> The <u>2022 Information Statement (SEC Form 20-IS)</u> was sent out 28 days before the date of the Annual Stockholders' Meeting. The <u>2022 Information</u> Statement was sent out through in four (4) ways: First, by publication of the Notice of the ASM, including its agenda on June 29 and 30, 2022 in The Manila Bulletin and the Philippine Star, both in print and online editions for two (2) consecutive days, as evidenced by the Affidavits of Publications executed by the respective representatives of the publishers. 	

		<p>Second, by disclosure with the Philippine Stock and Exchange.</p> <p>Third by posting on the Company's website.</p> <p>Finally, through email for those who have successfully registered online, consistent with applicable SEC Rules and the Company's internal guidelines on Annual Stockholders' Meeting by electronic means of communication.</p> <ul style="list-style-type: none"> • Page 3 of <u>2022 Information Statement (SEC Form 20-IS)</u> • No approval of remuneration was sought. 	
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Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<ul style="list-style-type: none"> Page 9-13 of the <u>2022 Information Statement (SEC Form 20-IS)</u> 	
b. Auditors seeking appointment/re-appointment	Compliant	<ul style="list-style-type: none"> Page 4, Item 7 of the <u>2022 Information Statement (SEC Form 20-IS)</u> 	
c. Proxy documents	Compliant	<ul style="list-style-type: none"> Rationale and Brief Discussion of the Agenda Pages 2-4 of the <u>2022 Information Statement (SEC Form 20-IS)</u> Annex "B" of the <u>2022 Information Statement (SEC Form 20-IS)</u> 	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<ul style="list-style-type: none"> Rationale and Brief Discussion of the Agenda Pages 3-4 of the <u>2022 Information Statement (SEC Form 20-IS)</u> 	

Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<ul style="list-style-type: none"> • Results of the Annual Stockholders' Meeting 	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<ul style="list-style-type: none"> • Minutes of the 2022 Regular Annual Stockholders' Meeting • All matters for approval were unanimously approved by the shares of stock represented during the 2022 Annual Stockholders' Meeting. • Voting was made viva voce • Shareholders were given the chance to voice out their questions or concerns for each of the item voted upon. 	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	<ul style="list-style-type: none"> • It has been the practice to request the attendance of the external auditors during the ASM. • Members of Management were likewise present to address shareholders' questions/concerns. 	

Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<ul style="list-style-type: none"> • Clause 7.1.4 of the <u>2017 Manual on Corporate Governance</u> • Grievance Procedure under Clause 7.1.1 (g) of the <u>2017 Manual on Corporate Governance</u> 	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>Clause 7.1.4 of the <u>2017 Manual on Corporate Governance</u></p> <ul style="list-style-type: none"> • Grievance Procedure under Clause 7.1.1 (g) of the <u>2017 Manual on Corporate Governance</u> 	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<ul style="list-style-type: none"> • Ms. Shirley E. Belarmino Investor Relations Officer Tel No. (+632) 8637-2917 Fax No. (+632) 8634-6066 Email: corpaffairs@petroenergy.com.ph • http://www.petroenergy.com.ph/investor_relations 	
2. IRO is present at every shareholder's meeting.	Compliant	<ul style="list-style-type: none"> • The IRO, Ms. Shirley Belarmino, has always been present at ASMs. 	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<ul style="list-style-type: none"> The Board did not employ anti-takeover measures. 	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<ul style="list-style-type: none"> 38.03% Public Ownership Report as of December 31, 2022 	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<ul style="list-style-type: none"> The Company maintains a Company Website that stockholders may access to get more information about the Company. The Company likewise makes use of social media to connect with its stockholders (Twitter: @percgroupph). 	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Noncompliant		The Company will consider adopting a mechanism to allow secure electronic voting in absentia at Annual Stockholders' Meetings.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<ul style="list-style-type: none"> Pages 2-3 of the Code of Ethics and Business Conduct Social Responsibility Programs 	
Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<ul style="list-style-type: none"> • Pages 2-3 of the <u>Code of Ethics and Business Conduct</u> • <u>Social Responsibility Programs</u> 	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<ul style="list-style-type: none"> • Ms. Shirley Belarmino (IRO) (+632) 8637-2917 (+632) 8634-6066 corpaffairs@petroenergy.com.ph • http://www.petroenergy.com.ph/investor_relations • Protection of Whistleblowers Page 10, Item 5 of the <u>Code of Ethics and Business Conduct</u> 	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<ul style="list-style-type: none"> • Grievance Procedure Page 47, Clause 7.1.1 (g) of the <u>2017 Manual on Corporate Governance</u> 	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being	Compliant	<ul style="list-style-type: none"> • The Company has not requested for any exemption. 	

taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	Compliant	<ul style="list-style-type: none"> The Company and/or its subsidiaries and affiliate enter into Confidentiality Agreements wherein the ownership over Intellectual property rights of the counterparty are expressly stated, admitted, and respected. 	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Noncompliant		The customers' welfare are recognized under the Company's <u>Code of Ethics and Business Conduct</u> .
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Noncompliant		The Company has internal policies on procurement which are subjected to internal audit. These policies are, however, not disclosed publicly. The potential suppliers/contractors are made aware of the Company's procurement systems.
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<ul style="list-style-type: none"> Strategic Planning conducted in 2016 that was participated in by representatives from the Company and its subsidiaries and affiliate. Updating of the ERM using the Risks identified in the 2011 ERM and the Strategic Planning 	

		Sessions in 2016. Representatives from the Company and its subsidiaries and affiliate are participating in this endeavor.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<ul style="list-style-type: none"> The Company has no ESOP. However, there is in place a profit sharing mechanism wherein the directors, officers and employees are entitled to share not exceeding 5% of the audited income before tax. (Section 3, Article VII of the <u>Amended By-Laws</u>) Employees from the level of Managers up to the President are entitled to a car benefit. (<u>Policy No. 342 of the Personnel Policy Manual</u>) The Company has merit adjustments (increase of 5% to 10%) on salaries based on the performance evaluation. (<u>Policy No. 401 of the Personnel Policy Manual</u>) 	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<ul style="list-style-type: none"> The Company provides Medical and Hospitalization Benefits for its employees. Currently, the Company has contracted MediCard Inc. as its pre-need medical services provider. 	

3. Company has policies and practices on training and development of its employees.	Compliant	<ul style="list-style-type: none"> The Company provides training opportunities for its employees (<u>Policy No. 412 of the Personnel Policy Manual</u>). This is connected with the training needs analysis in the performance evaluation under <u>Policy No. 401 of the Personnel Policy Manual</u>) 	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<ul style="list-style-type: none"> Page 4, Item A (3) of <u>Code of Ethics and Business Conduct</u> provides against corruption. 	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<ul style="list-style-type: none"> Hard copies of the <u>Code of Ethics and Business Conduct</u> were distributed to all employees and the contents were explained to them. 	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<ul style="list-style-type: none"> No. 31, Item IV (Table of Offenses) of <u>Policy No. 213 of the Personnel Policy Manual</u> provides dismissal as penalty for engaging in corrupt practices. Page 10, Item 6 of the <u>Code of Ethics and Business Conduct</u> provides that any violations of the Code of Ethics, including engaging in corrupt practices, will be met with disciplinary actions, including termination. 	

Recommendation 15.3

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<ul style="list-style-type: none">• Page 10, Item 5 of the <u>Code of Ethics and Business Conduct</u> provides protection for the whistleblower.• Any illegal or unethical behavior should be reported to the Head of Corporate and Legal Services, who in turn should inform the Compliance Officer and the President (Page 10, Item 3 of <u>Code of Ethics and Business Conduct</u>).• Atty. Louie Mark R. Limcolioc Compliance Officer Tel. +632 8637-2917 Email: lrlimcolioc@petroenergy.com.ph	
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	<ul style="list-style-type: none">• <u>Whistleblowing Policy</u>	The Company drafted a Whistleblowing Policy which will be presented to the Board for approval.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<ul style="list-style-type: none">• <u>Whistleblowing Policy</u>	The Company drafted a whistleblowing policy which will be presented to the Board for approval.

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<ul style="list-style-type: none"> <u>Social Responsibility Programs</u> 	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<ul style="list-style-type: none"> <u>Social Responsibility Programs</u> 	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<ul style="list-style-type: none"> <u>Social Responsibility Programs</u> 	

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of **PetroEnergy Resources Corporation** by the undersigned, thereunto duly authorized, in Pasig City on May 22, 2023.


SIGNATURES


HELEN Y. DEE

Chairman of the Board
TIN: 101-562-982


MILAGROS V. REYES

President and Chief Executive Officer
TIN: 100-732-775


CESAR A. BUENAVENTURA
Lead Independent Director
TIN: 121-507-656
MARIA MERCEDES M. CORRALES
Independent Director
TIN: 119-918-099
ELISEO B. SANTIAGO
Independent Director
TIN: 106-210-036
SAMUEL V. TORRES
Corporate Secretary
TIN: 133-734-895
LOUIE MARK R. LIMCOLIOC
Compliance Officer
TIN: 289-306-564

SUBSCRIBED AND SWORN to before me this May 22, 2023, affiants exhibiting to me their TIN.

Doc. No.: 515
Page No.: 104
Book No.: III
Series of 2023.

/mdr


MARIA CARMELA D. HAUTEA

Appointment No. 167 (2023-2024)
Notary Public for the Cities of Pasig and San Juan
and the Municipality of Pateros
Commission Expires on December 31, 2024
7F JMT Bldg. ADB Ave. Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 281214/01-10-2023/RSM
PTR No. 0173575/01-23-2023/Pasig City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended
Dec 31, 2022
2. SEC Identification Number
AS094-08880
3. BIR Tax Identification Number
004-471-419-000
4. Exact name of issuer as specified in its charter
PETROENERGY RESOURCES CORPORATION
5. Province, country or other jurisdiction of incorporation
METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City, Metro Manila, Philippines
Postal Code
1605
8. Issuer's telephone number, including area code
(632) 8637-2917
9. Former name, former address, and former fiscal year, if changed since last report
Item 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation

PERC

Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard

Description of the Disclosure

In compliance with SEC Memorandum Circular No. 15, Series of 2017, please find attached the Company's Integrated Annual Corporate Governance Report for the year 2022.

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary