

COVER SHEET

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S.E.C. Registration Number

P H I N M A P E T R O L E U M A N D
G E O T H E R M A L , I N C .

(Company's Full Name)

L E V E L 1 1 - P H I N M A P L A Z A 3 9 P L A Z A
D R I V E , R O C K W E L L C E N T E R M A K A T I

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

C E C I L L E A R E N I L L O
Contact Person

8 7 0 0 3 8 8
Company Telephone Number

1 2 3 1
Month Day
Calendar Year

2 0 1 8 I - A C G R
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

C F D
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

LCU

Document I. D.

Cashier

STAMPS

Remarks = Pls. Use black ink for scanning purposes



PHINMA Petroleum and Geothermal, Inc.

Integrated Annual Corporate Governance Report

DECEMBER 2018

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **December 31, 2018**
2. SEC Identification Number: **094008811**
3. BIR Tax Identification No.: **004-500-964-000**
4. Exact name of issuer as specified in its charter: **PHINMA Petroleum and Geothermal, Inc.**
5. Province, Country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code (SEC Use Only):
7. Address of principal office: **Level 11 PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City** Postal Code: **1210**
8. Issuer's telephone number, including area code: **(632) 8700100**
9. Former name, former address, and former fiscal year, if changed since last report: **Trans-Asia Petroleum Corporation**

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	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 objectives and the long term 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.	Provide information or link / reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualifications standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance.	Relevant information on the composition of the board are found in the following documents and references: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are found on pages 50 to 53 2018 SEC Form 17-A and in the company's website. http://phinmappg.com/board-of-directors/ 2. Qualifications and disqualifications standards for directors are found on pages 12 to 16 of the Manual on Corporate Governance and in the Board Charter. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf http://phinmappg.com/governance/board-committee/	
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				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Board is composed of a majority of non-executive directors.	Compliant.	Identify or provide link/reference to a document identifying the directors and the type of their directorships.	<p>The company's board of directors and their type of directorship are found on page 50 of the 2018 SEC Form 17-A. and in the company's website.</p> <p>http://phinmappg.com/governance/board-committee/</p> <p>For 2018, the board is composed of five (5) non-executive directors (including independent directors) and four (4) executive directors.</p>	
Recommendation 1.3				
Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant.	Provide a link to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	<p>The policy on training of directors is found on page 7 of the Board Charter and on page 24 of the Manual on Corporate Governance which are both uploaded to the company's website.</p> <p>http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf</p>	
2. Company has an orientation program for first time directors.	Compliant.	Provide information of a link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	The company started the formal orientation for new directors starting in 2017. Every new director undergoes a briefing in order to assist their on-boarding. This briefing is ideally done within the first month of their tenure and is to be conducted in a manner that allows them to meet with various business heads for an overview of the current business' position. The new director is likewise afforded the opportunity to consult with the Senior Management in order to appropriately get them abreast with the	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			various operational issues that beset the company. The company's future plans may likewise be discussed with the Chief Strategy Officer while company and regulatory policies are discussed by the Compliance Office and Corporate Secretary. The new director is also provided a copy of the Manual on Corporate Governance and advised of company policies pertaining to directors.	
3. Company has relevant annual continuing training for all directors	Compliant.		<p>The directors of the company has undergone annual corporate governance training for the last three (3) years as facilitated by the company. In 2018, the directors attended the Corporate Governance Seminar conducted by SGV & Co. which covered topics on:</p> <ol style="list-style-type: none"> 1. Adapting Changes in the Corporate Governance Code 2. Enhancing Audit Committee Effectiveness 3. Sustainability Reporting <p>The seminars were conducted on August 15, 2018 from 2:00 to 6:00 p.m. (4 hours) and December 6, 2018 from 1:00 to 5:00 p.m. (4 hours), for those who missed the first schedule.</p>	
Recommendation 1.4				
1. Board has a policy on board diversity.	Compliant.	Provide information on or link/reference to a document containing information on the company's board diversity policy.	Directors are elected on the basis of merit. Within that key principle of merit, there shall be diversity among the members of the board as to gender, age, ethnicity, background, skills and business. This policy statement is found	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
		Indicate gender composition of the board.	<p>in the company's Board Charter found in this link.</p> <p>The company values diversity and supports workforce equality and is strongly against discrimination of any form at all levels thus it ensures that its board members are a combination of executive, non-executive and independent directors with varied but substantial professional knowledge and experience which creates a platform for balanced-view discussion necessary to arrive at key business decisions. Policy statement on board diversity is found on page 6 of the Manual on Corporate Governance.</p> <p>Further, the manual safeguards the interests of its shareholders thru this diversity policy to guarantee that no director or small group of directors dominate the decision-making process.</p> <p>Mrs. Corazon dela Paz Bernardo was elected as Independent Director on April 12, 2017. As of December 31, 2018, the board composition per gender is 8 male and 1 female.</p>	
Optional Recommendation 1.4				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link/reference to a progress report in achieving its objectives.		
Recommendation 1.5				
1. Board is assisted by a Corporate Secretary	Compliant.	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	The names and qualifications of the company's Corporate Secretary and Assistant Corporate Secretary are found on page 56 of the 2018 SEC Form 17 – A. Their duties and functions are found on pages 6 to 7 of the Board Charter and pages 20 to 21 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
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.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
4. Corporate Secretary attends training/s on corporate governance.	Compliant.	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	<p>The Corporate Secretary and Assistant Corporate Secretary attended the 2018 Corporate Governance Seminar conducted by SGV & Co. on August 15, 2018 from 2:00-6:00 p.m. (4 hours) which covered topics on:</p> <p>1. Adapting Changes in the Corporate Governance Code 2. Enhancing Audit Committee Effectiveness 3. Sustainability Reporting</p>	
Optional Recommendation 1.5				
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Non-Compliant	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting.		<p>This is compliant on many occasions. However, reports are culled from the many different operating groups of the Company scattered in different locations. In the process of obtaining the most updated data and thereafter studying and integrating them, there are occasions when materials are sent to the Board less than five business days before the scheduled meeting. This is true also when special or urgent meetings are deemed necessary to be called.</p> <p>However, all items covered by materials provided to the Board are extensively reported and discussed during Board meetings and clarifications, when required, are given.</p>
Recommendation 1.6				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Board is assisted by a Compliance Officer.	Compliant.	Provide information on or link/reference to a document containing information on the Compliance Officer including his/her name, position, qualifications, duties and functions.	The name and qualifications of the company's Compliance Officer are found on page 56 of the 2018 SEC Form 17-A. The duties and functions of the Compliance Officer are found on pages 1 to 2 of the Manual on Corporate Governance. The company's Compliance Officer has a rank of Vice President with adequate stature and authority in the company being a long-time officer thereof.	
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.	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	<p>The Compliance Officer attended the 2018 Corporate Governance Seminar conducted by SGV & Co. on August 15, 2018 from 2:00-6:00 p.m. (4 hours) which covered topics on:</p> <ol style="list-style-type: none"> 1. Adapting Changes in the Corporate Governance Code 2. Enhancing Audit Committee Effectiveness 3. Sustainability Reporting <p>The Compliance Officer likewise attended the PSE's Annual Disclosure Rules Seminar on December 4, 2018.</p>	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, 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				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide information on or link/reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting).	A summary of relevant resolutions approved by the Board of Directors for the calendar year 2018 are found on pages 67 to 76 of the 2018 SEC Form 17 - A.	
Recommendation 2.2				
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant.	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	Significant matters approved by the board are disclosed by submission of a SEC Form 17-C which are also uploaded to the company's website. http://phinmappg.com/disclosures/ A summary of relevant resolutions approved by the Board of Directors for the calendar year 2018 are found on pages 67 to 76 of the 2018 SEC Form 17 - A. The Chief Strategy Officer, who is also a member of the Board, oversees the semi-annual review of the company's strategies for the next three years. The budget for the current year is presented and approved at the last board meeting of the previous year.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant.	Indicate frequency of review of business objectives and strategy.		
Supplement to Recommendation 2.2				
1. Board has a clearly defined and updated vision, mission and core values.	Compliant.	Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the	The board, upon the recommendation of senior management, reviews the vision and mission of the company as it deems appropriate. The board, during its review ensures that the plans and actions of the	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
		vision, mission and core values.	company are aligned with its vision and mission. The company adopts the mission, vision and core values of its parent company PHINMA Energy found in the Employee Handbook, and in the parent company's website. http://www.phinmaenergy.com/ta/our-company/vision-mission-values/	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment and culture.	Compliant.	Provide information or link/reference to a document containing information on the strategy execution process.	Periodic discussion and disclosure of the strategy execution process are accomplished through SEC Form 17 - C as posted in the company's website. http://phinmappg.com/disclosures/ SEC Form 17-A contains the management's discussion and analysis of financial condition and results of operation summarizing the effects of the growth strategies undertaken during the previous year. This report is uploaded to the company's website.	
Recommendation 2.3				
1. Board is headed by a competent and qualified Chairperson.	Compliant.	Provide information or link/reference to a document containing information on the Chairperson, including his / her name and qualifications.	The company's Chairperson is Mr. Ramon R. del Rosario. His qualifications are found on page 50 of the 2018 SEC Form 17 – A and in the company's website. http://phinmappg.com/board-of-directors/ Mr. del Rosario was awarded Management Man of the Year in 2010 by the Management	

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			Association of the Philippines.	
Recommendation 2.4				
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant.	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.	<p>The company's succession planning policy for directors is found in the company's website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/ (under Company Policies)</p> <p>The retirement and retention policy of the Board is linked to the review of the performance of the directors. The Corporate Governance and Related Party Transactions Committee, as part of its function on nomination and election, is responsible for recommending the succession plan candidates for membership to the Board.</p> <p>The company adopts its parent company's succession management program in place for critical management and leadership positions that can become vacant due to retirement, resignation, death or new business opportunities. The program intends that a</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Board adopts a policy on the retirement for directors and key officers.	Compliant.		succession plan is developed, maintained and implemented, for all leadership positions. The standards for the appointment of key officers does not rely only on current skillset and performance review but also takes into serious consideration, the person's potential while keeping in mind business continuity and alignment with the company's vision and mission. The Human Resource department likewise provides leadership programs which aim to aid in the identification of suitable employees and officers to fill key management positions. Under these programs, high potential officers and employees undergo rigorous training and exposure. These programs are on a continuing basis and adjusted based on the current needs of the company.	
Recommendation 2.5				
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant.	Provide information or link/reference to a document containing information on the company's remuneration policy and its implementation including the relationship between remuneration and performance.	The board, through its Compensation Committee oversees the implementation of the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the company's culture, strategy and control environment. The company's Compensation Committee approves the fixed remuneration of the Chief Executive Officer (CEO). The fixed remuneration of key management officers are	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant.		<p>approved by the CEO.</p> <p>The directors receive per diem and bonus based on a percentage of the net income of the company for each fiscal year. There are no other existing arrangements/ agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.</p> <p>The compensation received by officers who are not members of the Board of Directors of the company represents salaries, bonuses and other benefits.</p> <p>The company has semi-annual performance appraisal to align corporate goals with the setting and achievement of targets on a per employee basis. In 2015, the company's Human Resources Group implemented the Balanced Scorecard system in assessing performance and became the basis for employee salary increases beginning 2016.</p>	
Optional Recommendation 2.5				
1. Board approves the remuneration of senior executives.		Provide proof of board approval.		
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		Provide information or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.		

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
provision and deferred bonuses.				
Recommendation 2.6				
1. Board has a formal and transparent board nomination and election policy	Compliant.	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</p> <p>Provide proof if minority shareholders have a right to nominate candidates to the board.</p> <p>Provide information if there was an assessment of the effectiveness of the board processes in the nomination, election or replacement of a director.</p>	<p>The Corporate Governance and Related Party Transactions Committee, as part of its functions on nominations and elections, pre-screens and shortlists all candidates nominated to become members of the board of directors in accordance with the qualifications and disqualifications criteria set forth in the Manual on Corporate Governance.</p> <p>The Board's policy on nomination and election is found on pages 12 to 16 of the Manual on Corporate Governance.</p> <p>The rights of shareholders, including minority shareholders, is found on page 26 of the Manual on Corporate Governance. Review of the policy and processes on nomination, election and replacement of a director is done during the periodic review of the Manual on Corporate Governance where said policies and processes are contained.</p> <p>http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance	Compliant.			
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant.			
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant.			
5. Board nomination and election policy includes an assessment of the Board's processes in the nomination, election or replacement of a director.	Compliant.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant.			
Optional Recommendation to 2.6				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Compliant.	Identify the professional search firm used or other external sources of candidates.	The Company does not see the need at this time to engage the services of professional search firms or other director databases when searching for candidates to the board. The qualifications of members of the Board are vetted every year and the company has sufficient resources to search for possible replacement directors.	
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.	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs. Identify transactions that were approved pursuant to the policy.	The company has a policy on Related Party Transactions (RPT) that is found in the company's website. http://phinmappg.com/governance/integrity-assurance-program/ In the last two (2) years, the company has not been a party in any transaction in which a director or executive officer of the company, any nominee for election as a director, any security holder owning more than ten percent (10%) of the company's issued and outstanding shares and/or any member of his immediate family had a material interest. Any transaction between the company and a related party must be approved by the Corporate Governance and Related Party Transaction Committee whose members are all independent directors. The Committee uses acceptable valuation methods common in the industry or project involved, including but not limited to:	
2. RPT policy includes appropriate review and approval of material RPTs which guarantee fairness and transparency of the transactions	Compliant.			
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant.			

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			<p>1) Joint Venture Method, a market-based approach which uses actual transactions on the asset;</p> <p>2) Comparative Valuation Method which uses similar projects to estimate the value of an asset; and</p> <p>3) Multiple Exploration Expenditure Method which uses historical cost as basis for estimating asset value.</p> <p>The transactions and balances of accounts for the year ended December 31, 2018 with the related parties are found on pages 5 to 7 of the 2018 SEC Form 17-A.</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 de minimis 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	Compliant.	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories.</p>	<p>The company ensures to report all related party transactions regardless of amount and nature of transaction in its disclosures to regulators. These related party transactions are approved based on set computation methods and policies of the company.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p> <p>The transactions and balances of accounts for the year ended December 31, 2018 with the related parties are found on pages 5 to 7 of the 2018 SEC Form 17-A.</p>	

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thresholds for disclosure and approval.			PHINMA Petroleum has a management contract with the ultimate parent company PHINMA, Inc. The most significant and material related party transaction for 2018 are the payments made by the company on management contracts. This information is disclosed on page 7 of the 2018 SEC Form 17-A.	
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.	Provide information on voting system, if any.	The company's voting procedures is on page 30 of the 2018 SEC Form 17 – A. http://phinmappg.com/disclosures/	
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.	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the management team appointed.	Approving the selection of the Chief Executive Officer, Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive is the responsibility of the Board as found on page 7 of the Manual on Corporate Governance. The recommendation and approval of the management team for the ensuing year is done in the yearly organizational meeting that is convened soon after the ASM. Thereafter, any change to the management team is approved at the quarterly board meetings. The company's management team is listed below: 1. Ramon R. del Rosario – Chairman	

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			<p>2. Magdaleno B. Albarracin, Jr. – Vice Chairman</p> <p>3. Francisco L. Viray - President and Chief Executive Officer</p> <p>4. Raymundo A. Reyes, Jr. - Executive Vice President and Chief Operating Officer</p> <p>5. Pythagoras L. Brion, Jr. - Executive Vice President, Treasurer and Chief Finance Officer</p> <p>6. Mariejo P. Bautista – Senior Vice President Finance and Controller</p> <p>7. Alan T. Ascalon – Vice President Legal</p> <p>8. Cecille B. Arenillo - Vice President Compliance Officer</p> <p>9. Troy A. Luna – Corporate Secretary</p> <p>10. Benjamin S. Austria – Senior Adviser</p> <p>11. Arthur R. Villacorte - Assistant Vice President Materials Management</p> <p>12. Daneia Isabelle F. Palad – Assistant Corporate Secretary</p> <p>The company's Chief Audit Executive is Mr. Rolando Soliven who is the Group Chief Audit Executive under the parent company, PHINMA, Inc.</p> <p>Atty. Alan T. Ascalon also serves as the company's Chief Risk Officer.</p>	
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	Compliant.	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment</p>	<p>Assessment of the Chief Executive Officer, Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive is the responsibility of the Board. This is found on page 7 of the Manual on Corporate Governance and in the Board Assessment Policy and Procedures</p>	

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(Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		processes and indicate frequency of assessment of performance.	<p>document.</p> <p>The COO is in charge of assessing the performance of the Compliance Officer, Chief Risk Officer and the Chief Audit Executive, using the Balanced Scorecard system, who then recommends the performance assessment to the CEO. This assessment exercise is conducted on an annual basis.</p>	
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.	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	The company has semi-annual performance appraisal to align corporate goals with the setting and achievement of targets on a per employee basis. In 2015, the company's Human Resources Group implemented the Balanced Scorecard system in assessing performance. It aims to eradicate	

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2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant.		subjectivity in terms of employee evaluation and make performance evaluation more standard. Its successful implementation for the year became the basis for employee salary increases starting 2016. Thru the scorecard, the employees training and coaching needs are easily identified as well as monitored thereby providing a solid background for numeric ratings by year end. Its "critical incident" component allows for transparency in terms of learning opportunities and action items. Performance discussions also provides the avenue for immediate managers to communicate and align the performance targets of the employee with the company's goals and objectives for the ensuing year.	
Recommendation 2.10				
1. Board oversees that an appropriate internal control system is in place.	Compliant.	Provide information on or link/reference to a document showing the Board's responsibility for	The board's oversight responsibility on the company's internal control system is found on page 4 of the Manual on Corporate	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant.	overseeing that an appropriate internal control system is in place and what is included in the internal control system.	<p>Governance.</p> <p>PHINMA's Group Internal Audit is an independent and objective assurance consulting team that is guided by a philosophy of adding value to improve the operations of the company. While Internal Audit and Control is the main function of the company's Internal Audit Department, adherence to the same is every employee's accountability. The Chief Audit Executive reports functionally to the Board through the Audit Committee and administratively to Senior Management.</p> <p>The internal control system of the company includes any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.</p>	
3. Board approves the Internal Audit Charter.	Compliant.	Provide reference or link to the company's Internal Audit Charter.	<p>The company's Internal Audit Charter, as approved by the Board on June 4, 2018, is found in the company's website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
Recommendation 2.11				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	<p>The board's oversight responsibility on the company's enterprise risk management framework is found on page 5 of the Manual on Corporate Governance. The Risk Oversight Committee develops a formal enterprise risk management plan which contains well-defined risk management goals, objectives and oversight, processes of assessing risks and developing strategies to manage prioritized risks, designing and implementing risk management strategies, and continuing assessments to improve risk strategies, processes and measures.</p> <p>The effectiveness of risk management strategies undertaken by the company are discussed in the Financial Risk Management Objectives and Policies on pages 142 to 146 of the 2018 SEC Form 17-A.</p>	
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.	Provide proof of effectiveness of risk management strategies, if any.		
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.	Provide link to the company's website where the Board Charter is disclosed.	<p>The company has a formal Board Charter that is found in the company's website.</p> <p>http://phinmappg.com/governance/board-committee/</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Board Charter is publicly available and posted on the company's website.	Compliant.			
Additional Recommendation to Principle 2				
1. Board has a clear insider trading policy.	Compliant.	Provide information on or link/reference to a document showing company's insider trading policy.	The company's Insider Trading Policy is found in the company's website. http://phinmappg.com/governance/integrity-assurance-program/	
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.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.		
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where these are disclosed.	Consistent with the Corporation Code of the Philippines, every corporate action are in general approved by the Board, unless delegated to the Executive Committee and/or covered by an officer's defined duties and functions.	
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 nominations 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	Compliant.	Provide information or link/reference to a document containing information	The board has established committees such as Corporate Governance and Related Party	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
specific board functions to aid in the optimal performance of its roles and responsibilities.		on all the board committees established by the company.	<p>Transaction, Audit and Risk Oversight Committees.</p> <p>Descriptions of the functions of the committees are found in the Manual of Corporate Governance and in the committee charters available in the company's website.</p> <p>http://phinmappg.com/governance/board-committee/</p>	
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.	<p>Provide information or link/reference to a document containing information on the Audit Committee including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	<p>The Audit Committee's roles and responsibilities, including the duty to recommend the appointment and removal of the company's external auditor, are found in the Audit Committee Charter which is uploaded in the company's website.</p> <p>http://phinmappg.com/governance/board-committee/</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant.	Provide information or link/reference to a document containing information on the members of the Audit Committee including their qualifications and type of directorship.	<p>The Audit Committee is composed of 3 Non-Executive members of the board, two (2) of whom are independent directors, including the Chairman. They are Messrs. Corazon dela Paz Bernardo (Chairman/Independent), Edward S. Go (Independent) and Roberto M. Laviña (Non-Executive). The qualifications of the committee members are found on pages 50 to 53 of the 2018 SEC Form 17-A and in the company's website.</p> <p>http://phinmappg.com/board-of-directors/</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant.	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	Information on the relevant background, knowledge, skills, and/or experience of the members of the Audit Committee are found on pages 50 to 53 of the 2018 SEC Form 17-A and in the company's website. http://phinmappg.com/board-of-directors/	
4. The Chairman of the Audit Committee is not the Chairman of the Board or any other committee.	Compliant.	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee.	The Chairman of the Audit Committee is Mrs. Corazon S. de la Paz Bernardo who is an independent director and is not the Chairman of the Board or of any other committee. This is stated in the letter disclosure to the regulators last April 2018 which lists the committee memberships of the directors. The qualifications of the Chairman of the Audit Committee are found on page 52 of the 2018 SEC Form 17-A, in the Certificate of Independent Director and in the company's website. http://phinmappg.com/board-of-directors/	
Supplement to Recommendation 3.2				
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant.	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	The Audit Committee, in its Audit Committee Report found on pages 84 to 85 of the 2018 SEC Form 17-A, certifies that non-audit services and related fees of the external auditor were also reviewed and concluded that these fees are not significant to impair independence.	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.		<p>In 2018, there has been no opportunity for the Audit Committee to call separate meetings with the company's external auditors without the presence of management. The Audit Committee endeavours to adopt this best practice in 2019.</p> <p>While the company is non-compliant on this recommendation, the company believes that with the number, qualifications and the active role of the directors in the board, including its composition where majority of the board are non-executive directors, it satisfies the underlying principle of the recommendation that the board should be supported by committees in the effective performance of its functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns. Independent directors take on lead roles in board committees including the Audit Committee.</p>
Optional Recommendation 3.2				
1. Audit Committee meets at least four times during the year.	Compliant.	Indicate the number of Audit Committee meetings during the year and provide proof.	The Audit Committee had four (4) meetings in 2018 and this information is disclosed in the Audit Committee Report on page 84 of the 2018 SEC Form 17-A.	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.		
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.	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	<p>The Board has established a Corporate Governance and Related Party Transactions Committee that includes the functions of the Nominations Committee. Further information on the Committee's functions and responsibilities are contained in its Charter found in the company's website.</p> <p>http://phinmappg.com/governance/board-committee/</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant.	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	<p>As of December 31, 2018, the Corporate Governance and Related Party Transactions Committee was composed of three (3) directors, who are all independent directors. The CG and RPT Committee is composed of Messrs. Raphael M. Lotilla (Chairman/Independent), Edward S. Go and Mrs. Corazon S. de la Paz Bernardo. The qualifications of the members of the Corporate Governance and RPT Committee are found on pages 50 to 53 of the 2018 SEC Form 17-A and in their Certificates of Independent Director found in the website.</p> <p>http://phinmappg.com/board-of-directors/</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant.	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	The Chairman of the Corporate Governance and Related Party Transactions Committee is Mr. Raphael M. Lotilla, an independent director. The qualifications of the Chairman of the committee are found on page 52 of the 2018 SEC Form 17-A and in their Certificates of Independent Director found in the website. http://phinmappg.com/board-of-directors/	
Optional Recommendation 3.3				
Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.		
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.	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC) and its functions.	The Risk Oversight Committee assists the board in fulfilling its corporate governance responsibility with respect to its oversight of the company's risk management framework. The charter of the Risk Oversight Committee is found in the company's website. http://phinmappg.com/governance/board-committee/	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant.	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship.	The Risk Oversight Committee is composed of three (3) non-executive directors, two of whom are independent directors including the Chairman. The Risk Oversight Committee is composed of Messrs. Edward S. Go (Chairman/Independent), Roberto M. Lavina and Mrs. Corazon S. de la Paz Bernardo (Independent). The qualifications of the	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			members of the Risk Oversight Committee are found on pages 50 to 53 of the 2018 SEC Form 17-A and in the Certificates of Independent Director found in the website. http://phinmappg.com/board-of-directors/	
3. The Chairman of the BROCC is not the Chairman of the Board or any other committee.	Compliant.	Provide information or link/reference to a document containing information on the Chairman of the BROCC.	The Chairman of the Risk Oversight Committee is Mr. Edward S. Go who is not the Chairman of the Board or of any other committee. His qualifications are contained on page 52 of the 2018 SEC Form 17-A and in his Certificate of Independent Director in the company's website. http://phinmappg.com/board-of-directors/	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant.	Provide information or link/reference to a document containing information on the background, skills and/or experience of the members of the BROCC.	The qualifications of the members of the Risk Oversight Committee are found on pages 50 to 53 of the 2018 SEC Form 17-A and in the Certificates of Independent Director found in the website. http://phinmappg.com/board-of-directors/	
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.	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The Board has established a Corporate Governance and Related Party Transactions Committee tasked with reviewing all material related party transactions of the company. Further information on the Committee's functions and responsibilities are contained in its Charter found in the company's website. http://phinmappg.com/governance/board-committee/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant.	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	The Corporate Governance Committee also carries out the functions of the recommended RPT Committee. The committee is composed of three (3) independent directors. The CG and RPT Committee is composed of Messrs. Raphael M. Lotilla (Chairman/Independent), Edward S. Go and Mrs. Corazon S. de la Paz Bernardo. The qualifications of the members of the Corporate Governance and RPT Committee are found on pages 50 to 53 of the 2018 SEC Form 17-A and in their Certificates of Independent Director found in the website. http://phinmappg.com/board-of-directors/	
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.	Compliant.	Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	The charters of the committees contain their functions and responsibilities including the profiles of membership. All these become the basis for the committee's self-assessment process at the end of the year. The charters of each committee are found in the company's website. http://phinmappg.com/governance/board-committee/	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant.			
3. Committee Charters were fully disclosed on the company's website.	Compliant.			
		Provide link to company's website where the Committee Charters are disclosed.	Please see the links below to the company website for the Committee Charters: http://phinmappg.com/governance/board-committee/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The company adopted the guidelines issued by the SEC in 2001 for the conduct of teleconferencing and video conferencing i.e. conferences or meetings through electronic medium or telecommunications where participants are not physically present.</p> <p>The disclosure on directors' attendance to the board meetings held in 2018 is uploaded in the company's website. Their attendance to the shareholders' meeting is found in the minutes of ASM as posted in the company's website.</p> <p>http://phinmappg.com/disclosures/</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant.		<p>Directors are sent and review materials sent for Board and Committee meetings and in fact ask questions thereon.</p> <p>Minutes of Committee and Board meetings</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant.	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	document the questions and discussions of the board. Records of the minutes of the meetings of the Board are maintained by the Corporate Secretary.	
Recommendation 4.2				
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant.	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or link/reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	<p>In March 2018, the company further amended its Manual on Corporate Governance to adopt the limit on board seats of Non-Executive Directors to publicly-listed companies to five (5) seats. This policy statement is found on page 16 of the Manual. As of December 31, 2018, the seats of non-executive directors of the company to publicly-listed companies do not exceed the limit.</p> <p>The directorships of the company's directors in both listed and non-listed companies are found on pages 50 to 53 of the 2018 SEC Form 17-A and in the Certificates of Independent Directors found in the company's website.</p>	
Recommendation 4.3				
1. The directors notify the company's board before accepting a directorship in another company.	Compliant.	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	In 2018, the board through its Corporate Secretary received a letter-notification from a Director, Ms. Corazon de La Paz-Bernardo, of her election as Independent Director of Del Monte Philippines, Inc. (DMPI) effective April 20, 2018. DMPI, as stated in the letter, has a pending registration and listing application in	

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			the SEC and the Philippine Stock Exchange. The letter also states that the election is subject to confirmation of the SEC. Other than said letter, the Corporate Secretary has not received any written notification from directors of their acceptance of a directorship in another company.	
Optional Principle 4				
1. Company does not have executive directors who serve in more than two boards of listed companies outside of the group.	Compliant.		Mr. Ramon R. del Rosario, Chairman of the company also sit as a director in one publicly listed company in the Philippines.	
2. Company's schedules board of directors meetings before the start of the financial year.	Compliant.		A proposed schedule of board meetings for the entire year is sent out to all directors at the start of the year. Requests for resetting are considered and the notice of the actual board meeting date is sent out at least a week before the meeting.	
3. Board of directors meet at least six times during the year.	Compliant.	Indicate the required number of board meetings during the year and provide proof.	The Board of Directors held four (4) regular and one (1) organizational meetings in 2018. Matters taken up during the meetings are found on pages 67 to 76 of the 2018 SEC Form 17-A.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant.	Indicate the required minimum quorum for board decisions.	Board decisions are always made during Board meetings. Even items like approval of minutes of previous board meeting, adjournment, etc. are approved by the Board. Requiring at least 2/3 quorum for Board decisions will thus apply to approval even of	

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			matters taken up in due course. Until such time as the Corporation is able to identify specific decisions that, to the benefit of the Corporation and its stockholders, should require 2/3 quorum, the current majority quorum requirement is implemented. In any event, the company has three (3) Independent Directors to ensure protection of stockholder and stakeholder interest.	
Principle 5: The board should endeavour to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
The Board has at least 3 independent directors or such number as to constitute one third of the board whichever is higher.	Compliant.	Provide information or link/reference to a document containing information on the number of independent directors in the board.	As of December 31, 2018, the board was composed of nine (9) directors, three (3) of whom are Independent Directors. This information is also found on pages 50 to 53 of the 2018 SEC Form 17-A and in the company's website. http://phinmappg.com/board-of-directors/	
Recommendation 5.2				
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant.	Provide information or link/reference to a document containing information on the qualifications of independent directors.	The qualifications of the company's elected Independent Directors are found in their respective Certificates of Independent Directors, on page 52 of the 2018 SEC Form 17-A and in the company's website. http://phinmappg.com/board-of-directors/	
Supplement to Recommendation 5.2				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant.	Provide information or link/reference to a document containing information that directors are not constrained to vote independently.	The company has no shareholder agreements, by-laws provisions or other arrangements that constrain the directors' ability to vote. Directors are expected to exercise independent judgment in performing their duties and responsibilities, including when voting on board matters. The by-laws of the company can be found in the company's website.	
Recommendation 5.3				
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant.	Provide information or link/reference to a document showing the years IDs have served as such.	The period of service that the Independent Directors have served in such capacity is found in their Certificates of Independent Director and on page 52 of the SEC Form 17-A found in the website. On the average, the independent directors of the company has served no more than five (5) years from 2012.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant.	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	In March 2018, the company further amended its Manual on Corporate Governance to implement the cumulative term limit of nine years (reckoned from 2012) for Independent Directors. This policy statement is found on page 15 of the Manual.	
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	Compliant.	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	As of reporting date, the company's independent directors have not exceeded the nine-year limit. The company keeps track of the period of service rendered by its Independent Directors counted from reckoning date of 2012. The company will provide meritorious reasons and seek stockholders' approval when such condition	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
shareholders meeting.			happens.	
Recommendation 5.4				
1. The positions of Chairman of the board and Chief Executive Officer are held by separate individuals.	Compliant.	Identify the company's Chairman of the Board and Chief Executive Officer	The Chairman of the Board is Mr. Ramon R. Del Rosario, Jr. and the Chief Executive Officer is Dr. Francisco L. Viray.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant.	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer are contained in the Manual on Corporate Governance and the Performance Assessment templates.</p> <p>http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf</p> <p>The Chairman of the Board presides at all meetings of the Board of Directors and stockholders. The Chairman is responsible for leadership in the Board.</p> <p>The Chief Executive Officer is responsible for the general supervision of the company's business, properties and affairs and managing it within the authorities delegated by the Board.</p>	
Recommendation 5.5				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Non-Compliant.	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.		With the current set up of the Board, the qualifications of the Directors, including the active role of non-executive and independent directors in the board, there is no danger or threat against the Board exercising an objective and independent judgment on all corporate affairs. There is no need at this time to have an independent director as Chairman of the Board. The present Chairman, although not an independent director and no lead director has been assigned, ensures that all matters in the agenda of meetings are taken up openly, giving each director the opportunity to discuss the said matters and leaving the approval of every item in the agenda to the sound discretion of each Director. Independent directors take leading roles in the board committees such as the Audit, Risk Oversight and Corporate Governance and RPT. Further, there is at least one independent director as member of the other committees.
Recommendation 5.6				
1. Directors with material interest in transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant.	Provide proof of abstention, if this was the case.	There was no material transaction that required abstention from any director.	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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 directors present.	Non-Compliant.	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.		<p>The Audit Committee Charter has been revised to include this recommendation in 2018.</p> <p>However, in 2018, there have been no significant incidents or transactions that required a separate meeting of the Non-Executive Directors with external audit, internal audit, compliance and risk functions. The minutes of committee meetings show proof on discussion of material transactions or information.</p> <p>Independent directors take leading roles in the board committees including the Audit Committee and the CG and RPT Committee. The company believes that the current set up complies and preserves the underlying principle of the recommendation that the board should endeavour to exercise an objective and independent judgment on all corporate affairs.</p>
2. The meetings are chaired by the lead independent director.	Non-Compliant.			
Optional Principle 5				
1. None of the directors is a former CEO of the company in the past 2 years.		Provide name/s of company CEO for the past 2 years.		
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				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant.	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees.	<p>The board self-assessment exercise was started from 2017 which included the assessment of the Board as a body, the Individual Directors, the Chief Executive Officer and the Chairman. The Audit Committee conducted its assessment covering the year 2018 on March 18, 2019.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
2. The Chairman conducts a self-assessment of his performance.	Compliant.			
3. The individual members conduct a self-assessment of their performance.	Compliant.			
4. Each committee conducts a self-assessment of its performance.	Compliant.			
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant.	Identify the external facilitator and provide proof of use of an external facilitator.		The company has started its board self-assessment for 2017 performance in the 1 st quarter of 2018. The board will employ the services of an external facilitator on the third year or 2020 as it deems necessary to assist in the performance assessments.
Recommendation 6.2				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.	<p>The Board adopted a self-assessment performance evaluation process that used a five-point rating scale (1-Excellent to 5-Needs Improvement) to score the performance of the Board as a body, the individual directors, the Chief Executive Officer and the Chairman of the Board. The key areas of governance in these assessments are based on the duties and responsibilities listed in the Manual on Corporate Governance, Charters and relevant company policies are:</p> <ul style="list-style-type: none"> - Composition and Quality of the Board - Conduct of Board Meetings - Duties and Responsibilities <p>The Board Assessment Policy and Procedure document including the templates of the are uploaded in the company's website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant.		<p>The assessment was conducted starting in 2018 for the year 2017. During the Annual Shareholders Meeting, shareholders can raise any comment on board's performance. The board opens the floor for any questions on the company operations and performance of the board.</p> <p>Feedback from shareholders may also be done through the Investor Relations Office of the company, the contact details of which are</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			included in the glossy annual report and in the website.	
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 behaviour, as well as, articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant.	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<p>The Code of Business Conduct and Ethics of the company contains policies on professional decorum, conflict of interest and penalties for violations. Directors, officers and employees are required to always act in the best interest of the company. As a matter of policy, every director, officer and employee of the company should avoid any situation that could interfere or appear to interfere with their independent judgment in performing their duties. The Code of Business Conduct and Ethics is found in the company's website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant.	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	<p>The Manual on Corporate Governance is available to all directors and employees in the website. The Employee Handbook are provided to employees and officers of the company to serve as their guide. Yearly, the Integrity Assurance team requires the submission of the Integrity Assurance Form (disclosure form) by all directors, officers and employees. Lastly, policies under the Integrity Assurance Program are also uploaded to the</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			company's website. http://phinmappg.com/governance/integrity-assurance-program/	
3. The Code is disclosed and made available to the public through the company website.	Compliant.	Provide a link to the company's website where the code of Business Conduct and Ethics is posted / disclosed.	The company adopts its parent company's Code of Business Conduct and Ethics found in the website. http://phinmappg.com/governance/integrity-assurance-program/	
Supplement to Recommendation 7.1				
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant.	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	The company adopts its parent company's anti-bribery and corruption policies contained in the Gifts and Gratuities Policy under the Code of Business Conduct and Ethics. http://phinmappg.com/governance/integrity-assurance-program/	
Recommendation 7.2				
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant.	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	The implementation and strict compliance of the company's code of ethics is overseen by the Integrity Assurance and Human Resource Teams. The Integrity Assurance Team is in charge of confirming that all covered officers and employees required to fill-up and submit the Confidential Disclosure Form and Conflict of Interest Certification upon employment and every year thereafter complies with the same. In instances when any of the	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			<p>information disclosed has changed, the covered officer or employee has the obligation to amend his Confidential Disclosure Form accordingly. The form details information regarding aspects of an employee's personal and/or professional dealings that may be in conflict with the said program.</p> <p>The Human Resources Team deals with guaranteeing that all employees are made aware of the Company's core values, prescribed work attitude as well as penalties and sanctions to be incurred in the event of a violation.</p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant.	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	The Code of Business Conduct and Ethics applies to all directors, officers and employees of the company including its vendors and suppliers.	
DISCLOSURE AND TRANSPARENCY				
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with the 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	Compliant.	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	The Corporate Disclosures Procedure Manual describes the standard procedures to be followed in the management of required corporate disclosures in compliance with PSE and SEC rules and regulations. The procedure manual also covers the submission of information on transactions / dealings of	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
and complete picture of a company's financial condition, results and business operations.			<p>directors and officers on the company's securities. The procedure manual applies to all officers and employees of the company in charge of corporate disclosure responsibilities. The procedure manual details the disclosure process including the work instructions, identifying the assigned person for disclosure, the deadlines per type of disclosures and sources of data for the reports.</p> <p>The company's policies and procedures on corporate disclosure are found in the Manual on Corporate Governance and detailed in the Corporate Disclosure Procedure Manual which are uploaded to the company's website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
Supplement to Recommendations 8.1				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company distributes or makes available annual or 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.	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	The company complies with the SEC-mandated deadline in filing its Annual Report (SEC Form 17-A) which is within 105 calendar days from end of the Fiscal Year. The quarterly reports are submitted within 45 calendar days from end of quarter. The company believes that it complies with the principle of the recommendation on having disclosure policies and procedures that are practical and in accordance with the best practices and regulatory expectations. Given the degree of accuracy, scope and details required in the SEC Form 17-A, the company believes that 90 days will not be practical and possible to complete the report.	
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.	Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.	The company's controlling shareholders and cross-holdings among company affiliates are found on pages 58 to 59 of the 2018 SEC Form 17-A. None of the directors and officers own five percent (5%) or more of the outstanding capital stock of the company.	
Recommendation 8.2				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant.	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	The company's Corporate Disclosure policy requires that all directors and principal officers shall submit the duly signed and accomplished SEC Form 23-B (Report on Beneficial Ownership) to the Compliance unit within 24 hours from transaction date. This policy statement is found on page 6 of the Corporate Disclosure Procedure Manual which is uploaded to the website. http://phinmappg.com/governance/integrity-assurance-program/	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant.	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	The company's public ownership report as of March 31, 2019 and SEC 23 B reports of directors and officers that dealt in the company's shares are uploaded to the website. http://phinmappg.com/disclosures/	
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 buyback program)	Compliant.	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	The company's corporate structure is found on page 2 of the 2018 SEC Form 17 – A. The company's directors, officers and controlling shareholders submit their SEC Form 23-B within the required date or on a monthly basis as applicable. The company's Top 100 Shareholders and Public Ownership Report are uploaded in the website. http://phinmappg.com/disclosures/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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 conflict of interest that might affect their judgment.	Compliant.	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<p>Information on directors' academic qualifications, membership in other boards, other executive positions, professional experience and expertise are found on pages 50 to 53 of the 2018 SEC Form 17 – A and in their Certificates of Independent Director found in the website.</p> <p>http://phinmappg.com/board-of-directors/</p> <p>The directors' shareholdings in the company are disclosed on pages 58 to 59 of the 2018 SEC Form 17-A.</p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications and assess any potential conflict of interest that might affect their judgment.	Compliant.	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<p>Information on key officers' academic qualifications, membership in other boards, other executive positions, professional experiences and expertise are found on pages 53 to 56 of the of the 2018 SEC Form 17-A.</p> <p>The officers' shareholdings in the company are disclosed on page 59 of the 2018 SEC Form 17-A.</p> <p>http://phinmappg.com/disclosures/</p>	
Recommendation 8.4				
1. Company provides a clear disclosure of its policies and procedures for setting Board remuneration, including the level and mix of the same.	Compliant.	Disclose or provide link reference to the company policy and practice for setting board remuneration.	<p>The company's practice for setting board remuneration is provided on page 58 of the 2018 SEC Form 17-A.</p> <p>http://phinmappg.com/disclosures/</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Company provides a clear disclosure of its policies and procedures for setting executive remuneration, including the level and mix of the same.	Compliant.	Disclose or provide link reference to the company policy and practice for determining executive remuneration.	The company's practice for setting executive remuneration is provided on pages 57 to 58 of the 2018 SEC Form 17-A. http://phinmappg.com/disclosures/	
3. Company discloses the remuneration on an individual basis, including termination and retirement provision	Non-compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.		The company discloses the remuneration of directors and principal officers on an aggregate basis. As required in the Revised Code of Corporate Governance, the company discloses fixed and variable compensation paid to its directors and top four management officers on pages on 57 to 58 of 2018 SEC Form 17-A. We believe that this submission should comply with the spirit of the recommendation without risk to the aforementioned directors and CEO. http://phinmappg.com/disclosures/
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.	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	The Related Party Transaction Policy is uploaded in the company's website. http://phinmappg.com/governance/integrity-assurance-program/ RPT policies are also found on page 11 of the company's Manual on Corporate Governance uploaded to the company's website. http://phinmappg.com/governance/integrity	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			-assurance-program/	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant.	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e. names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>The company disclosed the significant related party transactions entered into by the company on pages 5 to 7 of the 2018 SEC Form 17-A.</p> <p>http://phinmappg.com/disclosures/</p> <p>The most significant of these transactions is PHINMA Petroleum's management contract with the ultimate parent company PHINMA, Inc. This information is disclosed on page 7 of the 2018 SEC Form 17-A.</p>	
Supplement to Recommendation 8.5				
1. Company requires directors to disclose their interests in transactions or any other conflicts of interests.	Compliant.	Indicate where and when directors disclose their interests in transactions or any other conflicts of interests.	There were no transactions that posed conflict of interest that required abstention from any director.	
Optional Recommendation 8.5				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length	Compliant.	Provide link or reference where this is disclosed, if any.	<p>The company disclosed the significant related party transactions entered into by the company on pages 5 to 7 of the 2018 SEC Form 17-A.</p> <p>http://phinmappg.com/disclosures/</p> <p>These RPTs are all in compliance with the RPT policies of the company that includes terms that are at fair and arms-length basis.</p>	
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.	Provide link or reference where this is disclosed.	<p>Material information or transactions disclosed by the company to SEC and PSE through SEC Form 17-C are uploaded to the company's website.</p> <p>http://phinmappg.com/disclosures/</p> <p>The company has a Corporate Disclosures Manual which directors and key management are required to follow.</p>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.		<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>The company did not carry out any material acquisition or disposal of assets in 2018 that should be subject to such evaluation.</p> <p>On February 7, 2019 PHINMA Inc., PHINMA Corporation and AC Energy Corporation (AC Energy) signed an investment agreement for AC Energy's acquisition of the PHINMA Group's 51.476% stake in PHINMA Energy, parent company of PPG, via a secondary</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			share sale through the Philippine Stock Exchange. This transaction is subject to regulatory approval and mandatory tender offer. The above transaction is disclosed on page 147 of the 2018 SEC Form 17-A.	
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.	Provide link or reference where those are disclosed.	There are no shareholder agreements that may impact on the control, ownership and strategic direction of the company.	
Recommendation 8.7				
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant.	Provide link to the company's website where the Manual on Corporate Governance is posted.	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance found in the website. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
2. Company's MCG is submitted to the SEC and PSE.	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Company's MCG is posted on its company website.	Compliant.		The Manual on Corporate Governance is complemented by the Corporate Disclosure Manual which describes the standard procedures to be followed in the management of required corporate disclosures in compliance with applicable rules and regulations.	
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.	Provide proof of submission	<p>The Manual on Corporate Governance was amended in 2017 to comply with the new Code of Corporate Governance and the amended manual was submitted to the PSE and SEC in May 2017. The Manual was further amended in March 2018. Copies of the revised manual were submitted to the PSE and SEC in the same month.</p> <p>http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf</p>	
Optional: Principle 8				
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	<p>The company's 2017 Annual Report is uploaded in its website.</p> <p>As of reporting date, the company has not yet scheduled its Annual Stockholders Meeting in 2019.</p> <p>http://phinmappg.com/wp-</p>	
a. Corporate Objectives	Compliant.			
b. Financial performance indicators	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
c. Non-financial performance indicators	Compliant.		content/uploads/2018/05/PPG_2017-Annual-Report.pdf	
d. Dividend policy	Compliant.			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant.			
f. Attendance details of each director in all directors meetings held during the year	Compliant.			
g. Total remuneration of the board of directors	Compliant.			
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.	Compliant.	Provide link or reference where this is contained in the Annual Report.	<p>The Company substantially complies with the principles and best practices contained in the Code of Corporate Governance.</p> <p>As of December 31, 2018, there were no sanctions imposed on any director, officer or employee for non-compliance.</p> <p>This information is also disclosed in the Corporate Governance section on page 65 of the 2018 SEC Form 17-A.</p>	
3. The Annual Report / Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including	Compliant.	Provide link or reference where this is contained in the Annual Report.	The Audit Committee assists the board in its oversight responsibilities on financial reporting process, assessment of internal controls, the audit process, risk management process, and the company's process for	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
operational, financial and compliance controls) and risk management systems.			monitoring compliance with laws and regulations. The Audit Committee discloses on pages 84 to 85 of the 2018 SEC Form 17-A that it has reviewed the audit reports submitted by the Group Internal Audit and found that the company's internal control system is generally adequate and effective. The committee certifies that it held meetings to review key emerging risks.	
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.	Provide link or reference where this is contained in the Annual Report.	In accordance with its Charter, the Group Internal Audit performs various internal control reviews of the company, its subsidiaries and affiliates. Based on the reviews, Group Internal Audit reported that overall controls are adequate and effective. The Audit Committee disclosed that the company's internal control system are generally adequate and effective in the Audit Committee Report found on page 84 to 85 of the 2018 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, and economic).	Compliant.	Provide link or reference where these are contained in the Annual Report.	The risks related to the company's business and operations are discussed on pages 24 to 28 of the 2018 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				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal and fees of the external auditors.	Compliant.	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the external auditors.	The Audit Committee is tasked to review the annual assessment of external auditor prepared by management which becomes the basis for the recommendation for re-appointment of the external auditor for the succeeding year. http://phinmappg.com/governance/board-committee/	
2. The appointment, re-appointment, removal and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant.	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditors.	The Audit Committee in its report to the Board of Directors proposes the retention of the external auditor for the subsequent year. This is found on page 85 of the 201 SEC Form 17-A. The percentage of shareholders that ratified the appointment is recorded in the Minutes of Annual Stockholders' Meeting uploaded in the company's website. http://phinmappg.com/disclosures/	
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.	Provide information or link/reference to a document containing the company's reason for removal or change of external auditor.	There has been no cause for the removal of the external auditor for the past 5 years.	
Supplement to Recommendation 9.1				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has a policy of rotating the lead audit partner every five years.	Compliant.	Provide information or link/reference to a document containing the policy of rotating the lead audit partner every five years.	The policy on rotating the lead partner every five years is found in the Audit Committee Charter. http://phinmappg.com/governance/board-committee/	
Recommendation 9.2				
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant.	Provide link/reference to the company's Audit Committee Charter	These responsibilities are all contained in the Audit Committee Charter and is in the company's website. http://phinmappg.com/governance/board-committee/	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and	Compliant.	Provide link/reference to the company's Audit Committee Charter	This responsibility is contained in the Audit Committee Charter and is in the company's website. http://phinmappg.com/governance/board-committee/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
effectiveness on an annual basis.			committee/	
Supplement to Recommendation 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.	Provide link/reference to the company's Audit Committee Charter	This responsibility is contained in the Audit Committee Charter and is in the company's website. http://phinmappg.com/governance/board-committee/	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant.	Provide link/reference to the company's Audit Committee Charter	This responsibility is contained in the Audit Committee Charter and is in the company's website. http://phinmappg.com/governance/board-committee/	
Recommendation 9.3				
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant.	Disclose the nature of non-audit services performed by the external auditor, if any.	In 2018, PHINMA Petroleum paid the amount of P38,888.89 for the Corporate Governance training of its directors and officers conducted by SGV. The Audit Committee Report found on pages 84 to 85 of the 2018 SEC Form 17-A, expressly stated that in its report for 2018 that such fees are not significant to impair their independence.	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide link or reference to guidelines or policies on non-audit services	<p>Non-audit services and related fees for the services of external auditors were reviewed by the Audit Committee and were found to be not significant to impair independence as expressly stated in the Audit Committee Report found on pages 84 to 85 of the 2018 SEC Form 17-A. The guidelines on engaging non-audit services is found in the Audit Committee Charter.</p> <p>http://phinmappg.com/governance/board-committee/</p>	
Supplement to Recommendation 9.3				
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant.	Provide information on audit and non-audit fees paid.	<p>Breakdown of audit and non-audit fees in 2018:</p> <p>Financial Statements Audit Fees: P150,000 Non-Audit Fees (Training): P38,888.89</p>	
Additional Recommendation to Principle 9				
1. Company's external auditor is duly-accredited by the SEC under Group A category.	Compliant.	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. name of the audit engagement partner; 2. accreditation number; 3. date accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	<p>The company's external lead auditor is duly accredited by the SEC under Group A Category. Below are the information on the company's external auditor:</p> <ol style="list-style-type: none"> 1. Belinda T. Beng Hui 2. SEC Accreditation No. 0943-AR-3 (Group A) 3. March 14, 2019 4. March 13, 2022 5. Sycip Gorres Velayo & Co. / 6760 Ayala Avenue 1226 Makati City Philippines / 891 	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			0307 PHINMA Petroleum's engagement partner for the year ended December 31, 2018 is Mr. Benjamin N. Villacorte. However, considering his SEC accreditation has expired last March 3, 2019 and was renewed only on March 26, 2019, he was unable to sign the auditor's report dated March 21, 2019. Ms. Belinda Beng Hui, in her capacity as the primary team engagement partner for the PHINMA Group, signed the auditor's report on PPG's financial statements.	
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.	Provide information on company's external auditor, such as: 1. date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	The company's external auditor has been selected for the SOAR inspection of the SEC in 2018. 1. Date it was subjected to SOAR inspection: December 23, 2018 2. Name of the Audit Firm: SGV & Co. Members of the engagement team inspected by the SEC - 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	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	Promoting social responsibility initiatives, with specific focus on community development, social progress, and environmental management, in accordance with all pertinent Philippine laws, rules and	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.			<p>regulations is one of the duties and responsibilities of the board as mentioned on page 4 of the company's Board Charter.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p> <p>While a focused policy on formal sustainability reporting have yet to be adopted, the company ensures that it reports on material and reportable non-financial and sustainability information in company disclosures such as in 2018 SEC Form 17-A. The company also provides for a dedicated page on its website to report on its Corporate Social Responsibility programs.</p> <p>http://www.transasia-energy.com/ta/?page_id=61</p> <p>The company's disclosure on non-financial information, including matters on economic, environmental, social and governance (EESG) issues that concern its business are found in the following:</p> <p>2017 Annual Report (SEC Form 17-A)</p> <ul style="list-style-type: none"> Regulatory Framework and Environmental Laws – pages 8 to 11 	
2. Company adopts a globally-recognized standard/framework in reporting sustainability and	Non-compliant.	Provide link to Sustainability Report, if any. Disclose the standards used.		While a formal globally-recognized standard/framework on sustainability reporting is yet to be adopted, the company believes that it meets the underlying principle of the

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
non-financial issues.				<p>recommendation in ensuring that material and reportable non-financial and sustainability issues concerning its business are disclosed by reporting non-financial / sustainability-related information through its website.</p> <p>The company's disclosure on non-financial information, including matters on economic, environmental, social and governance (EESG) issues that concern its business are found in the following:</p> <p><u>2018 Annual Report (SEC Form 17-A)</u></p> <ul style="list-style-type: none"> Regulatory Framework and Environmental Laws – pages 8 to 11 <p>Further, the company adopts the Corporate Social Responsibility advocacies, programs and policies of its parent company PHINMA Energy.</p> <p>PHINMA Energy, the parent company is strongly committed to improving the quality of life in areas where it operates. PHINMA Energy institutionalized its sustainability strategy by benchmarking its impact with the global standards. This initiative hopes to create a long-term blueprint that will guide the company in its sustainability commitments, specifically on our planet, stakeholders and nation's progress, towards a more transformative Corporate Social Responsibility. The</p>

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
				<p>parent company discloses details of its corporate social responsibility activities in its website.</p> <p><u>Economic, Environmental and Social Programs</u></p> <p>1. Harnessing Energy Literacy for Planet Earth (HELP Earth) is the company's response in educating youth and communities to make knowledge-based decisions for energy and environment. HELP Earth Education was able to train over 800 HELP Earth Savers Club members and provide channels to implement student-driven activities for the environment. Aside from this, PHINMA Energy continues its commitment to promote energy literacy and love for the environment. Aside from its flagship initiatives for education, the company continues to support the Department of Education's Adopt-a-School project in 23 partner schools. More than 10,000 students in 33 schools have been engaged since HELP Earth's beginnings back in 2009.</p> <p>Aside from the investments for energy and environmental awareness, PHINMA Energy has a</p>

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
				<p>strong sense of social responsibility of implementing its own environmental initiatives. The company has adopted hectares of upland forest area and has planted indigenous seedlings to preserve critical watersheds. Apart from the green initiatives, it is the company's major interest to protect the ecosystem along coastal communities. The company mobilized its employee volunteers and partner communities to participate in coastal and clean-up drives and in planting over 1000 mangroves along the coastline.</p> <p>2. Progressive Undertakings on Nation-building and Life-enhancing Advocacies (PUNLA) program of the company creates enabling mechanisms to empower our partner stakeholders by enhancing their skills and capacities to help them realize their dreams. The company partnered with local municipalities and government agencies in Guimaras to assist in the local registration and organizational development. The joint efforts resulted in 180% increase in revenue for the livelihood groups augmenting the income of over 100</p>

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
				<p>households.</p> <p>For a more holistic approach to community development, the company also placed a significant attention on other components of social wellness of community. The company supported five (5) Day-Care Centres and Supervised Neighborhood Play (SNPs) through rehabilitation and provision of learning tools.</p> <p>The parent company in partnership with the Philippine National Police and Philippine Red Cross, trained the Barangay Health Workers and Barangay Police in 4 barangays on basic life-saving, first aid, and basic self-defense.</p> <p><u>Environment and Governance</u></p> <p>The parent company ensures compliance to the laws, rules and regulations that concern its business. Further, it demonstrates support of legislation relevant to its business such as R.A. 8749 or The Philippine Clean Air Act by participating in oil and gas exploration and development of renewable energy sources. This is evident in the oil and gas exploration, and wind power projects of the company and its subsidiaries.</p>

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
				<p><u>Human Capital and Talent Development</u></p> <p>PHINMA Energy has no Collective Bargaining Agreement (CBA) with its employees. No employees went on strike for the past three (3) years nor is the company aware of any intention of the employees to go on strike. Aside from compensation, employees are given medical, hospitalization, vacation and sick leave, and personal accident insurance benefits. Also, the parent company has a retirement fund covering all full time employees of PHINMA and its affiliates.</p> <p>Special Interest Groups for Life-balance Activities (SIGLA) program continues to provide this venue for fellowship and camaraderie by supporting more than 10 special interest groups within the head office and subsidiaries, ranging from movie, sports, fitness and financial literacy. The company takes pride in the involvement of its employees in designing and implementing development programs for its stakeholders.</p>
<p>Principle 11: The Company should maintain a comprehensive and cost-efficient communication channels for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</p>				
Recommendation 11.1				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has media and analysts' briefings as channels of communications to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant.	Disclose and identify the communication channels used by the company (i.e. website, Analyst's briefing, media briefings/press conferences, quarterly reporting, current reporting, etc.). Provide links if any.	The company uses its company website to upload disclosures to the public. http://phinmappg.com/disclosures/	
Supplement to Principle 11				
1. Company has a website disclosing up to date information on the following:		Provide link to company website.	The following are promptly posted to the company's website. a. Financial statements/reports (latest quarterly) http://phinmappg.com/disclosures/ b. Materials provided in briefings to analysts and media http://phinmappg.com/#investor-relations c. Downloadable annual report (latest) http://phinmappg.com/wp-content/uploads/2018/05/PPG_2017-Annual-Report.pdf d. Notice of ASM and/or SSM http://phinmappg.com/disclosures/ e. Minutes of ASM and/or SSM http://phinmappg.com/disclosures/	
a. Financial statements/reports (latest quarterly)	Compliant.			
b. Materials provided in briefings to analysts and media	Compliant.			
c. Downloadable annual report	Compliant.			
d. Notice of ASM and/or SSM	Compliant.			
e. Minutes of ASM and/or SSM	Compliant.			
f. Company's Articles of Incorporation and By-Laws	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			f. Company's Articles of Incorporation and By-Laws http://phinmappg.com/about/articles-incorporation-laws/	
Additional Recommendation to Principle 11				
1. Company complies with SEC-prescribed website template	Compliant.		The company's website complies with the content requirements of the SEC-prescribed website template. There are some variances in the headers used but the information, reports and disclosures that are required to be posted are all uploaded to the 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.	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.	The Internal Audit team reviews and updates the audit plan during their mid-year planning based on the results of completed engagements and recent developments or issues encountered. On a quarterly basis, the Internal Audit team reports results and updates on the audit plan. Audit plans and scope of the audits are then presented to the Audit Committee on an annual basis for review and approval. The Audit Committee reports on the	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			adequacy and effectiveness of the internal controls system in its Audit Committee Report found on pages 84 to 85 of the 2017 SEC Form 17-A. http://phinmappg.com/governance/board-committee/	
2. Company has an adequate and effective internal control system and enterprise risk management framework in the conduct of its business.	Compliant.	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.	The company adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risks and rewards. The company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value. The company's philosophy of risk management has its foundation in the concept that taking risks is required in order to seek rewards and fulfil the company's mission. However, these risks should be continuously identified and assessed to ensure that effective mitigation strategies are employed to the greatest extent possible. A discussion on the management of the financial risks the company is exposed to particularly on credit risk, liquidity risk,	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			<p>market risk, interest rate risk and equity price risk on pages 142 to 146 of the 2018 SEC Form 17-A. The company also discloses the risks relating to its business on pages 24 to 28 of the 2018 SEC Form 17-A.</p> <p>http://phinmappg.com/disclosures/</p> <p>The Risk Oversight Committee requires all SBUs to assess the status of their key risks on a semi-annual basis. The results of these assessments, together with the corresponding mitigation strategies, are presented by the SBU Heads themselves to the Committee.</p> <p>In 2018, there were 3 Risk Oversight Committee meetings held on Feb 26, July 31 and Sept 10, 2019.</p> <p>On March 21, 2013, the Executive Committee, approved and mandated the implementation of the Business Continuity Management which has been renamed since then as Business Resiliency Program. The program provides governance framework to develop business resiliency, build capability to safeguard the interests of the key shareholders, as well as the reputation and value-creating activities of the company in all its functions and operations. Effective that same year, all member companies of the PHINMA Group undergo a risk assessment exercise on a semi-annual basis in coordination with the Business Resiliency</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			program. The results of these assessments, together with the overall implementation of the risk management system, including the Business Resiliency Program, will be subject to a review of its adequacy and effectiveness by the Risk Oversight Committee.	
Supplement to Recommendations 12.1				
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually-reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant.	Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations. Indicate frequency of review.	The company's compliance program is anchored on the Manual on Corporate Governance with detailed processes documented in the Corporate Disclosure Manual. Both manuals are subject to periodic review and amendment to comply with relevant laws and regulations. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
Optional Recommendations 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.		Provide information on IT governance process.	The IT group of the company has policies and procedures in place to address issues on disruption, cyber-security and disaster recovery. These include putting in place hardware and software infrastructure to improve IT security, IT security awareness training for employees, periodic vulnerability testing, offsite backup data center, and reviews by IT security consultant. IT security and disruption issues are reported to senior	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			management and critical issues and incidents, if any, will be reported to the Audit Committee.	
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.	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	<p>The company has an in-house Group Internal Audit which performs independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the company. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	
Recommendation 12.3				
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant.	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	<p>The company's Chief Audit Executive is Mr. Rolando Soliven. He holds a Bachelor of Science degree in Accountancy and is a Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner. The duties and responsibilities of the Chief Audit Executive are contained in the Audit Committee Charter.</p> <p>http://phinmappg.com/governance/board-</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			committee/	
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.		The Chief Audit Executive oversees the internal audit activity of the company. The company has not outsourced any portion of the Internal Audit function.	
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.	Identify qualified independent executive or management personnel, if applicable.	The company has not outsourced the Internal Audit function.	
Recommendation 12.4				
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant.	Provide information on company's risk management function.	<p>A Business Resiliency Program is currently in place for the entire PHINMA Group. This program supersedes the previous Business Continuity Management program and expands its coverage further by going beyond the traditional confines of BCM and integrates Risk Management concepts with the disciplines of Disaster Response Planning, Crisis Management and Communications and Business Continuity Planning.</p> <p>The Risk Oversight Committee held its initial meeting on February 26, 2018. Its board-approved charter, containing its functions, is</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			found in the company's website. In 2017, the oversight of risk management and audit functions were originally performed by a single committee, the Audit and Risk Oversight Committee. These two functions were eventually separated and assigned to two distinct committees, the Audit Committee and Risk Oversight Committee (ROC). To facilitate the continuity of risk-related discussions, the Audit Committee continued to perform the risk oversight functions up to the end of 2017.	
Supplement to Recommendation 12.4				
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant.	Identify source of company's risk management function.	The company's risk management function is composed of skilled and competent individuals headed by its Chief Risk Officer Atty. Alan T. Ascalon	
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.	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The company's Chief Risk Officer is Atty. Alan T. Ascalon. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000. The duties and responsibilities of the Chief Risk Officer are contained in the Risk Oversight Committee Charter. Atty. Ascalon has adequate authority, stature, resources and support to fulfill his duties having been with the company since its listing.	
2. CRO has adequate authority, stature, resources and support to fulfill his / her	Compliant.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
responsibilities			http://phinmappg.com/governance/board-committee/	
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.		Provide link to CEO and CAE's attestation.	The Audit Committee attests to the soundness of internal audit, control and compliance system in its Report to the Board of Directors found on pages 84 to 85 of the 2017 SEC Form 17-A.	
CULTIVATING A SYNERGISTIC 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	Provide link or reference to the company's Manual on Corporate Governance where shareholders rights are disclosed.	Shareholders' Rights is found on page 26 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website	Shareholders' Rights is found on page 26 of the Manual on Corporate Governance which is uploaded in the company's website. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			Revised-Feb-2018.pdf	
Supplement to Recommendation 13.1				
1. Company's common share has one vote for one share.	Compliant		The company's voting procedures is on page 30 of the 2018 SEC Form 17 – A. http://phinmappg.com/disclosures/	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights, and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights, if any.	The company only has common shares which carry one vote per share.	
3. Board has an effective, secure and efficient voting system.	Compliant	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	Voting is done by raising of hands or viva voce. All stockholders votes are counted and reported in the Minutes of Stockholders' Meetings. The company's voting procedures is also detailed on page 30 of the 2018 SEC Form 17-A. http://phinmappg.com/disclosures/	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	All other matters in the Agenda that require corporate action will require the affirmative vote of a majority of the issued and outstanding shares of the company's common stock present and represented and entitled to vote at the Shareholders' Meeting. Supermajority votes, e.g. 2/3 vote of stockholders, are required on items which requires such vote under the Corporation	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			Code. The company's voting procedures is also detailed on page 30 of the 2018 SEC Form 17-A. http://phinmappg.com/disclosures/	
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	Provide information on how this was allowed by board (i.e. minutes of meeting, board resolution)	Shareholders' Rights is found on pages 26 to 27 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Provide information or link/reference to the policies on treatment of minority shareholders	Shareholders' Rights is found on page 26 to 27 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
7. Company has a transparent and specific dividend policy	Compliant	<p>Provide information on or link/reference to the company's dividend policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip dividends, indicate if the company paid the dividends within 60 days from declaration.</p>	<p>The Company has not declared any cash or other dividends from the time of its incorporation.</p> <p>Apart from legal restrictions governing the declaration of dividends there are no restrictions that limit the company's ability to pay dividends whether currently or in the future.</p> <p>This information is also found on page 32 of the 2018 Annual Report (SEC Form – 17A).</p> <p>http://phinmappg.com/disclosures/</p>	
Optional Recommendation 13.1				
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders Meeting.	Compliant	Identify the independent party that counted / validated the votes at the ASM, if any.	Stock Transfer Service, Inc. was appointed as the independent party to count and/or validate the votes at the Annual Stockholders Meeting.	
Recommendation 13.2				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>The Notice and Agenda of the ASM held on April 12, 2018 were sent on March 19, 2018.</p> <p>http://phinmappg.com/disclosures/</p>	
Supplemental to Recommendation 13.2				
1. Company's Notice of Annual Stockholders Meeting contains the following information:		Provide link or reference to the company's Annual Shareholders' Meeting		
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience and directorships in other listed companies)	Compliant		<p>For the 2018 ASM, the profiles of directors are found on pages 6 to 9 of the 2017 Information Statement (SEC Form 20 – IS).</p> <p>http://phinmappg.com/disclosures/</p>	
b. Auditors seeking appointment /reappointment	Compliant		<p>For the 2018 ASM, auditors seeking reappointment are found on page 5 of the 2017 Information Statement (SEC Form 20 – IS).</p> <p>http://phinmappg.com/disclosures/</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
c. Proxy documents	Compliant		For the 2018 ASM, proxy documents are attached to the 2017 Information Statement (SEC Form 20 – IS). http://phinmappg.com/disclosures/	
Optional Recommendation 13.2				
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Provide link or reference to the rationale for the agenda items.	For the 2018 ASM, the agenda details is attached in the Notice of Annual Stockholders Meeting which is disclosed to the regulators and uploaded to the company's website. http://phinmappg.com/disclosures/	
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	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM / SSM.	Prompt disclosure of all material items taken at the Annual Shareholders' Meeting is sent to the SEC and the PSE. The detailed Minutes of the ASM is uploaded to the website within 5 days from the meeting and contains all questions raised and answered and vote results of all items raised. http://phinmappg.com/disclosures/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company's website within five business days from the end of the meeting.	Compliant	<p>Provide link to minutes of meeting in company's website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p>	<p>Minutes of the ASM uploaded to the website within 5 business days.</p> <p>http://phinmappg.com/disclosures/</p>	
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	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting.	<p>Representatives of the company's external auditor, SGV & Co., the transfer agent and all key management officers were present at the 2018 ASM as indicated in the minutes of the Annual Stockholders Meeting.</p> <p>http://phinmappg.com/disclosures/</p>	
Recommendation 13.4				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Board makes available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	The Board has adopted to establish an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities. There has been neither dispute nor conflict between the corporation and its stockholders, third parties including regulatory authorities for the past three years. In the event that one arises, the Company is committed to resolve the same by exhausting all diplomatic means available prior to resorting to legal measures.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance.	The policy statement on alternative dispute resolution system is found on page 5 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
Recommendation 13.5				
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Disclose the contact details of the officer/office responsible for investor relations such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	Below are the details of the company's Investor Relations Officer which are also shown in the company's website and glossy annual report: 1. Giles R. Katigbak 2. Tel +632 8700130 3. Fax +632 870 0456 4. grkatigbak@phinma.com.ph http://phinmappg.com/#investor-relations	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. IRO is present at every shareholders meeting	Compliant	Indicate if the IRO was present during the ASM.	The Investment Relations Officer was present at the 2017 and 2018 Annual Stockholders Meetings.	
Supplemental Recommendation to Principle 13				
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	Compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	There are no anti-takeover measures or similar devices written or included in the Articles of Incorporation, Bylaws, Corporate Governance Manual and/or other written or oral rules or policies of the Corporation and no such measure or devices were taken up in 2018. Any proposal to implement anti-takeover measures or similar devices will be scrutinized by the Corporate Governance (CG) and Related Party Transactions (RPT) Committee prior to discussion at Board level.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float.	As of reporting date, the company has a public float of 22% which is compliant with the SEC requirement of at least 20% public float.	
Optional Principle 13				
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting.		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM.		

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.		
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholder's 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.	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Shareholders' Rights is found on pages 26 to 27 of the Manual on Corporate Governance and on page 3 of the 2017 Information Statement (SEC Form 20-IS). http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
Recommendation 14.2				
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant.	Identify policies and programs for the protection and fair treatment of company's stakeholders.	Shareholders' Rights is found on pages 26 to 27 of the Manual on Corporate Governance. http://phinmappg.com/wp-content/uploads/2018/01/Manual-on-Corporate-Governance-PHINMA-Petroleum-Revised-Feb-2018.pdf	
Recommendation 14.3				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide the contact details (i.e. name of the contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders.	Below are the details of the company's investor relations officer: 1. Giles R. Katigbak 2. Tel +632 8700130 3. Fax +632 870 0456 4. grkatigbak@phinma.com.ph http://phinmappg.com/#investor-relations Integrity Hotline: Mobile: 0917-1744662 Email: energy@phinmaintegrity.com.ph	
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.	Provide information on the alternative dispute resolution system established by the company.	There has been neither dispute nor conflict between the corporation and its stockholders, third parties including regulatory authorities for the past three years. In the event that one arises, the Company is committed to resolve the same by exhausting all diplomatic means available prior to resulting to legal measures.	
Additional Recommendations to Principle 14				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason, for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant.	Disclose any requests for exemption by the company and the reason for the request.	The company has not sought any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason, for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	
2. Company respects intellectual property rights.	Compliant.	Provide specific instances, if any.	There were no issues in relation to intellectual property rights for 2018.	
Optional Principle 14				
1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.		
2. Company discloses its policies and practices that address supplier/contractor selection procedures.		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.		
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				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	Provide information or link/reference to company's policies, programs and procedures that encourage employee participation.	<p>Thru the standard performance scorecard, the employees training and coaching needs are clearly identified as well as monitored thereby providing a solid background for numeric ratings by year end. Its “critical incident” component allows for transparency in terms of learning opportunities and action items. It also makes clear to the employee his/her individual objectives and the measurement of KPIs for the year. The self-development component of the performance assessment ensures employee engagement by self-identification of programs and trainings that will assist the employee in the achievement of their goals for the year.</p> <p>Through the various Corporate Social Responsibility programs, the company seeks to create awareness and instill the value of service to others by providing opportunities for employees to join programs benefiting the community, the environment and its adopted beneficiaries.</p>	
Supplement to Recommendation 15.1				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant.	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	The Stock Purchase Plan for officers involves shares of PHINMA Energy, its parent company.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant.	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	The company adopts its parent company's Human Resources programs and policies to promote the health, safety and welfare of its employees. RELATED POLICIES 1. Anti-Sexual Harassment- RA 7877 2. Drug Free Workplace- DOLE Order 5303 3. HIV- AIDS in the workplace RA 8504 4. Special Leave for Women DO 112-11 5. Victims of Violence against Women and Children – RA 9262 6. Lactation Station 7. TB in the workplace 8. Hepa- B in the Workplace 9. Solo Parent Leave Dole - Advisory No. 5 Series of 2010 http://phinmappg.com/governance/integrity-assurance-program/	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			<p>OTHER INITIATIVES ON EMPLOYEE WELFARE</p> <ol style="list-style-type: none"> 1. Annual Physical Exam in accredited clinics and hospitals 2. Annual Medicine Allowance, each employee gets P12, 500 3. Dental Retainership coverage with unlimited consultation, free oral prophylaxis, simple tooth extraction and temporary filling with a reputable Dentist 4. Health Insurance Coverage- employees are covered by an insurance, limit varies based on rank 5. Vacation and Sick Leave credits- Employees earn 1.25 VL and SL credit per month, equivalent to 15 days VL and 15 days SL per year 6. Group Insurance coverage including Accident and Burial, limit varies per rank 7. Flu vaccination for employees and dependents <p>SAFETY DRILLS (From Paramount - Bldg. Admin)</p> <ul style="list-style-type: none"> • Fire drill seminar was conducted by SFO2 Richelle Leal of BFP last May 30, 2018. 	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Company has policies and practices on training and development of its employees.	Compliant.	Disclose and provide information on policies and practices on training and development of employees. Include any information on any training conducted or attended.	<p>PHINMA aims to build a group of coaches that enables employees to broaden, develop and motivate each other that will translate to improved work performance.</p> <ul style="list-style-type: none"> - Coaching for Success - Coaches Connect <p>PHINMA continues to give trainings that helps our leaders improve their interpersonal and/or relational skills and inspire them more to accomplish their goals.</p> <ul style="list-style-type: none"> - DNA of Success - Mindfulness for Leaders - Influence: Your Ultimate Edge <p>Assistance to other SBUs in the implementation of the Performance Management System through a series of PMS Session was also provided.</p> <p>Ultimately, the focus of the trainings were on the Line Managers Excellence Acceleration Program (LEAP) and Junior Management Program (JuMP) participants who went through a series of workshops and e-Learning sessions namely:</p> <ul style="list-style-type: none"> - Design Thinking Workshop - Leadership Forum - Strengths-Based Leadership and Coaching Program (C.A.R.E. Workshop) - Basic 5S 	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			<ul style="list-style-type: none"> - Basic Business Writing - Understanding Different Learning Styles - Guide to Effective Presentations - On-the-Job Project Management - Working with Millennials - Making Meetings More Productive - Orientation to Reputational Risk - Guide to Self-Assessment - Crafting an Effective Individual Plan <p>Lastly, the company, thru its Human Resources unit, continues to guide new hires through the New Employees' Orientation Program which helps employees adjust better with the PHINMA culture.</p>	
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.	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	<p>The company adopts its parent company's anti-bribery and corruption policies contained in the Gifts and Gratuities Policy and Whistleblowing and Anti-Retaliation policies found in the website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p>	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant.	Identify how the board disseminated the policy and program to employees across the organization.	<p>The implementation and strict compliance of the company's code of ethics is overseen by the Integrity Assurance and Human Resource Teams.</p> <p>The Human Resources Team deals with guaranteeing that all employees are made aware of the Company's core values, prescribed work attitude as well as penalties and sanctions to be incurred in the event of a violation.</p>	
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.	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p>	<p>The company adopts its parent company's anti-bribery and corruption policies contained in the Gifts and Gratuities Policy and Whistleblowing and Anti-Retaliation policies found in the website.</p> <p>http://phinmappg.com/governance/integrity-assurance-program/</p> <p>There have been no material violations on company policies in relation to offering, paying and receiving bribes.</p>	
Recommendation 15.3				

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
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.	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behaviour.</p>	<p>Through its Whistleblowing and Non-Retaliation Policy under the Integrity Assurance Program, the company provides for a mechanism for reporting perceived and actual irregularities that are contrary to PHINMA's Core Values while providing appropriate protection for whistle-blowers from possible retaliation.</p> <p>An Integrity Hotline has been launched which is an independent and dedicated email facility is provided by the Company for receiving Whistleblower reports. All reports submitted through this facility shall be received by the Integrity Officer and the PHINMA Group Internal Audit Head.</p> <p>All reports shall be investigated according to the PHINMA Response Plan. In the event that a whistleblowing report was made in bad faith, appropriate disciplinary or legal action shall be meted pursuant to the policies and procedures of PHINMA, and any applicable laws or regulations.</p> <p>Integrity Hotline: Mobile: 0917-1744662 Email: energy@phinmaintegrity.com.ph</p>	
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.			

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant.	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	On a yearly basis, the Integrity Officer is required to report to the Audit Committee any reports received from the facility.	
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.	Provide information or reference to a document containing information on the company's community involvement and environment related programs.	<p>The company adopts the Corporate Social Responsibility program of its parent company, PHINMA Energy Corporation. CSR activities are managed by the Corporate Affairs department of the parent company which also covers its subsidiaries and affiliates. A link to the community development and environment related programs of its parent company are found on its website.</p> <p>http://www.phinmaenergy.com/ta/social-responsibility/</p>	
Optional Principle 16				
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant.	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	The company ensures compliance to the laws, rules and regulations that concern its business. Further, the company demonstrates support of legislation relevant to its business such as R.A. 8749 or The Philippine Clean Air Act by participating in oil and gas exploration and development of renewable energy sources. This is evident in the oil and gas	

RECOMMENDED CG PRACTICE / POLICY	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION (REQUIRED)	ADDITIONAL INFORMATION (PROVIDED)	EXPLANATION
			<p>exploration, and wind power projects of the company, the parent company PHINMA Energy and its subsidiaries.</p> <p>2018 Annual Report (SEC Form 17-A)</p> <ul style="list-style-type: none"> Regulatory Framework and Environmental Laws – pages 8 to 11 	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant.	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	<p>The company adopts the Corporate Social Responsibility program of its parent company, PHINMA Energy Corporation. CSR activities are managed by the Corporate Affairs department of the parent company which also covers its subsidiaries and affiliates.</p> <p>The parent company, PHINMA Energy is strongly committed to improving the quality of life in areas where it operates. PHINMA Energy institutionalized its sustainability strategy by benchmarking its impact with global standards. This initiative hopes to create a long-term blueprint that will guide the company in its sustainability commitments, specifically on our planet, stakeholders and nation's progress, towards a more transformative Corporate Social Responsibility. The parent company discloses details of its corporate social responsibility activities on in its company website.</p> <p>http://phinmappg.com/disclosures/</p>	

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report for 2018 is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on May ____, 2019.

SIGNATURES

RAMON R. DEL ROSARIO, JR.
Chairman of the Board

RAPHAEL PERPETUO M. LOTILLA
Independent Director

CORAZON S. DELA PAZ BERNARDO
Independent Director

CECILLE B. ARENILLO
Compliance Officer

FRANCISCO L. VIRAY
President and Chief Executive Officer

EDWARD S. GO
Independent Director

TROY A. LUNA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **MAY 22 2019** day of May, 2018, affiants exhibiting to me their Competent Identification Certificates as follows:

NAME	NUMBER	DATE OF ISSUE	PLACE OF ISSUE
PHINMA Petroleum and Geothermal, Inc.		20 January 2019	Makati
Ramon R. Del Rosario, Jr.	Document No. DE7707121	22 January 2019	Makati
Francisco L. Viray	Document No. FG2546000	22 January 2019	Makati
Raphael Perpetuo M. Lotilla			Makati
Corazon S. Dela Paz Bernardo			Makati
Edward S. Go			Makati
Cecille B. Arenillo		20 September 2019	GRAND SOUTH
Troy A. Luna		2 May 2019 (Date of Expiry)	LTO Makati

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Series of 2019

JOEL S. CLANIELLO
NOTARY PUBLIC
COMMISSION NO. M-204
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
12/F THE PHINMA PLAZA, 39 PLAZA DRIVE
ROCKWELL CENTER, MAKATI CITY
EQUIL NO. 55003
MAKATI CITY
REG. NO. 574819, 3/15/14 LIFE TIME, BULACAN CHAPTER
MCLE Compliance No. V1-0021494