

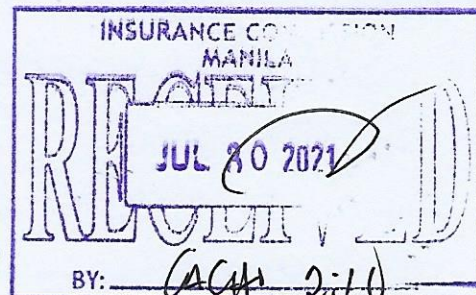


Petrogen Insurance Corporation

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VAT Reg. TIN No.: 005-034-674-000

July 29, 2021

INSURANCE COMMISSION
1071 United Nations Avenue
Ermita, Manila

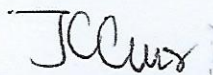


Attention: **CORPORATE GOVERNANCE UNIT**
Re: **Annual Corporate Governance Report for 2020**

Gentlemen:

Pursuant to Circular Letter No. 2020-72 dated June 13, 2020 and Circular Letter No. 2021-36 dated May 11, 2021 both issued by the Insurance Commission, we submit the enclosed two (2) original notarized copies of the Annual Corporate Governance Report of Petrogen Insurance Corporation for 2020.

Very truly yours,


JOEL ANGELO C. CRUZ
Corporate Secretary and Compliance Officer

**ANNUAL CORPORATE GOVERNANCE REPORT
PETROGEN INSURANCE CORPORATION (“PETROGEN” OR THE “COMPANY”)**

| | COMPLIANT/ NON- COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
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| The Board’s Governance Responsibilities | | | |
| Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. | | | |
| Recommendation 1.1 | | | |
| 1. The Board of Directors of the Company (the “Board”) is composed of directors with collective working knowledge, experience or expertise that is relevant to the company’s industry/sector. | Compliant | Petrogen’s website contains information on the qualifications for nominees for directors and the academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of the directors during the subject year. <ul style="list-style-type: none"> • Profiles of the directors https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf | |
| 2. Board has an appropriate mix of competence and expertise. | Compliant | | |

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| <p>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.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Trainings of the directors https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf <p>Petrogen's Code of Corporate Governance ("Corporate Governance Code") sets out the qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance.</p> <ul style="list-style-type: none"> • Corporate Governance Code (§B1-3 and 6) https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf | |
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| Recommendation 1.2 | | | |
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| <p>1. Board is composed of a majority of non-executive directors.</p> | <p>Compliant</p> | <p>Of the five (5)-person board in 2020, only Mr. Emmanuel E. Eraña was the director who concurrently held executive positions (i.e., as the Chief Executive Officer and President).</p> <p>The 2020 General Information Sheet and the list of directors and officers for 2020 identify the directors and the directors who hold executive positions.</p> <ul style="list-style-type: none"> • 2020 General Information Sheet (page4) https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf • 2020 List of Directors and Officers https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-of-Directors-and-Officers-2020-2021-2.pdf | |
| Recommendation 1.3 | | | |
| <p>1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.</p> | <p>Compliant</p> | <p>The Corporate Governance Code sets out the policy on training of directors.</p> <ul style="list-style-type: none"> • Corporate Governance Code (§B4) https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf | |

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| 2. Company provides in its Board Charter or Manual of Corporate Governance an orientation program for first-time directors. | Compliant | <p>The Corporate Governance Code sets out the policy on training of first-time directors.</p> <ul style="list-style-type: none"> Corporate Governance Code (§B4) https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf | |
| 3. Company has relevant annual continuing training for all directors. | Compliant | <p>All directors attended continuing training seminars in 2020. https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf</p> <p>The topics of the seminar conducted by SGV & Co. included a refresher on the corporate governance model and a discussion on digital blockchain technology and business continuity management. The seminar conducted through Sampo Holdings (Asia) Pte. Ltd. also discussed business continuity management plans.</p> | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | Compliant | <ul style="list-style-type: none"> The Corporate Governance Code sets out Petrogen's board diversity policy (§B3). https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf Petrogen had two (2) female directors in 2020 (who were also its independent directors), namely, Ms. Carmen N. Pedrosa and Ms. Melinda Gonzales-Manto. 2020 General Information Sheet (page 4) https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf | |
| Recommendation 1.5 | | | |

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| <p>1. Board is assisted in its duties by a Corporate Secretary.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Atty. Joel Angelo C. Cruz is Petrogen's Corporate Secretary. <p><u>2020 Amended General Information Sheet (page 4)</u> https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> <p>The qualifications, functions and duties of the Corporate Secretary are set out in the By-laws.</p> <ul style="list-style-type: none"> ➤ By-laws (Article IV, Section 5) https://www.petron.com/wp-content/uploads/2019/12/Petrogen-Amended-By-Laws-Provision-on-Meeting-Schedule-May-3-2019.pdf <ul style="list-style-type: none"> • Atty. Cruz's qualifications are set out in the profiles of the 2020 list directors and officers. https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf | |
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| <p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p> | <p>Not compliant</p> | | <p>The positions of Corporate Secretary and Compliance Officer in 2020 were held by the same person, Atty. Joel Angelo C. Cruz, to allow the maximization of personnel resources and supplies at the disposal of the Office of the General Counsel and Corporate Secretary ("OGCCS") of Petron Corporation ("Petron") (Petrogen's parent in 2020). The Petron OGCCS assists Petrogen in corporate housekeeping and compliance matters.</p> <p>To ensure that the responsibilities and duties of each position will be clearly delineated and performed, Petrogen is scheduled to adopt a new Manual of Corporate Governance that will provide the specific duties of each position and substantially in the form recommend under IC Memorandum Circular No. 2020-71.</p> |
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| <p>3. Corporate Secretary is not a member of the Board of Directors.</p> | <p>Compliant</p> | <p>Corporate Secretary Atty. Joel Angelo C. Cruz is not a director.</p> <p><u>2020 General Information Sheet (page 4)</u></p> <p>https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> | |
| <p>4. Corporate Secretary attends training/s on corporate governance.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz attended a corporate governance training in 2020 conducted by SGV & Co. on September 9, 2020.</p> <p>The topics of the seminar included a refresher on the corporate governance model and a discussion on digital blockchain technology and business continuity management.</p> <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf</p> | |

Recommendation 1.6

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| <p>1. Board is assisted by a Compliance Officer.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Atty. Joel Angelo C. Cruz is Petrogen's Compliance Officer. <p><u>2020 General Information Sheet (page 4)</u> https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> <ul style="list-style-type: none"> • Atty. Cruz's qualifications are set out in the profiles of the 2020 directors and officers. https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf | |
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| <p>2. Compliance Officer has a rank of a Vice President or an equivalent position with adequate stature and authority in the corporation.</p> | <p>Compliant</p> | <p>All officers and employees who assisted Petrogen in 2020 were officers and employees of parent Petron. Atty. Joel Angelo C. Cruz, Petrogen's Compliance Officer, holds the position of Vice President and General Counsel in Petron (the parent company in 2020), the highest legal position thereby granting him stature and authority in Petron subsidiary Petrogen.</p> | |
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| <p>3. Compliance Officer is not a member of the board.</p> | <p>Compliant</p> | <p>Compliance Officer Atty. Joel Angelo C. Cruz is not a director.</p> <p><u>2020 General Information Sheet (page 4)</u> https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> | |
| <p>4. Compliance Officer attends training/s on corporate governance annually.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz attended a corporate governance training in 2020 conducted by SGV & Co. on September 9, 2020.</p> <p>The topics of the seminar included on the corporate governance model and a discussion on digital blockchain technology and business continuity management.</p> <p><u>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf</u></p> | |

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

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| <p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that the directors participated in the discussions during board meetings in 2020 by requesting clarifications, raising questions, and making recommendations as they deemed necessary.</p> | |
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Recommendation 2.2

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| <p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • The Company's thrust and strategy for each year, together with its budget and its specific strategy projects, plans and programs, form part of the Company's annual business plan which is presented for review and approval by the Board on an annual basis. • Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that the 2020 business plan containing the company's thrusts, strategies and strategy projects for 2020 was presented to, discussed, and approved by the Board on October 30, 2019. | |
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| <p>2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength .</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • At the board meetings, the report on the performance of the Company (including its comparison to the year's business plan and to last year's performance for the same period) is presented for the review and approval by the Board. This ensures that corrective action can be taken should negative variances occur. • Atty. Joel Angelo C. Cruz, the Corporate Secretary, hereby certifies that the interim and full year reports on the performance of the Company (including its comparison to the 2020 operating plan and to the previous year's performance for the same period) were presented to and discussed and approved by the Board during the Board meetings held on October 21, 2020 and March 8, 2021, respectively. | |
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| Recommendation 2.3 | | | |
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| 1. Board is headed by a competent and qualified Chairperson. | Compliant | <p>Mr. Lubin B Nepomuceno was the Petrogen Chairperson in 2020. His qualifications are set out in the profiles of the 2020 directors and officers.</p> <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf</p> | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | Compliant in respect of key officers and management | <p><u>Key Officers and Management</u></p> <p>In 2020, Petrogen was a wholly-owned subsidiary of Petron and whose personnel, officers and management were likewise officers and management of Petron. Petron provided its employees with a work environment that promoted the realization of their potential.</p> | <p><u>Directors</u></p> <p>The selection of new directors is primarily based on the determination of whether a nominee has a balance of the appropriate knowledge, competencies, expertise, skills, and independence that are aligned with the strategic direction of the Company. The Nomination Committee pre-screens and shortlists candidates for directors.</p> |

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| <p>2. Board adopts a policy on the retirement for directors and key officers.</p> | <p>Compliant in respect of key officers and management</p> | <p><u>Key Officers and Management</u></p> <p>In 2020, Petrogen was a wholly-owned subsidiary of Petron, whose personnel, officers and management were likewise officers and management of Petron. The retirement of key officers was generally governed by the Petron Retirement Plan.</p> | <p><u>Directors</u></p> <p>Directors are elected annually and hold office until the next stockholders' meeting and until their successor shall have been elected and qualified.</p> |
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Recommendation 2.5

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| <p>1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.</p> | <p>Compliant</p> | <p><u>Corporate Governance Code</u> https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf</p> <p>It is the policy of the Company that director compensation should consider industry rates and the duties imposed on the directors (§H(a)).</p> <p>In 2020, Petrogen was a wholly-owned subsidiary of Petron and whose officers and personnel were employees of Petron. These officers and personnel therefore received compensation and benefits from Petron (for, among others, their work in Petrogen) and not from Petrogen.</p> | |
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| <p>2. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p> | <p>Compliant</p> | <p><u>Corporate Governance Code</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> <p>It is the policy of the Company to consider stock ownership as part of the compensation package of directors (§H(b))</p> <p>In 2020, Petrogen was a wholly-owned subsidiary of Petron and whose officers and personnel were employees of Petron. These officers and personnel therefore received compensation and benefits from Petron (for, among others, their work in Petrogen) and not from Petrogen.</p> | |
| <p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p> | <p>Compliant</p> | <p>Petrogen directors did not participate in the approval of their compensation.</p> | |

| Recommendation 2.6 | | | |
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| 1. Board has a formal and transparent board nomination and election policy. | Compliant | <p><u>Corporate Governance Code</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> <p><u>Charter of the Board Nomination Committee</u> https://www.petron.com/wp-content/uploads/2018/10/6. Petrogen - Nomination Committee Charter .pdf</p> <p>The Corporate Governance Code sets out the policy on the nomination and election procedure, board composition, director qualifications, and board diversity (§B3)</p> | |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | Compliant | <p>The Nomination Committee is tasked with pre-screening and shortlisting candidates nominated to become directors, giving due consideration to, among others, their possession of all qualifications and none of the disqualifications to be director (or independent director, as the case may be).</p> | |

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| <p>3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.</p> | <p>Compliant</p> | <p>This was not applicable to Petrogen since Petrogen was a wholly-owned subsidiary in 2020 and, thus, did not have minority stockholders, as evidenced by the 2020 General Information Sheet.</p> <p><u>2020 General Information Sheet (page 5)</u> https://www.petron.com/wp-content/uploads/2020/07/Petrogen-GIS-2020.pdf</p> | |
| <p>4. Board nomination and election policy includes how the board reviews nominated candidates.</p> | <p>Compliant</p> | <p><u>Corporate Governance Code (§B3)</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> <p>The Corporate Governance Code sets out the policy on the nomination and election procedure, board composition, director qualifications, and board diversity.</p> | |

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| <p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> | <p>Compliant</p> | <p><u>Charter of the Board Nomination Committee</u> https://www.petron.com/wp-content/uploads/2018/10/6. Petrogen - Nomination Committee Charter .pdf</p> <p>Among the functions of the Nomination Committee is to assess the effectiveness of the processes and procedures in the election or replacement of directors.</p> | |
| <p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p> | <p>Compliant</p> | <p><u>Corporate Governance Code (§B(3) and C)</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> <p>Under the Corporate Governance Code, the directors are tasked to nominate directors who can work effectively as a team, with each being able to contribute meaningfully to board decisions, which include the review, approval and monitoring of Petrogen's strategic and business plans.</p> | |

| Recommendation 2.7 | | | |
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| 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 | <p><u>Corporate Governance Code (§F(b))</u> https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf</p> | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | Compliant | <p>Under the Corporate Governance Code, related party transactions of Petrogen are required to be conducted on normal commercial terms and fully disclosed to the Board. The Board is also required to approve related party transactions that are material in nature.</p> <p>In 2020, as a wholly-owned subsidiary of Petron, it was the internal policy of Petrogen that its business be to primarily service the insurance requirements of the Petron Group. The plans and programs of Petrogen for 2020, comprised mainly of its insurance program for the Petron Group, were approved by the Board on October 30, 2019.</p> <p>Further, all premiums charged by Petrogen comply with the premium rates set by the Insurance Commission ("IC"). Petrogen does not set premiums lower than the IC-prescribed rates.</p> | |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | Compliant | | |

Recommendation 2.8

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| <p>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).</p> | <p>Compliant</p> | <p>The Board appointed all the 2020 officers of Petrogen, including the Chief Executive Officer and President, the Compliance Officer, the Treasurer, and the Controller at its organizational meeting held on March 10, 2020.</p> <p>The Board exercised its authority under Article IV, §1 of Petrogen's bylaws to organize itself by electing the officers.</p> <p>https://www.petron.com/wp-content/uploads/2019/12/Petrogen-Amended-By-Laws-Provision-on-Meeting-Schedule-May-3-2019.pdf</p> | |
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| <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 (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p> | <p>Non-compliant</p> | | <p>In 2020, Management, officers and employees of Petrogen were employees of parent Petron.</p> <p>A regular annual assessment of all Petrogen employees (including the executives) is undertaken by their respective immediate supervisors (or by the person to whom they directly report, in the case of executives). In the rating of the employee, special emphasis is given to results obtained against established objectives, including the performance of work done for subsidiaries.</p> |
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Recommendation 2.9

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| <p>1. Board establishes an effective performance management framework that ensures that Management's, including the Chief Executive Officer, performance is at par with the standards set by the Board and Senior Management.</p> | <p>Non-compliant</p> | | <p>In 2020, Management, officers and employees of Petrogen were employees of parent Petron.</p> <p>A regular annual assessment of all Petron employees (including the executives) is undertaken by their respective immediate supervisors (or by the person to whom they directly report, in the case of executives). In the rating of the employee, special emphasis is given to results obtained against established objectives, including the performance of work done for subsidiaries.</p> |
| <p>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.</p> | <p>Non-compliant</p> | | |

Recommendation 2.10

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| <p>1. Board oversees that an appropriate internal control system is in place.</p> | <p>Compliant</p> | <ul style="list-style-type: none">• In 2020, as a wholly-owned subsidiary of Petron, Petrogen primarily serviced the insurance requirements of the Petron Group and was covered by the internal control system of its parent Petron.• Further, Petrogen's Corporate Governance Code requires the disclosure of conflicts and overlapping of interests in material transactions of Petrogen. <u>Corporate Governance Code (§F(a))</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf• The Petrogen Board also reviews the performance report annually presented for its approval, and which report includes risk recognition and assessment and the monitoring of Petrogen's activities. | |
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| <p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Petrogen's Corporate Governance Code requires the disclosure of conflicts and overlapping of interests in material transactions of Petrogen. <p><u>Corporate Governance Code (§F(a))</u> https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf</p> <ul style="list-style-type: none"> • Also, the Petron Group Code of Conduct and Ethical Business Policy requires directors, officers and employees to avoid any conflict between their personal interest and the interest of the company and proscribes any business relationship or activity which might detrimentally conflict with the interest of the Petron Group, its shareholders and its other stakeholders. <p><u>Petron Group Code of Conduct and Ethical Business Policy (§5.1)</u> https://www.petron.com/wp-content/uploads/2018/10/3_Petron_-_Code_of_Conduct_and_Ethical_Business_Policy_adopcted_5_8_18_.pdf</p> | |
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| <p>3. Board approves the Internal Audit Charter.</p> | <p>Non-compliant (the Internal Audit function for the Petron Group was performed by the Internal Audit Department of Petron)</p> | | <p>The Internal Audit function for the Petron Group was performed by the Internal Audit Department of Petron in 2020.</p> <p>The Petron Board approved the Petron Internal Audit Charter on May 8, 2017.</p> <p><u>SEC Form 17-C (on matters approved by the Board on May 8, 2017)</u> https://www.petron.com/wp-content/uploads/2018/10/05_08_17_-_Matters_Appeared_at_the_May_8_2017_Board_Meeting_.pdf</p> <p><u>Petron Internal Audit Charter</u> https://www.petron.com/wp-content/uploads/2018/09/Petron-Internal-Audit-Charter.pdf</p> |
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Recommendation 2.11

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| <p>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.</p> | <p>Compliant</p> | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020. As the Petron Group's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Petron Management Committee and eventually the Petron Board through the Petron Group's annual business plan presented to and approved by the Petron Board.</p> <p>The risk management framework and process for the Petron Group are discussed in Petron's 2020 SEC Form 17-A (Annual Report). Further, the key risks of Petrogen are discussed in Note 5 of its 2020 audited financial statements.</p> <p><u>Petron 2020 SEC Form 17-A (Annual Report)</u> https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf</p> <p><u>2020 Audited Financial Statements</u> https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> | |
| <p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well</p> | <p>Compliant</p> | | |

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| as the effectiveness of risk management strategies. | | | |
| 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. | Non-compliant | | <p>While Petrogen currently has no Board Charter yet, the roles, responsibilities and accountabilities of the Board in carrying out its fiduciary role are set out in the Corporate Governance Code posted in Petrogen's website.</p> <p>https://www.petrogen.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance.pdf</p> <p>The Board will review the adoption of a Board Charter.</p> |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | Non-compliant | | |
| 3. Board Charter is publicly available and posted on the company's website. | Non-compliant | | |

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

Recommendation 3.1

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| <p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p> | <p>Compliant</p> | <p>Petrogen's existing board committees are the following:</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination Committee 3. Remuneration Committee <ul style="list-style-type: none"> • Appointed committee members for 2020-2021 https://www.petrogen.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf | |
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Recommendation 3.2

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| <p>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.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Appointed committee members for 2020-2021 https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf • Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/10/5. Petrogen-Audit Committee Charter .pdf | |
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| <p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p> | <p>Non-compliant</p> | | <p>In 2020, the Audit Committee was composed of three (3) directors, two (2) of whom were independent directors.</p> <p>The Audit Committee was also headed by an independent director.</p> <p>The membership of the two (2) independent directors provides assurance of the exercise of independent judgment by the committee.</p> |
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| | | | <p>Appointed committee members for 2020-2021 https://www.petrogen.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf</p> <p>The Board will review the membership of the Audit Committee for the ensuing year.</p> |
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| <p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> Appointed committee members for 2020-2021 https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf Committee members' profiles https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-Profiles-2020-2021.pdf | |
| <p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p> | <p>Non-compliant</p> | | <p>In 2020, the Audit Committee was composed of three (3) directors, two (2) of whom were independent directors.</p> <p>While the Chairman of the Audit Committee also headed the other board committees, the other independent director in was also a member of the Audit Committee to ensure the</p> |

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| | | | <p>exercise of independent judgment by the committee.</p> <p>Appointed committee members for 2020-2021 https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf</p> <p>The Board will review the membership of the Audit Committee for the ensuing year.</p> |
| Recommendation 3.3 | | | |
| <p>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.</p> | <p>Non-compliant</p> | | <p>The Company had a Nomination Committee and a Remuneration Committee in 2020 that had the functions of reviewing</p> |

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| | | | <p>candidates for directors and determining level of compensation for the directors.</p> <p>The Board will review the board committees for the ensuing year.</p> |
| <p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p> | <p>Non-compliant</p> | | <p>The Company had a Nomination Committee and a Remuneration Committee in 2020.</p> <p>With a five (5)-member board in 2020, Petrogen had two (2) independent directors - one more than the minimum of one independent director (20% of directors) under IC rules.</p> |

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| | | | <p>The Nomination Committee and the Remuneration Committee were composed of three (3) directors, two (2) of whom were independent directors.</p> <p>The committees were also headed by an independent director.</p> <p>Appointed committee members for 2020-2021 https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf</p> <p>The Board will review the board committees for the ensuing year.</p> |
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| <p>3. Chairman of the Corporate Governance Committee is an independent director.</p> | <p>Non-compliant</p> | | <p>The Company had a Nomination Committee and a Remuneration Committee in 2020, each of which was headed by an independent director.</p> <p>Appointed committee members for 2020-2021 https://www.petron.com/wp-content/uploads/2021/07/Petrogen-Board-Committee-Members-2020-2021.pdf</p> <p>The Board will review the board committees for the ensuing year.</p> |
| <p>Recommendation 3.4</p> | | | |
| <p>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.</p> | <p>Non-compliant</p> | | <p>Due to the small size and non-complex operations of Petrogen, which were limited to mainly servicing the insurance requirements of</p> |

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| | | | the Petron Group, the Board deemed it not necessary to have a separate BROC. |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Non-compliant | | Due to the small size and non-complex operations of Petrogen, which were limited to mainly servicing the insurance requirements of the Petron Group, the Board deemed it not necessary to have a separate BROC. |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Non-compliant | | Due to the small size and non-complex operations of Petrogen, which were limited to mainly servicing the insurance requirements of the Petron Group, the Board |

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| | | | deemed it not necessary to have a separate BROCC. |
| 4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management. | Non-compliant | | Due to the small size and non-complex operations of Petrogen, which were limited to mainly servicing the insurance requirements of the Petron Group, the Board deemed it not necessary to have a separate BROCC. |
| 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. | Non-compliant | | All plans and programs of the Company for 2020, including its insurance program that primarily covered the insurance requirements of the Petron Group, were presented to |

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| | | | <p>and approved by the full Board on October 30, 2019. Moreover, all premiums paid to Petrogen were within the prescribed rates of the IC.</p> <p>The Board will review the board committees for the ensuing year.</p> |
| <p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p> | <p>Non-compliant</p> | | <p>Due to the small size and non-complex operations of Petrogen, which were limited to mainly servicing the insurance requirements of the Petron Group in 2020, the Company deemed it not necessary to have an RPT Committee.</p> |

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| | | | <p>All plans and programs of the Company for 2020, including its insurance program, were presented to and approved by the full Board on October 30, 2019. Moreover, all premiums paid to Petrogen were within the prescribed rates of the IC.</p> <p>The Board will review the board committees for the ensuing year.</p> |
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Recommendation 3.6

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| <p>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.</p> | <p>Compliant</p> | <p>Each of the board committees of the Company has its charter that sets out, among others, its (i) purpose, (ii) composition (chairmanship and membership), (iii) meeting rules and procedures, (iv) duties and responsibilities, (v) reporting procedures, (vi) access to information and resources, and (vii) evaluation and assessment.</p> <p>All the charters are posted on the Petrogen website.</p> <ul style="list-style-type: none"> • Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/10/5. Petrogen - Audit Committee Charter .pdf | |
| <p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Nomination Committee https://www.petron.com/wp-content/uploads/2018/10/6. Petrogen - Nomination Committee Charter .pdf • Compensation Committee https://www.petron.com/wp-content/uploads/2018/10/7. Petrogen - Compensation Committee Charter .pdf | |

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| 3. Committee Charters were fully disclosed on the company's website. | Compliant | <ul style="list-style-type: none"> • Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/10/5. Petrogen - Audit Committee Charter .pdf • Nomination Committee https://www.petron.com/wp-content/uploads/2018/10/6. Petrogen - Nomination Committee Charter .pdf • Compensation Committee https://www.petron.com/wp-content/uploads/2018/10/7. Petrogen - Compensation Committee Charter .pdf | |
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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

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| <p>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.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that directors participate in the discussions during board and committee meetings by requesting clarifications, raising questions, and making recommendations as they deem necessary.</p> <p>In case of the attendance of any director via teleconference, the electronic presence of such director is advised the Board and a confirmation that the line is clear is obtained from such director and those physically present.</p> <ul style="list-style-type: none"> • Director attendance at board and stockholders' meetings <p>https://www.petron.com/wp-content/uploads/2021/04/Board-Attendance-for-2020.pdf</p> | |
| <p>2. The directors review meeting materials for all Board and Committee meetings.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that directors participated in the discussions during board and committee meetings in 2020 by requesting clarifications, raising questions, and making recommendations as they deem necessary, which may reasonably be attributed to, among others, their review of the meeting materials.</p> | |

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| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that the directors participated in the discussions during board and committee meetings in 2020 by requesting clarifications, raising questions, and making recommendations as they deem necessary. | |
| Recommendation 4.2 | | | |
| 1. Non-executive directors concurrently serve in a maximum of five (5) Insurance Commission Regulated Entities (ICRE) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. | Compliant | <p>The non-executive directors of the Board of Directors in 2020 did not serve as directors in more than five (5) ICREs and publicly listed companies, based on information provided the Company.</p> <ul style="list-style-type: none"> Profiles of the directors https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf | |
| Recommendation 4.3 | | | |
| 1. The directors notify the company's board before accepting a directorship in another company. | Did not apply in 2020 | To the best knowledge of the undersigned, no one of the directors was appointed as a director of any other company in 2020 and, therefore, who would have been required to notify the Petron Board. | |
| Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| Recommendation 5.1 | | | |

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| <p>1. The Board has at least twenty percent (20%) independent directors.</p> | <p>Compliant</p> | <p>Petrogen had 40% independent directors in 2020. Out of the five (5)-member board in 2020, Petrogen had two (2) independent directors, namely, Ms. Carmen N. Pedrosa and Ms. Melinda Gonzales-Manto.</p> <p><u>2020 General Information Sheet (page 4)</u> https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> | |
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Recommendation 5.2

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| <p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p> | <p>Compliant</p> | <p>The independent directors elected in 2020 had all the qualifications and none of the disqualifications to hold the position of independent director as set out in applicable law and regulations and the Corporate Governance Code.</p> <ul style="list-style-type: none">• Corporate Governance Code (§B(6)) https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf• Profiles of the directors https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf | |
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| Recommendation 5.3 | | | |
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| 1. The independent directors serve for a maximum cumulative term of nine years. As far as insurance companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015. | Compliant (not yet applicable in 2020) | The nine (9)-year term limit applicable to Petrogen as an insurance company under IC Memorandum Circular 2018-36 will first take effect in 2023 and neither of the independent directors was therefore subject of the term limit in 2020. | |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Compliant (not yet applicable in 2020) | The nine (9)-year term limit applicable to Petrogen as an insurance company under IC Memorandum Circular 2018-36 will first take effect in 2023 and neither of the independent directors was therefore subject of the term limit in 2020. | |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seeks shareholders' approval during the annual shareholders' meeting. | Compliant (not yet applicable in 2020) | The nine (9)-year term limit applicable to Petrogen as an insurance company under IC Memorandum Circular 2018-36 will first take effect in 2023 and neither of the independent directors was therefore subject of the term limit in 2020. | |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Compliant | The Chairman of the Board re-elected in 2020 was Mr. Lubin B. Nepomuceno. The President and Chief Executive Officer of the Company appointed in 2020 was Mr. Emmanuel E. Eraña. <u>2020 General Information Sheet (page 4)</u> <u>https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</u> | |

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| <p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p> | <p>Compliant</p> | <p>Under the By-laws, (i) the Chairman is responsible for presiding over meetings of the board and the stockholders and (ii) the Chief Executive Officer is responsible for the administration and direction of the day-to-day business affairs of Petrogen.</p> <p><u>By-Laws (Art. IV §2 and 3)</u> https://www.petron.com/wp-content/uploads/2019/12/Petrogen-Amended-By-Laws-Provision-on-Meeting-Schedule-May-3-2019.pdf</p> | |
| <p>Recommendation 5.5</p> | | | |
| <p>1. If the Chairman of the Board is not an independent director, or where the roles of Chairman and CEO are being held by the same person, the Board should designate a lead director among the independent directors.</p> | <p>Compliant (not applicable since the two positions were held by different persons)</p> | <p>The Chairman of the Board re-elected in 2020 was Mr. Lubin B. Nepomuceno.</p> <p>The President and Chief Executive Officer of the Company appointed in 2020 was Mr. Emmanuel E. Eraña.</p> <p><u>2020 General Information Sheet (page 4)</u> https://www.petron.com/wp-content/uploads/2021/04/Petrogen-Amended-GIS-2020-Increase-in-ACS-as-submitted-to-SEC-via-email-and-SEC-SENS-on-February-11-2021-redacted.pdf</p> | |
| <p>Recommendation 5.6</p> | | | |
| <p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p> | <p>Compliant</p> | <p>Atty. Joel Angelo C. Cruz, in his capacity as the Corporate Secretary, hereby certifies that no director had a material interest in any matter presented to and approved by the Board in 2020.</p> | |

Recommendation 5.7

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| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present to ensure that proper checks and balances are in place within the corporation. | Non-compliant | | This is a practice that the Board can consider doing moving forward. |
| 2. The meetings are chaired by the lead independent director. | Non-compliant | | |

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

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| 1. Board conducts an annual self-assessment of its performance as a whole. | Non-compliant | | The Company is drafting a self-assessment form for the review and approval by the Board. |
| 2. The Chairman conducts a self-assessment of his performance. | Non-compliant | | |
| 3. The individual members conduct a self-assessment of their performance. | Non-compliant | | |
| 4. Each committee conducts a self-assessment of its performance. | Non-compliant | | |
| 5. Every three years, the assessments are supported by an external facilitator. | Non-compliant | | |

Recommendation 6.2

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| <p>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.</p> | <p>Non-compliant</p> | | |
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| 2. The system allows for a feedback mechanism from the shareholders. | Compliant (not applicable since Petrogen was a wholly-owned subsidiary of Petron in 2020). | Petrogen was a wholly-owned subsidiary of Petron in 2020. | |
| Recommendation 7.1 | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | As a wholly-owned subsidiary of Petron in 2020, Petrogen was covered by the Petron Group Code of Conduct and Ethical Business Policy. https://www.petron.com/wp-content/uploads/2018/10/3_Petron_-_Code_of_Conduct_and_Ethical_Business_Policy_adopted_5.8.18.pdf | |

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| <p>2. The Code is properly disseminated to the Board, senior management and employees.</p> | <p>Compliant</p> | <p>The Petron Group Code of Conduct and Ethical Business Policy is available in the Petrogen website and the Petron intranet <i>Pethub</i>.</p> <p>https://www.petron.com/wp-content/uploads/2018/10/3. Petron - Code of Conduct and Ethical Business Policy adopted 5 .8 .18 .pdf</p> | |
| <p>3. The Code is disclosed and made available to the public through the company website.</p> | <p>Compliant</p> | <p>The Petron Group Code of Conduct and Ethical Business Policy of the Company is posted in the company website.</p> <p>https://www.petron.com/wp-content/uploads/2018/10/3. Petron - Code of Conduct and Ethical Business Policy adopted 5 .8 .18 .pdf</p> | |
| <p>Recommendation 7.2</p> | | | |
| <p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> Atty. Joel Angelo C. Cruz, in his capacity as Corporate Secretary and Compliance Officer, hereby certifies that the standards of conduct embodied in the Petron Group Code of Conduct and Ethical Business Policy are also set | |

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| <p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p> | <p>Compliant</p> | <p>out in the Company Rules and Regulations on Discipline of the Petron Group. A violation of a standard under the Petron Group Code of Conduct and Ethical Business Policy can result in a penalty of up to the dismissal of an employee who is found, after due investigation, to have committed such violation.</p> <ul style="list-style-type: none"> • The directors, officers, and employees of the Company are required to comply with the provisions of Petron Group Code of Conduct and Ethical Business Policy. <p><u>Petron Group Code of Conduct and Ethical Business Policy</u> https://www.petron.com/wp-content/uploads/2018/10/3_Petron_-_Code_of_Conduct_and_Ethical_Business_Policy_adopted_5.8.18.pdf</p> | |
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Disclosure and Transparency

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

Recommendation 8.1

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| <p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p> | <p>Compliant</p> | <p><u>Policy</u></p> <p>Under the Corporate Governance Code, the Company should timely disclose material information on the financial and operating results of the Company.</p> <p><u>Corporate Governance Code (§I)</u> https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> <p><u>Procedure</u></p> <p>Material information of the Company is released via the company website.</p> <p>Matters disclosed include: (i) the audited financial statements, (ii) the annual statements submitted to the IC, (iii) periodic reportorial requirements such as the General Information Sheet; and (iv) the Petron annual report that covers the Petron Group.</p> | |
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Recommendation 8.3

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| <p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p> | <p>Compliant</p> | <p>The directors' academic qualifications, membership in other boards, other executive positions, professional experiences, expertise and 2020 trainings are available in the Petrogen website.</p> <ul style="list-style-type: none"> • Directors' Profiles https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf • Directors' 2020 Trainings https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf | |
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| <p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p> | <p>Compliant</p> | <p>The executive officers' academic qualifications, membership in boards, other executive positions, professional experiences expertise and 2020 trainings are available in the Petrogen website.</p> <ul style="list-style-type: none"> Officers' Profiles https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Profiles-2020-2021_JJE-rev.pdf Officers' 2020 Trainings https://www.petron.com/wp-content/uploads/2021/07/Petrogen-BOD-and-Officers-Trainings-Attended-2020-1.pdf | |
| Recommendation 8.4 | | | |
| <p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same, in the Annual Corporate Governance Report consistent with the ASEAN Corporate Governance Scorecard and the Revised Corporation Code.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> <u>Directors</u> <p><u>Corporate Governance Code (§H)</u> https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf</p> <p>Under the Corporate Governance Code, the remuneration of directors is set at a level adequate to attract and retain qualified directors, taking into account the duties imposed on such directors.</p> | |
| <p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same, in the Annual Corporate Governance Report consistent with the ASEAN Corporate Governance</p> | <p>Compliant (does not apply since all officers of Petrogen in 2020 were employees of</p> | | |

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| <p>Scorecard and the Revised Corporation Code.</p> | <p>Petron, Petrogen's then parent company and were not separately compensated for their Petrogen positions)</p> | <ul style="list-style-type: none"> • <u>Officers</u> <p>As disclosed in Note 22 of its 2020 audited financial statements, Petrogen did not pay compensation to its executives in 2020 since these individuals were employees of then parent Petron and were not separately paid for their positions in Petrogen)</p> <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> | |
| <p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p> | <p>Compliant</p> | <p>As disclosed in Note 22 of its 2020 audited financial statements, Petrogen did not pay compensation to its executives in 2020 since these individuals were employees of then parent Petron and were not separately paid for their positions in Petrogen)</p> <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> <p>As a wholly-owned subsidiary of Petron in 2020, Petrogen was assisted by Petron officers and employees whose termination and retirement were governed by Petron's rules on discipline and the Petron Retirement Plan, respectively.</p> | |
| <p>Recommendation 8.5</p> | | | |

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| <p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.</p> | <p>Compliant</p> | <p>Section F(b) of the Corporate Governance Code states the policy of the Company that all related party transactions shall be on terms comparable to normal commercial terms and be in compliance with applicable law.</p> <p>https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</p> | |
| <p>4. Company discloses material or significant RPTs in the Annual Report or the Annual Corporate Governance Report, reviewed and approved by the Board and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.</p> | <p>Compliant</p> | <ul style="list-style-type: none"> • Atty. Joel Angelo C, Cruz, the Corporate Secretary, hereby certifies that the insurance program for 2020 covering the insurance coverage of the Petron Group was presented to and approved by the Board on October 30, 2019. • The 2020 material RPTs of Petrogen are disclosed and reported in the audited financial statements of Petrogen (Note 22). <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> <ul style="list-style-type: none"> • Atty. Joel Angelo C, Cruz, the Corporate Secretary, further certifies The stockholders ratified all the matters approved by the Board and all acts of Management in 2020 at the annual stockholders meeting held on March 9, 2021. | |

| Recommendation 8.7 | | | |
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| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | The Company's corporate governance policies, programs and procedures are contained in its Corporate Governance Code posted on the company website. | |
| 2. Company's MCG is posted on its company website. | Compliant | https://www.petron.com/wp-content/uploads/2018/10/8_Petrogen_-_Code_of_Corporate_Governance_.pdf | |

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 | | | |
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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | Compliant | <p>Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/09/c.-Petron-Audit-Committee-Charter.pdf</p> <p>Under its Charter, the Audit Committee recommends to the Board the appointment, reappointment, removal, and fees of the external auditor.</p> | |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | Compliant | <p>On March 9, 2020, the Audit Committee endorsed the re-appointment of KPMG as external auditor for 2020.</p> <p>At the 2020 annual stockholders' meeting held on March 10, 2020, the re-appointment of KPMG as external auditor for 2020 was ratified unanimously by the stockholders.</p> | |

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| <p>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.</p> | <p>Not applicable since there was no change in external auditor in 2020.</p> | | |
| Recommendation 9.2 | | | |
| <p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | <p>Compliant</p> | <p>Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/10/5_Petrogen-Audit-Committee-Charter .pdf</p> | |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p> | <p>Compliant</p> | <p>Audit Committee Charter https://www.petron.com/wp-content/uploads/2018/10/5_Petrogen-Audit-Committee-Charter .pdf</p> | |

| Recommendation 9.3 | | | |
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| 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 | KPMG did not provide the Company non-audit services in 2020. | |
| 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 | There was no occasion to exercise this power in 2020 since KPMG did not provide the Company non-audit services in 2020. | |
| Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed. | | | |
| Recommendation 10.1 | | | |
| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | Non-compliant | | <ul style="list-style-type: none"> To comply with the requirement for the adoption of a new Manual of Corporate Governance that will provide the policy on the disclosure of non-financial information such as EESG and substantially in |

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| | | | <p>the form recommend under IC Memorandum Circular No. 2020-71, Petrogen is scheduled to propose to the Board the adoption of a new Manual of Corporate Governance.</p> <ul style="list-style-type: none"> • Even in the absence of its own specific policy on EESG, Petrogen, as a wholly-owned subsidiary of Petron in 2020, was covered by the Petron Group's EESG activities for 2020 as disclosed in the Sustainability Report of Petron |
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| | | | <p>attached to its 2020 SEC Form 17-A (Annual Report) and the Petron 2020 Glossy Annual Report.</p> <ul style="list-style-type: none"> ➤ <u>Petron 2020 SEC Form 17-A (Annual Report)</u> https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf |
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| | | | <p>➤ <u>Petron 2020 Glossy Annual Report (pages 28-37) ("Working Together as One Petron")</u> https://www.petron.com/wp-content/uploads/2021/05/Petron-2020-Annual-Report.pdf</p> |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | Non-compliant | | <p>While the sustainability efforts of the Petron Group are not completely reported in accordance with any global framework, Petron discloses the non-financial aspects of its business, including those relating to environmental, social, employee</p> |

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| | | | <p>and governance matters, as measured against its sustainability goals that form part of its business strategy through its Sustainability Report based on the template required by the Securities and Exchange Commission pursuant to SEC Memorandum Circular No. 4 (Series of 2019).</p> |
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

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| <p>1. Company should have a website to ensure a comprehensive, cost-efficient transparent and timely manner of disseminating relevant information to the public.</p> | <p>Compliant</p> | <p>The Company has a website as its communication channel. https://www.petron.com/who-we-are/petrogen-insurance-corporation/</p> | |
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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

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| <p>1. Company has an adequate and effective internal control system in the conduct of its business.</p> | <p>Compliant</p> | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020 which primarily serviced the insurance requirements of the Petron Group and which charged premiums not lower than the rates prescribed by the IC.</p> <p>All subsidiaries of Petron are in the scope of the Petron Internal Audit Department. With the annual risk-based audit planning, Petrogen's operations, however, were not selected for review in 2020.</p> | |
| <p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p> | <p>Compliant</p> | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020. The risk management framework and process for the Petron Group are discussed in Petron's 2020 SEC Form 17-A (Annual Report). Further, the key risks of Petrogen are discussed in Note 5 of its 2020 audited financial statements.</p> <p><u>Petron 2020 SEC Form 17-A (Annual Report)</u> https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf</p> | |

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| | | <p>2020 Audited Financial Statements</p> <p>https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> | |
| Recommendation 12.2 | | | |
| <p>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.</p> | Compliant | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020. All subsidiaries of Petron are in the scope of the Petron Internal Audit Department led by Mr. Ronald T. Ferrer, the Petron Assistant Vice President for Internal Audit.</p> | |
| Recommendation 12.3 | | | |

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| <p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p> | <p>Compliant</p> | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020. All subsidiaries of Petron are in the scope of the Petron Internal Audit Department led by Mr. Ronald T. Ferrer, the Petron Assistant Vice President for Internal Audit appointed by the Petron Board.</p> <p>Mr. Ferrer is a certified public accountant and a certified internal auditor (certified by The Institute of Internal Auditors, Inc., USA).</p> <p><u>SEC Form 17-C on the Petron Board appointment of Mr. Ferrer</u> https://www.petron.com/wp-content/uploads/2020/06/06-02-20-Petron-Results-of-Organizational-Meeting-Held-on-June-20-2020.pdf</p> | |
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| 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 | Petron's Internal Audit Group Head oversees and is responsible for the internal audit activity of the organization, including any portion that may be outsourced to a third party service provider. | |
| 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. | Not applicable since the Petron Group has its own Internal Audit Department | | |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | Non-compliant | | Petrogen was a wholly-owned subsidiary of Petron in 2020. As the Petron Group's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Petron Management Committee and eventually the Petron Board through the Petron Group's annual business plan presented to and approved by the Petron Board. |

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| | | | <p>The Petron Group's risk management framework, process and strategies are discussed in the Petron 2020 SEC Form 17-A (Annual Report). Further, the key risks of Petrogen are discussed in Note 5 of its 2020 audited financial statements.</p> <p><u>Petron 2020 SEC Form 17-A (Annual Report)</u> https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf</p> <p><u>2020 Audited Financial Statements</u> https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf</p> |
| Recommendation 12.5 | | | |

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| <p>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).</p> | <p>Non-compliant</p> | | <p>Petrogen was a wholly-owned subsidiary of Petron in 2020. As the Petron Group's operation is an integrated value chain, risks emanate from every process and some can cut across divisions. The results of these activities flow up to the Petron Management Committee and eventually the Petron Board through the Petron Group's annual business plan presented to and approved by the Petron Board.</p> <p>The Petron Group's risk management framework, process and strategies are discussed in the 2020 SEC Form 17-A (Annual Report). Further, the key risks of Petrogen are discussed in Note 5 of its 2020 audited financial statements.</p> |
| <p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p> | <p>Non-compliant</p> | | <p><u>Petron 2020 SEC Form 17-A (Annual Report)</u> https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf</p> |

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| | | | 2020 Audited Financial Statements https://www.petron.com/wp-content/uploads/2021/07/Petrogen-AFS-PIC-2020-stamped-received-for-website-posting.pdf |
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

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| <p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p> | <p>Non-compliant</p> | | <p>In 2020, Petrogen was wholly-owned by Petron so the protection of basic rights of stockholders was not a concern for its sole stockholder Petron.</p> <p>However, to comply with the requirement for the adoption of a new Manual of Corporate Governance that should provide the basic shareholder rights and be substantially in the</p> |
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| | | | form recommend under IC Memorandum Circular No. 2020-71, Petrogen is scheduled to propose to the Board the adoption of a new Manual of Corporate Governance. |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Non-compliant | | <p>In 2020, Petrogen was wholly-owned by Petron so the basic rights of stockholders were not a concern for its sole stockholder Petron.</p> <p>However, to comply with the requirement for the adoption of a new Manual of Corporate Governance that should provide basic shareholder rights and be</p> |

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| | | | substantially in the form recommend under IC Memorandum Circular No. 2020-71, Petrogen is scheduled to propose to the Board the adoption of a new Manual of Corporate Governance. |
| Recommendation 13.2 | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting | Non-compliant | | <p>While the notices of the past stockholders' meetings were not given 21 days before the meetings, such notices were released within such period which allowed the stockholders to review the agenda items.</p> <p>The timing for the release of the notices for future annual shareholders' meetings will be considered by the Company.</p> |

| Recommendation 13.3 | | | |
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| 2. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | Non-compliant | | <p>Since Petrogen was wholly-owned by Petron in 2020, the vote results for each agenda item in stockholders' meetings were immediately known during the meeting soon after each agenda item was put to a vote.</p> <p>The timing for the public disclosure of the results of future annual shareholders' meetings will be considered by the Company.</p> |
| 3. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | Non-compliant | | <p>A copy of the minutes of the 2020 annual stockholders' meeting showing that all agenda items were unanimously approved was posted on the company website after they have been approved and signed.</p> <p>The timing for the posting of the minutes of future annual shareholders'</p> |

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| | | | meetings will be considered by the Company. |
| Recommendation 13.4 | | | |
| 1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | Non-compliant | | <p>Until 2020, Petrogen was wholly-owned by Petron so there had been no occasion for any intra-corporate dispute.</p> <p>However, to comply with the requirement for the adoption of a new Manual of Corporate Governance that should provide for the consideration of the use of alternative modes of dispute resolution for intra-corporate disputes and be substantially in the form recommend under IC Memorandum Circular No. 2020-71, Petrogen is scheduled to propose to the Board the adoption of a new Manual of Corporate Governance.</p> |

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| <p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p> | <p>Non-compliant</p> | | <p>Until 2020, Petrogen was wholly-owned by Petron so there had been no occasion for any intra-corporate dispute and alternative dispute mechanisms do not appear in the existing Corporate Governance Code.</p> <p>However, to comply with the requirement for the adoption of a new Manual of Corporate Governance that should provide for the consideration of the use of alternative modes of dispute resolution for intra-corporate disputes and be substantially in the form recommend under IC Memorandum Circular No. 2020-71, Petrogen is scheduled to propose to the Board the adoption of a new Manual of Corporate Governance.</p> |
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

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| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | Compliant | <p>Petron's identified stakeholders include its stockholders, clients, and government.</p> <p>In 2020, Petrogen was wholly-owned by Petron, as reported in its 2020 General Information Sheet, and whose policyholders were primarily the Petron Group.</p> <p><u>2020 General Information Sheet (page 5)</u> <u>https://www.petron.com/wp-content/uploads/2020/07/Petrogen-GIS-2020.pdf</u></p> | |
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Recommendation 14.2

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| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | <p>The Corporate Governance Code sets out the policy that the interest of the Company's stakeholders be protected in accordance with applicable law.</p> <p><u>Corporate Governance Code (§F)</u> <u>https://www.petron.com/wp-content/uploads/2018/10/8. Petrogen - Code of Corporate Governance .pdf</u></p> | |
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| Recommendation 14.3 | | | |
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| <p>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.</p> | Compliant | <ul style="list-style-type: none"> The Company maintains a website through which it can be reached by stakeholders and regulators. In 2020, Petrogen was covered by the Petron Group Whistleblowing Policy that facilitates the reporting by directors, officers, employees and other interested parties about wrongdoings or questionable practices. https://www.petron.com/wp-content/uploads/2018/10/15_Petron_and_Subsiaries_Whistleblowing_Policy_and_Non-Retaliation_Policy_.pdf | |
| <p>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.</p> | | | |
| Recommendation 15.1 | | | |
| <p>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.</p> | Compliant | <p>Petrogen, as a wholly-owned subsidiary of Petron in 2020, was assisted by officers and employees of Petron. Under its Corporate Governance Manual, Petron is required to develop and maintain mechanisms for active employee participation to create a symbiotic environment, and encourage employee involvement in corporate governance processes and in the realization of the Corporation's goals.</p> <p>The Petron Group employee volunteerism activities are reported on the Petron 2020 annual reports and Sustainability Report.</p> <p><u>Engaging Petron Group Employees/Employee Volunteerism</u></p> <ul style="list-style-type: none"> <u>Petron 2020 Glossy Annual Report</u> | |

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| | | <p>(pages 28-37, "Working Together as One Petron") https://www.petron.com/wp-content/uploads/2021/05/Petron-2020-Annual-Report.pdf</p> <ul style="list-style-type: none"> • <u>Petron 2020 SEC Form 17-A (Annual Report)</u> (pages 7-9, "Corporate Social Responsibility"; "Sustainability Report") https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf • https://www.petron.com/petron-foundation-inc/ | |
| Recommendation 15.2 | | | |
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | Compliant | <p>As a wholly-owned subsidiary of Petron in 2020, Petrogen was covered by the Petron Group Code of Conduct and Ethical Business Policy which specifically sets out a policy against the solicitation and/or receipt or offer and/or making of illegal payments to obtain favors for the Company.</p> <p><u>Petron Group Code of Conduct and Ethical Business Policy (§5.2 and 5.3)</u> https://www.petron.com/wp-content/uploads/2018/09/Petron-Code-of-Conduct-and-Ethical-Business-Policy-adopted-5.8.18.pdf</p> | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | Compliant | <p>The Petron Group Code of Conduct and Ethical Business Policy forms part of the orientation program for new employees. Further, a copy is accessible in the Petrogen website and by Petron officers and employees in the Petron intranet <i>Pethub</i>.</p> <p><u>Petron Group Code of Conduct and Ethical Business Policy</u></p> | |

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| | | https://www.petron.com/wp-content/uploads/2018/10/3. Petron - Code of Conduct and Ethical Business Policy adopted 5 .8 .18 .pdf | |
| Recommendation 15.3 | | | |
| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | Compliant | As a wholly-owned subsidiary of Petron in 2020, Petrogen was covered by the Petron Group Whistleblowing and Non-Retaliation Policy that facilitates the reporting by directors, officers, employees and other interested parties about wrongdoings or questionable practices, without fear of retaliation. The policy sets out the procedure for reporting, including keeping the files confidential as one measure to curb retaliation and incentivize whistle-blowing. <u>Petron Group Whistleblowing and Non-Retaliation Policy</u> https://www.petron.com/wp-content/uploads/2018/10/15. Petron and Subsidiaries Whistleblowing Policy and Non-Retaliation Policy .pdf | |
| 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 | Under the Petron Group Whistleblowing and Non-Retaliation Policy, reported wrongdoings or questionable practices are handled by the Petron Audit Committee, which determines whether any action or response is necessary or appropriate in respect of a report. <u>Petron Group Whistleblowing and Non-Retaliation Policy</u> https://www.petron.com/wp-content/uploads/2018/10/15. Petron and Subsidiaries Whistleblowing Policy and Non-Retaliation Policy .pdf | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | Compliant | The procedure for the disposition of whistle-blowing cases is set out in the policy. | |

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| | | Petron Group Whistleblowing and Non-Retaliation Policy https://www.petron.com/wp-content/uploads/2018/10/15_Petron_and_Subsiaries_Whistleblowing_Policy_and_Non-Retaliation_Policy_.pdf | |
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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

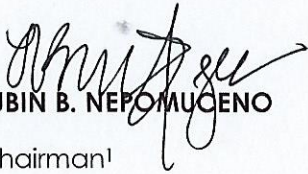
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| <p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p> | <p>Compliant</p> | <p>As a wholly-owned subsidiary of Petron in 2020, Petrogen was covered by the programs of Petron. The Petron Group practices sustainable development and keeps step with both government standards in its internal operations and external impact to society.</p> <ul style="list-style-type: none"> • https://www.petron.com/petron-foundation-inc/sustainable-development/ • <u>Petron 2020 Glossy Annual Report</u> (pages 28-37: <i>“Working Together as One Petron”</i>) https://www.petron.com/wp-content/uploads/2021/05/Petron-2020-Annual-Report.pdf • <u>Petron 2020 SEC Form 17-A (Annual Report)</u> (pages 7-9, <i>“Corporate Social Responsibility”</i>; <i>“Sustainability Report”</i>) https://www.petron.com/wp-content/uploads/2021/04/04-23-21-Petron-Annual-Report-2020-SEC-Form-17-A-redacted-for-website-posting..pdf | |
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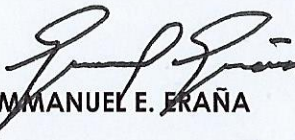
Philippine Catastrophe Insurance Facility: The Company is intended to continue to primarily insure the risks of its own group of companies and will not presently participate in the Philippine Catastrophe Insurance Facility.


SIGNATURES

The undersigned certify that the responses and explanations set forth in the above Annual Corporate governance Report are true, complete and correct of our personal knowledge and/or based on authentic records available as of the date hereof.

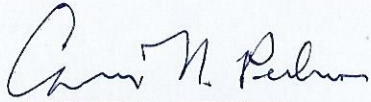
Signed in the City of Mandaluyong on JUL 30 2021.


LUBIN B. NEPOMUCENO
Chairman¹


EMMANUEL E. ERAÑA
Chief Executive Officer

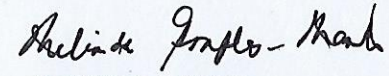

JOEL ANGELO C. CRUZ
Corporate Secretary and Compliance Officer

¹ For 2020-2021



CARMEN N. PEDROSA

Independent Director



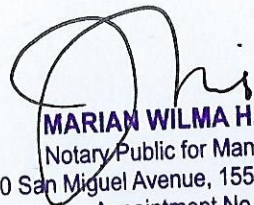
MELINDA MANTO

Independent Director

SUBSCRIBED AND SWORN to before me this JUL 30 2021 at Mandaluyong City, affiants exhibiting to me their competent evidence of identity as follows:

| Name | Passport Number | Date of Issue (mm-dd-yy) | Place of Issue |
|------------------------|-----------------|-----------------------------|----------------|
| Lubin B. Nepomuceno | | | |
| Emmanuel E. Eraña | | | |
| Joel Angelo C. Cruz | | | |
| Carmen N. Pedrosa | | | |
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