

## **INFORMATION ON BOARD COMMITTEES FOR 2017**

<b>Committee</b>	<b>Meetings and Activities</b>
<b>RISK MANAGEMENT</b>	<p>The PNOC Risk Management Committee conducted thirteen (13) Committee Meetings on the following dates: 22 February, 10 March, 06 April, 08 June, 14 July, 30 August, 22 September, 13 October, 10 November, 17 November, 05 December, 14 December and 28 December 2017.</p> <p>Joint meetings were also held with the Audit Committee on 06 April, 13 October, 20 October, 10 November, 17 November 2017. In both committee and joint meetings, the following topics were presented, discussed and deliberated:</p> <ul style="list-style-type: none"> <li>• Revisit of PNOC Manual of Corporate Governance and the purpose and functions of the Risk Management Committee</li> <li>• Status of the sale of PNOC's Banked Gas</li> <li>• Proposed lease of Energy Oil and Gas Holdings, Inc. in the PAFC Industrial Park</li> <li>• Batangas LNG Hub Project</li> <li>• PNOC Building 6 structural retrofit and repair</li> <li>• PNOC's investment in Gulf Oil Philippines Inc. and the internal controls that must be in place to safeguard PNOC's investment</li> <li>• Lease Agreement between PNOC and SMC Consolidated Inc.</li> <li>• Proposal of Petron Corporation to lease in the PAFC Industrial Park</li> <li>• Memorandum of Agreement with Glencore on international oil trading</li> <li>• Payment of overdue obligations to suppliers of PNOC Shipping and Transport Corporation</li> <li>• Accounting treatment, policy and auditing disclosures on banked gas inventory</li> <li>• Status of Petron case</li> <li>• PNOC RC Solar Rooftop Project</li> <li>• Status of PNOC properties in Cotabato covered by Comprehensive Agrarian Reform Program</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Engagement of Asian Development Bank for transaction advisory services in the LNG Hub Project</b></li> </ul> <p><b>On 07 June 2017, the Committee, together with other directors, conducted a site visit to the PAFC Industrial Park located in Limay, Bataan. The Park Management conducted briefing and orientation about the Park, its locators and facilities, rules and regulations as well as security and safety measures. After inspection of the jetty and other facilities, a meeting was held on how to address immediate concerns on safety and security of the facilities, locators and the Park personnel.</b></p>
<p><b>AUDIT</b></p>	<p><b>I. <u>From February to August 2017</u></b></p> <ul style="list-style-type: none"> <li>• <b>Conducted meetings on a monthly basis: 03 &amp; 23 February, 10 March, 06 April, 12 May, 08 June, 14 July, and 10 August 2017</b></li> <li>• <b>Discussed and reviewed the following PNOC projects:</b> <ol style="list-style-type: none"> <li>a. <b>Redevelopment of the Master Plan of the Energy Center</b></li> <li>b. <b>Lease of Globe at PNOC Bldg. V Roof Deck</b></li> <li>c. <b>Status of Lease Agreement with Petron</b></li> <li>d. <b>Sale of the Remaining Volume of Banked Gas</b></li> <li>e. <b>Presentation of GOPI's FS and Operations</b></li> <li>f. <b>LNG Project proposals</b></li> </ol> </li> </ul> <p><b>II. <u>From September to December 2017</u></b></p> <ul style="list-style-type: none"> <li>• <b>Conducted meetings on a monthly basis: 22 September, 13 October, 10 November, 28 December 2017</b></li> <li>• <b>Prescribed scope of the Audit Committee by Adopting the Audit Charter and Terms of Reference (TOR) of the Audit Committee approved during the time of Director Dante B. Canlas (based on Resolution No.: AC-001, s'2014)</b></li> <li>• <b>Discussed and reviewed the following:</b> <ol style="list-style-type: none"> <li>a. <b>LNG Project Proposals</b></li> <li>b. <b>Organizational Chart of PNOC</b></li> <li>c. <b>Representation as BOD to Goodyear Phil, Inc. and</b></li> </ol> </li> </ul>

	<p>Phil. Mining Development Corp. (PMDC)</p> <p>d. COA Annual Audit Reports as of December 2016</p> <p>e. Updates on the Status of Agency Action Plan (as of December 2016)</p> <ul style="list-style-type: none"> <li>• Conducted Joint Committee Meetings – the Audit Committee and the Risk Management Committee on 13 &amp; 20 October, and 10 &amp; 17 November 2017.</li> </ul>
<p><b>NOMINATION AND REMUNERATION COMMITTEE</b></p>	<p><b>i. <u>From February to August 2017</u></b></p> <ul style="list-style-type: none"> <li>• Conducted meetings on 03 February, 10 March and 14 July 2017</li> <li>• Discussed, enumerated and clarified the roles/ functions of the Committee as follows: <ul style="list-style-type: none"> <li>a. Develop recommendation to the GCG for updating the CPCS and ensure that the same continues to be consistent with PNOC’s culture, strategy as well as the pertinent Laws and Regulations</li> <li>b. Install and maintain a process to ensure that officers to be nominated or appointed shall have the qualifications</li> <li>c. Review and evaluate the qualifications of all persons nominated to positions in PNOC which requires appointment by the Board</li> <li>d. Recommend to the GCG nominees for the shortlist in line with PNOC and its Subsidiaries’ Board composition and succession plan</li> </ul> </li> <li>• Discussed the classification of the Committee role on CPCS regarding the mandatory requirement to have an approval committee of applicant filtration and the role of PNOC Selection Board (Management Level)</li> <li>• Accreditation through the help of PNOC Legal and HR in terms of equipping/training the staff/Accountants for Continuing Education</li> <li>• Filling up of vacant positions/promotions-Personnel Services Division (PSD) has already processed some Request for Employment (RFE) for vacant positions</li> <li>• Updates on PNOC reorganization and the effect of</li> </ul>

**President Rodrigo Duterte's EO 36 Suspending the Compensation and Position Classification System (CPCS) on PNOC's Re-Organization.**

**II. From October to December 2017**

- **Conducted meetings on 02 October, 10 November and 27 December 2017**
- **Endorsement of PNOC's request to the PNOC Board to adopt the Modified Salary Schedule under EO 201, s.2016 in compliance with the GCG's Memorandum Circular 2017-03 prescribing the guidelines, rules and regulations for the implementation of the compensation adjustment stipulated under EO36**
- **Follow up/updates on the Status of the Modified Salary Structure that was approved by the Board through the endorsement of the Nominations and Remunerations Committee**
- **Discussed the PNOC's existing Cash Benefits and Allowances such as the 13<sup>th</sup> Month Pay, Collective Negotiation Agreement (CNA) Non-Cash Benefits, among others**
- **Discussed the Year-end Bonuses of the Subsidiaries as to the legality of the entitlement under GCG Memorandum Circular 2017-04 that supports the grant of Year-end Bonus and Cash Gift to eligible GOCC and its Officers and Employees.**

<p><b>EXECUTIVE COMMITTEE</b></p>	<p>I. <b>From February to July 2017</b></p> <ul style="list-style-type: none"> <li>• <b>Discussions on the Strategic Planning Session</b></li> <li>• <b>Reconstitution of Board Committees;</b></li> <li>• <b>Proposal of Energy Oil and Gas Holdings Incorporated;</b></li> <li>• <b>Government to government mode in the implementation of the Integrated Liquefied Natural Gas Project;</b></li> <li>• <b>2017 General Appropriations Act limitations.</b></li> <li>• <b>Petron Lease extension.</b></li> </ul>
<p><b>GOVERNANCE COMMITTEE</b></p>	<p>I. <b>From February to July 2017</b></p> <ul style="list-style-type: none"> <li>• <b>Discussions on the Strategic Planning Session</b></li> <li>• <b>Reconstitution of Board Committees;</b></li> <li>• <b>Internal rules and processes;</b></li> <li>• <b>Proposal of Energy Oil and Gas Holdings Incorporated;</b></li> </ul>