

SECURITIES AND EXCHANGE COMMISSION
SEC FORM ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
May 29, 2017
2. Exact Name of Registrant as Specified in its Charter
BASIC ENERGY CORPORATION
3. Address of principal office
7/F Basic Petroleum Bldg, 104 Carlos Palanca St., Legaspi Village, Makati City
Postal Code
1229
4. SEC Identification Number
36359
5. Industry Classification Code (SEC Use Only)
[REDACTED]
6. BIR Tax Identification No.
000-438-702-000
7. Issuer's telephone number, including area code
(+632) 817-8596
8. Former name or former address, if changed from the last report
not applicable

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Basic Energy Corporation
BSC

PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission

Description of the Disclosure

See attached Annual Corporate Governance Report for 2016

Filed on behalf by:

Name	Angel Gahol
Designation	AVP - Asst. Corp. Sec./ Compliance Officer

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
OSCAR C. DE VENECIA	NED		Nominating Committee	1972	June 29, 2016	June 29, 2016	44
FRANCIS C. CHUA	NED		Nominating Committee	1998	June 29, 2016	June 29, 2016	18
RAMON L. MAPA	NED		Nominating Committee	1976	June 29, 2016	June 29, 2016	40
OSCAR L. DE VENECIA, JR.	ED		Nominating Committee	1997	June 29, 2016	June 29, 2016	19
REYNALDO T. CASAS	NED		Nominating Committee	2015	June 29, 2016	June 29, 2016	1
MA. FLORINA M. CHAN	NED		Nominating Committee	2008	June 29, 2016	June 29, 2016	8
HARVEY LAWRENCE N, DYCHIAO	ID		Nominating Committee	2015	June 29, 2016 (1 year as ID)	June 29, 2016	1
EDUARDO V. MANALAC	ID		Nominating Committee	2009	June 29, 2016(1 year as ID)	June 29, 2016	7
JAIME J. MARTIREZ	NED		Nominating Committee	2007	June 29, 2016	June 29, 2016	9
OSCAR S. REYES	ID		Nominating Committee	2007	June 29, 2016	June 29, 2016	9
ISIDORO O. TAN	NED		Nominating Committee	1993	June 29, 2016	June 29, 2016	22

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities. (Please refer to the Company's Corporate Governance Manual).

(c) How often does the Board review and approve the vision and mission? **At least every three (3) years.**

(d) Directorship in Other Companies

(i) Directorship in the Company's Group

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
OSCAR C. DE VENECIA	Basic Biofuels Corporation Basic Renewables, Inc. Basic Geothermal Energy Corp iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	NED/Chairman NED/Chairman NED/Chairman NED/Chairman NED/Chairman NED/Chairman
FRANCIS C. CHUA	Basic Biofuel Corporation Basic Renewables, Inc. Basic Geothermal Energy Corp. iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	NED NED NED NED NED NED
RAMON L. MAPA	Basic Biofuels Corporation Basic Renewables, Inc. Basic Geothermal Energy Corp iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	NED NED NED NED NED NED
OSCAR L. DE VENECIA, JR.	Basic Biofuels Corp. Basic Renewables, Inc. Basic Geothermal Energy Corp iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	ED/PRESIDENT ED/PRESIDENT ED/PRESIDENT ED/PRESIDENT ED/PRESIDENT ED/PRESIDENT
ISIDORO O. TAN	Basic Biofuels Corp. Basic Renewables, Inc. Basic Geothermal Energy Corp Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	NED NED NED NED NED
EDUARDO V. MANALAC	Basic Biofuels Corp. Basic Renewables, Inc. Basic Geothermal Energy Corp iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	ID ID ID ID ID ID
JAIME J. MARTIREZ	Basic Biofuels Corp. Basic Renewables, Inc. Basic Geothermal Energy Corp iBasic, Inc. Basic Diversified Industrial Holdings, Inc. Southwest Resources, Inc.	NED NED NED NED NED NED

HARVEY LAWRENCE N.DYCHIAO	Basic Biofuels Corp.	ID
	Basic Renewables, Inc.	ID
	Basic Geothermal Energy Corp	ID
	Basic Diversified Ind'l Holdings,	ID
MA. FLORINA M. CHAN	Basic Biofuels Corp	NED
	Basic Renewables, Inc.	NED
	Basic Geothermal Energy Corp	NED
	iBasic, Inc.	NED
REYNALDO T. CASAS	Basic Diversified Industrial Holdings, Inc.	NED
	Basic Biofuels Corp	NED
	Basic Renewables, Inc.	NED
	Basic Geothermal Energy Corp	NED
	Basic Diversified Industrial Holdings, Inc.	NED
	Basic Biofuels Corp	NED
	Basic Renewables, Inc.	NED
	Basic Geothermal Energy Corp	NED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Francis C. Chua	Phil. Stock Exchange, Inc.	Non-Executive Director
Oscar S. Reyes	Bank of the Phil. Islands	Non-Executive Director
	Manila Electric Company	President & CEO/Executive Director
	Sun Life Financial Plans, Inc.	Independent Director
	Pepsi Cola Products Phils., Inc.	Independent Director/Chairman
	Cosco Capital, Inc	Independent Director
	Manila Water Co., Inc.	Independent Director

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
OSCAR L. DE VENECIA, JR	OSCAR C. DE VENECIA (Chairman of the Board)	Son

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? **No.** In particular, is the limit of five board seats in other publicly listed companies imposed and observed? **No.** If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director	N/A	N/A
CEO	N/A	N/A

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
OSCAR C. DE VENECIA	0	13,000,000	0.51
FRANCIS C. CHUA	10,002	13,000,000	0.51
RAMON L. MAPA	368,635	3,000,000	.013
OSCAR L. DE VENECIA, JR.	516,334	9,025,000	0.37
ISIDORO O. TAN	24,822,276	13,000,000	1.47
EDUARDO V. MANALAC	10,000	8,000,000	0.31
JAIME J. MARTIREZ	10,000	15,025,000	0.58
REYNALDO T. CASAS	10,000		0.00
MA. FLORINA M. CHAN	10,000	13,000,000	0.51
OSCAR S. REYES	10,000	3,300,000	0.13
HARVEY LAWRENCE N. DYCHIAO	10,000		0.00
TOTAL	25,777,247	90,350,000	4.53

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairman of the Board	OSCAR C. DE VENECIA
CEO/President	OSCAR L. DE VENECIA, JR.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Ensure that the meetings of the Board are held in accordance with By-Laws	Manages the day-to-day operations of the Company.
Accountabilities	To ensure qualitative and timely communication and information lines between and among the Board and Management.	Accountable for the efficient and effective operations of the Company and for the implementation of strategic plans as approved by the Board.
Deliverables	Supervision of the preparation of the agenda of the meeting in coordination with the Corporate Secretary; Schedule of Board Meetings and materials for the Board of Directors	Monitoring and compliance with budgets for operating and capital expenditures of the various projects of the Company

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions? **The Board of Directors discusses succession planning at the organizational meeting of the Board after the election of members of the Board of Directors at the annual stockholders' meetings.**

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. **Yes, the members of the present Board of Directors have wide and diverse experiences on the exploration, development and generation or production of renewable and other energy resources, and in the fields of banking, finance, investments and business, in general.**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. **Yes, the Chairman of the Board, Oscar C. de Venecia and the President, Oscar L. de Venecia, Jr. and Directors E.V. Manalac and O.S. Reyes have vast experiences in the oil and energy industry, while Director Reynaldo T. Casas has relevant experiences in the solar industry.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	CEO/President	Directors	Directors
Accountabilities	Please refer to item 2.b) above.	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
Deliverables	Please refer to Item 2.b) above.	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual

Provide the company's definition of "independence" and describe the company's compliance to the definition. **An independent director is one who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationships with the Company which could or could reasonably be perceived to, materially interfere with his exercise of independent judgment.**

Does the company have a term limit of five consecutive years for independent directors? **None.** If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain. **The Company has not adopted a policy on the matter.**

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
NONE			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Nomination process conducted by the Nominating Committee	a. Possession of all prescribed qualifications b. Non-possessions of any disqualifications c. Other factors such as judgment, skill, experience, interplay of nominee's

		experience and qualifications with other nominees, and other value-added factors
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
b. Re-appointment		
(i) Executive Directors	Nomination process conducted by the Nominating Committee	(Same as above)
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
c. Permanent Disqualification		
(i) Executive Directors	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
d. Temporary Disqualification		
(i) Executive Directors	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
e. Removal		
(i) Executive Directors	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
f. Re-instatement		
(i) Executive Directors	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)
g. Suspension		
(i) Executive Directors	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual
(ii) Non-Executive Directors	(Same as above)	(Same as above)
(iii) Independent Directors	(Same as above)	(Same as above)

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
All incumbent 11 directors	2,496,332,772

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The orientation program covers:

- (1) The Board of Directors, Advisory Board and Board Committees
- (2) Organization
- (3) Operations of the Company and its various projects
- (4) Corporate Governance Manual
- (5) External and Internal Audit System and Plans, and
- (6) Personnel Policy Manual with Code of Conduct.

(b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years: **The directors and officers of the Company attended the in-house seminar on Corporate Governance sponsored by SGV & Company last October 26, 2016.**

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
All Directors	10-26-16	Corporate Governance	SGV

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees: **Please refer to the Personnel Policy Manual of the Company and Revised Corporate Governance Manual.**

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Corporate Governance Manual	Please refer to the Company's Personnel Policy Manual
(b) Conduct of Business and Fair Dealings	Same	Same	Same
(c) Receipt of gifts from third parties	Same	Same	Same
(d) Compliance with Laws & Regulations	Same	Same	Same
(e) Respect for Trade Secrets/Use of Non-public Information	Same	Same	Same
(f) Use of Company Funds, Assets and Information	Same	Same.	Same
(g) Employment & Labor Laws & Policies	Same	Same	Same
(h) Disciplinary action		Same	Same
(i) Whistle Blower		Same	Same
(j) Conflict Resolution		Same	Same

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? **Yes.**

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

3) Discuss how the Company implements and monitors compliance with the code of ethics or conduct. **Process is initiated by the Human Resource and Administration Department Head, in coordination with the Compliance Officer, and recommended action is submitted to the President. Where officers are involved, the recommended action is submitted by the President to the Board of Directors.**

4) Related Party Transactions

(a) Policies and Procedures. **RPTs are required to be reported to the Board of Directors and are included in the notes to the Audited Financial Statement of the Company in the form of disclosures.**

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Subject to review of the Corporate Governance Committee and the Audit and Risk Committee, and approval of the Board of Directors and subject to full disclosures.
(2) Joint Ventures	-same as above-
(3) Subsidiaries	-same as above-
(4) Entities Under Common Control	-same as above-
(5) Substantial Stockholders	-same as above-
(6) Officers including spouse/children/siblings/parents	-same as above-
(7) Directors including spouse/children/siblings/parents	-same as above-
(8) Interlocking director relationship of Board of Directors	-same as above-

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders. **None**

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism.

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	All transactions pass through review for conflict of interest situations by the Management Committee and the Compliance Officer. Should there be a conflict of interest situation, the transaction is submitted to the Corporate Governance Committee and to the Board for decision.
Group	-same as above-

5) Family, Commercial and Contractual Relations. **None**

(a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	None
Corporation & Third Parties	Arbitration Proceedings
Corporation & Regulatory Authorities	None

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year? **Board meetings are scheduled at the organizational meeting of the Board of Directors convened after the election of the members at the annual stockholders meeting. These meetings are usually set every last Wednesday or Thursday of the month, except for the month of December.**

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	OSCAR C. DE VENECIA	June 29, 2016	13	13	100.00
Member	FRANCIS C. CHUA	June 29, 2016	13	7	53.84
Member	RAMON L. MAPA	June 29, 2016	13	13	100.00
Member	OSCAR L. DE VENECIA, JR	June 29, 2016	13	13	100.00

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Member	ISIDORO O. TAN	June 29, 2015	13	8	61.54
Independent	EDUARDO V. MANALAC	June 29, 2016	13	7	53.84
Member	JAIME J. MARTIREZ	June 29, 2016	13	11	84.46
Member	REYNALDO T. CASAS	June,29 2016	13	12	92.31
Member	MA. FLORINA M. CHAN	June 29, 2016	13	10	76.92
Independent	OSCAR S. REYES	June 29, 2016	13	10	76.92
Independent	HARVEY LAWRENCE N. DYCHIAO	July 29, 2016	13	10	76.92

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? **No.** If yes, how many times?
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? **No.** Please explain. **Per By-laws of the Company, a majority of the directors present constitutes a quorum.**
- 5) Access to Information
- How many days in advance are board papers⁴ for board of directors meetings provided to the board? **At least 2 Days.**
 - Do board members have independent access to Management and the Corporate Secretary? **Yes.**
 - State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.? **Yes. Please refer to the Company's Corporate Governance Manual.**
 - Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. **Yes.**
 - Committee Procedures
Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Audit	Direct access to Officers in charge of supplying information requested.
Nomination	Direct access to Officers in charge of supplying information requested.
Remuneration	Direct access to Officers in charge of supplying information requested.
Others (specify): Corporate Governance and Finance and Investments Committees	Direct access to Officers in charge of supplying information requested.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background and explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Procedures	Details
Request for external advice is submitted to the Board of Directors for approval of the engagement of the service provider.	The request should contain the service provider for the external advice, its credentials and the fee structure.
	The engagement shall be in writing and shall contain the terms and conditions as approved by the Board, to include the period for the engagement, and independence and confidentiality clauses.

7) Change/s in existing policies **None**

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None		

D. REMUNERATION MATTERS

- 1) Remuneration Process. Based on the latest performance appraisal, subject to the approved annual budget and compared to relevant and applicable industry practice.

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Approval of the Board, upon recommendation of the Compensation and Remuneration Committee	Approval of the Board, upon recommendation of the Compensation and Remuneration Committee
(2) Variable remuneration	Same	Same
(3) Per diem allowance	Same	Same
(4) Bonus	Same	Same
(5) Stock Options and other financial instruments	Same	Same
(6) Others (specify)		

- 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Director	The only executive director is the President and CEO, covered by item 1) above.	Basic salary plus 13 th month pay and other performance bonuses as may be approved by the Board of Directors, upon	Compared to relevant and applicable industry practice.

		recommendation of the Compensation and Remuneration Committee.	
Non-Executive Directors	Directors are paid per diems for attendance and performance at Board and Board Committee meetings. Except for the Chairman of the Board, directors do not receive any other form of compensation.	Php15,000.00 per diem for Board meetings and 50% thereof for Board Committee meetings.	Compared to relevant and applicable industry practice.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? **No.** Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
N/A	N/A

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Director	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Php2,843,950.00	Chairman- Php2,329,450.00 Other Directors- None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	Php236,250.00	Php1,572,750.00	Php506,250.00
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify) Allowances	None	None	None
Total (monetary)	Php3,080,200.00	Php3,902,200.00	Php506,250.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	Under the Company's retirement plan	None	None

(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	Philcard HMO	None	None
(g) Car Plan	None	None	None
(h) Others –Company Car	Company Car	Chairman-Company Car	None
(i) Others-Personal Accident Insurance	Per insurance policy schedule	Per insurance policy schedule	Per insurance policy schedule
(j) Others- Travel Insurance	Per insurance policy schedule	None	None
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Oscar C. de Venecia	52,000,000	N/A	52,000,000	2.03
Francis C. Chua	52,000,000	N/A	52,000,000	2.03
Ramon L. Mapa	30,000,000	N/A	30,000,000	1.17
Oscar L. de Venecia, Jr	50,500,000	N/A	50,500,000	1.97
Jaime J. Martinez	60,100,000	N/A	60,100,000	2.35
Ma. Florina M. Chan	52,000,000	N/A	52,000,000	2.03
Eduardo V. Manalac	30,000,000	N/A	30,000,000	1.17
Oscar S. Reyes	52,000,000	N/A	52,000,000	2.03
Isidoro O. Tan	52,000,000	N/A	52,000,000	2.03

(b) Amendments of Incentive Programs. **None**

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. **None**. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	N/A

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Anthony L. Cuaycong	Php7,104,521.00
Corazon M. Bejasa	
Marietta V. Villafuerte	
Alberto P. Morillo	
Angel P. Gahol	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit		2	3	Yes	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.
Nominating	1	3	1	Yes	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.
Remuneration	1	3	1	Yes	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.
Finance and Investments Committee	1	5	1	Yes	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.
Corporate Governance Committee		3	2	Yes	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.	Please refer to the Company's Corporate Governance Manual.

2) Committee Members

(a) Executive Committee – The Board of Directors had their regular monthly meetings during the year, hence there was no need to convene an Executive Committee meeting.

(b) Audit and Risk Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Oscar S. Reyes	6/29/2016	2	2	100%	5
Members(NED) (NED)	Ma Florina M. Chan	6/29/2016	2	2	100%	5
	Jaime J. Martirez	6/29/2016	2	2	100%	5
Members (ID) (ID)	Harvey Lawrence L. Dychiao	6/29/2016	2	2	100%	5
	Eduardo V. Manalac	6/29/2016	2	1	50%	

Disclose the profile or qualifications of the Audit Committee members. **The Audit and Risk Management Committee is composed of at five (5) directors, preferably with accounting and finance background or work experience. At least one member should be an independent director, who shall be the Chairman of the Committee, and at least one member should have a related or relevant audit experience. Each member shall have an adequate understanding of accounting and auditing principles in general, and of the Corporation's financial management systems, business operations and business environment, in particular.**

Describe the Audit and Risk Management Committee's responsibility relative to the external auditor:

1. Assess the independence and professional qualifications and competence of external auditors;
2. Review of the engagement and rotation process of external auditors or firm;
3. Review and approval of scope of audit work and fees of external auditors;
4. Assessment of non-audit services, if required;
5. Understanding disagreements between the external auditors and Management;
6. Define actions to take on the findings of external auditors;
7. Ensures Management's competence and understanding regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions;
8. Evaluation of performance of external auditors, reappointment and resignation;
9. Review of compliance of external auditor with auditing standards; and
10. Ensures completeness and timeliness of communication with external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the Management that affect the audit and financial reporting.

(a) Nominating Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(NED)	Oscar C. de Venecia	6/29/2016	1	1	100%	5
Member (ED)	Oscar L. de Venecia, Jr.	6/29/2016	1	1	100%	5
Member (NED)	Ramon L. Mapa	6/29/2016	1	1	100%	5
Member (NED)	Reynaldo T. Casas	6/29/2016	1	1	100%	1
Member (ID)	Oscar S. Reyes	6/29/2016	1	1	100%	5

(b) Compensation and Remuneration Committee- The Committee did not meet for 2016.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(ED)	Oscar L. de Venecia, Jr.	6/29/2016	-	-		5
Member (NED)	Francis C. Chua	6/29/2016	-	-		5
Member (ID)	Harvey Lawrence L.	6/29/2016	-	-		1

	Dychiao				
Member (NED)	Jaime J. Martirez	6/29/2016	-	-	5
Member(NED)	Isidoro O. Tan	6/29/2016	-	-	5

(c) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Harvey Lawrence L. Dychiao	6/29/16	1	1	100%	1
Member (NED)	Francis C. Chua	6/29/16	1	1	100%	5
Member (NED)	Ma. Florina M. Chan	6/29/16	1	1	100%	5
Member (ID)	Eduardo V. Manalac	6/29/16	1	1	100%	1
Member (NED)	Jaime J. Martirez	6/30/15	1	1	100%	5

(d) Finance and Investments Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Jaime J. Martirez	6/29/16	1	1	100%	5
Member (NED)	Ramon L. Mapa	6/29/16	1	1	100%	5
Member (ED)	Oscar L. de Venecia, Jr.	6/29/16	1	1	100%	5
Member (NED)	Ma. Florina M. Chan	6/29/16	1	1	100%	5
Member (ID)	Eduardo V. Manalac	6/29/16	1	1	100%	5
Member (NED)	Reynaldo T. Casas	6/29/16	1	1	100%	1
Member (NED)	Isidoro O. Tan	6/29/16	1	1	100%	5

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Audit	None	
Nominating	None	
Remuneration	None	
Others (specify)	None	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	No meetings were held as the Board had its regular monthly meetings	
Audit	Approval of Audited Financial Statements	Financial highlights and significant changes and variances from the last year's AFS.
Nomination	Nomination and screening of Nominees for Board of Directors	Qualifications of Nominees.
Remuneration	No meeting was held for 2016	

Finance and Investments	Approval of investments and projects of the Company	Investment exposures for each project.
Corporate Governance Committee	Approval of the Revised Corporate Governance Manual and amendments thereto	Monitor compliance with the Corporate Governance guidelines for listed companies.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Audit	Implementation of Audit Plans; Internal Audit Function set-up	External audit quality and independence, risk management and internal controls
Nominating	Nominations of Directors	Review of Qualifications and Disqualifications of Nominees
Remuneration	Review of compensation for key officers.	Prevailing frameworks in comparable industries.
Others : Finance and Investments Committee	Review of projects and investments	Economic viability of projects and investment yields.
Corporate Governance Committee	Continuing review of the Company's Corporate Governance Manual	Compliance with existing rules and regulations.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the company- **The Company shall remain focused on minimizing the potential adverse effects on transactions and projects on the Company's financial performance due to exposures to various risks, such as operational, financial, foreign exchange, liquidity, credit, and regulatory environment.**
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof –**At present, risk management falls within the responsibility of the Audit and Risk Committee and all new projects have been reviewed by the Committee for the effectiveness and adequacy of the applicable risk management systems for each specific project.**
- (c) Period covered by the review- **2016.**
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness- **Annual updates of projects are presented to the Board where the relevant risks are reviewed and addressed.**
- (e) Where no review was conducted during the year, an explanation why not.- **N/A.**

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Probability of Exploration/ Discovery or Existence of Oil and Other Energy Resources for Commercial Production	1) Use of 3-D seismic data and other studies and advanced and proven technology and systems; 2) Spread risks through farm-outs and joint ventures	1) To improve on the probability of success of discovery or existence of oil and gas and other energy resources 2) Risks sharing with other investors

Operational and Environmental Risks in Exploration and Drilling Activities	<ol style="list-style-type: none"> 1) Engagement of competent personnel and contractors who will provide the required services 2) Application of standards in design, work program, procurement and installation, and contract preparation, execution and implementation and performance monitoring and control 3) Formulation and implementation of operating guidelines to include contingencies 4) Compliance with environmental laws and regulations 	<ol style="list-style-type: none"> 1) To mitigate and address operational and environmental risks
Volatility of Oil and Gas Pricing and Exchange Risks	<ol style="list-style-type: none"> 1) Use of forecasting models and other early identification systems of these external threats 2) Keeping abreast with local and global developments in the industry, including global economic and political conditions 3) Engagement of competent professionals in handling pricing negotiations 	<ol style="list-style-type: none"> 1) To make the Company prepare for and adopt early measures to mitigate the effects of pricing and exchange changes, which are usually beyond the control of the Company.
Changes in Government Regulations or Policies and Leadership	<ol style="list-style-type: none"> 1) Continuing coordination, consultations and advocacy with government officials involved in the industry 2) Keeping abreast of developments in the government agencies involved in the industry 	<ol style="list-style-type: none"> 1) To make the Company prepare for and adopt early measures to mitigate the effects of changes in government policies and regulations and leadership.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
-same as above-		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The Company has no controlling stockholder or stockholders group.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the Company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Exploration Risks	Undertaken by the Operations Group and the Risk Management Officer	Undertaken by the Audit and Risk Committee, subject to the final decision of the Board of Directors.

Operational Risks	Undertaken by the Operations Group and the Risk Management Officer	Undertaken by the Audit and Risk Committee, subject to the final decision of the Board of Directors.
Pricing and Exchange Risks	Undertaken by the Operations Group and the Risk Management Officer	Undertaken by the Finance and Investments Committee, subject to the final decision of the Board of Directors.
Changes in Government regulations and policies	Undertaken by the Operations Group and the Risk Management Officer	Undertaken by the Audit and Risk Committee, subject to the final decision of the Board of Directors.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as above		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Board of Directors; Audit and Risk Committee	Monthly reporting and updating of status of projects	Review of risk exposures and adopting measures or policies to address or mitigate these risks in a timely and expedient manner.
Finance and Investments Committee	Monthly reporting and updating of status of project investments and costs	Review of risk exposures and adopting measures or policies to address or mitigate these risks in a timely and expedient manner.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- Explain how the internal control system is defined for the company- **The Company has an Internal Audit Manual which defines the internal control system of the Company.**
- A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate- **No review was conducted for 2016, while initiatives for the engagement of an Internal Audit service provider or hiring of an Internal Auditor are being undertaken by Management.**
- Period covered by the review – **N/A**
- How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system- **Annually, per Internal Audit Manual. Criteria are prescribed likewise in the Manual.**
- Where no review was conducted during the year, an explanation why not. **The internal audit service provider or an Internal Auditor has yet to be engaged/hired. As the internal audit plan for the year was not undertaken, there would be no basis for the review of the internal control system.**

2) Internal Audit

- Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal Audit	In charge of 1) the systematic evaluation and improvement of risk management, control, governance and implementation of best practices in all areas of operations; 2) Significant financial and operating information are accurate, reliable and timely; and 3) Ensuring compliance with Company policies and procedures and applicable laws and regulations; among others.	Outsourced or in-house	Vacant	Reporting to the Audit and Risk Management Committee and to the Board of Directors

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? **Yes.**

(c) Discuss the internal auditor's reporting relationship with the audit committee. **The Internal Auditor reports to the Audit Committee and to the Board of Directors.**

Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? **Yes.**

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. **None**

Name of Audit Staff	Reason
None	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends. **The internal audit plan for the year was not undertaken, as the Company has not engaged an Internal Auditor or the audit firm which will handle the internal audit function in the Company.**

Progress Against Plans	N/A
Issues ⁵	N/A
Findings ⁶	N/A
Examination Trends	N/A

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Department Audits	None
Financial Audits	None
Operational Audits	None
Contract Audits	None
Fraud and Financial Irregularity Audits	None

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Auditors report directly to the Audit and Risk Management Committee and to the Board of Directors. Other than tax advisory matters, the Auditors are not allowed to undertake non-audit services for the Company.	N/A	N/A	N/A

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance. **The Chairman and the President & CEO.**

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company’s policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Policies in dealing with customers and suppliers are embodied in the Personnel Policy Manual.	As and when needed
Supplier/contractor selection practice	Contractor selection shall be based on at least three (3) proposals based on the same terms of reference given to the prospective suppliers/contractors	Included in the work programs for each project.
Environmentally friendly value-chain	None	None
Community interaction	Each project has a community and social responsibility program	Included in the work programs for each project.
Anti-corruption programs and procedures	Policies against bribery and corrupt practices are embodied in the Personnel Policy Manual.	As and when needed
Safeguarding creditors' rights	None- the Company has no outstanding loans or borrowings	N/A

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? **Each project of the Company has its own corporate responsibility program. The overall responsibility for monitoring these programs is vested with the Company's CSR Foundation.**
- 3) Performance-enhancing mechanisms for employee participation.
- (a) What are the company's policy for its employees' safety, health, and welfare?
The Company is responsible for providing facilities that will safeguard and ensure the safety, health and welfare of its employees.
- (b) Show data relating to health, safety and welfare of its employees. **The Company maintains a Health Maintenance Policy with an HMO service provider, for the annual check-ups, medical and hospitalization requirements, subject to the limits provided in the policy. Cost of the HMO is fully paid for by the Company.**
- (c) State the company's training and development programs for its employees. Show the data. **The Company sends employees to seminars concerning their work, upon recommendation of Management.**
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. **The Company recognizes and values the performance of employees and their contributions to the bottom-line. The Company has a performance evaluation system from which annual salary adjustments and other incentives are based, subject to recommendation of Management and the Compensation and Remuneration Committee.**
- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation. **These procedures are provided in the Personnel Policy Manual of the Company.**

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

2)

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino)	2,112,735,122	85.25	
PCD Nominee Corporation (Foreign)	69,716,722	2.72	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar L. de Venecia, Jr.	516,334	9,025,000	0.3
Corazon M. Bejasa		100,000	.00
Marietta V. Villafuerte		100,000	.00
Alberto P. Morillo	303,185	1,350,000	.06
Angel P. Gahol	1,476		-
TOTAL	820,995	10,575,000	.044

3) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Policy is still for drafting.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programs attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

4) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	Php 530,000.00	N/A

5) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information:

- PSE/SEC Disclosures and Reports
- Company Web site

6) Date of release of audited financial report: March 30, 2016

7) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes

Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto. **N/A**

8) Disclosure of RPTs (Related Party Transactions)

RPT	Relationship	Nature	Value
Compensation of key management personnel	Officers	Compensation	Php9.8 Million for 2016
Stock options	Directors, Chairman and Members of the Advisory Board, Officers and Employees	Company share subscriptions	Up to 500,000,000 shares @ Php0.25 per share equivalent to Php125 Million
Investments in/Advances to Subsidiaries	Subsidiaries	Investments and Advances	Php1.9 million for 2016
Contributions to the Retirement Fund	Retirement Fund for Officers and Employees	Retirement Benefits	Php6.5 Million for 2016

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders? **RPTs are required to be reported to the Board of Directors and are disclosed and included in the notes to the audited financial statements of the Company.**

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of stockholders
------------------------	--------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Board of Directors' approval.
Description	All proposals are reviewed and studied by Management and if favorable, are endorsed to the Board of Directors for approval.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code. **None; the Company follows the provisions of the Corporation Code and its Bylaws.**

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
N/A	

Dividends- **The Company has not declared dividends as of end of the last fiscal year.**

Declaration Date	Record Date	Payment Date
N/A		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Notices of the stockholders' meeting are disclosed to the PSE at least five (5) months prior to the meeting. The notice is published in a newspaper of general circulation at least one (1) month prior to the meeting. The Information Statement and its attachments are distributed to the stockholders at least 15 business days prior to the meeting.	Disclosure to PSE and publication of Notice of meeting. The Information Statements are mailed by courier and/or the post offices.
The Company addresses all concerns raised by stockholders.	Open line communication between the Chairman, the President & CEO and the stockholders.
In the annual stockholders meetings, the stockholders present are encouraged to ask questions or clarifications about matters presented in the agenda.	Open forum in annual meetings.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The above matters require the vote of at least 2/3 of the outstanding capital stock of the Company and these are required to be presented at the annual stockholders' meetings. These matters are required to be thoroughly explained to the stockholders, who are enjoined to ask questions or clarifications prior to voting.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **No, at least fifteen (15) business days as prescribed under the Securities Regulation Code.**
 - a. Date of sending out notices: May 31, 2016
 - b. Date of the Annual/Special Stockholders' Meeting: June 29, 2016
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. **None.**
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Annual Stockholders Meeting	More than majority of stockholders	None	None
Ratification of acts of the Board of Directors and Management	More than majority of stockholders	None	None
Election of Directors	More than majority of stockholders	None	None
Appointment of External Auditors	More than majority of stockholders	None	None
Amendments to the Articles (principal office address) and Bylaws (schedule of annual meetings)	More than majority of stockholders	None	None

4. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
June 30, 2016 thru PSE Odisy.

(e) Modifications- **None.**

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	

(f) Stockholders' Attendance

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	7 Directors present	June 29, 2016	Proxy Voting	1.81%	54.86%	56.67%
Special	N/A					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **There is no need, as the Company adopted proxy voting, which are validated prior to the meeting. However, if there is an approved motion on the floor for voting by ballots, the counting of votes shall be done by the representatives of the external auditors present at the meeting and confirmed by stock transfer agent of the corporation, and noted by the Corporate Secretary and the Compliance Officer of the Company.**
- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Article I Section 5 of the By-laws of the corporation provides that at every meeting of the stockholders of the corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the corporation, however, that in the case of election of directors, every stockholder entitled to vote shall be entitled to accumulate his votes in accordance with the provisions of law.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The proxy must be in the form prescribed under the SRC rules and must be signed by the stockholder concerned. For corporate stockholders, the proxy must be supported by a Board resolution authorizing the proxy and designating the officer or person in charge of carrying out the authorities indicated in the proxy. The signatures are validated by the Corporate Secretary, with the assistance of the stock and transfer agent. The proxies are reviewed by the Board of Inspectors prior to the stockholders' meeting.
Notary	The proxy form is not required to be notarized.
Submission of Proxy	Deadline for submission is five calendar days prior to the meeting.
Several Proxies	Accepted, provided shares voted are indicated, and total shares for the proxies must not exceed the total number of shares recorded in the books of the Company in the name of the stockholder.
Validity of Proxy	Up to five (5) years if so indicated in the proxy.
Proxies executed abroad	Accepted, subject to the above requirements.
Invalidated Proxy	Notice is required to be sent to the stockholder concerned.
Validation of Proxy	By the Board of Inspectors organized by the Board of Directors.
Violation of Proxy	Subject to the sanctions provided under the Securities Regulation Code.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notice of the time and place of holding any annual meeting, or any special meeting, of the stockholders, shall be given either by mailing the same enclosed in a postage prepaid envelope addressed to each stockholder on record entitled to vote at the address left by such stockholder with the Secretary of the corporation, or at his last known post address, or by delivering the same to him in person, at least fifteen (15) days before the date for such meeting	Notices are sent by mail thru courier and/or post office, and by publication in a major newspaper.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	6,644
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 8, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 8, 2016

State whether CD format or hard copies were distributed	CD and hard copies
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes, in the Information Statement sent to stockholders together with the Notice of Stockholders Meeting.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes, in the Information Statement sent to stockholders together with the Notice of Stockholders Meeting.
The auditors to be appointed or re-appointed.	Yes, in the Information Statement sent to stockholders together with the Notice of Stockholders Meeting.
An explanation of the dividend policy, if any dividend is to be declared.	There was no dividend declaration for the year.
The amount payable for final dividends.	There was no dividend declaration for the year.
Documents required for proxy vote.	Yes, in the Proxy Form sent to stockholders together with the Notice of Stockholders Meeting.

Should any of the foregoing information be not disclosed, please indicate the reason thereto. **N/A**

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board respects the rights of the minority stockholders as provided for in the Corporation Code and in the Company's Corporate Governance Manual.	By the Corporate Secretary and the Compliance Officer.

- (b) Do minority stockholders have a right to nominate candidates for board of directors? **Yes, any stockholder has the right to nominate candidates for membership in the Board of Directors, subject to the nomination and screening processes adopted by the Nominating Committee and the Board of Directors.**

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. **All material information about the Company which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed, to the Securities and Exchange Commission, the Philippine Stock Exchange and by posting in the Company's website. These policies are reviewed at least annually by the Committee on Corporate Governance.**

Disclose who reviews and approves major company announcements. **Major announcements are approved by the Board of Directors.**

Identify the committee with this responsibility, if it has been assigned to a committee. **Company disclosures are reviewed by the Compliance Officer and approved by the President & CEO or the Board, before it is released.**

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Investor Relations Officer: MR. ANTHONY L. CUAYCONG
 Executive Vice-President
 Tel. No. 02-8178596 to 98
 Fax No. 02-8170191
 Email: alcuaycong@basicenergy.ph

	Details
(1) Objectives	To maintain and promote an efficient and timely communication system between and among the Company and its stockholders/stakeholders.
(2) Principles	It is the right of every stockholder, irrespective of number of shares held, to be informed of the Company's plans, undertakings, projects and on-going activities.
(3) Modes of Communications	Through the Company's website, disclosures to PSE/SEC and direct emails and telephone responses to inquiring stockholders.
(4) Investors Relations Officer	MR. ANTHONY L. CUAYCONG Tel. No. 02-8178596 to 98 Fax No. 02-8170191 Email: alcuaycong@basicenergy.ph

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets? **None.**

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. **N/A**

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Promoting environmental responsibility among all officers and employees, and contractors and their workers.	Officers and employees, contractors and their workers..

Developing and implementing occupational health, safety, and environmental policies to reduce and mitigate disasters and accidents, not only in the work place but also in the areas where the projects of the Company are being undertaken.	Officers and employees, and contractors and their workers.
Maintaining a healthy and safe work environment for all officers and employees.	Officers and employees.
Practicing environmentally sound technologies in undertaking projects to ensure environmental sustainability in the areas the projects are undertaken.	Communities or areas where projects are undertaken. For the Mabini Geothermal Project of the Company, the beneficiaries are the constituents of Barangay San Teodoro, Mabini, Batangas.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Review and evaluation conducted by the Board at year-end and upon review of nominations for the Board prior to the annual stockholders meeting	Duties and responsibilities of the Board of Directors as prescribed in the Corporate Governance Manual.
Board Committees	Review and evaluation conducted by the Board at year-end and upon review of nominations for the Board Committees prior to the organizational meeting of the Board	Duties and responsibilities of the Board Committees as prescribed in the Corporate Governance Manual and their respective charters.
Individual Directors	Review and evaluation conducted by the Board at year-end and upon review of nominations for the Board prior to the annual stockholders meeting.	Duties and responsibilities of the directors as prescribed in the Corporate Governance Manual.
CEO/President	Review and evaluation conducted by the Board at year-end and upon review of nominations for the corporate officers of the Company Board prior to the organizational meeting of the Board.	Duties and responsibilities of the CEO/President as prescribed in the Corporate Governance Manual.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	Counselling/Warning
Second Violation	Reprimand
Third/Fourth Violations	Suspension from office, the duration of which shall depend on the gravity of the offense committed.
Fifth Violation	Removal

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati, on May 24, 2017.

SIGNATURES

OSCAR C. DE VENECIA
Chairman of the Board

OSCAR L. DE VENECIA, JR.
Chief Executive Officer

EDUARDO V. MANALAC
Independent Director

HARVEY LAWRENCE L. DYCHIAO
Independent Director

ANGEL P. GAHOL
Compliance Officer



SUBSCRIBED AND SWORN to before me this MAY 29 2017 day of May, 2017, affiant(s) exhibiting to me their Tax Identification Nos., as follows:

NAME	TAX IDENTIFICATION NOS.
OSCAR C. DE VENECIA	130-704-840
OSCAR L. DE VENECIA, JR.	146-709-049
EDUARDO V. MANALAC	225-311-454
HARVEY LAWRENCE L. DYCHIAO	211-544-787
ANGEL P. GAHOL	123-535-748

NOTARY PUBLIC

MA. ESMERALDA R. CUNYANAN
Notary Public
Until December 31, 2017
Appr. No. M78 (2016-2017) Attorney's Roll No. 34562
MCLE Compliance No. V-001046379-13-2015
PTR No. 5906979/1-3-2017 Makati City
IBP Lifetime Member Refl No. 08413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

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