

Policy on Related Party Transactions

Petron Corporation (the “Company”) and its subsidiaries, shareholders, associates and joint ventures, in the normal course of business, purchase products and services from one another. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken by the Company at each financial year by examining the financial position of the related party and the market in which the related party operates. All related party transactions must be done on an arm’s length basis to safeguard the interests of the Company and its minority shareholders and other stakeholders.

Under the Accounting Policy Manual of the Company, it is the policy of the Company to disclose the nature of related party relationships, the types of transactions undertaken, and certain other information about such transactions. The Company is also required to disclose information about related party relationships involving control over one party by another party, irrespective of whether there have been transactions between the related parties. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Revised Corporate Governance Manual of the Company further specifically sets out the policy that the Company fully and timely disclose all material information concerning its operations, including significant related party transactions (excluding the purchase of crude oil in the normal course of business).