

Petron Corporation and Subsidiaries Code of Conduct and Ethical Business Policy (the “Code”)

Petron Corporation (“Petron” or the “Company”) and its subsidiaries (together, the “Petron Group”) are committed to conduct its business affairs fairly, honestly, impartially, in good faith and in an uncompromising ethical and proper manner. Any conduct which may raise questions as to the honesty, integrity, impartiality or reputation of the Petron Group or activities that could cause embarrassment to the Petron Group or damage to its reputation are prohibited.

The highest possible standards of ethical and business conduct are required of directors, officers, and employees of the Petron Group in the performance of their duties and responsibilities. It is the responsibility of every director, officer, and employee and the policy of the Petron Group to encourage directors, officers, and employees to ask questions, seek guidance, and report suspected violations of this Code of Conduct and Ethical Business Policy (the “Code”).

Any individual having information or knowledge of any prohibited act shall promptly report such matters to the Department Head, any Vice President, the Human Resources Management Department, the Internal Audit Department or the Office of the General Counsel and Corporate Secretary.

1 Employees

The Petron Group respects the human rights of its directors, officers and employees and treats them with dignity and respect.

The Petron Group provides safe work conditions and promotes the development and best use of employee talent (including through the conduct of outside and in-house trainings) and equal opportunity employment.

The Petron Group protects the confidentiality of employee records and uses them in accordance with applicable data privacy laws.

Every director, officer and employee in the Petron Group shall deal with professionalism, honesty, integrity and uphold high moral and ethical standards. Such conduct shall be fair and transparent.

Every director, officer and employee shall be responsible for the implementation of and compliance with this Code in his/her professional environment. The failure to adhere to this Code may result in the most severe consequences, including the termination of one's appointment or employment.

2 Customers, Suppliers, Joint Venture Partners, Creditors

The Petron Group will deal openly and honestly with its customers, dealers, suppliers, vendors, contractors, creditors, financial institutions, and joint venture participants and observe its contractual obligations.

The ability to effectively promote the integral elements of the Petron Group's business principles and code of ethics in these relationships must be weighed as an important factor in the decision to pursue, enter into, or remain in such relationships.

Transactions with customers, dealers, suppliers, vendors, contractors, creditors, financial institutions, and joint venture participants must be carried out on an arms' length basis. Conditions should exist for competitive, willing buyer and willing seller transactions. Competitive bidding shall be undertaken in accordance with applicable internal policies and procedures of the Petron Group. Decisions should be made on the basis of quality, price, availability and service.

All customers, dealers, suppliers, vendors, contractors, creditors, financial institutions, and joint venture participants should be dealt with fairly, honestly and openly.

The Petron Group shall maintain at all times its good credit standing and assure its creditors of its continuing credit-worthiness.

In addition, if the representative of any customer, dealer, supplier, vendor, contractor, creditor, financial institution, or joint venture participant is a former employee, family member or close personal friend, the Petron Group representative should disclose the information to his/her supervisors.

Personal relationships are an inherent aspect of doing business. The development of personal relationships is both expected and desirable as it leads to relationships based on understanding and trust. Business decisions must not, however, be influenced by anything other than what is in the best interest of the Petron Group. It is important that all employees closely monitor the nature of relationships with customers, dealers, suppliers, vendors, contractors, creditors, financial institutions, and joint venture participants to ensure that personal friendships do not develop that would result in decisions not in the Petron Group's best interest.

3 Quality of Products and Services

The Petron Group is committed to supply goods and services of the highest quality standards, backed by efficient after sales service consistent with the requirements of its customers to ensure their total satisfaction. The quality standards should at least meet the required national and applicable international standards.

4 Health, Safety and Environment

The Petron Group commits to conduct its business affairs in a manner that preserves the environment and protects the health and safety of all its employees, customers, suppliers, contractors, its other stakeholders, and the general public.

It strives to provide a safe and healthy working environment and comply with all regulations regarding the preservation of the environment and territory it operates in. The Petron Group is committed to preventing the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

5 Business Integrity

The directors, officers, and employees at all times are guided by the Petron Group's vision and mission which highlight professionalism, integrity, fairness, commitment to excellence, and care of the environment as the core values of the Petron Group. The Petron Group insists that these values be observed in all aspects of business and expects the same in its relationship with all those with whom it does business.

5.1 Conflict of Interest

All directors, officers and employees must avoid any conflict between their personal interest and the interest of the Company.

A director, officer or employee shall not engage in any business relationship or activity which might detrimentally conflict with the interest of the Petron Group or in any manner influence his/her ability to exercise objectivity or act in the best interests of the Petron Group, its shareholders and its other stakeholders.

A conflict of interest, actual or potential, may arise where, directly and indirectly, (a) a director, officer or employee engages in a business relationship or activity with the Petron Group or with anyone who is party to a transaction with the Petron Group; (b) a director, officer or employee is in a position to derive a personal benefit or a benefit to any of his/her relatives by making or influencing decisions relating to any transaction; (c) an independent judgment of the Petron Group's best interest cannot be

exercised; or (d) a director, officer or employee has close relative(s) employed by another oil company.

It is incumbent upon every director, officer or employee to make a full disclosure of any interest which he/she, his/her immediate family or close relatives and friends may have in the Petron Group. If an officer or employee fails to make a disclosure as required and the Management, on its own accord, becomes aware of an instance of conflict of interest that ought to have been disclosed, Management would take a serious view of the matter and consider suitable disciplinary actions against the officer or employee or propose to the Board of Directors suitable disciplinary actions against the director.

An employee shall not, without the prior approval of the Vice President of his/her department, accept a position of responsibility (such as a consultant or director) with any other company or person or provide freelance services to anyone.

5.2 Anti-Bribery and Anti-Corruption

The Petron Group is committed to doing business with integrity by avoiding corruption and bribery of all kinds and by observing all applicable anti-bribery and anti-corruption laws in every jurisdiction in which it does business.

The Petron Group prohibits bribery or other improper payments in any of its business operations. The Petron Group and its directors, officers, and employees shall neither solicit or receive nor offer or make, directly or indirectly, any illegal or improper payments, remuneration, gifts, favors, commission, donations or other comparable benefits which are intended or perceived to obtain business or uncompetitive favors in the conduct of the business of the Petron Group.

5.3 Business Entertainment, Gifts, Gratuities

The purpose of business entertainment and gift in a commercial setting is to create goodwill and sound working relationships, and not to gain unfair advantage with customers, suppliers, dealers, contractors, and vendors, among others.

Soliciting and accepting gifts, favors and/or services from any current or potential third party provider are strictly prohibited. For purposes of this Code, a “third party provider” refers to an individual, entity, organization and/or its representatives that have existing and/or intended business dealings with the Petron Group. This includes, but shall not be limited, to prospective or existing contractors, providers, suppliers, buyers, dealers, customers, and all other business partners who are or may be similarly situated.

Lending money to, or borrowing money from, any customer, dealer, contractor, vendor or supplier is strictly prohibited.

Under no circumstances should directors, officers or employees accept or give gifts in monetary form, other than gifts given by the Management to everyone in general.

Payments by a third party provider for meals or entertainment (such as social or sporting events) is acceptable, provided all of the following conditions are present: (i) they are not excessive in frequency or amount; (ii) they do not create an appearance of impropriety; (iii) the acceptance to such offer or invitation will not obligate the recipient to make biased or subjective decisions; (iv) such offer or invitation is generally available to others in the same industry or community; and (v) the acceptance to such offer or invitation is cleared with and approved by the superior.

Any gift or gratuity allowed under company rules must have a clear business purpose. If an officer or employee is concerned about the nature of a gift or gratuity offered or requested, the offer should be declined and advice should be sought by the employee from any of his/her superiors.

Anyone who is offered or receives an inappropriate gift must refuse it in a tactful and dignified manner, advising the giver of the Petron Group's policy that prohibits acceptance of such gifts.

5.4 Confidentiality of Information

A director, officer or employee must maintain the confidentiality of confidential information entrusted to them by the Petron Group or its customers or business partners or as required by law or regulation, except when disclosure is authorized by a Senior Manager, Vice President, the Legal Department or required by laws, regulations or legal orders. Whenever feasible, officers and employees should first consult the Legal Department if they believe they have a legal obligation to disclose confidential information.

"Confidential information" includes, but is not limited to, all non-public business, financial, personnel, proprietary or technical information, processes or systems, whether or not in electronic form, related to any portion of the business operations of the Petron Group (including those of its customers, suppliers, contractors, financial institutions and joint venture participants) that have been learned, generated or acquired, or access to which has been obtained, during one's tenure in or employment with the Petron Group.

The unauthorized use and/or disclosure of any information that might be of use to competitors of the Petron Group or harmful to the Petron Group or its customers or business partners if disclosed is prohibited. Some examples of information which are considered confidential and proprietary include:

- pricing
- bid or quotations information
- cost sheets
- formulas and/or process information
- design information
- organizational plans, goals and strategies
- profit information
- asset information
- wage and salary scales
- personal information about employees, officers, and directors
- supply sources, supplier information or computer software programs

Directors, officers and employees should not solicit, receive or use any confidential or proprietary information or trade secrets belonging or relating to any supplier, vendor, contractor, consultant, former employee or other person or entity, except as may be lawfully received from the owner or an authorized third party.

No disclosure of any information that upon its release would be likely to affect an investor's decision to purchase, sell or otherwise transfer any stock or security of Petron and/or would be likely to affect the market price of any Petron stock or security shall be made, except in accordance with the requirements of applicable law or regulation. Examples of this information include periodic earnings prior to press release, projections of future earnings or losses, pending or proposed mergers, acquisitions and sale of assets, changes in operations, changes in dividend policy or the declaration of dividends.

Each director, officer and employee should endeavor to deal fairly with the Petron Group's suppliers, contractors, competitors, officers and employees. No one should take unfair advantage of anyone through manipulation, concealment or abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

5.5 Company Property

Equipment, tools, materials, supplies, employee time and other company resources are to be used only for the legitimate business interests of the Petron Group. Company property or any property in its possession must not be borrowed, loaned, or disposed of, except in accordance with the appropriate policies and requirements of the Petron Group.

Directors, officers and employees are responsible for the protection of all corporate information and intellectual property of the Petron Group, such as copyrights, patents, trademarks and technology. As the Petron Group may license intellectual property from

other persons, all directors, officers and employees must also ensure that property of this nature is protected in accordance with the agreements giving the Petron Group the right to use such property.

5.5.1 Books and Records

The Petron Group shall prepare and maintain its accounts fairly, timely, accurately and reliably in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of each jurisdiction or location in which the Petron Group conducts its business affairs. The company books and records should be maintained in confidence, safeguarded from loss or destruction, and subject to internal and external control and audit procedures. All required information shall be accessible to the Petron Group auditors and other authorized parties and government agencies pursuant to internal policies and applicable laws and regulations.

There shall be no willful omission of any company transaction from the books and records, no advance income recognition, and no hidden bank account and funds. Any willful material misrepresentation of and/or misinformation in the final accounts and reports shall be regarded as a violation of this Code, without prejudice to appropriate civil or criminal liability under the relevant laws and regulations.

Records should always be retained or destroyed according to the Petron Group's records retention policies. If an officer or employee is or becomes aware of an imminent or ongoing investigation, audit or examination, he/she should retain all documents (including computer records) in his/her custody or control. The destruction or falsification of a document in order to impede a governmental investigation may lead to a prosecution for obstruction of justice and other criminal offense, in addition to liabilities under applicable internal manual and rules of the Petron Group.

5.5.2 Company Assets

The company assets owned, leased or otherwise in the possession of the Petron Group should not be misused but employed for the purpose of conducting the business of the Petron Group for which they were procured. Company assets include, but are not limited to, tangible assets such as equipment and machinery, systems, facilities, materials, and resources as well as intangible assets such as proprietary information, intellectual property, and relationships with customers, dealers and suppliers.

The company property, whether tangible or intangible, may be sold, loaned, used, given away or disposed of in accordance with applicable internal corporate approvals.

The company property must be safeguarded from loss, damage or theft. Abusing, destroying, damaging, misusing or defacing company assets, property, tools, and equipment is prohibited.

The company cars, service vehicles, computers, and other equipment should be used with care and diligence as though they were employees' own.

5.5.3 Company Fund

Funds should be spent for valid business purposes only and at prices representing the best value to the Petron Group. Approval of payment should be obtained before funds are spent.

All monies coming into one's possession in trust for other persons or the Petron Group such as escrows, advances for expenses, payments for products and/or services, fee advances and other similar items should be properly accounted for, remitted to the company as early as possible and administered in accordance with applicable internal rules and corporate approvals.

5.5.4 Company Products and Services

Each director, officer and employee has an obligation to strengthen and protect the Petron's trademarks and other intellectual property. Likewise, everyone is expected to patronize the use of the Petron Group products and services.

5.5.5 Public Disclosure

Filings with, or submissions to, any agency or any government institution or to any exchange where securities of Petron are listed (*e.g.*, the Securities and Exchange Commission, the Department of Energy, the Department of Finance, the Philippine Stock Exchange and the Philippine Dealing & Exchange Corp.) must be accurate and timely. The pertinent officer or employee may be called upon to provide necessary information to ensure that Petron's public reports and disclosures are complete, fair, and understandable.

6 Information Technology

Computer, networking and electronic mail facilities and services are offered by the Petron Group in support of its thrust to provide better service to its customers.

Users must not browse, access, copy, or change company and private files without authorization or change public files without authorization. Users must not attempt to modify the computer systems or software in any unauthorized manner. The use of invasive software,

such as “worms” and “viruses” destructive to computer systems is unethical and illegal. Copyrighted software must only be used in accordance with its license or purchase agreement. Users shall not receive and/or use unauthorized copies of software or make unauthorized copies of software for themselves or others.

Sending rude, obscene or harassing materials via any electronic means (*e.g.*, electronic mail, bulletin boards, news groups, internet, and text messages) is forbidden. Random mailings, chain letters and general mailing of messages of commercial, religious, or political nature are also disallowed. Messages with philanthropic content are allowed only if sanctioned by the Petron Group.

Terminals, manuals, printed paper, and all other computer resources may not be used or removed from their intended locations without authorized permission.

7 Corporate Opportunity

Except as may be permitted by the Board of Directors, officers and employees are prohibited from (a) taking for themselves a business or financial opportunity which they know, or could reasonably anticipate, Petron would have an interest in pursuing; (b) using company property, information or position for personal gain; and (c) competing with the Petron Group.

Directors, officers and employees owe a duty to the Petron Group to advance its legitimate interests when the opportunity to do so arises.

8 Compliance with Laws and Company Rules

All directors, officers, and employees should know, respect, and comply with the letter and spirit of applicable laws, rules and regulations of jurisdictions and locations in which the Petron Group conducts its business or those applicable to the Petron Group.

All directors, officers, and employees should likewise know, respect, and comply with the policies, procedures, rules and guidelines of the Petron Group, including those of San Miguel Corporation that are applicable to the Petron Group.

9 Corporate Citizenship

The Petron Group is committed to be a good corporate citizen, not only by complying with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of enhancing their quality of life. The Petron Group also encourages volunteerism amongst its employees. An employee shall, in his/her private life, be free to pursue an active role in civic affairs as long as it does not adversely affect the business or interest of the Petron Group.

10 Public Representation of the Company

The Petron Group honors the information requirements of the public and its stakeholders. In all its public appearances, such as those with the media, financial community, employees, shareholders, regulatory bodies, and government agencies, the Petron Group shall be represented only by specifically authorized personnel. It will be the sole responsibility of these authorized representatives to disclose information of the Petron Group.

Parties which have business dealings with the Petron Group but are not the pertinent officers or employees of the Petron Group (such as consultants, agents, distributors, dealers, contractors, haulers, and suppliers) are not authorized to represent the Petron Group.

11 Fair Competition

The Petron Group seeks to compete fairly and ethically within the framework of applicable competition laws. The Petron Group will not prevent others from competing freely with it.

Directors, officers and employees must abide by anti-trust and anti-competition laws and regulations and other laws and regulations intended to ensure and maintain competition in the market place and deal with prohibited trade practices.

12 Political Activities

The Petron Group does not make payments or contributions to political parties, organizations, or their representatives or take part in partisan politics. However, when dealing with the national and local governments, the Petron Group has the right and responsibility, in the pursuit of its legitimate commercial objectives, to make its positions known on any matter which affects the Petron Group or its employees, customers, shareholders and other stakeholders. The Petron Group also has the right to make its position known on matters affecting the community where it has a contribution to make.

While directors, officers, and employees may be free to participate in the political process, any involvement should be kept separate from or not affect their role and responsibilities as directors, officers, and employees of the Petron Group. They must ensure that statements made in their political activities are clearly delivered as a personal opinion and not to be construed as the position of the Petron Group.

13 Professional Competence

Each director, officer, and employee is expected to maintain an on-going program of professional development, a willingness to share knowledge with others, and a conformance to the highest standards of ethical behavior. He/she must not participate in conduct which causes

him to tarnish the image of the Petron Group or be convicted, adjudged or otherwise recorded as guilty by any court of any offense involving fraud, drugs, or any other serious crime.

14 Discipline for Violation

A failure by an officer or employee to comply with this Code will subject such officer or employee to disciplinary measures that may include counseling, reprimand, suspension and/or termination under applicable company rules and policies, in addition to any civil or criminal liability under existing laws and regulations. Likewise, a failure by a director to comply with this Code will subject the director to disciplinary actions under applicable company rules and policies and laws and regulations. Disciplinary measures will depend on the circumstances of the violation. Due process will be followed.

15 Applicability of Other Policies, Manuals and Procedures

The directors, officers, and employees of the Petron Group are further subject to other manuals, policies, rules, guidelines, procedures and instructions which are adopted by or made applicable to the Petron Group and which provide additional requirements or guidelines in the discharge or performance of their respective functions, including, but not limited to, Petron's Manual on Corporate Governance, Rules and Regulations on Discipline, Personnel Policy and Procedures Manual, Contracts Manual, and Purchasing Manual, and the San Miguel Group Policy on Solicitation or Acceptance of Gifts, as each of such manuals, policies, rules, guidelines, procedures and instructions may be adopted or made applicable to the Petron Group, or amended, from time to time.