



# Kalakbay sa Kinabukasan

SUSTAINABILITY REPORT 2023







About the Cover:  
Our 90-Year Legacy

The deliberate march of our stakeholders towards the shoreline, hands firmly grasping seedlings with the goal of ensuring the growth of a mangrove area recently adopted by Petron Corporation, perfectly encapsulates our continuing journey towards sustainability. Our 90-year legacy and leadership in the Philippine oil industry has been a deliberate march towards creating a lasting future for our Company, our customers, our communities, and our country. *Kalakbay sa Kinabukasan* is literally our march to a better future, with Petron as the Filipinos' dependable companion over the last nine decades in every step of the journey, driven by continuous excellence, dedication, and innovation and made possible by the unwavering support of our trusted partners.

Yet as we mark this milestone, we are already looking ahead at how to continue creating lasting value for all our stakeholders and build a more progressive nation. In 2023, we unveiled a new corporate vision and purpose that further builds on a dynamic past and looks to solidify our role in nation-building, focused on energy security as the backbone to a prosperous Philippines. In doing so, we nurture the seeds of success planted over the past decades and confident that these will create for us pathways for unparalleled growth and for opportunities to shape a resilient, inclusive, and sustainable future for the generations that will succeed us.

About the Report (2-2)

- As we navigate this journey, we are committed to closely monitoring both our successes and the forthcoming challenges. This report is intended for the stakeholders of Petron who are interested in how we manage our impacts on the economy, environment, and society. Beyond our performance, we aim to share our story of how we progress toward integrating sustainability into our business. Built on our 90-year legacy as an industry leader, we have the capability to advance our sustainability initiatives in this changing climate. As we march on in our journey towards a lasting future, we equip ourselves with three essential components: skilled leadership to steer the way, a well-defined environmental, social, and governance (ESG) blueprint to guide our path, and a robust mechanism to propel us forward towards our goals.
- In our 2023 Sustainability Report, we aim to:
  - outline how sustainability is ingrained throughout our business operations, guided by our new vision and purpose, an expanded governance team, and well-defined goals and strategies;
  - share our ESG accomplishments for 2023 and how these compare to our performance the previous year;
  - provide greater context of our impact with narratives that give fuller meaning to the numbers, and;
  - show our view forward that will allow us to realize our aspirations for a future that goes beyond us.

Our 2023 Sustainability Report (SR) has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. Our material topics, as defined last 2022, were aligned with the GRI 11: Oil and Gas Sector 2021, the United Nations Sustainable Development Goals (UN SDGs), and the focus areas of the Philippine Development Plan (PDP) 2023-2028. Our SR also follows the Sustainability Reporting Guidelines of the Philippine Securities and Exchange Commission (SEC) particularly the Memorandum Circular No. 4 Series of 2019.

This report includes our operations in the Philippines, encompassing the following facilities: the Corporate Head Office, the Petron Bataan Refinery (PBR or Refinery) and the Polypropylene (PP) Plant and 32 terminals and sales offices nationwide, and our corporate social responsibility (CSR) arm, Petron Foundation, Inc (Petron Foundation or PFI). For 2023, we expanded the coverage of our reporting from 23 select company-owned service stations the previous reporting year to 120. Our reporting period covers our sustainability performance from January 1 to December 31, 2023.

Throughout this report, we used the terms “Petron”, “we”, “our Company”, and “our business” to refer to Petron Corporation.

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# About the Company

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PetrOn Corporation is the largest oil refining and marketing company in the Philippines and is a leading player in the Malaysian market. We are well-positioned to fuel the lives of millions of Filipinos and Malaysians, with our combined refining capacity of 268,000 barrels-per-day, producing a full-range of premium fuels and petrochemicals.

Since 2010, we have been a subsidiary of San Miguel Corporation (SMC), one of the largest and most diversified conglomerates in the Philippines. We actively respond to the needs of the market by expanding and enhancing our business operations, aiming to create a purposeful impact and widen our reach to the customers we serve.

Our headquarters is in SMC Head Office Complex in Mandaluyong City, Philippines. Petron's shares are listed on the Philippine Stock Exchange (PSE). Moreover, our subsidiaries in Malaysia are Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd., and Petron Malaysia Refining & Marketing Bhd (PMRMB). PMRMB is publicly listed on the Main Board of Bursa Malaysia.

To align with our parent company, SMC, which recently updated its vision and purpose, we, at Petron, also revised our vision and purpose to reflect the evolving goals of our Company and the broader context in which we operate. This shift underscores our commitment to remaining responsive and relevant to the needs of our stakeholders while driving sustainable growth and development. Emphasizing energy security and a refreshing outlook to steer the Company, our new vision and purpose reflects our dedication to ensuring a stable and prosperous energy landscape for the future.





## Our Vision

As the Philippines' leading oil company, we envision an energy-secure and prosperous nation where everyone's journey is fueled by opportunities for meaningful experiences and sustainable success.

## Our Purpose

We drive the nation's development and uplift communities towards a sustainable future, by providing innovative fuel and mobility solutions.

Towards this end, we commit to:



Leverage on our refining, distribution and retail assets to achieve competitive advantage and long-term viability



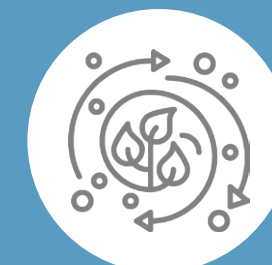
Reliably provide superior products and services that meet customers' needs



Ensure excellent customer experience enabled by technology and adapted to local communities



Develop and strengthen relationships with our partners towards shared growth and success



Reduce our impact on the environment, and advocate for responsible supply chain



Create an inclusive, nurturing, and purposeful work environment



# Our Operations

Petron Bataan Refinery (Lima, Bataan)



# Terminals

32 strategic locations nationwide

- 4** Import Facilities  
SLHBTC, SL PanAsia, SL PHIVIDE, Subic
- 20** Bulk Terminals  
Bacolod, Batangas, Bawing, Davao, Iligan, Iloilo, Isabel, Jimenez, Limay, Mandaue, Nasipit, Navotas, Ormoc, Palawan, Poro, Rosario, Roxas, Tacloban, Tagoloan, Zamboanga
- 7** Sales Offices  
Amlan, Calapan, Masbate, Odiongan, Pasacao, San Jose, Tagbilaran
- 4** Dedicated LPG Facilities  
Legaspi, Pasig, San Fernando, San Pablo, and 12 allied refilling plants
- 12** Into-Plane Operations  
Caticlan, Clark, Davao, Iloilo, Kalibo, Laguindingan, Laoag, Mactan, NAIA, Panglao, Puerto Princesa, Zamboanga
- 3** Manufacturing Plants  
Harbor Center Lube Oil Blending Plant, Pandacan Grease Plant, Subic Additive Blending Plant





# Service Stations

Around 1,900 service stations nationwide



# Our Products and Services

We take pride in our world-class products, delivering consistent high quality fuel to our customers. Our fuel lineup includes the following products: Blaze 100, XCS, Xtra Advance, Turbo Diesel, and Diesel Max. Our premium engine oils strengthen our competitive edge—formulated, tested, and produced locally at our state-of-the-art Lube Oil Blending Plant located in Tondo, Manila. Additionally, our fuel additives stand out uniquely due to their local sourcing from our blending facility in the Subic Bay Freeport, tailored to suit the driving conditions in the Philippines. We also offer our Liquefied Petroleum Gas (LPG) brands, Gasul and Fiesta Gas, to our household and industrial consumers.

We provide automotive maintenance and repair services through our Car Care Center (CCC) and Car Care Center Express outlets. To further prioritize our customers' needs, we extend our reach by establishing Treats convenience stores in selected service stations.

Our pioneering approach in developing our products establishes us as a trailblazer in the oil industry, showcasing our commitment to innovation and excellence.






JET A-1 • KEROSENE  
PROPYLENE • POLYPROPYLENE  
BTX (Benzene, Toulene, Xylene)





2023 ESG Highlights

PROGRAM / INITIATIVE	STARTING YEAR OF IMPLEMENTATION	GAINS	SAVINGS (IN PHP)
SMC Water for All	2016	<b>Refinery</b> Scarce Water: 2016-2023: 22.4 million m³ 2023 Only: 3.7 million m³	<b>Refinery</b> Scarce Water: 2016-2023: P133 million 2023 Only: P22 million
		<b>Recycled Water</b> 2016-2023: 4.65 million m³ 2023 Only: 0.71 million m³	<b>Savings on Recycled Water</b> 2016-2023: P19.0 million 2023 Only: P2.9 million
		<b>Terminals</b> 79,327m³ of harvested rainwater since 2016	<b>Terminals</b> P6.6 million water savings from rainwater
Use of Waste Energy (Low Pressure Steam) in Desalination Plant	2016	<b>Refinery</b> Avoided GHG: 453,698.682 tons CO <sub>2</sub> e since 2016 (114,999.170 tons CO <sub>2</sub> e in 2023)  <b>Avoided Fuel:</b> 34,277 MT of petcoke since 2016 (34,035.24 MT in 2023)	<b>Refinery</b> Fuel Savings: P580.38 million (P151.85 million in 2023)  <i>Note: Reason for new values is that total LS absorbed was considered in last year's 2022 SR. New values are now based on net LS or the waste energy absorbed by Desalination Plant. Net LS is calculated by Total LS absorbed by desal less LS letdown from MS.</i>
Diversification to Petrochem (Benzene, Toluene, Mixed Xylene, Propylene, Polypropylene)	1999 (Mixed Xylene)  2008 (Propylene, Benzene, Toluene)  2014 (Polypropylene)	<b>Refinery</b> In 2023, the avoided GHG as Scope 3 if used as fuel was at <b>1,457,592.78 tons CO<sub>2</sub>e</b> 	

PROGRAM / INITIATIVE	STARTING YEAR OF IMPLEMENTATION	GAINS	SAVINGS (IN PHP)
LED Conversion and Solar Power Usage	<b>Refinery</b> (2013 for offices, 2016 for streetlights)	<b>2013-2023</b> 78,199.40 watts saved / 252,185.33 kWh/ 154.662 tons CO <sub>2</sub> reduced  <b>2023 only</b> 61,556.40 watts saved/ 217,034.49 kWh/ 154.572 tons CO <sub>2</sub> reduced	<b>2013-2023</b> P434,048.99  <b>2023 only</b> P371,128.99 
	<b>Terminals</b> (2018)	108,641 kWh saved 77.6 tons CO <sub>2</sub> e reduced in 2023	P1.16 million on electricity cost
	<b>Service Stations</b> (2018)	4,690 MWH/3,340 tons CO <sub>2</sub> e reduced for 560 service stations (8,375 kWh/6 tons CO <sub>2</sub> e per SS) from conversion of Under Canopy Lighting to LED in 2022 to 2023  19,204 KWH solar power generated or 13.7 tons CO <sub>2</sub> e emissions avoided from Solar Panels installed at PEC1 Station	P47.09 million on electricity cost 
Bulk Additives Delivery (Terminals)	2019	56 metric tons (MT) per year of steel drums avoided	P29.7 million per year
Waterless Receiving (Terminals)	2019	Eliminated 10,000 m3 per year of wastewater	Avoided P70.0 million in investment cost on wastewater treatment facilities (P7.0M/ facility x 10 facilities)
Hazardous Waste Recycling (Refinery)	2018	2018-2023: 8,394 Metric Tons hazardous waste diverted from disposal.	2018-2023: P59.87 million
		2023 only: 3,744 MT of hazardous waste	2023 only: P20.80 million
Continuous to Batch Treatment at Spent Caustic Treater (Refinery)	2020	2020-2023: 12,398.32 MT CO <sub>2</sub> e reduced 173,619.02 GJ Energy Reduced	2022-2023: P101.78 million in savings
		2023 only: 4,594.00 MT CO <sub>2</sub> e reduced 64,331.79 GJ Energy Reduced	2023 only: 44.74 MMP savings
Restoration of Superheater Coils (Refinery)	2022	One Time Project; None in 2023	One Time Project; None in 2023





EDUCATION

**Over 18,000**  
*Tulong Aral ng Petron (TAP)* scholars since 2002

**300**  
new Grade 1 scholars from Luzon (Poro, La Union and Puerto Princesa, Palawan), Visayas (Bacolod, Negros Occidental; Mandaue and Mactan, Cebu; Roxas, Capiz, and; Tagbilaran, Bohol) and Mindanao (Davao City) for SY 2024-2025

**10**  
new TAP college scholars for SY 2024-2025, eight coming from Mindanao

**108**  
Petron Schools (equivalent to 256 classrooms) built since 2002

**38,913**  
students and teachers assisted through Brigada Eskwela 2023



ENVIRONMENT

**55 hectares**  
of mangrove areas adopted in Bulacan, Capiz, and Davao del Sur for adoption under *Puno ng Buhay*

**Nearly 19,000**  
seedlings and propagules planted

**Approximately 20,000 kg**  
of debris removed from shorelines

**30 km**  
of coastal areas and creeks cleaned

**100%**  
employee volunteer participation in Earth Day, Environment Month, and International Coastal Cleanup Day activities



COMMUNITY

**100%**  
participation of Petron terminals in social development activities/initiatives

**Over 4,300**  
beneficiaries of Petron's Rosario Livelihood Loan Assistance Program since 2011

**84**  
Petron engineering scholars currently employed in the Petron Bataan Refinery for regular positions

**209**  
scholars hired by Petron including Bataan Peninsula State University (BPSU) scholars hired as apprentices or cadets

Governance

**P10.1 billion**

Consolidated net income (51% better than 2022 performance)

**P801 billion**

Consolidated revenues (7% decrease from 2022)

**P52 million**

In community investments

2023 Petron Standards Certifications

MANAGEMENT SYSTEMS	
1 Refinery	ISO 9001/14001/45001 (IMS Certified)
30 Terminals nationwide	ISO 9001:2015 (QMS)
29 Terminals nationwide	ISO 14001:2015 (EMS) ISO 45001:2018 (Occupational Health and Safety (OH&S) Management System) Certified
15 Terminals nationwide*	International Ship and Port Facility Security Code ("ISPS Code") and certified by the Office of the Transport Security under the Department of Transportation (DOTr)

CERTIFICATIONS	
27 Terminals and offices nationwide	Bureau of Fire Protection (BFP) Kaisa Program certificate recipient
31 Terminals and offices nationwide	Safety Seal certificate from Department of Labor and Employment (DOLE) and local government units (LGUs) recipient
1 Petron Foundation	Department of Social Welfare and Development (DSWD) License to Operate as an Auxiliary Social Welfare and Development Agency (SWDA) renewed from July 2023 to August 2027

*\*Iloilo and Tagbilaran Terminals audited and endorsed for recertification as of report publication*


Employment

	<b>2,251</b> Employees in the Philippines (excludes employees of Petron subsidiaries)		<b>10.76%</b> Attrition rate, lower than the total Philippine market's 16%		<b>100%</b> Percentage of employees who receive regular performance reviews
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Occupational Health and Safety

	<b>Over 13 million</b> Accumulated safe man-hours for all Petron facilities and offices		<b>Almost 14,000</b> Safety training hours for Petron employees, third party personnel, and industrial accounts
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Product Responsibility

	<b>109,000</b> Feedback and inquiries received and handled by Petron Customer Relations Group and Sales Support Services
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## Steering the Sustainable Path: Petron's Drive towards a Greener Future

We are certain of where we want to go—towards a sustainable future. To help us navigate the road ahead, our leadership team drives the entire process, ensuring a consistent and stable course in the right direction.



## Message of the President and CEO (2-22)

### To our valued partners,

Over the last 90 years, Petron Corporation has been more than just an oil company—we have been a steadfast companion on the journey towards progress and sustainability in the Philippines. As a homegrown Filipino company, Petron's roots run deep, anchored on a heritage of service to our countrymen and an unswerving dedication to fueling the continued growth of our nation. Looking back, our journey has been marked by resilience, innovation, and a relentless pursuit of excellence. This has given us a deeper appreciation of the work that has been done, a better understanding of what lies ahead of us, and what we must do to ensure that we are a company built for, and always ready to take on, the challenges of the future.

### Charting a new course towards sustainability

Last year, we unveiled our new corporate vision and purpose. This could not have been better timed as we celebrated our nine-decade milestone, and as San Miguel Corporation also revisited the conglomerate's goals and aspirations. This will make our individual efforts towards nation-building more cohesive and strategic, and our collective impact more

pronounced and purposeful. For Petron, this is by ensuring energy security for the Philippines. As the sole remaining oil refiner in the country with the most expansive network of terminals and service stations, it is our duty to provide the country's energy requirements and keep the wheels of commerce constantly turning.

But as we fuel industries and households alike, we must also be much better in how we conduct our business. Retaining our industry leadership in a competitive and unpredictable business environment means constantly improving our products and services and maintaining goodwill with our customers, while continually enhancing our work processes. Helping address the changing climate means managing our emissions and utilizing scarce natural resources with more awareness while looking to further green our entire operations. Securing our social license to operate means actively engaging with our communities and collaborating with other stakeholders to maximize and make more meaningful contributions to society. Our new vision and purpose further crystallizes the actions we need to undertake to carry our Company well into the future.





### Continuing our growth momentum

We built on the gains of the previous year despite ongoing global economic concerns, rising financial costs, and a weaker currency exchange, among others. Heightened activities post-pandemic, such as travel, have driven demand upwards, translating to a rise in consolidated sales volume of 126.9 million barrels from both Philippine and Malaysia operations, up 13% from the 112.8 million barrels sold in 2022. Even as revenues dipped slightly to P801 billion from the previous year's P857.6 billion due to continuing industry challenges, the sizeable volume growth, coupled with efficient risk management and more streamlined operations, resulted in a 60% increase in operating income from P19.21 billion in 2022 to P30.7 billion last year. Overall, we reported a consolidated net income of P10.1 billion, a remarkable 51% gain over the P6.7 billion in 2022.

We continued to stand tall as the market leader in the Philippine oil industry by the end of 2023. Our Retail Trade led the charge, generating a 15% increase in sales versus 2022 through improved competitiveness of our service stations, and the introduction of redesigned and refreshed Treats convenience stores for an enhanced motorist experience. Our service station network remains the largest in the country.

The “revenge travel” phenomenon led to a dramatic increase in our industrial volumes, with the sale of our aviation fuel up 52% in 2023. We likewise added more commercial accounts to our current ones.

We regained leadership of the Liquefied Petroleum Gas (LPG) segment with a 24% market share in 2023, bannered by the Gasul Elite as well as the Fiesta Gas brands, while our domestic LPG sales rose 26% versus 2022. Our lubes business also contributed to the success even in a highly competitive segment. The opening of seven new Car Care Center outlets added more venues for motorists to experience our automotive care brand.

### Making sustainability a business imperative

As we set our sights firmly to the future, we continue to lay the groundwork for initiatives that will bolster our operational capabilities and promote long-term sustainability all across our value chain.

At our Petron Bataan Refinery, we uphold our commitment to minimizing environmental impact through innovative practices like crude separation and conversion, deploying petrochemicals with lower greenhouse gas emission (GHG) intensity, and executing Project CODy to reduce water consumption. Safety is paramount, with strict adherence to regulations and an emphasis on employee training and safety practices. Expansion plans contribute not only to our environmental

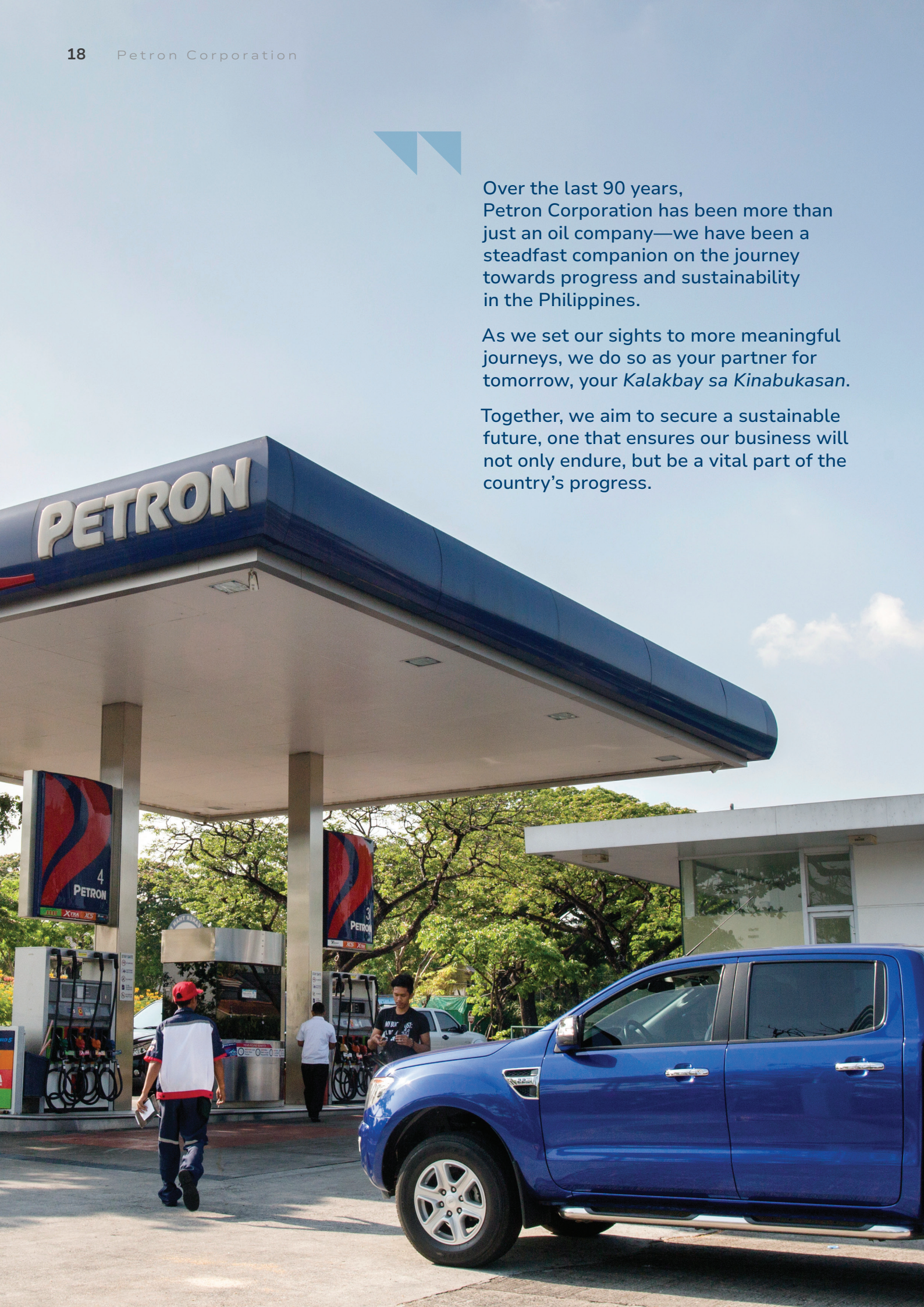
goals but also to economic growth in the province. With the commissioning last year of our co-generation facility in Bataan, our Refinery will now be fully self-sufficient in its steam and power requirements, with a potential to export excess power to the grid and create an additional revenue stream in the process.

Our terminals and service stations across the country are also implementing a range of programs. A comprehensive five-year program is underway to increase the use of renewable energy sources, such as installing LED and solar-powered lights in every facility to improve energy efficiency. In SMC's Water for All program, 100% of Petron's terminals are zealously implementing initiatives to help achieve the corporate-wide goal of reducing by half our scarce water consumption by 2025. In 2023, Petron collectively decreased consumption by 28.47% as against 2016 baseline data. And since the program's start, Petron's water management efforts have helped save 24,784.8 megaliters. Furthermore, our Terminal EcoWatch Program, a distinct initiative in the industry, continues to strictly assess our performance in relation to key environmental laws and grades and rewards top performing facilities. This program ensures our strict compliance with government mandates while encouraging our facilities to continually improve and innovate on their environmental practices.

We are looking to replicate this zeal throughout our retail network. Among the low-hanging fruits that we are doing is the upgrading of lighting in our service stations to LED. Since 2018, 560 service stations have transitioned to using LED lights. By the end of 2024, we aim to grow this number to at least 800. This move is expected to result in approximately 18% reduction in electricity consumption, corresponding to 4,500 metric tons of carbon equivalent emitted yearly. The installation of solar panels at pilot sites such as our Petron Express Center (PEC) 1 in Bulacan and along the Southern Tagalog Arterial Road (STAR) tollway in Batangas is already allowing these service stations to significantly reduce their electricity consumption, resulting in modest savings. In 2023, solar energy generated from the panels in PEC 1 reduced electricity use in its offices, while the Batangas station enjoyed a drop of 20%. And while 73 other Petron service stations use various solar power setup to augment their power requirements, we see this being rolled out to more stations in the coming years.

At the same time, we continued to strengthen and integrate our supply chain, such as our into-plane operations to our LPG interplant transfers, to both green and further enhance the delivery of our products. This is yet another opportunity for us to go green while opening more avenues to meet our ESG commitments.





Over the last 90 years, Petron Corporation has been more than just an oil company—we have been a steadfast companion on the journey towards progress and sustainability in the Philippines.

As we set our sights to more meaningful journeys, we do so as your partner for tomorrow, your *Kalakbay sa Kinabukasan*.

Together, we aim to secure a sustainable future, one that ensures our business will not only endure, but be a vital part of the country's progress.

### Nurturing synergies through collective action

We recognize that attaining these goals requires synergizing our efforts with our stakeholders.

Hand in hand with the government, we support the advancement of national development policies. These include actively participating in the Fuel Marking program to combat smuggling and safeguard the integrity of the oil industry and backing the Cylinder Exchange and Improvement Program to promote the LPG Law. Through faithful compliance with regulatory standards, we foster fair competition, and contribute to a more equitable business environment, while helping the government realize its tax collection targets. We likewise bolster consumer protection by introducing safer and better alternatives to unsafe and substandard products, thereby mitigating the risk of accidents.

The synergy among our stakeholders enables our corporate social responsibility (CSR) programs to uplift communities in areas hosting our major facilities by safeguarding and revitalizing habitats, supporting basic education, livelihood, and health, and fostering volunteerism. In 2023, we marked a milestone with our first batch of 78 Tulong Aral ng Petron (TAP) scholars from Mindanao graduated from high school. Just as significant, eight of these graduates—who we supported as our scholars from Grade 1 with the help of Department of Education (DepEd) and the local governments—qualified for full college scholarships in various colleges and universities in Southern Mindanao. Working closely, for example, with local Department of Environment and Natural Resources (DENR) offices, local government units (LGUs), and people's organizations in the provinces of Bulacan, Capiz, and Davao del Sur, we adopted a total of 55 hectares of coastal areas for mangrove reforestation. This will not only contribute to protecting biodiversity in critical ecosystems, but also reduce our carbon footprint, develop livelihood opportunities for communities, and create venues for our employees to volunteer in doing good.

### Looking ahead to a sustainable tomorrow

We are humbled that our efforts, while aimed at making a positive and lasting impact for our stakeholders, have also been rewarded with various recognitions. We are proud to have received numerous citations recognizing our work in the past year. The Institute of Corporate Directors gave Petron two Golden Arrows for the second consecutive year for excellence in corporate governance during its ASEAN Corporate Governance Scorecard (ACGS) Awards. The Bureau of Customs (BOC), on the other hand, lauded Petron as the leading contributor to the government's fuel marking program, a recognition we have consistently received from BOC. We were also acknowledged as among the country's top importers for 2023 based on duties and taxes paid to the BOC. The Hong Kong-based consumer intelligence company Standard Insights likewise hailed Petron as the overall fuel brand of choice among Filipino consumers in its 2023 Consumer Choice Awards.

These accolades only serve to further deepen our commitment to forge ahead. We have marched along the road built on 90 years of being your partner in success. As we set our sights to more meaningful journeys, we do so as your partner for tomorrow, your *Kalakbay sa Kinabukasan*. Together, we aim to secure a sustainable future, one that ensures our business will not only endure, but be a vital part of the country's progress. Our continued success will be defined not only by our flourishing financial bottom line, but by equally managing our environmental footprint, fostering the well-being of our communities, and ensuring transparency in all our endeavors.

Ours is a continuous process of improvement and engagement. We are determined to lead the way, demonstrating that responsible business practices, environmental stewardship, and care for our communities can go hand in hand. Together, we look ahead to building a sustainable tomorrow. ▀

**Ramon S. Ang**  
President and Chief Executive Officer





## Petron's New Vision and Purpose: Our Proactive Commitment to Sustainability

In the ever-evolving business landscape of the oil industry, adaptation is important for sustained relevance and impact. As the leading oil refining and marketing company in the Philippines, we recognize this imperative as we embarked on a transformative journey to redefine our vision and purpose.

The genesis of Petron's new vision and purpose stemmed from a comprehensive review process, driven by various factors. Firstly, to synchronize with our parent company, SMC, which recently updated its own vision and purpose. Secondly, Petron acknowledged the necessity of adapting to changing times, ensuring its relevance and resonance with stakeholders. Finally, having accomplished our previous objectives, the old vision called for a fresh outlook to steer the Company forward.

To spearhead this initiative, a Core Committee was established, comprising key leaders from Business Planning and Development, Corporate Affairs, and Human Resources. Furthermore, the Management Committee, along with a consultant, engaged in workshops to identify the key elements to be included in the statements. The involvement of our General Manager and Chief Finance Officer at every step ensured alignment with strategic objectives and sustainability goals, particularly emphasizing the vision of energy security.

Internally, the communication of the new vision and purpose was meticulously organized to ensure organizational alignment. During a nationwide event led by the General Manager and Chief Finance Officer, the new direction of the organization was cascaded to all employees to discuss its significance and relevance. Complementing this effort, a new audiovisual presentation was created to creatively articulate the vision, fostering a deeper understanding among employees.

Looking ahead, we are committed to integrating the new vision and purpose into our Company's culture and operations. Initiatives such as discussing the vision during new employee orientations and incorporating it into training programs ensure widespread awareness and understanding. Collaterals placed in offices nationwide serve as constant reminders, embedding the vision into Petron's culture.

## Petron ESG Council: Guiding the Company's Long-term Future (2-13, 2-14)

Ensuring a future that goes beyond us requires expert guidance. This task lies with our ESG Council, led by our General Manager and our Chief Finance Officer together with key members of Petron's Senior Management. The Council is tasked to develop and implement an ESG strategy and roadmap aligned with the strategic direction of our parent company, SMC. They actively oversee and monitor our ESG performance including the identification and approval of our material topics, which is disclosed in our annual sustainability report.

Under their direction, we are reaping favorable outcomes, as our ESG efforts are helping propel business growth while maintaining our

commitment to environmental stewardship and social responsibility. Yet we also recognize the evolving landscape of sustainability reporting and dynamic changes in the business environment, which led us to expand the ESG Council in 2023. The addition of key senior executives from all business units of Petron gives the Council a much more comprehensive composition to craft our sustainability strategies, consistent with the overall SMC roadmap and aligned with current global standards. Specifically, the involvement of the division heads will provide direction and push for the identification and implementation of appropriate ESG programs by the different business units.



\* ESG TWG Overall Lead \*\* Vice Chair



Technical Working Group

ENVIRONMENT	SOCIAL	GOVERNANCE AND ECONOMIC
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Forging the Sustainable Blueprint: Petron's Path to ESG Excellence

We have crafted a comprehensive blueprint detailing our path towards achieving our vision of a sustainable future. Beyond mere profitability, our aspiration is to transform into a resilient company that balances economic growth with our collective responsibility to protect the planet and prioritize the well-being of people, ensuring long-term benefits for future generations.





# Our ESG and Sustainability Framework (2-22)

As an industry leader, we maintain our competitive edge by leveraging innovative methodologies that streamline our business operations for optimal efficiency. Recognizing our impacts on the environment and society, we have adopted a framework that serves as our compass in integrating ESG and sustainability in all our endeavors. This commitment serves as a fundamental priority, rooted in our ingrained culture of serving and caring for our fellow Filipinos.



## ENVIRONMENTAL STEWARDSHIP

- Adhere to all applicable regulatory requirements aimed at minimizing the Company's impact on the environment;
- Effectively manage our environmental footprint with focus on reducing greenhouse gas emissions, conserving water, and managing our wastes;
- Actively support the government's programs on the use of clean fuel; and
- Continually develop or embrace additional future technologies that will result in environmentally and socially beneficial offsets.

## SOCIAL WELL-BEING

- Foster a safe, healthy and decent workplace for our employees;
- Promote a work environment that would provide opportunities for employees' development and engagement; and
- Improve the quality of life of our communities and external stakeholders through relevant social responsibility programs in education, environment, entrepreneurship, and health and human services.

## GOOD GOVERNANCE

- Foster a governance structure that is founded on strong ethical standards, integrity and transparency through our ongoing commitment to all applicable legislation, regulations, and codes of conduct and practices, and exceeding such standards where possible; and
- Ensure the long-term viability of our business by managing our risks and improving our supply chain to enhance shareholder value, contribute to national development, and the betterment of our fenceline communities.





# Navigating Sustainability: Executing Our Blueprint in Operations

Our sustainability blueprint is integrated into our business activities and operations. Across our entire value chain, we are committed to proactively monitoring and managing our ESG impacts, from the production stage to the marketing of our products.

With over 50 years of service, our Refinery has consistently provided a reliable source of high-quality fuel products nationwide. Our terminals maintain stringent quality standards in the distribution of our products, strictly adhering to environmental and social laws and regulations. At our service stations, we make our products and services readily accessible, reflecting our dedication to ensuring stable and quality petroleum products to our customers.

	
SUSTAINABLE PRODUCTION	Petron Bataan Refinery is the only Refinery in the Philippines, with a total land area of 240 hectares in Limay, Bataan. Our Refinery's current capacity is 180,000 barrels per day which helps to meet the energy demands of our customers throughout the country. We process crude oil which are primarily sourced from the Middle East.
ENVIRONMENTAL STEWARDSHIP	Given the capacity of our operations, we recognize the potential impacts that it can cause to our environment. With this, as we maximize operational efficiency, we also invest in cutting-edge facilities that enable us to mitigate our impacts. The Refinery recently invested in additional trains of circulating fluidized bed (CFB) boilers and a co-generation power plant, replacing the less efficient old fuel oil fired boilers. Further, through our innovative practices in the Refinery (e.g., crude separation and conversion), we are able to maximize the production of petrochemicals which lower greenhouse gas (GHG) intensity. Moreover, we are implementing Project CODy to help us rationalize and reduce our water consumption wastewater generation within the operations.
SOCIAL WELL-BEING	One of our key priorities in our operations is safety. We strictly adhere to all safety regulations and ensure that our employees are highly skilled and equipped to manage our operations safely and effectively.
GOOD GOVERNANCE	Our expansion plans enable us to boost our economic activities in the province of Bataan, consequently creating employment opportunities within the oil industry.

	
SUSTAINABLE DISTRIBUTION	We have a total of 32 terminals nationwide, fueling strategic industries such as power generation, manufacturing, mining, and agribusiness, among others. Petron supplies the bulk of the fuel requirement of key national government agencies including the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), and Philippine Coast Guard (PCG), among others. We also supply jet fuel at key airports to international and domestic carriers.
ENVIRONMENTAL STEWARDSHIP	For the past nine years, we have effectively implemented the Terminal EcoWatch program. It aims to encourage self-monitoring of our environmental impacts to ensure steadfast compliance with environmental laws and regulations. Annually, we assess our performance across various key areas, including Wastewater Quality, Air Quality, Solid Waste Management, Toxic and Hazardous Waste Handling, as well as Environmental Impact Assessment, Environmental Management System, and Sustainability.
SOCIAL WELL-BEING	In addition to our safety practices, we deeply value our relationship with our host communities. Leveraging the strategic geographical locations of our terminals, we continuously aim to engage with and support a wider range of communities, focusing on education, environment, entrepreneurship, and health and human services.
GOOD GOVERNANCE	The success of our terminals in integrating sustainability into our operations is greatly attributed to our terminal managers. Their responsible leadership ensures that we stay aligned with our sustainability objectives on a daily basis, thereby upholding our commitment to environmental and social responsibility.
	
SUSTAINABLE MARKETING	We have a robust network of around 1,900 retail service stations nationwide.
ENVIRONMENTAL STEWARDSHIP	We take an innovative approach in the design of our facilities in the service stations, ensuring that they are resilient to disasters. We also installed solar panels as our alternative energy source in the service stations.
SOCIAL WELL-BEING	Part of our responsibility to our customers is to ensure responsible labeling and marketing of our fuel products, complying with relevant regulations and industry standards. We deeply value the trust given to us by our customers, and as such, we prioritize providing them with accurate and transparent information regarding our products.
GOOD GOVERNANCE	Along with our employees, we also work with dealers in our service stations. We foster strong relationships with them by ensuring they are well-informed and equipped to effectively sell Petron's products. This is achieved through capacity-building sessions aimed at enhancing their knowledge and skills.



# Fostering Connections: Petron’s Stakeholder Engagement and Materiality Assessment (2-29, 3-1, 3-2)

Anchored on our core values, we foster synergies with our stakeholders to enhance our endeavors towards achieving inclusive growth. Regular engagement with our stakeholders allows us to gather valuable insights into their concerns, which in turn, inform our sustainability strategy. We firmly believe that our stakeholders, as integral partners, play a pivotal role in propelling the growth of our Company.

Stakeholder Groups	Why We Engage With Them	How We Engage Them
Shareholders	We highly consider the concerns of our shareholders, as owners of the Company, especially in driving the success and profitability of our business.	<ul style="list-style-type: none"><li>• Annual Stockholders Meeting</li><li>• Consultations</li><li>• Sustainability Reports</li><li>• Timely and transparent disclosures</li></ul>
Government and regulators	We partner with key government agencies and regulators to ensure strict compliance with standards concerning the environment, health and safety, and other sustainability practices.	<ul style="list-style-type: none"><li>• Dialogues and representations with both executive and legislative branches of government and relevant regulatory agencies</li></ul>
Industry/business groups	We form collaborations with industry/business groups to exchange industry-specific knowledge, expertise, and best practices – fostering shared growth.	<ul style="list-style-type: none"><li>• Membership in key industry associations</li></ul>
Consumers	Our consumers directly support the growth of our Company. We continue to improve our operations to consistently deliver high-quality fuel products that meet the needs and expectations of our customers.	<ul style="list-style-type: none"><li>• Petron website</li><li>• Social media channels (Facebook, X [formerly Twitter], Instagram)</li><li>• Product promotions</li><li>• Consumer information campaigns</li><li>• Market research</li><li>• Customer service interaction through PCIC (Petron Customer Interaction Center)</li><li>• <i>Lakbay Alalay</i> motorist assistance</li></ul>
Employees	Our employees are the cornerstone of our business, serving as our lifeline to ensure our operations run smoothly. It is our foremost responsibility to prioritize their well-being, safety, and professional growth as central pillars of our human capital development efforts.	<ul style="list-style-type: none"><li>• Onboarding sessions</li><li>• Learning sessions and capability-building activities</li><li>• Regular performance reviews</li><li>• Labor-management dialogues</li><li>• PETRONews digital newsletter</li><li>• Volunteers In Action (VIA) employee volunteering program</li></ul>

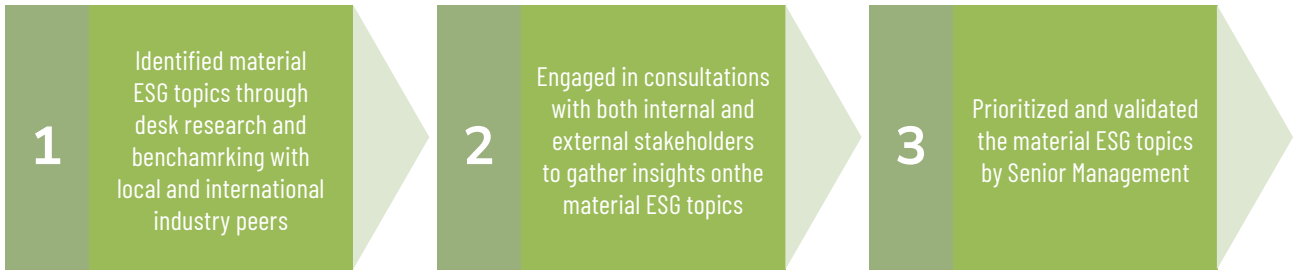
Stakeholder Groups	Why We Engage With Them	How We Engage Them
Investors and financial institutions	We continue to build investor trust and confidence as we highly value their feedback, which informs how we continually refine our ESG initiatives and policies.	<ul style="list-style-type: none"><li>• Annual stockholders meeting</li><li>• Annual and quarterly financial reports and an annual sustainability report</li><li>• Regular submission of reports and disclosures to regulatory agencies (e.g., SEC, PSE)</li></ul>
Local/host communities and people’s organizations	We ensure that our operations do not negatively impact the lives of our neighboring communities. We make significant investments in programs aimed at enhancing their quality of life, with a particular focus on areas such as education, environment, health, and livelihood.	<ul style="list-style-type: none"><li>• Annual and quarterly financial reports and an annual sustainability report</li><li>• Regular submission of reports and disclosures to regulatory agencies (e.g., SEC, PSE)</li><li>• Sustained implementation of strategic CSR programs</li></ul>
Academe	Our work with the academe allows us to design programs that address the needs of young Filipinos who are eluded by opportunities to benefit from quality education. Through our partnerships with various academic institutions, we are able to serve as a catalyst for societal change.	<ul style="list-style-type: none"><li>• Partnership with schools through DepEd for Petron’s scholarship programs</li></ul>
Suppliers, contractors, and third-party service providers	We ensure smooth and efficient operations in our value chain by closely collaborating with our suppliers, contractors, and third-party service providers, adhering to pertinent environmental and social standards and regulations.	<ul style="list-style-type: none"><li>• Alignment meetings</li><li>• Demo teaching and program walkthroughs</li><li>• Post program feedback</li></ul>
Civil society organizations (CSO)/ Non-governmental organizations (NGO)	We collaborate with civil society groups and non-governmental organizations to broaden our networks and access valuable resources, expertise, and opportunities that increase the effectiveness of development assistance provided to our communities. They are also crucial in advancing our advocacies towards protecting the environment and welfare of people.	<ul style="list-style-type: none"><li>• Membership in major civil society organization/non-government organization (CSO/NGO)</li><li>• Partnerships with like-minded organizations</li></ul>
Media	The media is our ally in bridging understanding of Petron’s business with our many publics, including sharing our stories about our sustainability aspirations and endeavors. Simultaneously, it motivates us to maintain transparency and accountability in all our actions.	<ul style="list-style-type: none"><li>• Media advisories/press releases</li><li>• Annual stockholders meeting</li><li>• Press conferences</li></ul>



In 2022, we conducted a robust materiality assessment to help us identify the ESG topics that have most significant impacts on our Company and our stakeholders. In line with this, we have commissioned the University of Asia and the Pacific – Center for Social Responsibility (UA&P-CSR) as an independent third-party expert to facilitate the materiality assessment. UA&P-CSR used a pioneering approach, considering both Petron's impacts on its financial value (inward impact) and its broader socio-economic environment (outward impact).

This aligns with global sustainability reporting standards, adopting the double materiality approach. As a result, Petron's material topics are globally comparable, enabling our Company to stay agile in responding to the evolving ESG business landscape and meeting the needs of investors and other stakeholders.

Specifically, Petron followed this materiality assessment process:



During this reporting period, UA&P-CSR consulted the following facilities of Petron. These sessions aim to further discuss the highlights of Petron's 2023 ESG performance and relate how the programs and strategies align with our overarching ESG framework.



Likewise, in 2023, we reported on the same set of material topics. In this report, we provided updates on our progress regarding our 2023 ESG performance, detailing our achievements relative to our commitments and targets.

Material Topic	Why it Matters to Petron
Environmental	
Materials	Materials serve as essential inputs for our business operations. Recognizing our environment's finite resources, we proactively manage the inputs used in our operations, positioning ourselves not only for long-term business success but also for contributing to the well-being of both people and the environment.
Energy	Energy significantly contributes to driving economic activities and fostering societal development. However, challenges in energy security and the escalating demand for electricity pose barriers to the global sustainability agenda. At Petron, we acknowledge the importance of environmental stewardship and remain dedicated to continuously monitoring and evaluating our energy consumption and production practices.
Water and Effluents	Water is a fundamental human right and essential for enhancing our planet's well-being. As active participants in the global sustainable agenda, we are committed to safeguarding water resources and improving water-use efficiency. The imminent threat of water scarcity poses potential disruptions to our operations and concurrent challenges for the daily lives of neighboring communities. Therefore, it remains our utmost priority to proactively utilize water efficiently in our activities by reducing consumption and expediting our water recycling and conservation initiatives.
Biodiversity	Preserving biodiversity is crucial for maintaining the delicate balance of ecosystems and ensuring the sustainability of life on Earth. At Petron, we understand the profound significance of biodiversity conservation. Biodiversity not only influences the socio-economic well-being of communities but also mitigates environmental risks within the oil sector.
Emissions	Climate change poses significant threats, with intricate environmental impacts directly affecting ecosystems, society, and businesses. Over the years, the manifestations of climate change encompass hotter temperatures, severe storms, increased drought, warming and rising oceans, loss of species, poverty and displacement, and threats to food supply and human health. With this, we keep ourselves informed of how these factors will affect our business. We strategically take steps to contribute to addressing climate change and air pollution.
Waste	In our operations, we generate a high volume of waste, including hazardous materials. Given the potential impacts on the environment and human health, we prioritize the implementation of proper and effective waste management practices. This commitment is significant for conserving resources, minimizing pollution, and fostering a healthier environment, particularly in the areas where we operate.



Material Topic	Why it Matters to Petron
Social	
Employment	In our dynamic business landscape, our foremost priority is to consistently attract and retain a highly skilled workforce. We deeply acknowledge that our employees constitute the driving force behind our competitive edge in the market. Through these efforts, we contribute to shaping a sustainable future by offering employment opportunities that uplift the lives of our fellow Filipinos.
Labor/Management Relations	Stable and cooperative relations between labor and management serve as the cornerstone of a thriving workplace culture, fostering an environment that promotes productivity, innovation, and sustainable growth. These positive labor/management relations contribute to the overall stability of our Company and enhance competitiveness.
Occupational Health and Safety	Ensuring health and safety in the workplace is a fundamental human right for every worker. As essential business partners, we bear the responsibility of safeguarding the health, safety, and well-being of our human capital – the employees – to ensure the efficient operation of our business.
Training and Education	Nurturing the growth of our employees mirrors our belief in their potential as key contributors to Petron's continuous success. Investing in training and development is our approach to fostering a skilled and empowered workforce, thereby enhancing both their individual career advancement and the overall success and resilience of our business.
Local Communities	Our robust partnership with stakeholders propels us to seamlessly integrate sustainability into every aspect of our business. We recognize that our activities can yield significant economic, environmental, and social impacts on the communities where we operate. Utilizing our shared resources, we ensure that our Company operates efficiently while actively supporting socioeconomic growth.
Customer Health and Safety	We acknowledge that our activities from the Refinery, terminals, and service stations inherently carry safety and health risks. Failure to manage these risks not only endangers our workforce but also threatens the well-being of our customers and the communities we serve. The oil sector's influence on public health underscores the urgency for industry leaders like Petron to uphold the highest standards in safety and health.
Marketing and Labelling	We affirm the importance of providing customers with access to accurate and comprehensive information regarding the positive and/or negative economic, environmental, and social impacts of the products and services that they consume. Therefore, we ensure fair and responsible marketing communication strategies and materials, along with providing information on the composition of products, including their proper use and disposal, to assist our customers in making well-informed decisions.
Customer Privacy	The success of our operations is intricately tied to the trust and transactions we engage in with our valued customers. Recognizing the importance of safeguarding their data and information, we have implemented measures to ensure the privacy and security of stakeholder information.

Material Topic	Why it Matters to Petron
Governance	
Economic Performance	Our economic performance is anchored on the products and services that we deliver, primarily centered on refining crude oil and distributing refined petroleum products. We serve a diverse range of industrial end-users, service stations, LPG dealerships, sales centers, and various retail outlets. Beyond these domestic operations, we also stand as a supplier of jet fuel at major airports, catering to both international and domestic carriers.
Market Presence	We strategically position ourselves across key locations in the Philippines, spanning the National Capital Region, Luzon, Visayas, and Mindanao. This reflects our commitment to delivering high-quality products to our customers while expanding our reach to serve as many communities as possible.
Indirect Economic Impacts	Indirect economic impacts are crucial in the socio-economic environment, particularly within the oil sector. These impacts extend beyond financial transactions, influencing community well-being and long-term development prospects. The ripple effect of infrastructure investments and services supported by companies like Petron can significantly shape local economies.
Anti-corruption	We recognize that corruption has detrimental effects, impacting both our Company (e.g., misallocation of resources) and our stakeholders (e.g., abuse of human rights). Therefore, we consistently demonstrate transparency in all our transactions and implement rigorous measures to prevent corrupt practices.
Anti-competitive Behavior	As an industry leader, we prioritize integrity by cultivating healthy competition among our peers. Our primary responsibility is to serve our customers, ensuring fair and ethical business practices, and empowering them to make informed decisions.
Tax	Taxation is pivotal to socio-economic development, contributing to nation-building by funding essential services and infrastructure. In the oil sector, tax compliance is important in ensuring fair competition and preventing illicit activities like smuggling, which undermine the industry's stability and the government's revenue stream.



## Contributions to Global and Local Development Goals

## UN Sustainable Development Goals

In addition to identifying the ESG topics important to our business, we have also determined how we can further participate in achieving broader sustainability goals. All of our material topics are aligned with the 17 UN SDGs, given their interconnected nature.

Moreover, referencing the GRI 11: Oil and Gas Sector 2021 Standard, we affirm that our industry has significant contributions toward achieving the following goals:

**Goal 1: No Poverty;**

### Goal 3: Good Health and Wellbeing;

#### Goal 4: Quality Education;

**Goal 7: Affordable and Clean Energy;**

**Goal 8: Decent Work and Economic Growth; and**

**Goal 13: Climate Action.**



## Philippine Development Plan

In the Philippine context, our objective is to actively support the PDP 2023-2028, ensuring that our sustainability initiatives proactively respond to nationally-agreed goals. In this regard, we also aligned our material topics with the focus areas of the PDP to collectively work towards our shared goal of “economic and social transformation for a prosperous, inclusive, and resilient society” through job creation and poverty reduction.

These goals are all linked toward the transition to a low-carbon economy, ensuring that there is affordable, reliable, and inclusive access to resources for all stakeholders.

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## Propelling a Sustainable Route: Petron’s ESG Performance

We acknowledge that our actions have a corresponding footprint on the socioeconomic environment.

Therefore, as we navigate this journey, we vigilantly monitor and manage potential roadblocks and ensure that we stay on course towards a sustainable future.

## Navigating a Climate-Resilient and Circular Economy Pathway

For the past 90 years, we have remained steadfast in our commitment to monitor and enhance our environmental performance. Aligned with the growing focus on global climate goals, we embark on a journey to advance climate action and circular economy initiatives. Actively engaging in mitigating our environmental footprint throughout our entire value chain, we voluntarily adopt environmentally responsible practices.

This proactive approach enhances our capacity to respond swiftly and effectively to the evolving external landscape, which demands more robust environmental monitoring and disclosure. This progression seamlessly aligns with our dedication to environmental stewardship. As we continue on this path, we will diligently monitor our performance while looking to level up on initiatives that will further contribute to a climate-resilient future.

Material Topic	UN SDGs
Optimized Resources	8 12
Efficient Energy Management	7 8 12 13
Sustainable Water Management	6 12
Strategic Partnerships for Biodiversity Conservation	6 14 15
Proactive Climate Action	3 12 13 14 15
Integrated Waste Management	3 6 8 11 12 15



FEATURE STORY

PETRON TERMINAL ECOWATCH PROGRAM:  
PROMOTING EXCELLENCE AND CONTINUAL IMPROVEMENT

Petron’s terminal operations constitute a linchpin in the Company’s value chain, as well as the unrelenting drive towards excellence. Located in strategic areas throughout our archipelago, they are the repository of Petron’s various petroleum products that are processed from our Refinery before being brought to the end-users: our motorists, and industrial, commercial, and household clients. Beyond being merely a depot, Petron terminals are corporate citizens in our host communities. They are seen not only as business entities, but as critical partners in boosting the local economy and being reliable neighbors.

In this aspect, our terminals take their responsibility to their communities and to the environment to heart. Excellence is seen not only in ensuring the availability of fuel products at all times, but also in being efficient in every aspect of work to minimize inefficiencies and optimize their positive impact. Strict and full compliance with all environmental laws and regulations is a given for terminal personnel. Petron’s Terminal EcoWatch program further elevates this practice into a bigger commitment beyond self-monitoring and compliance with environmental standards. It challenges each facility to continually improve their environmental performance, increase efficiency and bottom line, and enhance the capability of the plant on self-regulations through environmental management systems.

The EcoWatch Program was implemented in 2014 in all our terminals to complement and complete our sustainability initiatives, from our Refinery’s efforts to measure, manage, and minimize its environmental footprint to having Environmental Management Systems-compliant service stations. Our Corporate Technical Services Group (CTSG)-Environment, Operations Health, Safety, Security, & Environment (HSSE), and the Petron Environment Council are tasked to monitor and assess each terminal’s adherence to the program, whose approach goes beyond mere compliance by incorporating indicators from both local and global standards, such as the Revised Industrial EcoWatch Rating System outlined in the Department of Environment and Natural

Resources (DENR) Administrative Order 2003-26. We comprehensively review our compliance with the following laws, namely:

- Presidential Decree No. 1586 that established the Philippine Environmental Impact Statement (EIS) System
- Republic Act (R.A.) No. 6969 or the “Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990”
- R.A. No. 8749 or the “Philippine Clean Air Act of 1999”
- R.A. No. 9003 or the “Ecological Solid Wastes Management Act of 2000”
- R.A. No. 9275 or the “Philippine Clean Water Act of 2004”
- R.A. No. 11898 or the “Extended Producer Responsibility on Plastic Packaging Waste Act of 2022”

The EcoWatch program also adheres to indicators established by the GRI Standards on sustainability reporting. Assessing the performance annually is done using color-coded ratings based on the terminals’ level of compliance. The highest rating—a Platinum Plus—rewards terminals for sustained excellence over three successive years. In 2023, four terminals—Bawing, Mandaue, Roxas, and Tacloban—received the highly-coveted Platinum Plus rating. On top of being consistent in keeping with their environmental compliance, they have endeavored to introduce best practices that add, in any way possible, to making their terminals more efficient.

Under Engr. Allan Indic, Tacloban Terminal has incorporated solar power to minimize their power consumption and indirect GHG emissions. Synergized with other green initiatives, this has supported their sustainability goals while resulting in something extra for terminal personnel.

RATING INDICATORS AS REFERENCED FROM GRI STANDARDS

BLACK	RED	BLUE	GREEN	SILVER	GOLD	PLATINUM	PLATINUM+
Poor compliance	Insufficient compliance	Compliant with regulatory requirements	Implements programs beyond regulatory compliance	Sustained environmental programs and compliance	Exhibits continuous improvement in environmental and sustainability programs	Sustained gold rating for two consecutive years	Sustainable and flawless operations

2023 Platinum Plus Rating Recipients  
Bawing, Mandaue, Roxas, and Tacloban Terminals

“Solar-powered pumps provided us with alternative means to maximize the use of collected rainwater from our rainfall harvesters. With the additional free water, greening activities, and vegetable farming on vacant spaces within the terminal were ramped up and expanded. These are aligned with our environmental programs and greatly supported our utility personnel with their daily and basic vegetable needs.

As a result, terminal personnel became engaged in the environmental programs of the facility.” His team also actively conducts quarterly water audits to do their share in the scarce water reduction program of Petron. “We also Introduced a portable Oil Water Separator (OWS) during water draw-off activities after every product receiving and, coupled with the water effluent aeration system, ensures strict compliance with the Clean Water Act, while also minimizing hazardous waste generation.” Engr. Indic is also most proud that these sustainability efforts of the terminal’s workforce, who reside within the fence line community, have become highlights of the host LGU and regulating bodies and shared to other communities for benchmarking.

Mandaue Terminal manager Engr. Richard Wong adds that integrating these best practices and initiatives into their daily operations has led to embracing an environmental culture by all regular and contracted personnel in the facility. “It’s a collective effort and being a Platinum+ awardee is an honor and prestige specially for the whole terminal.”



Tacloban Terminal’s rainwater harvesting set-up



## LED LIGHTS AT MANDAUE TERMINAL



Accolades notwithstanding, much work remains ahead not only for the Platinum Plus awardees, but for every Petron terminal. Each facility acknowledges the challenges of sustaining excellence. Continual improvement is easier said than done. Add to that the unexpected effects of climate change and demands from new regulations such as the EPR law, as well as consistency in observing the EcoWatch requirements, and keeping personnel informed and engaged.

Yet, the results are worth the effort. Throughout 2023, mindfulness of terminals to the program ensured that Petron did not incur any significant monetary fines for noncompliance with environmental laws and/or regulations. As a barometer for our commitment to excellence, the Terminal EcoWatch program has seen a steady increase in ratings, with a significant overall improvement of 91.6% in 2023 compared to our 2014 baseline.

This year also, we took a significant step forward by expanding our focus beyond environmental indicators to include sustainability focus areas such as our CSR initiatives and climate change action plans. This key action aligns with our objective of integrating sustainability into our business activities, supporting our overall vision and mission. More than just a testament to being environmental stewards, this pioneering initiative demonstrates that our promises are backed by tangible and achievable results.

Through rigorous internal audits of our environmental performance, we maintain transparency and accountability for our actions and their impacts. Ultimately, this allows us to have a more holistic approach in managing our operations, integrating our ESG framework for the benefit of Petron and the communities we serve.

Looking ahead, we remain committed to accelerating our efforts, adapting to the ever-changing external environment, and equipping ourselves for a sustainable future.

## Fueling the Environment through Circular Economy

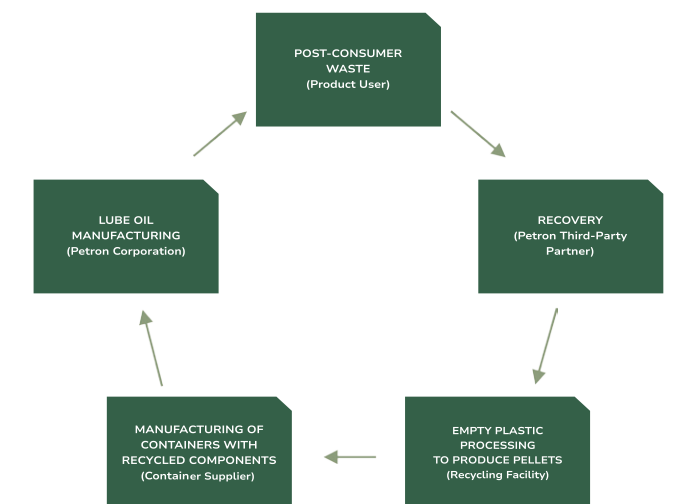
As part of our continued development, we are mindful of adopting practices that move us further into our sustainability journey. One such practice is veering from the traditional linear economy concept of “take, make, and dispose” and looking at the concept of circular economy, with the mindset to adopt this as a business strategy. Focusing initially on further improving our waste management practices, we look to also embed circularity in our energy and water conservation efforts in the various aspects of our operations.

From our current programs, we have achieved the following:

- 1) A total of 74.9% or 5,565.95 metric tons (MT) of hazardous and non-hazardous waste generated have been diverted from disposal in 2023. Meanwhile, Oily Waste Sludge and spent catalyst were recycled at the Delayed Coker Unit and Refinery Solid Fuel Fired Boiler (RSFFB) respectively. Other initiatives include composting biodegradable waste and upcycling waste to produce items such as cabinets and stands that are used at the facilities.
- 2) In 2023, a total of 6,780 pieces or 11.66 MT of Flexible Intermediate Bulk Container (FIBC or jumbo bags) used to package polypropylene pellets were returned to the Polypropylene (PP) Plant by its customers. Some of them were repurposed as waste containers for the Refinery. The remaining containers can generate potential savings of ₱6.7 million when reused for the packaging of products.
- 3) Plastic seals used on tank trucks to safeguard against product theft and tampering are recovered by our terminals. Our Bacolod Terminal upcycled these plastic wastes into tables and benches for the use of its personnel. This initiative allowed us to recycle approximately 2,274 kilograms of plastics. Similarly, 610 kilograms of plastic seals from our Davao Terminal were upcycled through Envirotech into plastic benches.

### 4) Initiatives by Lube Oil Manufacturing Plant EPR include:

- Steel drums used for packaging raw materials delivered to the Manufacturing Plant are sent to a third-party facility for reconditioning, where the reconditioned drums are used for packaging lube oil products. A total of 178.6 MT of steel drums were reused in 2023.
- The packaging for our one-liter (1L) and four-liter (4L) lube oil containers was redesigned to reduce our plastic footprint. This will reduce plastic footprint by 8.85% relative to the 2022 baseline.
- The plant has set up recovery of empty plastic packaging materials from select service stations within Metro Manila. The collected containers were sent to a plastic recycling plant to produce pellets, after which the pellets were incorporated into virgin plastic resin to manufacture new plastic containers. The pilot testing of this concept was initiated in 2023 and will be implemented on a larger scale in 2024.





FEATURE STORY

LAYING DOWN A STRAIGHTFORWARD PLAN TO ACHIEVE CIRCULAR ECONOMY

In the town of Mexico in Pampanga, some 70 plus kilometers north of Petron’s office in Mandaluyong City, is a sprawling compound that houses a massive recycling plant. In 2023, Petron engaged Infinity Eight Trading Corporation, who owns the facility, to help the government’s mandate to manage the waste generated by industries more effectively and responsibly.

In August of 2022, the Extended Producer Responsibility (EPR) law took effect throughout the country. This requires companies to account for all the plastic packaging used to protect, transport, and sell their products. Specifically, it compels large product producers that generate plastic, called Obligated Enterprises, to establish an EPR Program that will “reduce and/or recover for reuse, recycling, treatment, or proper ecological disposal the plastic packaging waste that they release or released to the domestic market” in their operations, and implement them beginning January 2023.

The new law amends and further strengthens the Ecological Solid Waste Management Act of 2000 or Republic Act No. 9003, which mandates the LGUs to achieve 25% waste reduction target through establishing an integrated solid waste management plan based on the 3Rs (reduce, reuse and recycling). Nearing 25 years since its enactment, the law is still ways off from achieving its objectives. Meanwhile, the problems from which this was built on, specifically the non-biodegradable plastics, remain. An April 2022 article from BusinessWorld reported that plastic generation worldwide has continued to rise to some 400 million tons annually per the 5th United Nations Environment Assembly and this number is estimated to double by 2040. Filipinos, in particular, use up about 2.15 million tons of plastics every year, A 2020 study commissioned by World Wildlife Fund (WWF) meanwhile revealed that up to 35% of the total annual plastics consumption of the Philippines in 2019 is leaked to open environment. This ends to polluting our water sources and at the same time, clogging pipes and drainage lines that lead to flooding of cities.



Mindful of the urgency of the problem and heeding the call of the government for corporate involvement, Petron set a goal in support of the EPR Law to reduce 80% of our plastic packaging footprint by 2028 under a five-year roadmap.

We initiated the collection of our used lube oil containers from 13 Car Care Centers in Metro Manila with our Lube Trade taking the lead. The pilot run in the second half of 2023 generated nearly 500 kilograms of empty containers, which were transported to the recycling plant in Pampanga. From here, the used plastic containers, including caps, were cleaned and ultimately processed into pellets. This is the end-product that will be incorporated to virgin plastic resin to manufacture new Petron lube bottles.

Through this program, we now have more opportunities to integrate circularity in our business and, in the process, extend the life cycle of our plastic packaging and reduce waste. Beyond compliance to the EPR Law, we are also contributing to the attainment of SMC’s blueprint for sustainability, among which aims to do good for the planet by embracing the principle of circular economy by 2040.

Optimized Resources

GRI Standards	GRI 3-3, 301-1, 301-2, 301-3
UN Sustainable Development Goals	SDG 8 – Decent Work and Economic Growth SDG 12 – Responsible Consumption and Production
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience

Our approach

As the largest oil company in the Philippines, Petron plays a pivotal role in ensuring proper materials management. Throughout the years, our commitment has been to contribute to the well-being of the planet, safeguard the sustainability of our business, and meet the needs of our customers and key stakeholders. In our industry, the primary raw material is crude oil—a non-renewable resource with the potential for depletion in the future. Despite the inherent challenges in the oil sector, we remain dedicated to responsible and sustainable practices.

Acknowledging challenges like the volatility of crude oil and refined petroleum product prices influenced by factors such as geopolitical tensions, global economic conditions, and supply and demand dynamics, we stand unwavering in our commitment to responsible practices. For example, we implement a Logistics Management Plan to ensure the availability of petroleum products while managing risks from price volatility.

Our progress

Materials used by weight or volume

In 2023, we utilized a total of 8,443,206.1 MT of non-renewable materials, representing an approximate 18.94% increase from the previous year. This category includes crude oil, imported fuels, raw materials, and packaging materials. The increase is primarily due to higher fuel demand with improving economic activity resulting in higher Refinery utilization.

On the other hand, our utilization of renewable materials experienced a slight decrease to 148,003.14 MT in 2023, compared to 148,258.44 MT in 2022. The renewable materials we use come from the biofuel component of liquid fuels used by our facilities. This includes ethanol and Coco Methyl Ester (CME), as mandated by R.A. No. 9367, or the "Biofuels Act of 2006." The diesel fuel, which contains 2% CME, was used for the commissioning of RSFFB Phase 3 in 2022, this is a one-off item and hence, there was lower fuel consumption in 2023.

MATERIALS	2023 (MT)	2022 (MT)
Non-renewable materials used <sup>1</sup>	8,443,206.1	7,098,890.15
Renewable materials used <sup>2</sup>	148,003.14	148,258.44

<sup>1</sup> Resource that does not renew in short periods

<sup>2</sup> Material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural process, so that the services provided by these and other linked resources are not endangered and remain available for the next generation.



Recycled input materials used

Furthermore, as part of our commitment to addressing actual and potential risks and impacts, we formulated our EPR Program in 2023. This program aims to reduce and/or recover plastic packaging materials used for our lube oil products, aligning with the objectives of R.A. No. 11898, also known as the "EPR Act of 2022."

Our program includes the following strategies:

- We will redesign our containers to reduce weight. We are also exploring alternative packaging materials to reduce the usage of plastic in our packaging.
- We will partner with our retail stations, lube retail outlets, and distributors to buy back and recover used packaging materials from mass consumers. Additionally, our terminals will collect tamper-proof seals for recycling.
- We will convert collected containers to plastic pellets through engagement with plastic recycling facilities. The pellets will be added to virgin plastic resin to produce new bottles with recycled plastic content.
- We will partner with plastic waste diverters for the collection and recycling of post-consumer plastic to offset our plastic packaging footprint.

Reclaimed products and their packaging materials

Aligned with our EPR program implementation, we have attained a 22% reduction in plastic packaging footprint in 2023, surpassing our 20% reduction target. This accomplishment is primarily attributed to our collaboration with Plastic Credit Exchange (PCX), a waste diverter with a network of waste collectors, transporters, and recyclers. The collected post-consumer plastic wastes are converted into pellets and exported to other countries for the manufacturing of plastic products. Additionally, Petron disposed of a total of 40 MT of rejected plastic containers to an accredited hazardous waste treater. The resulting plastic flakes were sent to a recycling facility to produce various plastic products, such as dust pans.

Looking ahead, we uphold our commitment to demonstrating sustainable business operations by aligning our practices with environmental regulations and international standards. Consequently, we will continue to implement environmental, safety, and quality management systems based on ISO standards to address potential risks and impacts within the Refinery and our fuel terminals. Moreover, we will optimize opportunities to minimize waste, reduce our environmental impact, and promote the circular use of materials, benefiting not only our Company but also our business partners, including stakeholders.

Efficient Energy Management	
GRI Standards	GRI 3-3, 302-1, 302-2, 302-4, 302-5 Topic 11.1 GHG emissions
UN Sustainable Development Goals	SDG 7 - Affordable and Clean Energy SDG 8 - Decent Work and Economic Growth SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience Expand and Upgrade Infrastructure

Our approach

We recognize the imperative for cleaner energy sources and proactively implement initiatives across our Company's operations in the Refinery, terminals, and service stations. Embracing efficient technologies and processes in our day-to-day operations is a key aspect of our strategy to conserve energy resources and reduce our environmental footprint throughout our operational landscape.

The RSFFB Phase 3 project incorporates state-of-the-art technology, featuring a CFB Boiler designed for efficient and clean combustion of solid fuels. Furthermore, the integration of a heat recovery system showcases our dedication to energy conservation by utilizing the energy from hot process streams to preheat feed to furnaces, even as hot flue gases from furnaces are harnessed to generate steam or heat combustion air. This dual-pronged approach not only enhances fuel flexibility but also results in lower emissions and promotes efficient combustion.

Our terminals have embarked on a comprehensive five-year program that will boost the utilization of renewable energy sources. This multifaceted initiative encompasses strategic measures such as the installation and transition to LED and solar-powered lights.

At our service stations, we have begun using solar power to supplement its energy requirements. We are also mixing up technological advancements, such as upgrading to inverter air conditioning systems, and intensifying basic practices such as turning off lights and air conditioners during off-hours, to actively conserve energy. Moreover, for a decade now, we have consistently participated in the annual Earth Hour event, resulting in savings of 957 kilowatt-hours (kWh) or 3.44 gigajoules (GJ) in 2023. These collective endeavors serve to heighten environmental consciousness and encourage meaningful action throughout the organization. By integrating renewable energy solutions and deploying energy-efficient technologies across our operations, we contribute to addressing the urgent need for cleaner energy, actively shaping a more environmentally responsible future.

Our progress

On the horizon with respect to our efforts to further improving our energy management is in the transition to more efficient LED lamps in our facilities and service stations. Our terminal operations are almost complete with the conversion from light bulbs to LED, while 809 service stations are in various stages of converting their under-canopy lights to LED, from which we project a lowering of annual electricity consumption by an average of 18%, equivalent to a reduction of 4,500 MT CO2/year in GHG emissions. This is on top of making our service stations more safe and more inviting to our motoring public.

We have likewise made significant progress in adding solar power to complement our energy sources. In March 2023, we successfully energized the office and pump islands of our PEC 1 in Marilao, Bulacan through solar panels installed in its rooftop. Given this, more service stations are in line to use the same technology.

As of 2023, six (6) service stations have set up solar panel systems, resulting in a total installed capacity of 90 kilowatts (kW). We aim to install solar panels in three (3) more service stations by 2024. With this expansion, we target a total of 29 service stations with solar panels, resulting in a combined capacity of 665 kW. This initiative is expected to significantly reduce our energy consumption by 1,340 GJ/year or 265 tons of GHG/year.

The use of solar energy extends to our terminals as well. Our New Lube Oil Blending Plant (NLOBP) will be generating 460 kW through solar panels expected to be installed by 2024, while additional four terminals are slated to have solar panels lining their respective rooftops by 2025. This will bring the total installed capacity to 955 kW by the end of 2025, with an anticipated reduction of 4,950 GJ/year in electricity consumption or a reduction of 986.22 MR of CO<sub>2</sub>e/year in Scope 2 GHG emissions.

The successful implementation of the RSFFB Phase 3 in 2022 has led to a notable reduction in our Refinery energy intensity, with levels decreasing from 496.96 GJ/MB to 454.31 GJ/MB in 2023.

Energy consumption

Petron's operations consumed a total of 46.3 million GJ in 2023, constituting approximately 50.34% of the total operational expenditure, encompassing both renewable and non-renewable energy sources. Of this consumption, 98.11% can be attributed to the utilization of fuels and electricity within the Refinery.

Recognizing the environmental footprint associated with our operations, we are actively implementing initiatives to reduce our energy consumption. Notably, in 2023, our Refinery achieved a commendable energy reduction of 64,942.33 GJ. This significant accomplishment stems primarily from the strategic transformation of a downstream offsite unit from continuous to batch operation, contributing to an impressive 97.6% of the total energy consumption reduction of Petron.



These operational changes have markedly enhanced the Refinery's overall energy efficiency. Complementing these process-driven improvements, our sustainable initiatives at the Refinery and terminals have further bolstered our energy efficiency endeavors. In the same year, we replaced 2,256 units of conventional streetlights with LED and solar-powered alternatives, resulting in a reduction of approximately 1,232.19 GJ or 342,275 kWh. Although our energy footprint has increased as compared to our 2022 data due to the need to serve more customers and address their needs, our energy efficiency has improved.

Energy consumption within the organization

ENERGY	2023 (GJ)	2022 (GJ)
Total energy consumption from non-renewable sources	45,528,188.72	41,463,853.50
Total energy consumption from renewable sources *	2,814.13	7,169.10
Electricity sold	748,720.37	262,824.80
Total energy consumption within the organization (includes 1,241,589.33 GJ from flare gas burned in 2023)	46,292,863.83	42,376,468.40

\* Major variance was a result of the discontinued use of diesel for the RSFFB in 2023. In 2022, diesel (which contains 2% CME, a renewable source) was used for the RSFFB Phase 3 commissioning.

Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives

ENERGY	2023 (GJ)	2022 (GJ)
Fuel	65,481.43	27,781.87
Electricity	1,232.19	493.00
Total	66,713.62	28,274.88

These achievements underscore the tangible outcomes of our active and conscientious energy management practices. As an oil company committed to creating a sustainable tomorrow, we continually adopt practices and technologies that not only minimize environmental impact but also promote efficiency, ensuring a reliable and long-term fuel supply.

FEATURE STORY

HARNESSING RENEWABLE ENERGY AT OUR SERVICE STATIONS

As part of our energy conservation efforts, we have made substantial investments in integrating renewable energy into our operations, particularly within our service stations. This initiative helps us further reduce our carbon footprint, contributing to energy security. Moreover, embracing renewable energy has yielded tangible benefits for our business, including significant cost savings.

In March 2023, our PEC 1 in Marilao, Bulacan completed its first solar panel installation. The 54 monofacial solar panels with a 25-kW inverter system installed allow Petron to make a significant impact in energy reduction and consumption for our service station in Bulacan.

The solar panels have an On-Grid PV System with net metering, providing a hybrid energy solution for us to draw power from both solar energy and a utility provider. The net metering feature of our solar panels enables Petron to feed the excess electricity generated from the solar power to the grid producing an energy-efficient system. Furthermore, since the solar panels installed are hybrid, they provide flexibility and reliability ensuring that a power supply is continuously available even during periods when solar energy production is low. For our PEC 1, during peak time, our solar panels can produce 18.1 kW of electricity and export an excess of 10.4 kW of electricity to the grid, consuming only 7.7 kW for its administration building and 2 canopies in the station.

Within a few months after its installment completion, we were able to realize a 28% reduction in electricity consumption, from a total of 7,160 kWh in August of 2022 to 5,120 kWh in August of 2023. This enables us to simultaneously save energy while reducing costs.

The installation of solar panels at Petron's PEC 1 marks the beginning of our commitment to expand this initiative across our other service stations. In October 2023, we commenced solar panel installations at our stations in Southern Tagalog Arterial Road (STAR) tollway, Alabang, and Taguig. By 2026, with a total investment of



28% reduction

in energy consumption from 7,160 kWh in August 2022 to 5,120 kWh in August 2023



18.1 kWh

electricity generation during peak hours

10.4 kWh

excess electricity exported to grid during peak hours

P50 million, we aim to have a total of 29 Petron service stations with solar panels. To further extend this project's reach, we are exploring options to make this more financially viable for our dealers. Specifically, we are engaging with the Bank of Commerce to provide a special loan program to encourage our service stations to avail of solar technology through the Petron Dealers Association (PETDA).

Utilizing solar panels in our service stations exemplifies our commitment to embracing renewable energy in our business activities. Moving forward, we remain dedicated to identifying further opportunities and harnessing technologies to advance towards a climate-resilient future.



Sustainable Water Management

GRI Standards	GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5 Topic 11.6 Water and Effluents
UN Sustainable Development Goals	SDG 6 - Clean Water and Sanitation SDG 12 - Responsible Consumption and Production
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience Expand and Upgrade Infrastructure Promote Human and Social Development

Our approach

Water serves as a vital resource throughout our operations, encompassing the Refinery, terminals, and service stations. Acknowledging the potential impact on ecosystems and human well-being of our water withdrawal and consumption, particularly in the vicinity of our extensive operations, we are committed to responsible water management.

Much of our water consumption occurs at the Refinery (99.78%), which requires substantial volumes to sustain our operational activities. To mitigate potential adverse effects, we have implemented a range of initiatives focused on reducing reliance on groundwater sources. Recognizing the profound impacts of our Refinery operations, PBR withdraws water from the sea, which is considered as non-scarce, through our seawater facilities, accounting for 92.6% of our total water withdrawal. A portion of the seawater drawn is processed at the Refinery's desalination plant to produce water used for operations. This proactive approach helps us to prevent overextraction, saltwater intrusion, and ground subsidence.

As early as 2010, we launched Project CODy, a proactive initiative dedicated to effectively manage our water resources by 1) minimizing and optimizing water use within our operations; 2) ensuring equitable access to scarce resources for neighboring communities; and 3) achieving cost savings through reduced water consumption.

Specific activities include identifying all waste streams, characterizing their quality, and identifying opportunities to reduce, reuse, recycle, or eliminate wastewater generation. The project was reinforced in 2016 after the completion of

its major expansion program. Given this, we have successfully implemented the following projects:

- reuse of stripped sour water
- reduction of condensable blowdown
- reduction of wastewater from crude desalter

In our terminals and service stations, we introduced additional improvements to our water utilization. The setting up of rainwater harvesting facilities actively reduced our dependence on freshwater resources, with rainfall from our terminals designated as hydrant water for firefighting, landscape irrigation, and domestic sanitation. Our lube manufacturing facility collected the highest volume in 2023 at 2.91 million liters. In 2023, rainwater collectors were also installed in 11 service stations. By 2026, this is programmed to increase to 250 stations. The total volume of 10.64 million liters collected in 2023 was lower by 37.4% compared to 2022 due to the impact of El Niño and reduced frequency of rainy days.

To further reduce water consumption, we consistently monitor faucet flow rates and install aerators, utilize dual flush toilets and implement information, education, and communication (IEC) programs to raise awareness about water conservation. Additionally, we proactively installed water line pressure regulators to optimize water pressure and prevent unnecessary wastage due to excessive discharge flow. We believe that these collective daily efforts, while relatively miniscule, ultimately add to meeting our sustainability agenda.

At the most basic, we ensured full compliance to industry-specific effluent standards under R.A. No. 9275, the Philippine Clean Water Act. Our wastewater treatment facilities process wastewater before discharge into receiving bodies of water. As a further step, we are looking to invest some PHP 190 million to upgrade or install new wastewater treatment facilities.

Our water management efforts, particularly those of our Refinery and terminal operations, are contributing to SMC's groupwide commitment to halve the conglomerate's scarce water consumption by 2025 under its "SMC Water for All" program. We have consistently progressed in lowering our water utilization since the program's

launch in 2016. As of 2023, we have reduced scarce water consumption by 28.47% compared to our 2016 baseline. Since 2016, the cumulative scarce water reduced by our Company is already 24,784.8 megaliters.

Our progress

Majority of our water withdrawal is sourced from seawater, a non-scarce water resource, followed by groundwater. Using seawater facilities strategically limits our dependence on groundwater. Recognizing the critical need for water supply in the areas where we operate, we remain vigilant about our water withdrawal and discharge practices. We strengthen our efforts, particularly in minimizing groundwater consumption and enhancing water collection from alternative sources.

Overall, our water withdrawal, discharge, and consumption had a slight increase this year due to 15% higher crude oil processed in our Refinery. However, our commitment to water conservation remained evident, as notable reduction efforts yielded positive outcomes in 2023.

Water withdrawal

Our freshwater withdrawal decreased by 2.34%, compared to the previous year. This is due to 4.27% lower groundwater withdrawal in our

Refinery. Groundwater accounts for 93.5% of freshwater withdrawn by Petron in 2023 and 99.1% is used at the Refinery. The reduction is greatly attributed to our Refinery's concerted efforts and initiatives:

- Improvement in the Refinery Solid Fuel Fired Power Plant's (RSFFPP) reverse osmosis (RO) facility recovery rate from 54% to 57% through the replacement of RO membrane units;
- Rigorous water surveys and immediate repairs of water leaks in various areas of the Refinery;
- Maximization of desalinated water usage, effectively reducing the reliance on groundwater;
- Increase in recycled water utilization water through the maximization of utilization of stripped sour water in the plant facility.

Our PP Plant had the highest volume of water withdrawal from third-party providers, accounting for 67.11% of the total volume. Through strategic adjustments in our facility's Cooling Water treatment program, the Refinery achieved a significant 31.51% reduction in water withdrawal in 2023.

WATER WITHDRAWAL FROM ALL AREAS (IN MEGALITERS)								
Year	Surface water	Groundwater	Seawater	Rainwater	Third-party water	Total	Breakdown of total water withdrawal in megaliters according to:	
							Freshwater	Other water
2023	0	10,058.74	134,968.28	10.64	692.30	145,729.96	10,761.25	134,968.70
2022	4.34	10,497.77	131,622.16	16.99	500.04	142,641.31	11,019.61	131,622.16

WATER WITHDRAWAL FROM ALL AREAS WITH WATER STRESS (IN MEGALITERS)								
Year	Surface water	Groundwater	Seawater	Rainwater	Third-party water	Total	Breakdown of total water withdrawal in megaliters according to:	
							Freshwater	Other water
2023	0	10,057.17	134,960.26	7.40	685.19	145,710.01	10,749.75	134,960.26
2022	0	10,459.85	131,615.81	12.72	493.20	142,581.58	11,019.30	131,622.16



WATER DISCHARGE TO ALL AREAS (IN MEGALITERS)							
WATER DISCHARGE BY DESTINATION						Breakdown of total water discharge in megaliters according to:	
Year	Surface water	Groundwater	Seawater	Third-party water	Total	Freshwater	Other water
2023	234.57	0	136,828.67	0.07	137,063.31	6,596.79	130,466.52
2022	155.22	0	133,834.04	0.73	135,716.65	5,997.42	127,992.56
WATER DISCHARGE TO ALL AREAS WITH WATER STRESS (IN MEGALITERS)							
WATER DISCHARGE BY DESTINATION						Breakdown of total water discharge in megaliters according to:	
Year	Surface water	Groundwater	Seawater	Third-party water	Total	Freshwater	Other water
2023	229.74	0	136,815.57	0.07	137,045.39	6,586.89	130,458.49
2022	116.54	0	133,816.99	0.73	133,934.27	5,948.06	127,986.21



Water consumption

We recycled 792.18 megaliters of water in 2023, which is 30.82% higher than the previous year. Excluding seawater withdrawal, recycled/reused water accounts for 7.36% of our water usage, an increase from 5.5% in 2022. This result can be attributed to enhanced reuse in critical areas such as the Refinery's desalters, fluidized catalytic cracking (FCC) scrubbers, main fractionator overhead, and DCU as makeup cutting water, driven by the increased utilization of the Refinery.

Our reduction of water consumption and recycling initiatives enabled us to have a steady volume consumption in 2023 compared to 2022 despite the 15% increase in crude run at the Refinery.

Furthermore, our Refinery and terminals successfully met regulatory limits and renewed all discharge permits, demonstrating our commitment to consistent compliance with regulatory standards.

WATER CONSUMPTION (IN MEGALITERS)	2023	2022
Total water consumption from all areas	8,666.75	8,651.47
Total water consumption from all areas with water stress	8,664.62	8,647.46
Change in water storage	0	0

Strategic Partnerships for Biodiversity Conservation	
GRI Standards	GRI 3-3, 304-1, 304-2, 304-3, 304-4 Topic 11.4 Biodiversity
UN Sustainable Development Goals	SDG 6 - Clean Water and Sanitation SDG 14 - Life Below Water SDG 15 - Life on Land
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience

Our approach

The conservation of biodiversity is critical in the oil sector, given the inherent environmental risks associated with petroleum refining and transportation. Upholding responsible environmental stewardship, our commitment is to ensure that our activities exert minimal adverse impacts on biodiversity and ecosystems, thereby safeguarding the natural resources essential for our collective future.

Petron's dedication to biodiversity conservation is exemplified through a strategic partnership with the Bataan Provincial Government. In 2000, we pioneered the Bataan Integrated Coastal Management Program (BICMP), along with the UNDP Regional Partnerships in Environmental Management for the Seas of East Asia (PEMSEA). This program focuses on the sustainable management of coastal and marine resources in the province, where our Refinery operates.

Moving forward, our commitment extends to supporting initiatives like the One Bataan PawiCAN Conservation Alliance Network, championing the protection of endangered marine species, such as the pawikan (giant sea turtles). Through collaborative endeavors, our goal is to foster sustainable development and environmental conservation in the region, ensuring the enduring well-being of our ecosystems and communities.

Extending our commitment beyond Bataan, Petron, through Petron Foundation, implements Puno ng Buhay, a strategic program that is adopting mangrove areas for reforestation. This endeavor is designed to mitigate potential negative impacts and restore ecological habitats near or adjacent to our operations. Acknowledging the crucial role mangroves play in coastal ecosystems—providing habitats for

marine life, shielding shorelines from erosion, and sequestering carbon dioxide—we remain steadfast in preserving and enhancing biodiversity while fortifying the resilience of coastal communities against environmental challenges.

To address potential impacts on protected areas and habitats, we implement measures during product receiving and marine vessel transport. To minimize environmental risks, we include the strategic deployment of oil spill booms to swiftly contain any potential spills. Complementing these efforts, we reinforce safety protocols through activities such as weekly tanker receiving team toolbox meetings, monthly Loss Prevention Stewardship (LPS), and HSSE meetings. Additionally, we conduct monthly oil spill drills to ensure preparedness in emergencies, aligning with our commitment to environmental responsibility and safety.

**Our progress**

In 2023, we continued our efforts in minimizing our environmental footprint and actively contributing to biodiversity conservation. Our Refinery spearheaded several impactful initiatives to enhance biodiversity and uphold environmental stewardship:

- **Mangrove Planting Activity (April 2023):**  
In collaboration with the Limay LGU, we organized a mangrove planting activity at the Barangay Alangan mangrove rehabilitation area, aligning with the Earth Month Celebration. A total of 65 volunteers actively participated, collectively planting 1,000 propagules.
- **Tree Planting Activity (June 24, 2023):**  
We conducted a tree planting activity with the LGU of Limay on June 24, 2023, where around 300 volunteers planted 1,500 seedlings at Barangay Upper Duale, Limay, Bataan.
- **Philippine National Oil Company (PNOC) Tree Planting Activity (July 21, 2023):**  
We participated in a PNOC Tree Planting activity, with 20 dedicated Petron employees and 120 participants. Together, we planted 500 cashew and 500 guyabano saplings at the National Greening Program (NGP) Site in Barangay Alion, Mariveles, Bataan, contributing to the region's reforestation efforts.



- **Mangrove Planting Collaboration (July 2023):** Continuing our partnership with LGU Limay, we organized another mangrove planting activity in July 2023 at the mangrove site in Barangay Alangan, Limay, Bataan. This time, approximately 60 volunteers joined forces to planting some 600 propagules.
- **Participation in Project TRANSFORM (July 2023):** We actively attended the first annual meeting of the Samahan ng Mandaragat sa Sitio Bakawan Association. This engagement marked our commitment to adopting the mangrove area in Abucay, under DENR's Project TRANSFORM—an initiative embracing a transdisciplinary approach for resilient and sustainable communities.

These activities reflect our commitment to ecosystem restoration and biodiversity conservation. Moreover, we recognize the environmental sensitivity of our location within the Sarangani Bay Protected Seascape, particularly concerning potential pollution from marine vessels and fuel terminal activities. Therefore, we are deeply invested in minimizing the potential impacts at our Bawing Terminal. To address these challenges comprehensively, we have implemented a range of proactive measures including the maintenance and regular monitoring of man-made coral domes along the Bawing Terminal Pier, as well as weekly shoreline cleaning and monitoring efforts. Furthermore, we are actively engaged in the ongoing rehabilitation of the terminal's perimeter fence and shoreline protection, enhancing defenses against potential pollution.

We continue to conduct regular ambient water monitoring, passing the stringent standards set by the DENR for Class SB waters. Moreover, recognizing the interconnectedness of climate change and biodiversity conservation, we have integrated climate change risks into our Bawing Terminal's Business Continuity Plan, aligning our efforts with broader environmental objectives. As part of our commitment to ecosystem restoration, we continue to support mangrove planting

initiatives in Barangay Minanga, Buayan, General Santos where 5,395 mangrove propagules have been planted in 2023.

Furthermore, we have expanded our commitment to protect and restore habitats. Through partnerships with local government units, we formally adopted 55 hectares of new mangrove reforestation sites in Hagonoy, Davao del Sur; Ivisan, Roxas City; and Obando, Bulacan. These projects are projected to sequester 330 to 440 tons of CO2 per year based on the average sequestration rate of mangroves established by the Blue Carbon Initiative. We are actively collaborating with other Petron terminals to identify additional reforestation sites based on their proximity and availability, with ongoing coordination and supervision by local DENR offices, LGUs, and people's organizations.

Petron is dedicated to adopting each reforestation site for five (5) years, ensuring proper implementation through detailed work and financial plans. Additionally, we are exploring partnerships with credible academic institutions or NGOs for third-party monitoring and scientific measurement of carbon capture in our adopted sites.

Our commitment extends to weekly shoreline cleaning and monitoring efforts, ensuring the pristine condition of the terminal's surroundings. By actively participating in ongoing rehabilitation projects, we reinforce our defenses against potential pollution incidents. These endeavors reflect our dedication to preserving the ecological integrity of Sarangani Bay and upholding responsible practices in every facet of our operations.

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

TYPE OF OPERATION	LOCATION	NAME OF PROTECTED AREA	PROTECTION STATUS
Sales Office	Amlan, Negros Oriental	Tañon Strait Protected Seascape	<ul style="list-style-type: none"><li>Protected under National Integrated Protected Areas System (NIPAS)</li><li>International Union for Conservation of Nature (IUCN) Category V</li></ul>
Fuel Terminal	Bawing, General Santos City	Saranggani Bay Protected Seascape	

Habitats protected or restored

LOCATION ►	Bawing, General Santos City	Tagoloan, Misamis Oriental	Hagonoy, Davao del Sur	Ivisan, Roxas City	Obando, Bulacan	TOTAL
2023						
Size (in hectares)	1	1	20	25	10	57
Status	5,395 mangrove propagules planted	800 fruit and hardwood trees planted	12,000 mangrove propagules planted	31,250 mangrove propagules planted	On-going site preparation and nursery establishment	
2022						
Size (in hectares)	1	1	—	—	—	2.137
Status	500 mangrove propagules planted	150 seedlings and bamboo	—	—	—	



FEATURE STORY

CULTIVATING GROWTH THROUGH OUR MANGROVE REFORESTATION PROGRAM

It is called *PUNO NG BUHAY*. Translated literally, it means “Tree of Life”; also, puno means “full” when pronounced another way. Either way, it means the same thing: from trees comes the fullness of life.

For Petron, naming our environmental program “*Puno ng Buhay*” encapsulates our desire to make our greening initiatives more deliberate and purposeful. For one, it aims to adopt areas for reforestation for number of years in communities within or near our terminals, compared to previous efforts of planting in random areas.

For another, it will involve a more scientific approach to measure and evaluate the program’s impact, especially relating to how we are able to offset our footprint through the amount of carbon captured by the flora we plant.

Lastly, it looks to integrate plans that will spur economic activities for stakeholders in the communities where Puno ng Buhay is being undertaken, while at the same time promoting the ideals of partnerships and volunteerism among all stakeholders.

Where it started

Launched in 2016 and reached its full swing in 2018, Puno ng Buhay was established to make our tree planting initiatives more strategic. While we have always lent ourselves to supporting this endeavor, it was often periodical and not anchored on more long-term goals. Puno ng Buhay was a more deliberate way to rationalize the efforts of our facilities across the country and align our activities towards helping reduce our carbon imprint. At the same time, the program was contributing to the objectives of the national government’s National Greening Program of environmental stability, climate change adaptation, biodiversity conservation, as well as food security and poverty alleviation. With most of our major facilities located along the coastline, the logical path to undertake was to build Petron forests of mangroves. Mangroves are highly effective at capturing and storing carbon dioxide

from the atmosphere which makes it a good instrument for carbon sink. At the same time, they act as a natural buffer against storm surges, high winds, and coastal erosion, and help stabilize shorelines to protect coastal communities and infrastructure from the impacts of typhoon winds and storm surges. A healthy mangrove ecosystem also provides habitat for a diverse range of plant and animal species. Lastly, a carefully planned adopted reforestation area allows for the creation of livelihood opportunities to its beneficiaries.

*Puno ng Buhay* went full swing in 2018 when we adopted 25 hectares for mangrove reforestation in Barangay Anibong, Tacloban City and five (5) hectares in Ivisan, Roxas City. From these 30 hectares, we already recorded nearly 1,100 tons of CO2 captured using carbon capture measurement done quarterly by DENR (until 2019, when activities were suspended due to COVID-19).

What has transpired

In 2022, we resumed efforts to adopt mangrove areas and engaged our terminal operations to identify areas to reforest, in collaboration with the local DENR and our host communities. In April 2023, we sealed a five-year agreement to adopt a 20-hectare mangrove site in Hagonoy, Davao del Sur. The agreement includes measurement and monitoring of carbon capture in line with Petron’s commitment to quantifiably assess the environmental impact and demonstrate transparency and accountability. In November of the same year, we signed a similar agreement with the local government of Ivisan, Roxas City to reforest a 25-hectare mangrove site in their locality. In December, we officially adopted another 10 hectares for mangrove reforestation in the ton of Obando in Bulacan Province. By the end of 2023, we had a total of 55 hectares in various stages of being re-populated with mangroves.

Where it is headed

We are continuing to explore other areas where we can further support reforestation in accordance with our reforestation roadmap. In 2024, we expect to adopt an aggregate of 326 hectares in places such as Nasipit in Agusan del Norte and Puerto Princesa City in Palawan. Puno ng Buhay is not confined to mangroves, as we are also working with the local governments of Limay in Bataan and Poro in La Union to plant trees in upland sites.

Just as important, we are looking at potential partnerships with credible institutions to enable the accurate measurement of the carbon captured by the trees we planted in our adopted areas. We understand the criticality of establishing baseline data and understanding the ecological impact of our reforestation program to provide a foundation for future monitoring and assessment. Measuring carbon sequestration rates not only highlights the environmental benefits, but also gives us valuable information on how we can better manage our carbon footprint as a means to mitigate climate change. This also aligns with our commitment to quantifiably assess the environmental impact and demonstrate transparency and accountability.

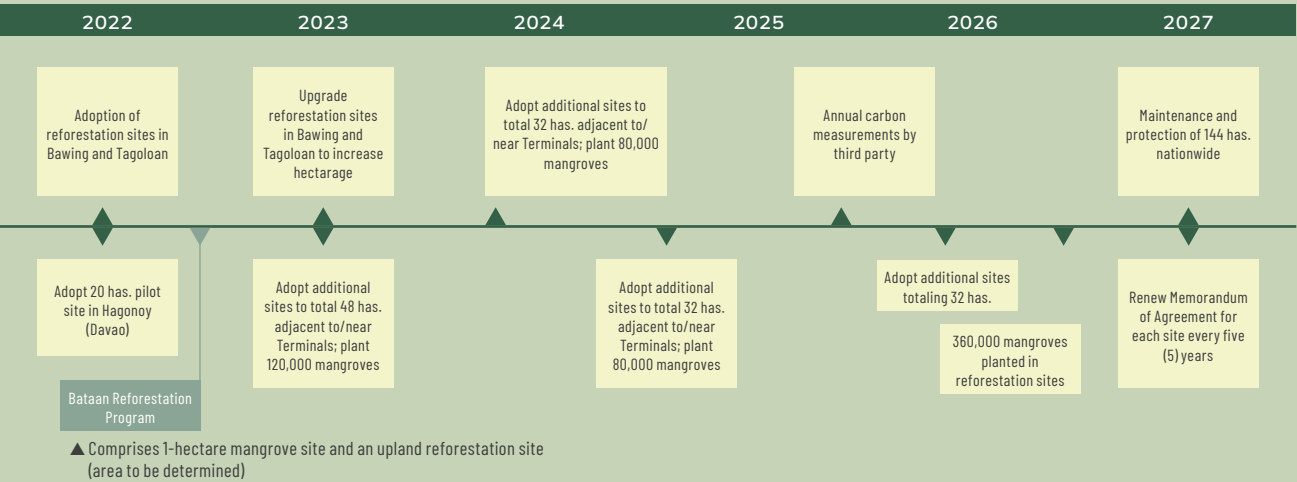
While helping preserve the environment and offset our emissions, Puno ng Buhay offers the additional impact of establishing opportunities for the communities involved to supplement their livelihoods. Since the mangrove areas restore the biodiversity of its surrounding ecosystem, other species like shrimps, fish, and shellfish grow and prosper in the area, allowing the local community to harvest and sell for additional income. There is also the potential to engage in eco-tourism, making



the program income-generating and boosting the community’s economic development. By involving the local community, we ensure that our efforts align with the needs of the people, fostering a sense of shared responsibility for the environment.

We continue to look for ways to improve and expand our reforestation initiatives and reach more areas where they can be implemented. Through *Puno ng Buhay*, we commit to continue planting the seeds of sustainability to create long-term benefits for the community and the country. Our strategic greening efforts are a testament to the positive impact that Petron can bring to the environment when this responsibility is championed and balanced with our commitment to grow our business and improve our communities.

Puno ng Buhay Reforestation Roadmap





Proactive Climate Action

GRI Standards	GRI 3-3, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7 Topic 11.1 GHG emissions Topic 11.2 Climate adaptation, resilience, and transition Topic 11.3 Air emissions
UN Sustainable Development Goals	SDG 3 – Good Health and Well-being SDG 12 – Responsible Consumption and Production SDG 13 – Climate Action SDG 14 – Life below Water SDG 15 – Life on Land
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience Promote Human and Social Development

Our approach

As a significant player in the Philippine oil industry, we are fully aware of the impacts of climate change on our business and stakeholders. While we are in the process of setting targets for air emissions reduction, we consistently aim to integrate climate action strategies into our operations, encompassing carbon sequestration, carbon substitution, and carbon conservation.

In terms of carbon sequestration, our initiatives in 2023 involved the formal adoption of 55 hectares for mangrove reforestation in various Philippine locations: Hagonoy, Davao del Sur (20 hectares), Ivisan, Roxas City (25 hectares), and Obando, Bulacan (10 hectares). To date, we have successfully planted a total of 43,250 mangrove propagules and seedlings across the adopted sites, adhering to the Work and Financial Plan (WFP) of each location. We also extended our environmental efforts by planting an additional 20,000 trees and mangroves in various parts of the country as part of our participation in Earth Month, Environment Month, and International Coastal Cleanup Day activities. Recognizing the importance of scientific measurement, we are exploring partnerships with academic institutions and NGOs to assess the carbon sequestration rates of each adopted site, aiming to establish an initial inventory of species as baseline data.

In achieving carbon substitution, we are continuously exploring avenues to enhance the utilization of renewable energy, such as increasing the amount of solar power in our energy mix.

Our progress

*Direct (Scope 1) GHG emissions, Energy direct (Scope 2) GHG emissions, and Other indirect (Scope 3) GHG emissions*

In 2023, our Scope 1 and Scope 2 GHG emissions amounted to 4,017,554.22 tons of carbon dioxide equivalent (tCO<sub>2</sub>e), marking an increase of approximately 10.79% compared to the 3,626,279 tCO<sub>2</sub>e recorded in 2022. The volume of crude oil processed at the Refinery was higher by 15% in 2023 and resulted in an increase in Direct (Scope 1) GHG emissions. Meanwhile, the energy direct (Scope 2) GHG emissions decreased by 18% in the same period mainly due to the lower dependence on imported electricity as a result of the operation of the RSFFB Phase 3 project. In addition, the installation of solar-powered perimeter lights at our Refinery and terminals also reduced the amount of electricity purchased. As of 2023, three (3) terminals have fully converted perimeter lights from metal halide to solar-powered.

GHG EMISSIONS	2023 (MT, CO <sub>2</sub> e)	2022 (MT, CO <sub>2</sub> e)
Gross Direct (Scope 1)	3,964,260.97	3,561,286
Gross location-based energy indirect (Scope 2)	53,293.25	64,992
<b>Total GHG Emissions</b>	<b>4,017,554.22</b>	<b>3,626,278</b>
Biogenic CO <sub>2</sub> emissions	152.65	503.80

Meanwhile, we aim to define the coverage and boundaries for accounting for GHG emissions across our organization's value chain. Specifically, our goal is to establish baseline values for the identified Scope 3 emission sources, which encompass our suppliers, service providers, and customers.

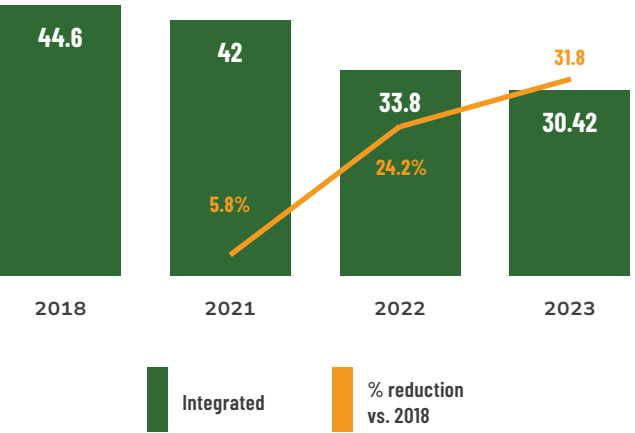
Through our efforts to efficiently utilize energy, our energy intensity in 2023 reduced by approximately 8.7%, specifically, reaching 454 GJ/MB, compared to our 2022 intensity of 497 GJ/MB. One of our initiatives involved commissioning a more efficient co-generation facility in Phase 3 and replacing the Refinery's thermal power plant with this new facility. It produces both steam and power simultaneously, generating very high-pressure steam at 1800 psi, a significant increase from the old unit's 600 psi. Additionally, it utilizes excess energy from power production in the form of low-pressure and low-temperature steam to preheat water, which is then converted to steam, reducing the amount of fuel required for full conversion. This not only reduces energy utilization but also contributes to fewer GHG emissions from fuel combustion.

Energy and GHG Emissions Intensity and GHG Emissions Reduction

ENERGY INTENSITY	2023	2022
Refinery	454 GJ / MB Crude Processed	497 GJ / MB Crude Processed
Co-Generation Facility	3.05 GJ / MWH	3.22 GJ / MWH
Integrated (Refinery + Co-Generation Facility)	684 GJ / MB Crude Processed	717 GJ / MB Crude Processed

GHG EMISSIONS INTENSITY	2023	2022
Refinery	30.42 TCO <sub>2</sub> e / MB Crude Processed	33.8 TCO <sub>2</sub> e / MB Crude Processed
Co-Generation Facility	0.31 T CO <sub>2</sub> e/MWH	0.34 T CO <sub>2</sub> e/MWH
Integrated (Refinery + Co-Generation Facility)	54.01 TCO <sub>2</sub> e / MB Crude Processed	58.1 TCO <sub>2</sub> e / MB Crude Processed

Refinery GHG Emission (Scope 1 & 2)  
in ton CO<sub>2</sub>e per thousand barrels of crude processed

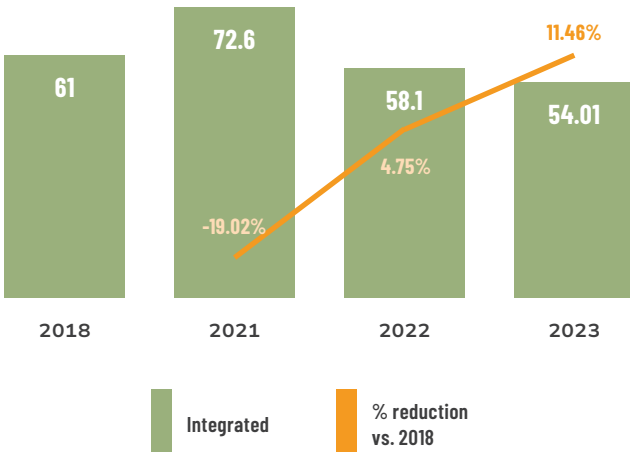


In 2023, we successfully reduced the GHG emissions intensity of the Refinery by 10% to 30.42 TCO<sub>2</sub>e/MB Crude Processed, compared to 33.8 TCO<sub>2</sub>e/MB Crude Processed recorded in 2022. Furthermore, as a direct result of our reduction initiatives, we achieved a significant increase in our GHG emissions reduction, reaching a record of 4,915.40 MT. This is a notable improvement compared to the previous year, where the reduction was 2,082.43 MT.



Since 2021, we have seen a steady decline in the GHG emission intensity of our Refinery operations. As of 2023, our Refinery's emission intensity is 31.8% lower compared to our baseline in 2018. This already exceeded our 2025 target to reduce the Refinery's emission intensity by 25%.

**Integrated GHG Emission (Scope 1 & 2)**  
*in ton CO<sub>2</sub>e per thousand barrels of crude processed*



Our integrated GHG emissions intensity, which excludes emissions from exported power, decreased by 7% compared to 2022. Meanwhile, if it is compared to our 2018 record, the intensity is 11.46% lower.

**Emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**

To ensure strict compliance with the air emission standards outlined in R.A. 8749, also known as the Philippine Clean Air Act, all required facilities undergo third-party emission testing at frequencies specified by regulatory authorities. The results of the third-party emission test are consistently compliant with standards.

To address odor and particulate matter concerns, we have taken necessary steps to implement the following initiatives:

- We invested in state-of-the-art CFB technology for power and steam generation. The CFB includes air emission treatment units such as dedicated baghouse filters to remove particulate matter and dry scrubber (limestone injection) to reduce sulfur dioxide emissions.
- Our Refinery also utilizes Flue Gas Desulfurization (FGD) to reduce sulfur dioxide emissions from its FCC units.
- Our Sulfur Recovery Unit (SRU) recovers sulfur from Refinery process streams, thus avoiding sulfur dioxide emissions from flaring. We have minimized acid gas flaring by investing in our own sulfur truck to transfer molten sulfur within the Refinery process units.
- We maintain a dedicated team to monitor community concerns and coordinate with the Refinery for resolution. The use of low-sulfur fuel and fuel gas since 2020 has significantly reduced community concerns.

Moreover, our Refinery has implemented Continuous Emission Monitoring Systems (CEMS) in major emissions sources. These systems facilitate the online transmission of real-time data to the DENR Environmental Management Bureau (EMB) Regional Office, ensuring dynamic monitoring. Additionally, our Refinery conducts quarterly assessments of ambient air quality in monitoring stations both upstream and downstream of its emission sources. The concentration of air pollutants in ambient air consistently remains below the prescribed maximum limits set by the Clean Air Act.

To uphold transparency and ensure community involvement, our Refinery, which accounts for 99.97% of Petron's air emissions, has a Multi-Partite Monitoring Team (MMT). This team comprises representatives from local government, regulatory agencies, and local people's organizations. The MMT convenes quarterly to review our Refinery's compliance status and address any issues or complaints raised by the community. This collaborative platform provides stakeholders with an opportunity to share feedback or voice grievances. In the event of a complaint or concern, our Refinery conducts thorough investigations for validation and implements corrective actions as deemed necessary.

Due to various process optimization and regular bag filter replacements conducted in the pollution control device of our solid fuel powerplant, our emissions of particulate matter and nitrogen oxides (NOx) both decreased to 159.17 MT and 1,546.68 MT in 2023, respectively. Meanwhile, our emissions of carbon monoxide (CO) have increased to 1,783.93 MT in 2023 from 1,564.41 MT in 2022.

Our Refinery recorded higher incidence of upset in its operations, resulting in an increased volume of acid gas flaring. Acid gas contains higher sulfur content, leading to a 64.4% increase in sulfur oxides (SOx) emissions of 15,341.90 MT in 2023, compared to 9,334.00 MT in 2022. To manage flaring, Petron has developed a flaring matrix guide, which includes a systematic flowchart for the identification, troubleshooting, and elimination of hydrocarbon and acid gas flaring episodes. We maintain a database of flaring sources per process unit to assist in the flaring survey of operations, utilizing an acoustic leak detector tool. This enables the Refinery to promptly identify, address, and manage flaring occurrences, contributing to the overall effectiveness of flaring management. Furthermore, the Refinery regularly reviews flaring performance and implements measures to arrest flaring and improve overall Refinery mass loss performance.

Meanwhile, Ozone Depleting Substances (ODS) are only used as refrigerant in air conditioning units for cooling our offices. The fugitive emissions from these equipment are negligible.

EMISSIONS	2023 (MT)	2022 (MT)
NOx	1,546.68	1,886.31
SOx	15,341.90	9,334.00
Persistent organic pollutants (POP)	0	0
Volatile organic compounds (VOC)	NOT BEING MEASURED	NOT BEING MEASURED
Hazardous air pollutants (HAP)	NOT BEING MEASURED	NOT BEING MEASURED
Particulate matter (PM)	159.17	444.83



Integrated Waste Management

GRI Standards	GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5 Topic 11.5 Waste Topic 11.8 Asset integrity and critical incident management
UN Sustainable Development Goals	SDG 3 - Good Health and Well-being SDG 6 - Clean Water and Sanitation SDG 8 - Decent Work and Economic Growth SDG 11 - Sustainable Cities and Communities SDG 12 - Responsible Consumption and Production SDG 15 - Life on Land
Philippine Development Plan	Accelerate Climate Action and Strengthen Disaster Resilience Promote Human and Social Development

Our approach

At Petron, we actively promote responsible waste management, particularly in handling the waste generated by our operations. In 2022, we proudly introduced Project WRAP, specifically Plastic Wrap ver. 2.0, at our Refinery as a testament to our commitment to reduce single-use packaging.

Plastic Wrap ver. 2.0 is centered around the collection of clean and dry plastic waste from diverse sources, including online shopping packages, clear and film plastic wraps, and soft plastic containers generated within the Refinery complex. These materials are meticulously gathered and donated to Plastic Flamingo, a non-governmental organization dedicated to transforming soft plastics into resilient construction materials. Employing innovative processes, Plastic Flamingo converts the collected plastics into versatile items such as construction posts, planks, battens, boards, and more. These transformed materials play a crucial role in the production of furniture and shelters, fostering a circular and sustainable approach to waste management. As part of our efforts, we collected and delivered two (2) super sacks equivalent to some 100 kilograms of clean plastic waste to PICHE/Plastic Flamingo.

Furthermore, we have implemented a comprehensive "no single-use plastic" policy across our operations, making significant strides in reducing the environmental impact associated with single-use plastics. Our recycling endeavors transform items such as tires, plastic bottles, and drums into plant pots, contributing to the expansion of sustainable gardening and landscaping across our sites. To further innovate, we incorporate shredded waste and plastic seals in concrete mix for non-load bearing concrete pavement. At our operational sites, we have established Material Recovery Facilities (MRFs) for temporary staging of segregated solid waste, and compost pits where the compost is actively utilized in gardening. Proper waste segregation strengthens our holistic waste reduction and management strategy, while our active participation in coastal clean-up initiatives showcases our commitment to addressing marine pollution.

At Petron, we actively participate in programs focused on managing and minimizing hazardous waste. Given that a substantial amount originates from the Refinery, our PBR has instituted a dedicated program to recover spent materials with heating value, utilizing it as fuel in its power plant. Project Solhaze scrutinizes hazardous waste streams, aiming to identify opportunities for reduction. Numerous initiatives have been undertaken, including the dewatering of waste sludge, optimizing the use of the phenolic caustic treatment unit to eliminate off-site disposal of hazardous spent caustic waste, employing oily sludge as quenching water in the delayed coker unit, and adopting efficient management practices for hazardous waste across the Refinery. As part of our ongoing efforts, the Refinery aims to divert 56% of hazardous waste generation from disposal by 2025, emphasizing recycling, reuse, or in-house treatment.

Our Refinery has taken a significant stride in promoting environmental awareness with the relaunch of the Linking Environment and Petron (LEAP) program in October 2023. LEAP aims to strengthen understanding of company policies,

DENR functions, Philippine environmental laws, and specific environmental programs of the Refinery.

LEAP focuses on solid and hazardous waste management, emphasizing the Company's dedication to responsible environmental practices. By doing so, it nurtures awareness and understanding among employees and contractors, fostering a culture of environmental responsibility within the Company.

These initiatives collectively demonstrate a holistic and proactive approach to waste management and reduction. They reflect our dedication to making a positive impact on the environment, community, our employees, and broader sustainability goals.

Our progress

Waste generated

In 2023, our waste generation totaled 7,428.25 MT, encompassing both hazardous and non-hazardous waste. This reflects a 37.5% decrease compared to the previous year. Refinery accounts for 92.7% and 85.37% of hazardous waste and non-hazardous waste generated, respectively. Our hazardous waste includes waste oil sludge and reactive chemical waste, while spent catalysts primarily contribute to our non-hazardous waste. There were no scheduled Refinery turn-around activities in 2023, hence there was zero reactive chemical wastes generated. This was the main reason for the decrease in waste generation. For other waste types, there was no significant change in the annual waste generation rates.

WASTE GENERATED	2023 (MT)	2022 (MT)
Hazardous waste	4,584.34	7,453.78
Non-hazardous Waste	2,843.91	4,426.39
Total	7,428.25	11,880.17

Waste diverted from disposal and waste directed to disposal

While the amount of waste generation rate has decreased, we increased the amount of hazardous and non-hazardous waste diverted from disposal through our recycling initiatives. The oily sludge processed at the delayed coker unit reached an all-time high in 2023, increasing by 54.77% compared to the previous year. This accounted for 88.72% of the total hazardous waste diverted from disposal.

For non-hazardous waste, 60.7% of waste generated was diverted from disposal. Spent activated carbon and spent clay were used by the Refinery as bed material in the RSFFB and accounted for 82.7% of the total waste diverted. In addition, 178.59 MT of steel drums were reconditioned and reused by our lube manufacturing facility accounting for 10.3% of the waste diverted. Biodegradable wastes composted within Petron's premises reached 24 MT, higher than 25% compared to 2022. The compost is used as a soil conditioner for gardening in terminals.

Hazardous waste disposal costs constitute a substantial portion of our waste management expenditure. The efforts of our Refinery resulted in a significant cost-saving of approximately PHP 20.8 million in 2023 bringing the total savings since 2018 to PHP 59.87 million. The percentage of hazardous waste diverted from disposal has consistently increased since 2017. In 2023, 65.3% of the hazardous waste generated at our Refinery was diverted from disposal through recycling initiatives

We have exceeded ahead of time the set target to divert 56% of hazardous waste generated by 2027.





WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATION			
	ONSITE	OFFSITE	TOTAL (MT)
HAZARDOUS WASTE			
Preparation for reuse	0	0	0
Recycling	3,744.46	95.58	3,840.04
Other recovery operations	0	0	0
Total			3,840.04
NON-HAZARDOUS WASTE			
Preparation for reuse	178.64	9.45	188.09
Recycling	1,434.46	78.36	1,512.82
Other recovery operations	23.98	1.02	25.00
Total			1,725.91

WASTE DIRECTED TO DISPOSAL BY DISPOSAL OPERATION			
	ONSITE	OFFSITE	TOTAL (MT)
HAZARDOUS WASTE			
Incineration (with energy recovery)	0	220.74	220.74
Incineration (w/o energy recovery)	0	36.36	36.36
Landfilling	0	0	0
Other disposal operations	0	3,719.79	3,719.79
Total			3,976.89
NON-HAZARDOUS WASTE			
Incineration (with energy recovery)	0	0	0
Incineration (w/o energy recovery)	0	0	0
Landfilling	0	1,118.00	1,118.00
Other disposal operations	0	0	0
Total			1,118.00

# Traversing the Journey of Shared Social Progress

For the past 90 years, we have prioritized nurturing people, whether within our organization or those outside whose lives are impacted by our presence. As employees, they are the most valuable assets of our Company. As external stakeholders, they are why we do business and influence the way we do it. We understand that our sustainability journey is a collective effort and recognize that achieving inclusive development necessitates strong collaboration among our partners.

Beyond our resources and capacities, it is the dedication and service of our employees to the Filipino people that serve as the cornerstone of our enduring legacy as an industry leader. Furthermore, our collaboration with local communities empowers us to fulfill our responsibilities, driven by our commitment to create substantial positive change in society.

Material Topic	UN SDGs
Resilient and Agile Workforce	3 5 8 10
Collaborative Labor/ Management Relations	8
Holistic Employee Well-being	3 8 16
Enhanced Employee Development	4 5 8 10
Strong Partnership with Local Communities	1 2
Customer Care	16
Responsible Marketing and Labeling	12 16
Secured Customer Information	16

## Resilient and Agile Workforce

GRI Standards	GRI 2-7, 2-8, 3-3, 401-1, 401-2, 401-3 Topic 11.10 Employment practices Topic 11.11 Non-discrimination and equal opportunity
UN Sustainable Development Goals	SDG 3 – Good Health and Well-being SDG 5 – Gender Equality SDG 8 – Decent Work and Economic Growth SDG 10 – Reduced Inequalities
Philippine Development Plan	Promote Human and Social Development Increase Income-earning Ability

### Our approach

We take pride in offering competitive salary packages and benefits designed to inspire our employees to thrive and excel. As we integrate sustainability into our business practices, our goal is to continuously foster a culture of innovation and lifelong learning. This approach encourages our employees to generate ideas that enable us to adapt to evolving market conditions and ultimately enhance productivity and satisfaction among our team members. This, in turn, contributes to the overall growth and success of our Company.

To attract top talent, we leverage various recruitment channels to advertise our job openings, clearly outlining the qualifications, roles, and responsibilities associated with each position to ensure transparent expectations. Beyond technical skills, we prioritize evaluating candidates' alignment with our company culture and values. Our Human Resources Management Department (HRMD) conducts systematic screening assessments, and candidates undergo pre-employment medical examinations, covered by Petron. Fit-to-work candidates then engage in discussions with management regarding compensation packages. Upon mutual agreement, newly hired employees participate in a comprehensive onboarding orientation and receive regular training tailored to their job functions. We continually assess and refine our recruitment strategies based on feedback and industry best practices to further enhance our hiring processes. Additionally, we ensure the



integration of human rights considerations into our HR policies to safeguard the welfare and rights of our employees.

We genuinely appreciate the loyalty and constant support of our employees in helping us realize the vision of our Company. In return, we prioritize their professional growth by offering training and development opportunities to enhance their technical competencies and leadership skills. Our focus on cultivating a balanced work environment emphasizes collaboration and productivity, ensuring that our employees thrive both personally and professionally.

Maintaining open lines of communication is imperative to us, as we aim to create a workplace where employees feel safe and empowered to voice their concerns. Our dedicated Labor Relations Officer and Legal Team diligently manage any issues that may arise, adhering faithfully to our formal processes and guidelines.

To measure the effectiveness of our employee engagement initiatives, we employ a range of assessments, including learning checks and program evaluations. Annual performance appraisals serve as our comprehensive tool to monitor and evaluate individual performance, aligning with both established goals and the overarching vision and mission of our Company. Regular feedback mechanisms, including one-on-one discussions between supervisors and employees, are essential in our process. We purposefully document employee feedback, utilizing it to drive continuous improvements in our policies and programs.

Acknowledging the dynamic needs and preferences of our employees, we proactively seek opportunities to foster rapport and strengthen professional relationships. Through this collaborative approach, we are able to cultivate a workplace culture that places a premium on the well-being and success of every individual within our Company.

Petron Management is committed to establishing a comprehensive program aimed at ensuring compliance with General Labor Standards together with our business partners, specifically our third-party service providers (TPSPs). The Company conducts labor compliance audits to ensure that its partners are in compliance.

In addition, we enforce DOLE updated wage orders in 2023 that are promptly implemented at all affected terminals and offices.

### Our progress

In 2023, our number of employees increased as compared to last year, with a total of 2,251 full-time employees at the end of the reporting year. Additionally, we employed 11 consultants and engaged 36 project hires—workers who are not employees but whose work is controlled by our Company.

Our extensive industry presence allows us to work with employees from diverse locations nationwide. Moreover, we engage TPSPs on a project-by-project basis, depending on the expertise required for our operations. On average, we have around 20 employees per major plant or facility every three months. As of 2023, we have 36 direct hires for special projects and 3,717 TPSP employees for our security, utility, plant maintenance and repair, and janitorial staff.

TOTAL NUMBER OF EMPLOYEES BY GENDER	
FULL-TIME EMPLOYEES (REGULAR AND PROBATIONARY) *	
Male	1,601
Female	650
TEMPORARY EMPLOYEES (EWFP, PROJECT EMPLOYEES, DIRECT HIRES)	
Male	30
Female	6
CONSULTANTS	
Male	7
Female	4

\* Headcount does not include employees from Petron subsidiaries, which are not part of the reporting boundaries. Total employee headcount including subsidiaries is 2,931.

TOTAL NUMBER OF EMPLOYEES BY REGION	
FULL-TIME EMPLOYEES (REGULAR AND PROBATIONARY)	
National Capital Region	925
South Luzon	52
North Luzon	1,002
Visayas	142
Mindanao	130
TEMPORARY EMPLOYEES (EWFP, PROJECT EMPLOYEES, DIRECT HIRES)	
National Capital Region	6
South Luzon	1
North Luzon	28
Visayas	1
CONSULTANTS	
National Capital Region	10
Visayas	1

### New employee hires and employee turnover

Our turnover rate remained at 10.76%, nearly identical to the 10% rate in 2022. This showcases our commitment to recognizing our workforce as valuable assets to our Company. Additionally, we have a total of 330 new employee hires in 2023, categorized according to number, age, gender, and region.

NEW EMPLOYEE HIRES		
Category	Number	Percentage
By Gender		
Male	209	63.33
Female	121	36.67
By Age		
Under 30 yrs. old	269	81.52
30-50 yrs. old	60	18.18
Over 50 yrs. old	1	0.30
By Region		
National Capital Region	189	57.27
South Luzon	5	1.52
North Luzon	114	34.55
Visayas	9	2.73
Mindanao	13	3.94

EMPLOYEE TURNOVER		
Category	Number	Percentage
By Gender		
Male	185	65.60
Female	97	34.40
By Age		
Under 30 yrs. old	124	43.97
30-50 yrs. old	131	46.45
Over 50 yrs. old	27	9.57
By Region		
National Capital Region	152	53.90
South Luzon	7	2.48
North Luzon	89	31.56
Visayas	14	4.96
Mindanao	20	7.09



Benefits provided to full-time employees that are not provided to temporary or part-time employees

Our competitive benefits package distinguishes us as a trusted employer of choice. Beyond the mandatory government benefits, we offer a comprehensive package encompassing healthcare, retirement plans, and leave options. This reflects our dedication to prioritizing employee well-being in our Company’s human capital development endeavors.

Life insurance
Life, Accident and Corporate Travel
Health care
Group Health Care Plan
Disability and invalidity coverage
Permanent disability
Parental leave
Maternity, paternity, and solo parent leaves
Retirement provision
Retirement benefits

Parental leave

We ensure compliance with relevant laws and regulations concerning parental leave, which mandate 105 days for female workers and seven days for male workers. All our employees are entitled to parental leave, and a total of 115 employees availed of this benefit in 2023. Prioritizing both their professional development and personal responsibilities, especially those related to their families, we are proud to report a 100% return to work rate and retention rate for employees who took parental leave in 2023. Additionally, those who availed parental leave seamlessly resumed their roles, effectively managing their responsibilities upon their return.

PARENTAL LEAVE		
Requirement	Male	Female
Total number of employees that were entitled to parental leave	1,601	650
Total number of employees that took parental leave	84	31
Total number of employees that returned to work in the reporting period after parental leave ended	84	31
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	84	31

Collaborative Labor/ Management Relations

GRI Standards	GRI 2-30, 3-3, 402-1 Topic 11.7 Closure and rehabilitation Topic 11.10 Employment practices
UN Sustainable Development Goals	SDG 8 – Decent Work and Economic Growth
Philippine Development Plan	Promote Human and Social Development

Our approach

At Petron, we deeply acknowledge that our employees are the standard-bearers of our vision and purpose. Thus, fostering effective labor/management relations is not merely a priority but an indispensable imperative for us. Creating an inclusive, nurturing, and purposeful work environment is integral to our business philosophy. We recognize that maintaining positive relationships with our employees is crucial for organizational effectiveness, employee satisfaction, and ultimately, business success.

In line with this, we have established a diverse range of communication channels to facilitate open dialogue between management and employees. These channels include regular labor and management meetings, where pertinent issues are discussed, and collaboration is encouraged. Additionally, we foster open communication between management and unions, ensuring that the voices of all stakeholders are heard and respected.

Furthermore, we leverage various online internal communication tools to enhance efficiency in communication. Platforms such as ExchangeAdmin, HRMDListens e-mail, HR CARES Announcement through Viber Group, PETHUB, and MS Teams enable us to disseminate information quickly and effectively to our workforce, ensuring that everyone stays informed and connected.

Our Company adheres to established grievance mechanisms and other fora to address employee concerns promptly and effectively. Employees have the right to seek representation or assistance from their respective unions, and grievances can be communicated through various channels. This ensures that complaints and concerns are addressed in a timely manner, promoting a supportive and inclusive work environment where every voice is valued.

Our progress

Petron has collective bargaining agreements (CBAs) with three labor unions, namely: (i) Bataan Refiners Union of the Philippines (“BRUP”), affiliated with the Philippine Transport and General Workers Organization; (ii) Petron Employees Labor Union (“PELU”); and (iii) Petron Employees Association (“PEA”), affiliated with the National Association of Trade Unions. As of December 31, 2023, approximately 26% of the Company’s employees in the Philippines were covered by these CBAs. For our employees not covered by CBAs, we also have active company policies in place.

The duration of a CBA for representation aspects is set at five (5) years, while all other provisions have a duration of three (3) years, in accordance with the Labor Code of the Philippines.

This year, Petron Management, together with labor union Petron Employees Association (PEA – covers 30% of the collective bargaining unit within the Company) successfully negotiated a mutually beneficial CBA through peaceful negotiations. The new CBA covers the period 2023 to 2027. This underscores the Company’s continuous commitment to foster engagement, promote sustainable growth, and provide better work conditions for employees.

Petron provides a minimum of 16 hours’ notice to CBA-covered employees and their representatives prior to the implementation of significant operational changes, with transfer



notices provided at least seven (7) calendar days in advance. Provisions for consultation and negotiation, including notice periods, are specified in collective agreements. These provisions are outlined in the CBA booklet for the entire term or life of the CBA, ensuring transparency and adherence to established protocols throughout the duration of the agreement.

Petron likewise maintained its membership and active participation in sessions of the Bataan Industrial Peace Council and the Mandaluyong City Tripartite Peace Committee. These memberships serve as platforms for fostering engagement, facilitating collaboration, and promoting constructive dialogue. Through active participation, we remain abreast of pertinent information regarding labor advisories and legislation, thereby enhancing our ability to address the evolving needs of the Petron workforce.

Holistic Employee Well-being	
GRI Standards	GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10 Topic 11.9 Occupational health and safety
UN Sustainable Development Goals	SDG 3 – Good Health and Well-being SDG 8 – Decent Work and Economic Growth SDG 16 – Peace, Justice, and Strong Institutions
Philippine Development Plan	Promote Human and Social Development

Our approach

As the largest oil company in the Philippines, we place utmost importance on our employees, whom we refer to as our “kasangga sa paglalakbay”, as they play a vital role in helping us fulfill our mission. We understand that prioritizing health and safety not only influences their work performance but also profoundly impacts their overall well-being. To champion health and safety in our operations, we ensure comprehensive coverage of our Occupational Health and Safety (OHS) Management System

for all employees, contractors, and workers. This commitment undergoes rigorous internal and external audits, validated by certifications from third-party experts.

Above all, we ensure compliance with various legal requirements in our Company-wide OHS, including but not limited to:

- Philippine Occupational Safety and Health Standards
- Department Order 198-18 Implementing Rules and Regulations of Republic Act No. 11058 entitled “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof”
- R.A. No. 9514 or The Fire Code of the Philippines
- Department of Energy’s (DOE) Philippine National Standards on Petroleum
- Philippine Mechanical Engineering Code
- Philippine Electrical Code
- National Building Code of the Philippines
- National Oil Spill Contingency Plan (NOSCOP)
- Occupational Safety and Health Administration (OSHA) Standards
- National Fire Protection Association (NFPA) Standards
- American Petroleum Institute (API) Standards
- American National Standards Institute (ANSI) Standards
- International Safety Guide for Oil Tankers and Terminals (ISGOTT)

Beyond regulatory compliance, we seek to foster a safety culture through our programs, measures, and initiatives. For instance, we regularly conduct comprehensive programs and initiatives previously developed for our employees, providing opportunities for OSH-related consultations and embedding a safe and healthy workplace culture. Some of these programs include:

- Health and Safety Advisories
  - KamOSHtahan sa Terminal
  - Townhall Meetings
  - Petron Safety Council Meetings
  - SMC HOC Safety Committee Meetings
  - SMC Safety Council Meetings
  - HSE Coordination Meetings
  - Toolbox Meetings
  - Contractor Safety Meetings
- To ensure the quality of our OHS programs and initiatives, we consistently conduct activities such as:
- Oversight safety assessment conducted by the CTSG Safety of DOLE-accredited OSH Practitioners and Safety Officers
  - Integrated Management System (IMS) Audit conducted by internal and external ISO-accredited authors
  - Multifunctional audits conducted by SMC-Corporate Technical Audit
  - Government inspections conducted by DOLE, BFP, PCG, and DOE

These initiatives support our dedication to sustaining a workplace where safety is not merely a requirement but an integral part of our organizational ethos.

Our progress

At Petron, we foster a safe and healthy workplace culture for our employees and workers. We take pride in sharing that 100% or 3,121 of our workers, who are not hired as employees, are covered by our OHS Management System. Moreover, all of them undergo internal audits, while 95.51% or 2,981 are externally audited or certified by an external party.

To address work-related hazards, our Company implements a systems-based OHS Management approach to effectively manage and eliminate potential hazards and minimize risks in the workplace. Specifically, we have established a wide range of programs to identify work-related hazards and assess risks, including the following:

- Hazard Identification Risk Assessment and Control (HIRAC)
- Oversight Safety Assessment
- Hazard and Operability (HAZOP) Analysis Study
- Loss Prevention System (LPS)
- Behavior-Based Safety (BBS)
- Job Hazard Analysis
- Work Permit System
- Contractor Safety Management



As a result of our assessments, we have identified the following types of work-related injuries and ill health for our employees and workers:

MAIN TYPES OF WORK-RELATED INJURY FOR EMPLOYEES AND WORKERS
Trips Slips and falls Being struck by or caught in moving machinery Repetitive stress and overexertion injuries Fire and explosions
MAIN TYPES OF WORK-RELATED ILL HEALTH FOR EMPLOYEES AND WORKERS
Hearing loss Skin conditions Respiratory issues Musculoskeletal disorders

To manage, minimize, and eliminate potential hazards and risks arising from our operations, we prioritize the protection and safety of our employees and workers by consistently implementing programs. These include the replacement of obsolete equipment, adherence to facility designs that comply with standards, training initiatives, and the provision of PPE. Additionally, we employ LPS and BBS tools and establish reporting mechanisms such as LPS alert, BBS alert, near-miss reporting, and accident/incident reporting to communicate work-related hazards and hazardous situations.

In the unfortunate event of an incident or accident, immediate investigations are conducted, involving relevant groups. Additionally, our Petron Safety Groups (such as CTSG Safety, OPS- HSSE, PBR Safety, Retail Engineering and Network Development Safety, Industrial Safety, Fleet Safety, and Marine Safety) conduct a separate revalidation investigation.

During this reporting period, we recorded 22 work-related injuries among our employees and workers, with three classified as high-consequence. Despite these incidents, we are committed to continually strengthen our OHS Management System, ensuring the safety and well-being of our employees, workers, contractors, and partners, while fostering their active participation in all our safety programs.

#### WORK-RELATED INJURIES

Requirement	Employees	Workers who are not employees but whose work and/or workplace is controlled by the organization
Number and rate of fatalities as a result of work-related injury	0.00 (0)	0.00 (0)
Number and rate of high-consequence work-related injuries (excluding fatalities)	0.00 (0)	3 (0.23)
Number and rate of recordable work-related injuries	4 (0.3)	18 (1.37)

#### Enhanced Employee Development

GRI Standards	GRI 3-3, 404-1, 404-2, 404-3 Topic 11.7 Closure and rehabilitation Topic 11.10 Employment practices Topic 11.11 Non-discrimination and equal opportunity
UN Sustainable Development Goals	SDG 4 - Quality Education SDG 5 - Gender Equality SDG 8 - Decent Work and Economic Growth SDG 10 - Reduced Inequalities
Philippine Development Plan	Promote Human and Social Development Increase Income-earning Ability

#### Our approach

Recognizing that our employees are the cornerstone of our operational success, we ensure that the individuals fueling our products and services also experience growth within our Company. We actively support the professional development of our workforce through the implementation of training policies, encompassing both local and foreign training opportunities. These training policies are communicated effectively to all employees through training agreements, fostering transparency and ensuring a clear understanding of the available learning and development opportunities.

At Petron, we prioritize the successful integration and continuous development of our employees through new employee orientation and on-boarding programs. These in-house training initiatives are designed to foster essential



management, technical, and leadership skills among our workforce. They serve as valuable opportunities for professional growth and are accessible through the Learning and Development Calendar released annually.

Beyond the initial orientation, we aim to foster continuous career development and performance growth through ongoing reviews. Our dedication to the holistic advancement of our employees is evident in the consistent enhancement and customization of our programs to align with the evolving needs of our workforce.

Recognizing the unique growth tracks of individuals, we tailor initiatives to maximize their potential and contributions, providing regular transition assistance programs such as Essentials of Supervision and Leadership, Personal Effectiveness, and Financial Well-being sessions among others. Ensuring the effectiveness of these programs is paramount to us. Petron meticulously implements high-quality training initiatives, incorporating feedback mechanisms and learning checks to evaluate their impact and relevance. The continuous improvement in employee development and training initiatives reflects our vision of cultivating a dynamic and skilled workforce, driving us toward a sustainable tomorrow.

#### 2023 CORPORATE LEARNING & DEVELOPMENT CALENDAR LEARNING LEADS THE WAY

As the business landscape evolves constantly, the need to upskill and reskill heightens –and learning becomes central to navigate uncertainty of the new normal.

The 2023 Corporate Learning & Development calendar is here to help you take a step forward on your purposive development.

As we all know, **Petron's greatest asset is its people** – and **we are with YOU** in reaching your full potential by leading the way through learning.

#### Our progress

In 2023, the average training hours received by our male employees was 61 hours while our female employees received an average of 40 hours of training. Among our employee categories, the supervisory and Management Professional Technical (MPT) category received the highest total number of training hours. We ensure that our workforce has access to opportunities for growth and skill enhancement, contributing to a well-rounded and capable team.

#### TRAINING HOURS (BY GENDER)

CATEGORY	TOTAL NO. OF TRAINING HOURS	NO. OF EMPLOYEES	AVERAGE TRAINING HOURS
Male	98,165	1,601	61
Female	26,290	650	40

\*Gender as specified by the employees themselves

Moreover, all our employees (100%) receive regular performance and career development reviews.

Petron's employee and leadership development program stands as a testament to the Company's commitment to fostering growth and excellence. Leveraging different tools such as training, coaching, and mentoring, Petron endeavors to be a learning organization, where knowledge is shared, and employees teach and learn from one another.



A comprehensive training framework was designed to equip individuals with the essential skills and knowledge needed to excel in their roles. The implementation of these initiatives involves collaboration across technical and functional divisions, with division heads taking ownership of leadership development within their respective areas. Additionally, Petron has forged strategic partnerships with esteemed academic institutions to guarantee the quality of the training programs.

For leadership development, we offer a range of specialized training programs tailored to different levels of leadership within the Company. At the forefront is the Essentials of Supervision & Leadership program, which equips Petron's supervisors with the tools and mindset needed to navigate complex people leadership issues. Participants undergo personalized coaching and work on an Accelerating Team Performance Plan to apply leadership concepts effectively.

The Leadership Management Development Program (LMDP), offered in collaboration with the Ateneo Graduate School of Business, is a standout program aimed at strengthening fundamental management skills and broadening participants' perspectives on general management. Covering a 13-module curriculum akin to a regular MBA program, LMDP enhances decision-making abilities, supervisory proficiencies, and cross-functional knowledge.

We also offer a specialized training program catered to senior leaders within the Company—the Executive Management Development Program (EMDP), developed in partnership with the Asian Institute of Management. This program, comprising synchronous online and face-to-face classes, equips participants with advanced leadership and management competencies. Upon successful completion, participants earn a Postgraduate Certificate in Leadership and Management, enhancing their credentials as strategic leaders within the Company.

In addition to leadership development, we provide a range of General Management Programs designed to equip its non-managerial file employees with essential skills for professional growth. Covering topics such as project management, basic Excel proficiency, emotional intelligence, and personal effectiveness, these

BASIC TRAINING
Get Petronized Personal Effectiveness Raise the Bar Developing Effective Presenters Effective Business Writing Breaking Through Performance Barriers Effective and Assertive Communication Project Management MS Excel - Basic EQ in Action
SUPERVISORY
Petron Professional Excellence Program KT Problem Solving and Decision Making 7 Habits of Highly Effective People Petron Professional Excellence for Leaders Labor Management Relations Workshop for Leaders Essential of Supervision & Leadership
MANAGERIAL
Leadership Management Development Program (LMDP) ATENE0 Graduate School of Business x SMC Executive Management Development Program (EMDP) Asian Institute of Management x SMC

programs ensure that every individual is equipped to contribute meaningfully to Petron's success.

The impact of our training programs is evident in the feedback received from participants. For instance, one attendee of the Personal Effectiveness program expressed gratitude, stating, "Thank you for the opportunity to attend this training. It made me aware that I need to manage my habits so I can be more productive not just in our workplace but also in my personal life." This sentiment reflects the program's ability to instill valuable life skills beyond professional settings.

Similarly, participants in the Essentials of Supervision and Leadership program praised its efficacy in preparing individuals for leadership roles. One participant noted, "The program offers a helpful guide for aspiring leaders. The whole program, the outline, the topics that were tackled will be very useful for my role as a supervisor." By incorporating participant feedback and assessing understanding through revalida sessions and presentations of action learning projects, Petron continues to refine its training initiatives to meet the evolving needs of its workforce.

Coaching and Mentoring

Coaching serves as a vital component of Petron's approach to employee development, providing personalized guidance and support to individuals as they navigate their professional journeys. Through coaching, employees receive targeted assistance in identifying goals, overcoming obstacles, and maximizing their potential within the Company.

Utilizing coaching as the primary developmental tool, the Top Emerging Achievers (TEA) program aims to enhance the engagement and development of young high-potential employees in the Company. TEAs are guided by internal Career Coaches in their journey of self-discovery and self-development. The program began in 2017 with the participation of employees from select groups in the supply chain. Now on its 7th year, the coaching network continued to grow with the participation of all the divisions in the organization – a milestone for the program.

In 2023, there were 46 TEAs who were nominated. The participants were motivated to enhance their competencies and capabilities by identifying and pursuing developmental goals - last year, 80% of the TEAs successfully attained their set goals. It is recorded that 13% of the TEAs have transitioned to assume leadership roles and have taken on bigger responsibilities.

To recognize the progress made by the TEAs and the Career Coaches, the first TEA recognition program was launched. In addition, the first-ever graduation rite was conducted which showcased the achievements of the participants and provided encouragement to seek continuous learning even outside of the program.

Mentoring is also another avenue to facilitate the growth and development of high-potential employees, ensuring they are equipped with the necessary skills and mindset to excel in their current and future roles within the organization. The Petron Mentoring Program provides a formal and structured process to the practice of mentoring. It aims to fast-track the development of selected high potential employees to equip them with the necessary leadership, technical competencies, and mindset as preparation for their identified forward positions. Since 2014, the program has been instrumental in shaping future leaders. Mentors undergo a one-day workshop



following the International Coaching Federation (ICF) framework, and participants are selected based on stringent qualifications. The program's focus is targeted, with fewer participants, ensuring personalized attention and development opportunities for each mentee.

The Mentoring Program operates on a one-year cycle, with some cases extending up to two years based on specific developmental needs. It is anchored on individual development plans (IDP), approved up to the division head level, with ongoing support from division heads throughout the program duration.

Through a holistic approach to employee and leadership development, we have fostered a dynamic culture of continuous learning, innovation, and collaboration. From dedicated rank-and-file employees to senior executives, each individual is provided tailored development opportunities aimed at not only enhancing their professional capabilities but also nurturing personal growth. Our commitment to cultivating leadership continuity and fostering the holistic development of our workforce exemplifies Petron's dedication to shaping a sustainable future. By investing in the growth of our employees, we are not merely preparing for tomorrow but journeying hand-in-hand with our workforce toward a more prosperous future.



## FEATURE STORY

## NURTURING OUR TALENTS: GROWING LEADERS IS OUR CUP OF 'TEA'

*“At Petron, we harness leadership not only from our managers and executives, but also from the young ones. We engage and develop our most promising talents and ensure business continuity through our next generation leaders. We advocate for employee development as this secures the sustainability of our operations, maintains our high standards of excellence, and shows how committed we are to enriching our people.”*

With these words, Petron Senior Vice President (SVP) and Chief Finance Officer (CFO) Mr. Emmanuel Eraña welcomed the latest batch of the Company's future leaders nominated to the Top Emerging Achievers (TEA) program.

TEA is a unique personnel development program in that it was conceptualized in 2016 by a group of Petron managers who were part of the first batch of the LEAD program as their action learning project. This was current leaders paving the way for the next generation of leaders, in effect helping strengthen the Company's succession program. By the following year, TEA was implemented, with 14 high-potential employees from select groups in the supply chain guided by eight (8) Career Coaches as the program's pioneers.

TEA has since become a yearly initiative driven by HRMD, who now engages all the Petron divisions to identify their young but promising employees to be coached by the Company's more seasoned managers. The success of this idea is evident by the continued implementation of the program, now on its 7th year. More significantly, this has produced 381 TEA graduates who were guided by 96 Career Coaches. Ninety-four of these graduates (25%) have since been promoted, with 16 (17%) moving up to become Managers themselves. Some TEA graduates have also come full circle, with three (3) of them now assuming the role of Career Coaches.

With the TEA program, Petron has integrated several HR processes — Performance Development, Succession, and Learning and Development, in designing a systematic approach to develop emerging leaders in a



structured and deliberate manner. The initiative is strategic in nature since the selection of coaches and TEAs, as well their pairing, are determined by the division heads. Thus, they own the division's leadership development and leadership continuity. This adds a new dimension to our business strength: that of a learning organization, where select managers from all our divisions are actively involved in unlocking the leadership promise in our employees.

Edmar Tobie G. Mortera, an Instrumentation Engineer from the Refinery and 2023 TEA Excellence Awardee, has learned a lot from the program: “Being part of TEA has instilled in me an improved sense of self-awareness, which enables me to grow and strive for continuous improvement in personal and professional aspects. These lessons have improved my problem-solving abilities and widened my perspectives, which affected my work and contributed to Petron's continued growth and success.” Anita Pabalay, a Stock Accountant with Controllers, recalls learning the three (3) Cs - consistency, confidence, and camaraderie—as the most memorable lesson she took away from TEA as “these have enabled me to maintain high-quality work standards, approach challenges with confidence, and foster teamwork, which led me to improve my productivity and reach goals within the organization,” something she believes have not only elevated her performance as a leader but also enabling her to helping Petron succeed. LPG Pasig Terminal Shift Engineer

Kert Michael Domingo keeps in mind the critical need for prioritization and preparation. “As a Terminal Operations personnel, there are different difficulties that may arise... By prioritizing important from less urgent matters that I need to handle, I'm able to prepare and execute solutions or deliverables carefully that will benefit the organization.” Kert shares that one of his set goals was to assemble one unit of LPG Manual Filling Machine to be donated to the needed Filling Plant of Petron (Marikina-TPRP) utilizing material from old scrap that were not operatable by the LPG filling machines. This was more economical than the purchase of a brand-new unit, would also eliminate the carbon footprint from the manufacturing and shipping of a brand-new unit, and as a re-used asset, it would help the Company cope with the increasing sales demand. This is just one of the examples that shows the program can support sustainability. Finally, HRMD Compensation Planning & Admin HR Officer Abegail Los Baños-Villacruz credits the program in preparing promising employees to be more prepared for the bigger roles that they will assume and for making her realize that for participants like her, “even their smallest contributions can make a big impact to the company, making the TEAs strive even more.” Los Baños-Villacruz was promoted to HR officer in 2023, a testament to her leadership potential being recognized and realized.

For his part, Refinery HR Group Manager Luvie delos Reyes sees the program as a means to further strengthen Petron's competitive advantage. “TEA is one of the many examples of our strategic business partnerships that leverages on the strengths of the current talent pool, such as reliable Coaches from across the organization, with the end in view of unleashing the potential of high performing employees.” As a Coach, he sees his role as an integral part of Employee Engagement as it nurtures the innate potential of individuals. “This exercise validates the employees' sense of belonging and how she/he would best contribute to the success of the organization.”

As Petron's ESG Council co-chair, Mr. Eraña has high hopes for TEA. This program directly impacts the Company's long-term viability by helping identify, develop, and prepare the talents for tomorrow's leadership roles in the Company. In doing so, they are able to fulfill their personal and professional goals, while contributing to Petron's continued success.



PBR's Tobie Mortera receiving his Award of Excellence during his TEA graduation.



Controller's Anita Pabalay (third from left) and HRMD's Aby Villacruz (third from right) during their checkpoint meeting for TEA



PBR HR Group Manager Luvie delos Reyes receives the 2023 GEM Award as TEA Coach with Petron CFO and SVP Mr. Emmanuel Eraña and HRMD VP Ms. Rosario Vergel de Dios



Batch 2023 TEA graduates with Petron management



Strong Partnership with Local Communities

GRI Standards	GRI 3-3, 413-1, 413-2 Topic 11.15 Local communities
UN Sustainable Development Goals	SDG 1 - No Poverty SDG 2 - Zero Hunger
Philippine Development Plan	Promote Human and Social Development

Our approach

Caring for our communities and the environment supports our commitment to nation-building, as we recognize that our position at the forefront of the local oil industry goes beyond mere profitability and operational excellence. It requires us to pave the way for resilience, inclusivity, and social well-being for all our stakeholders. Guided by our aspiration to make a significant and positive difference in the lives of our fellow Filipinos, we adhere to global and local sustainable development goals and principles.

Through our CSR arm, PFI, we deliver our promise to fuel hope through initiatives that address concerns related to education, environment, health, human services, livelihood, and various advocacies. By adopting a participative approach, we are able to identify and implement programs that address genuine needs and deliver tangible benefits. To achieve this, we ensure that our initiatives are data-driven through site assessments conducted within our communities and evaluates how these will affect them, and how we can mitigate such impacts.

Our engagement with stakeholders extends from program conceptualization to implementation to evaluation. We proactively seek input from stakeholders to understand the unique contexts of each community, enabling us to enhance the programs we implement and ensure that our initiatives are tailored to meet the specific needs and preferences of each community and help us strengthen our overall impact. We also establish metrics to help us systematically measure and monitor our progress in accordance with global and local standards.

Engaging our stakeholders also mean two things: one, we create a force multiplier to extend our reach and expand our social development programs’ impact by partnering

with key national and government agencies, civil society organizations, academic institutions, and grassroot organizations. Involving them in the direct implementation of our CSR programs ensures that they go beyond being mere beneficiaries but as program partners. This gives them a sense of ownership of the program and empowers them to be active participants equally responsible for the success of the initiatives. Thus, our stakeholders regularly join our CSR activities as volunteers.

Our progress

In all our operations, we prioritize fostering synergy through proactive engagement with local communities. Our commitment to consistently deliver high-quality local community engagement and impact assessments is reflected in our initiatives, such as *Tulong Aral ng Petron* and *Brigada Eskwela*, implemented uniformly across Petron schools and public schools. To ensure the minimal negative impact on indigenous peoples, we conduct robust site assessments and employ regular internal quality controls. Engaging with stakeholders, we have not identified collective or individual rights as significant concerns in our operational areas. Nevertheless, we have established effective grievance mechanisms, providing employees and stakeholders with a systematic channel to express their concerns freely.

As we update our vision and purpose, our commitment towards nation-building and uplifting the lives of our communities is continuously being translated into action. In 2023, amid post-pandemic recovery, we have renewed and strengthened partnerships with our local communities as we collectively achieve our sustainability goals.



Petron Foundation’s Major Projects in 2023 categorized by Focus Area

EDUCATION

<b>Tulong Aral Ng Petron (TAP)</b>	<b>Background:</b> TAP is a long-term educational program that provides scholarships to deserving children from Petron’s host communities throughout grade school (from Grades 1 to 6). Qualified graduates are then given opportunities to continues to high school, with the top graduates having a chance to apply for full college scholarships under TAP. <i>In partnership with DepEd, DSWD, host LGUs, and Petron Terminal Operations</i>
<b>UN SDGs:</b> 1 (No Poverty) 4 (Quality Education) 8 (Decent Work and Economic Growth) 17 (Partnership for the Goals)	<b>Activities:</b> School supplies distribution  <b>Highlights in 2023:</b> <ul style="list-style-type: none"><li>For school year 2022-2023, a total of 515 scholars completed their schooling from elementary to college.</li><li>Seven (7) of the eight (8) remaining college scholars from NCR graduated in 2023 with business-related courses and engineering degrees.</li><li>Of the seven (7) college graduates, two (2) finished with academic honors: one graduated Magna Cum Laude and one as a Cum Laude.</li><li>For school year 2023-2024, TAP has a total of 2,433 scholars from elementary to college enrolled in partner schools where Petron terminals are located. This includes:<ul style="list-style-type: none"><li>The first batch of TAP college scholars from Mindanao to enter college, with eight coming from Gensan, Iligan, Jimenez, and Tagoloan, along with two scholars from NCR.</li></ul></li><li>A new fresh batch of 300 Grade 1 scholars from Luzon (Poro, La Union and Puerto Princesa, Palawan), Visayas (Bacolod, Negros Occidental; Mandaue and Mactan, Cebu; Roxas, Capiz, and; Tagbilaran, Bohol) and Mindanao (Davao City)</li></ul>
<b>Petron Engineering Scholarship Program</b>	<b>Background:</b> The program gives deserving college students the chance to complete their engineering studies and groom them for employment in the Refinery, in the process of developing a pool of young, world-class engineers.
<b>UN SDGs:</b> 1 (No Poverty) 4 (Quality Education) 8 (Decent Work and Economic Growth) 17 (Partnership for the Goals)	<b>Highlights in 2023:</b> <p>The Petron Engineering Scholarship Program initially supported nine (9) students pursuing bachelor’s degrees in mechanical and electrical engineering. In 2023, we took in a new batch of ten (10) Electrical and Mechanical scholars from the Bataan Peninsula State University (BPSU). This brings the total number of program beneficiaries to 311. Out of the 10 scholars, four (4) completed their Electrical Engineering Course. PBR also hired three (3) graduates of the Petron Engineering Scholarship program in 2023. Since the program’s start, 311 engineering students have become Petron scholars, with 297 graduating and 270 passing their licensure exams. Over 70% of these graduates, or 209 individuals, have been employed by Petron, with 84 graduates currently working for the Company. These scholars have now become well-established and competent engineers and are now valuable assets to the Company.</p> <i>In partnership with DepEd, DSWD, host LGUs, and Petron Terminal Operations</i>



HEALTH

<b>Petron Clinic</b>	<p><b>Background:</b> Petron established the Petron Clinics to complement the basic health services provided by surrounding public health centers by making the following specialized services to the community for free: ultrasound, x-ray, ECG, and laboratory.</p> <p>The clinics started operating in 2018, and back then, we only provided laboratory tests and consultations. At present, we now have three (3) clinics located in Pandacan, Manila, Limay, Bataan, and Rosario, Cavite, which are all accredited by the Department of Health (DOH).</p> <p>These services have benefitted over 6,000 residents, exhibiting a positive impact and accessibility of these clinics. Our clinic's medical staff also participate in programs such as health talk weekly and assistance in fire drill conducts in the terminal.</p> <p><i>In partnership with the DOH, host LGUs, Petron Bataan Refinery, and Petron Terminal Operations</i></p>
<b>UN SDGs:</b> 3 (Good Health and Well-Being) 11 (Sustainable Cities and Communities) 17 (Partnership for the Goals)	<p><b>Highlights in 2023:</b></p> <p>There were no activities in 2023 as the Petron Clinics remain closed to the community as a continuing health and safety precaution against COVID-19. However, clinic services were availed by Petron personnel and third-party service providers.</p>

ENVIRONMENT

<b>Puno ng Buhay Reforestation Program</b>	<p><b>Background:</b> <i>Puno ng Buhay</i> (Tree of Life) is a program to adopt areas in the Philippines for reforestation, mostly with mangroves. It aims to help us manage our carbon footprint by offsetting captured carbon from the trees planted. It also intends to encourage biodiversity conservation, establish greenbelts against storm surges for coastal communities, provide more livelihood opportunities to beneficiaries, and protect and ensure groundwater sources for communities. Activities involving reforestation also serve as a venue for employee and community volunteering.</p> <p><i>In partnership with DENR, local governments, local people's organizations, Petron Bataan Refinery and Petron Terminal Operations</i></p>
<b>UN SDGs:</b> 1 (No Poverty) 11 (Sustainable Cities and Communities) 13 (Climate Action) 14 (Life Below Water), 15 (Life on Land) 17 (Partnership for the Goals)	<p><b>Activities:</b> Site preparation, nursery establishment, tree planting, site monitoring and protection</p> <p><b>Highlights in 2023:</b></p> <p>Total of 55 hectares formally adopted in 2023 in the following areas:</p> <p>Hagonoy, Davao del Sur</p> <ul style="list-style-type: none"><li>Over 15,000 Miapi and Bakhawan propagules planted</li><li>Another 38,000 mangrove propagules scheduled to be planted in the 1st half of 2024</li></ul> <p>Ivisan, Roxas City</p> <ul style="list-style-type: none"><li>2nd batch of 31,250 propagules (<i>Avicennia</i> and <i>Rhizophora</i> sp) planted</li></ul> <p>Obando, Bulacan</p> <ul style="list-style-type: none"><li>Agreement with Obando LGU, Municipal Fisheries and Aquatic Resources Management Council (MFARMC), and Petron signed in December 2023</li></ul>

LIVELIHOOD

<b>Community-based Programs</b>	<p><b>Background:</b> Petron has initiated livelihood programs for partner communities. One example is our rag making and dressmaking program for the parents of our TAP scholars. We provide necessary resources (e.g., machines, materials) and training opportunities to help them generate income on their own. We believe that empowering community members through skill development not only benefits their families directly but also enhances their ability to contribute to the local economy.</p> <p><i>In partnership with LGUs</i></p>
<b>UN SDGs:</b> 1 (No Poverty) 5 (Gender Equality) 8 (Decent Work and Economic Growth) 17 (Partnership for the Goals)	<p><b>Activities:</b> The parents of our TAP scholars in Rosario, Cavite, have been producing and selling clothes (e.g., uniforms), rags, and recycled eco-bags made from Petron's used tarpaulins. Additionally, the parents have undergone training to further enhance their skills in dressmaking and rag making.</p> <p><b>Highlights in 2023:</b></p> <p>The parents of the TAP scholars in Rosario, Cavite were able to produce machine covers for Petron's equipment and tote bags, which were used during the Christmas season.</p>

FEATURE STORY

EMPOWERING MINDS AND SHAPING FUTURES:  
PETRON'S PIONEERING COLLEGE SCHOLARS FROM MINDANAO

In the heart of Mindanao, Petron is making strides in fostering education and opportunity. Through its transformative TAP program, we have been nurturing talents since 2002, extending our reach to nearly 18,000 scholars nationwide. TAP offers support ranging from school supplies to meal allowances and extends to communities hosting Petron terminals nationwide. It begins by assisting elementary graduates, progresses to high school scholars, and now includes a limited number of college scholarships for courses in Engineering or business-related fields.



This year, 2023, marks a significant milestone as we extend our support to college education in Mindanao for the first time. Among the beneficiaries are Christopher Valiente and Remier Sardeñola, both pursuing Mechanical Engineering at Mindanao Polytechnic University. Notably, both Christopher and Remier, residents of Bawing, have been TAP scholars since Grade 1, a testament to the enduring impact of Petron's commitment to education. As TAP scholars, they receive full tuition coverage, alleviating the financial burdens associated with pursuing higher education.



Christopher and Remier (in blue shirts) give back to Tulong Aral by serving as volunteers during the school supplies distribution for elementary and high school scholars in Sarangani.

Both Christopher and Remier have goals beyond their academic pursuits. Both express their desire to work at Petron after graduation, seeing it as an opportunity to give back to the Company that has supported them throughout their educational journey. Their scholarships serve as a source of motivation, inspiring them to excel academically and strive for excellence in their chosen field.

Remier reflects on his journey, expressing gratitude for the opportunity afforded by Petron: "*Marami pong salamat kasi isa po ako sa mga estudyante na natulungan nila nang malaki. Malaki po talaga ang tulong na nagawa ng Petron sa amin, sana po mas lumaki pa ang masuportahan ng Petron.*"

Christopher echoes this sentiment, emphasizing the profound impact of Petron's support: "*Hindi ako magsasawang magpasalamat dahil malaki ang tulong na binibigay ng Petron. We are so blessed to receive a ticket to our dream destination.*"

In Tagoloan Community College, Petron's impact is also deeply felt among scholars like Joana Mae Quimada, Cher Mae Alicabo, and Rizel Valmora whose families often face financial hardship. With the allowance provided by Petron, they can afford their education and also assist their siblings financially.

Cher Mae, a first-year Business Administration student, attests to the significance of the allowance in her academic journey: "*Nakakatulong po yung allowance sa pag-aaral ko pati sa'king mga kapatid.*"





Their journey with TAP began in Grade 1, marking the inception of a partnership that transcends mere financial support. Rizel, a first-year Community Development student shares her gratitude, saying, *"Laking pasasalamat ko po na naging parte ako ng program nila. Simula nung elementary kami hindi po nila kami pinapabayaan."* Joana Mae, also a Business Administration student, echoes this sentiment, emphasizing the transformative power of Petron's support: *"Malaking tulong po ang Petron dahil simula elementary hanggang ngayon nabigyan po kami ng oportunidad na makapagpatuloy sa pag-aaral."*

For these scholars, TAP serves as a lifeline, providing not just financial assistance but also motivation to excel academically. Despite facing numerous challenges, from financial constraints to familial obligations, they remain determined in their pursuit of education. Their resilience inspires not only their peers but also Petron's commitment to fostering sustainable development in Mindanao.

By investing in education, Petron not only fulfills its corporate social responsibility but also contributes to the development of the regions it serves. This is especially true for Mindanao, a region teeming with biodiversity, a wealth of natural resources, a rich history and a proud people, but whose title as the land of promise remains unfulfilled.

Consider that the UNDP's 2008/2009 Philippine Human Development Report lists the top five of the ten provinces in the country with the lowest human development indices (measured in terms of standard of living, education, and life expectancy rate) as those in the Autonomous Region in Muslim Mindanao (ARMM), and two other Mindanao provinces—Sarangani in Region

12 and Zamboanga del Norte in Region 9—as seventh and ninth, respectively. About 21% of ARMM villages do not have schools, and in those with schools, student-teacher ratios are 80-100 to 1. Though 93% of the school-age population enrolls in grade one, 60% drop out before they complete elementary school, and the region's percentage of high school graduates is the lowest nationwide.

Additionally, the findings of the Human Development Report (HDR) of the United Nations Development Programme (UNDP) paint a sad picture for the region: in a series of tests conducted in 2005 among 1,900 teachers from schools in ARMM and Region 9, it was discovered that their average level for Reading Comprehension was only Grade 3 (pre-test) and Grade 4 (post-test). Meanwhile, the average percent score in Standard Math Competency (for Grade 6 student level) was only 44% (pre-test) and 48% (post-test), with only eight attaining the passing average of 75%. Among the reasons for dropping out of school in the Muslim areas of Mindanao include the lack of schools and the poor quality of teachers.

With this backdrop, Petron welcomes every student it can provide with the TAP scholarship as a way to improve the quality of life in the region.

Looking ahead, Petron's dedication to nurturing talents and empowering communities remains unwavering. As these scholars continue their educational journey, Petron stands as an ally, offering support and guidance every step of the way. Through initiatives like TAP, Petron continues to illuminate the path to a brighter future, embodying the spirit of companionship and empowerment in shaping tomorrow's leaders.

Customer Care

GRI Standards	GRI 3-3, 416-1, 416-2 Topic 11.3 Air emissions
UN Sustainable Development Goals	SDG 16 – Peace, Justice, and Strong Institutions
Philippine Development Plan	Promote Human and Social Development

Our approach

Ensuring the safety of our customers remains our top priority, reflecting our continuous effort to build a sustainable future where communities thrive in harmony with the environment, and businesses operate with integrity and accountability.

At the heart of our safety strategy is the Corporate Safety group, which is responsible for instilling a safety culture throughout our Company. This group oversees the Safety Council, ensuring active participation from all stakeholders and divisions in the promotion and implementation of safety protocols. Complementing this, we have established a robust Corporate Safety Management System, rooted in standards like OHSAS 18001, providing a comprehensive framework for managing safety across all our operations. Upholding the highest safety and health standards is not just a matter of compliance for us; it reflects our core values and serves as a safeguard for our social license to operate.

Specifically, at our Refinery and several terminals and service stations, we have implemented third-party-certified management systems to further enhance safety practices. Our terminals regularly conduct safety orientations for all visitors, requiring them to provide detailed information before entry, thus ensuring heightened security measures. During these orientations, we aim to ensure safety while inside the terminal by cascading plant rules and regulations and by communicating potential hazards in the terminal environment.

Moreover, we prioritize customer feedback through various channels nationwide. From our website to the Petron Customer Interaction Center and Petron Talk2Us channels, we offer accessible avenues for customers to voice their concerns. Our service stations have dedicated



feedback programs, enabling customers to relay their experiences conveniently. We take customer feedback seriously, with our Customer Relations Group working closely with the Corporate Affairs Department to address issues promptly. Utilizing Customer Relations Management software, we document and assign feedback to the relevant parties for resolution, ensuring thorough follow-up and customer satisfaction confirmation. In line with our commitment to customer safety and support, we proudly continue our tradition of Lakbay Alalay, offering free service check-ups and emergency roadside assistance to Filipino motorists nationwide.

Our progress

We are dedicated to upholding the highest standards of safety across all aspects of our operations, from our products to our services. Similar to our 2022 performance, we diligently assessed 100% of health and safety impacts during safety inspections at all our facilities throughout 2023. This stringent approach ensures that any potential risks are swiftly identified and addressed to uphold the safety of our customers and communities.

In 2023, we are proud to report zero incidents of non-compliance with regulations resulting in fines or penalties. We are presently addressing the requirement of the BFP for the installation in one terminal of fire detection and alarm systems. Despite these challenges, we have maintained a clean record of non-compliance with voluntary codes, viewing it as our responsibility to exceed safety standards.



Incidents of non-compliance concerning the health and safety impacts of products and services

REQUIREMENT	2023			2022		
	REFINERY	TERMINALS	SERVICE STATIONS	REFINERY	TERMINALS	SERVICE STATIONS
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0	0	0	2
Incidents of non-compliance with regulations resulting in a warning	0	1	0	0	3	1
Incidents of non-compliance with voluntary codes	0	0	0	0	0	0

In line with our dedication to customer safety, we launched several initiatives aimed at providing valuable support and assistance to motorists. Our longstanding *Lakbay Alalay* program once again served as a beacon of assistance during the Holy Week holidays. Petron employee-volunteers stationed at strategic locations along major toll roads provided complimentary vehicle inspections and medical assistance to motorists, ensuring their safety and well-being on the road.

Furthermore, in October 2023, we organized a month-long Car Care Center Free Safety Check, offered in 41 participating centers, providing customers with complimentary safety inspections and discounts on selected services. These initiatives underscore our dedication to promoting regular vehicle maintenance and enhancing road safety for all.

Additionally, we have been at the forefront of advocating for the effective implementation of the new LPG Law (R.A. No. 11592) in collaboration with the DOE and other industry stakeholders. Through information forums and our participation in the LPG Summit in March 2023, we have championed stringent safety standards and regulations in the LPG industry, prioritizing consumer safety and welfare.

As part of our ongoing efforts to ensure consumer safety, we continue to educate consumers about the risks associated with illegally refilled LPG cylinders and stress the importance of purchasing legitimate Petron LPG products. Our products undergo rigorous safety and quality testing, adhering to Department of Trade and Industry (DTI) standards, to guarantee the safety and satisfaction of our customers.

Information about Consumer and Product Protection guidelines is readily available on our website, empowering consumers to make informed choices for their safety and well-being.

Responsible Marketing and Labeling	
GRI Standards	GRI 3-3, 417-1, 417-2, 417-3
UN Sustainable Development Goals	SDG 12 – Responsible Consumption and Production SDG 16 – Peace, Justice, and Strong Institutions

Our approach

As part of our responsibility to our customers, we recognize the importance of adhering to correct labeling protocols in all our products. This commitment initiates when each product leaves our Refinery and continues consistently until it reaches our customers. Consequently, we place a high priority on transparency by ensuring the provision of accurate and comprehensive information in our products and services. The Philippines, among the member countries of the Asia Pacific Economic Cooperation, has undertaken a commitment to implement the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). GHS aims to systematically address the classification of chemicals based on types of hazards, proposing harmonized hazard communication elements such as labels and safety data sheets.

In our longstanding commitment to product stewardship and workplace safety, we have diligently optimized our integrated marketing communications. This involves providing

thorough, equitable, and responsible information and labeling for our products and services. An illustrative example can be seen at Petron service stations, where we prominently display the octane number of our fuels. Across all our service stations, we strictly comply with the guidelines set by the DOE for proper fuel labeling.

Furthermore, we uphold a meticulous approach to the labeling of all our lubricant products and greases. Each product is accurately labeled and accompanied by comprehensive Material Safety Data Sheets (MSDS). This stringent practice forms a critical component of our product stewardship and workplace safety protocols.

The MSDS equips our personnel with essential procedures for handling and working with the materials we use. It also provides crucial information on physical properties, toxicity, health effects, first aid measures, reactivity, storage, disposal, and spill-handling procedures. This comprehensive approach ensures the safety of our workforce and reinforces our commitment to responsible business practices.

To ensure that our lubricants are of high quality and meet the requirements of our customers, we strictly adhere to industry standards such as the American Petroleum Institute (API), the Society of Automotive Engineers (SAE), and the International Organization for Standardization (ISO) for viscosity grade and service level applicable to the specific type and make of engine, equipment, or vehicle. Meanwhile, for greases, we adhere to the quality specifications of the National Lubricating Grease Institute.

Our progress

At Petron, we acknowledge the inherent responsibility associated with our products and services, recognizing the importance of aligning with the country’s commitment to GHS.

We diligently adhere to GHS labeling standards in all facets of our operations, encompassing the manufacturing, marketing, and distribution of petroleum/petrochemical products, as well as the importation of chemical substances for operational requirements.

For example, our Benzene-Toluene-Xylene (BTX) plant, which produces benzene, a priority chemical listed by the DENR, undergoes scrutiny. We obtain a Priority Chemicals List (PCL) Compliance Certificate from the DENR-EMB. This process involves submitting comprehensive documentation, including an annual report, MSDS, and a chemical management plan.

Similarly, for additives, fuels, lubricants, and other petroleum-based products, we prepare GHS-compliant MSDS, ensuring conformity with international standards. We convert existing labels to comply with GHS requirements, positioning Petron products for international markets and potential export opportunities.

Beyond mere compliance, our commitment extends to the safety of employees involved in various operations. We provide GHS training for those engaged in purchasing, forwarding, customs clearing, warehousing, emergency response, and the use of chemical substances, fostering a secure and healthy workplace that aligns with international market demands.

As a result of our efforts and commitment to transparency, Petron had no incidents of non-compliance with laws and regulations concerning product and service information labeling and marketing communications, such as the Advertising Standards Council Code of Ethics and DTI’s Promotions for 2023. This not only empowers our customers to make informed decisions but reinforces our consistent dedication to regulatory adherence and ethical practices.



Secured Customer Information

GRI Standards	GRI 3-3, 418-1
UN Sustainable Development Goals	SDG 16 – Peace, Justice, and Strong Institutions

Our approach

In protecting customer privacy, we uphold a principle-driven approach outlined in our Data Privacy Policy, officially approved by the Board of Directors in May 2017. This policy shows our commitment to transparency, legitimate use, and proportionality in the processing of personal data. Prior to accessing our website, customers are presented with our privacy statement, explicitly stating the purposes for which their data will be utilized, and we diligently seek their consent for data ownership.

To implement and monitor these privacy measures, Petron has appointed a dedicated Data Privacy Officer. Additionally, our Customer Relations Group and Corporate Affairs Department are responsible for receiving, managing, and resolving customer concerns related to data privacy. This concerted effort ensures that we actively manifest our dedication to the responsible and ethical handling of customer data, fostering a relationship built on trust and compliance.

At Petron, our commitment to information security is evident through our adherence to an Information Security Management System (ISMS). In addition to the main ISMS Policy which was approved by the Board of Directors in May 2020, we have a comprehensive ISMS framework comprised of a set of policies, guidelines, standards, and procedures meticulously crafted to ensure the confidentiality, integrity, and availability of data within our systems. These policies are translated into robust technical information technology (IT) and procedural internal controls, specifically tailored to fortify the protection of sensitive customer information.

In alignment with international benchmarks, our ISMS policies are in accordance with the ISO 27001 and National Institute of Science and Technology frameworks. These standards underscore our dedication to enhancing information security.

To govern and oversee our IT security measures, we have instituted the Information Security Steering Committee. Composed of key members, including the Data Privacy Officer, this dedicated group ensures the effectiveness and alignment of our information security practices. Through these proactive efforts, we consistently uphold the integrity of our information systems and safeguard the confidentiality of customer data.

In 2023, Petron did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

Embarking on a Path of Responsible Business Growth

For the past 90 years, we have steered our operations with a commitment to sustainability, guided by a purpose-driven ethos in service to our communities. Our measure of business growth extends beyond mere profit; it encompasses the positive impact we generate for our stakeholders.

As we redouble our efforts on this transformative journey, we carry forward our core values of integrity, accountability, and transparency. Our pledge to stakeholders is to uphold our position as a trusted partner, showcasing excellence and unwavering dedication in every facet of our work.

Material Topic	UN SDGs
Robust Economic Performance	8 9 13
Sustained Market Presence	1 5 8
Inclusive Economic Growth	1 3 5 8 9 11
Fair and Ethical Practices	16
Transparent Tax Approach	1 10 17

Robust Economic Performance

GRI Standards	GRI 3-3, 201-1, 201-2, 201-3, 201-4 Topic 11.2 Climate adaptation, resilience, and transition Topic 11.14 Economic impacts Topic 11.21 Payments to governments
UN Sustainable Development Goals	SDG 8 - Decent Work and Economic Growth SDG 9 - Industry, Innovation, and Infrastructure SDG 13 - Climate Action
Philippine Development Plan	Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance

Our approach

At Petron, we cultivate strategic partnerships and perpetually enhance our products, services, and processes in pursuit of a sustainable future. Our commitment extends beyond short-term gains; we aim to generate lasting economic value and mutual benefits for our business and the communities we engage with. Recognizing the far-reaching impact of our operations across regions, we stand firm in our dedication to fostering continuous economic development.

To broaden our economic footprint and contribute to regional markets, we actively participate in the export of petrochemicals and other non-fuel products. This expansion strategy encompasses countries and regions within the Asia-Pacific which establishes our role as a key player in enhancing economic performance locally and internationally. Through our diversified operations, Petron aims to fortify its standing in the oil industry, addressing the needs of diverse sectors both domestically and globally.



#### *Financial implications and other risks and opportunities due to climate change*

We recognize that alongside the economic value we create, our business operations inherently carry certain risks. These include:

- 1. Financial Risks:** Changes in government regulations concerning fuels or oil markets, such as pricing, taxation, and business practices, can impact our organization.
- 2. Physical Risks:** Natural calamities have the potential to damage our facilities and disrupt operations.
- 3. Climate-related Developments:** The shift towards renewables and the growing demand for sustainable energy pose risks, such as reduced demand and sales, and increased expenses.

To address these challenges, we proactively manage our risks. We enhance our preparedness for calamities by ensuring the resilience of our facilities. Additionally, we have insurance mechanisms in place to mitigate the risks posed by climate change. Through these proactive measures, we aim to strengthen our resilience and ensure the continuity of operations in a dynamic and evolving business environment.

#### **Our progress**

##### *Direct economic value generated and distributed*

Our total revenue in 2023 slightly decreased compared to 2022 due to ongoing challenges in the market. Nonetheless, we maintained our ability to streamline operations and effectively meet the fuel needs of our customers. As for economic value distribution, our operating costs decreased because of significant efforts to optimize resources and implement innovative and sustainable practices, leading to cost savings for our Company. Meanwhile, employee wages and benefits, payments to providers of capital, and payments to the government all increased, reflecting our priority to continuously enhance employee welfare, investor relations, and tax compliance.

Moreover, in 2023, Petron has received tax relief and credits from the government that amounts to P100 million from duties, VAT, and excise tax exemption.

##### *Defined benefit plan obligations and other retirement plans*

We attribute our economic success largely to our dedicated employees, and we prioritize their well-being and financial security. Our commitment extends to actively contributing to social security programs, including SSS, Pag-IBIG, and Philhealth. These programs ensure that our employees receive retirement benefits upon separation from the Company.

Our Company pays partial contributions to the retirement fund through the calendar year depending on the financial capacity to pay of the Company and at the same time requirements of the fund to pay out benefits.

In addition to these government-mandated programs, Petron has implemented a robust Savings Plan. This initiative allows employees to contribute a portion of their salaries, with the Company matching these contributions. Together, these initiatives form a comprehensive retirement benefits package, acting as both a retention tool and a means of providing financial assistance for employees' daily needs. Importantly, these benefits empower our employees to plan for their future retirement, promoting long-term financial security.

#### **Direct economic value generated and distributed**

REQUIREMENT	2023 (IN MILLION PHP)	2022 (IN MILLION PHP)
<b>I. Direct economic value generated</b>		
Total Revenue	<b>803,929</b>	<b>860,056</b>
<b>II. Economic value distributed</b>		
Operating costs	788,908	849,448
Employee wages and benefits	677,483	776,205
Payments to providers of capital	5,731	5,422
Payments to government	26,097	17,855
Community investments	79,545	49,843
	52	123
<b>III. Economic value retained</b> (calculated as 'Direct economic value generated' less 'Economic value distributed')	<b>15,021.00</b>	<b>10,608.00</b>

#### **Defined benefit plan obligations and other retirement plans**

REQUIREMENT	2023	2022
If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities	2,447,064,510.75	3,009,650,143.70
The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them	Actuarial valuation done last December 31, 2023	Actuarial valuation done last December 31, 2022
The basis on which that estimate has been arrived at		
When that estimate was made		



Sustained Market Presence

GRI Standards	GRI 3-3, 202-1, 202-2 Topic 11.11 Non-discrimination and equal opportunity Topic 11.14 Economic impacts
UN Sustainable Development Goals	SDG 1 – No Poverty SDG 5 – Gender Equality SDG 8 – Decent Work and Economic Growth
Philippine Development Plan	Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance Increase Income-earning Ability

Our approach

As we solidify our market presence, we are committed to fostering economic growth in the areas where we operate. We prioritize hiring local community members, extending to our management team, while upholding stringent qualification standards. This approach facilitates a mutually beneficial relationship, allowing us to gain profound insights into the local needs and context of our communities, while concurrently creating economic opportunities at the grassroots level.

Our dedication to our employees is evident in our practice of providing above minimum wages, strengthening our competitive edge in the industry. This not only aids in attracting top-tier talent but also in retaining individuals who demonstrate exceptional expertise in their respective fields. Offering a competitive benefits package further contributes to the economic well-being of our employees. Moreover, our commitment to equality is reflected in the provision of equal opportunities and benefits for all, regardless of gender, aligning with our vision of fostering a more diverse and inclusive workforce in the oil industry.

As a cornerstone of our initiatives at PFI, we take pride in offering scholarship programs to outstanding students who demonstrate excellence and a strong commitment to service in their educational pursuits. To bolster their career

development, we extend invitations for these scholars to join Petron upon graduation, providing them with a pathway to contribute their talents to our Company. This approach also aligns with our commitment to investing in the future leaders of our industry.

Beyond individual growth, the provision of employment opportunities at Petron significantly supports the economic development of our local communities. Through these initiatives, we actively engage in fostering growth and prosperity in the regions where we operate, embodying our dedication to making a positive impact on the socioeconomic landscape.

Our progress

Under the Petron Engineering Scholarship program, three (3) of our recent graduates were hired by our Refinery. This brings the number of our Bataan scholars that we have employed in PBR to 209. Of this number, 84 continue to be employed in Petron. Additionally, one former TAP graduate, Maridil Joy Isidro (BS Chemical Engineering from Adamson University), was hired by PBR as a Utilities/RSFFB Plant Engineer in the 3rd quarter of 2023.



Maridil Joy Isidro at the Petron Bataan Refinery

Inclusive Economic Growth

GRI Standards	GRI 3-3, 203-1, 203-2 Topic 11.14 Economic impacts
UN Sustainable Development Goals	SDG 1 – No Poverty SDG 3 – Good Health and Well-being SDG 5 – Gender Equality SDG 8 – Decent Work and Economic Growth SDG 9 – Industry, Innovation, and Infrastructure SDG 11 – Sustainable Cities and Communities
Philippine Development Plan	Expand and Upgrade Infrastructure Promote Human and Social Development Increase Income-earning Ability

Our approach

In our pursuit of sustainable development, we recognize the significance of our indirect economic impacts. Our initiatives extend beyond mere economic growth, embracing a broader commitment to enhancing the overall well-being of the communities we proudly serve. This aligns with our overarching goal of being the trusted partner of the Filipino people on the journey towards a sustainable future.

PFI, our CSR arm, plays a central role in managing our indirect economic impacts. Through PFI, we implement various community-based programs aimed at fostering socio-economic development. Employing our strategic partnerships and targeted interventions, PFI takes the lead in initiatives that foster sustainable growth and social progress in the areas surrounding our operations. By harnessing resources and expertise, PFI ensures that our collective efforts result in tangible and enduring benefits for the communities we are privileged to engage with.

Fuel HOPE, our flagship advocacy initiative, embodies our commitment to driving inclusive and sustainable change. Through this strategic program, we channel our resources and efforts into initiatives that uplift marginalized sectors

and inspire resilience. By championing education, economic empowerment, and environmental sustainability, Fuel HOPE acts as a catalyst for positive transformation.

Aligned with our dedication to Fuel HOPE, our programs strategically focus on key areas such as education, livelihood, and health & community engagement. Our educational initiatives, exemplified by the TAP program, extend educational assistance to thousands of students, empowering them to realize their full potential.

Meanwhile, our livelihood programs, featuring community-based initiatives, such as rag making and dressmaking, establish sustainable income opportunities for residents near our facilities, fostering economic resilience and self-reliance. Additionally, our health and community engagement programs, showcased through the Petron Clinics, ensure access to quality healthcare and promote overall well-being in underserved communities.

Our progress

In 2023, Petron invested P52 million in community development, a significant reduction from the P123 million utilized in the previous year. A significant portion came from a one-time donation of P56 million to assist the local government of Limay in constructing the Limay Pedestrian Bridge and as part of our support for the advocacy of road safety. Also, we donated fuel to transport



TAP COLLEGE GRADUATES (SY 2022-2023)



MARK  
MAÑALAC  
BS Accountancy  
(Magna Cum Laude)  
Dr. Filemon C. Aguilar  
Memorial College  
of Las Piñas



JASHEIL  
CABALQUINTO  
BS Accountancy  
(Cum Laude)  
University of the East-  
Caloocan



LANCE  
ESPIRITU  
BS Accountancy  
Polytechnic University  
of the Philippines



ALIAH  
MOHAMADDAUD  
BS Mechanical  
Engineering  
Polytechnic University  
of the Philippines



AILHA  
MONGE  
BS Internal Auditing  
Far Eastern University



CHRYSLER  
SALALAC  
BS Management  
Accounting  
University of the East



MARK JAYSON  
TUMALA  
BS Electrical  
Engineering  
Technological Institute  
of the Philippines

relief assistance to victims of the 2022 super typhoon Odette in the Visayas, in partnership with the Province of Isabela.

Petron Foundation oversees the implementation of strategic social responsibility programs in the areas of education, environment, and health and human services. Bulk of our support to our communities focused on TAP, our flagship education program, which sends deserving children and youth through elementary, high school, and college. For school year 2022-2023, TAP saw seven (7) of our eight (8) remaining college scholars from the National Capital Region graduate with business-related and engineering degrees. Of the seven (7) college graduates, two (2) finished with academic honors: one graduated magna cum laude and one as a cum laude.

Just as significant was the graduation of our first batch of high school scholars from Mindanao and from this group, eight (8) graduates were selected to become the pioneering TAP college scholars from different provinces in the region: General Santos City, Iligan City, Misamis Occidental, and Misamis Oriental.

Throughout the school year, PFI distributed school supplies to over 2,200 TAP scholars from 66 partner schools nationwide as part of the scholars' benefits.

At the start of school year 2023-2024, TAP registered a total of 2,433 scholars from elementary to college in our partner schools where our terminals are located. This includes the first batch of TAP college scholars from Mindanao to enter college, along with two (2) scholars from the National Capital Region. It also includes a fresh batch of 300 Grade 1 scholars from Luzon (Poro, La Union and Puerto Princesa, Palawan), Visayas (Bacolod, Negros Occidental; Mandaue and Mactan, Cebu; Roxas, Capiz, and; Tagbilaran, Bohol) and Mindanao (Davao City).

Our Petron Engineering Scholarship program also took in a new batch of 10 Electrical and Mechanical scholars from the Bataan Peninsula State University (BPSU). This brings the total number of program beneficiaries to 311. Out of the 10 scholars, four (4) completed their Electrical Engineering course.

These initiatives, conducted with our terminal facilities and the Refinery, reflect our ongoing commitment to educational support and community engagement through the banner of fueling HOPE or Helping Filipino children and youth Overcome Poverty through Education.

Fair and Ethical Practices	
GRI Standards	GRI 3-3, 205-1, 205-2, 205-3, 206-1 Topic 11.19 Anti-competitive Behavior Topic 11.20 Anti-corruption
UN Sustainable Development Goals	SDG 16 - Peace, Justice, and Strong Institutions
Philippine Development Plan	Promote Competition and Improve Regulatory Efficiency Practice Good Governance and Improve Bureaucratic Efficiency

Our approach

We uphold principles of honesty, ethics, and moral integrity, actively championing the fight against corruption throughout our Company. In our pursuit of a brighter future, we are resolute in our commitment to being a trustworthy and ethical partner for our customers.

In alignment with these core values, our Company is devoted to preventing any practices that run counter to our robust anti-corruption policies. All our operations (100%) are rigorously assessed for risks related to corruption. We also adhere to fair and ethical competition within the bounds of competition laws, reinforcing our vision of being a business characterized by integrity, transparency, and responsible conduct.

Our dedication to anti-corruption measures is deeply ingrained in the culture of Petron. The cornerstone of this commitment lies in our comprehensive Code of Conduct and Ethical Business Policy, explicitly prohibiting corruption and bribery within our Company. In August 2023, the Board of Directors at Petron reaffirmed this commitment by approving the Revised Code of Conduct and Ethical Business Policy, ensuring the highest ethical standards across the Company. This policy offers clear guidelines for directors, officers, and employees, emphasizing the imperative to conduct business in an ethical and proper manner.

Moreover, in 2023, our Management adopted the Policy on Anti-Corruption, Anti-Money Laundering, and Sanctions Compliance that reiterates the Company's compliance with all applicable laws on anti-corruption and anti-bribery, anti-money laundering and combating terror financing, and trade and economic sanctions and sets forth the Company's policy of zero-tolerance for bribery, corruption, money-laundering, terror financing, and sanctions violations.

Our Internal Audit and/or the relevant departments will investigate where corruption is suspected. And where warranted, disciplinary or other measures against culpable employees will be undertaken, which may lead to the termination of employment.

We also proactively incorporate discussions on anti-corruption into a range of mandatory training and orientation programs, corporate governance seminars, and labor relations seminars. This strategic approach ensures that every member of the Company is well-versed in the principles and practices that bolster the integrity of our anti-corruption initiatives.



Transparent Tax Approach

GRI Standards	GRI 3-3, 207-1, 207-2, 207-3, 207-4 Topic 11.21 Payments to governments
UN Sustainable Development Goals	SDG 1 – No Poverty SDG 10 – Reduced Inequalities SDG 17 – Partnerships for the Goals
Philippine Development Plan	Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance

Our approach

We recognize the significance of tax compliance not only for regulatory adherence but also to fulfill our commitment to contributing to economic development and societal welfare. By adhering to transparent tax practices, we establish ourselves as a responsible custodian of resources, directing our efforts towards sustainable outcomes that benefit both present and future stakeholders.

We adopt a proactive approach to managing tax-related matters, encompassing stringent compliance with local tax laws and regulations across its operations. This approach extends from the Company's refinery to its terminals and service stations. Specifically, we actively engage with relevant government agencies to support initiatives aimed at curbing smuggling activities in the downstream oil sector, including participation in the government's fuel marking program.

Fuel marking involves injecting chemical identifiers into tax-paid oil products after the taxes are paid on refined and imported gasoline, diesel, and kerosene. This process serves as a crucial measure against the smuggling of petroleum products, mandated under the Tax Reform for Acceleration and Inclusion or TRAIN Act. We acknowledge the importance of fuel marking in maintaining the integrity of the industry and ensuring fair competition. By actively participating in this program, we reinforce our commitment to transparency and compliance with regulatory requirements, contributing to a more sustainable and equitable business environment.

Our progress

In 2023, we sustained our commitment to combat smuggling activities in the oil sector by actively participating in the government's fuel marking program. The Bureau of Customs (BOC) recognized our Company's exceptional performance, with Petron marking a total of 17.83 billion liters of fuel from September 2019 to October 2023. This accomplishment demonstrates our dedication to supporting revenue collection efforts and ensuring fair competition within the industry.

Moreover, we garnered recognition from the City Government of Navotas for our substantial contributions as a taxpayer in 2023, achieving the esteemed title of Navotas' third top taxpayer for real property taxes. Our Tagoloan terminal also received recognition from BOC Region X as the Top 5 Importer in Region X, highlighting Petron's vital role in bolstering revenue collection within the area.

Country-by-country reporting

Consistent with our 2022 SR, we uphold our commitment to transparency and accountability by providing comprehensive tax disclosures covering our resident entities across multiple jurisdictions. These jurisdictions include the Philippines, Malaysia, Bermuda, Singapore, British Virgin Islands, Mauritius, and Hong Kong.

Petron goes beyond internal operations in championing ethical business practices. We extend our commitment by encouraging customers to uphold similar ethical standards when engaging in contractual obligations, fostering a culture of anti-corruption in all business transactions. In support of these policies, we have implemented a comprehensive anti-corruption policy, with clearly outlined disciplinary actions stipulated in our Company Rules and Regulations on Discipline. This proactive measure ensures that any violations are swiftly and effectively addressed by the Company.

Furthermore, as a responsible industry leader for nine decades, we continue to uphold fair practices in maintaining our competitive position in the market. Our ownership of a sole Refinery in the Philippines empowers us to serve as a trusted partner to our customers, offering a dependable supply of fuel products. This commitment to fair competition not only meets regulatory standards but also fosters continued trust among our stakeholders. By promoting a healthy business environment, we aim to cultivate a competitive marketplace that drives economic growth while safeguarding the welfare of our customers.

Our progress

In August 2023, the Board of Directors approved the Revised Conduct and Ethical Business Policy that strengthened guidelines for directors, officers, and employees, emphasizing the imperative to conduct business in an unwaveringly ethical and proper manner.

Further, in the same year, Petron's Management adopted the Company's Policy on Anti-Corruption, Anti-Money Laundering, and Sanctions Compliance. This policy sets forth a zero-tolerance approach towards bribery, corruption, money laundering, terror financing, and trade and economic sanctions violations. Subsequently, this policy extends not only to all our employees, officers, and directors but also to third parties, including our business partners, agents, consultants, suppliers, and contractors. Aligned with this, we have no existing cases of confirmed incidents related to corruption within the organization.

We are also proud to share that our commitment to good governance and ethical business practices has been acknowledged through the receipt of two Golden Arrows at the ASEAN Corporate Governance Scorecard (ACGS) Arrow Awards by the Institute of Corporate Directors in September 2023. This recognition serves as a testament to our commitment to continuous improvement, motivating us to uphold the highest ethical standards in anti-corruption and remain resolute in our efforts.

There are no confirmed incidents of corruption during the reporting period. Likewise, our Company maintained a clean track record in fair competition, with zero instances of anti-competitive behavior and violations of anti-trust and monopoly legislation in 2023.



Country-by-Country Reporting

List all tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	i. Names of the resident entities;	ii. Primary activities of the organization;	iii. Number of employees, and the basis of calculation of this number;	iv. Revenues from third-party sales (in millions PHP)	v. Revenues from intra-group transactions (in millions PHP)	vi. Profit /loss before tax; (in millions PHP)	vii. Tangible assets other than cash and cash equivalents; (in millions PHP)	viii. Corporate income tax paid on a cash basis; (in millions PHP)	ix. Corporate income tax accrued on profit/loss; (in millions PHP)	x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
Philippines	Petron Corporation	Refining and marketing/ distribution of petroleum products	2,251	399,574	38,022	7,756	216,457	3,840	549	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Petron Marketing Corporation	Trading, wholesale and retail, distribution of petroleum products, and operation of retail outlets.	-	12	-	12	2	2	2	-
Philippines	Petron Freeport Corporation	Retailing of petroleum and related products with affiliate businesses	12	806	340	16	118	6	6	-
Philippines	New Ventures Realty Corp.	Acquiring, investing and leasing of land and real properties	-	3	530	176	5,112	36	30	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Las Lucas Construction and Development Corp.	Leasing of real properties and general construction activities	-	1	15	12	498	0	2	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	South Luzon Prime Holdings Incorporated	Acquiring, investing and leasing of land and real properties	-	0	7	6	67	0	1	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Parkville Estates Development Corp.	Acquiring, investing and leasing of land and real properties	-	0	13	12	16	0	2	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting

List all tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	i. Names of the resident entities;	ii. Primary activities of the organization;	iii. Number of employees, and the basis of calculation of this number;	iv. Revenues from third-party sales (in millions PHP)	v. Revenues from intra-group transactions (in millions PHP)	vi. Profit /loss before tax; (in millions PHP)	vii. Tangible assets other than cash and cash equivalents; (in millions PHP)	viii. Corporate income tax paid on a cash basis; (in millions PHP)	ix. Corporate income tax accrued on profit/loss; (in millions PHP)	x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
Philippines	Abreco Realty Corp.	Acquiring, investing and leasing of land and real properties	-	-	2	1	7	-	0	-
Philippines	Mariveles Landco Corporation	Acquiring, investing and leasing of land and real properties	-	1	11	1	44	0	0	-
Philippines	Philippine Polypropylene, Inc.	Manufacturing and marketing of polypropylene and petrochemicals	-	2	-	1	-	-	0	-
Philippines	Mema Holdings, Inc.	Holding company	-	0	-	0	-	0	0	-
Philippines	Weldon Offshore Strategic Limited, Inc.	Holding company	-	6	-	(21)	0	1	1	-
Philippines	Petrofuel Logistics Inc.	Providing logistics and freight forwarding services	668	10	585	29	2,481	11	3	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Bermuda	Overseas Ventures Insurance Corporation Ltd.	Non-life insurance and re-insurance	-	26	251	241	-	-	-	-
Singapore	Petron Singapore Trading Pte. Ltd.	Procurement of crude oil, ethanol, catalysts, additives, coal and various petroleum products; crude vessel chartering and commodity risk management	20	111,809	302,533	1,880	40	223	148	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Labuan, Malaysia	Petron Finance (Labuan) Limited	Holding company	-	-	-	(0)	-	-	-	-
Mauritius	Petron Oil & Gas Mauritius Ltd.	Holding company	-	-	-	-	-	-	-	-
British Virgin Islands	Petron Global Limited	Holding company	-	-	-	-	-	-	-	-
Malaysia	Petron Oil & Gas International Sdn. Bhd	Holding company	-	989	-	986	-	1	1	-



List all tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	i. Names of the resident entities;	ii. Primary activities of the organization;	iii. Number of employees, and the basis of calculation of this number;	iv. Revenues from third-party sales (in millions PHP)	v. Revenues from intra-group transactions (in millions PHP)	vi. Profit /loss before tax; (in millions PHP)	vii. Tangible assets other than cash and cash equivalents; (in millions PHP)	viii. Corporate income tax paid on a cash basis; (in millions PHP)	ix. Corporate income tax accrued on profit/loss; (in millions PHP)	x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
Malaysia	Petron Oil (M) Sdn Bhd	Marketing and distribution of petroleum products	21	30,845	-	(809)	2,511	-	-	-
Malaysia	Petron Fuel International Sdn Bhd	Marketing and distribution of petroleum products	381	87,485	45,110	1,685	8,401	403	415	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Malaysia	Petron Malaysia Refining & Marketing Berhad	Refining and marketing/ distribution of petroleum products	258	161,847	50,006	4,482	38,543	320	397	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Malaysia	Terminal Bersama Sdn. Bhd.	Operation of liquified petroleum gas bottling plant	-	118	-	9	35	1	2	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Hong Kong	Petrochemicals Asia (HK) Ltd.	Holding company	-	5	-	(96)	-	0	-	-
Cayman Islands	Robinsons International Holdings Limited	Holding company	-	-	45	(30)	683	3	3	-

Risk Management

Drawing upon our extensive 90-year experience in the industry, we have demonstrated resilience and adaptability, enabling us to navigate uncertainties and address challenges within the dynamic business landscape. Our sustainability strategy is shaped by thorough analysis of external factors, risks, opportunities, as well as internal resources and capabilities.

Central to our approach is the establishment of an Enterprise Risk Management (ERM) Framework and ERM programs, which enable us to proactively address potential threats that may adversely affect the attainment of our corporate objectives.

Guided by our Chief Risk Officer, we diligently identify, assess, and mitigate risks while actively seeking opportunities for growth. This risk management process is integrated into our annual business planning cycle, spanning across all key business units, with Division heads serving as risk owners of all risks emanating from their respective groups. Each group is a member of the Risk Management Committee, the working group that serves as

the conduit to cascade risk management efforts of Management to all employees and receive feedback from them. Subsequently, the results of this rigorous process undergo thorough review, assessment, and approval by our Senior Management. The risk management process is integrated in the yearly business planning of all major divisions and departments, with the resulting annual business plan formulated presented to the Board of Directors for approval. The ERM framework likewise searches for strategic risks that present opportunities and may create or add value to the Company.

Major Risks

Our Company classifies a risk as a major risk if it assesses the risk event to have a relatively high probability of occurring and a substantial adverse impact on the Company if the risk occurs.

In 2023, we identified the following major risks as well as their corresponding management approaches.

RISK	DESCRIPTION	RISK MANAGEMENT APPROACHES
Competition in the Industry	The Company has experienced challenges in domestic demand due to the increased level of competition in the deregulated oil industry we operate in, with over 400 industry players. With this large number of players participating in the market, competition is intense.	To mitigate this risk, the Company employs retail and depot network expansion, pricing, and various marketing programs to gain a bigger share of the domestic market. However, our wide retail and depot network and our full range of products allow us to reach the domestic market more effectively than competition.
Competition for Personnel	The Company depends highly on skilled, experienced, and qualified personnel. Loss of such personnel, or inability to replace and retrain with sufficient speed may result in disruptions in the Company's operations, output, and financial performance.	The Company mitigates this risk by our continuous hiring of qualified individuals to replace those who have separated from the organization and ensure that the vacancies are immediately covered. Moreover, the Company's compensation and benefit packages are comprehensive, relevant, and at par with industry standards. Promotions and pay raises are given to recognize outstanding work performance. Performance appraisals are conducted regularly to ensure alignment of employees' performance towards the Company's objectives and targets. Meaningful training and other employee programs are planned and conducted to sustain employee engagement and improve retention.



RISK	DESCRIPTION	RISK MANAGEMENT APPROACHES
Crude Supply risk	As a crude oil importer, the Company is subject to supply risk, with crude availability affected by external factors such as geopolitical developments, stability, and government regulations in the Middle East and other oil-producing countries, availability of vessels, weather conditions, and overall global economic conditions.	The Company mitigates this risk through our continuing programs on supply diversification and crude optimization at the Refinery, evaluation of the mix of term and spot crude sourcing, and assessment of capabilities to store and manage inventories. The Company also evaluates processing and logistics facilities upgrades, such as Petron Bataan Refinery's Refinery Master Plan 2 (RMP-2) and Petron Malaysia Refinery's Diesel Hydrotreater unit, to enable the receipt and processing of an improved range of processable crudes.
Financial Risk	The Company is exposed to financial risk resulting from the volatility in prices of input crude and output finished products. Fluctuations and mismatches in price movements are brought about by changes in global supply and demand for crude oil and finished products, international economic conditions, global conflicts, and other factors over which the Company has no control. Recently, events such as the COVID-19 pandemic and the Russia-Ukraine war have resulted in substantial oil price swings. Such volatility may result in significant cash flow variability and higher financing expenses.	The Company mitigates this risk by entering into commodity hedging for our crude and product exposure. The Company has a Commodity Risk Management Committee that actively evaluates hedging policies and strategies to protect the Company from risks of inventory losses and margin contraction. The Company also regularly assesses Refinery utilization considering the latest available price outlook and domestic demand forecast, and prudently manages our capital and operating expenses and receivables, particularly during times of high volatility.
Foreign exchange risk	The risk arises from the difference in the denomination of majority of the Company's revenues (Philippine Pesos) and the bulk of its costs (US Dollars). In addition, exposure to foreign exchange risk also arises from foreign-denominated debt obligations that are exposed to revaluation and could increase in peso terms with forex fluctuations. Further complicating the situation.	The Company manages this risk by hedging dollar-denominated liabilities using forwards and other derivative instruments and generating dollar-denominated sales.
I.T. Security and Privacy Risk	Information technology plays a vital part in the organization and reliance on technology also exposes assets to security and privacy risks.	To mitigate this risk, the Company has established an IT security infrastructure that is equipped with features which can protect the hardware and software assets of the organization from cyber security risks. To further prevent cyber risks from happening, the Company's Management Information Systems Division periodically administers a health check to spot early signs of hardware or firmware issues. For long-term protection, regular end-to-end inspection of the entire system is done proactively to identify faults in the hardware as well as bugs in the firmware and apply corrective actions as these are identified. Asset, software, or facility upgrades are regularly identified and funded to protect the Company's data and privacy.

RISK	DESCRIPTION	RISK MANAGEMENT APPROACHES
Operational Disruptions Risk	<p>These may be caused by unplanned events such as serious process or machine failure, accidents, weather-related events, or human error at the Company's refinery, terminals, and other facilities. These disruptions may result in injury or loss of life, damage to Company property, or damage to other properties in the immediate area where the facility is situated. Such disruptions may result in significant financial losses from product runouts and loss of sales, loss of margins from product discounting or from required spot purchases, equipment repair or replacement, and insurance cost escalation.</p> <p>All of the Company's 30 terminals have been certified under the ISO 9001:2015 (QMS), while 29 terminals received certification for ISO 14001:2015 (EMS), and ISO 45001:2018 (Occupational Health and Safety Management System) standards. Moreover, the Petron pier facilities are compliant with the International Ship and Port Facility Code which is certified by the Office of the Transport Security under the Department of Transportation.</p> <p>The Company likewise maintains insurance whose coverage includes property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, sabotage and terrorism, and machinery breakdown. One of the main insurance policies of the Company, the Industrial All Risk policy, covers the Refinery for material damages, including machinery breakdown cover.</p>	To mitigate these risks, the Company ensures that the Refinery and terminals adhere to a program of planned and strategic maintenance. For the Refinery, scheduled shutdown maintenance is periodically carried out in accordance with an established turnaround planning cycle. In addition, routine, preventive and corrective reliability and maintenance programs are done, supported by adequate and advanced instrumentation and the latest tools and equipment. The Refinery, the country's only oil refining facility, continued to be IMS-certified which demonstrates the Company's continuous adherence to global standards on safety, health, quality, and environmental management. The Company's IMS certification covers the Environmental Management System (EMS, ISO 14001:2004), Quality Management System (QMS, ISO 9001:2008S) and Occupational Health and Safety Management System (OHSMS, 18001:2007).

Not all risks are to be avoided or prevented. The ERM program of Petron is constantly on the lookout for opportunities given the risks that are inherent to the nature of our business.

The Company carefully evaluates what is called “Strategic Risks”, or those risks that are deemed to add value to the organization.



Governance

Over the years, our robust governance structure has been instrumental in facilitating steady growth within our business, harmonizing profitability with our dedication to nation-building and environmental stewardship. Our visionary leadership has motivated us to refine our vision and purpose, further deepening our commitment to sustainability.

Governance structure and composition (2-9)

Our Board of Directors comprises 15 members, three (3) of whom are independent. Petron is led by Mr. Ramon S. Ang, our President and CEO, and Mr. Lubin B. Nepomuceno, our Director and General Manager.

NAME	AGE	NATIIONALITY	POSITION	YEAR APPOINTED AS DIRECTOR
Ramon S. Ang	70	Filipino	President and CEO	2009
Lubin B. Nepomuceno	72	Filipino	Director and General Manager	2013
Ron W. Haddock	83	American	Director	2008
Estelito P. Mendoza *	94	Filipino	Director	2009
Aurora T. Calderon	69	Filipino	Director	2010
Mirzan Mahathir	65	Malaysian	Director	2010
Francis H. Jardeleza	74	Filipino	Director	2020
Virgilio S. Jacinto	67	Filipino	Director	2010
Nelly F. Villafuerte	87	Filipino	Director	2011
Jose P. De Jesus	89	Filipino	Director	2014
Horacio C. Ramos	78	Filipino	Director	2018
John Paul L. Ang	44	Filipino	Director	2021
Artemio V. Panganiban	87	Filipino	Independent Director	2010
Margarito B. Teves	80	Filipino	Independent Director	2014
Ricardo C. Marquez	63	Filipino	Independent Director	2022

\* Previously served as Director of the Company from 1974 to 1986

Role of the highest governance body in overseeing the management of impacts (2-12)

The Board of Directors is tasked with strengthening our Company's vision, mission, strategic goals, policies, and procedures, guiding our operations and effectively monitoring Senior Management's performance. Our annual operating plan and quarterly results are reported to and approved by the Board of Directors.

Furthermore, our Board of Directors is supported by the following committees:

COMMITTEE	DESCRIPTION
Executive Committee	<ul style="list-style-type: none"><li>Generally exercises the powers of the Board of Directors when the latter is not in session.</li><li>Composed of three (3) regular members with two (2) alternates who shall sit if any one of the regular members is unable to attend the meeting.</li></ul>
Corporate Governance Committee	<ul style="list-style-type: none"><li>Tasked to assist the Board of Directors in the performance of its corporate governance, nomination, and remuneration responsibilities and ensure compliance with and proper observance of corporate governance principles and practices.</li><li>Has at least three (3) independent directors as members, including the Chairperson.</li></ul>
Audit Committee	<ul style="list-style-type: none"><li>Oversees Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework; ensures that systems and processes are designed.</li><li>Provides assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</li><li>Composed of at least three (3) appropriately qualified non-executive directors, the majority of whom shall be independent directors; the Chairperson also an independent director and shall not be the Chairperson of the Board of Directors or of any other Board of Directors Committee.</li></ul>
Risk Oversight Committee	<ul style="list-style-type: none"><li>Responsible for the oversight of the enterprise risk management system of the Corporation to ensure its functionality and effectiveness.</li><li>Composed of at least three (3) appropriately qualified non-executive directors, the majority of whom shall be independent directors; the Chairperson also an independent director and shall not be the Chairperson of the Board of Directors or of any other Board of Directors Committee.</li></ul>
Related Party Transaction Committee	<ul style="list-style-type: none"><li>Reviews all material related party transactions of the Company.</li><li>Composed of at least three (3) non-executive directors, two (2) of whom shall be independent directors; Chairperson also an independent director.</li></ul>

Apart from the fees approved by the Board of Directors and ratified by the stockholders, our independent directors have no business or relationship with the Company, which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as a director.



Nomination and selection of the highest governance body (2-10)

Our Board of Directors brings the necessary skills, expertise, and experience to guide us towards accomplishing our strategic goals. We prioritize diversity within our Board of Directors, considering factors such as age, skills, industry background, gender, competence, knowledge, and other distinctions among directors to ensure well-rounded representation. This emphasis enriches discussions, enhances decision-making processes, and fosters the development of comprehensive solutions to address challenges and capitalize on opportunities for our business.

The Corporate Governance Committee oversees the selection process for our Board of Directors. We implement rigorous measures, ensuring that the director-candidates meet the following requirements:

- possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board of Directors and in light of the Company’s business and risk profile;
- have a record of integrity and good repute;
- have sufficient time to carry out their responsibilities; and
- have the ability to promote smooth interaction between members of the Board of Directors.

Guided by our leadership team, we continue to strengthen our policies and internal processes to ensure that we stay on course on our sustainability path, firmly grounded in our vision, purpose, and core values.

Adoption and Revision of New Corporate Policies (2-23)

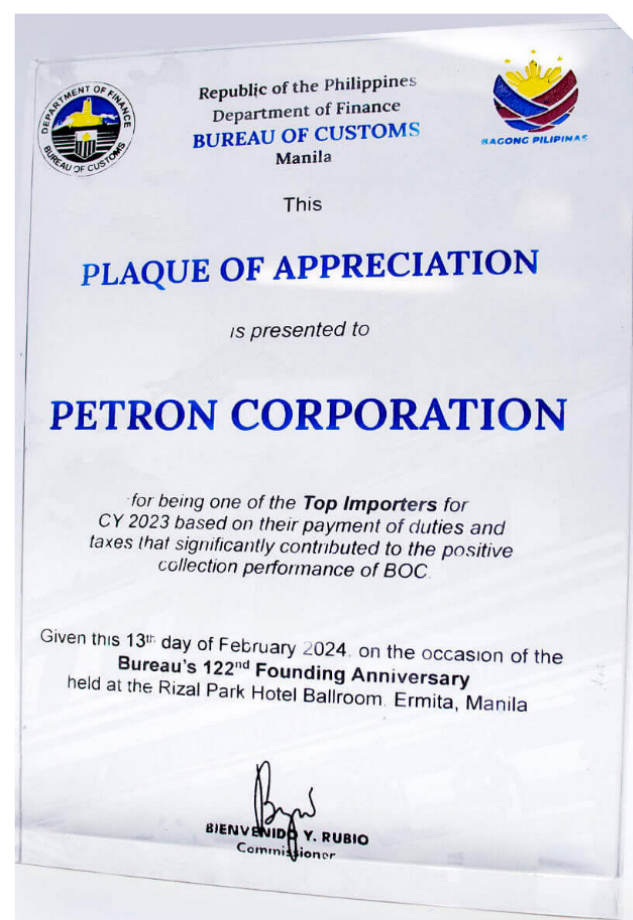
To further heighten our practice of good governance, we adopted and revised various policies of the Company and our subsidiaries (the "Petron Group") and subsequently cascaded to all Petron employees in 2023:

CORPORATE POLICY	DESCRIPTION
Revised Whistle-blowing and Non-Retaliation	<p>This expands the coverage of the original policy. In addition to concerns on accounting, internal controls, auditing or financial reporting matters such as malpractice, impropriety, theft or fraud, gross mismanagement or waste of funds, the policy now also covers illegal or non-compliant conduct and misconduct such as violations of any law or regulation, violations of the Revised Code of Business Conduct and Ethical Business Policy and other policies of the Company, and improper or unethical behavior likely to cause financial loss or prejudice to company reputation or constituting abuse of authority, harassment or duress. A Whistleblowing Relations Officer and a Whistleblowing Committee have been designated for the conduct of investigations.</p> <p>The Company also reiterates under this policy our commitment against retaliation, which action will be subject to appropriate sanctions that include dismissal or termination of contractual relations with the Company.</p>
Anti-Corruption and Anti-Money Laundering and Sanctions Compliance	<p>Under this policy, the Petron Group reiterated its compliance with all applicable laws on anti-corruption and -bribery, anti-money laundering and combating terror financing ("AML-CTF"), and trade and economic sanctions. This policy also sets forth the Petron Group's policy of zero-tolerance for bribery, corruption, money-laundering, terror financing, and sanctions violations.</p>
Anti-Sexual Harassment	<p>The Petron Group values the dignity of every individual, strives to enhance the development of their human resources, guarantees full respect for human rights and uphold the dignity of their employees, applicants for employment, consultants and service providers. Towards this end, all forms of sexual harassment against any personnel in the workplace are prohibited. The Petron Group is committed to upholding the rights and dignity of all its personnel through the creation of a work environment characterized by professionalism, fairness, openness, trust and respect. In addition, the Petron Group has adopted procedures for the handling and investigation of sexual harassment cases. Not only does this policy document the Petron Group's zero-tolerance policy for any form of sexual harassment in the workplace, it also expressly states the position of the Petron Group against victimization for making a reasonable complaint.</p>
Conflict of Interest	<p>This policy highlights and reiterates the principle in the Company’s Revised Code of Conduct and Ethical Business Policy that officers and employees of the Petron Group have a duty to act in the best interest of the Petron Group. The Petron Group shall be protected by identifying and resolving any possible conflict of interest between the Petron Group and its officers and employees that will negatively affect current and future business, legal obligations, and good governance. The officers and employees of the Petron Group agree and acknowledge that they are not influenced by personal, family, financial or other considerations which might affect their judgment as to what is best for the Petron Group and that there is a conflict of interest if they compromise their exclusive commitment to the Petron Group. In the event that the personal business interests of an officer or employee may conflict with the interests of the Petron Group, the proper disclosure by the relevant officer or employee and a review by higher Management are required to resolve the conflict.</p>
Diversity, Equity, and Inclusion	<p>This policy documents the dedication of the Petron Group to foster a welcoming and positive working environment. Recognizing that the workplace is an extension of an employee's social and cultural identity, the Petron Group aligns this with its core values and cultivates an open and safe space for its most valuable asset, its human capital. With this policy, the Petron Group expressly and consciously advocates an inclusive organization which is representative of all the sectors of society, and which promotes an equal and inclusive workplace, respects diversity, and accepts differences in order to attract and retain skilled employees, enhance productivity, and foster loyalty and unity within the Petron Group.</p>
Child and Forced Labor	<p>This policy reiterates the Petron Group's commitment to value the dignity of every human person, including children, and guarantees the respect of individual rights. Children shall be afforded special protection from all forms of exploitation and other conditions prejudicial to their development, including child labor. Moreover, the Company expressly commits that it shall not engage, tolerate, or support forced or involuntary labor.</p>
Board of Directors Diversity	<p>This policy provides a framework for inclusion to promote diversity in the Board of Directors of Petron by promoting the inclusion of a wide range of perspectives and ideas that can inspire creativity and drive innovation and improve decision-making and corporate governance. In determining the structure and composition of the Board of Directors, diversity will be considered from varied aspects, including, but not limited to, gender, age, ethnicity, religion, culture, sexual orientation, skills, backgrounds, competencies, knowledge, experience, length of service of directors, and applicable regulatory rules and regulations. The Board of Directors is also tasked to strive to maintain a balanced mix of executive, non-executive, and independent directors, having due regard to the requirements of the Company and the Board of Directors.</p>
Revised Code of Conduct and Ethical Business	<p>The Company's Code of Conduct and Ethical Business Policy was likewise updated to specifically include in its anti-bribery coverage all commercial or private transactions of the Company. A conflict of interest in relation to the employment by another person also now extends to any organization engaged in a business that is directly in competition with any of the businesses of the Petron Group.</p>



## Awards and Recognition

- 2022 ASEAN Corporate Governance Scorecards Golden Arrow Awards (2 awards) given by the Institute of Corporate Directors
- Top Importer for 2023 given by the Bureau of Customs
- Top Taxpayer Award for 2022 given by the Navotas City local government



## The Journey Ahead: A Glimpse into Future Endeavors of Petron in a Changing Climate

Our journey as a business over the past 90 years has always been defined by our commitment to excellence and a dedication to be a trusted partner of the Filipino in building our nation by fueling – both literally and figuratively – our economy and our way of life.

Over the decades, we have steadily laid the foundations for Petron to be a company not only for today but of, and for tomorrow. We believe that the road to a sustainable future necessitates having a mindset that we cannot continue doing business as usual. Rather, we must keep pace with and evolve to get ahead of current and prospective challenges – tightening competition, global uncertainties, climate change – and secure a lasting future.

To attain this, we are making the practice of ESG a way of life for everyone in Petron. The sheer nature of our business demands nothing less than a full and firm commitment to the highest standards, policies, practices, and plans to do what is best in every aspect of our operation for the betterment of our Company, our customers, our communities, and our country.

As we steadily march on towards Petron's centennial and beyond, we are better informed by the San Miguel group's sustainability blueprint and fully guided by Petron's ESG policy. Through these, we will develop more initiatives that will foster greater operational efficiencies while minimizing harmful emissions and wastages and optimizing the utilization of critical resources in the conduct of our business. We will continue to pursue efforts aimed at creating lasting impact for our communities.

In acknowledging the realities of the changing climate, we will boost efforts to mitigate our impact through carbon sequestration and offsetting initiatives, as well as widening the practice of circular economy, and capitalizing on available green technologies and best practices.

We will continue measuring our corporate performance and how it affects our economic growth, nurturing the environment, uplifting communities, and maintaining our standing on good governance. Beyond attaining our business key performance indicators (KPIs), we will range our success on supporting the attainment of our sustainability goals and that of the SMC Group's roadmap. In the process, we intend our efforts to contribute to meeting the larger UN Sustainable Development Goals and the Philippine Development Plan. In measuring our ESG performance, we will continue to subscribe to internationally acknowledged standards that will provide a thorough, objective, and verifiable accounting of our yearly performance and show how Petron creates value for both shareholders and stakeholders alike.

Through all of these, we will create more avenues to engage our supply chain in the understanding of and appreciation for ESG that aligns with our values and leads to a shared realization of our sustainability goals.

We are a business that is built to last. The successes we have achieved in the past 90 years and the challenges we had to hurdle have not only made us more resilient; they also fortified our resolve to be more strategic, more proactive, more innovative, and more responsible. We look forward to our continuing our journey with every Filipino towards creating a sustainable future. ▴



Restatements

Amendments of Past Sustainability Report

We present the following items uncovered in our past report and restatements of certain information:

YEAR OF PETRON CORPORATION SR	ORIGINAL INFORMATION	AMENDED INFORMATION	REMARKS
2022	Table on page 54 of the printed version was entitled: "WASTE DIRECTED TO DISPOSAL BY DISPOSAL OPERATION (IN MT)"	Correct title should be: "WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATION (IN MT)"	Printed version can be downloaded from <a href="http://www.petron.com/sustainability/">http://www.petron.com/sustainability/</a>
2022	Data Table on page 55 under HAZARDOUS WASTE presents the following:  Incineration (w/o energy recovery) Onsite (0) Offsite (85.68) <b>Total (2,201.14)</b>  Landfilling Onsite (0) Offsite (0) <b>Total (0)</b>  Other disposal operations Onsite (0) Offsite (0) <b>Total (2,201.14)</b>	Table on page 55 under HAZARDOUS WASTE should reflect the following:  Incineration (w/o energy recovery) Onsite (0.0) Offsite (0.0) <b>Total (0.0)</b>  Landfilling Onsite (0.0) Offsite (0.01) <b>Total (0.01)</b>  Other disposal operations Onsite (0.0) Offsite (4,918.79) <b>Total (5,060.13)</b>	Error was made during the laying out of the report in the printed format and was overlooked in the review.
2022	Data Table on page 55 under HAZARDOUS WASTE states total as <b>2,201.14 MT.</b>	Data Table on page 55 under HAZARDOUS WASTE should reflect correct total of <b>5,060.13 MT.</b>	Error was made during the laying out of the report in the printed format and was overlooked in the review.

GRI Content Index

Statement of use	Petron Corporation has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	

GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-1 Organizational details	pp. 3-9					
	2-2 Entities included in the organization's sustainability reporting	p. 1					
	2-3 Reporting period, frequency and contact point		January 1 to December 31, 2023 Annually Publication date: April 15, 2024 Contact person: Ramon S. Ang President and CEO				
	2-4 Restatements of information	p. 106					
	2-5 External assurance		The report has not been externally assured.				
	2-6 Activities, value chain and other business relationships	pp. 3-9					
	2-7 Employees	pp. 64-65					
	2-8 Workers who are not employees	p. 64					
	2-9 Governance structure and composition	p. 100					
	2-10 Nomination and selection of the highest governance body	p. 102					
	2-11 Chair of the highest governance body		Mr. Ramon Ang, President and CEO of Petron, acts as the chairman in the meetings of the Board. The Company's Manual on Corporate Governance of our Company sets out the functions of the Chairman and the CEO to clearly define roles and responsibilities.  In matters where the interests of the CEO and the Chairman may conflict such as those relating to directors' remuneration and the independence of the Audit Committee in reviewing the controls in the operations of the Company, we have mechanisms in place such as the power of the Board Corporate Governance Committee (headed by an ID and majority of the members of which are also IDs) to review directors' fees and the Audit Committee being headed by an ID and whose members include all the IDs of the Company.				
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 101					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	pp. 21-22					
	2-14 Role of the highest governance body in sustainability reporting	pp. 21-22					
	2-15 Conflicts of interest		Petron Corporation Definitive Information Statement on SEC Form 20-IS for the 2024 annual stockholders' meeting containing disclosures on related party transactions and the review and approval by the Board Related Party Transactions Committee of material related party transactions for 2023 (pages 79 and 80).				
	2-16 Communication of critical concerns		<p>In 2023, the Company rolled out the Revised Whistle-blowing and Non-Retaliation Policy of the Petron Group expanded the coverage of the original policy. In addition to concerns on accounting, internal controls, auditing or financial reporting matters such as malpractice, impropriety, theft or fraud, gross mismanagement or waste of funds, the policy now also covers illegal or non-compliant conduct and misconduct such as violations of any law or regulation, violations of the Revised Code of Business Conduct and Ethical Business Policy and other policies of the Company, and improper or unethical behavior likely to cause financial loss or prejudice to company reputation or constituting abuse of authority, harassment or duress. A Whistleblowing Relations Officer and a Whistleblowing Committee have been designated for the conduct of investigations.</p> <p>The Company also reiterated under this policy its commitment against retaliation, which action will be subject to appropriate sanctions that include dismissal or termination of contractual relations with the Company.</p> <p>The Company also has an Internal Audit Department that assists in matters relating to risk management, control and governance process. Its head directly reports to the Board Audit Committee.</p>				
	2-17 Collective knowledge of the highest governance body		The Company annually engages service providers to conduct training to its directors and executive officers. In September 2023, the training for the directors and key officers of the Company included topics on 1) Integrating Sustainability into Risk Management; 2) Anti-Bribery and Anti-Corruption; and 3) Artificial Intelligence and ChatGPT in the industry, which was conducted by SGV.				
	2-18 Evaluation of the performance of the highest governance body		The directors accomplished their annual evaluation of their performance for 2023, with the coverage and results of the evaluation reported in the Petron Corporation Definitive Information Statement on SEC Form 20-IS for the 2024 annual stockholders' meeting (page 82).				
	2-19 Remuneration policies		Our management sets the remuneration of senior executives at a level that will help attract and retain executives with the qualifications and experience needed for the success of the Company and that will be commensurate to the services that they render to the Company. We provide each executive officer with a general description of executives' benefits in addition to the statutory benefits and other benefits enjoyed by all employees such as medical and life insurance, vacation, sick and emergency leaves, and a savings plan program.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration		The Corporate Governance Committee reviews the remuneration of directors to ensure that salaries and other remuneration of officers are set at level adequate to attract and retain directors with the qualifications and experience needed to manage the corporation successfully. The Company provides each non-executive directors with reasonable per diem for each board and board committee meeting attended in addition to monthly fees and monthly fuel allowances. Directors are not paid retirement benefits. The fees of the directors for 2023 were endorsed by the Corporate Governance Committee and approved by the Board on March 6, 2023 upon the finding of the Corporate Governance Committee that such fees were reasonable and commensurate to the services to the rendered. The matter was ratified by the stockholders at 2023 the Annual Stockholders' Meeting held on May 16, 2023 (as disclosed in the minutes of the 2023 Annual Stockholders' Meeting).				
	2-21 Annual total compensation ratio			Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees  Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	Confidentiality constraints	Our Company considers many factors in fixing the salaries of employees. The requested information on the ratio on the pay difference may be taken out of context when the determinants used by Petron in setting the salaries are not considered by the person receiving the ratio information.	
	2-22 Statement on sustainable development strategy	pp. 15-19; pp. 24-27					
	2-23 Policy commitments	pp. 102-103					
	2-24 Embedding policy commitments		The compliance with the Company's policies is an obligation of all directors, officers and employees. Policies have their respective procedures for implementation (including the obligation of employees, directors, and officers to report suspected violations) and a failure to comply with such policies may subject the concerned employee to disciplinary measures (including counseling, reprimand, suspension and/or termination, in addition to any civil or criminal liability under existing laws and regulations). The training for the onboarding of employees includes an orientation on the Company's policies. Last August 2023, the Company conducted information dissemination and orientation on the updated people-related policies, specifically on Anti-Sexual Harassment Policy, Anti-Corruption Policy, Child and Forced Labor, Code of Conduct and Ethical Business Policy, Conflict of Interest Policy, Diversity Policy, and Whistleblowing Policy.				
	2-25 Processes to remediate negative impacts		We comply with DOLE requirements and procedures during mediation meetings (if any). We also provide necessary documentation requested by other party, if needed. We have a Monthly Labor Management Council and Grievance Machinery in place to remediate negative impacts.				
	2-26 Mechanisms for seeking advice and raising concerns		We have direct coordination or inquiry with HR personnel handling Labor Relations through e-mail, phone call, SMS, and online platforms.				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
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GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations		There has been no significant instance of non-compliance with laws and regulations in 2023, with significance being based on a material effect on the operations and/or financial condition of the Company.				
	2-28 Membership associations		<ul style="list-style-type: none"><li>• Association of Foundations</li><li>• Association of Petrochemical Manufacturers of the Philippines</li><li>• Business for Sustainable Development</li><li>• Employers Confederation of the Philippines</li><li>• Federation of Philippine Industries</li><li>• Makati Business Club</li><li>• People Management Association of the Philippines</li><li>• Petroleum Institute of the Philippines</li><li>• Philippine Association of National Advertisers</li><li>• Philippine Business for Social Progress</li><li>• Philippine Chamber of Commerce and Industry</li><li>• Philippine Council for NGO Certification</li><li>• Philippine Institute of Petroleum</li><li>• The Wallace Business Forum</li></ul>				
	2-29 Approach to stakeholder engagement	pp. 28-29					
	2-30 Collective bargaining agreements	pp. 67-68					
MATERIAL TOPICS							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	pp. 30-35					
	3-2 List of material topics	pp. 31-35					
ECONOMIC PERFORMANCE							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 85-87					11.2.1 11.14.1 11.21.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	pp. 86-87					11.14.2 11.21.2
	201-2 Financial implications and other risks and opportunities due to climate change	p. 86					11.2.2
	201-3 Defined benefit plan obligations and other retirement plans	pp. 86-87					
	201-4 Financial assistance received from government	p. 87					11.21.3
MARKET PRESENCE							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 88					11.11.1 11.14.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		We do not have a standard level wage by gender (daily) for all the employees including Rank and File (RF). Our employees are monthly-paid and no one is categorized as a minimum wage earner. Salary ranges are in place based on current salary structure of the Company.				
	202-2 Proportion of senior management hired from the local community		As of 2023, we do not have senior management at significant locations of operation that are hired from the local community.				11.11.2 11.14.3

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
INDIRECT ECONOMIC IMPACTS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 89-90					11.14.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	pp. 89-90					11.14.4
	203-2 Significant indirect economic impacts	pp. 89-90					11.14.5
ANTI-CORRUPTION							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 91-92					11.20.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	pp. 91-92					11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	pp. 91-92					11.20.3
	205-3 Confirmed incidents of corruption and actions taken	pp. 91-92					11.20.4
ANTI-COMPETITIVE BEHAVIOR							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 91-92					11.19.1
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 92		Main outcomes of completed legal actions, including any decisions or judgements	Not applicable	The Company is not and has not been subject of the described legal actions.	11.19.2
TAX							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 105-108					11.21.1
GRI 207: Tax 2019	207-1 Approach to tax	p. 105					11.21.4
	207-2 Tax governance, control, and risk management	p. 105					11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	p. 105					11.21.6
	207-4 Country-by-country reporting	pp. 106-108					11.21.7
MATERIALS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 43-44					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 43					
	301-2 Recycled input materials used	p. 44					
	301-3 Reclaimed products and their packaging materials	p. 44					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
ENERGY							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 44-46					11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 46					11.1.2
	302-2 Energy consumption outside of the organization		This will be done in conjunction with our Scope 3 GHG reporting that will be reported in succeeding reports.				11.1.3
	302-3 Energy intensity	p. 57					11.1.4
	302-4 Reduction of energy consumption	p. 46					
	302-5 Reductions in energy requirements of products and services		While this indicator is generally not applicable to our main products, we will include the impact of fleet and logistics optimization for our company- owned fleet transport in succeeding reports.				
WATER AND EFFLUENTS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 48-50					11.6.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pp. 48-49					11.6.2
	303-2 Management of water discharge-related impacts	pp. 48-49					11.6.3
	303-3 Water withdrawal	p. 49					11.6.4
	303-4 Water discharge	p. 50					11.6.5
	303-5 Water consumption	p. 50					11.6.6
BIODIVERSITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 52-53					11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p. 53					11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	pp. 51-52					11.4.3
	304-3 Habitats protected or restored	p. 53					11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		No IUCN Red List species and national conservation list species were affected by our operations.				11.4.5

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
EMISSIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 56-59					11.1.1 11.2.1 11.3.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 56					11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	p. 56					11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	p. 56					11.1.7
	305-4 GHG emissions intensity	p. 57					11.1.8
	305-5 Reduction of GHG emissions	p. 57					11.2.3
	305-6 Emissions of ozone-depleting substances (ODS)	p. 58					
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	pp. 58-59					11.3.2
WASTE							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 60-62					11.5.1 11.8.1
GRI 306: Effluents and Waste 2016	306-3 Significant spills		<p>While we recognize critical incidents as a potential risk due to the nature of our industry, we have an Enterprise-Wide Risk Management Framework in place that addresses such risks to ensure business continuity while at the same time preventing, if not mitigating, negative impacts to our community and the public in general.</p> <p>For preventive and preparatory measures, we have in place contingency plans, standard operating procedures and manuals, regular drills and practices, regular inspections by authorities, insurers, consultants, and constant training of personnel. We are focused on the risk of oil spills, a risk that is considered to have a high impact, but a low probability of occurrence.</p> <p>For 2023, we have no incidents of significant oil spills.</p>				11.8.2
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 60-61					11.5.2
	306-2 Management of significant waste-related impacts	pp. 60-61					11.5.3
	306-3 Waste generated	p. 61					11.5.4
	306-4 Waste diverted from disposal	p. 62					11.5.5
	306-5 Waste directed to disposal	p. 62					11.5.6



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
EMPLOYMENT							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 63-66					11.10.1 11.11.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 65					11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 66					11.10.3
	401-3 Parental leave	p. 66					11.10.4 11.11.3
LABOR / MANAGEMENT RELATIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 67-68					11.7.1 11.10.1
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	pp. 67-68					11.7.2 11.10.5
OCCUPATIONAL HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 68-70					11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pp. 68-69					11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 68-69					11.9.3
	403-3 Occupational health services	pp. 68-69					11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 68-69					11.9.5
	403-5 Worker training on occupational health and safety	pp. 68-69					11.9.6
	403-6 Promotion of worker health	pp. 68-69					11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 68-69					11.9.8
	403-8 Workers covered by an occupational health and safety management system	pp. 68-69					11.9.9
	403-9 Work-related injuries	p. 70					11.9.11
	403-10 Work-related ill health	p. 70					11.9.11

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
TRAINING AND EDUCATION							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 70-73					11.7.1 11.10.1 11.11.1
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 71					11.10.6 11.11.4
	404-2 Programs for upgrading employee skills and transition assistance programs	pp. 72-73					11.7.3 11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 71					
LOCAL COMMUNITIES							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 76-78					11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	pp. 76-78					11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	pp. 76-78					11.15.3
CUSTOMER HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 81-82					11.3.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pp. 81					11.3.3
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	pp. 82					
MARKETING AND LABELING							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 82-83					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	pp. 82-83					
	417-2 Incidents of non-compliance concerning product and service information and labeling	p. 83					
	417-3 Incidents of non-compliance concerning marketing communications	p. 83					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
CUSTOMER PRIVACY							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 84					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 84					

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
GRI11: OIL AND GAS SECTOR	
Topic 11.12 Forced labor and modern slavery	Not applicable. We always aim to conduct our business responsibly and ethically. We respect international human rights principles aimed at promoting and protecting human rights, including the United Nations Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. By embracing these international principles as well as faithfully complying with Philippine labor laws, Petron is committed to policies and practices that enrich the workplace. As a result, the Company has not had incidents related to human rights abuses, labor discrimination, child labor, and forced labor.
Topic 11.13 Freedom of association and collective bargaining	Not identified as material based on the materiality assessment process. Petron has collective bargaining agreements (CBAs) with three labor unions, namely: (i) Bataan Refiners Union of the Philippines ("BRUP"), affiliated with the Philippine Transport and General Workers Organization; (ii) Petron Employees Labor Union ("PELU"); and (iii) Petron Employees Association ("PEA"), affiliated with the National Association of Trade Unions. It also has a structured 'Grievance Machinery' in the CBA to address any issues or concerns even as regular Labor Management Meetings between Management Representatives and Union Officers are regularly conducted.
Topic 11.16 Land and resource rights	For 2023, there were no material developments related to this topic.
Topic 11.17 Rights of indigenous peoples	Not applicable. Petron's operations do not involve nor infringe on the rights of any IP community.
Topic 11.18 Conflict and security	Not identified as material based on the materiality assessment process. However, we recognize this as a potential risk and has systems in place in all our facilities and operations nationwide.
Topic 11.22 Public policy	Not identified as material based on the materiality assessment process. But as an acknowledged industry leader, Petron recognizes the value of our public policy positions on issues relevant to our business. Thus, we communicate our views constantly to government officials, providing business solutions to social and environmental concerns. We aid legislations, policies, and voluntary agreements, particularly those that relate to the oil industry, and how economic and social growth can be advanced through our sector.

Petron Corporation 2023 Sustainability Report

Third-Party Statement (Not Assurance)



UNIVERSITY OF ASIA AND THE PACIFIC  
CENTER FOR SOCIAL RESPONSIBILITY

Third-Party Statement (Not Assurance)  
on Petron Corporation’s 2023 Sustainability Report

The University of Asia and the Pacific – Center for Social Responsibility (UA&P-CSR) is an independent practitioner of international sustainability reporting standards and frameworks including the GRI Standards. Through its expertise, UA&P-CSR provides valuable technical assistance and content development on sustainability and integrated reporting to several publicly listed companies in the Philippines, establishing itself as a partner-of-choice in the field.

Purpose of the Statement

This third-party statement is intended for Petron Corporation’s Board of Directors and Senior Management, aiming to provide insights on the Company’s 2023 Sustainability Report (SR). The engagement presents professional findings and recommendations solely derived from the Company’s disclosed information in the 2023 SR, and no assurance is expressed. Additionally, it is important to clarify that the views expressed by the review team are their own and may not necessarily reflect the views of UA&P-CSR.

Insights on Petron’s 2023 Sustainability Report

Petron ushered its 90<sup>th</sup> year by committing to a new vision that distinctly embraces among its key aspirations the principles and practice of sustainability. This vision has implications not only for the Company’s conduct and accountability to its immediate stakeholders but also holds significance to the Filipino nation where it operates as the sole Filipino-owned oil refinery in the competitive and volatile petroleum industry. The context of Petron’s 2023 SR provides an appreciation of the Company’s extensive and deep impact on Filipino’s national life and future as well as its appreciation to respond to stakeholder expectations. The 2023 SR, which adopts the GRI Standards as a general framework and aligns with the GRI 11: Oil and Gas Sector 2021, reveals the Company’s awareness of its role in ensuring the energy security necessary to fuel and sustain the Philippines’ growth and development momentum.

Being a leading player, Petron’s vast and extensive network of operations – a 240-hectare property housing one of the region’s largest refinery in Bataan, 32 terminals, and close to 1,900 retail outlets nationwide not to mention the vast number of providers servicing the logistics and distribution chain moving for the Company its goods and raw materials in and out of the country and around the archipelago – leaves a significant footprint on national life besides the economy such as the environmental, social, and governance (ESG) aspects. Pursuing the Company’s new vision is timely since Petron is part of the oil industry – one of the major industries that is the focus of net zero global initiatives. The Company’s sustainability-related programs and its attendant performance report in terms of its relevance, reliability, accuracy, and timeliness will be of keen interest to many stakeholders including capital providers, consumers, regulators, and environmentalists. By far, the 2023 SR, considering its new vision, has managed to disclose its recent two-year performance in a simple and straightforward manner, easily comparable and understandable to those interested in knowing more about the Company’s plans, initiatives, and performance. Its stakeholders are aware that the quality of Petron’s plans and quality of its performance which has adopted parts of the United Nations Sustainable Development Goals (UN SDGs) among its internal goals has and will have direct and material import on the economy, the environment, the governance, and its immediate stakeholders – capital providers, employees, fenceline communities, consumers, and government.

The formation of the ESG Council, comprising key executives, showcases strong governance and strategic oversight for sustainability initiatives. Petron’s emphasis on internal communication and engagement fosters a culture that prioritizes sustainability, crucial for promoting understanding amidst the unique challenges of the Philippine setting. Initiatives such as energy efficiency measures, water conservation, and environmental compliance highlight Petron’s dedication to reducing environmental impact. Moreover, the Company actively collaborates with stakeholders including government agencies and local communities, demonstrating a commitment to inclusive sustainability practices.

While opportunities abound, Petron faces as well formidable challenges and risks, including global market volatility, supply chain disruptions due to geopolitics, the rise of electric vehicle market, competition coming from the 400 independent players who are after its market share, and the extensive and emerging environmental regulations related to the industry. As a response, the Company has instituted an Extended Producer Responsibility (EPR) Program with its strategies and appropriate structure to confront these issues and the identified risks and to formulate the programs and closely monitor them.

Furthermore, it is essential for Petron to be well-prepared to capitalize on opportunities and address challenges in the oil industry, including carbon taxation, decarbonization efforts, and climate change mitigation.<sup>1</sup>

<sup>1</sup> Beck, C., Rashidbeigi, S., Roelofsen, O., & Speelman, E. (2020, January 7). The future is now: How oil and gas companies can decarbonize. McKinsey & Company. <https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-is-now-how-oil-and-gas-companies-can-decarbonize>



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*On Decarbonization*

Decarbonizing the operations of oil companies, especially upstream operators, is crucial for reducing sector-specific emissions and aligning with global sustainability goals. From the practices of other oil companies, several actionable strategies can facilitate this transition effectively. For upstream operators, shifting from diesel generators to on-site renewable power like solar photovoltaics (PV) and batteries can significantly cut emissions. Additionally, reducing fugitive emissions by implementing leak detection and repair programs, installing vapor-recovery units, and upgrading technology such as double mechanical seals can effectively lower emissions. Electrifying equipment by replacing gas boilers with electric steam-production systems and combining solar with gas for boiler operations offers emission reductions alongside financial benefits. Moreover, addressing infrastructure constraints like building additional gas-processing facilities and transport infrastructure can help minimize routine flaring, often caused by capacity limitations. Investing in carbon capture, use, and storage technologies, utilizing captured carbon for enhanced oil recovery, and participating in initiatives like the Clean Gas Project can play a vital role in emissions reduction.

*On Carbon Tax*

Implementing carbon pricing policies like cap and trade systems or carbon taxes poses significant challenges, including political opposition, misconceptions, and concerns about economic impacts. Despite these obstacles, regulators believe that carbon pricing is essential for reducing greenhouse gas emissions. Strategies to address these challenges include well-designed and phased-in approaches that involve public awareness campaigns, technological advancements, and support for businesses to facilitate the transition towards a low-carbon economy. Building public support, enhancing technological progress, and implementing large-scale carbon pricing initiatives while addressing economic inequalities and international trade considerations are key components of a comprehensive strategy to combat climate change effectively.

**Recommendations on Petron's Sustainability Reporting Journey**

Since Petron has refreshed its vision and assured its commitment to pursue and achieve them, there are some recommendations it may adopt to further enhance the SR's effectiveness including communicating its efforts to stakeholders. Moreover, the Company can strengthen its sustainability efforts in several areas tailored to the Philippine context.

1. The succeeding SR must discuss that the Company is also working beyond just meeting standards and compliance. Its initiatives to lower emissions, water consumption and discharges, energy usage, and waste generation as well as to increase usage of renewable energy sources, waste collection, social support programs, and environmental restoration and preservation are clearly presented in the report. However, an overarching sustainability theme with a shared program or common platform that cuts across the various layers of the value chain can consolidate resources and allow focus on a few material programs. For example, a program and an information and education campaign to reduce water and energy consumption and waste generation across the value chain – from the upstream starting from the sourcing of the fuel to downstream at the retailers' level – can focus efforts on a common set of programs while at the same time educating and informing key stakeholders including consumers and future talents about these programs.
2. Given the country's environmental challenges, Petron should prioritize reducing emissions and significantly investing in cleaner technologies and renewable energy sources suitable for Philippine conditions. It should establish ambitious, science-based targets aligned with global climate goals.

Exploring renewable energy sources like solar and wind power is essential to reducing reliance on fossil fuels in the country. Additionally, extending sustainability efforts throughout Petron's supply chain, ensuring Philippine suppliers adhere to environmental standards, is imperative for holistic impact within the local context. Improving sustainability reporting with detailed local impacts and contributions to Philippine communities reinforces transparency and accountability.

To address these challenges and enhance sustainability within the Philippine oil industry, Petron can adopt specific strategies such as:

- Accelerating investment in renewable energy projects like solar farms and wind turbines to diversify the energy mix and reduce carbon intensity
  - Exploring the feasibility of carbon capture and storage technologies to capture and store carbon emissions from Philippine refining processes
  - Implementing circular economy practices within the Philippine context to minimize waste generation and promote resource efficiency across Petron's operations
  - Leveraging Petron's industry leadership to advocate for Philippine policies and regulations that incentivize sustainability and support a transition to a low-carbon economy
3. In terms of its social initiatives, Petron should foster a culture of continuous learning and improvement by investing in employee training on sustainability practices and technologies. Moreover, expanding community engagement programs focused on education, entrepreneurship, and health services will contribute to creating lasting positive impacts.

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4. Petron may also consider disclosing programs related to the service providers such as the logistics and distribution companies and other outsourced services. Likewise, the campaign will not only call for their participation but will become an avenue to communicate Petron's sustainability programs to internal and external stakeholders.
5. Because of its extensive value chain, it may consider as well disclosing in the next SR the Company's efforts to collaborate with key partners and together with them, enliven Petron's new vision and mission. Strengthening collaboration with stakeholders including local communities and nongovernmental organizations (NGOs) is essential to co-create sustainable solutions and enhance social impact amidst specific Philippine challenges.

By adopting these measures and leveraging its strengths, Petron can navigate sustainability challenges while maintaining its leadership role in the Philippine oil industry, contributing to a resilient future for the Company and its stakeholders.

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**University of Asia and the Pacific**  
**Center for Social Responsibility**

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Dr. Winston Conrad Padojinog is the President of the University of Asia and the Pacific (UA&P) and a professor of industrial economics and strategic management. Concurrently, he also serves as the President of the Center for Research and Communication Foundation, Inc. – the research and communication arm of UA&P that aims to promote inclusive growth and development. As an expert in the fields of industry dynamics, strategic management, finance, and business sustainability he has externally assured the sustainability reports of various companies in the Philippines in partnership with the UA&P Center for Social Responsibility. Also, he sits on the board of non-government organizations that promote good governance and education for the less privileged including CSR Philippines, Center of Excellence in Governance, the Institute of Solidarity in Asia, the Institute of Corporate Director, Center for Family Governance and Center for School Governance, and the Jose Jon Tamsuy Foundation that extends scholarships to deserving students in Iloilo City. He also serves as policy advisor to several industry associations in the country such as Subdivision and Housing Developers Association (SHDA), Organization of Socialized and Economic Housing Developers of the Philippines (OSHDP), the National Real Estate Association, Inc. (NREA), Semiconductor and Electronics Industries of the Philippines (SEIPI), Philippine Franchise Association (PFA), and the Philippine Retailers Association (PRA).

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Mr. Colin Legarde Hubo is a global ambassador for the International Integrated Reporting Council (IIRC-London) which is now also part of the International Financial Reporting Standards (IFRS). He was also an elected stakeholder council member of the Global Reporting Initiative (GRI Amsterdam) for six years and currently a member of the consultative group of the United Nations Commission on Trade and Development (UNCTAD) Regional Partnership for Sustainability Reporting in Asia. In the Philippines, he acts as the sustainability and ESG advisor of several conglomerates including GT Capital Holdings, First Philippine Holdings, SM Prime Holdings, DMCI Holdings, San Miguel Global Power, Petron Corporation, First Gen Corporation, Energy Development Corporation, and multiple mining and energy companies.

In 2022, Diligent (New York) recognized him as an ESG, Diversity, and Climate Trailblazer and featured him in the Modern Governance 100 list. Colin initiated the UA&P Applied Sustainability Management in Asia Pacific (ASMAP) executive program which has been accredited by the Philippine Securities and Exchange Commission (SEC). Colin holds a Business Economics Certificate from UA&P's Strategic Business Economics Program (SBEP) and completed the Wharton Executive Education for Leadership and Management. He was also Fleishman fellow at Duke University and has worked with IFC-World Bank, Control Risks Group, French Development Agency, and the UK Embassy in Manila.

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