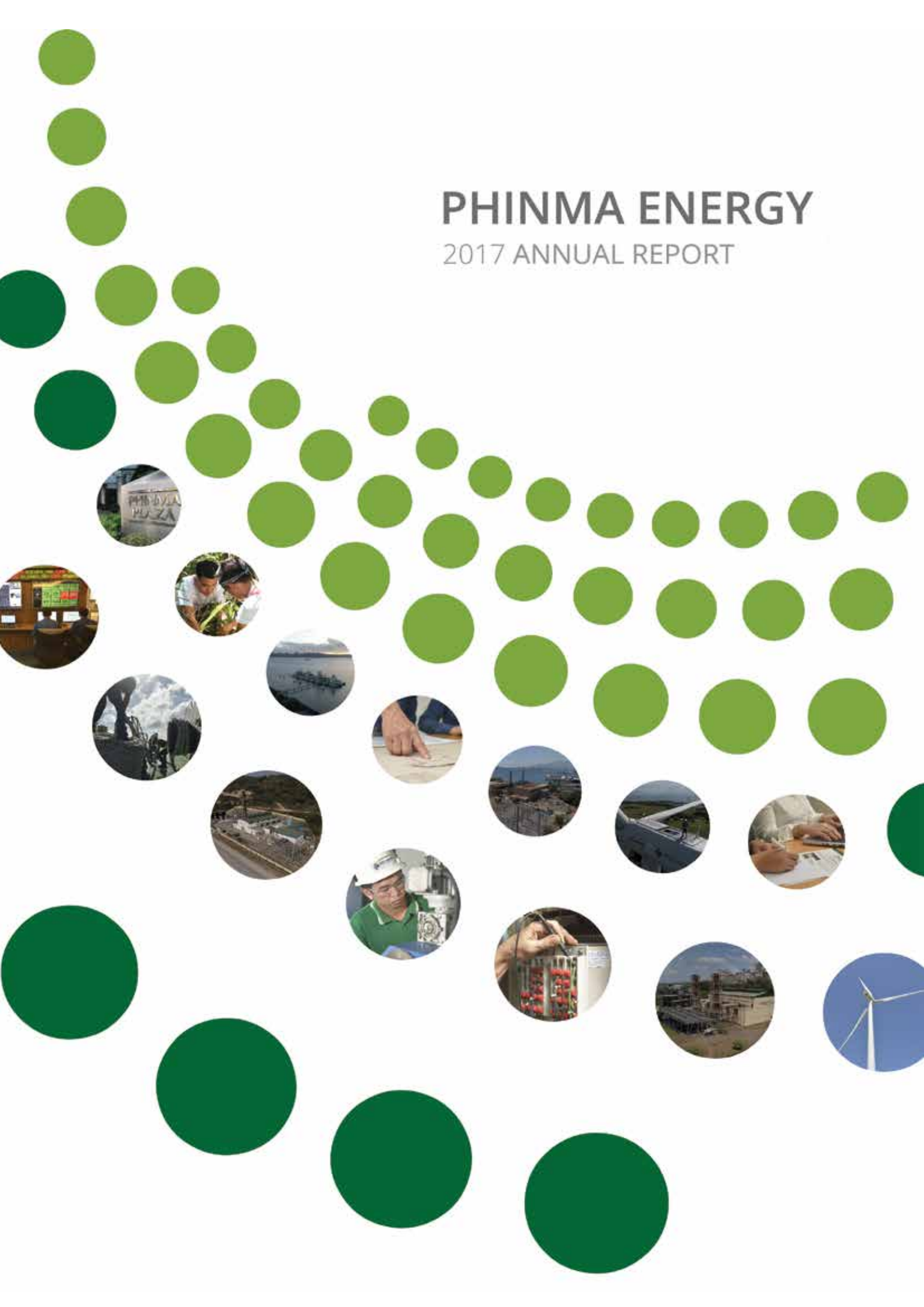


# PHINMA ENERGY

2017 ANNUAL REPORT





# Table ofContents

01	Vision, Mission and Corporate Values
02	Financial Highlights
04	Where We Operate
06	Message to Shareholders
16	Operations Review
24	Corporate Social Responsibility
30	Corporate Governance
36	Board of Directors
42	Management Committee
44	Corporate Information

# VISION

To be the investment and electricity supply partner of choice  
Leveraging our reputation on a culture of excellence.

# MISSION

- Providing reliable, competitive and customer-focused electricity services;
- Utilizing indigenous energy resources and clean energy technologies;
- Helping build the nation through innovative, well-managed enterprises;
- Anchored on the ideals of integrity, professionalism, and patriotism.

# CORPORATE VALUES

## Integrity

- We conduct ourselves in an honest, ethical, and transparent manner.
- We always seek to do what is right, even in the face of adversity and uncertainty.
- We do not tolerate fraud in all its forms, including corruption, bribery, and abuse.
- We do what we say we will do and we accept full responsibility for our decisions and actions.

## Professionalism

- We deliver the results expected of us by understanding and giving importance to the requirements of our customers and stakeholders.
- We foster a positive work environment by treating everyone with utmost respect and welcoming different view points that allow us to create better ideas, products, and services.

## Patriotism

We proudly express our love for the Philippines through active participation in Nation-building, respect for and adherence to its laws and regulations, commitment to protect the environment, and an unflinching belief in the skill, spirit, and resiliency of Filipinos as a people and as world-class professionals.



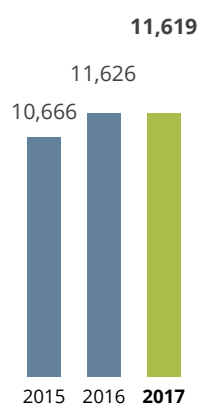
# Consolidated **Financial** Highlights

	2015	2016	2017
Current Ratio	1.89:1	1.92:1	<b>2.08:1</b>
Acid Test Ratio	1.47:1	1.62:1	<b>1.71:1</b>
Debt/Equity Ratio	1.34:1	1.29:1	<b>1.27:1</b>
Asset-to-Equity Ratio	2.34:1	2.29:1	<b>2.27:1</b>
Interest Rate Coverage Ratio	3.48:1	4.08:1	<b>1.08:1</b>
Net Debt to Equity Ratio	1.18:1	0.91:1	<b>0.91:1</b>
Return on Equity	11.93%	16.30%	<b>3.83%</b>
Return on Assets	5.14%	7.04%	<b>1.68%</b>
Asset Turnover	76.50%	78.86%	<b>82.25%</b>

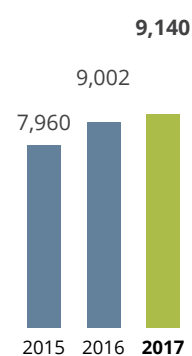
## TOTAL ASSETS



## TOTAL LIABILITIES



## TOTAL EQUITY

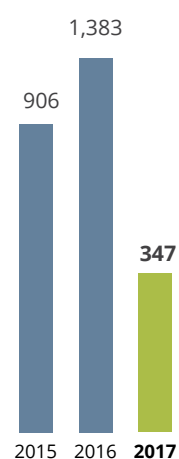


*\*In Million Pesos*

## TOTAL REVENUES



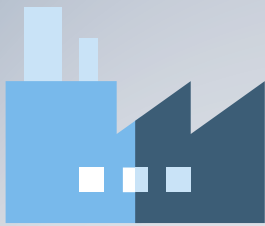
## NET INCOME



*\*In Million Pesos*

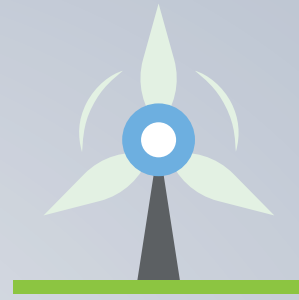


# Where weOperate



## POWER GENERATION

1. PHINMA POWER GENERATION CORPORATION (PPGC)  
Norzagaray, Bulacan
2. CIP II POWER CORPORATION (CIPP)  
Bacnotan, La Union
3. GUIMARAS POWER PLANT (GPP)  
Brgy. San Miguel, Jordan, Guimaras
4. ONE SUBIC POWER GENERATION CORPORATION (OSPGC)  
Subic Bay Freeport Zone, Olongapo
5. POWER BARGES 101 & 102  
Barrio Obrero, Iloilo City
6. POWER BARGE 103  
Poblacion, Lapu-Lapu City
7. SOUTH LUZON THERMAL ENERGY CORPORATION (SLTEC)  
Calaca, Batangas (Joint venture with AC Energy Holdings and Axia Power Holdings Philippines Inc.)
8. MAIBARARA GEOTHERMAL, INC. (MGI)  
Sto. Tomas, Batangas (Joint venture with PetroGreen Energy Corporation and PNOG Renewables Corp.)



## RENEWABLE ENERGY

### WIND

1. San Lorenzo Wind Farm  
San Lorenzo, Guimaras
2. Wind Energy Service Contract (WESC)  
2009-10-010  
Sibunag, Guimaras
3. WESC 2009-10-011  
Nueva Valencia, Guimaras
4. WESC 2009-10-013  
Abulog-Ballesteros-Aparri, Cagayan
5. WESC 2010-10-014  
Aparri-Camalaniugan-Buguey, Cagayan
6. WESC 2010-02-024  
Paracale-Vinzons, Camarines Norte
7. WESC 2010-02-030  
Calayag, Quezon
8. WESC 2010-02-032  
Dumangas, Iloilo



### SOLAR

9. Solar Energy Service Contract (SESC)  
2016-12-353  
Bugallon, Pangasinan
10. Solar Energy Service Contract (SESC)  
2017-04-378  
Padre Garcia, Batangas

# RESOURCE EXPLORATION



## PETROLEUM

1. Service Contract (SC) 6 Block A  
Offshore Northwest Palawan
2. SC 6 Block B, Offshore Northwest Palawan
3. SC 51, East Visayas
4. SC 55, Offshore Southwest Palawan
5. SC 69, Central Visayas
6. Interests in SC 50 (Northwest Palawan)  
and 52 (Cagayan Province)

## GEOTHERMAL

1. Geothermal Service Contract (GSC) 8  
Mabini Batangas



# Message to Shareholders

## **Dear Fellow Shareholders,**

In 2017, demand for electricity continued to increase in line with the growing Philippine economy. The power industry, however, was and continues to be challenged by developments in regulatory and fiscal policies. Package 1 of the Tax Reform for Acceleration and Inclusion (TRAIN) Law imposed excise tax on coal and petroleum products starting 2018, with a rate that will gradually increase every year until 2020. The impact of this added cost of production may not be recoverable from electricity sales unless explicitly covered by power supply agreements.

The government's Energy Mix policy of sourcing 70% from baseload, 20% from mid-merit, and 10% from peaking capacity forces suppliers to compete purely on price, without regard for any environmental or social advantage one technology may have over the other. While this fostered greater competition in the industry, it has also encouraged the oversupply of power particularly from coal fired baseload plants. Furthermore, the operation of must-dispatch variable renewable energy generating plants have driven market prices of electricity further downward, resulting in even lower margins.

However, market opportunities for renewable energy will be opened up with the approval of the Renewable Portfolio Standards (RPS) by the Department of Energy (DOE). RPS is a market-based policy that will require power distribution utilities, electric cooperatives, and retail electricity suppliers (RES) to source a portion of their power supply from eligible renewable energy facilities.

Aside from regulatory policies and intense competition, plunging costs of technology has also disrupted the energy industry. Solar energy with battery storage is becoming one of the cheapest sources of electricity, giving consumers a viable alternative to conventional sources of energy.

Despite the challenging and competitive environment, PHINMA Energy expanded its business as a licensed Retail Electricity Supplier (RES). In 2017, your Company was able to switch additional customers with a total load of 161.45 MW. Based on Energy Regulatory Commission (ERC)'s Monthly Statistical Data for the month of December 2017, PHINMA Energy ended the year as the second largest single electricity supplier with a market share of 12.22%, and would have had a larger share had the Supreme Court not restrained the implementation of mandatory retail competition. New valued customer partners include several educational institutions as well as commercial and retail clients.





“Based on Energy Regulatory Commission (ERC)’s Monthly Statistical Data for the month of December 2017, PHINMA Energy ended the year as the **second largest single electricity supplier** with a market share of 12.22%...”

**10%**

increase in Revenue  
from Electricity Sales  
from P15.47 Billion  
in 2016 to  
P17.02 Billion in 2017

PHINMA Energy ended the year with P17.02 Billion in revenue from electricity sales, up 10% from P15.47 Billion in 2016. The increase in revenues from sale of electricity was primarily due to the higher energy sales from new RES contracts, although tempered by the low market prices during the year. Revenues also include distribution wheeling service fees which are pass-through charges paid for the conveyance of electricity through a distribution utility’s system.

As a result of the low energy prices at the Wholesale Electricity Spot Market (WESM) due to excess supply, PHINMA Energy’s consolidated Net Income decreased to P347 Million in 2017 from P1.383 Billion in the previous year. The 2016 Net Income included non-recurring income of P420 Million representing gains on the sale of PHINMA Energy’s 5% share in South Luzon Thermal Energy Corporation (SLTEC) to Axia Power Holdings Philippines Corporation (Axia) and the sale of transmission lines in Guimaras and La Union to the National Grid Corporation of the Philippines (NGCP).

In 2017, total energy sales volume of the Company was at 2,914 GWh, a slight decrease from the previous year at 3,044 GWh, supplying additional contracts in the retail market tempered by lower peak prices. This volume is attributable to all of the Company’s power plants including baseload plants, peaking plants and the San Lorenzo Wind Farm.

**2,914 GWh**

2017 Total Energy Sales Volume  
including San Lorenzo Wind Farm

### ***Generation Efficiency***

At PHINMA Energy, we continue to produce power from our own generation portfolio as well as contract capacities from other generators and the electricity spot market in order to ensure reliable power for our customers. In 2017, total attributable capacity of PHINMA Energy ended almost flat at 636.4 MW in 2017 from 639.4 MW in 2016.

**636.4 MW**  
2017 Total Capacity

Our Company supports efforts to improve overall grid reliability and stability through the reserve market. In support of this, as well as our customers' energy requirements, PHINMA Energy's peaking power plants generated the following energy output: PPGC 52 MW-44 GWh; CIPP 21 MW-22 GWh; OSPGC 116 MW-77 GWh, Power Barges 101-102 62 MW-14 GWh; GPP 3.4 MW-2 GWh. Our Luzon plants brought in ₱706 Million in revenues through our ancillary service power agreements.

Despite the increased costs in petroleum brought about by excise tax on fuel, your Company's diesel plants will continue to be a valuable source of power for the Luzon Grid. Diesel plants are capable of being dispatched immediately at short notice, making them suitable for ancillary service operations.

PHINMA Energy had previously taken over three power barges from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2015. Your Company uses internally generated funds for continuing the rehabilitation of these assets.





Your Company and Subic Bay Metropolitan Authority recently signed the Memorandum of Agreement extending the lease of the 116 MW One Subic Power Generation Corporation for ten years. The extension of the lease enables the Company to retain its biggest peaking plant at minimal capital cost.



South Luzon Thermal Energy Corporation, the Company's joint venture with AC Energy Holdings Inc. of the Ayala group and Axia of the Marubeni group, continued to provide reliable baseload power from its two 135 MW circulating fluidized bed (CFB) coal fired power plants. PHINMA Energy has an offtake agreement for the output of the two plants for its energy supply business. SLTEC was able to dispatch 1,850 GWh to the grid, an increase of 19% over the 1,555 GWh generated in 2016.

Geothermal energy is another valuable source of renewable energy in the country. Your Company owns a 25% percent stake in the 20 MW Maibarara Geothermal Inc. (MGI) power plant in Sto. Tomas, Batangas. In 2017, the Maibarara Geothermal plant produced 160.36 GWh of renewable energy. PHINMA Energy, together with partners PetroGreen Energy Resources and PNOC Renewables Corporation, has successfully commissioned the expansion of the Maibarara Geothermal plant by an additional 12 MW. The new line was successfully synchronized to the Luzon grid on March 9, 2018, marking its first export of power to the grid.

## **ADAPTING TO A CHANGING MARKET**

### ***Improved Supply Cost***

In December 2017, PHINMA Energy and PSALM agreed to mutually terminate the Administration Agreement covering a 40 MW strip of energy from the Unified Leyte Geothermal Power Plants. PHINMA Energy had previously sought the renegotiation of the Agreement, expressing difficulties since the plant was damaged during Typhoon Yolanda. The mutual termination allows the Company to improve its supply costs while still maintaining a diversified portfolio.

### ***Investments in Renewable Energy***

Providing renewable and sustainable energy is an integral part of PHINMA Energy's mission. PHINMA Energy has wind, solar, hydro and interest in geothermal service contracts which are in various stages of development.

In 2017, PHINMA Renewable Energy Corporation's (formerly Trans-Asia Renewable Energy Corporation) 54 MW wind farm in San Lorenzo, Guimaras delivered 89.4 GWh of clean and renewable energy to the grid. PHINMA R.E. looks forward to developing more projects out of its portfolio of 400 MW of wind service contracts nationwide. Advanced development activities are being implemented for the 40 MW Sibunag wind farm project in Guimaras in preparation for the implementation of DOE's RPS for On Grid Areas in 2020. To set the base for future wind capacity expansion, in early 2017 PHINMA Energy subscribed to an increase in authorized capital and preferred shares in PHINMA R.E. worth ₱2.35 Billion.



PHINMA Energy sees a bright future for solar renewable energy. In July 2017, Your Company and DOE entered into a 25-year Solar Energy Service contract covering a 648-hectare area in Bugallon, Pangasinan where PHINMA Energy hopes to set up a 45 MW solar farm. Subsequently in September, your Company entered into another 25-year Solar Energy Service Contract covering a 486 hectare area in Padre Garcia, Batangas, where it also hopes to construct a 45 MW solar farm.

In addition to grid connected solar projects, PHINMA Energy is also exploring off grid solar applications. Your Company will engage in solar power generation and develop retail solar products through its subsidiary PHINMA Solar Energy Corporation, combining the expertise of PHINMA's energy and roofing businesses. The first installations will be on PHINMA Education Network's Cagayan de Oro College and University of Pangasinan, the Information Center at PHINMA R.E.'s San Lorenzo Wind Farm in Guimaras, and Union Galvasteel Corporation in Calamba, Laguna.

In March 2017, PHINMA Energy and its partner Basic Energy Corporation drilled an exploratory well at Mabini Geothermal Service Contract Number 8 located in San Teodoro, Mabini, Batangas. Prior initial pre-feasibility studies projected the area to yield a resource of between 20 to 60 MW. Subsequently, however, in April 2017, the Mabini local government ordered the partners to cease further exploration, attributing local earthquake activity to the exploration, despite assurances from PHIVOLCS to the contrary. Information and education campaign activities were conducted, including a site visit to a geothermal plant, to give the local stakeholders a better understanding of how geothermal energy works.

### ***Diversification of portfolio***

PHINMA Energy recognizes the need to diversify its generating portfolio, particularly in light of a looming oversupply in baseload coal plants over the next several years. Projects under study are the 138 MW floating combined cycle gas turbine (CCGT) power plant in Brgy. Bulasa, Argao, Cebu, and the 21.6 MW Ilog hydroelectric power plant in Mabinay, Negros Oriental. The projects are both in the pre-development stage, with the latter having the clearance from DOE to conduct grid impact studies. Further development shall proceed as merited by market conditions.

In March 2017, Trans-Asia Petroleum Corporation, the PSE-listed subsidiary of PHINMA Energy engaged in oil exploration, amended its corporate name to PHINMA Petroleum and Geothermal Inc. ("PPG") in line with the parent company's name change and to include exploring and developing geothermal resources in its portfolio. Despite a slight recovery in oil prices in 2017, PPG remains challenged by low oil prices which have dampened global exploration activity. In line with its amended charter, PPG commenced evaluation of geothermal investment opportunities in-country and overseas, power generation and liquefied natural gas (LNG) midstream operations. In November 2017, PPG signed an agreement with three international companies to jointly develop an LNG-to-Power Project in central Philippines.



Moving forward, the Company will continue cultivating relationships with alternative suppliers in the region to mitigate supply delivery risk and as fall back sources in the future. In 2018, the Company through its subsidiary, One Subic Oil Distribution Corporation, will enter the fuel supply business as a means of mitigating the domestic fuel supply risk. The entry into the fuel supply business, which will primarily serve PHINMA Energy group's pool of diesel plants, will provide the Company with an immediate diversification platform. At the end of 2017, One Subic Oil completed commercial and technical analysis of this new business venture. One Subic Oil is securing its permits necessary to initiate the short construction period for the required facility.

### **TALENT DEVELOPMENT AND EMPOWERMENT**

As of December 2017, your Company has 294 employees with 87 employees in the Makati head office, 14 in Guimaras Power Plant, 21 in CIP II Power Corporation, 38 in PHINMA Power Generation Corporation, 68 in Power Barges 101-103, 47 in One Subic Power Generation Corp. and 19 in PHINMA Renewable Energy Corporation.



PHINMA Energy has been developing talent within the organization to deepen the bench in anticipation of future growth. Your Company focuses on continuous development of its people through leadership and competency-based trainings, and opportunities for personal development. Workshops on Financial Literacy, Coaching for Success, Innovation through Design Thinking and Leading through Strategic Execution were just some of the learning sessions in 2017.



Your Company's Business Resiliency and Sustainability initiatives empower the employees to take a more active role in risk mitigation and impact assessment.

With the implementation of the Data Privacy Act, learning sessions and workshops were also conducted for the employees.

PHINMA Energy employees are empowered to pursue their own creative interests through a program entitled *Best Version of You* in which regular employees are encouraged to attend courses and lectures which support their personal hobbies or interests.

## CORPORATE SOCIAL RESPONSIBILITY

In 2017, PHINMA Energy institutionalized its sustainability strategy by benchmarking its impact with the global standards. This initiative hopes to create a long-term blueprint that will guide your Company in its sustainability commitments towards a more transformative CSR.

PHINMA Energy was recognized for its commitment to nation-building and sustainable development by empowering communities and employees through effective CSR practices. The livelihood program under Progressive Undertakings for Nation-Building (PUNLA) and Life Enhancing Advocacies and the environmental initiatives under HELP Earth were cited for Social Empowerment and for Green Leadership respectively, in Asia Responsible Entrepreneurship Awards (AREA) held in Bangkok, Thailand. PHINMA Energy was also awarded as one of the Top CSR Advocates in Asia by the Asia Corporate Excellence and Sustainability Awards (ACES).



“The power industry has never been without its challenges in a dynamic market environment. Your Company will maintain an **agile and flexible position** to navigate the headwinds and uncertainties in this period of heightened competition.”

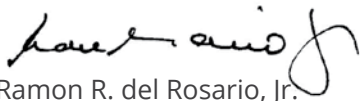
#### MOVING FORWARD

The industry environment will be very fluid for the next five years, and PHINMA Energy will position itself with agility, in order to react quickly to market changes despite long gestation periods of power plant projects and volatile WESM prices. We will continue to utilize technology in our favor, to provide greater efficiencies to our customers for an enhanced market experience. We will continuously work to close mutually beneficial contracts with customers and manage supply portfolio costs. We will continue to explore new business models in order to capture opportunities along the value chain, while reassessing businesses at risk of disruption.

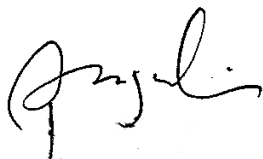
The power industry has never been without its challenges in a dynamic market environment. Your Company will maintain an agile and flexible position to navigate the headwinds and uncertainties in this period of heightened competition.

Despite the challenges facing the power industry, your Company is committed to seize new opportunities leaning towards clean energy with hydro, solar, and wind in serving the electricity requirements of its customers as its contribution toward nation building.

We thank you for your continued support and confidence.



Ramon R. del Rosario, Jr.  
Chairman



Francisco L. Viray  
President and Chief Executive Officer



OperationsReview

# POWER BUSINESS



PHINMA Energy conducts its power generation and supply activities directly or through its joint venture companies and subsidiaries.

PHINMA Energy ended the year with ₱17.02 Billion in revenue from electricity sales, up 10% from ₱15.47 Billion in 2016. The increase in revenues from sale of electricity was primarily due to the higher energy sales from new retail electricity supplier (RES) contracts, tempered by the low market prices during the year. Revenues also include distribution wheeling service fees, which are pass-thru charges paid for the conveyance of electricity through a distribution utility's system.

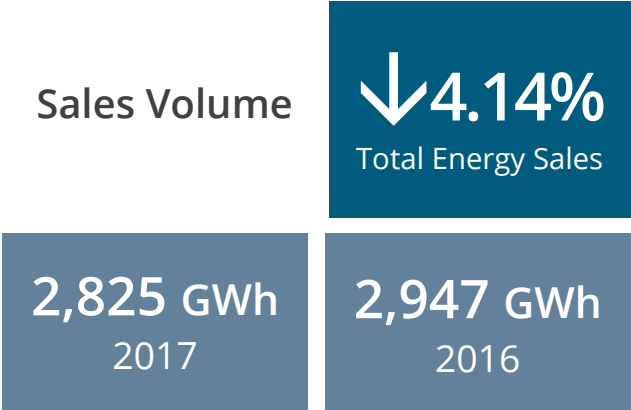
PHINMA Energy's consolidated Net Income decreased to ₱347 million in 2017 from ₱1.383 Billion in the previous year which included a non-recurring income of ₱420 Million representing gains on the sale of PHINMA Energy's 5% share in SLTEC to Axia, and the sale of transmission lines in Guimaras and La Union to the National Grid Corporation of the Philippines (NGCP).

In 2017, total Energy Sales Volume of the Company was 2,825 GWh, a 4.14% decrease from 2,947 GWh in the previous year. PHINMA Energy is continuously working to close mutually beneficial contracts with customers and manage supply portfolio costs.

Total Capacity



Sales Volume



## Energy sales from generation plants

### PHINMA Power Generation Corporation

(Formerly Trans-Asia Power Generation Corporation)

Norzagaray, Bulacan

**44 GWh**



### CIP II Power Corporation

Bacnotan, La Union

**22 GWh**



### One Subic Power Generation Corporation

Subic Bay Freeport Zone, Olongapo

**77 GWh**



### Power Barges 101-102

Barrio Obrero, Iloilo City

**14 GWh**



### Guimaras Power Plant

Jordan, Guimaras

**2 GWh**



### South Luzon Thermal Energy Corporation

Calaca, Batangas

**1,850 GWh**



### Maibarara Geothermal, Inc.

Sto. Tomas, Batangas

**160.36 GWh**



PHINMA Power Generation Corporation, One Subic Power Generation Corporation, and CIP II Power Generation Corporation have an Ancillary Services Power Agreement with NGCP.





## Joint Ventures

Strategic partnerships have played a significant role in the expansion of PHINMA Energy's generation portfolio.

### ***South Luzon Thermal Energy Corporation (SLTEC)***

South Luzon Thermal Energy Corporation ("SLTEC") is a joint venture between the Company, AC Energy Holdings, Inc. of the Ayala group, and Axia Power Holdings Corporation of the Marubeni group. PHINMA Energy is the largest shareholder in SLTEC with a 45% interest, followed by Ayala with 35%, and Marubeni with 20%.

SLTEC provides reliable baseload power from its 2 x 135 MW Coal-fired Power Plant in Calaca, Batangas which utilizes clean coal technology commonly known as Circulating Fluidized Bed (CFB) for negligible emissions and minimal environmental impact.

On April 22, 2017, SLTEC took over the operation and maintenance of the power plant from the O&M Contractor. Early preparations for this shift led to the seamless and successful transfer of plant management. After the take-over, SLTEC's organic O&M team introduced major improvements to the plant operation and maintenance procedures, and implemented equipment modifications.

In 2017, SLTEC's two units operated at an availability of 88.6%, with a total production of 1,850 GWh. SLTEC posted a Net Income of ₱2.12 Billion.

### ***Maibarara Geothermal, Inc. (MGI)***

Maibarara Geothermal, Inc. ("MGI"), a joint venture between PetroGreen Energy Corporation (65%), PHINMA Energy (25%) and PNOC Renewables Corporation (10%), was incorporated and registered with the SEC on August 11, 2010. It is currently operating a 20 MW geothermal plant in the Maibarara geothermal field in Santo Tomas, Batangas, which commenced commercial operations in February 2014. The field was discovered by Philippine Geothermal, Inc. in the 1980s. MGI is the first renewable energy undertaking to be declared commercial by the government under the Renewable Energy Act of 2008.

MGI was recognized by the ASEAN Center for Energy as the Best Renewable Energy Project (National Grid Category) in the entire ASEAN.

In 2017, the Maibarara Geothermal plant produced 160.36 GWh of renewable energy, an increase over 152 GWh in the previous year. Your Company's 25% investment in MGI brought in ₱72.07 Million in Net Income.

The 12 MW Phase 2 Expansion started supplying power to the Luzon grid on March 9, 2018, increasing total plant capacity to 32 MW.

OperationsReview

# RENEWABLE ENERGY







### Wind Energy

Providing renewable and sustainable energy is an integral part of PHINMA Energy's mission.

In 2017, PHINMA Renewable Energy Corporation's 54 MW wind farm in San Lorenzo, Guimaras delivered 89.4 GWh of clean and renewable energy to the grid.

In the future, PHINMA R.E. looks forward to developing more projects out of its portfolio of 400 MW of wind service contracts nationwide, in preparation for the implementation of the DOE's Renewable Portfolio Standards for On Grid Areas in 2020. To set the base for future wind capacity expansion, in early 2017 PHINMA Energy subscribed to an increase in authorized capital and preferred shares in PHINMA R.E. worth ₱2.35 Billion.

### Solar Energy

PHINMA Energy sees a bright future for solar renewable energy. In July 2017, the Company and DOE entered into a 25-year Solar Energy Service contract covering a 648-hectare area in Bugallon, Pangasinan, where PHINMA Energy hopes to set up

a 45 MW solar farm. Subsequently in September, your Company entered into another 25-year Solar Energy Service Contract covering a 486 hectare area in Padre Garcia, Batangas, where it also hopes to construct a 45 MW solar farm.



In addition to grid connected solar projects, PHINMA Energy is also exploring off grid solar applications. Your Company will engage in solar power generation and develop retail solar products through its subsidiary PHINMA Solar Energy Corporation, combining the expertise of PHINMA's energy and roofing businesses. The first installations will be on PHINMA Education Network's Cagayan de Oro College and University of Pangasinan, the Information Center at PHINMA R.E.'s San Lorenzo Wind Farm in Guimaras, and Union Galvasteel Corporation in Calamba, Laguna.

"In addition to grid connected solar projects, PHINMA Energy is also exploring off grid solar applications. Your Company will engage in solar power generation and develop retail solar products through its subsidiary PHINMA Solar Energy Corporation, **combining the expertise of PHINMA's energy and roofing businesses.**"



OperationsReview

# ENERGY RESOURCE DEVELOPMENT







Cognizant of the continuing challenges to its core business, Trans-Asia Petroleum Corporation, the PSE-listed subsidiary of PHINMA Energy, broadened its corporate purpose in mid-2017 to include geothermal exploration and production, power generation and liquefied natural gas (LNG) midstream operations, and changed its name to PHINMA Petroleum and Geothermal, Inc. ("PPG").

Due to the lingering supply glut, the price of crude oil continued to drop with West Texas Intermediate (WTI) bottoming at \$44 per barrel by mid-2017. However, in July 2017, prices began to recover. Extension of the supply curb by OPEC and Russia and strong demand especially in China propped WTI futures to trade within the \$50 to \$60 per barrel range. Most analysts believe 2018 prices will fall within the same band as rising US and non-OPEC production during said year would limit the upside for prices.

Buoyed by the increase in oil prices during the second half of 2017, annual upstream global spending grew by 4% compared to the 2016 level, following two years of double digit declines. Risk-capital investments are expected to grow through 2018 albeit at modest rates.

Despite a slight recovery in oil prices in 2017, PPG remains challenged by low oil prices which have dampened global exploration activity.

The bearish market sentiment rendered the local upstream petroleum industry to remain almost at a standstill in 2017. Activities were limited to production of existing fields. To help revive investor interest, the Department of Energy announced plans to implement a new system of competitive bidding for contract blocks that would allow year-round applications.

In line with its amended charter, PPG commenced evaluation of geothermal investment opportunities in-country and overseas. In November 2017, PPG also signed an agreement with three international companies providing for joint development of an LNG-to-Power Project in central Philippines.

PPG's Management will continue to explore ways to preserve, if not improve, the value of the company while waiting for the eventual upturn in the business cycle.

"Cognizant of the continuing challenges to its core business, Trans-Asia Petroleum Corporation, the PSE-listed subsidiary of PHINMA Energy, **broadened its corporate purpose** in mid-2017 to include geothermal exploration and production, power generation and liquefied natural gas (LNG) midstream operations, and changed its name to PHINMA Petroleum and Geothermal, Inc. ("PPG")."

# Corporate Social Responsibility

PHINMA Energy is strongly committed to improving the quality of life in areas where we operate. We believe that in creating inclusive growth in our partner communities, we can support the sustainable development relevant to their culture and realities. We focus in creating enabling mechanisms to provide a venue for social empowerment for self-reliance and continuous progress.

In 2017, PHINMA Energy institutionalized its sustainability strategy by benchmarking its impact with the global standards. This initiative hopes to create a long-term blueprint that will guide your Company in its sustainability commitments, specifically on our planet, stakeholders and nation's progress, towards a more transformative CSR.

## **Harnessing Energy Literacy for Planet Earth (HELP Earth)**



As the sustainability framework takes on the challenge in mitigating our impact on the environment, your Company continues to promote projects that go beyond compliance and seize new opportunities to improve and protect our planet. Harnessing Energy Literacy for Planet Earth (HELP Earth) is your Company's response in educating youth and communities to make knowledge-based decisions for energy and environment. Likewise, the program provides new avenues for like-minded individuals to participate in various advocacies to protect our planet.

Social empowerment can greatly be achieved by placing education at the very core of the advocacy. In 2017, HELP Earth Education was able to train over 800 HELP Earth Savers Club members and provide channels to implement student-driven activities for the environment. Aside from this, your Company continues its commitment to promote energy literacy and love for the environment. The *Hamon ni Juan Matipid* provides fun and interactive workshops so that learning can be felt and experienced by our young students. Aside from our flagship initiatives for education, your Company continues to support the Department of Education's Adopt-a-School project in 23 partner schools. Through Brigada Eskwela, PHINMA Energy was able to mobilize active volunteers and provide materials needed by the students before the start of the school year. We have engaged more than 10,000 students in 33 schools since HELP Earth's beginnings back in 2009.

Aside from the investments for energy and environmental awareness, your Company has a strong sense of social responsibility of implementing its own environmental initiatives. PHINMA Energy has adopted a total of 82 hectares of upland forest area and has planted over 18,000 indigenous seedlings. The 50-hectare Bininit Project along Ipo Watershed in Bulacan and the 5-hectare Mt. Tipo Project in Bataan intend to preserve the critical watershed in the area. Aside from this, your Company takes part in creating a learning



environment for future foresters by supporting the 27-hectare Tanglad Arboretum Project in Guimaras. Apart from the green initiatives, it is PHINMA Energy's major interest to protect the ecosystem along coastal communities. Your Company was able to mobilize its employee volunteers and partner communities to participate in five different coastal and clean-up drives in Bulacan, Cebu, Guimaras and Iloilo. Alongside this project is the planting of over 1,000 mangroves along the coastline of San Lorenzo, Guimaras.

These were made possible through collaboration with the Department of Environment and Natural Resources, local government units and like-minded individuals and organizations on the ground. We embrace this commitment of protecting the planet with its rich biodiversity by leaving our positive handprints and integrating the advocacy into the business' sustainability strategy.





## Progressive Undertakings for Nation-building and Life-enhancing Advocacies (PUNLA)



Progressive Undertakings for Nation-building and Life-enhancing Advocacies (PUNLA) continues to sow seeds of hope by creating enabling mechanisms to empower our partner stakeholders by enhancing their skills and capacities to help them realize their dreams. Aligned with PHINMA's mantra of making lives better, your Company aims to be a valuable partner for progress and to develop the potential of these collaborations in creating inclusive growth.

To date, our partner communities have been actively participating in various socio-economic activities in the community by operating the 12 active livelihood initiatives established through the technical and financial support of PHINMA Energy. The implemented initiatives came from intensive social integration and participatory planning with the communities to come up with projects relevant to their culture and realities. In 2017, Your Company has established new partnerships with the Municipal Tourism Office of San Lorenzo, Guimaras and Guimaras Provincial Economic Development Office. These government agencies assisted in local registration and organizational development, as well as in accessing new markets in the region. The joint efforts resulted in 180% increase in revenue for the livelihood groups, augmenting the income of over 100 households. Through these new partnerships, your Company laid out a stronger foundation for sustainability and growth of the livelihood projects in 2018.



Beads Craft in Guimaras



Bamboo Crafts in Guimaras



Food processing in La Union





For a more wholistic approach to community development, PHINMA Energy also placed significant attention on other components of social wellness of community. Your Company was able to support five Day-Care Centers and Supervised Neighborhood Play (SNPs) through rehabilitation and provision of learning tools for kids. The *Kariton ni Juan Project* also encouraged PHINMA employees to participate in this endeavor by donating educational materials and toys. Apart from this, your Company was able to participate in disaster risk management and disaster preparedness of the Municipality of San Lorenzo. PHINMA Energy in partnership with Philippine National Police and Philippine Red Cross, was able to train the Barangay Health Workers and Barangay Police in 4 barangays on basic life saving, first aid, and basic self-defense. PHINMA Energy remains steadfast in creating a safe place and improving the community resiliency of our local stakeholders.



### Special Interest Groups for Life-balance Activities (SIGLA)



PHINMA Energy aspires to promote a healthy working environment for our employees to drive personal growth and create venues to pursue their special interest. Special Interest Group for Life-balance Activities (SIGLA) continues to provide this venue for fellowship and camaraderie as we have continued to support more than 10 special interest groups within the head office and our subsidiaries, ranging from movie, sports, fitness and financial literacy. The SIGLA clusters are employee-driven, anchored on their passion and enthusiasm to ensure the sustainability of the program. To promote wellness, your Company also implemented a special campaign to promote walking for fitness. The Triowalk, wherein teams of three were provided with pedometers to measure step counts, garnered a participation rate of 97% and started a trend on health consciousness within the group.

Your Company also takes pride in the involvement of its employees in designing and implementing development programs for our stakeholders. In 2017, PHINMA Energy has achieved a volunteer participation rate of 96% — a clear indicator that indeed, CSR is part of the corporate DNA of our employees. PHINMA Energy shall continue to cultivate this culture of service as we live by the PHINMA mantra of “Making Lives Better” for our nation.

### Awards and Recognition

2017 has been a remarkable year as your Company has been recognized by international organizations for our responsible business practices and commitment to promote corporate citizenship.

PHINMA Energy was a recipient of the prestigious Asia Responsible Entrepreneurship Awards (AREA) of Enterprise Asia. HELP Earth Environment was awarded in the Green Leadership Category for “believing in the larger responsibility for recognizing the impact of running their business to the environment and seeks to reduce and reverse







the impact.” Moreover, PUNLA – Kababayan Program for Sustainable Livelihood was awarded in the Social Empowerment Category given to model companies that “promote empowerment of communities that are socially excluded or that suffer discrimination in work.”

Your Company was also recognized by Asia Corporate Excellence and Sustainability (ACES) Awards by MORS Group as one of the Top CSR Advocates in Asia. The award is presented to companies that “lead various CSR initiatives integrated into its policies and operations, and has a high level of employee and top management involvement in the programs” and has “genuine interest in the well-being of all of its stakeholders.”

Things are looking bright for PHINMA Energy CSR as we gear-up for the 10th year of HELP Earth and PHINMA Energy CSR on 2019. Our journey with different people at the grassroots level continues to inspire us in creating more opportunities for inclusive development. Our dream is the realization of their dreams. PHINMA Energy aims to go beyond empowering growth, and aspires for transformative and sustainable development with our partner communities.

CSR is our business. Our business is our CSR.

# Corporate Governance Highlights

## Corporate Governance

The Board of Directors, officers and employees of PHINMA Energy Corporation (PHINMA Energy) commit themselves to the principles and best practices embodied in its Manual on Good Corporate Governance. PHINMA Energy believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.



### COMPLIANCE OFFICER

The Board of Directors designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the Securities and Exchange Commission (SEC).



The Compliance Officer's duties include ensuring proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others), monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with the relevant laws, with the Code of Corporate Governance ("Code"), rules and regulations and all governance issuances of regulatory agencies, appear before the SEC upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the





imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board of Directors, a monitoring and evaluation system to determine compliance with this Manual, which system shall provide for a procedure that fulfills the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

### **Integrated Annual Corporate Governance Report (I-ACGR)**

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) covering all relevant information for the year 2017 on May 30, 2018. The report supersedes the Annual Corporate Governance Report (ACGR) last submitted for 2016.

As of December 31, 2017, PHINMA Energy has substantially complied with the principles and best practices contained in the Manual on Good Corporate Governance. There were no sanctions imposed on any director, officer or employee for non-compliance of the Manual.

### **Compliance Report**

As required by the Philippine Stock Exchange, the Compliance Officer submitted on March 30, 2017, the Compliance Report on Corporate Governance for the year 2016. For the said year under review, the Company is compliant with all guidelines of the Compliance Report.

For the year 2017, the report is superseded by the submission of the I-ACGR due on May 30, 2018.

### **BOARD OF DIRECTORS**

#### **Composition**

The Board of Directors consists of eleven (11) members, nominated in accordance with the By-Laws of the Company. In compliance with the requirement of the SEC for publicly-listed corporations, PHINMA Energy's Board of Directors includes four (4) independent directors. The independent directors are not officers or substantial shareholders of the Company and have no relationship with the Company that may hinder their independence from the Company or management or would interfere with their exercise of independent judgment in carrying out their responsibilities.

In order that no director or small group of directors can dominate the decision making process, the Board is a combination of executive and non-executive directors.

The Board of Directors held seven (7) regular, two (2) special and one (1) organizational meetings in 2017. The details of the matters taken up during the board meetings are included in the Definitive Information Statement sent to the shareholders.

The attendance of the directors in the board meetings is as follows:

	Directors' 2017 Board Meeting Attendance									
	Regular BOD	Regular BOD	Regular BOD	Regular BOD	Organizational BOD	Regular BOD	Special BOD	Regular BOD	Regular BOD	Special BOD
	Jan 10	Jan 30	Mar 3	Apr 10	Apr 10	May 15	Jul 13	Aug 9	Nov 13	Dec 6
Mr. Ramon R. del Rosario, Jr. - Chairman	P	P	P	P	P	P	P	P	P	P*
Mr. Oscar J. Hilado	P	P	P	P	P	P	P	P	P	P
Dr. Francisco L. Viray	P	P	P	P	P	P	P	P	P	P
Mr. Roberto M. Laviña	P	P	P	P	P	P	P	P	P	P
Dr. Magdaleno B. Albarracin, Jr.	P	P	P	P	P	P	P	P	P	P
Mr. Victor J. del Rosario	P	P	P	P	P	P	P	P	P	P
Mr. Pythagoras L. Brion, Jr.	P	P	P	P	P	P	P	P	P	P
Mr. Ricardo V. Camua	P	P	P	P	P	P	P	P	P	P
Mr. David L. Balangue	P	P	P	P	P	P	P	P	A	P
Mr. Guillermo D. Luchangco	P	P	P	P	P	P	P	P	A	P
Mrs. Corazon S. dela Paz-Bernardo	P	P	P	P	P	P	P	P	P	P

\* via Telecon P: Present A: Absent

## Board Committees

To aid in compliance with the principles of good corporate governance, the Board constitutes committees which directly report to the Board in accordance with duly approved procedures.

For 2017, the board committees and their members are as follows:

Directors	Board Committees				
	Audit	Risk Oversight	Corporate Governance and Related Party Transactions	Executive	Compensation
Ramon R. del Rosario, Jr.			M	C	M
Oscar J. Hilado			M	M	C
Magdaleno B. Albarracin, Jr.				M	
Francisco L. Viray				M	
Victor J. del Rosario	M				
Roberto M. Laviña		M			
Pythagoras L. Brion, Jr.					
Ricardo V. Camua (Independent)					M
David L. Balangue (Independent)	C	M	M		
Guillermo D. Luchangco (Independent)			C	M	
Corazon dela Paz Bernardo (Independent)	M	C	M		

C: Chairman M: Member

### Corporate Governance and Related Party Transactions Committee

The Corporate Governance and Related Party Transactions Committee is composed of five (5) directors, three of whom are independent directors including the Chairman. The Committee was formed at the Organizational Meeting dated April 10, 2017 to replace the Nominations Committee and is tasked to assist the Board in the performance of its corporate governance responsibilities, in reviewing all material related party transactions of the company including the functions that were formerly assigned to the Nominations Committee.

There were two (2) meetings of the committee in 2017 held on May 15 and August 8 with all five (5) members in attendance on both meetings.

### Risk Oversight Committee

The Risk Oversight Committee is composed of three (3) members, two (2) of whom are independent directors, including the Chairman. The Committee is tasked to oversee the risk management systems, implementation, activities and evaluation for the continued relevance and effectiveness of the system.

In 2017, the oversight of risk management and audit functions were originally performed by a single committee, the Audit and Risk Oversight Committee. These two functions were eventually separated and assigned to two distinct committees, the Audit Committee and the Risk Oversight Committee. To facilitate the continuity of risk-related discussions, the Audit Committee continued to perform the risk oversight functions up to the end of 2017 and held meetings to review key emerging risks, particularly in relation to the Company's exposure to retail clients.

The newly constituted Risk Oversight Committee held its initial meeting on February 26, 2018 and reviewed and endorsed its own Charter for the Board's approval.

### Compensation Committee

The Compensation Committee is composed of three (3) directors, one of whom is an independent director. The duties and responsibilities of this committee include establishing policies on executive remuneration, ensuring that the compensation is consistent with the Company's culture, strategy and control environment, and strengthening policies on conflict of interest, salaries and benefits and compliance with statutory requirements.

There was no Compensation Committee meeting held in 2017 and none was required.

### Audit Committee

The Audit Committee is composed of three (3) non-executive members of the Board, two (2) of whom are independent directors including the Chairman. The Audit Committee is responsible for checking all financial reports against its compliance with both the internal financial management systems and pertinent accounting standards, including regulatory requirements. The Committee ensures that the Company's controls are functioning effectively and efficiently. Up to the end of 2017, the Committee continued to perform risk oversight functions to facilitate the transition of risk management to the Risk Oversight Committee.

In 2017, the Audit Committee held four (4) meetings and reviewed the audited financial statements for 2016 and the interim statements for the quarters ending March 31, June 30 and September 30, 2017.

On February 26, 2018, the Committee endorsed to the Board of Directors the nomination of Sycip, Gorres, Velayo and Company (SGV & Co.) as the external auditor for 2018.

The attendance of the Audit Committee members in the Audit Committee meetings for 2017 is as follows:

2017 Audit Committee Meetings				
	Feb 27	May 4	Aug 3	Oct 23
David L. Balangue	P	P	P	P
Corazon de la Paz-Bernardo	P	P	P	P
Victor J. del Rosario	A	P	A	A
Roberto M. Laviña	P	out	out	out

*P – Present   A – Absent   Out – Transferred to Risk Oversight Committee*

## EXTERNAL AUDITOR

The External Auditor contributes to the enforcement of good corporate governance through independent examination of the financial records and reports of the Company.

On April 10, 2017, the stockholders, upon recommendation of the Audit Committee and the endorsement by the Board of Directors, approved the appointment of SGV & Co. as PHINMA Energy's external auditor.

The Company has complied with SRC Rule 68, paragraph 3(b)(ix) requiring the rotation of external auditors or signing partners every five (5) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor. The engagement partner who conducted the audit for the calendar year 2017 is Ms. Marydith C. Miguel, an SEC accredited auditing partner of SGV. This is Ms. Miguel's fifth year as engagement partner for the Company.

Following are the fees for professional services rendered by SGV & Co. for the past three (3) years:

Year	Audit fees (Php)
2017	1,200,000
2016	1,200,000
2015	1,200,000

## INTERNAL AUDIT

The Internal Audit group of the Company provides the Board, senior management and stockholders with reasonable assurance that its key organizational and procedural controls are effective, appropriate and faithfully complied with. For the year 2017, the Internal Audit Group found the Company's internal control system adequate and effective as contained in the Audit Committee Report for 2017.

## DISCLOSURE AND TRANSPARENCY

In addition to submitting annual and quarterly financial information and other statutory requirements, the Company promptly discloses to the SEC and the PSE all material information such as key results of operations, execution of contracts, declaration of dividends and investments, among others. Such disclosures are promptly uploaded at the Company's website for the benefit of the investing public.





## CODE OF BUSINESS CONDUCT

Under the Integrity Assurance Program of the Company is the Code of Business Conduct for officers and employees. This contains policies on professional decorum, conflict of interest, gifts and gratuities, sexual harassment, anti-fraud and whistle-blowing and retaliation including penalties for violation.

Employees are required to always act in the best interest of the Company. As a matter of policy, every employee and officer of PHINMA Energy is directed to avoid any situation that could interfere or appear to interfere with his independent judgement in performing his duties. The policy also prohibits employees from using his official position to secure a contract of employment for a related party, soliciting gifts or any property for personal gain from any individual or organization that deals with the Company and using company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.



PHINMA Energy believes that **good corporate governance is a necessary component** of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

# Board of Directors



Ramon R. del Rosario, Jr.



Oscar J. Hilado



Francisco L. Viray

**Ramon R. del Rosario, Jr.**, 73, has been a Director of the Company since 2002, and was elected as Chairman of the Board of Directors and Chairman of the Executive Committee of the Company on April 10, 2017. He is the President and CEO of PHINMA Inc. and PHINMA Corp. He is also the Chairman of PHINMA Power Generation Corporation, PHINMA Renewable Energy Corporation, CIP II Power Corporation, PHINMA Petroleum and Geothermal, Inc., Palawan55 Exploration and Production Corporation, One Subic Power Generation Corp., PHINMA Solar Energy Corporation, One Subic Oil Distribution Corp., PHINMA Microtel Hotels, Inc, PHINMA Hospitality, Inc. and the Chairman of the Boards of Trustees of Southwestern University, University of Iloilo, University of Pangasinan, Araullo University and Cagayan de Oro College. He is a Director of several PHINMA-managed companies and currently serves as a member of the Board of Directors of Ayala Corp. and as Chairman of United Pulp and Paper Company of the Siam Cement Group. He served as Secretary of Finance of the Philippines from 1992 to 1993. He is the Chairman of the National Museum of the Philippines and Philippine Business for Education (PBED). He was the former Chairman of the Makati Business Club, the Integrity Initiative and Ramon Magsaysay Award Foundation. He was selected as the Most Outstanding Student of the Philippines in 1967, one of the Ten Outstanding Young Men (TOYM) of the Philippines in 1978, and the MAP Management Man of the Year in 2010. He is the brother of Mr. Victor J. del Rosario. Mr. del Rosario obtained his Bachelor of Science in Accounting and Bachelor of Arts in Social Sciences degrees (Magna cum Laude) from De La Salle University and Master's degree in Business Administration from the Harvard Business School.

**Oscar J. Hilado**, 80, is currently the Vice Chairman of the Board of the Company since April 10, 2017. He served as Chairman of the Company's Board of Directors for 9 years and Chairman of the Executive Committee for 17 years. He has been the Chairman of PHINMA Inc. since January 1994 and has served as CEO thereof from January 1994 to August 2005. He is likewise the Chairman of the Board & Chairman of the Executive Committee of PHINMA Corp., Chairman of the Board of PHINMA Property Holdings Corp., Vice Chairman of Union Galvasteel Corporation and Vice Chairman of PHINMA Petroleum and Geothermal Inc. and PHINMA Power Generation Corp. He is a Director of One Subic Power Generation Corp., Palawan55 Exploration & Production Corporation, PHINMA Renewable Energy Corporation, One Subic Oil Distribution Corporation, PHINMA Solar Energy Corporation, Manila Cordage Corp., Seven Seas Resorts & Leisure, Inc., A. Soriano Corporation, Philex Mining Corporation, Smart Communications, Inc. Digital Telecommunications Phils., Inc. (DIGITEL), Rockwell Land Corporation and Roxas Holdings, Inc. He received his Bachelor of Science degree in Commerce from De La Salle College (Bacolod) in 1958 and his Master's degree in Business Administration from the Harvard Graduate School of Business in 1962.

**Francisco L. Viray**, 69, has been the President and Chief Executive Officer of the Company since April 2007. He has been a Director of the Company since 1998 and has served as the Company's Executive Vice-President from April 2004 to April 2007. He is concurrently the President & CEO of PHINMA Power Generation Corporation, PHINMA Renewable Energy Corporation, PHINMA Petroleum and Geothermal, Inc., One Subic Oil Distribution Corp. and PHINMA Solar Energy Corp. He is the Vice-Chairman & CEO of CIP II Power Corporation, One Subic Power Generation Corp. and Palawan55 Exploration & Production Corporation. At present, Dr. Viray is a member of the Boards of Trustees of Araullo University, Cagayan de Oro College and University of Pangasinan of the PHINMA Education Network (PEN). He joined the PHINMA Group in 1999, a year after he served as Secretary of the Department of Energy from 1994 to 1998. Earlier, he was President of the National Power Corporation beginning May 1993. He also served on the Board of Directors of Meralco, Petron, Union Cement Corporation (now Holcim Philippines, Inc.) and United Pulp and Paper Company, Inc. Mr. Viray received his Bachelor of Science and Master's degrees in Electrical Engineering from the University of the Philippines and his Doctorate degree in Engineering from West Virginia University.





Roberto M. Laviña



Victor J. del Rosario



Pythagoras L. Brion, Jr.



Magdaleno B. Albarracin, Jr.

**Roberto M. Laviña**, 67, is the Senior Executive Vice-President and Chief Operating Officer of PHINMA Inc. & PHINMA Corp. and concurrently is the President & CEO of PHINMA Property Holdings Corp. He is also the Treasurer of PHINMA Energy and is a member of the Board of all the companies in the PHINMA Group which include companies in power generation, education, hotels, steel roofing, property development, oil exploration, strategic consulting and insurance brokerage. Mr. Laviña is the President of PHINMA Foundation. He has a Bachelor of Arts in Economics degree from Ateneo de Manila University and a Masters in Business Management from Asian Institute of Management. He finished his Program for Management Development at Harvard University in 1988.

**Victor J. del Rosario**, 69, was elected as Director on September 15, 2008. He is the Vice-Chairman of Union Galvasteel Corporation and is the Executive Vice-President and Chief Strategic Officer of PHINMA Inc. For PHINMA Corp, he is Executive Vice-President and Chief Finance Officer. He is also a member of the Boards of Directors of PHINMA Inc. and various PHINMA-managed companies. Mr. del Rosario is the brother of Mr. Ramon R. del Rosario, Jr. Mr. Victor del Rosario is an Economics and Accounting graduate of De La Salle University and holds a Master's degree in Business Administration from Columbia University.

**Pythagoras L. Brion, Jr.**, 65, was elected Senior Vice-President & Chief Operating Officer of the Company on March 20, 2012. He is concurrently Executive Vice President and CFO of PHINMA Inc. and Senior Vice-President and Treasurer of PHINMA Corp.; EVP, Treasurer & CFO of PHINMA Power Generation Corporation, CIP II Power Corporation, One Subic Power Generation Corp., PHINMA Petroleum and Geothermal, Inc. and Palawan55 Exploration & Production Corporation. Mr. Brion is the Treasurer & CFO of One Subic Oil Distribution Corp. and the Treasurer of PHINMA Renewable Energy Corporation and PHINMA Solar Energy Corp. Mr. Brion likewise serves various executive posts in the PHINMA-managed companies in steel building systems, education, hospitality and property. He joined the PHINMA group in 1992. He received his Bachelor of Science degree in Management Engineering from Ateneo de Manila University and holds a Master's degree in Business Administration from University of the Philippines.

**Magdaleno B. Albarracin, Jr.**, 81, joined the PHINMA Group in 1971 as a consultant. He is currently the Vice-Chairman of PHINMA Inc. and is the Chairman of its Executive Committee. He is also Vice-Chairman of PHINMA Education Holdings, Inc. He is a member of the Boards of Directors of PHINMA Foundation, Union Galvasteel Corporation, PHINMA Energy, PHINMA Power Generation Corporation, One Subic Power Generation Corp., PHINMA Petroleum and Geothermal, Inc., PHINMA Renewable Energy Corporation, and PHINMA Property Holdings Corp. He is the former Chairman of the Board of Trustees of the University of San Carlos in Cebu City, and was a member of the UP Board of Regents. He was formerly Chairman of UP Engineering Research and Development Foundation and President of Holcim Philippines, Inc. He was a director of Holcim from 1986 to 2014. Dr. Albarracin received his Bachelor of Science degree in Electrical Engineering from the University of the Philippines and Master of Science degree in Electrical Engineering from the University of Michigan. He received his Master's degree in Business Administration from the University of the Philippines and Doctorate degree in Business Administration from Harvard University.



Guillermo D. Luchangco



Corazon dela Paz Bernardo



David L. Balangue



Ricardo V. Camua



**Guillermo D. Luchangco**, 78, has been an Independent Director of the Company since April 2013. He is the Chairman and Chief Executive Officer of The ICCP Group, which includes Science Park of the Philippines, Inc., Pueblo de Oro Development Corp., Cebu Light Industrial Park, Inc., Regatta Properties, Inc., RFM-Science Park of the Philippines, Inc., and Manila Exposition Complex, Inc., Chairman of Investment & Capital Corporation of the Philippines and Chairman & President of Beacon Property Ventures, Inc. Mr. Luchangco also sits on the board of public companies such as PHINMA Corporation, Roxas & Company, Inc. and Ionics Inc.

Mr. Luchangco received his Bachelor of Science degree in Chemical Engineering (Magna Cum Laude) from the De La Salle University and holds a Master's degree in Business Administration from Harvard Business School.

**Corazon dela Paz Bernardo**, 76, was elected as an Independent Director of PHINMA Energy on April 12, 2016. She is the Honorary President of the International Social Security Association (ISSA), an affiliate of the International Labor Organization, based in Geneva, Switzerland. She was the first woman and first non-European to be elected as ISSA's President from 2004 to 2010. She is the first woman President of the Social Security System from 2001 to 2008 and the first woman elected partner of Price Waterhouse International in 1973. She was Chairman and Senior Partner of Joaquin Cunanan & Co. (Price Waterhouse Philippines) from 1981 to 2001, and was in the World Board of Price Waterhouse World Firm from 1992 to 1995. She has served as Trustee or Commissioner of the Philippine Health Insurance Corporation (Philhealth), Home Development Mutual Fund (PAG-IBIG), National Commission on the Role of Filipino Women, University of the East, UE Ramon Magsaysay Memorial Medical Center, Medical Doctors Inc. (Makati Medical Center), Miriam College, the Makati Business Club, MFI Foundation (where she also serves as treasurer), the Philippine Business for Education (PBEd), the BDO Foundation, and the Laura Vicuna Foundation for Streetchildren. She sits on the boards of Republic Glass Holdings Corporation, and Roxas & Co., Inc. She serves as adviser the board and audit committees of BDO Unibank, Inc. and the audit committee of PLDT. Mrs. dela Paz-Bernardo was a Director of San Miguel Corporation, PLDT, Philex Mining, and Ionics Inc. and Chairperson of Equitable PCI Bank while serving as SSS President. Mrs. dela Paz-Bernardo graduated from the University of the East with a Bachelor of Business Administration degree in 1960 (Magna Cum Laude) and was the topnotcher of the CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fulbright grantee. She is a TOWNS and TOFIL awardee.

**David L. Balangue**, 66, was elected as Independent Director of the Company on March 24, 2010. He is an accounting and auditing professional whose career spanned 38 years at SGV & Co., the Philippines' largest audit and accounting professional services firm. He is a former Chairman & Managing Partner of the Firm, and was admitted to partnership in 1982. He is the current Chairman of the Philippine Financial Reporting Standards Council and is a past president of the Philippine Institute of CPAs, Management Association of the Philippines, Financial Executives Institute and The Manila Polo Club, Inc. He also sits as an Independent Director in Holcim Philippines, Inc., Manulife Financial Plans, Inc., Roxas Holdings, Inc. and Philippine Bank of Communications.

Mr. Balangue holds a bachelor's degree in Commerce, major in Accounting (Magna Cum Laude) from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg School of Management of Northwestern University in Evanston, Illinois, USA as an SGV scholar and where he received a Distinguished Scholar Award and was elected to the Beta Gamma Sigma, an exclusive honors fraternity. He placed second highest in the 1972 Philippine CPA Board Examinations.

**Ricardo V. Camua**, 75, has been a Director of the Company since 1996. He served as the President and Chief Executive Officer of Manila Cordage Company from 2000 to 2009 and Manco Synthetics, Inc. from 2007 to 2009. Mr. Camua was the Vice-President and member of the Boards of Directors of Manco Insurance Agents Inc. and Tupperware Realty Corporation. In 2005, he was elected Director of Filmag Holdings, Inc. He has been the President of Ricardo V. Camua & Co., Inc. (RVCCI) since 2008. Mr. Ricardo Camua has a Bachelor of Science degree in Electrical Engineering from Mapua Institute of Technology.

# Management Committee



FRANCISCO L. VIRAY  
President and  
Chief Executive Officer



ROBERTO M. LAVIÑA  
Treasurer



PYTHAGORAS L. BRION, JR.  
Senior Vice-President  
and Chief Finance Officer



RIZALINO G. SANTOS  
Senior Vice President  
Power Business



VIRGILIO R. FRANCISCO, JR.  
Senior Vice President



RAYMUNDO A. REYES, JR.  
Senior Vice President



MARIEJO P. BAUTISTA  
Senior Vice President  
Finance and Controller



TROY A. LUNA  
Corporate Secretary



CECILLE B. ARENILLO  
Vice President  
Compliance Officer



ALAN T. ASCALON  
Vice President  
Legal and Corporate Affairs



DANILO L. PANES  
Vice President  
Renewable Energy



DANIELLE R. DEL ROSARIO  
Assistant Vice President  
Head of Sales and Marketing



MA. TERESA P. POSADAS  
Assistant Vice President  
Human Resources



ARTHUR R. VILLACORTE  
Assistant Vice President  
Materials Management



DANEIA ISABELLE F. PALAD  
Assistant  
Corporate Secretary





# CorporateDirectory

## CONTACT INFORMATION

Investor Relations  
Corporate Affairs  
Materials Management  
Electricity Supply & Marketing  
Corporate Social Responsibility  
Data Protection Officer  
Integrity Assurance Hotline

[investors.energy@phinma.com.ph](mailto:investors.energy@phinma.com.ph)  
[corpaffairs.energy@phinma.com.ph](mailto:corpaffairs.energy@phinma.com.ph)  
[materials.energy@phinma.com.ph](mailto:materials.energy@phinma.com.ph)  
[marketing.energy@phinma.com.ph](mailto:marketing.energy@phinma.com.ph)  
[csr.energy@phinma.com.ph](mailto:csr.energy@phinma.com.ph)  
[dpo.energy@phinma.com.ph](mailto:dpo.energy@phinma.com.ph)  
[energy@phinmaintegrity.com.ph](mailto:energy@phinmaintegrity.com.ph)

## SHAREHOLDER INFORMATION

PHINMA Energy Corporation  
Level 11, PHINMA Plaza  
39 Plaza Drive, Rockwell Center, Makati City  
Tel. No.: (+632) 870-0100  
Fax: (+632) 870-0433  
Website: [www.phinmaenergy.com](http://www.phinmaenergy.com)

INVESTOR RELATIONS  
Giles R. Katigbak  
Tel. No.: (+632) 870-0130  
Fax: (+632) 870-0456

TRANSFER AGENT  
Stock Transfer Services, Inc.  
34th Floor, Unit D, Rufino Pacific Tower  
Tel. No.: (+632) 403-2410  
Email: [stsi@stocktransfer.com.ph](mailto:stsi@stocktransfer.com.ph)

EXTERNAL AUDITORS  
SyCip Gorres Velayo & Co.





Concept & Design | Mimmon Vicente and Cybele Manlapaz  
Board of Directors and Management Committee Portraiture | Cesar Caina  
Additional Management Committee Portraiture and Operations Photography | Erik Liongoren

The PHINMA Energy 2017 Annual Report cover and inside pages are printed on woodfree paper produced with pulps from PEFC-certified (Programme for the Endorsement of Forest Certification) sustainably-managed forests.



PHINMA Energy Corporation  
Level 11, PHINMA Plaza  
39 Plaza Drive, Rockwell Center, Makati City  
Tel. No.: (+632) 870-0100  
Fax: (+632) 870-0433  
[www.phinmaenergy.com](http://www.phinmaenergy.com)