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## Basic Energy Corporation BSC

### PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements

<b>Form/Report Type</b>	Draft of Minutes of Annual Stockholders Meeting
<b>Report Period/Report Date</b>	Nov 23, 2020

#### Description of the Disclosure

As required by the Securities and Exchange Commission, attached is the draft Minutes of the Annual Stockholders Meeting of Basic Energy Corporation last October 23, 2020.

#### Filed on behalf by:

<b>Name</b>	Angel Gahol
<b>Designation</b>	Corporate Secretary

**MINUTES OF THE 2020 ANNUAL STOCKHOLDERS' MEETING  
OF BASIC ENERGY CORPORATION  
HELD AT THE PRINCIPAL OFFICE VIA REMOTE COMMUNICATION  
ON OCTOBER 23, 2020 AT 3:00 P.M.**

TOTAL NUMBER OF SHARES OUTSTANDING AND ENTITLED TO VOTE	4,660,267,714
TOTAL NUMBER OF SHARES REPRESENTED IN PERSON OR BY PROXY	3,468,657,889
PERCENTAGE OF ATTENDANCE	74.43%

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**PROCEEDINGS**

**I. CALL TO ORDER**

After the introduction of the members of the Board of Directors and the Advisory Board and key officers of the Corporation, guests and stockholders who registered to participate, present at the meeting, the Chairman of the Board, Mr. Oscar C. de Venecia, called the 2020 Annual Stockholder's Meeting of Basic Energy Corporation to order.

**II. PROOF OF THE REQUIRED NOTICE OF MEETING**

The Chairman then requested the Acting Corporate Secretary, Atty. Angel P. Gahol, to certify as to the due notice to all the stockholders of the Annual Stockholders' Meeting and as to the existence of a quorum. The Acting Corporate Secretary certified that notices for the 2020 Annual Stockholders' Meeting of the Corporation were published in two newspapers of general circulation namely, Manila Bulletin and Philippine Star for two consecutive days on September 30, 2020 and October 1, 2020 and in the company website

**III. DETERMINATION OF EXISTENCE OF QUORUM**

The Acting Corporate Secretary further certified that based on the Certification issued by its Stock Transfer Agent, Philippine Stock Transfer Inc., out of the outstanding subscribed and issued shares of stock of the Corporation entitled to attend and vote at the meeting, a total of 3,468,657,889 shares are represented in this meeting, either in person or by proxy, and these shares account for 74.43% of the total outstanding subscribed and issued shares of the Corporation. He then certified that there is a quorum for the transaction of business in the Annual Stockholders' Meeting.

**IV. APPROVAL OF THE AGENDA FOR THE STOCKHOLDERS' MEETING**

The Chairman requested the Acting Corporate Secretary to present the agenda for the Annual Stockholders' Meeting as follows:

- I. Call to Order
- II. Certification of Due Notice of Meeting and Existence of Quorum'
- III. Approval of the Agenda for the 2020 Annual Stockholders Meeting
- IV. Approval of Minutes of the Annual Stockholders Meeting Held on October 23, 2019
- V. Presentation of the 2020 Annual Report
- VI. Ratification of All Acts of the Board and Management for the term 2019-2020
- VII. Election of Directors for the term 2020-2021
- VIII. Approval of the following Proposed Amendments:
  - a. Proposed Amendments to Article VII of the Amended Articles of Incorporation to Increase the Authorized Capital Stock from Php 2.5 Billion to Php 5.0 Billion
  - b. Proposed Amendment of Article II of the Amended By-Laws by adding a new provision as Section 10 creating the position of Chairman Emeritus
  - c. Proposed Amendment of Article VI of the Amended By-Laws by deleting the profit-sharing provision for directors and officers.
- IX. Approval of the Appointment of Reyes Tacandong & Co. as External Auditors
- X. Other Matters
- XI. Adjournment

Upon motion, which was duly seconded, and there being no objections to said motion, the Chairman declared the Agenda for the 2020 Annual Stockholders Meeting approved.

**V. APPROVAL OF THE MINUTES OF PREVIOUS MEETING**

The Chairman proceeded with the next item in the agenda which is the presentation and approval of the Minutes of the 2019 Annual Stockholders' Meeting held last October 23, 2019. The Chairman requested the Acting Corporate Secretary to summarize the items taken up in the last stockholders meeting. The Corporate Secretary presented the following as taken in the 2019 Annual Stockholders Meeting as follows:

- a. the approval of the 2019 annual report of the Board and Management,
- (b) the election of the directors for the term 2019-2020,
- (c) the approval of the issuance of Tranche 3 shares to Meta Corporation consisting of 180, 384, 497 shares and

- (d) the appointment of SGV & Co. as the external auditors for the 2019 financial statements of the Company.

A copy of the minutes were posted in the Company's website.

Since the minutes of the said meeting have been posted in the website of the Company prior to the scheduled annual stockholders meeting, a motion was submitted for the approval of the Minutes of the 2019 Annual Stockholders Meeting. Upon motion, which was duly seconded, and there being no objections to said motion, the Chairman declared that the Minutes of the 2019 Annual Stockholders' Meeting, were deemed approved.

## **VI. PRESENTATION OF THE 2020 ANNUAL REPORT AND HIGHLIGHTS OF THE 2019 AUDITED FINANCIAL STATEMENTS**

The President and CEO, Mr. Oscar L. de Venecia, Jr., requested the Acting Corporate Secretary to present the material information on major shareholders of the Company and their voting rights as required by the Revised Corporation Code. After the presentation on the major shareholders of the Corporation, Mr. de Venecia, Jr. presented the 2020 Annual Report of the Board of Directors and Management to the stockholders of the Corporation and the highlights of the 2019 Audited Financial Statements of the Corporation.

The presentation included an assessment on the performance of the Corporation, the status of its current projects and plans for the ensuing year. He proceeded to present the highlights of the 2019 audited financial statements of the Corporation, a discussion on the various risks involved in undertaking its projects, the Corporation's risk management processes and internal controls, and the external audit fees paid to SGV & Co. He also discussed the Corporation's dividend policy and informed the body that there were no dividends declared last year as the Corporation was still incurring losses on its projects.

After the presentation of the aforementioned reports, the table was opened for questions and clarifications from the stockholders. There was only one question asked from a stockholder on the reports presented, which referred to who is the partner of the company for the wind project. The President and CEO responded that the company cannot disclose the potential partner because it is still under negotiation. There being no other questions raised, the appropriate motion was made, which was duly seconded, and there being no objection thereto, the Chairman declared that the 2020 Annual Report to Stockholders, which was considered also as the report of the Board of Directors and Management, and the highlights of the 2019 Audited Financial Statements, were considered approved.

## **VII. RATIFICATION OF ALL ACTS OF THE BOARD AND MANAGEMENT**

The Chairman advised the body that the list of resolutions and actions approved and adopted by the Board of Directors from the last stockholders meeting held in October 23, 2019 to August 27, 2020 were published in two newspapers of general circulation namely Manila Bulletin and Philippine Star for two consecutive days on September 30, 2020 and October 1, 2020. A motion was submitted that with the approval of the 2020 Annual Report on the operations of the Corporation for the term 2019-2020, all acts done by the Board of Directors

and Management for the term 2019-2020 be confirmed and ratified. Upon a motion, which was duly seconded and there being no objection thereto, the Chairman declared that all acts done by the Board of Directors and Management for the term 2019-2020 were considered confirmed and ratified.

### VIII. ELECTION OF DIRECTORS

Before the presentation of the nominees to the members of the Board Directors, the Acting Corporate Secretary, upon request of the Chairman, presented the following:

- a. the criteria for Board's and Board Committees' Appraisal and Performance Report;
- b. the 2019 and January to October 2020 Attendance Report of the current members of the Board of Directors.
- d. the directors' compensation report for 2020;
- e. there are no Related Party Transactions reported for 2020; and
- f. the individual profiles of the nominees, which included their qualifications and relevant experiences.

After the presentation of the Acting Corporate Secretary on the profiles and the performance and attendance report of the current Board of Directors, the Acting Corporate Secretary reported that only ten (10) directors will be elected because one of the nominees for the 3<sup>rd</sup> Independent Director seat, being in the government service, was not able to secure the required written permission from his Department Head. The Chairman proceeded with the election of the ten (10) Directors for the ensuing year, 2020-2021. He reported to the body that in compliance with the Corporation's Manual on Corporate Governance, the Nominating Committee endorsed to the Board the nomination of the following nominees as members of the Board of Directors of the Corporation for the term 2020-2021 and the Board of Directors approved the nominations, as follows:

1. Oscar C. de Venecia
2. Ramon L. Mapa
3. Oscar L. de Venecia, Jr.
4. Beatrice Jane L. Ang
5. Ma. Florina M. Chan
6. Jaime J. Martirez
7. Supasit Pokinjaruras
8. Isidoro O. Tan
9. Harvey L. N. Dychiao as Independent Director, and
10. Eduardo V. Manalac as Independent Director.

Upon motion, which was duly seconded, and there being no objection thereto, the Chairman dispensed with the balloting of votes for the election of the Directors of the Corporation considering that there were only 10 nominees for the 10 seats in the Board. As directed by the Chairman, the Acting Corporate Secretary cast all the votes of the stockholders present or represented in this meeting, in favor of the election of the aforementioned 10 nominees as directors of the Corporation for the term 2020-2021. Thereafter, the Chairman declared all the aforementioned 10 nominees as elected Directors of the Corporation for the term 2020-2021.

**IX. APPROVAL OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BY-LAWS**

The Acting Corporate Secretary presented to the body the proposed Amendments to the Articles of Incorporation and By-Laws as follows:

- a. Proposed Amendments to Article VII of the Amended Articles of Incorporation to Increase the Authorized Capital Stock from Php 2.5 Billion to Php 5.0 Billion
- b. Proposed Amendment of Article II of the Amended By-Laws by adding a new provision as Section 10 creating the position of Chairman Emeritus
- c. Proposed Amendment of Article VI of the Amended By-Laws by deleting the profit-sharing provision for directors and officer.

The Acting Corporate Secretary discussed the Proposed Amendments to Article VII of the Amended Articles of Incorporation to Increase the Authorized Capital Stock from Php 2.5 Billion to Php 5.0 Billion with a proposal for the waiver by a majority of the minority stockholders of the mandatory rights offer requirement of the Philippine Stock Exchange for the listing of shares issued out of the increase in the authorized capital stock of the company.

On motion, which was duly seconded and there being no objection thereto, the Chairman considered as approved the resolutions for the amendments to Article VII of the Amended Articles of Incorporation to read as follows:

“Resolved to amend Article Seventh of the Amended Articles of Incorporation to read partly as follows:

Seventh: That the amount of capital stock of said Corporation is FIVE BILLION PESOS (Php5,000,000,000.00) Philippine Currency, and said capital stock is divided into TWENTY BILLION (20,000,000, 000) shares with a par value of TWENTY FIVE CENTAVOS (Php 0.25) per share.

“Resolved, to approve the waiver by a majority of the minority stockholders of the mandatory offer requirement of the Philippine Stock Exchange listing rules for listing of shares issued out of the increase in the authorized capital stock of the Company.”

The Acting Corporate Secretary presented the resolution for the Proposed Amendment to Article II of the Amended By-Laws by adding a new section as Section 10 creating the position of Chairman Emeritus, as follows:

“Resolved, to add a new section to Article II of the Amended By-laws as Section 10, to read as follows:

The Board of Directors may, in its discretion confer upon a former Chairman of the Board the honorary title of Chairman Emeritus, in recognition of his past

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distinguished services and contributions to the Corporation. The Chairman Emeritus shall function in advisory role to the Board of Directors, and may be invited to attend meetings of the Board of Directors but shall not have the right to vote on matters submitted for decision or approval of the Board of Directors. The Chairman Emeritus may perform special official functions as may be assigned to him from time to time by the Chairman or the Board of Directors. “

On motion, which was duly seconded, and there being no objection thereto, the Chairman considered as approved the amendments to Article II of the Amended By-Laws adding a new section in Section 10 creating the position of Chairman Emeritus.

Lastly, the Acting Corporate Secretary presented the resolution for the Proposed Amendment to Article VI of the Amended By-Laws, as follows:

“Resolved, to delete the profit-sharing provisions for directors and officers found in Article VI of the Amended By-laws.”

On motion duly seconded and there being no objection thereto, the Chairman considered as approved the aforementioned resolution on the amendment to Article VI of the Amended By-Laws deleting the profit-sharing provision for directors and officers.

### **X. APPOINTMENT OF EXTERNAL AUDITORS**

The Vice President for Finance, Mr. Alain S. Pangan, reported to the body that upon recommendation of the Audit Committee, the Board decided to change SGV & Co. as the external auditor of the Company, in line with the Company’s corporate governance standards.

In view thereof, the Board of Directors of the Corporation, upon recommendation of the Audit Committee, nominated Reyes Tacandong & Company with Mr. Joseph C. Bilangilin and Mr. Manuel P. Buensuceso as the engagement partners, as External Auditors for the 2020 financial statements of the Company. Upon motion for the said nomination of Reyes Tacandong & Company, which was duly seconded, and there being no objection thereto, the Chairman considered as approved the appointment of Reyes Tacandong & Company as the External Auditors of the Company for the financial statements for the fiscal year ending December 31, 2020, as recommended by the Audit Committee and the Board of Directors.

### **XI. ADJOURNMENT**

Before the adjournment of the meeting, the Chairman then expressed his gratitude to all the stockholders present and represented in the meeting for their time and effort in attending the annual stockholders’ meeting.

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There being no other matters in the agenda, upon motion to adjourn, which was duly seconded, the Chairman adjourned the Corporation's 2020 Annual Stockholders' Meeting.

## CERTIFIED CORRECT:

**Angel P. Gahol**  
Acting Corporate Secretary

## ATTESTED BY:

**Oscar C. de Venecia**  
Chairman

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