

**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.**

**Stockholders Present/Represented by Proxy:**

TOTAL NUMBER OF SHARES OUTSTANDING AND ENTITLED TO VOTE	4,660,267,714
TOTAL NUMBER OF SHARES REPRESENTED IN PERSON OR BY PROXY	3,513,657,889
PERCENTAGE OF ATTENDANCE	74.96%

(The stockholders who were represented in the meeting by their respective proxies are in the list certified by the Company's stock transfer agent, Professional Stock Transfer, Inc., dated October 21, 2020, attached as Annex A hereof.)

**Directors Present:**

Oscar C. De Venecia – Chairman  
Ramon L. Mapa – Vice Chairman  
Oscar L. De Venecia, Jr.  
Beatriz Jane L. Ang  
Ma. Florina M. Chan  
Jaime J. Martinez  
Supasit Pokinjaruras  
Isidoro O. Tan, and

Independent Directors:

Harvey Lawrence N. Dychiao and  
Eduardo V. Manalac

**Others Present:**

Advisory Board:

Jose C. de Venecia, Jr.	Chairman
Jose P. de Venecia, III	Member
Reynaldo T. Casas	Member
Francis C. Chua	Member
Oscar S. Reyes	Member

Other Stockholders:

Leonardo R. Arguelles, Jr.  
Dennis D. Decena  
Corazon M. Bejasa  
Emelinda I. Dizon

Officers:

Angel P. Gahol  
Alberto P. Morillo

## **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, and 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 was posted 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 74.96% 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 by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 3,513,657,889 shares, representing 74.96% of the total issued and outstanding capital stock of the Company.

The Chairman requested the Acting Corporate Secretary to remind the body of the voting and tabulation procedures to be followed in the approval of the above matters referred to Items III to X of the agenda. The Acting Corporate Secretary stated: All matters shall be considered voted upon by the affirmative vote of all the stockholders present and represented in the meeting, when duly moved and seconded, without any objections. Should there be any objection on any matter in the agenda submitted for approval of the stockholders, the Chairman shall request the President to clarify and address the objections raised. Once the clarification is accepted by the stockholder concerned, the Chairman shall entertain again a motion for its approval and if duly seconded and no further objections are raised, the matter involved shall be deemed approved by the affirmative vote of all stockholders present and represented in the meeting. If the clarification or response is not accepted, the Chairman shall submit the matter for voting of the stockholders and the Acting Corporate Secretary shall record the affirmative votes garnered and if constituting the required number of votes, the matter involved shall be considered as approved by the stockholders.

The Acting Corporate Secretary reminded the body that any stockholder present or represented in the meeting shall have the opportunity to ask questions after the presentation of each matter in the agenda, either by raising his hand or passing a written note of his questions to the Corporate Secretary. The Chairman added that before declaring any matter as approved, the Chairman shall ask the body if there are any objections to or questions on the matter involved, and only after hearing no objection shall be the matter be considered or declared approved by the stockholders. He instructed the Acting Corporate Secretary to record all questions or objections raised and the answers given to address such questions or objections.

## **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 draft of the minutes was posted in the Company's website.

Since the draft of 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 by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 3,513,657,889 shares, representing 74.96% of the total issued and outstanding capital stock of the Company.

## **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. There being more than 6,500 stockholders of the Corporation, the Acting Corporate Secretary presented the list of the top 100 stockholders of the Corporation. and the nature of the businesses and the major stockholders and key officers of those in the top 10 stockholders of the Corporation and the five (5) PDTC participants holding more than 5% of the outstanding capital stock of the Corporation, for the account of their respective clients. Thereafter, he discussed the voting rights of stockholders as provided under the Revised Corporation Code and the by-laws of the Company.

After the presentation on the major shareholders of the Corporation, the President and CEO 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, a summary of which follows:

The President & CEO presented the Financial Report and the Operations Report for 2019, with an opening statement that the Company has once again proven its resilience and drive to achieve stability during these uncertain and difficult times.

He first discussed the key financial performance indicators of the Company, which continued to remain positive, among others: the Company is extremely liquid, with a current ratio of 8.23:1, it is in a zero-debt position, and it maintains sound solvency ratios, with a debt-to-equity ratio of 7.68% and an asset-to-equity ratio of 107.68%.

On the 2019 Audited Consolidated Financial Statements, he reported that as of end-2019, total assets stood at Php600.58 million, Php184.34 million lower than the Php784.91 million balance at the close of 2018. This was primarily due to the impairment of deferred exploration costs for the year amounting to Php114.26 million, decrease in the value of

investment in associates amounting to Php13.71 million, and the sale of property and equipment with a book value of Php39.7 million.

Total liabilities stood at Php42.85 million as of end-2019, a decrease of Php40.34 million from the balance of Php83.68 million at the close of 2018, due to the settlement of the Company's short-term loan amounting to Php50 million. Total equity settled at Php557.73 million in 2019, down by Php143.5 million from the Php701.23 million balance at end-2018.

Total revenues for the year 2019 amounted to Php25.22 million, which were derived from the fair value adjustments on investment properties, realized foreign exchange gain, management fees, and interest income. For the year ended 2019, the Company recorded a net operating loss of Php197.81 million, an increase of Php172.04 million from Php25.77 million net operating loss recorded in 2018.

The Company's dividend policy as stated in its Amended By-laws provides that dividends shall be declared only from the surplus profits and shall be payable at such time and such amount as the Board of Directors shall determine. However, the specific implementing dividend policies have yet to be established by the Board at the appropriate time.

In this connection, for the year 2019, no dividends were declared because the Company continued to report net operating losses and thus, no income was recognized which would enable your Company to declare dividends for shareholders.

As to the adequacy of internal control systems, the Company has adequate internal control procedures in place that ensure compliance with policies and procedures, facilitate effective and efficient operations, ensure the quality of financial and reporting, and ensure compliance with applicable laws and regulations.

He added that the external audit fees for the year 2018 and 2019 amounted to Php 640,500.00 and Php790,299.30, respectively, which were paid as of May 29, 2019 and April 16, 2020, respectively, and there were no non-audit work referred to the external auditor in 2019, hence, no fees for non-audit work has been paid.

Proceeding with the Operations Report, in 2019, the Company continued its venture for sound investments into the renewable energy sector and undertook measures to minimize its expenditures on its various geothermal and natural gas service contracts.

The Company has a 15% equity investment in both Vintage EPC Co., Ltd. ("VEPC") and VTE International Construction Co., Ltd. ("VINTER"), which are two Thai companies that have been awarded the primary EPC contract for the construction of a 220MWp Solar Power Project in Minbu, Myanmar. After a series of acceptance testing exercises done together with the Electric Power Generation Enterprise (EPGE) of Myanmar's Ministry of Electricity and Energy, Phase 1 of the solar power plant had the commencement of its commercial operation date or COD on September 27, 2019. Phase 1 of the project thus confirmed the capability of VEPC and

VINTER to deliver an efficient solar power plant which conforms to international standards. It is targeted that the entire 220MW project will be completed by 2022-2023.

The President proceeded to a discussion on the various risks involved in undertaking its energy projects, the Corporation's risk management processes and internal control procedures, during which he confirmed that the Corporation's risk management and internal control systems are in place and are considered adequate, considering the nature, size and scale of the present operations of the Corporation.

However, he mentioned that with the inherent risk of undertakings in exploration projects, there can be no assurance that the Company's activities will be successful in discovering commercially viable energy resources until there is confirmation of an energy resource that will support commercial operations. Other factors that led to the decision of minimizing engagement in any form of oil, gas and geothermal projects include volatility of oil and gas prices, foreign exchange rate risks, and changes in government regulations.

For these reasons, the Company surrendered its Geothermal Service Contract for the Mabini Geothermal Project to the DOE and have accepted the DOE's suspension of our Geothermal Service Contract for the Mariveles Geothermal Project. The 20% interest in the Iriga Geothermal Project was, however, retained, considering that the project has yet to drill the first exploratory well, where the Company is carried free of the costs of drilling this well.

The Company surrendered the Geothermal Service Contract for the Mabini Geothermal Project because it is not feasible to continue with the exploration of possible geothermal energy resources in the area due to the eruption of the Taal Volcano, making it difficult for the project to push through with its permitting and preliminary works due to the community's resistance.

The Company also accepted the cancellation of the Geothermal Service Contract for the Mariveles Geothermal project because of the difficulties encountered in securing the permits.

In the field of natural gas, the Company had a 3% participation in Service Contract 53 ("SC53") in onshore Occidental Mindoro. Middle of the year 2019, the DOE cancelled this Service Contract due to the failure of the Operator to deliver its commitments. The DOE was later on advised of the Company's withdrawal from the request for reconsideration of this termination.

Moving forward, the President stressed the need to address losses of past years and the importance of developing a rounded portfolio that is less skewed towards projects with long gestation periods. The Company is in initial discussions for a possible development of an Onshore Wind Power Farm Project in Mabini, Batangas, within the service contract area of the Mabini Geothermal Project. The Company submitted its letter of interest to the DOE, with the purpose of reserving the area for a possible wind power project.

The President discussed the Company's plan to increase its authorized capital stock from Php2.5 Billion to Php5 Billion. This measure is intended to allow the entry of possible investors which will bring in the needed capital infusion as well as new opportunities in the

energy sector. The potential partnerships with these new investors will hopefully reintroduce the Company in the midstream and downstream oil and gas sector, as well as bring in opportunities in the renewable energy sector.

The actions taken by the Company, particularly with the measures taken to minimize the exposures in its geothermal service contracts and natural gas service contract, is in line with the strategies identified for the future entry of possible investors.

The President's report ended with optimism that Company will strive to remain sound even as it aggressively pursues further development of its projects.

The President & CEO reminded the body that a copy of the 2019 audited consolidated financial statements of the Corporation was attached to the 2019 SEC Form 20- Definitive Information Statement, which was posted in the Corporation's website and which also furnished to the Philippine Stock Exchange, and a copy can also requested from the Acting Corporate Secretary, without any extra charge.

After the presentation of the aforementioned reports, the table was opened for questions and clarifications from the stockholders. There was only one question asked by a stockholder on the reports presented, which is who is the Company's partner in the wind energy project. The President and CEO responded that the Company cannot yet disclose the potential partner because the terms of the proposed collaboration were still being discussed.

There being no other questions raised, the appropriate motion was made, recognized and 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 by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 3,513,657,889 shares, representing 74.96% of the total issued and outstanding capital stock of the Company.

## **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 said 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 by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 3,513,657,889 shares, representing 74.96% of the total issued and outstanding capital stock of the Company.

## **VIII. ELECTION OF DIRECTORS**

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

- a. The individual profiles of the nominees, which included their qualifications and relevant work and/or professional experiences, the length of service in the Company, the training and seminars and continuing education programs attended and their Board representations in other companies.

(In this regard, the Acting Corporate Secretary reminded the body that the individual profiles of the nominees including the length of service in the Company, the training and seminars and continuing education programs attended and their Board representations in other companies can also be found in the 2020 SEC Form 20-Definitive Information Statement which was posted in the Company's website.)

- b. The 2019 Attendance Report of the current members of the Board of Directors covering attendance in Board and Committee meetings and the annual stockholders meeting during said periods, as follows:

1. Attendance in Board meetings: (Out of 13 meetings in 2019)

Oscar C. de Venecia- 13 meetings

Ramon L. Mapa- 13 meetings

Oscar L. de Venecia, Jr.-11 meetings

Ma. Florina M. Chan- 10 meetings

Harvey L.N. Dychiao-12 meetings

Eduardo V. Manalac-11 meetings

Jaime J. Martinez-11 meetings

Oscar S. Reyes -11 meetings

Isidoro O. Tan-10 meetings

Srinarin Poudpongpaiboon – 6 meetings (was a director from July to  
December,2019)

Supasit Pokinjaruras was not able to attend the Board meetings from January to  
June, 2019

Francis C. Chua attended only 3 meetings in 2019.

2. Attendance in Committee Meetings- all members of the different Committees attended their respective Committee meetings in 2019.
  3. Attendance in the 2019 Stockholders Meeting – all directors attended the meeting, except Francis C. Chua, Ma. Florina M. Chan and Srinarin Poudpongpaiboon.
- c. The Corporate Governance Committee has adopted a Performance Evaluation Self Rating Form to evaluate the level of compliance by the Board, the Board Committees and the individual members of the Board, in compliance with the Company's Manual on Corporate Governance and the Code of Corporate Governance for Publicly Listed Companies. The criteria adopted covers performance in the following areas: For the Board of Directors:1) the Board structure; 2) the duties and responsibilities of the Board, and 3) Board Meetings; the performance of the Board Committees and the performance of the duties and responsibilities of the individual directors. The performance evaluation for 2019-2020 was conducted by the members of the Board last May, 2019, with an over-all rating of "Mostly Satisfactory/Exceeds Standards". He clarified that for the Board's performance assessment for the balance of 2020 and for 2021, the same shall be presented at the 2021 Annual Stockholders meeting.



d. The directors' compensation report for 2019, as follows:

NAME/POSITION	FISCAL YEAR	SALARIES	BONUSES	OTHER COMPENSATION
<b>Oscar L. de Venecia, Jr.</b> President & COO <b>Corazon M. Bejasa</b> VP & Corporate Secretary <b>Alberto P. Morillo</b> VP-Operations <b>Alain S. Pangan</b> VP-Finance				
<b>Total</b>	2019	7,547,241 (estimated)	628,937 (estimated)	none
	2018	11,102,118	817,079	none
	2017	9,326,096	751,205	none
<b>All Other Officers as a Group Unnamed</b>	2019	1,484,613 (estimated)	123,718 (estimated)	none
	2018	2,535,529	200,563	none
	2017	2,535,529	200,563	none

e. There were no self-dealing transactions or related party transactions reported for 2019- 2020.

After the above presentations of the Acting Corporate Secretary, he 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 owning a total of 3,513,657,889 shares, representing 74.96% of the

total issued and outstanding capital stock of the Company, 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. He stated that this increase in the Company's authorized capital stock is in line with the plan of the Company to raise capital funds for its existing projects, for the expansion of existing projects and for new projects that will involve the development and generation of renewable energy and other energy-related projects.

A brief discussion ensued on the following proposed resolution, which reads:

"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 (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.

x x x."

After the discussions, a motion for the approval of said capital increase and the corresponding amendment to Article Seventh of the Amended Articles of Incorporation was submitted, which was duly seconded, and there being no objection thereto, the Chairman considered the said capital increase to Php 5 Billion and the aforementioned resolution for the amendment to Article VII of the Amended Articles of Incorporation approved by the affirmative vote of the stockholders present or represented in this meeting owning a total of 3,513,657,889 shares, which represent 74.96% of the total issued and outstanding capital stock of the Company,

Further and in connection with the abovementioned resolution, on motion, which was duly seconded and there being no objection thereto, the body noted and put on record the following waiver by the majority of the minority stockholders of the Company and adopted the following resolution:

“Resolved, to note and put on record 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 further 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, in anticipation of the retirement of the current Chairman of the Board and as a recognition of his past distinguished services and contributions to the Company, 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 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 the amendment to Article II of the Amended By-Laws adding a new section in Section 10 creating the position of Chairman Emeritus, as approved by the affirmative vote of the stockholders present or represented in this meeting owning a total of 3,513,657,889 shares, which represent 74.96% of the total issued and outstanding capital stock of the Company.

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.”

which amendment was intended to streamline the compensation structures for directors and officers of the Company.

On motion duly seconded and there being no objection thereto, the Chairman considered the aforementioned resolution on the amendment to Article VI of the Amended By-Laws deleting the profit-sharing provision for directors and officers, as approved by the affirmative vote of the stockholders present or represented in this meeting owning a total of 3,513,657,889 shares, which represent 74.96% of the total issued and outstanding capital stock of the Company.

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

The Vice President for Finance, Mr. Alain S. Pangan first reported on the audit fees paid to SGV & Co. for the external audit of the financial statements of the Corporation for the years ended 2018 and 2019, to wit: Php640,500.00 and 790,299.30, respectively. He also reported that no non-audit work was requested from SGV & Co. for 2019, hence, no fees for non-audit work was paid to SGV & Co.

The Vice President for Finance proceed to report to the body that upon recommendation of the Audit Committee, the Board decided to change SGV & Co. as the external auditor of the Company, being the internal auditor of the Company since it became a listed company in 1972, to preserve the independence of the external auditor in line with the Company's corporate governance standards. Thereafter, he presented a brief background on Reyes Tacandong & Co., the aggregate years of service as external auditor, the principal partners and their credentials.

The Chairman mentioned that the Board of Directors of the Corporation, upon recommendation of the Audit Committee, nominated Reyes Tacandong & Co. 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.

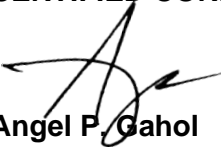
Upon motion for the said nomination of Reyes Tacandong & Co., which was duly seconded, and there being no objection thereto, the Chairman considered the appointment of Reyes Tacandong & Co. as the External Auditors of the Company for the financial statements for the fiscal year ending December 31, 2020, as recommended by the Audit Committee and the Board of Directors, as approved by the affirmative vote of the stockholders present or represented in this meeting owning a total of 3,513,657,889 shares, which represent 74.96% of the total issued and outstanding capital stock of the Company.

## **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.

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. Cahol**  
Acting Corporate secretary

**ATTESTED BY:**



**Oscar C. de Venecia**  
Chairman