

**Petron Foundation** 2005 Corporate Social Responsibility Report

## Celebrating HOPE



# Beyond Philanthropy

## On the Cover

### WHAT DOES IT TAKE TO TRANSFORM A LIFE?

For every child we send to school through our *Tulong Araling Petron* program: the cost of a low-end cellular phone in the market.

For every teacher we retool and inspire through our *Petron Programang Kaakbay*: less than the price of a full-course meal in a decent restaurant.

For every parent we empower through our *Petron Gasul Pangkabuhayan Kart*: the cost of an MP3 player.

But how do you quantify hope—especially the kind you fuel by giving every child born to a poor family the passport to a better future through education? How do you translate into pesos and cents the cost of a fighting chance - the one you gave a mother of six who's been working on the street in her lifetime?

Petron Foundation believes the true pursuit of corporate social responsibility is all about fueling hope. Our programs now span a decade, and we take great pride in being able to keep the torch of hope alive - in the communities where we operate, among our partners, and among our employee volunteers.

This Corporate Social Responsibility Report is replete with stories about our victories - not from our points of view but seen through the eyes of people who count the most and celebrate it in their every day.

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## Vision Mission Values

“To be the Leading Provider of Total Customer Solutions in the Energy Sector and its Derivative Businesses.” We will achieve this by:

- Being an integral part of our customers’ lives, delivering a consistent customer experience through innovative products and services;
- Developing strategic partnerships in pursuit of growth and opportunity;
- Leveraging our refining assets to achieve competitive advantage;
- Fostering an entrepreneurial culture that encourages teamwork, innovation, and excellence;
- Caring for our community and environment;
- Conducting ourselves with professionalism, integrity and fairness;
- Promoting the best interest of all our stakeholders.

Through the Petron Foundation, Petron Corporation brings corporate social responsibility into the mainstream of its operations by integrating social agenda into its business goals. This enables Petron to be a business organization that provides systems-wide and sustainable approaches to the Philippines’ social concerns through the responsive delivery of relevant and effective programs and services, active employee engagement, strategic partnerships, accountability and organization effectiveness, and intensified communications and advocacy programs.

All these are aimed at allowing Petron to secure a better future for Filipinos by fueling HOPE: Helping Filipino Children and Youth Overcome Poverty through Education.

## Message from the Chairman and the President



## A Decade of Transforming Lives

It has been a decade since we started Petron Foundation, and what a memorable ten years it has been.

In that time, we have seen Petron Corporation transform into a world-class business organization and the undisputed leader in the local oil industry. Our leadership is not only based on our strong financial results or our market share, but it is equally based on good governance, environmental stewardship, and improving the quality of life of Filipinos. Undeniably, our consciousness as a corporate citizen has grown hand in hand with our success as a company.

When the term “Corporate Social Responsibility” was still unknown to many, compassion drove Petron employee volunteers to traverse tens of kilometers to the communities affected by the eruption of Mount Pinatubo in 1991. Compassion also motivated us to implement programs such as our coastal cleanup in Bataan, our Project Joy gift-giving every Christmas, and our college educational assistance program. From these programs, Petron Foundation was born.

**“From mere corporate philanthropy, we turned compassion into passion and transformed lives in the process... Most of all, we created a centerpiece program called Fuel HOPE, which stands for Helping Filipino children and youth Overcome Poverty through Education.”**

But just like the way we run our business, we always think in terms of sustainability. Compassion alone cannot sustain our efforts to help others. We had to think of programs that would directly benefit more people and result in a positive, long-term impact in their lives. Our conviction is that our future is linked to the future of our country.

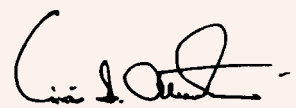
From mere corporate philanthropy, we turned compassion into passion and transformed lives in the process. We no longer just take out trash from the coastal waters of Bataan every year; we help in reforesting mangroves, protecting our marine resources, and resolving multiple resource-use conflicts. We no longer just give Christmas gifts and fund college scholarships. We created a unique and comprehensive program—the *Tulong Aral ng Petron*—that makes sure deserving Filipino children from poor families get basic education. Most of all, we created a centerpiece program called Fuel HOPE, which stands for Helping Filipino children and youth Overcome Poverty through Education.

After a decade, CSR has become part of who we are—our values as a brand, and what we strive to become: a company that fuels hope. We go beyond ground-breaking initiatives and make CSR permeate every aspect of our business—from the boardroom to the staffroom.

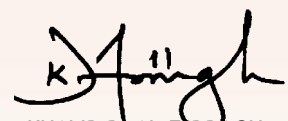
While CSR has been part of the boardroom agenda at Petron for some time, recently we have gone further and integrated it with the five-year plan that sets the strategic direction of each of our business units. This makes CSR everybody’s concern at Petron.

Our guiding principle is that there is always more that we can do. Even for an industry leader like Petron, making a lasting impact in transforming lives is often a daunting task. Thus, while we have taken a leading role in various programs, such as the one that is rebuilding Southern Leyte communities affected by the mudslide in February 2006, we have no illusion that we can take on the problems of the country on our own.

With the active involvement of our partners in various government agencies, non-profit organizations and the private sector, we make every inch, every sweat, and every cent count towards meeting our greatest aspiration: a Philippines without poverty. It is only through collaborative and strategic action that we are able to dream big dreams and turn them into reality.



NICASIO I. ALCANTARA  
Chairman



KHALID D. AL-FADDAGH  
President



## Message from the Executive Director



## Let Us Tell You a Story

Behind every successful company is a great story waiting to be told. The story of Petron Foundation is a journey of a decade and more—seen through the eyes of our executives, employees, partners, and beneficiaries.

When we began in 1991, corporate philanthropy was largely measured by the amount of donations we gave. We funded scholarships in colleges and vocational schools and thought we had already made a difference. Yet, a closer look into our educational system forced us to see the bigger picture. For every ten children who enter grade school, only four are able to finish high school because of poverty. Some would even go to school on an empty stomach, shoeless, and hopeless. They were too young to have empty dreams.

As one of the country's biggest corporations that serve all strata of society—from the corporate executive to the ordinary housewife who use Gasul—we realized we had to do more than just give. We needed to build dreams and fuel hope.

In 1996, we formalized our corporate social responsibility (CSR) thrust by establishing Petron Foundation. To start making a difference in the communities where we operate, we started planting the seeds that would bring about a more strategic response to helping the less privileged sector of society. In 2002, we started *Tulong Aral ng Petron*. A Send-a-Child-to-School Program, *Tulong Aral* was inspired by a shared concern with then DSWD NCR Director Alice Bala to provide our children—who had the most to lose—a passport out of poverty through education. The fruit of our response is visible and measurable: there are now around 5,000 *Tulong Aral* scholars in public elementary schools in Metro Manila and in Petron Schools in far-flung areas in Mindanao. Every child we send to school carries with him our dream of a life without hunger and misery.

## From Dream to Legacy

With *Tulong Aral*, we also learned who we are. More than just a battle cry, we made Fuel HOPE (Helping Filipino children and youth Overcome Poverty through Education) our guiding principle.

Over the years, as we guide our scholars through elementary school, we have learned to cope with realities on the ground and rethink our CSR strategy. For our impact to be lasting and real, we transformed *Tulong Aral* from mere educational assistance into a holistic program that empowers teachers and parents as well. And as a way of scaling up, we documented and shared our learnings and ideas through a casebook and called on other advocates to replicate the program for an even broader reach.

We introduced a training program that builds the capabilities of teachers to develop the love and habit of reading. Through our partnership with *Sa Aklat Sisikat* Foundation, the *Petron Programang Kaakbay* has inspired teachers to improve their teaching styles.

Over the years, too, we have picked up fresh ideas and derived great strength from our partners that go beyond making an impact on basic education. In 2005, we launched the Petron Youth In Entrepreneurship and Leadership Development (YIELD) program to better equip high school students with practical skills and work experience. We also partnered with the Technical Education and Skills Development Authority (TESDA) and the Muntinlupa Business High School (MBHS) to enhance technology and livelihood education in high schools. Through this partnership, we have developed competency-based standards and competency-based curriculum for entrepreneurship and for forecourt operations—a significant enhancement to the high school business curriculum.

## Celebrating Volunteerism and Partnerships

Since 2001, when we started our Volunteerism in Action program, we have clocked a total of over 200,000 manhours for various volunteer activities. Eighty percent of Petron employees participate in our CSR programs—some even becoming “Donors for Life” in *Tulong Aral ng Petron*, and even some “super volunteers” like Ohlet Apuhin of Finance who shared as much as 137 hours of her time in 15 volunteering opportunities in 2005 alone.

While our people-oriented culture has produced an organization that has never been wanting of volunteers, we embraced CSR to become everybody’s concern for programs to be self-sustaining. Significantly, the active promotion of CSR is now embedded in our company’s business and operating plans, prompting each division to develop initiatives that are more sustainable in nature.

Our story will not be complete if it were not for our partners: various government agencies, local government units, non-profit organizations, as well as private corporations and individuals. Our partnerships provide opportunities for collective action to surmount odds and wage the war against poverty.

This year, we celebrate a decade of transformation. As we take our CSR journey on to the next decade, we see our *Tulong Aral* scholars, their parents and teachers, young people aspiring to become entrepreneurs, the fishermen in our shores, our employee volunteers, and other partners growing with us as we take life’s larger lessons. Together, we discover that in life, there is nothing more important than hope. For Petron, this is a social pact, a commitment. For our beneficiaries, this is a story that begs to be told.

  
MARILOU G. ERNI



Behind the stories of hope. The Petron Foundation team—Dani Bayani (Project Assistant), Allan Victorino (Project Officer), Malu Erni (Executive Director), Badette Pabustan (Project Officer), Mattie Uylangco (Project Officer) and Kelly Cedeño (Project Assistant)—with Petron Chairman Nicasio I. Alcantara

## 1996

- Petron Foundation was incorporated



## 1997

- Project Joy - a Christmas treat for street children



- Petron employees as advisers to Junior Achievement Philippines (Year 1)
- *Lingap Kapwa* - relief operations for natural calamities
- Support to the Manila Youth Symphony Orchestra and Metropolitan Museum

## 1998

- Project Joy (Year 2)
- Petron employees as advisers to Junior Achievement Philippines (Year 2)
- Support to the National Flag Awareness campaign
- Sponsorship of the Ateneo Law School Moot Court and AIM - Petron Research Chair - The Petroleum Industry
- Support for *Tabang Mindanaw*



## 1999

- *Sa Aklat Sisikat* Reading Program (Year 1)
- Project Joy (Year 3)
- Petron employees as advisers to Junior Achievement Philippines (Year 3)
- *Tsuper Dunong* PUV education program
- Employees support for Children's Hour
- Sponsorship of Probe Productions' Five & Up!
- *Kontra Kalat sa Dagat* coastal cleanup drive



- Publication of Petron book "Dynamic Partnerships: A Fusion of Vision and Power"

## 2000

- *Sa Aklat Sisikat* Reading Program (Year 2)
- Project Joy (Year 4)
- Petron employees as advisers to Junior Achievement Philippines (Year 4)
- Bataan Integrated Coastal Management Program (BICMP) with UNDP
- Institutionalization of the Volunteerism In Action (VIA) program



10  
years of  
Fueling Hope



## 2001

- *Sa Aklat Sisikat* Reading Program (Year 3)



- Project Joy (Year 5)
- Petron employees as advisers to Junior Achievement Philippines (Year 5)
- Teacher Training - Ateneo Center for Educational Development
- Bataan Coastal Care Foundation in support of the BICMP
- Bataan Integrated Coastal Management Program (Year 2)
- Support for the Save the La Mesa Watershed Program

## 2002

- *Tulong Aral ng Petron* Send-a-Child to School Program (Year 1)



- Petron School (Year 1)
- *Sa Aklat Sisikat* Reading Program (Year 4)
- Project Joy (Year 6)
- Petron employees as advisers to Junior Achievement Philippines (Year 6)
- Skills Training and Education Program
- Bataan Integrated Coastal Management Program (Year 3)

## 2003

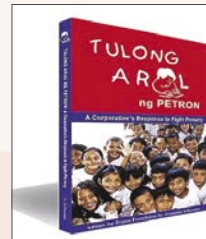
- *Tulong Aral ng Petron* (Year 2)
- Petron School (Year 2)



- *Sa Aklat Sisikat* Reading Program (Year 5)
- Project Joy (Year 7)
- Petron employees as advisers to Junior Achievement Philippines (Year 7)
- Partnership with the Philippine Council of Deans and Educators in Business (Year 1)
- Bataan Integrated Coastal Management Program (Year 4)

## 2004

- *Tulong Aral ng Petron* (Year 3)
- Petron School (Year 3)
- *Tulong Aral ng Petron* casebook



- *Sa Aklat Sisikat* Reading Program (Year 6)
- Project Joy (Year 8)
- Petron employees as advisers to Junior Achievement Philippines (Year 8)
- Partnership with the Philippine Council of Deans and Educators in Business (Year 2)
- Bataan Integrated Coastal Management Program (Year 5)

## 2005

- *Tulong Aral ng Petron* (Year 4)
- Petron School (Year 4)
- *Sa Aklat Sisikat* Reading Program (Year 7)

- Project Joy (Year 9)
- Petron employees as advisers to Junior Achievement Philippines (Year 9)
- *Sa Aklat Sisikat* Programang Kaakbay teacher training
- Youth Entrepreneurship Program
- Petron Fitness and Nature Trail and Petron Amphitheater at the La Mesa Ecopark
- Partnership with the Philippine Council of Deans and Educators in Business (Year 3)
- Bataan Integrated Coastal Management Program (Year 6)
- Launch of FUEL HOPE



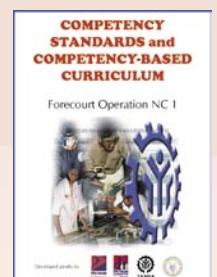
## 2006

- *Tulong Aral ng Petron* (Year 5)
- Petron School (Year 5)

- *Sa Aklat Sisikat* Reading Program (Year 8)
- Project Joy (Year 10)
- Petron employees as advisers to Junior Achievement Philippines (Year 10)

- *Petron Gasul Pangkabuhayan* Program
- WIWAG Business Week Program
- Partnership with the Philippine Council of Deans and Educators in Business (Year 4)
- Rebuilding a community in Liloan and San Francisco, Southern Leyte
- Relief Operations

- Child Safety Program
- Youth Entrepreneurship Program



- Bataan Integrated Coastal Management Program (Year 7)
- Fuel Hope (Year 2)

# Transforming The Way We Do Good

For a decade now, Petron Foundation has been defining and redefining its way of doing good, transforming its initiatives from simple, one-time efforts into sustainable, maximum impact programs that harness the power of partnerships.



- From small reading centers/mini-libraries in barangays to fully furnished three-classroom buildings in areas without classrooms, with capability building for parents and teachers



- From celebrating Christmas in annual activities with street children to sending them to school from Grade 1 to 6, keeping them there and keeping them well and making sure that they learn



- From providing vocational education and training programs for the youth to enabling high school and college students to have business, entrepreneurship, education, and leadership development to enhance the possibilities for becoming employees or entrepreneurs

**Reaping the rewards of corporate citizenship.** Petron's journey to fuel hope has been recognized through the years by various award-giving bodies.

## 1999

- Anvil Award of Excellence for the Petron Book "Dynamic Partnerships: A Fusion of Vision and Power (The Petron Story)"

## 2001

- Anvil Award of Excellence for Volunteerism In Action; *Kontra Kalat sa Dagat*
- Anvil Award of Merit for Celebrating Earth Day/Month

## 2002

- Anvil Award of Excellence for Volunteerism In Action; Nurturing Nature (Celebrating Earth Day/Environment Day); *Lakbay Alalay* (with Marketing)
- Anvil Award of Merit for *Kontra Kalat sa Dagat*
- Gold Quill Award of Excellence for Volunteerism In Action; Portraits: Volunteerism In Action; *Kontra Kalat sa Dagat*
- Gold Quill International Award of Excellence for Volunteerism In Action (Given in Chicago, Illinois, USA)

- From participating in coastal cleanups in towns in Bataan to spearheading a province-wide integrated coastal management program, as well as encouraging Petron facilities nationwide to initiate pro-environment activities



- From a handful of company volunteers to at least 80% of employees across the country actively engaged in CSR



- From following the lead and being simple participants in Petron Foundation-led programs to divisions and management championing CSR through their respective initiatives and business solutions



- From strictly observing division-specific agenda to breaking the silos and integrating efforts across the company leading to a strategic corporate response to fight poverty and attain sustainable development



- Gold Quill International Award of Merit for *Kontra Kalat sa Dagat* (Given in Chicago, Illinois, USA)
- United Way International Certificate of Excellence for *Kontra Kalat sa Dagat* (Given in South Africa)
- Gawad Galing Pook Ten Most Outstanding Programs in Local Governance for *Kontra Kalat sa Dagat* (co-awardee with the Province of Bataan)

#### 2003

- Gold Quill Award of Excellence for *Tulong Aral ng Petron*; Petron Foundation Website
- Gold Quill Award of Merit for *Bigay Galing sa Kalikasan ng Bataan* (BIGKIS-Bataan)

#### 2004

- Anvil Award of Excellence for *Tulong Aral ng Petron*
- Anvil Award of Excellence for Caring, Sharing and Responding (CSR) in Petron
- Gold Quill Award of Merit for *Tulong Aral ng Petron*

#### 2005

- Gold Quill Award of Excellence for Fuel Education. Fuel Hope. Fuel Success



# By the Numbers\*

## Education

**3,876**

Total number of children benefited by *Tulong Aral ng Petron* since the program started in 2002

**82**

Number of public elementary schools in Metro Manila's 12 cities and municipalities where *Tulong Aral ng Petron* scholars are enrolled in

**13**

Total number of Petron Schools, in support of the Department of Education's Adopt-A-School program

**3,600**

Total number of students who benefited from the Petron Schools

**5,752**

Number of children from more than 50 schools who directly and indirectly benefited from the *Petron-Sa Aklat Sisikat* Foundation reading program

**228**

Number of public elementary school principals and teachers who directly benefited/trained under the *Petron Programang Kaakbay* program

**4,200**

Number of storybooks distributed through the *Sa Aklat Sisikat* and Bright Minds Read reading campaigns in partnership with Petron

## Environment

**84,700**

Number of propagules/trees planted in mangroves by Petron volunteers from its depots and terminals nationwide

**367**

Amount of garbage (in metric tons) collected from the coastal cleanups

**10**

Number of fisherfolk associations/cooperatives who benefited from alternative livelihood programs

## Health and Safety

**10,650**

Estimated number of families who benefited through *Lingap Kapwa* relief operations in disaster areas

**29,682**

Number of patients served in various *Lakbayanihan* medical missions

## Youth Engagement

**596**

Number of college students who benefited from the entrepreneurship courses in the WIWAG Business Week program and the Junior Achievement Philippines

**125**

Number of students of Muntinlupa Business High School who took part in on-the-job training under Petron's Youth In Entrepreneurship and Leadership (YIELD) Program

**472**

Number of children of Petron employees who took part in the annual Petron Kids' Summer Camp

## Volunteerism

**48**

Total number of activities that involved Petron employee volunteers

**57,773**

Total number of volunteers mobilized

**356,146**

Number of manhours clocked doing volunteer work since 2002

**80%**

Percentage of Petron employees who volunteer in Petron's CSR programs

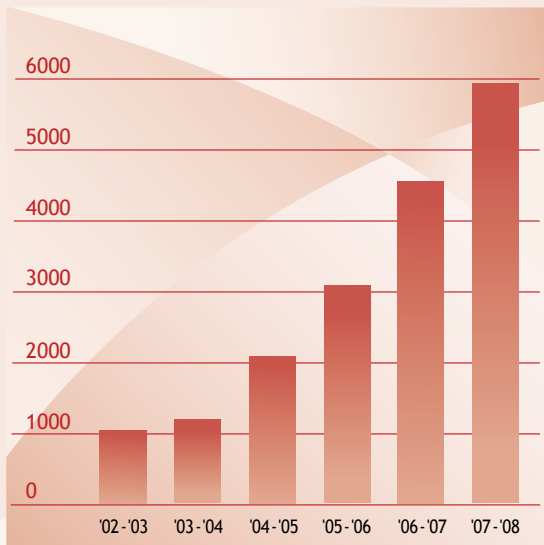
\*Data derived since the institutionalization of the Volunteerism In Action program



## Academic Performance

2002-2003 Year 1	2003-2004 Year 2	2004-2005 Year 3	2005-2006 Year 4
123 outstanding scholars	111 outstanding scholars	331 outstanding scholars	413 outstanding scholars
20 first honors	11 first honors	42 first honors	58 first honors
8.3% dropout rate	2.3% dropout rate	3.4% dropout rate	4.1% dropout rate

## Number of Tulong Aral Scholars



## Tulong Aral Donors For Life

NAME OF EMPLOYEE	DIVISION
1. Castro, Agustin	Petron Bataan Refinery
2. Jocson, Edward	Petron Bataan Refinery
3. Mahilum, David	Petron Bataan Refinery
4. Oñate, Francisco	Long Range Studies and Initiatives
5. Salaveria, Eliseo Redentor S.	Petron Bataan Refinery
6. Socco, Arjun	Marketing
7. Sulit, Jennifer	Supply and Operations
8. Uapal, Aurelio Jr.	Petron Bataan Refinery



# How Our Journey Began

Antonio G. Pelayo, Vice President for Finance  
Petron Corporation

Every crisis breeds opportunities and it's no truer than when Petron's corporate social responsibility (CSR) program was born.

It all started when Mount Pinatubo erupted in 1991. Since North Luzon is a stronghold of Petron—being the market leader—it came with the territory to help people with their fuel requirements. Everything ran on generators. People displaced by the disaster also needed food, medicines, clothes, and shelter. Raffy Diaz mobilized a group of volunteers and I remember we walked several kilometers crossing rivers and mountains just to reach the victims. We were the first to arrive and bring assistance.

It was not that difficult for the company to assemble a group of volunteers, especially since we have been running our motorist assistance program for 20 years already. Customer intimacy is the company's marketing thrust and this has shaped Petron's people-centered culture. It also helped that we have people-centered leaders, like my predecessor, Freddie Ong, who was our comptroller and VP for finance.

For so many years, we have also been extending educational assistance, especially in Bataan because that's where our refinery is located. Vocational education is the centerpiece of the program. There would be scholarships extended to some college students.

One day, in a meeting, the Department of Education gave us some startling statistics. Out of 10 students, only three to four would be able to finish high school because their parents would rather have them work on the streets to put food on the table. And if they do get to school at all, some of these kids do not have schoolbags and would only be wearing slippers. They would feel small and ashamed and would end up dropping out. That's when we made a decision to shift our assistance from college or vocational education to basic education.

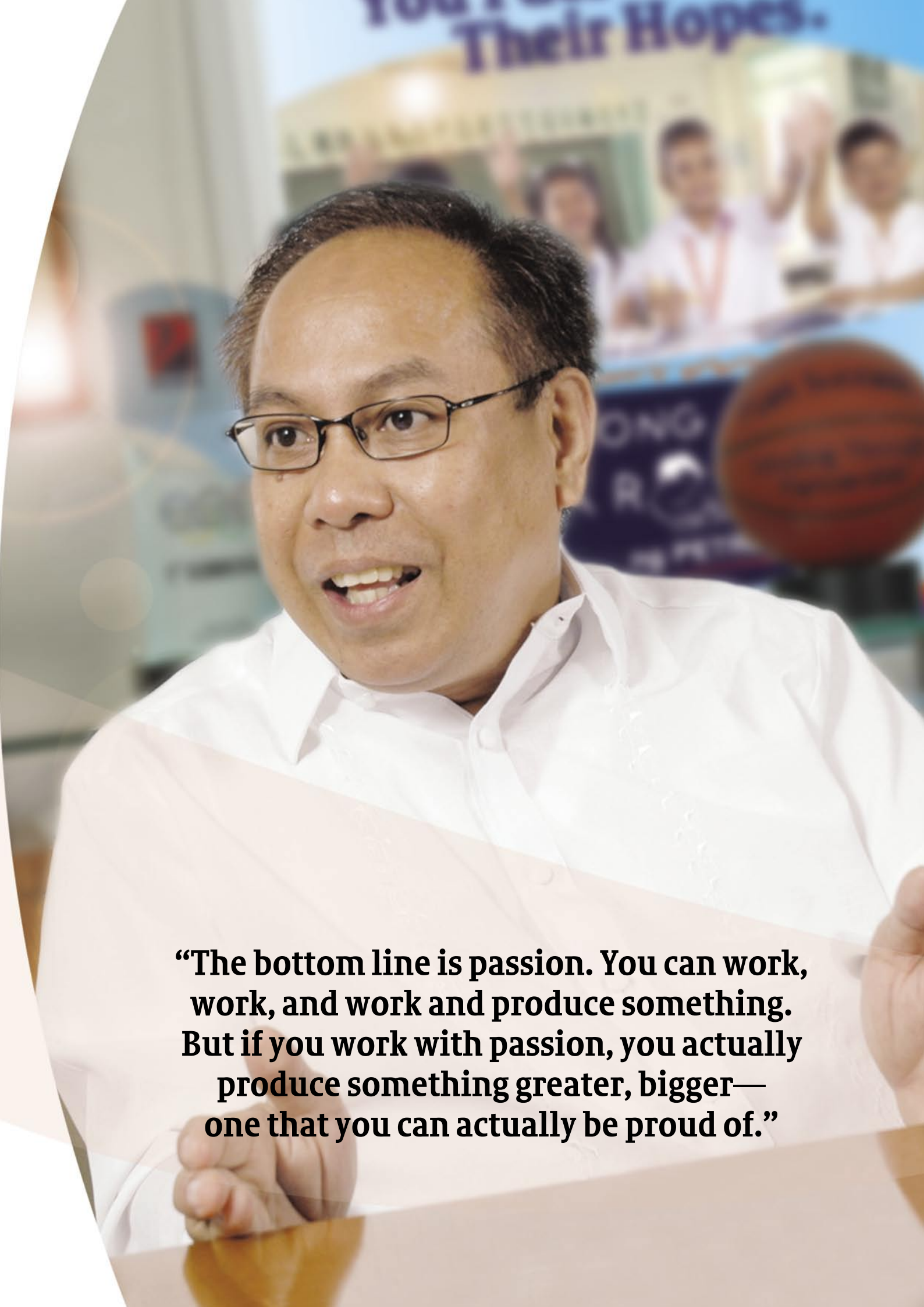
So together with the Department of Education, the Department of Social Welfare and Development, and the country's top universities, we formed a system that will be able to sustain our efforts. This is the *Tulong Aral ng Petron* program. Part of a child's scholarship, worth around P4,700, goes to pay for tuition fee, schoolbags, uniforms, shoes, and something to put into their stomach. We know a person's dignity is very important. If loss of dignity will start from childhood, the child will carry that his entire life. We have also partnered with USAID to construct schools—even in places like Lamitan in Basilan.

We made a concrete commitment to institutionalize our CSR programs—back when the acronym was not yet a buzzword—by setting up the Petron Foundation.

We also made employee volunteerism part of our appraisal system. Employees need to attend at least two CSR projects every year—some participate in as many as ten or 15.

Over the years, beautiful things have happened. One is the transformation of our employee volunteers: from monetary donors to “sweat” equity donors. The bottom line is passion. You can work, work, and work and produce something. But if you work with passion, you actually produce something greater, bigger—something that you can actually be proud of.

I think we have already planted a seed for the future generation to sow. In terms of our contribution to the country, we have created the consciousness that Petron is a caring company. *Talagang pusong Pinoy* (Really having a heart for the Filipino).

A man with dark hair and glasses, wearing a white button-down shirt, is speaking and gesturing with his hands. He is in the foreground, looking slightly off-camera. The background is blurred, showing a group of students in white shirts and red lanyards, some with their hands raised. A basketball is visible on the right side of the background. At the top of the background, there is a banner with the text "You Can Do It! Their Hopes." in blue and purple. The overall scene suggests a school or sports event.

**“The bottom line is passion. You can work, work, and work and produce something. But if you work with passion, you actually produce something greater, bigger—one that you can actually be proud of.”**





***“Tulong Aral scholars are known as a different breed of exemplary students who are not just bright but studious as well. After all, these are children of poor parents who see the scholarship as their only way out of poverty.”***



# This is My Dream

Diana Sali, mother of *Tulong Aral ng Petron* scholar, Jhanna, a grade 2 student at Culiati Elementary School in Quezon City

I never wanted much in life except to have a college degree, become a good mother, and give my children good education.

When I finished Elementary Education in my hometown college in Midsayap, Cotabato, I realized my first dream. Though I was not able to use my degree, I chose early in life to become a teacher to my children and make my second dream my priority.

Fulfilling my third dream became elusive when they reached school-age. We could not even feed them so what more to send them to school? Our priority was putting food on the table.

My husband and I did not have jobs.

It became a daily struggle to feed my three children. Luckily, Barangay Culiati opened a daycare center that runs a feeding program. My daughter, Jhanna, was five when she met a Dutch missionary on her way to daycare. She looked uncombed, *gusgusin* (disheveled) and frail but all he saw was her bright, round eyes with tiny hands holding a piece of *pandesal* as if it were a pearl. He had a field day snapping her photos. He found out her name from the daycare, and from then on we found a good soul.

One day, somebody from DSWD came to our place, looking for children. I immediately brought Jhanna to the barangay hall. The DSWD staff picked around 25 children from our place and Jhanna was among those to be interviewed.

Before the interview day came, all Jhanna and I did was to rehearse, read, and write. I told her this is our only chance and she must do well. She knew we could not afford to send her to school if she fails.

When she got picked, I was the proudest mother alive. After all those years, I told myself, I will finally get my third dream fulfilled.

Jhanna is now in grade 3 at Culiati Elementary School where there are 38 other *Tulong Aral ng Petron* scholars. Since grade 1, she has consistently belonged to section 1 and has won awards in math, science, and reading. The walls of our small house have nothing on but her award ribbons, her *Tulong Aral* class photo, and my college diploma. We are poor but these are our only proof that we have a fighting chance.

*Tulong Aral* scholars are gaining recognition in school as a different breed of exemplary students who are not just bright but studious as well. After all, these are children of poor parents who see the scholarship as their only way out of poverty.

I am very proud of my daughter, Jhanna, because I can see how being a scholar gave her newfound spirit. You thought a child will not be able to feel what's happening around them but they do. They had become familiar with hunger and pain. But she lights up when she gets a brand-new set of school uniforms, a new pair of shoes, three new socks, a new schoolbag, notebooks, pencils, erasers, a fresh towel, and daily *baon* of P12 every year as a *Tulong Aral* scholar.

She has learned to treasure her things. As soon as she comes home from school, she takes off her shoes, wipes the soles with a rug, and puts them back into the box. Her notebooks are all placed in one plastic bag before she puts them inside her schoolbag. She knew they would be hard to replace when they get wet or dirty. Most of all, she knows these things were all given by Petron because they see a promise: for her to do well in class.

My dream for Jhanna is for her not just get passing marks. I want her to achieve more than that. I want her to someday realize her dream of becoming a doctor. I want her to use her education and become more than what I have been. This is now my only dream. With *Tulong Aral*, now there is hope.

## About the Program

*Tulong Aral ng Petron* is a send-a-child-to-school program recognized by the Department of Social Welfare and Development (DSWD) as the only partnership with the private sector that has been effectively sustained since it started in 2002.

The number of *Tulong Aral* scholars increases by 1,000 every year and are enrolled in 82 public elementary schools in 12 cities and municipalities in Metro Manila. The first batch of scholars is now in grade 5 and Petron ensures they remain in school and learn until they complete their six-year scholarship. Even in far-flung areas, there are now more than 1,000 *Tulong Aral* scholars in Petron Schools in Iligan City, Sarangani, Zamboanga City, Basilan, and South Cotabato.

Aside from a full-ride scholarship, scholars also derive learning from other complementary programs such as the *Sa Aklat Sisikat* Foundation's reading program and the Bright Minds Read program, a partnership of Petron Foundation and the Ronald McDonald House Charities. They also derive support through tutorials and remediation classes.

Parents of *Tulong Aral* scholars benefit from livelihood and values formation programs, as well as parent effectiveness seminars.

To measure the success, conduct benchmarking, and monitor the program, Petron tapped the expertise of the Philippine Psychological Research and Training House. School and home visits, some involving Petron employee volunteers, provide baseline studies on the living conditions of the scholars' families.

# A Teacher Tells Her Story

Salome Castro, Grade 1 teacher  
Pateros Elementary School

I have been teaching grade 1 in Pateros Elementary School for 21 years now—you can say that's half of my lifetime since I am now 41. I took after my late mother, Lourdes Simaik, who was also a grade 1 teacher in this school. She taught for 35 years straight until she retired in 1995. At one point, she even became my co-teacher.

I realize how tough it is to be a public school teacher and much more when you teach in grade 1. They say this is when a child builds his or her foundation.

Our number one problem was teaching them how to read. Our students did not pay attention to the lessons. We scribbled excerpts of a book on the blackboard and they copied them on their writing pads. As a teacher, I couldn't help but feel very frustrated. You spent so much time preparing your lesson plan, and all I get were blank stares.

Then a glimmer of hope came in 2003. We were chosen to serve as a pilot school in the Taguig-Pateros school division for the Bright Minds Read (BMR) program. Four sections were given the chance to participate, each with 45 students, and I was among the lucky teachers.

The BMR program is centered on storytelling. Through stories, children would find learning enjoyable and easy. They can relate to the stories and this would enrich their learning experience.

Students were given BMR kits with pencils, notebooks, erasers, sharpeners... while teachers got 32 big books to read to the class the entire school year. We read during our Filipino class, which lasts for 80 minutes per session. We read and discuss one story for five days. In a grading period, we read eight stories. And we would not have to worry about preparing lesson plans everyday. This is already provided for under the program.

To test their reading comprehension, students get worksheets. This serves as their seatwork so we can evaluate how well they understood the story and its lessons. On a story, students learn various skills: they can do role playing, paint or draw the main characters, or write compositions. They also get excited filling out their worksheets and using their BMR kits. They know these materials have been given to them for free. They cherish the thought of owning them instead of copying down something on their notebook.

We noticed our students became more eager to learn under the program. They make it a point to attend class. When you read them a story today, they always look forward to being in class tomorrow to hear the next one. They look up to you with their bright, round, and innocent eyes and crave for your stories and your voice.

The mark of a good teacher is in storytelling. You should be able to make the characters come alive, change the pitch and tone of your voice, and elicit a reaction—from joy to surprise to sadness. I was fortunate enough to be given the chance to get training on effective storytelling and teaching techniques under the BMR program in 2003. We conducted teaching demonstrations based on prepared lesson plans.

As a teacher, we get to interact with our students through reading and we know from that everyday exchange whether a child has problems at home. Her performance in class mirrors the kind of support she gets from her family. You can tell when she carries to class their money problems. Her eyes may be on the book she's holding but her mind is on somewhere else. It simply breaks my heart to see children carrying the burden of adults on their tiny shoulders.

But when you see students like Maridel Joy Isidro, a *Tulong Aral ng Petron* scholar, you see hope. She is the best student in my class and the best storyteller in her batch. It's tough work to be a public school teacher but students like her make it all worth the journey.

It's only been three years since we started the BMR program in our school. Yet, my students and I have already made great strides in learning from each other through the stories we read. This is truly a story worth telling.

## About the Program

Petron Foundation was the first to adopt the Bright Minds Read (BMR) reading program in its *Tulong Aral ng Petron* beneficiary schools. The initiative is a joint undertaking of Ronald McDonald House Charities, the National Capital Region (NCR) of the Department of Education (DepED), and corporate sponsors such as Petron.

The BMR program tackles the problem of reading deficiency in two ways: first, by developing training manuals for public school teachers and providing them with strategies and know-how to successfully teach beginning reading to Grade 1 schoolers; and second, by providing Grade 1 pupils workbooks especially designed to enhance reading and comprehension skills.

Since the introduction of the BMR program in *Tulong Aral ng Petron* beneficiary schools in 2003, 23 BMR kits have already been distributed in 25 public elementary schools while 55 teachers have undergone training. It is reported that for NCR, since the introduction of BMR, the number of non-readers in the schools has reduced to 6% from 40% in 2005.





**“When you see a *Tulong Aral ng Petron* scholar, you see hope. It’s tough work to be a public school teacher but students like them make it all worth the journey.”**

# A Nation of Readers

Margarita L. Delgado, President and co-founder  
Sa Aklat Sisikat Foundation

## About the Program

Sa Aklat Sisikat Foundation started in 1999 as a literacy campaign in Manila with a mission to promote reading among public elementary school children.

Encouraged by the success of the pilot project but tempered with the reality of taking the campaign nationwide, Sa Aklat Sisikat was established as a non-profit organization in 2001, with funding from Petron Foundation. It has been recognized by the Department of Education as its “longest partner organization” in literacy programs. UNESCO also cited Sa Aklat Sisikat as “a well thought-out reading awareness promotion” campaign that has benefited 482 schools, more than 91,000 students in grade 4, trained 1,755 teachers, and distributed 104,900 storybooks nationwide. This includes all the public elementary schools in the National Capital Region with Tulong Aral ng Petron scholars.

With a grant from Petron, Sa Aklat Sisikat also organized the three-day Petron Programang Kaakbay Conference in October 2005 at the Ateneo de Manila University. A first-of-its-kind teacher training conference, the Petron Programang Kaakbay Conference aims to nurture and equip topnotch teachers with needed skills to become effective and creative advocates of reading in their classrooms.

The first time we gave children brand-new books to read, I was shocked. First, there was dead silence. No one dared to open the books; everyone just looked. Slowly, they would run their fingers over the cover. For the next 10 to 15 minutes, they would open the book, feel the pages, peer intently at the pictures, and smell the paper. It’s like they’re asking: “Is this real? Is this how a book actually looks, smells and feels like?”

After asking their teachers, I finally understood the children’s reaction. Many have not even held a book in their life. They were taught to read from the blackboard or from pieces of paper, but never from a storybook. The lucky ones would get to hold faded paperbacks missing several pages. So for these children, holding a brand-new book is a brand-new experience.

When Sa Aklat Sisikat Foundation co-founder, Lizzie Zobel, and I first tried to bring the love of reading to public elementary schools, our literacy rate was already one of the highest in Asia, so why bother?

Petron was the first organization that took Sa Aklat Sisikat Foundation’s mission of creating a nation of readers seriously. It listened, encouraged, and supported us financially. From the onset, it understood that education is the only way out of poverty. Many of the schools that first benefited from Sa Aklat Sisikat were Tulong Aral ng Petron schools.

In the past seven years, Sa Aklat Sisikat has given each grade 4 class in 482 public elementary schools brand-new storybooks. The children’s reactions were very encouraging. Even after the reading period, a lot of them would actually stay behind to finish reading. A few even go to school early just so they can read the books in a mini-library. We have somehow created a spark.

As we understood Sa Aklat Sisikat more, we realized we also needed to focus on teachers. Often, teachers are poorly trained and lacked the skills to do their job properly. Yet, students depend a lot on their guidance to understand the stories. Teachers also play a big part in motivating students. They are the multipliers of learning. So to achieve a bigger impact, more of our investment had to go into retraining them.


Again, we found a supportive partner in Petron. We developed the template for a teacher training conference and in 2005, Petron Programang Kaakbay was born.

With Petron as major sponsor, we mounted a three-day live-in training conference for nearly 100 teachers from 50 public elementary schools in Luzon. We invited fantastic professionals: veteran stage actor, Luisito “Kuya Bodgie” Pascua, for a workshop on dramatics, dance artist, Gerald Mercado, for interpretive dance, news anchor, Tina Monzon-Palma, for effective communication techniques, and many others. Ateneo resident theater director, Onofre Pagsanghan, moved the teachers to tears when he spoke about the joys of teaching.

When you see a child immersed in a book, her eyes full of wonder and hope, you’ll think, “Well, in the natural order of things, that’s how a child should be.” But when you see a hardened veteran—a teacher who has been doing the same thing for 30 to 40 years—dancing, acting, singing, trying out new things that can improve her teaching and participating in activities enthusiastically like a child would, you feel doubly fulfilled.


The teachers have beautiful stories to tell. One said she was ready to retire. She was tired, unappreciated, unhappy, and just wanted to get out of here. But seeing the potential of what else she can do for her students recharged her, and made her want to devote her life to teaching. That, for me, is what the Petron Programang Kaakbay is all about—giving people who hold in their hands today’s bright young minds the chance to see themselves in a better light.



A woman with long dark hair and glasses is speaking, looking slightly to the side. She is wearing a light-colored blazer over a blue patterned top. In the background, a group of people are seated at tables, and a banner on the wall reads "Building a Nation of Readers" with a photo of a family. The scene appears to be a community or educational event.

**“The children’s reactions were very encouraging. Even after the reading period, a lot of them would actually stay behind to finish reading. A few even go to school early just so they can read the books in a mini-library. We have somehow created a spark.”**



A woman with short dark hair and glasses, wearing a pink short-sleeved button-down shirt with red decorative stitching, holds a large white folder. She is standing in a school hallway with a dark door and a student in the background. The image has a soft, warm light effect in the top right corner.

**“I believe that from the very beginning, our students wanted to learn. But somewhere along the way, the dreary school environment led them astray. It’s amazing how much Petron’s programs have affected our students.”**

# Back on Track

Teresita Bulahan, Principal  
John Spirig Elementary School, Zamboanga City

When I became principal of John Spirig Elementary School in 2004, I took over a listless student body that went to school simply because it was required. Our students usually arrived for class almost an hour late, only to pass their time dozing or daydreaming. They weren't too impressed with the idea of an education, and looked forward to dismissal so they could go home.

I knew these were smart and conscientious children. They worked hard and were valuable assets to their families at home. But an atmosphere of apathy surrounded them at school. Morning classes began at 7:30 a.m., yet the students don't arrive until 8:15 a.m. Afternoon classes began at 1 p.m., yet the seats were mostly empty until 2 p.m. No matter how much we tried to encourage or scold them, few showed enthusiasm for learning.

I've been a principal for 15 years now—an educator for even much longer—so the prevailing attitude wasn't new to me. I knew our students were unmotivated precisely because they were often in an overcrowded room, hot, and hungry.

Our school has an average of 15 desks per classroom, but we usually had a class of 60—which means four students need to share one desk. There aren't enough chairs either. We asked a few students to bring chairs so everyone could sit down. Several classrooms had busted lights and no electric fans. Others were so crowded barely a foot separates the blackboard from the first row of students. Since many of our students go to school without having eaten breakfast, the heat in the classrooms caused them considerable dizziness and pain.

"*Mapasu!* (It's hot!)," they would tell me in Tausug, the local dialect. I believed some of our students would probably still persevere, poring over books in a heroic effort to learn. But what if there were also no books, no food, no desks? That kind of situation was not very conducive to learning.

Then Petron Foundation stepped in. They have been visiting our school even before my time, just to see how they could help. In 2004, they started erecting the Petron Building, which has three spacious classrooms. Each room has 50 desks, three electric fans, and several windows. Once occupying the most decrepit part of the campus, our grade 6 students now stay there.

Petron also granted scholarships to 316 of our students through its *Tulong Aral ng Petron* program. These scholars now go to class with full stomachs, courtesy of their daily meal allowance. They also get free school uniforms, shoes, and school supplies. They are enthusiastic about doing their projects because they have the money to buy materials.

Petron also brought its *Sa Aklat Sisikat* and Education and Livelihood Skills (ELSA) programs to our school. In doing so, it gave our students the opportunity to discover the beautiful world of reading. *Sa Aklat Sisikat* gave us 360 storybooks while ELSA gave us 18 boxes of textbooks. Both dramatically expanded our students' horizons.

Recently, the superintendent of Baliwasan District in Zamboanga named our school a "Model of Excellence School in Reading." I believe this was fueled by our students' increasing love for books. They love it so much that ever since Petron implemented *Sa Aklat Sisikat*, our students would come to school early just to read. Instead of arriving an hour late, they now come to school an hour early!

It's amazing how much Petron's programs have affected our students. I believe that from the very beginning, our students wanted to learn. They believed in education. They hoped for a better life. But somewhere along the way, the dreary school environment led them astray. When Petron changed that environment, it was very natural for them to come back and make the most out of it. Now, they are on their way towards a bright future.

## About the Program

In support of the Department of Education's Adopt-A-School program, Petron puts up classroom buildings in communities where the need is direst. Starting in 2002, a total of 13 Petron Schools have been built, and eight more are due for completion by 2006.

Petron is also a part of a coalition called Education and Livelihood Skills Alliance (ELSA) which partnered with the United States Agency for International Development (USAID) for a three-year initiative to benefit young people in Mindanao. Under ELSA, Petron is building 17 classrooms every year until 2007.

Petron's partnership with *Sa Aklat Sisikat* Foundation also made it possible to integrate a reading program in the Petron Schools, involving 1,100 grade 4 students and over a dozen teachers and school administrators. Complementing the program are Parent-Teacher-Community trainings that benefited nearly 200 participants.





**“I realized that we also work because work gives us dignity. Work allows us to give something of ourselves to the community.”**





# The Future Looks Bright

Jayron Sollestre, Valedictorian in Forecourt Operations, Petron Youth In Entrepreneurship and Leadership Development (YIELD) Program

I grew up amid rice fields near the sea. My brothers and I used to wake up to the crow of roosters in the barn and the banter of adults gulping down breakfast before another hard day at the farm. As a young boy, I was exempted from doing farm chores. Mostly, I just played a lot, ate a lot, laughed a lot.

Then my father died and everything changed. I was four and remembered very little about him, except that he spent most days tilling the fields or going out to sea for fish. With him gone, *Nanay* could no longer support us all. She kept my older brother with her but was forced to send me and my younger brother away to live with our relatives. I stayed with an uncle at another farm in Pulilio, Quezon. I have been apart from my family ever since.

I thought I was destined to follow my father's footsteps. He worked in order to eat then ate so he can work some more. I didn't think much of myself back then but one of my father's siblings did. Tito Rey and Tita Ana brought me to Manila shortly before I entered high school. An electrician and a housewife with no children of their own, they approached my mother and offered to subsidize my high school and college education. They said it won't be much anyway as they can only afford to send me to a public high school and I might need to enter college as a working student. But I didn't care. I just felt grateful that I was finally going some place else. I wanted to take the rest of my family with me, but I accepted that for the meantime, it wasn't meant to be.

Now, I'm a fourth year high school student at Muntinlupa Business High School. I'm just an average student at MBHS, but I work hard to distinguish myself in other ways. So when Petron came to our school in 2005 and offered to test third-year high school students to find out who would qualify for their Youth In Entrepreneurship and Leadership Development (YIELD) on-the-job training program, I immediately volunteered.

I knew it was going to be a hot summer, and part of me didn't want to give up a month's worth of vacation. But this was not the kind of opportunity people passed up. Life at the farm prepared me for work, and if work was what Petron required, I was determined to give it my best. Besides, there was going to be an allowance.

My on-the-job training turned out to be one of the most valuable experiences of my life. I was assigned to Petron Dasmariñas forecourt operations, where I pumped gas, cleaned windshields, checked tires, and read meters from 6 a.m. to 2 p.m. every day. It was difficult—we deal with irritable customers and come home bone tired—but it changed my perspective about work.

I used to view labor as a means to get by, as something we are forced to do so we can comfortably live out the rest of our lives. My memories of childhood, where it was often *isang kahig, isang tuka*, instilled that belief.

But after YIELD, I realized that we also work because work gives us dignity. That work can be an end in itself. Work allows us to give something of ourselves to the community. For the first time in my life, I wasn't being doled out something. I was earning my own money, which I saved and used to buy uniforms and school supplies this school year. More importantly, I was also giving something back. My aunt and uncle were so proud of me.

I didn't expect to be declared valedictorian in the training program. When I was included among the eight outstanding trainees to be interviewed, I thought Petron made a mistake. All the other finalists belonged to Section 1—the top section at MBHS. I was the only average kid from Section 5. But looking back, I realized that maybe it wasn't all about smarts. It was also about patience, hard work, and the willingness to learn.

My mother and two brothers are still in Quezon, and they don't know that I graduated valedictorian from Petron's OJT program. They don't have a cellular phone so I can't tell them immediately. But someday I will, and I know they'll be very proud of me. I also know that someday, when I've achieved my dreams, I will find the means to be reunited with my family.

## About the Program

Petron initiated the Youth In Entrepreneurship and Leadership Development (YIELD) training program in partnership with the Muntinlupa Business High School (MBHS), the Department of Education, the Technical Education and Skills Development Authority (TESDA), and the Petron Dealers Association. It was designed to equip high school students with practical skills and work experience beyond what could be found in mainstream public high school curricula.

For the first batch, 125 third-year high school students of MBHS undertook 240 hours of training in four Petron stations. The students obtained hands-on experience in forecourt operations, food service operations, and back office management.

# A Street Cart Named Hope

Nomita Luciano, parent of *Tulong Aral ng Petron* scholar Reynaldo, Jr. and beneficiary of the *Gasul Pangkabuhayan Kart* program

I have been working on the streets of Metro Manila for as long as I could remember. I grew up selling *sampaguita* garlands and have become used to the combined sweet smell of the flowers and the stench of the sidewalks.

It's also out here 12 years ago where I first met my husband Reynaldo selling cigarettes and newspapers. Like me, he has been a street vendor since he was young. We are the third-generation Lucianos in the streets of Metro Manila. His parents had the same fate and we lived hard to work our way out of this trap.

We grew up poor, but not dirt poor. When our kids were small, we had it easy. My father has a house and he let us stay there for free. But my life turned into a *telenovela* when my stepmother came and shooed us away. We were forced to rent a tiny, rundown apartment in Parola, Tondo where illness is about as common as crime.

Paying the rent of P1,500 a month, sending five children to school, and surviving on two meals a day became a heavy burden that tried our souls. No matter how hard we worked, somehow hunger had a way of catching up. My boys would sometimes ask for pork or chicken, but we were lucky enough to even have rice on the table.

When my fourth son, Reynaldo, Jr., was admitted to the *Tulong Aral ng Petron* program, we felt God lifting the burden on our shoulders. Junior was among 41 *Tulong Aral* scholars who entered Almario Elementary School. On his first year, he was cited first honor. I knew my boy got my husband's brains; all he needed was a break his father did not have in life.

While we are grateful for having Junior's six-year scholarship, the reality is that we still have four other children to fend for. And then one day, God smiled. I was among 200 applicants in of the *Petron Gasul Pangkabuhayan Kart* program, and I was one of only ten who got chosen. On March 23, 2006, we welcomed a new member of the Luciano family: a street cart we named "Hope". The word was written on the cart and we thought it also aptly represents what this program gave us.

Hope came with a free Gasul and a double-burner stove. I took P2,000 from our savings and used it as capital to buy kitchenware and food ingredients. Everyday I sell three kilos each of fishball, chicken, and squid balls, five kilos of *kikiam*, and *sa malamig* (cold drinks). I learned some cooking techniques from other street vendors.

Before Hope came, my husband and I were earning P500 from selling cigarettes, newspapers, mineral water, and rags on a good day. Nowadays, every day is a better day. He would sell P500 and I would take home P300 from selling street food. I could easily make P500, too, when school opens.

*Sa awa po ng Diyos, hindi na kami kinakapos.* (With God's grace, we could now make ends meet.) We are still living in a shack but life has become much easier to bear. We can now afford to eat pork or chicken dishes three times a week. We can now do things we have not done before, like take our kids to Jollibee after mass on Sundays. I am now usually home by 5 p.m. so I can help my kids with their homework. I could also now find time to participate actively in their school's Parent Teachers Association. In our district, I am Vice President of the Petron Parents Association—made up of parents of *Tulong Aral ng Petron* scholars—which meets every second Friday of the month.

My dream now is to see all my children making it to college. For myself, I want to get off the street and quietly run a stall in a public market—away from harassment and fear that your merchandise could get stolen.

You think after all those years, working in the streets could make you immune from all these anxiety. But having a peace of mind gets tougher when you get good breaks like these because you live in a place where other people's needs become greater. Still we become more appreciative of the opportunities that came our way. With Hope, we could now afford to dream.

## About the Program

Petron addresses the needs of parents of *Tulong Aral ng Petron* scholars through livelihood programs such as the *Petron Gasul Pangkabuhayan Kart* program. Petron extended self-employment assistance by providing street carts, its LPG tank Gasul, and gas burners to a select group of scholars' parents for the program which is still on its pilot stage.

This is on top of the parent effectiveness seminars, literacy programs, and other livelihood programs under the *Tulong Aral ng Petron* in partnership with the Department of Social Welfare and Development (DSWD) and some local government units. The programs are designed to enable parents to help themselves, consistent with Petron's thrust under Fuel HOPE.





**“The word was written on the cart and we thought it also aptly represents what this program gave us.”**





**“I’m not merely driven to protect a livelihood;  
I’m committed to uphold our way of life.”**

# Calming a Stormy Sea

Romeo Borja, Chairman

*Samahan at Ugnayan ng Pangisdaan ng Orion (SUGPO)*

I am a fisherman from a coastal village in Orion, Bataan. Just like my father and the generations before him, I make a living out of panning the vast ocean.

I usually set out to sea at 3 a.m., even before the sun sneaks a peak over the horizon. I take my small banca and motor my way out for several kilometers. I always cast out my net with a prayer. If the gods look upon me favorably that day, I can bring in as much as ten kilos of fish on four hours of work. Then I'd turn back home where my wife would be waiting on the beach for my catch.

We bring the fish to a nearby market where we hope to sell it for P30 a kilo. Life can't be any simpler than that. We earn a few pesos for food on the table and the clothes on our back. Being together as a family was enough joy for me.

In 1991, our small village faced a crisis. Fish catch had steadily dwindled because of illegal fishing. Fishermen from as far as Parañaque and Malabon on the other side of Manila Bay were decimating fishing habitat through illegal methods.

We know when coral and fishing habitat were being pulverized. We hear the loud thump of exploding dynamite underwater, and on the surface it seemed like the sound of New Year's. It went like this for years. The ocean floor got a severe pounding, and fish too young to be caught have also started to disappear.

Life was easier when I was younger. Ten years ago, we would catch as much as 20 kilos on just a few hours near the shore. Fishermen were earning more than those in the factory. Nowadays, we spend an entire day and so much fuel to get far off from shore. We'd be lucky to bring home three kilos. In bad weather, we had to ask for donations of a kilo of rice and a can of sardines from our mayor or some private groups to feed our families.

I've been a fisherman for more than 30 years. The small patch of seashore I share with 1,200 other fishermen who park their boats on the ebbing coast. Our kids play on the same stretch of beach. We all relied on the same fishing ground these illegal fishermen frequent. The fishermen from our village agreed that something had to be done. We needed to protect our seas.

The only way our efforts can count was if we banded together and formed a group. We formed a federation called SUGPO—which means “to defeat”—and that was what we intended to do. To defeat illegal fishing on our fishing grounds.

That was 15 years ago. We now have 20 volunteers in the *Bantay Dagat* (Guardians of the Sea) patrol. Along with our local police, we have apprehended and filed cases against 70 fishermen who violated our laws. We have partnered with the Bataan provincial government and the private sector so our efforts won't go to waste.

My daughter has finished computer studies and is already working in Dubai. My son is now a chemical engineer and works for a huge multinational cement company. The money they send should be enough for my wife and I.

But there's still much to be done. Together with my fellow fishermen, we replant our shores with mangrove, guard the fish sanctuaries we have established, and check the practices of those who fish in our waters.

I'm no longer merely driven to protect a livelihood; I'm committed to uphold our way of life. Before I rest my oar and walk away from the shore, I would like to see our ocean be our friend. A sea where our children can depend on for their future.

## About the Program

Petron is at the forefront of the Bataan Coastal Care Foundation, Inc. (BCCFI) through its Bataan Refinery. BCCFI is a partnership with the Bataan provincial government, the International Maritime Organization of the United Nations Development Programme, and other private sector groups. The partnership is anchored on the Bataan Integrated Coastal Management Program (BICMP), a comprehensive and long-term program to manage the Bataan's coastal and marine resources.

In 2005, BICMP was instituted as an agency of the Bataan provincial government which runs programs such as the *Bantay Dagat* sea patrols to guard against illegal fishing methods.

Beyond Bataan, Petron's Supply and Operations division also leads coastal cleanups, tree and mangrove planting, environmental awareness programs, and other eco-friendly initiatives. Hundreds of Petron employee volunteers also stage various activities to mark International Earth Day every April—from planting thousands of propagules in mangroves, cleaning up the coastline, to rehabilitating the damaged coral reef of Sarangani Bay.

In General Santos City, Petron employee volunteers installed concrete domes at the Bawing foreshore area where the natural coral reef has been damaged or destroyed by destructive fishing methods. The volunteers helped create new habitat for fish and other marine creature.

# Steady Partners

Alice Bala, Undersecretary  
Department of Social Welfare and Development

## About our Partners

Alicia R. Bala was then the Department of Social Welfare and Development Regional Director for National Capital Region when she first encountered Petron Foundation. Through the Foundation's Project Joy, Alice found a corporate partner who could help DSWD help street children enjoy a special Christmas even for a day.

Yet, despite the annual yuletide event bringing smiles to the children, her thoughts remained on a vision that was more lasting—that of seeing hope permanently etched in the faces of the street kids.

Happily, Alice and Petron Foundation had the same wish. Together with its Executive Director Marilou G. Erni, she worked to develop a send-a-child to school program that was soon to become *Tulong Aral ng Petron*.

In the years that DSWD and Petron Foundation had collaborated, they have promoted not only the education of children who would otherwise be in the streets, but also implement activities in the areas of relief and rehabilitation of disaster-stricken areas in the country, as well as developed skills training and livelihood programs that will enable parents to help themselves. Alice herself has moved up the ladder to Assistant Secretary and then undersecretary of the DSWD. Quite a fitting tribute to her passion and unrelenting commitment to end poverty and create a better life for every Filipino.

Having been a social worker for several years, I thought I had seen true poverty. I was used to dealing with the abused and the marginalized, and my training has always emphasized non-emotional judgment. But upon seeing these people, especially children, I was deeply disturbed.

In one of the shanties I visited, I met Aling Lucing. She said, "*Ma'am, simple lang naman po ang pangarap ko—ang mapag-aral ang mga anak ko.* (My dream is simple—I want to see my children finish school.)" I thought she wanted to send her kids to college. After all, elementary and high school education in this country was supposed to be free. She replied, "*Ay Ma'am, Grade 1 at Grade 2 pa lang po ang mga anak ko. Yung iba naman po masyado pang bata para mag-aral.* (My children are only in Grades 1 and 2. The others are too young to study.)"

Aling Lucing would send her kids to a nearby school where a "donation" of P300 per child was collected. Her husband earns P300 a day, and they have six kids to feed. If she pays the school P600 so she can send two to school, what was her family going to eat for two days? Then there was the matter of school uniforms, shoes, bags, school supplies, and projects. They simply didn't have the funds.

I wanted to do something for these kids. So when Petron approached me in 2001 to explore a more lasting public-private sector partnership on education, I found hope.

It wasn't called *Tulong Aral ng Petron* back then. It was simply a beautiful concept that offered poor children a scholarship that saw them through until elementary school graduation. I believe it's the first of its kind. Most scholarships focus on just one grade, benefiting new batches of children every year. You're never really sure what happens to the children after they move up to the next grade, or if they were able to move up at all. *Tulong Aral* makes sure they go all the way.

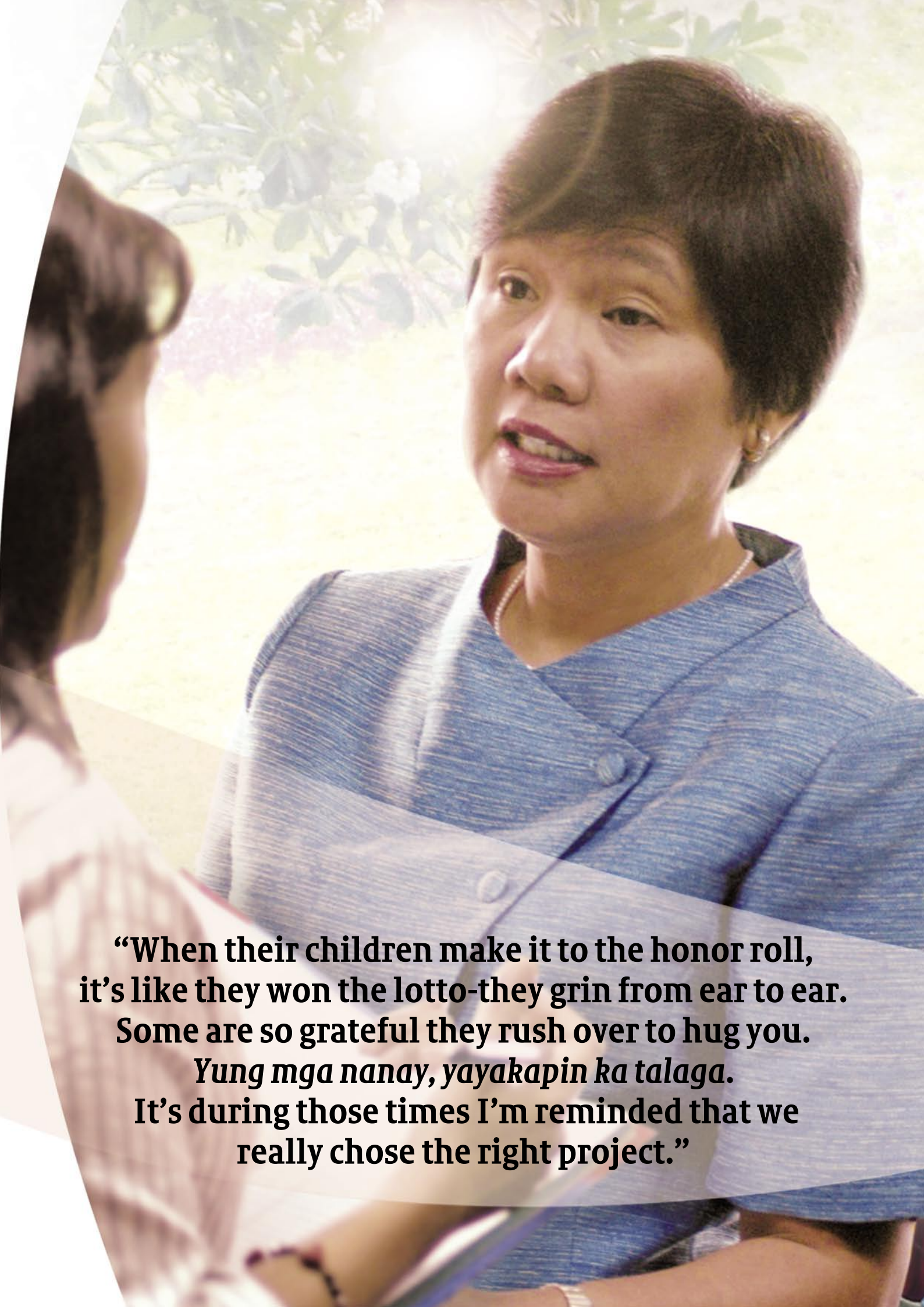
In just a month, we finalized the details of the program. We assigned a cost—P4,500 a child per year in terms of goods—and made sure that every centavo goes to education. We didn't simply hand over the money to the families. It went directly to the children's bags, uniforms, school supplies, and projects. Then a snack allowance of P10 a day per child was paid to the school canteen, so they can serve food to the children. Thousands of children go to school every day without having eaten breakfast. How were they supposed to absorb their lessons properly if all they can think about are their growling stomachs?

Our first batch of *Tulong Aral* scholars are now in Grade 5. I look at them and I'm amazed at their transformation. The children I met during my visit in 2001 looked defeated: eyes glazed, faces downcast. Now, they glow with the confidence of students who consistently make it to the Top 10 of their class! Several of our scholars are honor students. They consistently bring home medals and report cards filled with outstanding marks. They are eager to make the most out of this opportunity.

Even the parents have changed. They are more willing to support their children. They help with their homework, attend Parent-Teachers Association meetings, and generally offer encouragement. It seems the kids' enthusiasm is contagious. And when their children make it to the honor roll, it's like they won the lotto—they grin from ear to ear. Some are so grateful they rush over to hug you. *Yung mga nanay, yayakapin ka talaga!* It's during these times I'm reminded that we really chose the right project.

Now we are very excited because our first batch of scholars will graduate in two years. I look forward to that day—seeing their faces glowing with pride, knowing they will no longer look at the world with sad, hopeless eyes, and knowing with *Tulong Aral*, there will be more of them.



A photograph of a woman with short dark hair, wearing a blue textured jacket and a pearl necklace, looking down and talking to a young child whose back is to the camera. The background is bright and out of focus, showing green foliage. The image is framed with a white border on the left and bottom.

**“When their children make it to the honor roll, it’s like they won the lotto—they grin from ear to ear. Some are so grateful they rush over to hug you. *Yung mga nanay, yayakapin ka talaga.* It’s during those times I’m reminded that we really chose the right project.”**

## Dr. Teresita G. Domalanta, NCR Regional Director Department of Education

Any form of economic success starts with educating the young. Yet as we all know, the resources needed to educate our youth are not enough. While basic knowledge of English, Science, Math, and other similar subjects used to suffice, today's technology-driven and highly competitive economies demand more.

Skills in subjects such as management, marketing, accounting, technical writing, business writing, applied mathematics, and information technology—which Filipino students normally don't learn until college—are increasingly being acquired by young people everywhere. For our children to compete with their foreign counterparts, they need similar training. Yet such training is not something the Department of Education (DepED) can universally provide.

Fortunately, there are companies such as Petron Corporation to lighten our burden. Petron has proven to be one of the best partners government can have. It made corporate social responsibility (CSR) a part of its culture long before the concept even became a buzzword. Petron Foundation has placed education at the forefront of its many programs and services, realizing perhaps that educating the Filipino people, especially the young, is the best way it could effect lasting positive change in the nation it calls home.

Indeed, the programs it has lined up for our youth—*Tulong Aral ng Petron*, the reading program through *Sa Aklal Sisikat* Foundation, the Junior Achievement Program, and most recently, the Youth In Entrepreneurship and Leadership Development Program (YIELD)—have helped our government in no small measure in its struggle to create livelihood for a big number of Filipinos.

Through the efforts of Petron Foundation, thousands of poverty-stricken children became *Tulong Aral* scholars throughout grade school. Taking this further, Petron also implemented a technical skills program for high school students, a training program for teachers, a junior achievement program that teaches overachieving high school students the basics of starting and operating a business, and a widespread reading campaign. The comprehensive and complementary nature of these programs shows how serious and committed Petron is to the education of the Filipino youth. And for this, we at the DepED are deeply grateful.

Petron supports us by implementing programs that not only address basic educational needs such as grade school scholarships, but also ones that go beyond what is taught by mainstream public education.

Petron also teaches the Filipino youth to start small, but think big—a very important skill in creating micro businesses. They also give them the necessary learning opportunities, enterprising activities, and experiences in working entrepreneurship that teach them to value the integrity and dignity of work.

Petron has been a valued partner of government for a long time even before I joined DepED. There are virtually no birth pains whenever we start on another education program. It is always harmonious, helpful and facilitative, especially considering the extent of collaboration and the number of volunteers needed to make the programs work.

Petron is a company of hope, not just for its young beneficiaries, but for the whole nation. I really believe that the benefits derived by our students, from the *Tulong Aral* program, which benefits the children of the poorest of the poor; and the technical skills program, which fuels the dreams of students enrolled in public high schools, will have multiplier effects that can pull our country out of poverty and contribute significantly to national development and progress.

### About the Program

Through its programs, Petron has built steady collaborative partnerships with other departments and government agencies, as well as with a number of non-government organizations.

Its latest anti-poverty initiative, the Youth in Entrepreneurship and Leadership Program (YIELD) is in partnership with the Department of Education, the Technical Education and Skills Development Authority (TESDA), Petron Dealers Association, and the Muntinlupa Business High School (MBHS).

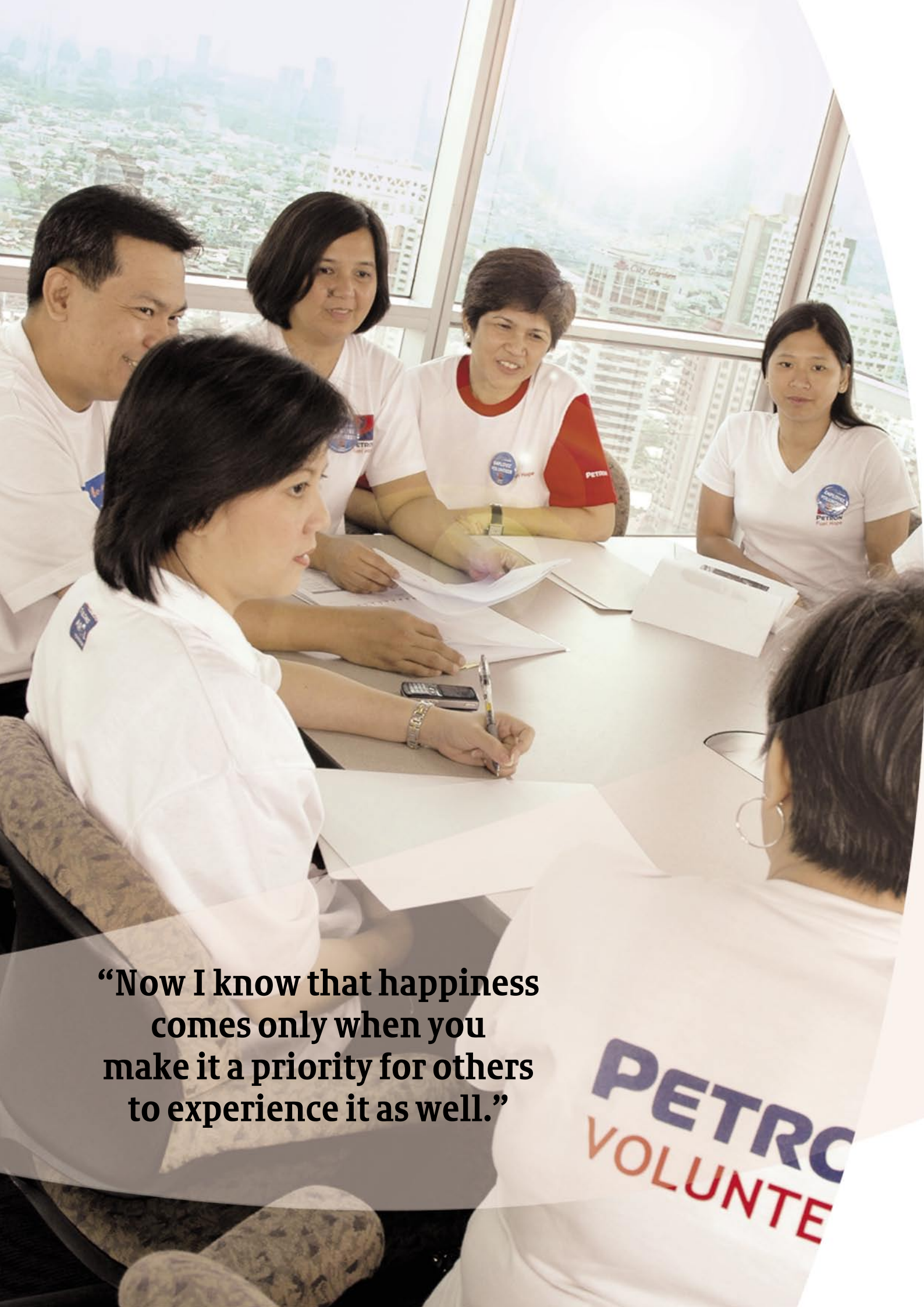
On May 31, 2006, a total of 125 third-year high school students of MBHS, the Philippines' first business high school, ended their intensive 240-hour on-the-job training program in four Petron stations in C-5 in Taguig, Dasmariñas Village in Makati City, Filinvest City in Muntinlupa, and Laguna. The YIELD program enabled the students to obtain hands-on training and experience in forecourt operations, food service and back office management.





**“Petron is a company of hope,  
not just for its young beneficiaries,  
but for the whole nation.”**





**“Now I know that happiness  
comes only when you  
make it a priority for others  
to experience it as well.”**

**PETRON  
VOLUNTEER**

# Making a Difference

Tina Rellin, General Accounting Supervisor  
Petron Corporation

My entire professional life is spent in Petron Corporation. This is my first job as well as my family, having no husband or children of my own. I have invested most of the last 28 years trying to produce results that benefit the company.

My world revolved around my desk. I crunched numbers all day long, and for years that was enough to make me happy. I was young, earning a decent salary, and using my mind productively. I was excited about the possibility of learning on the job, making my mark, and someday assuming a position of responsibility. I suppose at a certain age your career becomes top priority, and that is how it was for me.

Then one day, Ohlet Apuhin, a friend and co-worker, approached me. In my book, she is the “ultimate volunteer”—someone who gives others so much of her time and resources she barely has enough for herself. She is active in almost all of Petron Foundation’s projects: educating children, assisting in medical missions, planting trees, even contributing a part of her salary. I have always admired her tenacity, curious about the glow of contentment that constantly bathed her face. Then one day, perhaps sensing my curiosity, she tapped me to volunteer.

At first it still seemed like I was fulfilling a sense of obligation. I knew I wanted to give something back to the community, but the effort required ate into my leisure time. I put volunteer work at the bottom of my personal schedule, going only after everything else in my life has been done. I thought I could achieve happiness simply by going through the motions. Now I know that happiness comes only when you make it a priority for others to experience it as well.

Ohlet knew that, and she persevered in helping me realize it. She kept asking me to accompany her to Petron’s many outreach activities, not once getting discouraged whenever I failed to respond. She also shared with me the responses of some of her beneficiaries - how thankful they were, and how their eyes reflected the knowledge that her simple gestures of kindness have somehow changed their lives. She wanted me to see the value of what we were doing, and how much it means to the people we were helping.

It worked. After several months, I felt my sense of obligation being replaced by a genuine feeling of enjoyment. I began to like what I was doing. For some reason, I no longer considered waking up early on a Saturday morning an inconvenience, or standing up all day while assisting patients during medical missions a discomfort. Soon I was going, not just because Ohlet asked me to, but because I wanted to. I began looking forward to seeing the happy faces of our beneficiaries, hearing their hopeful stories, and knowing that I was somehow a part of it.

Petron Foundation gave me an extended family. It gave me people to nurture. Especially since I have no children of my own to care for, volunteerism made my life more meaningful because I’m now living, not just for myself, but also for people who need me.

I enjoy medical missions the most because I get to interact directly with children, the sick and the elderly. I feel I’m directly involved in efforts to make their lives a little bit better. I get to talk to them, hold their hands, and offer them comfort.

All around me, I see volunteers whose lives have been changed through Petron Foundation. I’m proud that volunteerism is deeply ingrained in Petron’s culture, and I’m grateful I was given a chance to become part of it. Petron Foundation does not only make a difference in the lives of our beneficiaries; it makes a difference in ours as well.

## How Petron’s CSR Transformed Me

“It made me more aware of the company’s social responsibility. We are glad we are part of the activities.” - *Carmen Gutierrez, Administrative Systems*

“Besides giving my time, I get a feeling of satisfaction and fulfillment because I am able to help those in need.” - *Norma P. Allorde, Credit*

“My experience with *Sa Aklat Sisikat* made a reading advocate out of me. It made me appreciate how people can improve their lives through reading and education.” - *Marie Patricia G. Casiño, Strategic Planning*

“I feel a certain high when I see people smile because I have helped them. At the end of the day, *ang sarap ng pakiramdam na nakatulong ka sa iba* (it feels good to have helped others).” - *Louella Agda, Payables Accounting*

“After realizing how Petron’s programs can make a big difference in the lives of less fortunate children, I feel very blessed to have been part of how they were done.” - *Edward O. Jocson, Plant Engineering & Maintenance Department, Petron Bataan Refinery*

“It’s an eye-opener . . . you become aware of what’s really happening in the country and outside the company. You realize there are a lot of people in need and whom you can share your talent, time and resources.” - *Max Querubin, Stock Accounting*

“When I was growing up in the province, I had a few classmates who had to quit schooling because their parents could no longer afford it. That’s why I’m so happy to be part of *Tulong Aral*. It gives children like them a fighting chance.” - *Jennifer Jude Majella M. Sulit, Supply & Trading*



## Board of Trustees and Executive Officers







*From left to right: KHALID D. AL-FADDAGH - President,  
ROSARIO R. EIJANSANTOS - Treasurer, NICASIO I. ALCANTARA - Chairman,  
JOSE JESUS G. LAUREL - Trustee, MARILOU G. ERNI - Executive Director,  
FELIMON E. ANTIPOORTA - Trustee, JOSE K. CAMPOS, JR. - Trustee,  
ANTONIO G. PELAYO - Trustee, SULAIMAN M. ABABTAIN - Vice President,  
LUIS A. MAGLAYA - Corporate Secretary, MA. CONCEPCION F. DE CLARO - Controller,  
ALFRED A. TRIO - Trustee, JOEL C. CRUZ - Asst. Corporate Secretary*

# Financial Statements

- Report of Independent Auditors
- Statement of Assets, Liabilities and Fund Balance
- Statements of Revenue and Expenses
- Statements of Changes in Fund Balance
- Statements of Cash Flows
- Notes to Financial Statements

## Report of Independent Auditors



■ SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

■ Phone: (632) 891-0307  
Fax: (632) 819-0872  
www.sgv.com.ph

The Board of Trustees  
Petron Foundation, Inc.

We have audited the accompanying statements of assets, liabilities and fund balance of Petron Foundation, Inc. (a nonstock, nonprofit corporation) as of December 31, 2005 and 2004, and the related statements of revenue and expenses, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of Petron Foundation, Inc. as of December 31, 2005 and 2004, and its revenue and expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Philippines.

SYCIP GORRES VELAYO & CO.

A handwritten signature in black ink that reads 'Wilson P. Tan'.

Wilson P. Tan  
Partner  
CPA Certificate No. 76737  
SEC Accreditation No. 0100-A  
Tax Identification No. 102-098-469  
PTR No. 4181277, January 2, 2006, Makati City

March 8, 2006



**PETRON FOUNDATION, INC.**

(A Nonstock, Nonprofit Corporation)

**Statements of Assets, Liabilities and Fund Balance**

	December 31	
	2005	2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	P-26,660,836	P-8,853,977
Receivables (Note 6)	72,187	417,079
	<b>P-26,733,023</b>	<b>P-9,271,056</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities</b>		
Advances from Petron Corporation (Note 7)	P-722,448	P-640,124
Accounts payable and accrued expenses (Note 8)	6,212,897	2,892,644
Total Liabilities	6,935,345	3,532,768
<b>Fund Balance</b>	<b>19,797,678</b>	<b>5,738,288</b>
	<b>P-26,733,023</b>	<b>P-9,271,056</b>

See accompanying Notes to Financial Statements.

**PETRON FOUNDATION, INC.**

(A Nonstock, Nonprofit Corporation)

**Statements of Revenue and Expenses**

	Years Ended December 31	
	2005	2004
<b>REVENUE</b>		
Donations	P 59,764,266	P 39,273,753
Interest	1,438,117	2,085,438
Others	-	32,455
	<b>61,202,383</b>	<b>41,391,646</b>
<b>EXPENSES</b>		
Project expenses:		
Educational programs	23,520,861	18,124,989
Advocacy programs	10,547,423	11,274,489
Environmental programs	10,366,473	7,572,741
Health and human services programs	1,974,290	4,023,460
Arts and culture programs	9,455	52,024
	<b>46,418,502</b>	<b>41,047,703</b>
General and administrative expenses	724,491	961,714
	<b>47,142,993</b>	<b>42,009,417</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>P 14,059,390</b>	<b>(P 617,771)</b>

*See accompanying Notes to Financial Statements.*

**PETRON FOUNDATION, INC.**

(A Nonstock, Nonprofit Corporation)

**Statements of Changes in Fund Balance**

	Years Ended December 31	
	2005	2004
Balance at beginning of year	P-5,738,288	P-6,356,059
Excess (deficiency) of revenue over expenses	14,059,390	(617,771)
Balance at end of year	P-19,797,678	P-5,738,288

*See accompanying Notes to Financial Statements.***PETRON FOUNDATION, INC.**

(A Nonstock, Nonprofit Corporation)

**Statements of Cash Flows**

	Years Ended December 31	
	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	P-14,059,390	(P-617,771)
Adjustment for interest income	(1,438,117)	(2,085,438)
Operating income (loss) before working capital changes	12,621,273	(2,703,209)
Decrease (increase) in receivables	408,441	(408,441)
Increase (decrease):		
Advances from Petron Corporation	82,324	(10,334,567)
Accounts payable and accrued expenses	3,320,253	1,272,565
Net cash provided by (used in) operations	16,432,291	(12,173,652)
Interest received	1,374,568	2,167,961
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17,806,859	(10,005,691)
<b>CASH AND CASH EQUIVALENTS AT</b>		
<b>BEGINNING OF YEAR</b>	8,853,977	18,859,668
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	P-26,660,836	P-8,853,977

*See accompanying Notes to Financial Statements.*



**1. General Information**

Petron Foundation, Inc. (the Foundation) was registered with the Philippine Securities and Exchange Commission on July 25, 1996 as a nonstock, nonprofit corporation organized to function and operate as a charitable, humanitarian, philanthropic and research foundation. Its operations are funded mainly by Petron Corporation (Petron) and by contributions of other organizations and individuals.

As a nonstock, nonprofit corporation, the Foundation was registered with the Bureau of Internal Revenue (BIR) as a donee institution with the BIR-National Economic Development Authority Regulations No. 1-81 effective June 25, 1997 and is exempt from income tax under the conditions set forth in Section 30 (e) of the National Internal Revenue Code (NIRC). The Foundation has renewed its registration with the BIR as a donee institution in accordance with the BIR Revenue Regulations No. 13-98 dated January 1, 1999 effective for five years from May 28, 2002. As a donee institution, the Foundation donation(s) received shall entitle the donors to full or limited deduction and exemption from donor's tax pursuant to Section 34 (H) (1) or (2) and 101 (A) (3) of the NIRC.

The registered office address of the Foundation is Petron MegaPlaza, 358 Sen. Gil Puyat Avenue, Makati City.

The accompanying financial statements were approved and authorized for issue by the Board of Trustees on March 8, 2006.

**2. Basis of Preparation**

The accompanying financial statements have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in the Philippine Financial Reporting Standards (PFRS). These are the Foundation's first financial statements prepared in accordance with PFRS.

Prior to adoption of PFRS, the Foundation prepared its financial statements until December 31, 2004 in conformity with previous Statements of Financial Accounting Standards and Statements of Financial Accountings Standards/ International Accounting Standards issued by the Philippine Accounting Standards Council.

The Foundation applied PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards," in preparing the Foundation's financial statements, with January 1, 2004 as the date of transition. The Foundation applied the accounting policies set forth below to all the years presented. The adoption of PFRSs resulted in certain changes to the Foundation's previous accounting policies.

The financial statements of the Foundation are prepared on the historical cost basis.

The financial statements are presented in Philippine peso and rounded to the nearest peso except when otherwise indicated.

**Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new or revised standards effective for financial years beginning on or after January 1, 2005:

- Philippine Accounting Standards (PAS) 1, "Presentation of Financial Statements"
- PAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors,"
- PAS 10, "Events After the Balance Sheet Date"
- PAS 24, "Related Party Transactions"
- PAS 32, "Financial Instruments: Disclosure and Presentation"
- PAS 39, "Financial Instruments: Recognition and Measurement"

Adoption of the above new/revised standards did not result in any material adjustments to the Foundation's financial statements.

**Standards Not Yet Effective**

The Foundation did not early adopt the following standards and amendments that have been approved but are not yet effective:

- Amendments to PAS 19, *Employee Benefits - Actuarial Gains and Losses, Company Plans and Disclosures*, the revised disclosures from the amendments will be included in the Foundation's financial statements when the amendments are adopted in 2006.

# PETRON FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

## Notes to Financial Statements

- PFRS 6, *Exploration for and Evaluation of Mineral Resources*, effective 2006. This standard does not apply to the activities of the Foundation.
- PFRS 7, *Financial Instruments - Disclosure*, the revised disclosures on financial instruments provided by this standard will be included in the Foundation's financial statements when the standard is adopted in 2007.

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### 3. Summary of Significant Accounting Policies

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of change in value.

#### Receivables

Receivables are stated at the face value less an allowance for any uncollectible amount. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

#### Furniture and Fixtures

Furniture and fixtures are carried at cost less accumulated depreciation and any impairment in value. The initial cost of furniture and fixtures consists of its purchase price, including import duties and taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Depreciation is computed using the straight-line method over the estimated useful life ranging from 2 to 5 years.

As of December 31, 2005 and 2004, the Foundation's furniture and fixtures were fully depreciated.

#### Provisions

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

#### Donations

Donations, which include an unconditional promise to give, are recognized as revenue in the year they are received or promised, whichever is earlier.

#### Project Operational Costs

Project operational costs are charged to operations as the intended expenditures are incurred.

#### Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

#### Subsequent Events

Post-year-end events that provide additional information about the Foundation's position at the statements of assets, liabilities and fund balance date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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### 4. Significant Accounting Judgements and Estimates

#### Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Allowance for Doubtful Accounts.* The Foundation's receivable arise mainly from promised donations from Petron Corporation. Close coordination with Petron is performed to assess the possible uncollectibility of the promised donations. No provision for doubtful accounts was made in 2005 and in 2004.

There are no other areas where the Foundation's management exercises significant judgments and estimates.

**PETRON FOUNDATION, INC.**

(A Nonstock, Nonprofit Corporation)

**Notes to Financial Statements****5. Cash and Cash Equivalents**

	2005	2004
Cash on hand and in banks	P 1,347,272	P 1,577,333
Money market placements	25,313,564	7,276,644
	<b>P 26,660,836</b>	<b>P 8,853,977</b>

Cash in banks earn interest at the respective bank deposit rates. Money market placements are made for varying periods of between 30 to 40 days depending on the immediate cash requirements of the Foundation, and earn interest at the respective money market placement rates.

**6. Receivables**

	2005	2004
Interest and others	P 72,187	P 8,779
Donations	-	408,300
	<b>P 72,187</b>	<b>P 417,079</b>

Donations receivable represents amount committed by Petron in 2004.

**7. Advances from Petron Corporation**

This account pertains to advances from Petron for project expenses incurred by the Foundation.

**8. Accounts Payable and Accrued Expenses**

	2005	2004
Accrued expenses	P 6,135,476	P 2,228,154
Accounts payable	17,347	660,499
Others	60,074	3,991
	<b>P 6,212,897</b>	<b>P 2,892,644</b>

**9. Financial Assets and Liabilities**

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, receivables, accounts payable and other current liabilities approximate the amount of consideration at the time of initial recognition.

**10. Financial Risk Management Objectives and Policies**

The main risks arising from the Foundation's financial instruments are credit risk and liquidity risk. The Foundation's foreign currency and interest risks are very minimal. The Board of Trustees reviews and agrees policies for managing each of these risks and they are summarized below:

Credit Risk

The Foundation's receivables arise mainly from its transaction with Petron. In addition, the Foundation closely coordinates with Petron to ensure collectibility of the promised donations.

Since the Foundation deals only with Petron for its receivables, credit risk is low considering the latter's good credit standing.

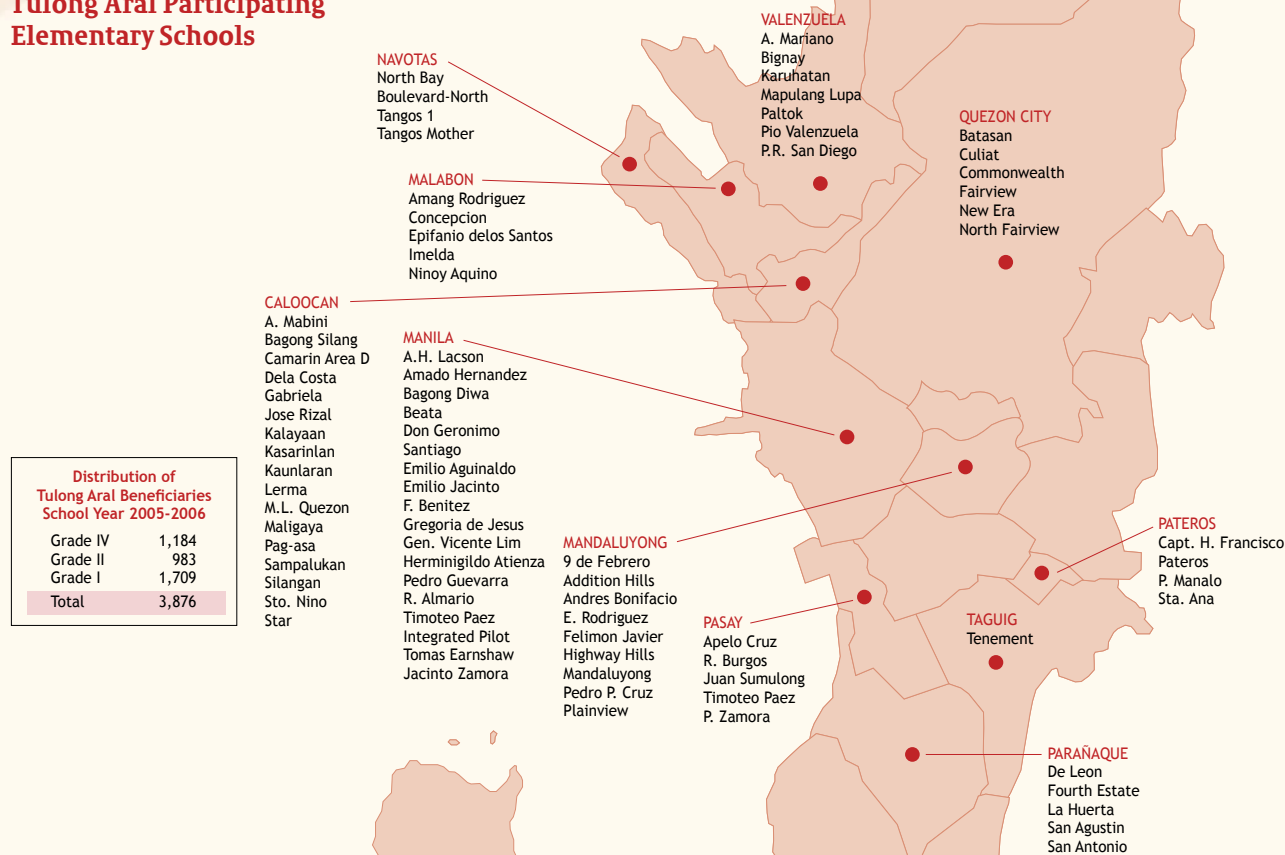
Liquidity Risk

The Foundation is heavily dependent on Petron for its funding requirements. Petron Board of Directors assesses the fund balance of the Foundation each year and pledges donations to the Foundation depending on the results of its assessment.



# Directory

## Tulong Aral Participating Elementary Schools



## Petron Schools



# List of Partner Organizations

## Partners

ABS-CBN Foundation Bantay Kalikasan  
Asian Institute of Management  
Ateneo Center for Educational Development  
Ateneo de Manila University  
Ayala Foundation  
Bataan Coastal Care Foundation, Inc.  
Bataan Integrated Coastal Management Program-Project  
Coordinating Committee and Project Management Office  
Cadbury Adams Philippines  
CalEnergy International Ltd.  
CDO Foodsphere, Inc.  
Center for Corporate Citizenship at Boston College, USA  
China National Offshore Oil Company  
Chowking  
Coca Cola Bottlers Philippines Foundation, Inc.  
Corporate Network for Disaster Response  
Credit Suisse  
Cuerdas Guitar Center  
De La Salle University  
Department of Education (DepEd)  
Department of Energy (DOE)  
Department of Environment and Natural Resources (DENR)  
Department of Health (DOH)  
Department of Social Welfare and Development (DSWD)  
Education for Youth Enterprise (EYE) Foundation  
Figaro Coffee Co.  
Funworks, Inc.  
Gawad Kalinga  
Gloria Jeans Coffee  
Habitat for Humanity  
Hotshots  
Inter-island Deep Sea Fishing Association (IDSFA)  
Jimini Foods  
Junior Achievement Philippines, Inc.  
Johnson & Johnson (Philippines), Inc.  
Kepco Philippines  
Kids Acts Theater Group  
League of Corporate Foundations (LCF)  
Local Government Units (LGUs)  
Local Health Centers  
Mad Science  
Manila Economic and Cultural Office  
Marubeni Corporation  
Meralco Foundation  
Meralco Millennium Foundation  
Metrobank Foundation  
Mirant Philippines Foundation  
M-Tech  
Muntinlupa Business High School  
Museo Pambata  
National Disaster Coordinating Council  
National Power Corporation  
National Transmission Corporation  
Nestle Philippines  
Nido Petroleum Philippines Ltd. Pty.  
OP Communications, Inc.  
Ospital ng Makati  
Ospital ng Maynila  
Parent-Teacher-Community Associations  
Petron Corporation  
Petron Dealers Association (PETDA)  
Petron Employee Volunteer Council  
Petron Gasul Dealers Association  
Petron Haulers Association  
Petron Marketing Corporation  
Pfizer Philippines  
Philippine Association for Volunteer Efforts  
Philippine Business for Social Progress  
Philippine Council of Deans and Educators in Business  
Philippine Council for NGO Certification  
Philippine Daily Inquirer  
Philippine Electricity Market Corporation  
Philippine National Construction Company  
Philippine National Oil Company-Energy Development Corporation  
Philippine National Red Cross  
Philippine National Volunteer Coordinating Services Agency (PNVSCA)  
Philippine Psychology Research and Training House (PPRTH)  
Philippine Taekwondo Association  
Pol Mesina  
Provincial Government of Bataan  
Provincial Government of Southern Leyte  
Purefoods  
RCW Foundation  
Ronald McDonalds House Charities  
Royal Embassy of Saudi Arabia  
Sa Aklat Sisikat (SAS) Foundation  
Salcon Power Corporation  
San Miguel Corporation  
San Roque Power Corporation  
Splash Foundation  
Taiwan Economic and Cultural Office  
Technical Education & Skills Development Authority  
The Children's Hour  
Unilever Philippines  
United Laboratories  
United Nations Children's Fund (Unicef)  
United Nations Development Programme-International Maritime Organization (UNDP-IMO)  
United States Agency for International Development-Education, Livelihood and Skills Alliance  
University of Makati  
Voluntary Service Overseas-Bahaginan  
World Health Organization  
World Vision Development Foundation  
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