



# 2022 ANNUAL REPORT

WE ARE PART OF THE SOLUTION

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## ABOUT THE COVER

The cover of the Philippine National Oil Company's Annual Report 2022 represents the company's mission to be a catalyst for oil and energy-related projects in the Philippines.

The image of the PNOC building facade showcases the company's identity and contribution to the energy sector. It symbolizes the company's steadfastness and commitment to its goals.

The theme "We are Part of the Solution" emphasizes its position as a key player in the energy sector in the Philippines.



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# COMPANY PROFILE

The Philippine National Oil Company was created in 1973 to ensure an adequate supply of oil and oil products to sustain the economy's growth and the nation's social well-being. Since then, amendments have been made to its charter to include the country's exploration, exploitation, and development of all energy resources.

Since its creation in 1973, PNOC has operated as a holding company, and its mandates were undertaken through subsidiaries it created. Over the years, these subsidiaries were either privatized or abolished. In September 2014, the Governance Commission for GOCCs (GCG) mandated the transformation and reorganization of PNOC from a purely holding to also an operating company.

The transformation of PNOC from a holding company into also an operating company was jumpstarted by the abolition of two subsidiaries: the PNOC Alternative Fuels Corporation (PAFC) and PNOC Development and Management Corporation (PDMC). The GCG recommended PNOC's assumption of all remaining assets (and liabilities) and ongoing projects of the dissolved subsidiaries. However, PNOC remains to perform its role as a holding company to its remaining two operating subsidiaries, the PNOC Exploration Corporation (PNOC-EC) and the PNOC Renewables Corporation (PNOC-RC). As the parent company, PNOC continues to exercise oversight over its existing subsidiaries' programs and projects, providing financial assistance whenever necessary.

In line with this thrust, PNOC underwent an overhauling of its corporate structure according to a GCG-approved reorganization plan under Memorandum Order No. 2018-05 to attain optimum efficiency in the allocation of resources and services by minimizing organizational levels, combining common functions and changing its structure and staffing pattern. In addition, PNOC undertook the development of future energy programs and projects according to its mandate.

Based on the GCG-approved PNOC Charter Statement and Strategy Map, the company's projects, initiatives and activities are all geared towards the attainment of the company's vision which is the provision of vital energy resource development and energy infrastructure conducive to a clean environment and a balanced and sustainable growth for the country.

Currently, PNOC's programs and projects include the management of its real estate assets, the banked gas, and the efficient operation of Energy Businesses: the management and operation of the Energy Supply Base (ESB) in Batangas and the PNOC Industrial Park in Bataan.

PNOC is also involved in research for the development of various energy-related infrastructure projects aimed toward achieving energy security and stability.



*PNOC 49th Anniversary Group Photo*

## VISION

By 2030, PNOC has provided vital energy resource/development and energy infrastructure conducive to a clean environment and balanced and sustainable economic growth.

## MISSION

Through the efforts and initiatives of world-class professionals, PNOC is committed to:

1. Develop and implement projects and programs in a financially prudent and responsible manner aimed at increasing the country's self-sufficiency level in oil, gas, and other energy sources;
2. Foster sustainable and environment-friendly sources of energy and promote energy efficiency and conservation; and
3. Maintain the highest standard of service and corporate governance.

# 2022 CORPORATE OBJECTIVES

## GCG-APPROVED TARGETS

Strategic and Financial Objectives	Measure/Target
<b>Contribute to Energy Security Targets</b>	
Development of Decentralized Energy System through the Use of Waste to Energy Technology (DES-WTE-Project)	President-Approved Concept Study/Paper on Decentralized Energy System (DES) Using Waste to Energy Technologies
<b>Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders</b>	
Stakeholders Satisfaction Survey Rating	90% Satisfied Customers (Lessees, PAFC locators, and ESB Customers)
<b>Maintain a Sound Financial Condition</b>	
Net Income(excluding all income or dividends received from operating subsidiaries)	PHP 104.50 million
Budget Utilization Rate (BUR)	90%
<b>Maintain Efficient Management of PNOC Energy Facilities</b>	
Compliance to Integrated Management System (IMS) Standards (PNOC Industrial Park)	Pass Re-certification
Compliance to ISO 9001:2015 Quality Management Systems for ESB Operations and ISO 45001:2018 Occupational Health and Safety Management System	Pass 2nd Surveillance Audit
<b>Optimize Asset Productivity</b>	
Operation of Energy Supply Base	100% Conduct of Declaration of Security (DOS) within 18 hours upon berth of foreign vessels at ESB Pier
Number of PDMC Assets Utilized / Disposed at a Gain	<ul style="list-style-type: none"> <li>• Disposal through Sale of 5 Costa Verde and/or El Pueblo Properties</li> <li>• Disposal through Sale of 10 Socialized Housing Program Lots</li> </ul>
PNOC / PAFC / PSTC Property Utilized / Leased /Disposed	Utilization / Lease / Disposal of any one (1) PNOC/PAFC/PSTC Property
Disposal of Banked Gas	Delivery of 3 Petajoules of Banked Gas
<b>Acquire, Develop, Retain, and Motivate Talents for Peak Performance</b>	
Percentage of Employees with Required Competencies Met	Increase from 2021 Baseline
<b>Develop, Implement, and Maintain Efficient and Effective Systems</b>	
Compliance to Quality Standards (PNOC ISO Certification)	Pass 2nd Surveillance Audit



# 2022 CORPORATE PERFORMANCE

## FINANCIAL PERFORMANCE INDICATOR

- Net income of **P3,364,466,459 \***
- Budget Utilization Rate of **27.39%** for Capital Outlay and Maintenance & Other Operating Expenses

## NON-FINANCIAL PERFORMANCE INDICATORS

- Satisfaction rating of **96.23%** for Customers Satisfaction Survey
- Passed **RE-CERTIFICATION** Audit for PIP's ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018
- Passed **2ND** Surveillance Audit for ESB's ISO 9001:2015 and ISO 45001:2018
- Passed **2ND** Surveillance Audit for PNOC Head Office's ISO 9001:2015
- Completed **100%** Declaration of Security (DOS) on foreign vessels berthed at ESB Pier
- Completed **100%** repair of damaged RIP-RAP and construction of Ingress/Egress Ramp at ESB
- Disposed through Sale of **7** Costa Verde and **2** El Pueblo Properties and **16** Socialized Housing Program Lots
- Disposed of **9** PNOC Properties and Leased PNOC office spaces to Philippine Reclamation Authority
- Delivered a total of **11.08** petajoules (PJ) of banked gas
- **3** additional employees met their required competencies vis-à-vis position held for CY 2022

## 2022 PNOC PERFORMANCE SCORECARD

**94%** OVERALL RATING

*\*based on unaudited Financial Statements submitted to COA*


# THIS IS HOW WE STARTED

1970

Complete dependence on US and UK-owned companies

Six (6) major companies engaged in the marketing of oil products

FROM TOP LEFT TO BOTTOM RIGHT: Shell, Mobil, Getty, Filoil Refinery, Esso, and Caltex



1973

First 'Oil Shock'


Increase of 21% in oil prices

Joint attack by Egypt and Libya on Israel, Iraq took over of Mobil and Exxon oil interest

Total embargo on oil ships to the US

Pull-out of Gulf Oil Refinery and ESSO from the Philippine Market


(both constitute 35% of the country's oil market)



December 10  
1973

Issuance of General Order 41 on December 10, 1973

"directing the supervision over all sale and distribution of all available stocks of crude oil and oil products, whether imported or produced by local oil refineries"



November 9  
1973

Creation of the Philippine National Oil Company through Presidential Decree 334 on November 9, 1973

- Need to build organizational and technical capability
- Energy Self Sufficiency
- Minimizing dependence on foreign oil company
- Ensure adequate supply of oil and gas products, power and energy for all users



1973

Acquisition of ESSO Philippines

Assets of ESSO (Phils) by time of acquisition:

- 28 bulk plants
- more than 800 service stations
- 57% share in Bataan Refining Corporation

Renaming of ESSO to Petrophil Corporation



April 1  
1974

April 1, 1974 Merger of Petrophil Corporation and Filoil Refinery Corporation, with Petrophil Corporation as the surviving company

Brand name: PETRON

Exclusive supplier of petroleum products to all government departments, bureaus, offices, and agencies

- 100% PNOC-owned corporation
- has ownership of bulk plants, service stations, and the Filoil and Bataan Refineries



## 1974-1986



### PNOC and its Subsidiaries

- Purposely organizing subsidiaries
- Spin-off an energy activity managed by a specific department
- Creation of 24 subsidiaries
  - Energy Exploration and Development
  - Transport and Logistics
  - Petroleum Refining/Marketing

### 1980

#### CONGLOMERATE APPROACH TO MANAGEMENT

The approach enabled the key executives to concentrate on their respective tasks without having to worry about how to finance or staff their activities because PNOC as the mother company serviced these needs. Once PNOC acquired sufficient confidence to spin off an energy activity managed by a specific department, the subsidiary was set up.

#### PNOC

##### Energy Exploration and Management

- Malangas Coal Corporation
- PNOC Alcohol Corporation
- PNOC Coal Corporation
- PNOC Enercon Corporation
- PNOC Energy Development Corporation
- PNOC Energy Drilling, Inc.
- PNOC Energy Supply Base, Inc.
- PNOC Geothermal Technology Corporation
- PNOC Exploration Corporation

##### Transport and Logistics

- Petron Tankers Corporation
- Petrophil Tankers Corporation
- PNOC Crude Oil tankers, Inc.
- PNOC Dockyard and Engineering Corporation
- PNOC Marine Corporation
- PNOC Oil Carriers, Inc.
- PNOC Petroleum Carriers Corporation
- PNOC Petroleum Tanker, Inc.
- PNOC Shipping and Transport Corporation
- PNOC Tankers Corporation

##### Petroleum Refining/Marketing

- Bataan Refining Corporation
- Filoil Refinery Corporation
- Petrophil Corporation
- Petron TBA Corporation
- PNOC Petrochemical Development Corporation

## 1986

### Reorganization of PNOC

COA Opinion dated October 9, 1986

"the contract of service resulted in an absurd situation where the subsidiary virtually absorbed the parent company"

### 1973-1992

- PNOC with only one regular employee
- Chairperson acting as President and CEO
- Manpower requirement provided by Petrophil

## 1993

### Decentralization of PNOC

- Full manpower complement
- Functioned as a parent and holding company
  - Exercised general control, supervision, and coordinative authority over subsidiaries through:
    - Membership in Governing board
    - Retention of financial control
    - Assignment of principal officials
    - Requirement of periodic reports
    - Holding of regular meetings and planning conference

## 2015-2017

- Transition and absorption of the plans, programs, projects, functions and accountabilities of PNOC AFC and PNOC DMC
- Preparation and submission of the Reorganization Plan as a parent and operating company
- Turnover of Energy Supply Base from PNOC EC to PNOC

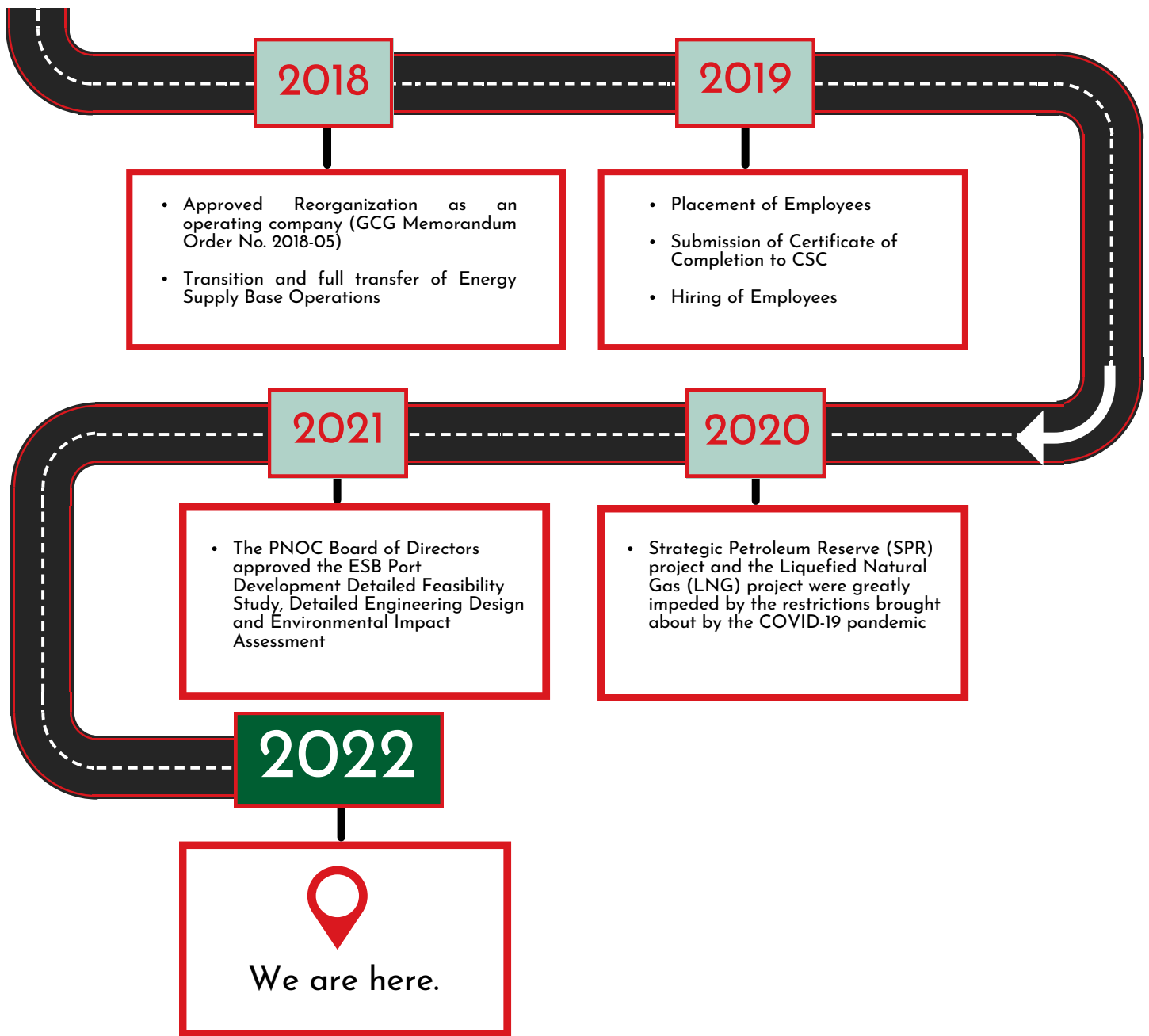
## October 2014

- Mandate to organize as an operating company
- Abolition of PNOC Alternative Fuels Corporation (PNOC AFC) and PNOC Development and Management Corporation (PNOC DMC)

### 1993-2011

From 1993 to 2011, PNOC functioned as the parent and holding company over its subsidiaries. All these changed when GCG was created in June 6, 2011 and overshadowed the supervisory authorities of PNOC as the parent company.





# THIS IS WHERE WE ARE NOW



## 2022 Plans and Programs

	<b>01</b> Development of the Strategic Petroleum Reserve (SPR) including committed participation in the National Oil Contingency Plan and the Targeted Fuel Relief Program.		<b>06</b> 6. Rehabilitation of the PNOC Industrial Park (PIP) port and facilities, and continue its efficient management.
	<b>02</b> Creation of business alliances for developments in the Liquefied Natural Gas (LNG) industry and other energy and energy-allied projects.		<b>07</b> Approve and monitor the work plans and programs of the PNOE Exploration Corporation and the PNOE Renewables Corporation as well as its budget in compliance with their respective mandates.
	<b>03</b> Strengthen the negotiation for the sale of the remaining 97.67 petajoules of PNOC's Banked Gas.		<b>08</b> Enhance corporate competencies based on the GCG-approved Reorganization Plan.
	<b>04</b> Optimization of the PNOC's real estate assets.		<b>09</b> Maintenance of ISO QMS Certification for the PNOC, and the IMS Certification of the Industrial Park and the ESB.
	<b>05</b> Continuous development of the ESB ports and efficiently manage and operate the ESB.		<b>10</b> Ensure adequate and timely compliance with government oversight agencies' reportorial requirements.

2022 was a year of transition and new directions. The change in national government administration also brought a change in direction and perspective to PNOC and its future activities.

The 2022 Plans and Programs, as submitted to the GCG, continued its 2021 trajectory. PNOC continued to secure the necessary clearances and permits for the ESB Port Development Project. While it pursued the development of the Strategic Petroleum Reserve, it also developed the Targeted Fuel Relief Program.

As in the past years, PNOC derived its income mainly from its sale of banked gas, earnings from short and long-term investments in banks, lease rentals from various property holdings, and income from its Energy Supply Base operations. With a P3.36 billion net income for 2022, PNOC declared dividends to the National Government from the 2022 earnings amounting to P1.68 billion.

The PNOC Head Office, the PNOC Industrial Park (PIP), and Energy Supply Base (ESB) maintained compliance with ISO/IMS certifications standards. It successfully passed its respective ISO certification surveillance audits/re-certifications.

The context for the changes in directions and plans was succinctly summarized in President Jesus Cristino P. Posadas' speech given during the 49th anniversary of the company on November 9, 2022.



## PRESIDENT POSADAS' ANNIVERSARY MESSAGE

PNOC is 49 years old today. It has become an operating company from merely a holding company of surviving and dissolved legacy companies in various segments of the oil industry value chain. The challenge today for all government agencies and GOCCs alike is to adapt to the changing and challenging times for the Philippines vis-à-vis its socio-economic aspirations in the face of global geopolitical realignments, pandemics, climate change, digitalization, 4th industrial revolution, space race, etc. This is true no less for PNOC, PNOC-EC, and PNOC-RC. We have to find our relevance in the interest of the public good in the privatized deregulated energy landscape, be it conventional, renewable or alternative energy resource development; downstream oil, gas, coal; electric power and energy utilization. We should be able to contribute and be part of the solution to the energy transition that the Philippines has signed itself into under the

Paris Agreement. This despite the Philippines' miniscule emissions contribution but inordinate vulnerability to the severe typhoons, sea level rise, droughts brought about by climate change. PNOC will consider RE and energy efficiency in all of its operations, be it in ESB, PIP and their locators or the management here of the BGC/Energy Center buildings. We will welcome locators and lessees who are aligned with the energy transition like the application of a circular petrochemical company converting used polyolefins back to aromatic monomers; conversion of Petron's waterborne petrochemical feedstock transport to pipeline conveyance. It is not our intention to elicit today corporate responses to the challenges described.

We just want to celebrate the past challenges that have been surmounted and conjure similar resolve when government took the cudgels in the supply disruptions in the 1973-1974 Arab Oil Embargo, 1978-1979 Iranian revolution, Iran-Iraq war in 1980-1988 and 1990-1991 Persian Gulf war. We have thereafter been ushered into the privatization and deregulation of the downstream oil industry from 1998 onwards. The future has become increasingly volatile, uncertain, complex and ambiguous which only means we need all the more to be innovative and collaborative with all agencies of government and the private sector to be able to confront the enormous task in front of all of us. In this light, let's have 3 cheers for PNOC to signify unity and solidarity in facing tomorrow's challenges!

Happy 49th Anniversary and looking forward to many more decades to come. Thank you.



# PNOC'S PROJECTS

## MONETIZATION/UTILIZATION OF PNOC'S BANKED GAS



Banked gas is the accumulated unused gas of the Ilijan Power Plant, amounting to 108.6 Petajoules due to the underutilization of the plant's Take-or-Pay Quantity (TOPQ) within the period 2002 to 2007. Under the Take-or-Pay (TOP) scheme, a fixed quantity of gas is being paid for by the power plant whether they use the gas or not. The banked gas was originally paid for by the Government of the Philippines (GOP), through the Net Government Share, as assistance to the National Power Corporation, then owner of the Ilijan Power Plant. The payment satisfied the plant's TOPQ provisions of their Gas Sales Purchase Agreement (GSPA) with the Service Contract No. 38 (SC38) Consortium. In September 2009, PNOC purchased from DOE all the rights, benefits, and entitlements of the banked gas.

In 2013, the Power Sector Assets and Liabilities Management Corporation (PSALM) withdrew 4.61 PJ from PNOC's inventory of banked gas for the Ilijan power plant.

Another portion, equivalent to 2.71 PJ, was offtaken by Pilipinas Shell Petroleum Corporation (PSPC) from June 2018 to January 2021 for its Tabangao refinery in Batangas.

The GSPA between PNOC and PSPC has been mutually terminated, effective July 23, 2021. Upon the termination of the GSPA, a portion of PSPC's contracted gas was reverted to the PNOC inventory. At this point, PNOC's remaining volume of banked gas was equivalent to 101.28 PJ.

On December 24, 2021, PNOC entered two GSPAs with FirstGen subsidiaries: First NatGas Power Corporation (FNPC) and Prime Meridian PowerGen Corporation (PMPC). PNOC continued to fulfill its obligation to deliver the contracted banked gas to First Gen. A total of 11.084 PJ was offtaken by FirstGen subsidiaries for the contract year 2022.

PNOC signed another GSPA with South Premiere Power Corporation in June 2022. However, delivery of banked gas has yet to be made for the GSPA with SPPC. During the November 2022 PNOC Regular Board Meeting, the directives of the Energy Secretary and PNOC Chairman to PNOC were relayed. This included guidance on the banked gas recovery and monetization which is to be undertaken on a whole-of-government approach considering the government's interest in Malampaya and the PNOC banked gas.



**The Malampaya Platform**

# PNOC'S PROJECTS

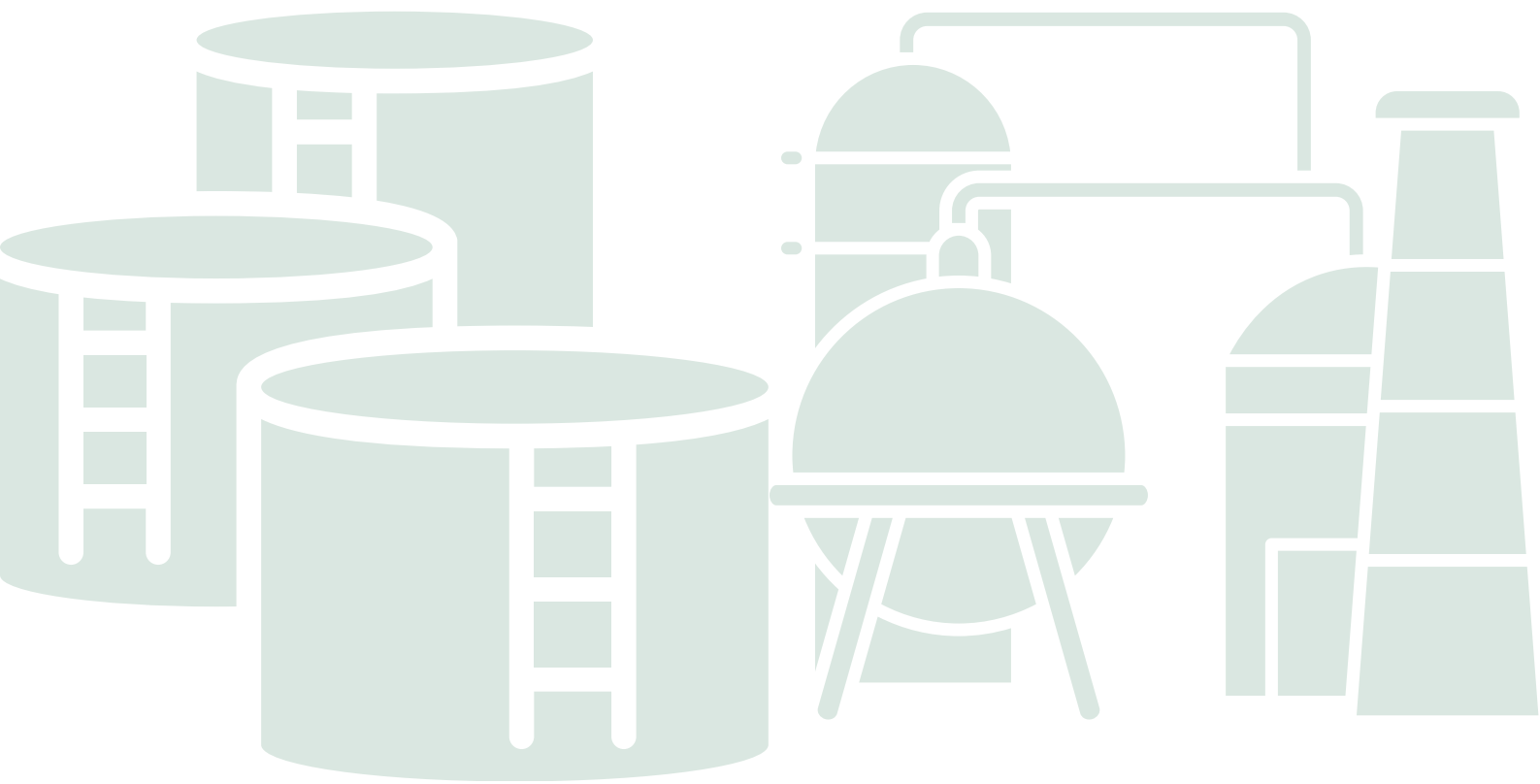
## ESTABLISHMENT OF STRATEGIC PETROLEUM RESERVE (SPR)

Strategic Petroleum Reserves (SPR) are large stockpiles of crude oil and/or petroleum products stored in facilities around the country (and possibly overseas) released during local or international oil supply disruptions.

To undertake a program that will mitigate the country's vulnerability to the threat of oil supply and price disruptions, the DOE has mandated PNOC, through DOE MO 2019-11-0001, to conduct a feasibility study and formulate an implementation plan for the establishment and operation of the National SPR. This endeavor aligns with PNOC's mandate as a government corporation: to ensure an adequate and stable supply of oil and petroleum products for the country's domestic needs. In 2021, the DOE's Department Circular No. 2021-09-0028 on Establishing the

Philippines Strategic Petroleum Program (SPR) became effective.

The target activities for the National SPR Program for 2022 entail hiring a Project Transaction Advisor within the 4th Quarter of 2022 and completing a Feasibility Study within nine (9) months. However, during the regular meeting of the PNOC Board of Directors on October 21, 2022, the PNOC Management reported, and the PNOC Board of Directors took note of the Directive of DOE to suspend all activities relevant to the development and pursuance of the SPR and Targeted Fuel Relief Program (TFRP) initiatives. Oil is a sunset industry, and considering this, the SPR and TFRP shall be subjected to policy and financial viability review.





# PNOC'S PROJECTS

## TARGETED FUEL RELIEF PROGRAM (TFRP)

The Targeted Fuel Relief Program (TFRP) is a proposed government response program that aims to aid the most vulnerable fuel-consuming sectors of our economy during periods of fuel supply disruption and/or high price volatility through the importation and distribution of discounted fuel. Initial beneficiaries would be the public utility jeepney drivers and operators, being the most hit sector. In the medium- to long-term, the program may also supply government requirements, particularly of the Armed Forces of the Philippines and government-owned power plants and vital government installations to ensure uninterrupted delivery of critical services.

The Pre-Feasibility study on the TFRP was completed, and PNOC Board approved the same on February 26, 2021.

On March 24, 2022, the PNOC Board of Directors approved the TFRP as an urgent program for immediate implementation. Under the accelerated program, PNOC will procure diesel and distribute/sell it to the PUJ drivers as the program's primary beneficiaries at a much lower price than the prevailing retail prices.

The diesel supply and necessary services to carry out activities in the value chain of the program will be procured through a competitive selection process.

Coordination activities with internal and external stakeholders were conducted to determine the necessary moving parts to implement the program immediately.

The terms of reference for the procurement of supply and related services required to implement the program's value chain were also prepared/drafted in-house and completed in April 2022.

Also, because of the TFRP's approval as an immediate/urgent program of PNOC, updating the detailed study and developing an implementation plan was done in October 2022.

However, PNOC's pursuit of the TFRP, similar to the SPR, was suspended in light of the new directive from the DOE and the PNOC Board.





# BUSINESS OPERATIONS

## INDUSTRIAL PARK OPERATIONS

The Park Management Department manages the PNOC Industrial Park (PIP), a 530-hectare property located in Limay and Mariveles, Bataan. The PIP is home to locator companies involved in the Petrochemical and Energy-related industries.

As the administrator of the PNOC Industrial Park, the Park Management Department provides essential services to its locators and lessees, such as:

1. Maintenance of Common Areas and Facilities
2. Electrical distribution lines
3. Firefighting systems
4. Security CCTV Cameras
5. Raw and Fire Water System
6. Jetty Assessment and, soon, rehabilitation
7. Janitorial and Custodial Services

PNOC continues to operate and efficiently manage and improve the Industrial Park and its jetty facilities to serve its clients better

while ensuring environmental monitoring and compliance with DENR regulations.

As the holder of the Programmatic Environmental Compliance Certificate, the only one of its kind in the Philippines granted by the Department of Environment and Natural Resources (DENR), the PNOC Industrial Park Administration enforces strict compliance with health, safety, and environmental protocols, establishing its Health, Safety, Security, and Environmental (HSSE) Program.

On October 19, 2022, the PNOC Industrial Park obtained its ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications for its Quality Management System, Occupational Safety and Health System and Environmental Management System, covering the PIP and facility operations and maintenance from Socotec Certification International.



The PNOC Industrial Park

# BUSINESS OPERATIONS

## ENERGY SUPPLY BASE (ESB) OPERATIONS

The PNOC Energy Supply Base (ESB) is a 19.2-hectare property in Mabini, Batangas. On June 24, 1977, the Letter of Instruction No.563 directed PNOC to provide easy availability and accessibility of support and logistics facilities for onshore and offshore exploration activities in petroleum and other energy-related fields. ESB has since then extended its services to other commercial clients under the grant of a Permit-to-Operate as a private commercial port (Certificate of Registration No. 291) granted in October 1996 by the Philippine Ports Authority (PPA).

It was initially part of the PNOC Exploration Corporation, but in February 2017, the PNOC and PNOC-EC Boards approved the transfer of operations of the ESB from PNOC-EC to PNOC. PNOC-EC completed the transition and turnover of ESB's operations and corporate services to PNOC on December 31, 2017. Thus,

on January 1, 2018, the administration and operations were assumed by PNOC.

PNOC's vision for ESB is to provide world-class energy supply base port facilities and offer services compliant with International Standards. In line with its vision, the ESB Port Development Detailed Feasibility Study, Environmental Impact Assessment, and Detailed Engineering Design were commissioned in 2019, completed in 2020, and approved by the PNOC Board on February 26, 2021.

PNOC has programmed the development of the ESB port to allow the extension of the piers to reach the 12-15 meters depth of Batangas Bay, including the reclamation of 37,270 sqm. along Batangas Bay. The new pier will provide support and logistic facilities as PNOC EC and other exploration service contract holders aggressively pursue their exploration activities.



## The PNOC Energy Supply Base

*Projected look of the ESB Port after the development*





*Signing of the MoU with Philippine Reclamation Authority (PRA) for the reclamation of 3,772 hectares of Batangas Bay*

The original target was to award the project in 2021 to a contractor to undertake the construction of Phases 1 and 2 of the project, covering the Marginal Wharf and Platform. The company completed the bidding, short of award in October 2021.

On October 20, 2021, after the BAC had recommended the award to a winning bidder, the PNOC Board exercised its right under Section 41 of the IRR of RA 9184 not to award the project due to changes in economic conditions. However, as the contract covers only a partial phase of the project, PNOC has been completing the permits, and as of the end 2022, PNOC intends to present again to the new PNOC Board of Directors once all permits have been secured.

ESB has secured the ECC on February 16, 2022, including the Provincial Sanggunian and Provincial Governor's endorsements.

It signed the MoU with Philippine Reclamation Authority (PRA) for the reclamation of 3,772 hectares component of the proposed project on April 13, 2022. The Board also approved the Marine Vessel Refueling Facility (bunkering) in ESB on May 16, 2022.

On October 28, 2022, ESB passed the IMS 2nd Surveillance Audit for ISO 9001:2015 Quality Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems.

The 2022 Annual Gross revenue amounts to PhP 129,673,219.12. This is higher than this year's cumulative revenue projection by 14.34% (PhP 113,406,992.04), equivalent to a margin of PhP 16,266,227.08. Compared to last calendar year's gross revenue performance, this is higher by 7.87%.

# BUSINESS OPERATIONS

## ASSET MANAGEMENT

Asset management entails ensuring the best use of all real estate properties of PNOC. Performing this function is PNOC's Asset Management Department under the Office of the Senior Vice President for Energy Investments. It is also the primary unit that PNOC taps to perform its mandate to administer the real estate assets of its former subsidiaries: PNOC Alternative Fuels Corporation (PAFC) and PNOC Development and Management Corporation (PDMC). For PDMC, the inventory consists of commercial and industrial lots, condominium units, and properties for distribution to socialized housing beneficiaries. For PAFC, the properties covering more or less 530 hectares (of which 330 hectares are titled to PNOC) make up its Industrial Park in Bataan which accommodates petrochemical and energy locators and lessees.

PNOC has 370 lots of varying sizes, many in prime locations with an approximate total area

of 573.44 hectares. PNOC leases to other government agencies such as the DOE, the Philippine Reclamation Authority, the Cybercrime Investigation Coordinating Center, and the Land Bank of the Philippines, as well as to private entities such as Petron Corporation.

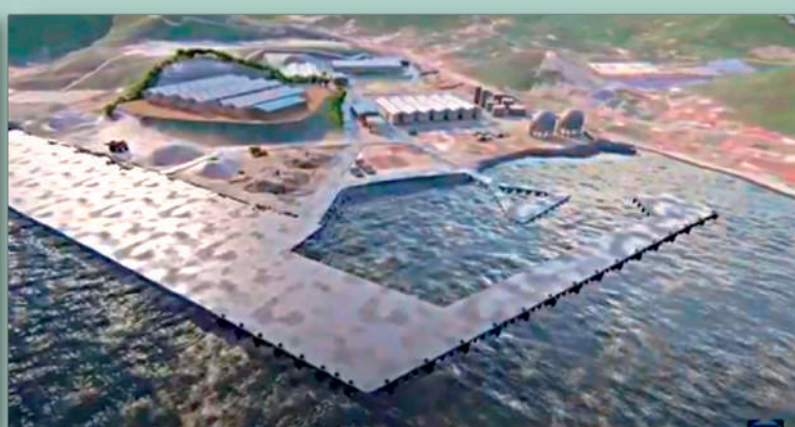
PNOC also continued to undertake the disposal/sale of PDMC's El Pueblo Condominium (EPC) and Costa Verde Subdivision (CVS) assets and the lease of properties located in Rosario, Cavite to PEZA. For 2022, PNOC sold 7 CVS lots, 2 EPC units, and 16 Socialized Housing Project (SHP) lots.

PNOC continued the best use/optimization or disposal of PNOC real estate properties. This year, PNOC was able to dispose of through sale nine (9) PNOC properties located in Bulacan, Tarlac, Laguna, and Batangas.



*Signing of the Amendment to the Deed of Donation for the land that was originally turned over by the PNOC's former subsidiary, the PNOC Development and Management Corporation (PDMC), to the Municipality of Rosario, Cavite*

# THIS IS WHERE WE ARE GOING



*Projected look of the PNOC Energy Supply Base after the development*

## PNOC 2023 CORPORATE PRIORITIES

To craft PNOC's 2023 Corporate Priorities and Proposed Budget, PNOC, led by then OIC-President and Chief Executive Officer Graciela M. Barleta, conducted its 2023 Planning and Budgeting Session on February 4, 2022. During the session, PNOC Management and key officers finalized the PNOC's 2023 Corporate Priorities and its Proposed Corporate Budget for the year. The same was presented and approved by the PNOC Board of Directors during its meeting on May 16, 2022, as follows:

1. Development of the Strategic Petroleum Reserve (SPR), including committed participation in the National Oil Contingency Plan and the Targeted Fuel Relief Program;
2. Sale and optimization of the remaining 70.26 petajoules of PNOC's Banked Gas;
3. Pursue the development of the Energy Supply Base (ESB) ports, and efficiently manage and operate the ESB;
4. Continue the rehabilitation of the PNOC Industrial Park's port and facilities, and its efficient management;
5. Optimization of PNOC's real estate assets;
6. Creation of alliances and partnerships for the development of businesses in the natural gas industry and other energy and energy-allied projects;
7. Approve and monitor the work plans and programs of PNOC-EC and PNOC-RC as well as their budget in compliance with their respective mandates;
8. Maintenance of ISO QMS Certification for PNOC, and the IMS Certification of the Industrial Park and the Energy Supply Base;
9. Ensure adequate and timely compliance with government oversight agencies' reportorial requirements; and
10. Continue to enhance corporate competencies based on the GCG-approved Reorganization Plan.



However, with the entry of the Marcos administration in June 2022, and new leadership in the Department of Energy, new priorities and plans were laid out for the energy sector. These priorities and plans were focused on accelerating the development of the country's indigenous resources, strengthening electric cooperatives, and expanding investments in the energy sector.

During the regular meeting of the PNOC Board of Directors on November 29, 2022, PCEO Jesus Cristino P. Posadas presented the new directives of Energy Secretary Raphael Perpetuo M. Lotilla to PNOC, and amendments were made in the company's 2023 Corporate Priorities.











The directives point the company towards new initiatives, i.e., building a knowledge base on new and emerging energy technologies such as hydrogen and ammonia, monitoring of technology and exploration developments on methane hydrates in the Philippine Rise, and pursuing potential onshore small gas-to-power sites in the country.

The PNOC Revised 2023 Corporate Priorities are as follows:

## 2023 Revised Corporate Priorities:

*(As posted on the PNOC Website)*

### 2023 Plans and Programs

	<p><b>01</b> Conduct research and development initiatives on potential energy sources using new and emerging energy technologies</p>		<p><b>06</b> Continue to optimize PNOC's real estate assets.</p>
	<p><b>02</b> Ensure banked gas recovery and monetization on a whole-of-government approach.</p>		<p><b>07</b> Approve and monitor the work plans and programs of the PNOC Exploration Corporation and the PNOC Renewables Corporation as well as its budget in compliance with their respective mandates.</p>
	<p><b>03</b> Create alliances and partnerships for developments of businesses in the natural gas industry, and other energy and energy-allied projects.</p>		<p><b>08</b> Maintain the ISO QMS Certification for PNOC, and the IMS Certification of the Industrial Park and the ESB.</p>
	<p><b>04</b> Continue the development of Energy Supply Base's (ESB) ports and facilities, and its efficient management and operation.</p>		<p><b>09</b> Enhance corporate competencies based on the GCG-approved Reorganization Plan.</p>
	<p><b>05</b> Continue the rehabilitation of the PNOC Industrial Park (PIP) port and facilities, and its efficient management and operation.</p>		<p><b>10</b> Ensure adequate and timely compliance with government oversight agencies' reportorial requirements.</p>



2022

# FINANCIAL HIGHLIGHTS

PARTICULARS	2022 UNAUDITED	2021 AUDITED	INCREASE (DECREASE)	% CHANGE
Net Income	3,364	1,092	2,272	208.06%
Revenues	6,374	1,524	4,850	318.24%
Current Assets	4,515	2,261	2,254	99.69%
Total Assets	39,912	36,558	3,354	9.17%
Current Liabilities	2,791	1,211	1,580	130.47%
Total Liabilities	5,502	3,847	1,655	43.02%
Equity	34,410	32,711	1,699	5.19%

## Net Income

PNOC registered a net income of P3.36 billion, an increase of 208% or P2.27 billion from last year's P1.09 billion. This is mainly due to the actual withdrawal of banked gas of 11,130,882 Gigajoules for the sale transactions to First NatGas Power Corporation and Prime Meridian PowerGen Corporation. Rent income also increased due to the escalation of continuing leases and the commencement of new lease contracts with the Philippine Reclamation Authority, Team Philippine Energy Corporation, and the Cybercrime Investigation and Coordinating Center.

This year's total revenues of P6.37 billion are comprised mainly of 1) banked gas sales, 2) rent/lease income from Investment Properties, 3) interest income from investments in Marketable Securities, and 4) income from Energy Supply Base and Industrial Park operations.

## Total Assets

PNOC's total assets increased by 9% or P3.35 billion from 2021's P36.6 billion to 2022's P39.91 billion. This improvement came mainly from 1) the collection of revenues and receivables, 2) gain on foreign exchange from dollar transactions, and 3) proceeds from the disposal of investment properties.

As of December 31, 2022, PNOC's cash position is comprised of Cash and Cash Equivalents, and Investments in Treasury Bills and Treasury Bonds amounted to P9.27 billion which is 23% of the Company's total assets. This resulted in the Company earning an interest income of P157 million for the twelve-month period.

The bulk of the Company's total assets are the Banked Gas Inventory and Investment Property which are 30% and 27% of total assets, respectively.

## Total Liabilities

PNOC's total liabilities increased by 43% or P1.65 billion from 2021's P3.85 billion to 2022's P5.50 billion. This is mainly due to the income tax payable and dividends payable to the National Government.

## Equity

The Company's total equity of P34.41 billion is P1.70 billion higher than last year's P32.71 billion. PNOC reported a net income of P3.36 billion for the period and declared dividends to the National Government from 2022 earnings amounting to P1.68 billion. Moreover, PNOC remitted cash dividend of P459.7 million to the Bureau of the Treasury in April 2022.

# OUR CORPORATE COMMITMENTS

## CORPORATE SOCIAL RESPONSIBILITY

PNOC recognizes Corporate Social Responsibility (CSR) as an essential component of the company's business strategy. As a state-owned corporation, PNOC acknowledges its role in the welfare of its host communities, the environment, and its stakeholders. This is why PNOC has implemented a comprehensive CSR program that focuses on various initiatives to promote sustainable development and enhance the well-being of its host communities.



One of PNOC's key CSR initiatives is providing support to its host communities through various activities, such as joint infrastructure projects. An excellent example is PNOC's supply of ceramic lavatory sinks to the Mainaga-San Francisco Elementary School in Batangas. By providing the necessary hygiene facilities, PNOC is helping the school comply with the COVID-19 health protocols required by the Department of Education.





Another CSR initiative that PNOC is committed to is environmental conservation. PNOC's Industrial Park (PIP) conducts annual tree-planting activities such as the 2022 Tree Planting Activity at the National Grid Corporation of the Philippines' site, where PNOC employees planted one thousand cashew saplings. PNOC also participates in coastal clean-up drives, such as the Community Environment and Natural Resources Office (CENRO) Bagac's Coastal Clean-Up Drive and PIP's very own 2022 Parkwide Coastal Clean-Up, where employees and other stakeholders collected 1.3 tons of waste from the shoreline.



Through these CSR initiatives, PNOC demonstrates its commitment to sustainable development, environmental protection, and social responsibility. PNOC recognizes that it has a crucial role to play in promoting the well-being of its host communities and the environment while conducting its business operations.



PNOC's Corporate Social Responsibility program is a testament to its commitment to sustainable development and social responsibility. Through various initiatives, PNOC strives to promote the well-being of its host communities and the environment while conducting its business operations. PNOC's efforts serve as an inspiration to other corporations to prioritize CSR in their business strategies and contribute to building a better future for all.

# GENDER AND DEVELOPMENT



PNOC'S GFPS Members



PNOC dressed up in orange shirt in observance of the 18 -Day Campaign to End Violence Against Women



PNOC has always been at the forefront of gender equality and women empowerment. With the observance of the National Women's Month last March 2022, PNOC continued to celebrate the accomplishments of women and their contributions to society.

The theme for 2022's National Women's Month was "Agenda ng Kababaihan Tungo sa Kaunlaran" (Women's Agenda Towards Progress). The celebration included two Capability Development Seminars and two GAD Talks, and a film showing, all conducted via Zoom. The topics of the seminars and talks ranged from the utilization and audit of GAD budget to revisiting the Harmonized Gender and Development Guidelines, and the use of gender-fair language.

One of the highlights of the celebration was the film screening of

"Tanabata's Wife," provided by PNOC's GAD partner, EdukSine. The film tells the story of a successful Japanese immigrant farmer who falls in love with a young feisty Bontoc woman, who works as a farmhand. The story's underlying message is about the power of love that transcends social and cultural differences.



2022 NWMC Film Showing Via Zoom



Atty. Maria Cleofe Gettie C. Sandoval's talk on "Women's Rights as Human Rights"

Mr. Miguel Victor T. Durian's talk on "Male Engagement in VAW Issues"

PNOC also participated in the annual observance of the 18-day Campaign to End Violence Against Women from November 25 to December 12, 2022. This campaign is held every year to raise awareness of the various forms of violence against women and girls and to mobilize individuals and communities to take action to stop it.

During the campaign, PNOC organized online screenings of the film "Sol Searching." Talks on "Women's Rights as Human Rights" and "Male Engagement in VAW Issues" was also organized and were participated in by 73 and 92 PNOC employees, respectively. These talks aimed to educate employees on gender issues and how they can be allies in the fight against violence against women.

To further drum up the "UNiTed for a VAW-free Philippines" campaign, PNOC's GFPS initiated a digital short video contest dubbed as "VAWAl Yan! I-video Mo Yan!" among PNOC and PNOC-COA employees. The aim of the contest was to reiterate everyone's commitment and contributions to ending violence against women.

The contest saw the participation of 10 out of 14 offices and departments, with the Accounting Department winning first place, the Strategy Management Office taking second place, and the Office of the General Counsel taking third place.

Throughout the year, PNOC continued its gender mainstreaming efforts by utilizing social media platforms and sharing online newspaper articles and webinars that tackle women and children's issues, including mental wellness. These initiatives aim to raise awareness among PNOC employees and the public about the importance of gender equality and women empowerment.



# QUALITY MANAGEMENT SYSTEM

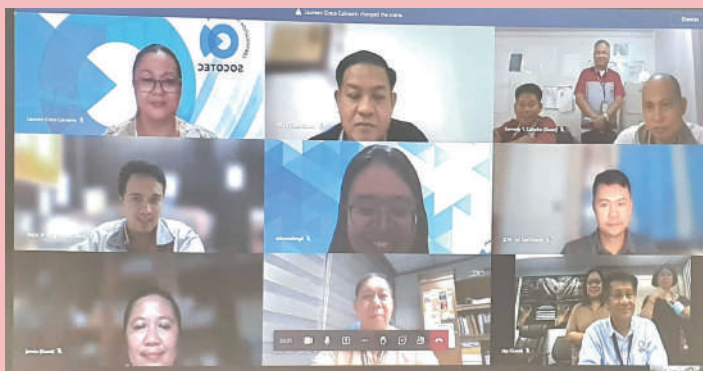


In 2022, PNOC once again proved its sustained ability to provide the highest quality of services to all its stakeholders. The PNOC Head Office, together with the PNOC Industrial Park (PIP) and Energy Supply Base (ESB), maintained its compliance with ISO/IMS certifications standards. SOCOTEC Certification International Philippines affirmed all processes for the three different sites during their audits. The grueling work to comply and meet international standards is a testament to PNOC's commitment to quality.



The Head Office in BGC, Taguig City passed the 2nd Surveillance Audit for ISO 9001:2015 Certification on September 19, 2022 with eight (8) positive, noteworthy findings, zero non-conformities and zero observations. The audit certified that PNOC Head Office continues to sustain compliance with the Quality Management System Standards for all its 17 processes, relative to the management of the provision of vital energy resource development and energy infrastructure conducive to a clean environment and balanced and sustainable economic growth.

On October 28, 2022, the PNOC Energy Supply Base (ESB) successfully passed the 2nd Surveillance Audit for its continuous compliance to the requirements of ISO 9001:2015 and ISO 45001:2018 for an integrated management system.



Similarly, the PNOC Industrial Park - Park Management Department at Limay and Mariveles, Bataan passed its Integrated Management System (IMS) Re-Certification on September 27, 2022, maintaining its ISO 9001:2015 (Quality Management System), ISO 45001:2018 (Occupational Health and Safety, and ISO 14001:2015 (Environmental Management System) Certifications. The certifications further demonstrated the PNOC Industrial Park's firm resolve to continuously administer and operate the facilities at a level consistent with international standards for quality, while upholding environmentally compliant, safe and healthy practices.

The recently concluded audit was the first face-to-face surveillance audit since 2020. This certification is required of all Government-Owned and/or Controlled Corporations (GOCCs) by the Government Quality Management Committee under Executive Order No. 605, s. 2007.



PNOC continues to pursue excellence to attain its vision through the efficient use of resources while consistently providing the highest quality of service for all.



# CUSTOMERS SATISFACTION SURVEY

The yearly Customer Satisfaction Survey (CSS) is a requirement of the Governance Commission for Government-Owned and Controlled Corporations (GCG) for all GOCCs, to determine customer/stakeholder satisfaction. The results shall be used as a basis for improvements on the GOCCs' operations and delivery of services. The conduct of CSS has a 10% weight in the PNOC Scorecard.

PNOC has been undergoing customer satisfaction surveys since 2015, continually measuring its customers' satisfaction to gain insights into their perception of the company's business operations. The objective of the customer satisfaction survey is to determine the level of satisfaction of PNOC's customers on the conduct of its projects, activities, as well as its day-to-day operation, particularly in the company's engagement with its lessees, PNOC Industrial Park locators and Energy Supply Base customers and locators. This vital information identifies what actions are needed to improve and add value to our services to retain customers' loyalty to the company.

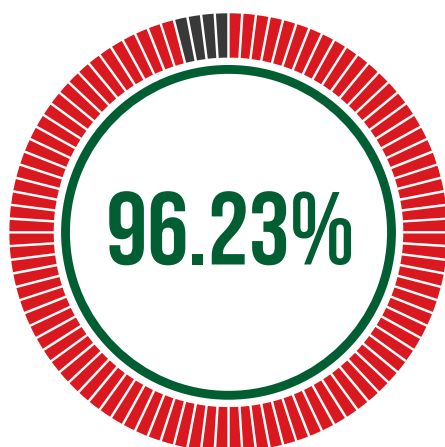
For 2022, PNOC achieved an overall rating of 5 or "Very Satisfactory" with an average of 96.23%.

Based on the results, there are nine (9) factors or statements that are highly influential and received high satisfaction rating among PNOC's customers for the year. These are: 1) treats customers with respect; 2) strictly and fairly implements the policies, rules, and regulations; 3) are knowledgeable and competent in delivering the needed services; 4) provides clear and sufficient information; 5) addresses queries/concerns in a prompt manner; 6) demonstrates willingness to assist customers; 7) conveys trust and confidence; 8) information from PNOC is clear and relevant; and 9) files/records are accurate and updated.

Conducting customer satisfaction survey is important for PNOC, as this does not only provide opportunities for improvement, but can solidify what the company is doing well.

For this reason, PNOC will continue to strive to operate in a highly effective and efficient organization focused on meeting its customers' needs while pursuing its goals and objectives.

The customer satisfaction survey was conducted by the University of the Philippines Los Baños Foundation Inc. (UPLBFI), through the Department of Social Development Services, College of Human Ecology, University of the Philippines Los Baños.



"VERY  
SATISFACTORY"

## CORPORATE GOVERNANCE STATEMENT

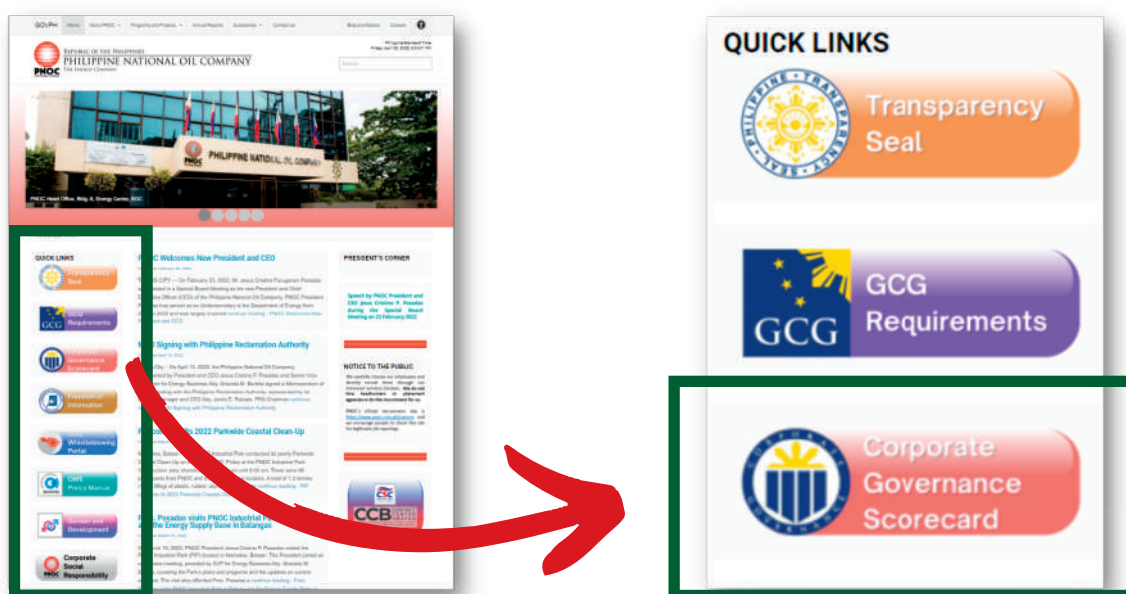
The Philippine National Oil Company (PNOC) affirms its full compliance with the provisions of the Code of Corporate Governance (GCG Memorandum Circular No. 2012-07 dated November 2012) and its own Manual of Corporate Governance.

The Board of Directors, Management, officers, and employees of PNOC continue to commit themselves to the principles and best practices of governance contained in the company's

Manual of Corporate Governance as a guide in the attainment of its corporate goals. PNOC shall continue to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Code of Ethical Conduct, its vision, mission statement, and core values which are made an integral part of the company's Manual of Corporate Governance.

## CORPORATE GOVERNANCE SCORECARD

The company's Corporate Governance Scorecard can be accessed by clicking the "GCG Scorecard" link on the company's official website, [www.pnoc.com.ph](http://www.pnoc.com.ph). It is under the Quick Links Section on the left side of the homepage.



# GOVERNANCE STRUCTURE

The machinery for corporate governance of the PNOC is contained in its Charter, P.D. 334, as amended, and its By-Laws and Code of Ethical Conduct. This Charter vests the PNOC Board of Directors (BOD) with full final authority and full oversight responsibility for the governance of the Company. As a result, the PNOC BOD is held accountable to the State for the operation and status of PNOC, including its performance in various state activities and projects.

To assist the Board and the PNOC Management in decision-making processes, the members of the BOD have constituted sub-committees that gather to discuss various issues and establish recommendations for the review and approval of the PNOC BOD. The sub-committees are as follows: (1) the Executive Committee; (2) the Risk Management Committee; (3) the Audit Committee; (4) the Nomination and Remuneration Committee; (5) the Governance Committee.

PNOC BOARD COMMITTEES FOR 2022		
Roster of Members		
Committee	Members	Term
<b>EXECUTIVE COMMITTEE</b>	<p><b>Chairman:</b> Alfonso G. Cusi Raphael Perpetuo M. Lotilla</p> <p><b>Members:</b> Romeo V. Poquiz Rex V. Tantiongco<sup>1</sup> Michael Ted R. Macapagal John J. Arenas Jesus Cristino P. Posadas Joel R. Caminade</p>	<p>1 Jan to 30 Jun 2022 1 Jul to 31 Dec 2022</p> <p>1 Jan to 24 Mar 2022 11 Feb to 16 Aug 2022 11 Feb to 31 Dec 2022 11 Feb to 31 Dec 2022 24 Mar to 31 Dec 2022 24 Mar to 31 Dec 2022</p>
<b>RISK MANAGEMENT COMMITTEE</b>	<p><b>Chairman:</b> Romeo V. Poquiz</p> <p><b>Members:</b> Michael Ted R. Macapagal John J. Arenas</p>	<p>1 Jan to 31 Dec 2022</p> <p>11 Feb to 31 Dec 2022 11 Feb to 31 Dec 2022</p>
<b>AUDIT COMMITTEE</b>	<p><b>Chairman:</b> Rex V. Tantiongco<sup>1</sup> Joel R. Caminade</p> <p><b>Members:</b> Adolf P. Borje John J. Arenas Joel R. Caminade Romeo V. Poquiz</p>	<p>1 Jan to 16 Aug 2022 29 Nov to 31 Dec 2022</p> <p>1 Jan to 31 Dec 2022 11 Feb to 24 Mar 2022 24 Mar to 29 Nov 2022 29 Nov to 31 Dec 2022</p>
<b>NOMINATION AND REMUNERATION COMMITTEE</b>	<p><b>Chairman:</b> Michael Ted R. Macapagal</p> <p><b>Members:</b> Rex V. Tantiongco<sup>1</sup> John J. Arenas Celestina Ma. Jude P. De La Serna</p>	<p>11 Feb to 31 Dec 2022</p> <p>1 Jan to 24 Mar 2022 11 Feb to 31 Dec 2022 24 Mar to 31 Dec 2022</p>
<b>GOVERNANCE COMMITTEE</b>	<p><b>Chairman:</b> Alfonso G. Cusi Raphael Perpetuo M. Lotilla</p> <p><b>Members:</b> Adolf P. Borje Michael Ted R. Macapagal Romeo V. Poquiz John J. Arenas Jesus Cristino P. Posadas Celestina Ma. Jude P. De La Serna</p>	<p>1 Jan to 30 Jun 2022 1 Jul to 31 Dec 2022</p> <p>1 Jan to 31 Dec 2022 11 Feb to 24 Mar 2022 11 Feb to 31 Dec 2022 11 Feb to 24 Mar 2022 24 Mar to 31 Dec 2022 24 Mar to 31 Dec 2022</p>

<sup>\*</sup>Membership in accordance with PNOC Board Resolution Nos. 2739 S'2021, 2774 S'2022, 2801 S'2022, 2809 S'2022, and 2838 S'2022.

<sup>1</sup> Filed his resignation dated 17 Aug 2022.



### The 2022 Management Committee

(From Left to Right): Ms. Ma. Rowena C. Raymundo, Manager of Business Research and Development Department; Ms. Jennifer R. Racho, Manager of the Treasury Department; Atty. Antonio G. Buenviaje, Manager of the Office of the General Counsel; Atty. Efren A. Legaspi, Manager of the Asset Management Department; Ms. Maria Belinda L. Cubelo, OIC-Manager of the Strategy Management Office (January-September 2022); Mr. Lino Gerardo G. Calaor, Manager of the Administrative Services Department; Engr. Carlito B. Pena, Manager of the Energy Supply Base Department; Ms. Alma B. Taganas, OIC-Manager of the Strategy Management Office (October to December 2022); Mr. Edwin G. Celzo, Manager of Park Management Department; Engr. Jesus Cristino P. Posadas, PNOC President and CEO; Atty. Graciela M. Barleta, Senior Vice President for Energy Business; Ms. Evangeline B. Albaytar, Senior Vice President for Finance and Administrative Services; Atty. Ronald C. Chua, Senior Vice President for Energy Investments; and Ms. Gina E. Manalo, Manager of the Internal Audit Office.

NOTE: Not in the Photo is Mr. Aaron R. Viuya, Manager of the Accounting Department.

On the other hand, the PNOC Senior Management is composed of the Executive Officers, namely the President and CEO, the Senior Vice President for Energy Investments, the Senior Vice President for Energy Business, and the Senior Vice President for Finance and Administrative Services.



The Management Committee

The PNOC Senior Management is responsible for ensuring that the PNOC adheres to and implements its mandate while at the same time complies with its corporate duties and responsibilities, especially those concerning its social, environmental, and economic commitments to its stakeholders and the Filipino people.



# WHISTLEBLOWING POLICY

In 2017, the Board approved the Whistle Blowing Policy under Board Resolution No. 2429, and the company subsequently constituted a standing PNOC Whistleblowing Committee (PWBC). PNOC made the policy to provide a safe and trustworthy environment so that the company's employees feel comfortable and protected when they have information to share. Cultivating a thriving whistleblowing culture can be implemented by being open and honest, following through on procedures, treating employees with respect, and thoroughly investigating the issues with the highest confidentiality level.

Details of the PNOC Whistleblowing Policy can be accessed through this link:

<https://www.pnoc.com.ph/wp-content/uploads/2021/07/Whistle-Blowing-Policy.pdf>

Whistleblowers may report directly to the GCG through their web portal:

[www.whistleblowing.gcg.gov.ph](http://www.whistleblowing.gcg.gov.ph)

A quick link to this portal is also provided on PNOC's website. Whistleblowers may also submit whistleblowing reports through email: [feedback@gcg.gov.ph](mailto:feedback@gcg.gov.ph); through mail: 3F Citibank Center, 8741 Paseo De Roxas, Makati City; and through contact numbers: 5328-2030 to 33.

# RISK OVERSIGHT POLICY

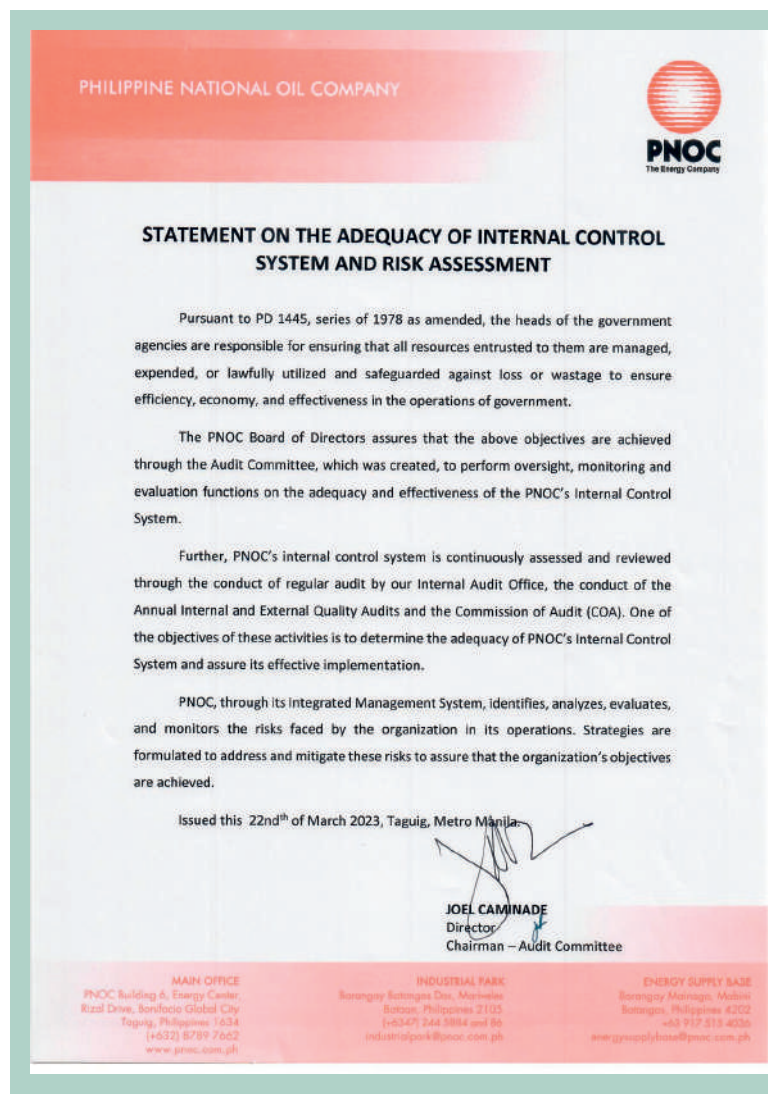
In its Terms of Reference (TOR) and Audit Committee Charter, the PNOC Audit Committee is responsible for overseeing, monitoring, and evaluating the adequacy and effectiveness of PNOC and its subsidiaries' internal control system and the Company's process for assessing significant risks or exposures. The Audit Committee, performing its mandate, held eight (8) committee meetings on 14 and 23 March, 26 April, 15 and 27 June, 15 September, 27 October, and 28 November 2022.

Meanwhile, the PNOC Risk Management Committee performs oversight risk management functions specifically in operations, legal, reputational, and other risks of PNOC. It ensures that the risk management process and compliance are embedded throughout the operations of PNOC, especially at the Board and Management levels.

In 2022, the Risk Management Committee held eight (8) committee meetings on 21 February, 23 March, 21 April, 30 May, 22 June, 30 August, 3 October, and 29 November 2022, two (2) joint meetings with the Audit Committee on 21 February and 23 March 2022, and one (1) joint meeting with the Nomination and Remuneration Committee on 3 October 2022.

The matters discussed in these Committee meetings may be found in:

<https://www.pnoc.com.ph/wp-content/uploads/2023/02/2022-INFORMATION-ON-BOD-COMMITTEES.pdf>



# PNOC'S BOARD OF DIRECTORS

## *Directors Training and Continuing Education*

The PNOC Management conducts an orientation for newly appointed Members of the Board of Directors to provide them with the necessary information about the organization, its mandate, corporate vision, mission, strategy maps, organizational structure, operations, activities, key officials, subsidiary corporations and their mandates, projects and activities, among others. In addition, the Office of the Corporate Secretary also provides materials to the new Board Members, which include, among other things: the PNOC Charter (Presidential Decree No. 334, as amended), company By-Laws, Manual of Corporate Governance, GCG's Fit and Proper Rule, and the Compensation Framework for Members of the GOCC Governing Boards.



**HON. RAPHAEL PERPETUO M. LOTILLA**

*Board Chairperson*

*Secretary of Energy from 18 July 2022*

Secretary Raphael P.M Lotilla officially assumed office as Secretary of the Department of Energy under the administration of President Ferdinand Marcos Jr. on July 27, 2022.

Secretary Lotilla is no stranger to the energy sector. This is his second time being appointed as DOE Secretary, with the first from 2005 - 2007 under the administration of President Gloria Macapagal-Arroyo. He was also the President and CEO of the Power Sector Assets and Liabilities Management Corp. (PSALM),

the government corporation tasked to manage the privatization of generation assets, IPP contracts, and other nonpower assets, including the management of financial obligations and stranded contract costs of the state-owned National Power Corporation from February 2004 - February 2005. He was also previously Deputy Director-General, with the rank of Undersecretary of the National Economic and Development Authority from 1996 to January 2004.

After his stint in government, he was the Regional Program Director of GEF-UNDPPEMSEA Sustainable Development of the Seas of East Asia and was appointed independent director of several private companies.

Secretary Lotilla finished his studies at the University of the Philippines with undergraduate degrees in Psychology and History and a Bachelor of Laws degree, while he finished his Master of Laws degree from the University of Michigan Law School.



**HON. JESUS CRISTINO P. POSADAS**  
*PNOC President and CEO*

Engr. Jesus Cristino Puruganan Posadas was elected in a Special Board Meeting as the new President and Chief Executive Officer (CEO) of the Philippine National Oil Company on February 23, 2022.

PNOC President Posadas has served as Senior Undersecretary at the Department of Energy from 2016 to 2022 and was largely involved in the establishment of DOE's department circular on energy efficiency as part of the implementation of Republic Act No. 11285 or the Energy Efficiency and Conservation Act.

Prior to this, he was part of various energy-related corporations that have provided him a

close look at the workings of the energy industry. He also gained his vast experience in supply and procurement systems from San Miguel Corporation where he retired in 1997.

The above expertise of PNOC President Posadas brings valuable insights and experiences to the pursuit of PNOC's mandate under the Philippine Energy Plan such as the establishment of the country's Strategic Petroleum Reserve, in addition to the creation of business alliances for the developments in the LNG industry and other energy and energy-allied projects, and the continuous development of the company's various assets.

He obtained his Master of Business Administration from the De La Salle Graduate School of Business in 1977 and his Bachelor of Science in Mechanical Engineering from the University of the Philippines in 1971 and is a licensed Mechanical Engineer. President Posadas is a certified National Energy Management System (EnMS) and ISO 50001 Expert by the Department of Energy and the United Nations Industrial Development Organization (UNIDO).



**ADOLF P. BORJE**  
*Member of the Board*

Rear ADM Adolf P Borje AFP (Ret) has an extensive background in military, security, intelligence, community relations, and public safety. For over 37 years, Director Borje held

several distinctive military and government positions, which honed his skills in conflict resolution, government budgeting and programming, and management and deployment of security forces and other resources, among others.

Director Borje is a graduate of the Philippine Military Academy and earned a degree for International Resource Planning and Management from the US Naval Postgraduate School in Monterey, California. He also holds an equivalent Degree in Masters in National Security Administration from the National Defense College of the Philippines.



**ROMEO V. POQUIZ**  
*Member of the Board*

Before his appointment as PNOC Director, Director Poquiz was a Board Director of several companies, such as the Bases Conversion and Development Authority, the Fort Bonifacio Development Corporation, and the

Bonifacio Transport Corporation. He was also an expert consultant for the Philippine Economic Zone Authority.

Presently, Director Poquiz is a Trustee of the AFP Mutual Benefit Association and a consultant at the National Security Council. A military officer with honors, he graduated with a Bachelor of Science degree from the Philippine Military Academy and a Master of Science in Management from the US Naval Postgraduate School.

He was a Major-General of the Armed Forces of the Philippines before he retired from active duty and service.



**MICHAEL TED R. MACAPAGAL**  
*Member of the Board*

Director Macapagal was a member of the Board of Directors of the Clark Development Corporation prior to his appointment as PNOC Director.

He brings with him an impressive and consistent record of building sustainable, scalable, and profitable businesses that have created long-term employment opportunities for minorities in the San Francisco Bay area. He was also President and CEO of 1st Reliance International, Inc., a locally-based corporation, and Reliance Logic, Inc., currently located in California. Both companies are into real estate development. Director Macapagal was also Division President and Country Manager of the California-based corporation, Stewart Title Company.

Director Macapagal graduated with a Bachelor's Degree in History, and a certificate program in Human Resource Management from the University of California, Berkeley.



**JOHN J. ARENAS**  
*Member of the Board*

Director John J. Arenas has several decades of public service serving as a senior manager or a member of the board of directors of several GOCCs.

Director Arenas is currently the President and CEO of PNOC Renewables Corporation since 2017.

Before he held the office, Director Arenas was the President and CEO of PNOC.

Between 2007 to 2016, Director Arenas served as a member of the board and OIC President and CEO of John Hay Management Corporation. He had tenure as a consultant in the Office of the Commissioner, Alien Registration Division (ARD) of the Bureau of Immigration and Deportation, PAGCOR, Metro Manila Light Rail Transit-DOTC, Office of the Mayor of Quezon City, Office of the Secretary of the National Security Council, and the Economic Intelligence and Investigation Bureau (EIIB).

Director Arenas received his Bachelor of Science in Commerce, Major in Management, from San Beda University-Manila, and a degree in International Affairs from Xavier University in Cincinnati, Ohio. He then undertook post-graduate studies in the Ateneo Graduate School of Business.





**JOEL R. CAMINADE**  
*Member of the Board*

Director Joel R. Caminade is a graduate of Bachelor of Science in Mechanical Engineering from the University of San Jose Recoletos in Cebu City, garnering a leadership award for his efforts in his Class of 1986.

He was a former Director of the Land Bank of the Philippines Leasing and Finance Corporation. Apart from such notable accomplishments, Director Joel R. Caminade is also a Past Assistant Governor and a Past President of the Rotary Club of Tacloban.

He is currently a member of the Board of Regents of Visayas State University, a Director of the Philippine Chamber of Commerce and Industry, Leyte Chapter, and a Director of the Central Tacloban Filipino-Chinese Volunteer Fire Brigade, Inc. He is also a member of the Board of Trustees of the government's APO Production Unit Inc. He took his oath as member of the PNOC Board of Directors last March 9, 2022 before Secretary Alfonso G. Cusi.



**MA. CELESTINA DE LA SERNA**  
*Member of the Board*

Dr. Celestina Ma. Jude Dela Serna initially practiced her profession in Manila from 1994 before her move to the Province of Bohol where she served as a medical doctor in Maribojoc Community Hospital from 2003-2005, and as Chief of Hospital at the Cong. Natalio P. Castillo Sr. Memorial Hospital from 2005 to 2017.

As Chief of Hospital, Dr. Dela Serna provided recommendations for the improvement of the district hospitals by preparing and providing hospital reports and documentation on how to improve the working conditions, business processes, and financial positions of these hospitals in Bohol.

From 2017 to 2018 she served as a member of the Board of Directors of the Philippine Health Insurance Corporation. She also served as OIC President of Philhealth for a few months during this stint.

Dr. De La Serna was appointed to the PNOC Board in March 24, 2022.

## FORMER MEMBERS OF THE 2022 BOARD OF DIRECTORS



**HON. ALFONSO G. CUSI**  
*Board Chairperson*  
*Secretary of Energy until 30 Jun 2022*

Energy Secretary and PNOOC Chairman Alfonso G. Cusi has an impressive record in leading both private and public entities. He started his government service as General Manager of Philippine Ports Authority where he was instrumental in launching the “Strong Republic Nautical Highway”. He later served as General Manager of the Manila International Airport Authority from 2004 to 2010. Under his tenure, the delayed NAIA Terminal 3 was officially opened in 2008. He later served as Director-General of the Civil Aviation Authority of the

Philippines, wherein he laid the groundwork for the restoration of the Category 1 status of the Philippine Aviation Industry.

A successful businessman, Secretary Cusi was also the chairman of Starlite Ferries, the company which upgraded the domestic shipping industry with its acquisition of brand new ro-ro commercial vessels. He also founded and served as Chairman and President of several companies engaged in logistics and distribution, manning and crewing, and maritime engineering, as well as the management/ownership of convenience stores. He also served as a Board Member of Intex Resources Philippines, Inc. of Intex Resources, a Norway-based corporation.

Chairman Cusi earned his Bachelor of Science degree in 1972 from La Salle College in Bacolod, his Master's degree in Business Administration in 1976 from UP-Cebu, and his Doctorate in Business, honoris causa, in 2008 from the Polytechnic University of the Philippines.



**REX V. TANTIONGCO**  
*Member of the Board*  
*resigned August 17, 2022*

Director Rex V. Tantiongco has worked in various capacities for the energy sector. He was chairman of the Energy Regulatory Board (now Energy Regulatory Commission) from 1991 to 1996, was a consultant for Water and Energy Affairs in the Office of the Speaker, House of Representatives from 2000 to 2001, and consultant on Energy Affairs in the Office

of the President from 1996 to 1998. He also worked at the private sector as a local consultant to WorldBank, was Executive Director of the Independent Philippine Petroleum Companies Association, and Head of the Advisory Group of Cathay Pacific Steel, to name a few. He was also a part of the academe, being a member of the Board of Trustees and Vice-President for Finance and Oversight of the University of Rizal System Development Foundation, and having taught at the University of the East, the De La Salle University, and the CPA Review School of the Philippines. He graduated with a BA Accounting Degree at the University of the East in 1967 where he also earned his MBA units in 1977. He became a Certified Public Accountant in 1971. He received his Doctor of Technology degree from the University of Rizal System in 2009.

# OUR SUBSIDIARIES

## PNOC EXPLORATION CORPORATION

### PHYSICAL ACCOMPLISHMENTS

In 2022, PNOC EC continues to maximize the value of the country's oil, gas, and coal resources by seeking the most efficient ways to harness such natural resources within its areas of interest. Through its exploration activities, PNOC EC works to discover new sources of energy to expand the country's energy efficiency.

#### NATURAL GAS PRODUCTION

##### SC 38 - Malampaya Gas Project

PNOC EC owns 10% stake in the upstream component of the Malampaya Deepwater Gas-to-Power Project, together with Shell Philippines Exploration B.V., the Operator (45%), and UC38 (45%). First gas from the Malampaya Deepwater Gas-to-Power Project flowed to the platform in December 2001.

In 2022, the Malampaya project continued to provide the gas fuel requirement of its power plant customers in Batangas, namely Sta. Rita (1,000 MW), San Lorenzo (500 MW), Ilijan (1,200 MW), San Gabriel (414 MW), and Avion (97 MW).

For the year, total natural gas offtake was 109.01 billion standard cubic feet (BCF), which is lower than natural gas sales in 2021 of 116.74 bcf, caused by the early termination of the Ilijan GSPA. Actual condensate lifting was lower at 2.80 million barrels (mmbbls) than against 2021 of 3.10 mmbbls.

#### PETROLEUM EXPLORATION AND DEVELOPMENT

##### SC 37 - Cagayan Basin

The SC 37 is an onshore block located in the southern part of Cagayan Basin. It was awarded by the Department of Energy (DOE) to PNOC EC on 18 July 1990. The SC has an area of 2,200 sq. km. covering Santiago City and the municipalities of Ramon, San Isidro, Echague, and Cordon in Isabela province, and the towns of Saguday and Diffun in Quirino province. SC 37 covers the San Antonio gas field which produced the 3 billion cubic feet (BCF) of gas supplied to the 3MW San Antonio Gas Power Plant (SAGPP) in Echague, Isabela from 1994 to 2008. Although SAGPP was modest in size, it was the first gas power plant in the Philippines which signaled the birth of the natural gas industry in the country.

As part of PNOC EC's commitment to harness indigenous sources of energy, the Company continued to explore the block which led to the drilling of the Mangosteen-1 well in March 2015 which was later confirmed by the DOE as a Discovery Well. This is the first gas discovery since the 1992 Malampaya gas discovery.

In 2022, PNOEC continued to mature other prospects in the block. The Passive Seismic Tomography interpretation report of San Antonio-Arabi structure was completed and validated by the DOE. For the planned well drilling of Chico prospect, the Company continued procurement for geomechanical study and long lead items.

### SC 57 - Calamian

The SC 57 was awarded to PNOEC on 15 September 2005. The block covers an area of 7,200 sq. km., and is located in Offshore Northwest Palawan, west of the Calamian Islands. China National Offshore Oil Corporation (CNOOC) International Ltd, and Mitra Energy Ltd (Mitra) farmed-in into SC 57 in 2006, with 51% and 21% participating interests, respectively.

Although both joint venture partners, CNOOC and Mitra, have already spent for the acquisition of more than 2,000 km. of 2D seismic data and the reprocessing of 1,078 km. of vintage 2D data as part of their contractual obligation to the Service Contract, the Deed of Assignment to officially recognize them as partners have not been issued by the DOE. PNOEC is currently administering the license pending the DOE approval of PNOEC's transfer of its participating interests to CNOOC and Mitra Energy.

In 2020, PNOEC continued discussions with the DOE and the Office of the President (OP) to resolve issues on PNOEC's request for the approval of the transfer of its participating interests to CNOOC and Mitra Energy. Further, the IRR for EO 80 "Rationalizing the Rules of the Engagement of Third-Party Participants under Petroleum Service Contracts" by the DOE became effective on 21 March 2020.

In 2021, DOE disapproved Farm-in Agreement of PNOEC with CNOOC and Mitra Energy. Further, PNOEC continued engagement with CNOOC and Mitra Energy to resolve the farm-in issues.

In 2022, PNOEC conducted farm-out efforts, but no proposals were received. PNOEC made revisions/updates in the Terms of Reference (TOR) for joint venture operator and partner. Further, farm-in terms review is ongoing.

### SC 58 - West Calamian

The SC 58 was awarded to PNOEC on 12 January 2006. This block is a deepwater acreage which covers an area of 13,440 sq. km. in Offshore Northwest Palawan and located west of the Malampaya oil and gas field. Nido Petroleum Ltd (NIDO) of Australia farmed-in into SC 58 in CY 2006 and acquired 50% participating interest and operatorship of the block.

In 2015, DOE granted NIDO Petroleum's request for the suspension of the performance of work commitments and obligations on the basis of Force majeure until DOE notifies NIDO Petroleum to commence drilling.

In 2020, DOE lifted the force majeure status of the block on 16 October 2020.

In 2021, DOE granted extension of the force majeure due to COVID-19 pandemic for a period of one-year starting from 16 October or until the lifting of the state of public health emergency in the Philippines pursuant to Section 5 of Proclamation No. 922 whichever comes later.

In 2022, Nido Petroleum continued review and seismic interpretation of the Pre-Nido Clastic play. In addition, Nido continued development and economics screening studies around a national gas discovery in deepwater and tie-back to Malampaya.



### SC 59 - West Balabac

The SC 59 was awarded to PNOC EC on 13 January 2006. This block is located offshore west of Balabac Island in the Southwest Palawan Basin covering an area of 14,760 sq. km. In 2009, BHP Billiton farmed-in into SC 59 acquiring 75% participating interest and operatorship with PNOC EC retaining 25%. In exchange, BHP Billiton agreed to shoulder all the exploration costs up to the drilling of three (3) wells. In 2015, BHP Billiton withdrew from the Service Contract and which was approved by the DOE together with the transfer of operatorship to PNOC EC.

Since 2018, SC 59 is under force majeure until the West Philippine Sea maritime dispute is resolved. Although under suspension, PNOC EC continued its technical evaluation of the block with the interpretation of data acquired through a multi-client 2D (MC2D) acquisition project of Compagnie Generale de Geophysique (CGG). Data acquired are 2D seismic, gravity and magnetic data.

In 2020, the IRR for EO 80 "Rationalizing the Rules of the Engagement of Third-Party Participants under Petroleum Service Contracts" by the DOE became effective on 21 March. On 14 October, the DOE lifted the force majeure status of the block.

In 2021, DOE granted force majeure from 20 September for a period of 1-year or until the lifting of public health emergency in the Philippines under Section 5 of Proclamation 922 whichever comes later.

In 2022, PNOC EC conducted farm-out efforts. PNOC EC published in Philippine Star and the Company's website the invitation to farm-in and received three Letters of Interest. Further, PNOC EC coordinated with interested parties regarding Confidentiality Agreement and schedule of access to the data room.

### SC 74 - Linapacan

The SC 74 is located offshore northwest of the Calamian Islands. It was awarded by DOE to joint bidders Pitkin Petroleum Limited (Pitkin) and The Philodrill Corporation (Philodrill) on 13 August 2013 during the Philippine Energy Contracting Round (PECR) 4. In 2015, PNOC EC acquired 5% of Philodrill's participating interest. In 2016, the DOE approved Pitkin Petroleum's transfer of its 70% interest and operatorship to PXP Energy Corporation (formerly Philex Petroleum). At present, the block is under a consortium composed of Philodrill (25%), PXP Energy (70%) and PNOC EC (5%), with PXP Energy as the operator.

In 2021, the Consortium completed the biostratigraphic and geochemical analysis of Calamian field samples, and the seismic interpretation of reprocessed TQ3D seismic data over Linapacan area including results of the QI Study.

In 2022, the SC is under Force Majeure due to the pandemic. Further, the Consortium conducted Linapacan Oil Fields Feasibility Study. PXP presented technical results and way forward plans to the DOE and submitted proposed activities for the requested two-year Technical Moratorium.

### SC 75 - Northwest Palawan

PNOC EC was advised by the DOE in 2013 as part of the Consortium with PXP Energy Corporation and Petro Energy which was considered winning bidder for the SC 75, with PNOC EC holding 35% participating interest.

The DOE also granted PXP Energy Corporation its request for force majeure to SC 75 work commitments for Sub-Phase 2 effective upon the end of Sub-Phase 1, on 27 December 2015, due to the current situation in the West Philippine Sea.

In 2020, the DOE lifted the force majeure status of the block on 14 October.

In late 2021, PXP started procurement process for the 3D Seismic Program.

In 2022, the Consortium conducted 3D Seismic Acquisition. However, the DOE through a letter dated 6 April directed PXP to put on hold any exploration activities, including the ongoing seismic survey for the SC until such time that the Security, Justice, and Peace Coordinating Cluster (SJPCC) has issued the necessary clearance.

### New Areas

Under domestic opportunities, PNOEC's application for Nominated Area 4 has already been endorsed by the Office of the President for award.

Currently, the Petroleum Service Contract (PSC) is being finalized by the DOE and PNOEC.

In overseas venture, the project was put on-hold while project evaluation commercial guidelines are being completed.

## COAL EXPLORATION AND DEVELOPMENT

### COC 41 - Malangas Project Operations

PNOEC holds interest in COC 41 within the Malangas Coal Reservation in Zamboanga Sibugay, straddling the municipalities of Malangas, Diplahan, Siay and Imelda. PNOEC operated a large-scale coal mine known as the Integrated Little Baguio (ILB) colliery, which was the largest semi-mechanized underground coal mine in the country. As holder of the COC, the Company also monitors and supports the mining operations of various small-scale coal miners within the COC 41.

Due to unfavorable market conditions, all development and production activities of PNOEC in ILB were stopped since 1 March 2013. Despite market challenges, PNOEC continued active exploration activities in areas within the COC, such as Malongon/Sta. Barbara, Gotas North Limb, Mine 3, and Lower Butong.

In 2019, PNOEC obtained the required Certification Precondition from the National Commission on Indigenous Peoples NCIP for the development of the COC 41 Mine 3 Area. In 2020, the Company continued Mine 3 development activities in preparation for its eventual production.

In 2021, PNOEC completed the following programs (1) construction and repair of various surface facilities undertaken by Maqueserg, (2) rehabilitation and maintenance of road header prior underground operations, (3) site development plan, (4) site development works, (5) construction of rail network, construction of 1st and 2nd air doors at ventilation shaft, and installation of control system.

In 2022, PNOEC continued to conduct mine development activities in Mine 3 and pre-development activities in Mine 4.

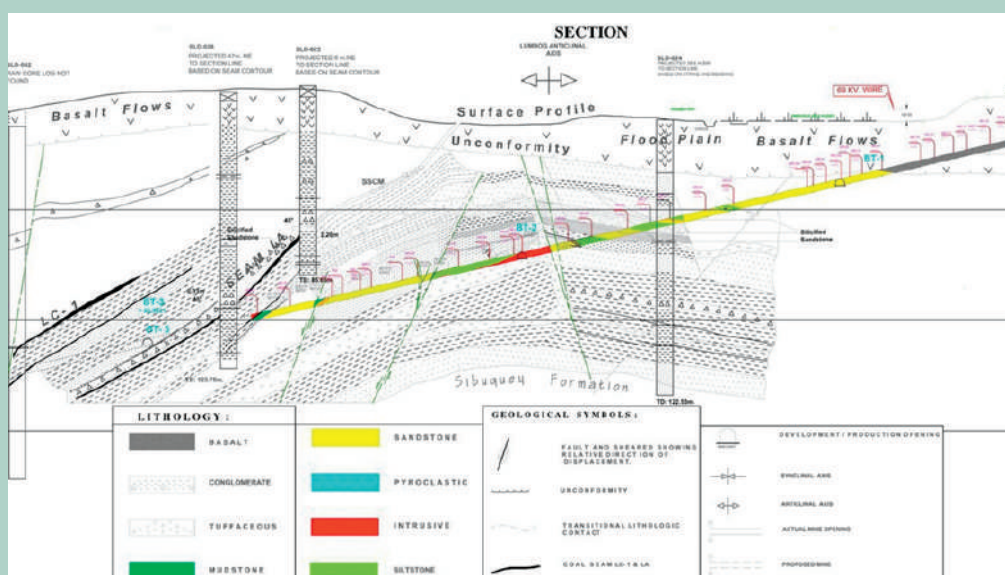


Figure 1. Geological cross section of Mine 3 showing the lithologies and rock mass of the underground excavation



Figure 2. Land seismic acquisition conducted by Tektom Geometrix, Inc.

## COC 122 - Isabela Coal Mine Development Project

PNOC EC is the holder of COC 122 which straddles portions of the City of Cauayan and municipalities of Naguilian and Benito Soliven in the province of Isabela.

The Isabela Coal Mine Development Project under COC 122 is being developed by PNOC EC in cooperation with the DOE for the Province of Isabela. Lignite coal will be mined from mining areas in Cauayan City, Benito Soliven and Naguilian, with total reserves of 28 million metric tons (MMT). The mine can supply coal as fuel to a power plant, which may be situated in Cauayan City.

In 2016, PNOC EC was able to secure a favorable DOJ opinion that it can enter into power generation business and submitted to the National Economic and Development Authority (NEDA) a position paper on the exemption from certain provisions of the Revised JV Guidelines. In 2017, PNOC EC, through its contractor, completed the valuation of coal assets in COC 41 which includes coal resource estimation.

In 2020, PNOC EC secured the endorsement and full support for the proposed mine-mouth power plant from the municipality of Benito Soliven.

In 2021, PNOEC updated the following; (1) list of farm lot owners in the COC area in the Municipality of Benito Soliven, (2) conceptual site development plan cost estimate of the proposed power plant area, (3) Pit 3 cadastral map, and profiles of direct-impact stakeholders in Barangays Villaluz, Dagupan and New Magsaysay of Benito Soliven.

In 2022, PNOEC completed re-interview of undecided landowners of Barangay Villaluz. In addition, PNOEC continued negotiating with Isabela University for the cadastral map digitization of Pit 3. Further, PNOEC completed generating plans and maps to support the Work Program and Budget on the request for license extension.

### COC 204 - Malangas

DOE awarded COC 204 to PNOEC through Philippine Conventional Energy Contracting Program (PCECP) on 9 July 2021. The Contract is for a two (2) year exploration of two (2) coal blocks covering an area of approximately 2,000 hectares. PNOEC started processing the requirements for the issuance of the Certificate of Non-Coverage (CNC) from the DENR - Environmental Management Bureau (DENR-EMB) and the Certification Precondition (CP) from the National Commission on Indigenous Peoples (NCIP) for exploration. In November 2021, PNOEC obtained the CNC from DENR-EMB. The Free and Prior Informed Consent (FPIC) Process to obtain the CP will commence in 2022.

Information, Education, and Communication (IEC) campaigns were conducted with the Sangguniang Bayan (SB) of Malangas and the Malangas Municipal Development Council (MDC) in September 2021 and January 2022, respectively. The Malangas MDC resolved to endorse the exploration activities of PNOEC within COC 204.

In 2022 PNOEC received from the Sangguniang Bayan of Malangas Resolution No. 2022-280 endorsing the exploration activities of the COC. Further, PNOEC submitted to the NCIP Regional Review Team the Free and Prior Informed Consent (FPIC) for final review prior endorsement to the NCIP Central Office.

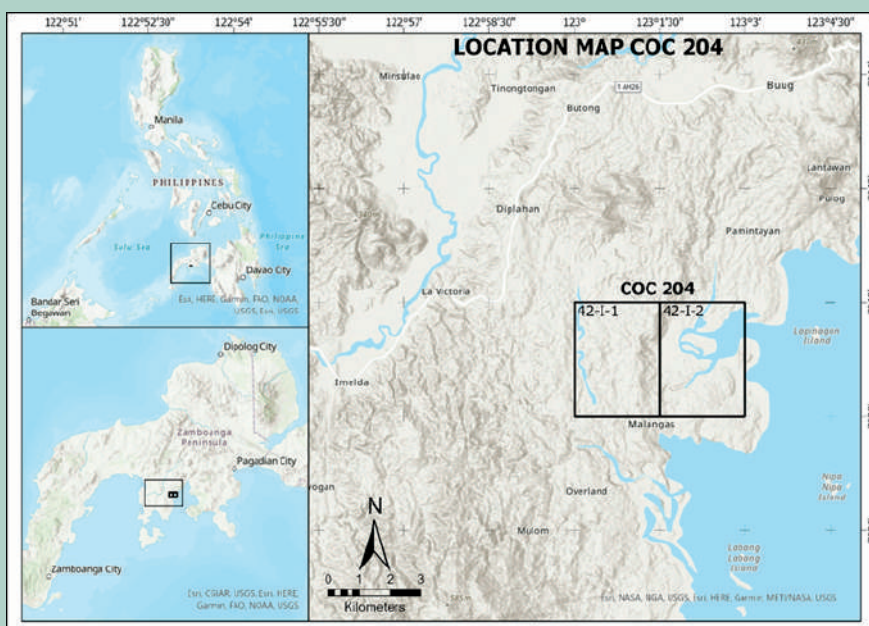


Figure 3. Location Map of Coal Operating Contract (COC) 204

### COAL PRODUCTION AND SALES

In 2022, there was no supply delivery of Malangas due to pending application of SSCM permittees with the DOE hence, target sales and production are not realized.



# PNOC RENEWABLES CORPORATION

## PHYSICAL ACCOMPLISHMENTS

For the year ended December 31, 2022

### 1. OPERATION AND MAINTENANCE OF EXISTING RENEWABLE ENERGY (RE) AND ENERGY EFFICIENCY (EE) PROJECTS

#### SOLAR ROOFTOP PROJECTS

Agency/Building	Annual Generation (in kWh)	Annual Generation (in kWh)
1. Philippine Heart Center	79,322	651,431
2. Department of Science and Technology	51,360	429,025
3. Department of Environment and Natural Resources - EMB	60,030	509,183
4. Philippine Coconut Authority	87,896	711,355
5. University of the Philippines - Diliman	210,114	1,611,891
6. Commission on Audit - PIDS/Dorm	204,800	1,621,071
7. Bangko Sentral ng Pilipinas - EDPC Bldg. & Security Plant Complex	561,720	4,237,977
8. LGU - Naga Cebu	122,976	1,028,376
9. Philippine International Convention Center	607,940	4,589,982
<b>Subtotal</b>	<b>1,986,158</b>	<b>15,390,291</b>

#### HYDROPOWER PROJECT

NIA Rizal (PRISMC) Hydropower Plant (50% - owned) <sup>1</sup>	44,651	189,707
<b>Subtotal</b>	<b>44,651</b>	<b>189,707</b>
<b>TOTAL</b>	<b>2,030,808</b>	<b>15,579,997</b>

<sup>1</sup>Equivalent to 50% share of PNOC RC in the joint operation for Rizal Hydropower Project.

#### ENERGY EFFICIENCY LIGHTING PROJECT

Agency/Building	Annual Generation (in kWh)	Annual Generation (in kWh)
Philippine Public Safety College	77,740	310,959
<b>Total</b>	<b>77,740</b>	<b>310,959</b>

## 2. NIA ARIS 2 HYDROPOWER PROJECT

In 2022, PNOC RC successfully conducted the public bidding for Selection of a Joint Venture (JV) Partner for the 1.0 MW ARIS Sta. 3+611 Hydropower Project. The PNOC RC Board approved the award to RCDG Construction Corporation and United Hydro Power Builders last 7 December 2022. As of 31 December 2022, the JV Agreement is under review of the Office of the Government Corporate Counsel.

Location	Station 3+611 of Agno River Irrigation System, San Manuel, Pangasinan
Potential Capacity	1.0 MW
Estimated Investment Cost	₱177,218,726.04
Projected Annual Generation (in kWh)	4,601,628 kWh
Projected Annual Generation (in PhP)	₱32,211,396 - ₱36,813,024
Projected CO2 Reduction (in metric tons)	~1,991t

## 3. GOVERNMENT ENERGY MANAGEMENT PROGRAM (GEMP) WITH THE DEPARTMENT OF ENERGY

The Department of Energy and PNOC RC signed a MOA on 18 March 2022 for PNOC RC to conduct the energy audits of LGUs and installation of solar demonstration projects. This is pursuant to RA 11285 or the Energy Efficiency and Conservation Act and its IRR.

As of 31 December 2022

- For energy audit - Out of 118 LGUs were visited, 36 reports were submitted, 40 reports are pending and 42 LGUs were unresponsive.
- For solar PV demonstration Project - DOE Luzon Field Office and Mariano Marcos State University are 80% completed. Notice to proceed for NEDA Region IX moved to January 2023 due to roof retrofiting.

The DOE and PNOC RC agreed to extend the MOA from 31 December 2022 to 30 June 2023.

## 4. TECHNICAL SERVICES WITH GOVERNMENT AGENCIES

### Solar Rooftop Installation at House of Representatives

PNOC RC and the House of Representatives (HRep) signed a Memorandum of Agreement in May 2021. PNOC RC will act as its technical partner in HREP's projects as follows:

- 200kWp Rooftop Solar Project for South Wing Annex Building
- Acquisition of E-vehicles and charging stations.

The services to HRep includes but not limited to: (1) preparation of public bidding documents for the project's two phases (Infra for solar installation and goods for e-vehicle), (2) assistance to HRep's technical evaluation during the entirety of the bidding process, (3) owner's engineer in the supply, delivery, installation, testing and commissioning of the solar rooftop, and (4) operation and maintenance of the installation for two (2) years.

The solar rooftop project was tested and commissioned during the last weeks of March. The project was inaugurated last May 18, 2022.

## 5. TECHNICAL SERVICES WITH PRIVATE ENTITIES (RE DEVELOPERS)

### a. Signed Memorandum of Agreement with GM Energy's 100MWp Lal-lo Solar Farm Project in Cagayan on 18 March 2022

Contained in the MOA is the responsibility of PNOC RC as the "Industrial Partner" to undertake the pending pre-development activities of the project and in return GM Energy shall pay PNOC RC for its services.

As an Industrial Partner, PNOC RC shall render its services in implementing the pre-development activities of the RE project which include the following:

1. Securing of Service Contract
2. Securing of relevant permits and licenses
3. Preparation of pre-feasibility study
4. Preparation of feasibility study (optional)
5. Assistance in the application and processing of interconnection agreement
6. Assistance in the negotiation of power supply agreement
7. Assistance in securing project funding (optional).

PNOC RC received ₱1.25M last 18 March 2022.

### b. Signed Memorandum of Agreement with GM Energy's 100MWe Cagayan Wind Power Project on 27 April 2022

Contained in the MOA is the responsibility of PNOC RC as the Industrial Partner to undertake the pending pre-development activities of the project and in return GM Energy shall pay PNOC RC for its services.

PNOC RC received ₱5M last 27 April 2022 (₱3M for signing of MOA and ₱2M for signing of Service Contract).

### c. Termination of Service Agreement with Jobin SQM, Inc.

In July 2013, Jobin SQM Inc. (JSI) and PNOC RC signed a Memorandum of Agreement where PNOC RC will assist JSI in securing the service contracts for a 50MW wind project and 100MW solar project in Subic, Zambales. In return, PNOC RC shall receive five centavos for every kilowatt-hour of energy sold and collected.

In 2021, Jobin offered PNOC RC to advance the payment of the service fee.

PNOC RC received in advance ₱9,914,429 (₱9,389,091 service fee and ₱525,338 reimbursement) last 24 June 2022.

## 6. RESEARCH OF NEW AND EMERGING RE TECHNOLOGIES - OCEAN URANIUM

The PNOC RC Board approved the Memorandum of Understanding (MOU) between the Philippine Nuclear Research Institute (PNRI) and PNOC RC last 20 June 2022.

It was signed last 12 July 2022. The objective of the MOU is to strengthen the technical cooperation of the of the parties by: (1) stimulating the initiation and coordination of cooperative activities; (2) exchanging scientific and technological information; (3) facilitating collaborative works among scientists, engineers, and subject matter experts in cooperation

activities; (4) planning and developing complementary fundamental and applied research and development activities; (5) conducting transfer of technologies which are industrially applicable and beneficial to the Filipino; and (6) undertaking other cooperative activities as may be determined by the parties.

A technical working group (TWG) is formed to establish activities and deliverables, areas and scope of technical cooperation.

## **2. SALE OF SAN ROQUE, BAUAN, BATANGAS**

PNOC RC sold its idle land at San Roque, Bauan, Batangas for ₱18,031,202.00 last 29 June 2022. The funds will be used for the implementation of energy efficiency in government buildings e.g., installation of solar rooftop projects.