

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2026

(In Thousand Pesos)

SUMMARY

	Current Operating Expenditures				Total
	Personnel Services	Maintenance and Other Operating Expenses ^{a/}	Capital Outlays		
A. PROGRAM/ACTIVITY/PROJECT					
1. General Administration and Support	P 150,561 P	416,743 P	120,220 P		687,524
2. Support to Operations		21,281	3,841		25,122
3. Operations	<u>65,402</u>	<u>687,542</u>	<u>408,169</u>		<u>1,161,113</u>
GRAND TOTAL	P 237,244 P	1,108,126 P	528,389 P		1,873,759

a/ Net of depreciation expense

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2026

Schedule I

(In Thousand Pesos)

CORPORATE FUNDS

	Current Operating Expenditures				Total
	Personnel Services	Maintenance and Other Operating Expenses ^{a/}	Capital Outlays		
A. PROGRAM/ACTIVITY/PROJECT					
1. General Administration and Support	P 150,561 P	416,743 P	120,220 P		687,524
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3. Operations	<u>65,402</u>	<u>687,542</u>	<u>408,169</u>		<u>1,161,113</u>
TOTAL	P 237,244 P	1,108,126 P	528,389 P		1,873,759

a/ Net of depreciation expense

Special Provision(s)

- Approval of the FY 2026 Corporate Operating Budget of the Philippine National Oil Company under R.A. No. 7638. The FY 2026 Corporate Operating Budget (COB) of the PNOC is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. Acquisition of Equipment. The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, A.O. No. 14 dated December 10, 2018, Budget Circular No. 2022-1 dated February 11, 2022, B.C. No. 2022-1A dated March 1, 2023, and other guidelines issued thereon.

3. Payment of Compensation and Benefits. Payment of salaries, allowances, and other benefits shall be in accordance with applicable laws, rules, and regulations such as, but not limited to, P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, Memorandum Order No. 20, s. 2001, E.O. No. 150, s. 2021, and such other guidelines issued by the GCG.

4. Payment of Terminal Leave, Separation or Retirement Benefits. Payment of terminal leave, separation or retirement benefits shall be computed in accordance with the rates, conditions, and procedure prescribed under applicable laws and guidelines issued thereon.

The amounts of Ten Million Three Hundred Thirty Thousand Pesos (P10,330,000) and One Million Seven Hundred Twenty Thousand Pesos (P1,720,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected PNOC personnel based on the list submitted by PNOC to the DBM. In no case shall said amounts be used to pay affected personnel who are eligible to receive separation or retirement benefits under applicable laws.

5. Budget Flexibility. The PNOC Board of Directors is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the PNOC's control such as, but not limited to: (i) currency depreciation; (ii) inflation; (iii) change in interest rates; (iv) change in programs or projects; (v) increase in taxes; (vi) increase in costs associated with the privatization of subsidiaries; and (vii) payment of obligations as a result of final judgment of the court.

In the exercise of said authority, PNOC shall observe the following limitations:

- (a) No acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and
- (b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources.

6. Funds for Capital Outlays. Notwithstanding the provisions of Special Provision No. 5, the PNOC and its subsidiaries shall utilize Capital Outlays provided herein for the primary purposes of exploration, exploitation, and development of energy resources as well as the production, refining, tankerage and/or shipping, storage, and transport of oil or petroleum operations: *Provided*, That any use of funds for Capital Outlays for production, refining, tankerage, and/or shipping, storage, and transport of oil or petroleum operations shall be subject to a detailed feasibility study.

An amount not exceeding One Billion Pesos (P1,000,000,000) in the aggregate and with equity investment not to exceed thirty six percent (36%) of the outstanding capital stock may be invested in entities not engaged in the above primary purposes but are engaged in any of PNOC's purposes as specified in Section 4 of P.D. No. 334, as amended.

In no case shall Capital Outlays be used as loans or advances to entities not engaged in the above primary purposes.

7. De-Risk Program. The amount of Four Hundred Eighty Million Four Hundred Eighty Thousand Pesos (P480,480,000) shall be used exclusively for the implementation of the PNOC's Equity-for-Derisking Model, in particular: (i) Four Hundred Seventy Million Six Hundred Thirty Thousand Pesos (P470,630,000) for pre-development activities for energy projects identified under the program; and Nine Million Eight Hundred Fifty Thousand Pesos (P9,850,000) for capacity building and software licenses required for the program.

8. PNOC Renewables Corporation. The PNOC shall not provide funds for additional investment, capitalization, loans, or advances to the PNOC Renewables Corporation unless it is for the purpose of winding down of the latter.

9. Augmentation Beyond Approved Corporate Operating Budget. The PNOC is hereby authorized to augment and disburse funds beyond the total amount approved in this Act, using corporate funds, for the payment of monetary claims, tax deficiency assessments, damages, and all other judgment obligations pursuant to any final and executory decision that may be rendered during the year.

In no case shall Personnel Services allocation be augmented beyond the total amount approved in this Act.

10. Remittance of Cash Dividends. Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the PNOC shall be deposited with the National Treasury as income of the General Fund pursuant to R.A. No. 7656.

11. Audit of Government Funds. Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in the private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

12. Transparency Seal. To enhance transparency and enforce accountability, and promote systematized access to government information, the PNOC shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following:

- (a) corporation's mandate and functions, names of its officials with their position and designation, and its contact information;
- (b) approved COB and corresponding targets including any amount of budgetary support from the National Government;
- (c) budgetary adjustment;
- (d) annual procurement plan/s and contracts awarded with the winning supplier, contractor, or consultant;
- (e) major programs or projects and their target beneficiaries;
- (f) status of implementation, evaluation, or assessment reports of said programs or projects;
- (g) all subsidy and assistance programs of the government, including details on the manner of the execution, the amounts allocated, and relevant data of the target beneficiaries subject to R.A. No. 10173 or the Data Privacy Act;
- (h) Budget and Financial Accountability Reports;
- (i) Updated People's Freedom of Information (FOI) Manual signed by head of agency, Updated One-Page FOI Manual, and Agency FOI Reports;
- (j) year-end financial reports for the last three (3) fiscal years;
- (k) particulars of concessions, permits, or authorizations granted by PNOC, subject to R.A. No. 10173 or the Data Privacy Act; and

(l) current news and updated events conducted by PNOC.

PNOC shall ensure that the content posted under the Transparency Seal is regularly reviewed, updated, and maintained using internal systems and procedures that support accountability, data integrity, and operational efficiency.

The President of the PNOC and its web administrators or equivalent shall be responsible for ensuring compliance with this requirement.

The DBM shall post on its website the status of compliance of PNOC. PNOC is responsible in ensuring that the contents and data of its posts on its official website and communication channels are searchable for the public's easy access to information regarding matters on public funds.