

## STATEMENT ON THE ADEQUACY OF INTERNAL CONTROL SYSTEM AND RISK ASSESSMENT

Pursuant to Presidential Decree No. 1445, series of 1978, as amended, the Heads of government agencies are accountable for ensuring that all resources entrusted to them are properly managed, expended, and lawfully utilized, and safeguarded against loss or wastage, in order to promote efficiency, economy, and effectiveness in government operations. They are likewise primarily responsible for the design, installation, and effective implementation of the agency's internal control system.

The PNOC Board of Directors discharges these responsibilities through the Audit Committee, which was established to provide oversight, monitoring, and evaluation of the adequacy and effectiveness of PNOC's Internal Control System, as well as the Company's compliance with applicable laws, rules and regulations, and management policies.

In addition, the Audit Committee is assisted by the Internal Audit Office through the conduct of audits, reviews, and appraisals of PNOC's internal control system to determine the adequacy of control design and the effectiveness of implementation. Further, PNOC conducts internal and external quality audits. These audits are all aimed to identify and review the risks faced by the company in its operations and formulate the strategies for their mitigation.

Issued this 19th day of January 2026, at Taguig City, Metro Manila.



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Director  
Chair - Audit Committee