

Contextual Information

Company Details	
Name of Organization	ENEX Energy Corp.
Location of Headquarters	35F Ayala Triangle Gardens Tower 2 Paseo de Roxas cor. Makati Avenue Makati 1226 Philippine
Location of Operations ¹	SC No. 55 (West Palawan) <ul style="list-style-type: none"> Entered Appraisal Period effective April 26, 2020 Granted Force Majeure until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Parent Company: ENEX Energy Corp. Subsidiary: Palawan55
Business Model, including Primary Activities, Brands, Products, and Services	Oil and gas exploration
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Maria Corazon G. Dizon President and CEO

Materiality Process

Explanation of Materiality Process
Material topics were identified on the basis of the Sustainability Accounting Standards Board (SASB) Standards on the Oil and Gas – Exploration and Production Sector. These topics were distributed into economic, environmental, and social issues. Furthermore, these topics are deemed as matters that may substantially influence the assessment of the Company’s stakeholders in the future.

¹ The Company has not commenced any field exploration activities nor commercial operations

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated	5,859	PhP
Direct economic value distributed:	25,619,047	PhP
a. Operating costs	14,510,753	PhP
b. Employee wages and benefits	-	PhP
c. Dividends given to stockholders and interest payments to loan providers	9,956,595	PhP
d. Taxes given to government	1,151,709	PhP
e. Investments to community (e.g. donations, CSR)	-	PhP

Impacts & Risks and Management Approach

Failure to discover oil and gas resources that can be developed for commercial production

The Company’s ability to sustain itself depends on the discovery of oil and gas resources that can be developed for commercial production. There is no assurance that exploration activities of the Company and the corporations in which it has invested (collectively with the Company, the “Group”) will result in the discovery of oil or gas deposits because of the uncertainties in locating and estimating the size of subsurface deposits of oil or gas despite advances in exploration technology. Even if a substantial oil or gas deposit is discovered, there are other factors that may prevent or delay its commercial development, such as drilling and production hazards; political, social and/or environmental issues; and insufficient market demand and/or infrastructure, particularly for a natural gas development.

If exploration and development activities of the Group are not successful, the Company’s ability to generate future cash flow and obtain additional financing to continue operations may be adversely affected.

The Company mitigates exploration and development risks mainly by investing in a portfolio of exploration assets, working with partners and contractors with proven track records, and undertaking phased exploration with exit options.

Failure to fund expenditures and investments for exploration and development activities

The exploration and development of oil and gas resources are capital intensive. The Company’s ability to fund such expenditures and investments depends on numerous factors, including the ability to generate cash flow from the Group’s production, availability and terms of external financing, and the extent to which work commitments can be

adjusted under the relevant SCs and similar agreements.

If the Group is unable to obtain the required funding, the Group will have to adjust its business plans and strategies, which may adversely affect the Company's future prospects, market value and results of operations.

The Company mitigates the foregoing risks by sharing the costs and risks of exploration and development with suitable joint venture partners and undertaking phased exploration with exit options. Where funding is insufficient, the Company may adjust its business plans and strategies.

Operating risks resulting in losses

Exploration and production of oil and gas are subject to various operating risks such as fires, explosion, spills, gas leaks, collisions, mechanical failures, and natural disasters that may result in injuries, loss of lives, suspension of operations, and damage to property and the environment. As a result, losses and liabilities arising from the occurrence of any of these risks may have a material adverse effect on the Company's business and results of operations.

The Company addresses operating risks by ensuring that the consortium where it has participation employs good oil field practices consistent with the international oil and gas industry standards.

The foregoing risk is also mitigated by insurance coverage; however, it must be noted that insurance coverage applies against some, but not all, potential losses and liabilities. The Company will assess the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project or investment.

Laws, regulations and contingencies adding to the cost and effort of doing business

The petroleum industry is highly regulated. In addition to complying with the laws and regulations for doing business in the Philippines and in the other jurisdictions where the Group operates, the nature of the Group's business also subjects the Group to laws and regulations regulating the industry, as well as those on environment, occupational health and safety standards. Despite efforts to comply with all such laws and regulations, the Company's business may be exposed to significant liabilities and restrictions due to accidents and unforeseen circumstances. Furthermore, such laws and regulations are subject to changes which may result in delays or restrictions on exploration, development or production activities as well as increased cost of compliance. There is no assurance that these costs will not have a material adverse effect on the Company's business and results of operations.

The foregoing risk is mitigated by the Group's respective policies, which are geared towards

compliance with laws and regulations, as well as with good industry practice relating to health, safety and environment. Some of the risks and potential losses and liabilities arising there from may not be covered by insurance. The Company will assess the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project or investment.

Price fluctuations and substantial or extended decline in prices

Prices of oil and gas have demonstrated significant volatility in the past. Historically, prices of oil and gas are influenced by a number of factors, including global and regional supply and demand, geopolitical uncertainty, market speculation, domestic and foreign governmental regulations and actions, global and regional economic conditions, weather conditions and natural disasters. It is not possible to accurately forecast future oil and gas price movements and trends. Declines in crude oil and gas prices will adversely affect the Company's business, prospects, and results of operations.

The Company mitigates price risks by evaluating the economic sensitivity of investment opportunities to low product prices and taking this into consideration when making investment decisions.

Estimates used in the business may be unreliable or incorrect

Estimates of reserves and resources may change as additional technical and commercial information becomes available. Not only are such estimates based on information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the initial estimates.

As estimates of reserves and resources change over time, the Company will have to adjust its business plans and strategies. Any significant downward revision in the estimates of reserves and resources may adversely affect the Company's financial condition, future prospects and market value.

Compliance with laws, regulations and contracts, failing which the Company may lose its contracts, licenses and approvals from the Government or otherwise be penalized

Substantially all of the Company's revenues are or will be derived from SCs, which give the Group and their respective joint venture partners' exclusive rights to conduct exploration and development operations over certain blocks covered by SCs. The Group and their joint venture partners are also expected to secure business licenses and permits in relation to their operations. The Group and their joint venture partners' operations may be restricted, suspended or terminated if the Group, their joint venture partners or any of their respective contractors and assignees fail to satisfy its contractual obligations under the contracts, and the laws, rules and regulations governing such contracts, or to secure

and maintain required licenses and permits. This may prevent the Group and their joint venture partners from further exploration and development activity within the relevant concession areas which in turn could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

The foregoing risk is mitigated by the Group's respective policies, which include compliance with laws, regulations and contracts, and exerting all reasonable efforts to secure and maintain licenses and permits required for its business and undertakings. The Group also adopts provisions in their agreements with their joint venture partners to address defaults and noncompliance with laws, regulations and contracts.

Competition in securing exclusive rights may hamper the company's growth and expansion

The Government has been taking steps to attract investments in the exploration and development of oil and gas in the Philippines, particularly with respect to the application and award of petroleum SCs, which is done through competitive public bidding. The Company's competitors may have greater financial, technical, and organizational capabilities than the Company, particularly international oil and gas companies. Significant competitive pressure could result in the failure or increased costs to acquire additional exploration and production assets, thereby causing a material adverse effect on the Company's business and results of operations.

Procurement Practices

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

Anti-corruption

Aligned with ACEN, the Company has an existing zero-tolerance policy on fraudulent reporting, misappropriation of assets, corruption, bribery in any form, and all unethical practices, and is committed in taking all appropriate measures in complying with relevant laws and standards. No incidents of corruption were reported for the Company within the year.

ENVIRONMENT

ENEX Energy Corp. has not commenced field exploration activities nor commercial operations in any of the areas covered by its service contracts as of 2023. Activities conducted for the year were limited to interpretation of seismic data, quantitative analyses, and initial preparations for drilling under the Appraisal Period of SC 55. Due to the nature of the petroleum industry, the Company is exposed to various environmental risks. However, given that the Company has no commercial operations for the year, it has not set up a monitoring system for its environmental impacts.

Resource Management

Impacts & Risks

Exploration and Production of petroleum entail the use of fuel and electricity to power various exploration equipment. Energy is considered as one of the primary inputs for the Company's business activities.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

*Water consumption within the organization***Impacts & Risks**

Depending on the stage of exploration and production, the Company's extraction activities may entail consuming significant quantities of water. This can become an environmental risk, particularly for water stressed regions, if water consumption is not responsibly managed.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

Materials used by the organization

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

*Ecosystems and biodiversity***Impacts & Risks**

The Exploration and Production industry may significantly impact various components of

ecosystems and biodiversity. Terrestrial impacts may occur from land altering activities and contamination resulting from spillage of waste while aqueous impacts may occur from discharge activities and contamination from aqueous wastes.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

Environmental Impact Management

GHG emissions and Air Pollutants

Impacts & Risks

Air emissions from exploration and production activities include greenhouse gas emissions and hazardous air pollutants such as sulfur dioxide, nitrogen dioxide, and volatile organic compounds (VOCs). The primary sources of atmospheric emissions in exploration and production activities come from gas flaring and combustion processes of diesel and gas equipment.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

Solid and Hazardous Wastes and Effluents

Impacts & Risks

Mismanagement of solid and hazardous wastes from the Company's exploration and production activities may cause harmful consequences to people and the environment. Aquatic habitats may be adversely affected by the discharge of various aqueous wastes such as produced water, drilling fluids, sewerage, and sanitary wastes. Potential oil spills and leaks may adversely impact species and habitats as well.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

Environmental compliance

Impacts and Risks

Given that the petroleum industry is highly regulated, the company's nature of business is exposed to stringent environmental standards and regulations. Failure to comply with these regulations may result to delays in operations as well as adverse effects to the environment.

SOCIAL

Employee Management

Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	0	
a. Number of female employees	N/A	#
b. Number of male employees	N/A	#
Attrition rate	N/A	rate
Ratio of lowest paid employee against minimum wage	N/A	ratio
Percentage of workers who are contractors	N/A	

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	N/A	hours
a. Female employees	N/A	hours
b. Male employees	N/A	hours
Average training hours provided to employees	N/A	
a. Female employees	N/A	hours/employee
b. Male employees	N/A	hours/employee

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	N/A	%
% of male workers in the workforce	N/A	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

Management Approach

Given the particular nature of work that the oil and gas exploration and production industry require, the Company highly values talent as a key driver of its business strategy moving forward. The Company also acknowledges the need to build internal capabilities on industry-specific skills through trainings and knowledge transfer. The Company does not have regular employees. Due to the highly specialized and technical nature of exploration, the Company's manpower consists of consultants and personnel seconded from the Company's parent company.

Occupational Health and Safety

Impacts and Risks

The nature of petroleum operations exposes the Company to potential health and safety risks. Due to the hazardous working environment of handling oil and gas, health and safety measures should be prioritized for the Company's operating sites.

These risks are deemed non-existent for the year as the Company has not commenced field exploration activities nor commercial operations.

Labor Laws and Human Rights

Management Approach

ENEX Energy Corp. follows a Code of Business Conduct. All directors, officers, and employees are required to always act in the best interest of the Company. They are directed to avoid any situation that could interfere or appear to interfere with his or her independent judgement in performing his or her duties. The policy also prohibits employees from using their official position to secure a contract of employment for a related party, soliciting gifts or any property for personal gain from any individual or organization that deals with the Company and using company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.

ENEX Energy Corp. also has a Policy against sexual harassment. Increasing awareness to the value of respecting the dignity and rights of each employee is a commitment from the Company. The Company is dedicated to keep its work environment free from sexual harassment and all forms of sexual intimidation and exploitation. In keeping with this commitment, the Company will not tolerate harassment of its employees.

Supply Chain Management

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

Relationship with Community

Significant Impacts on Local Communities

Management Approach

The Company has secured all necessary licenses, permits, and endorsements from the local governments for each exploration project that it is currently involved in. Furthermore, the Company has conducted Environmental Impact Assessments, which considers and evaluates possible measures to manage its impacts to local communities.

These risks are deemed minimal for the year as the Company has not commenced field exploration activities nor commercial operations.

Customer Management

Customer Satisfaction

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

Marketing and labelling

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

Customer privacy

This topic is not considered material for ENEX Energy Corp. according to the list of material topics by SASB on the Oil and Gas – Exploration and Production Sector.

Data Security

There were no reported incidents of data breaches, leaks, thefts, or losses in the Company for 2023.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Provision of Oil and Natural Gas as products	<p>SDG 7 – Ensuring universal access to affordable, reliable, and modern energy services</p> <p>The provision of oil and natural gas as additional energy sources will improve access to energy services. Furthermore, ENEX Energy Corp. shall be able to contribute towards increasing the share of natural gas in the energy mix through successful operations.</p>	The business may negatively affect ecosystems and communities if proper land use management and contamination safeguards are not observed.	ENEX Energy Corp. has conducted appropriate environmental impact assessment measures on its potential sites and complies with relevant regulations and policies. The Company adheres to the strictest health, safety and environmental standards, and will be ready to apply such standards once it commences commercial operations