

**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

Objective/Measure	Component		Target	Submission		CGO-B Validation		Supporting Documents	Remarks	
	Formula	Weight	2016	Actual	Rating	Score	Rating			
<b>SO 1 Focused Exploration for the Discovery of Potential Petroleum and Coal Resources for the Country</b>										
SM 1	No. of Line-Kilometers of Seismic Data Interpreted in SCs	Total no. of line-kilometers of seismic data interpreted	8.00%	3,000	3,384	8.00%	3,384	8.00%	<ul style="list-style-type: none"> <li>• DOE Certification signed by Director Rino E. Abad of DOE</li> <li>• Seismic Interpretation Report of SC 59</li> <li>• Seismic Interpretation Report of SC 59</li> </ul>	Validated with internal documents.  The actual seismic data interpreted covers the 3,006 line-km in Service Contract (SC) No. 59 - <i>West Balabac</i> and 378 line-km in SC No. 37 – <i>Cagayan</i> .
SM 2	Coal Exploration Drilling Meterage in COCs	Total no. of meters drilled	3.00%	990	2,021	3.00%	2,021	3.00%	<ul style="list-style-type: none"> <li>• PNOC EC Report for Exploration COC 41 for December 2016 submitted to DOE-ERDB</li> <li>• Annual Monitoring Report dated 07 January 2017.</li> </ul>	Coal drilling and mapping were done in the municipalities of Malangas, Diplahan and Imelda for COC 41 – Zamboanga Sibugay Coal Exploration Drilling Project. Validated with supporting documents.
SM 3	No. of Hectares Mapped in COCs	Total no. of hectares mapped	4.00%	240	176	2.93%	176	2.93%		
<b>SO 2 Created an Environment that Promotes Business Opportunities and Development in the Communities Where We Operate</b>										
SM 4	Social Performance Programs	No. of beneficiaries of livelihood programs implemented in project areas	5.00%	100	568	5.00%	568	5.00%	<ul style="list-style-type: none"> <li>• Highlight of the events dated 7-8 September 2016.</li> <li>• Certificate of Receipts from various community-based group</li> </ul>	The following are the beneficiaries of PNOC EC's "Kaagapay sa Kabuhayan" Livelihood Projects: (1) Little Baguio Women's Organization for "Dressmaking" (75 beneficiaries); (2) Lumbog Women's Association for "Dressmaking" (83); (3) Kapit-Bisig Kababayen-an (KABISKA) for "Dressmaking" (96); (4) Kauswagan Women's Association for "Food Processing" (160); and (5) Hiniusang Kusog sa mga Kababayen-an sa La Dicha (HIKUKALADI) for "Food Processing" (154).

STAKEHOLDER

**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

Objective/Measure	Component		Target	Submission		CGO-B Validation		Supporting Documents	Remarks	
	Formula	Weight	2016	Actual	Rating	Score	Rating			
<b>SO 3 Operated in a Regime of Transparency and Fairness in Our Dealings With Our Business Partners</b>										
SM 5	Satisfaction rating based on a survey conducted by a third party (DOE, PNOC, JV partners, community)	Satisfaction Rating	5.00%	Satisfactory	Excellent	5.00%	Excellent	5.00%	-	<p>PNOC-EC attained an overall performance of 4.125 out of 5, using the Mann Whitney U Test for median ratings. The study states that the decrease in the overall satisfaction rating by 0.375 (from 4.5 in 2015) is not statistically significant implying that PNOC EC stakeholders' satisfaction neither decreased nor increased. Thus, the rating remained "Excellent".</p> <p>Suggested areas for improvement from the research team includes, among others, the following:</p> <p>(1) Staff attitude and professionalism;                      (2) More financial investment in social performance programs;                      (3) Procurement Law and EO 556; and                      (4) Transparency to stakeholders.</p>
<b>SO 4 Became the Partner of Choice of Other Energy Enterprises in Energy Exploration and Production</b>										
SM 6	JV Partnership	No. of new JV partnership (Farm-in Agreement) as a result of farm-in/farm-out activities	3.00%	1	0	0.00%	0	0.00%		<p>PNOC-EC committed to have one (1) joint venture (JV) partnership either through farming-in to prospective petroleum blocks or farming-out its existing petroleum service contracts. However, it failed to establish a JV partnership in 2016. According to PNOC-EC, the process of farm-in and farm-out are covered by Executive Order (EO) No. 556 and Revised NEDA JV Guidelines. Since there is a need to conform with existing rules, it will take time for a partner to be selected, to the detriment of PNOC-EC, as they would eventually decide to explore elsewhere. Right now, PNOC-EC is putting efforts to revise the EO and seek exemption from the Revised NEDA JV Guidelines.</p>
		<b>Sub-total</b>	<b>28.00%</b>			<b>23.93%</b>		<b>23.93%</b>		

STAKEHOLDER



**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks															
Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating																	
<b>SO 5 Optimized the Financial Benefits to Shareholder</b>																								
SM7	Dividends to National Government and PNOC (in billion Pesos)	Amount of Dividends from year's income paid to NG and PNOC	10.00%	0.45	0.52	10.00 %	0.52	10.00%	<ul style="list-style-type: none"> <li>BTR Official Receipts No. 2545160-O and 2545427-O.</li> </ul>	On 30 January 2017, PNOC-EC declared a total of ₱520.52 Million from its 2016 net earnings; ₱519.42 Million to the National Government (NG) and ₱1.09 Million to public stockholders. Dividends declared to NG was remitted in two batches, 50% on 17 February 2017 and the other 50% on 11 May 2017.														
<b>SO 6 Accessed Capital Without Government Guarantee</b>																								
SM 8	Percent of funding raised through Internal Cash Generation and Corporate Loans without government guarantee or support	Amount of funding raised through Internal Cash Generation and Corporate Loans without government guarantee or support Over Total funding	10.00%	100%	100%	10.00 %	100%	10.00%	<ul style="list-style-type: none"> <li>PNOC-EC's 2016 Unaudited Financial Statements (FS)</li> </ul>	No Government Guarantee or Support for the year ended 31 December 2016														
<b>SO 7 Ensured Profitability in a Sustainable Manner</b>																								
SM 9	NET INCOME before FOREX gain/loss and exploration costs (in billion Pesos)	Amount of Annual NET INCOME before FOREX gain/loss and exploration costs	7.00%	0.9	0.93	7.00%	0.93	7.00 %	<ul style="list-style-type: none"> <li>PNOC EC's 2016 Statement of Net Income before Exploration Cost and Forex Gain Income Statement signed by Vice President Lourdes S. Gelacio</li> </ul>	NI computation is presented below: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th colspan="2"><i>(In Million Pesos)</i></th> </tr> </thead> <tbody> <tr> <td>TCI</td> <td align="right">1,027.95</td> </tr> <tr> <td>Add: Petroleum Exploration Cost</td> <td align="right">0.19</td> </tr> <tr> <td>Less: Forex Gain</td> <td align="right">(134.06)</td> </tr> <tr> <td>Balance</td> <td align="right">(133.86)</td> </tr> <tr> <td>NOLCO Effect (₱133.86 x 30%)</td> <td align="right">(40.16)</td> </tr> <tr> <td>Net Income before Forex and Exploration Cost</td> <td align="right">934.25</td> </tr> </tbody> </table>	<i>(In Million Pesos)</i>		TCI	1,027.95	Add: Petroleum Exploration Cost	0.19	Less: Forex Gain	(134.06)	Balance	(133.86)	NOLCO Effect (₱133.86 x 30%)	(40.16)	Net Income before Forex and Exploration Cost	934.25
<i>(In Million Pesos)</i>																								
TCI	1,027.95																							
Add: Petroleum Exploration Cost	0.19																							
Less: Forex Gain	(134.06)																							
Balance	(133.86)																							
NOLCO Effect (₱133.86 x 30%)	(40.16)																							
Net Income before Forex and Exploration Cost	934.25																							
		<b>Sub-total</b>	<b>27.00%</b>			<b>27.00 %</b>		<b>27.00%</b>																

**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

INTERNAL PROCESS	Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating			
	<b>SO 8 Achieve Operational Excellence Through Establishment and Implementation of Internationally-accepted Quality Standards</b>										
	SM 10	Compliance to ISO 9001	ISO 9001 Audit Results (All or nothing)	3.00%	Compliant	Compliant	3.00%	Compliant	3.00%	<ul style="list-style-type: none"> <li>TUV Rheiland Audit Report</li> <li>ISO 9001:2008 Certificate</li> </ul>	Validated with supporting documents
	SM 11	No. of Lost Time Incident resulting to fatality to PNOC EC employees	No. of reported Lost Time Incident resulting to fatality to PNOC EC employees	4.00%	0	0	4.00%	0	4.00%	<ul style="list-style-type: none"> <li>DOE Certification</li> </ul>	<p>In its certification, DOE stated that PNOC-EC did not experience any Fatal Lost-Time Incident (LTI-Fatal) in the company's coal and petroleum operations.</p> <p>The Certification qualified on the following:</p> <p>(1) Covers Fatal Lost-Time Incident only;</p> <p>(2) PNOC-EC's Coal and Petroleum Operations.</p>
	<b>SO 9 Pursue Partnership With Other Energy Enterprises as Risk Management Strategy</b>										
	SM 12	No. of companies who signified interest to partner in projects	No. of companies who signified interest to partner in projects	7.00%	4	6	7.00%	6	7.00%	<ul style="list-style-type: none"> <li>Signed Confidentiality Agreements by VP R.B. Savella, Upstream Operations</li> </ul>	PNOC-EC have entered into six (6) confidentiality agreements with interested parties in 2016. These agreements were made for the purpose of undertaking due diligence with respect to possible sale by PNOC-EC of the participating interest from its Service Contracts and Coal Operating Contracts to the interested parties.
	SM 13	Sale of Coal and Assets, or Assignment of Interest in Projects	Completion of Sale of Coal and Asset or Assignment Interest	5.00%	100%	Consultancy Services for valuation of coal assets awarded	0.00%	0%	0.00%	<ul style="list-style-type: none"> <li>Notice of Award</li> </ul>	Before the sale or assignment, valuation of coal properties is required. During the process of hiring a consultant, delays were encountered due to the technical nature of the project and lack of qualified consultants. As a result, PNOC-EC only awarded the consultancy services on 16 November 2016. Hence, it failed to sell or assign its interests on the subject COCs in 2016



**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

INTERNAL PROCESS	Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating		
<b>SO 10</b>	<b>Determine the Prospectivity of the Areas Covered by the Service Contracts and Coal Operating Contracts of the Company</b>									
SM 14	Geological Evaluation for Petroleum	No. of Geologic Evaluation Report/s validated by DoE's Certificate of Compliance	6.00%	2	2	6.00%	2	6.00%	<ul style="list-style-type: none"> <li>DOE Certifications signed by Dir. R.E. Abad, DOE-ERDB for SM 14,15,16,17, 18</li> <li>Validated with supporting documents</li> </ul>	Reports of Geological Evaluations for Petroleum are as follows: (1) Final Result of the Total Organic Carbon and Gas Content Analyses Baragatan 1A Well w/ Laboratory Analysis/Test attachment - SC63 (2) Play Assessment – SC 74
SM 15	Geophysical Evaluation for Petroleum	No. of Geophysical Interpretation Report/s validated by DoE's Certificate of Compliance	5.00%	2	2	5.00%	2	5.00%		Reports of Geophysical Evaluation for Petroleum are as follows: (1) Petrophysical Evaluation of Baragatan 1A (SC63) (2) Preliminary Interpretation Report on the Multi-Client 2D Brute Stack Seismic Data (SC59)
SM 16	Geologic Survey for Coal	No. of Geologic Survey validated by DoE's Certificate of Compliance	3.00%	1	1	3.00%	1	3.00%		Reports of Geologic Survey for Coal and Drilling Program entitled "Area-1 Infill Drilling and Geophysical Logging Report, COC 41."
SM 17	Drilling Program/Geophysical Logging for Coal	No. of Coal Drilling Programs validated by DoE's Certificate of Compliance	3.00%	1	1	3.00%	1	3.00%		
SM 18	Coal Mine Development Plan	No. of Coal Mine Development Plan validated by DOE's Certificate of Compliance	3.00%	1	1	3.00%	1	3.00%		Coal Mine Development Plan Report: Pre-Feasibility Study of the Sta. Barbara-Little Baguio Coal Area, Imelda-Malangas, Zamboanga Sibugay, COC 41.
		<i>Sub-total</i>	<b>39.00%</b>			<b>34.00 %</b>		<b>34.00%</b>		

**PNOC EXPLORATION CORPORATION (PNOC EC)  
Performance Scorecard**

Component	Target		Submission		CGO-B Validation		Supporting Documents	Remarks		
	Objective/Measure	Formula	2016	Actual	Rating	Score			Rating	
<b>SO 11 Recruit Highly Competent People for Technical Positions Based on Meritocracy and Fairness</b>										
SM 19	Percentage filled-up of the required technical position	Actual no. of employees in technical positions Over Total no. of required technical positions based on Work Program	3.00%	95%	97%	3.00%	96.67%	3.00%	<ul style="list-style-type: none"> <li>List of Technical Positions as of Dec 31, 2016 signed by Dept. Manager Maria Rita S. Dayleg, HR and Administration</li> </ul>	In 2016, 29 out of 30 required technical positions were filled.
SM 20	Average Percentage of Required Competencies Met	$\frac{\sum_{i=1}^n \frac{\text{Actual Competency Level}}{\text{Required Competency Level}}}{n}$ Where: a=Competency required A=Total no. of competencies required of position b=Personnel profiled B=Total no. of personnel profiled	3.00%	Establish baseline	70%	3.00%	70%	3.00%	<ul style="list-style-type: none"> <li>Percentage of Personnel &amp; Organizational Competency as of Dec 31, 2016 signed by Manager Maria Rita S. Dayleg, HR and Administration</li> </ul>	
<i>Sub-total</i>			<b>6.00%</b>			<b>6.00%</b>		<b>6.00%</b>		
<b>TOTAL</b>			<b>100.00%</b>			<b>90.93%</b>		<b>90.93%</b>		