

**PNOC EXPLORATION CORPORATION (PNOC EC)
Validated 2021 Performance Scorecard**

	Component				Target	Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Wt.	Rating System	2021	Actual	Rating	Actual	Rating		
CUSTOMERS / STAKEHOLDERS	SO 1	Operate in a Regime of Transparency and Fairness in our Dealings with our Business Partners									
	SM 1	Percentage of Satisfied Customers	No. of Satisfied Respondents Total No. of Respondents	5.00%	(Actual/Target) If less than 80% = 0%	92%	100%	5%	100%	5%	<ul style="list-style-type: none"> Executive Summary PNOC EC Stakeholder Satisfaction Survey 2021 Main Report prepared by the Department of Social Development Services (DSDS), College of Human Ecology, UP Los Baños 12 sample accomplished questionnaires

"Upholding a Transparent and Responsive GOCC Sector for the Filipino People"

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	SO 3	Ensure Profitability in a Sustainable Manner																																								
	SM 3	NET INCOME before FOREX Gain/Loss and Petroleum Exploration Costs (in Billion Pesos)	Amount of Annual NET INCOME before FOREX gain/loss and petroleum exploration costs	15.00%	Actual over Target	0.324 Billion	0.526 Billion	-	0.659 Billion	15%	<ul style="list-style-type: none"> • PNOEC Statement of Profit and Loss For The Year Ended December 31 2021 – Target & Actual • 2021 COA-Audited Statement of Comprehensive Income 	Breakdown as follows: <table border="1"> <thead> <tr> <th></th> <th>2021 COA Audit Report</th> </tr> </thead> <tbody> <tr> <td>Net Revenue</td> <td>3,352.03</td> </tr> <tr> <td>COS</td> <td>(1,976.38)</td> </tr> <tr> <td>GP</td> <td>1,375.65</td> </tr> <tr> <td>OPEX</td> <td>(258.25)</td> </tr> <tr> <td>Gen. CO</td> <td>-</td> </tr> <tr> <td>P/L from Operation</td> <td>1,117.39</td> </tr> <tr> <td>Non-Operating Income/ Loss</td> <td>155.73</td> </tr> <tr> <td>P/L before Taxes & Royalty</td> <td>1,273.12</td> </tr> <tr> <td>Taxes & Royalties</td> <td>(737..79)</td> </tr> <tr> <td>Net Income</td> <td>535.43</td> </tr> <tr> <td>Petroleum Exploration Cost & Forex, net of Tax</td> <td>-</td> </tr> <tr> <td>Net Income before Exploration Cost & FOREX</td> <td>535.32</td> </tr> <tr> <td>OCI</td> <td>124.09</td> </tr> <tr> <td>CI</td> <td>659.41</td> </tr> </tbody> </table>		2021 COA Audit Report	Net Revenue	3,352.03	COS	(1,976.38)	GP	1,375.65	OPEX	(258.25)	Gen. CO	-	P/L from Operation	1,117.39	Non-Operating Income/ Loss	155.73	P/L before Taxes & Royalty	1,273.12	Taxes & Royalties	(737..79)	Net Income	535.43	Petroleum Exploration Cost & Forex, net of Tax	-	Net Income before Exploration Cost & FOREX	535.32	OCI	124.09	CI	659.41
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INTERNAL PROCESS	SO 4 Focus Exploration for the Discovery of Potential Petroleum and Coal Resources for the Country											
	SM 4	No. of Line-Kilometers of Seismic Data Interpreted in SCs	Total no. of line-kilometers of seismic data interpreted	5.00%	Actual over Target	2,000 line-km	2,903 line-km	-	2,903 line-km	5%	<ul style="list-style-type: none"> • Copy of the Acknowledgement Letter from DOE dated 05 January 2022 signed by Atty. Cesar G. Dela Fuente III • Copy of Cagayan Basin Preliminary Evaluation (Joint Study Agreement of the DOE and PNOCEC) 	Upon evaluation of the submitted copy of Joint Study Agreement between DOE and PNOCEC, it was found that a total of 331 2D seismic lines totaling 5,806 line-kms and 29 wells were utilized during the study. However, PNOCEC only reported 2,903 line-kms (cumulative) of seismic data interpreted pertaining to PNOCEC's equal share in the accomplishment.
	SM 5	No. of Hectares Mapped in Coal Operating Contracts	Total no. of hectares mapped	5.00%	Actual over Target	350 has.	110 has.	-	Excluded	0%	<ul style="list-style-type: none"> • Justification for the non-accomplishment of the target • Copy of Letters from the DOE • PNOCEC Report for Exploration in COC 186 for June 2021 • Final Report on COC 186 Malangas Regional Exploration Drilling and Geophysical Logging Project 	<p>During the year, PNOCEC only achieved 110 has. out of the 350 has. target. This was due to the expiration of Coal Operating Contract (COC) 186.</p> <p>The Department of Energy (DOE) firmly denied PNOCEC's appeal to extend the duration of COC 186 stating that the Contract had expired on its own terms on 11 October 2020 for failure to measure a commercial quantity of coal after the maximum four-year Exploration Period as provided in P.D. 972 ("The Coal Development Act of 1976").</p>

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INTERNAL PROCESS	SM 6	Length of COC 41 Mine 3 Development Meterage	Total length of development meterage as validated by DoE	10.00%	Actual over Target	1,430 meters	592.99 meters	-	Excluded	0%	<p><i>Measure excluded.</i></p> <p>PNOEC EC, in its letter dated 19 July 2022, reported that “the actual rate of mine development was significantly reduced to 1m per month due to unexpected existence of the hard intrusive rock. Its extensive presence was not foreseen during the setting of targets in the Annual Work Program and Budget and even in the 2021 Performance Evaluation System.” It was further conveyed that “PNOEC EC’s previous coal mines barely encountered extensive intrusive rocks. These rocks cannot be easily broken down using pneumatic breakers and road headers. As an immediate solution, the Company procured blasting services and planned to implement the drill and blast method to break down intrusive rocks and catch up with the mine advancement target.”</p> <p>Based on submissions, it was conveyed that while applications for permits to purchase and move explosive ingredients were filed and processed in August 2021, permits from the PNP were secured only on 20 October 2021 while requests for approval of the DOE were still pending as of 23 December 2021.</p> <p>The foregoing considered, the subject measure is excluded from the 2021 Performance Scorecard of PNOEC EC.</p>

- Justification for the non-accomplishment of the target
- PNOEC EC Report for Development & Production in COC 41 for December 2021
- COC No. 41 Monthly Accomplishment Reports

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	Objective/Measure	Formula	Wt.	Rating System	2021	Actual	Rating	Actual	Rating			
INTERNAL PROCESS	SO 5	Pursue Partnership with Other Energy Enterprises as Risk Management Strategy										
	SM 7	No. of Companies who Signified Interest to Partner in Projects	No. of signed Confidentiality Agreements	5.00%	Actual over Target	1	0	-	No Confidentiality Agreement Signed	0%	<ul style="list-style-type: none"> Justification for the non-accomplishment of the target 	PNO C EC disclosed that it failed to execute Confidentiality Agreements from SC 57 and other SCs. The GOCC's efforts to accomplish all documentations in the farm-out of SC 57 were hindered due to delays in responses from appropriate authorities. Likewise, execution for COC 122 was unsuccessful because of the COVID-19 pandemic. The interested parties decided to defer until the pandemic is no longer a threat.
	SM 8	No. of Due Diligence Examination of Petroleum Concessions	No. of Petroleum Concessions Due Diligence Report	5.00%	Actual over Target	1	1	-	1	5%	<ul style="list-style-type: none"> Copy of 2021 New Venture Opportunities Copy of the Acknowledgement Letter from DOE 	Validated with supporting documents.
	SO 6	Determine the Prospectivity of the Areas Covered by the Service Contracts and Coal Operating Contracts										
SM 9	No. of Geological Evaluation for Petroleum	No. of Geologic Evaluation Report/s validated by DoE	10.00%	Actual over Target	2	1. Cagayan Basin 2. 1D Basin Modeling of the Cagayan Basin Luzon Philippines	-	1. Cagayan Basin 2. 1D Basin Modeling of the Cagayan Basin Luzon Philippines	10%	<ul style="list-style-type: none"> Cagayan Basin Preliminary Evaluation 1D Basin Modeling of the Cagayan Basin Clarificatory email re the non-accomplishment of the Cotabato Basin target DOE Certifications 	<p>Out of the two indicative targets, only the geological evaluation on Cagayan Basin was achieved for 2021, evidenced by a report on Cagayan Basin Preliminary Evaluation with DOE certification</p> <p>In lieu of the geologic evaluation of the Cotabato Basin, PNO C EC submitted a report on 1D Basin Modeling of the Cagayan Basin Luzon Philippines.</p>	

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INTERNAL PROCESS	SM 10	No. of Geophysical Evaluation for Petroleum	No. of Geophysical Interpretation Report/s validated by DoE	5.00%	Actual over Target	1	1	-	1	5%	<ul style="list-style-type: none"> • Passive Seismic Tomography Survey for the Chico Prospect – Service Contract 37 • Copy of the Acknowledgement Letter from DOE • DOE Certification 	Validated with supporting documents.
	SM 11	No. of Geologic Survey for Coal	No. of Geologic Survey validated by DoE	5.00%	Actual over Target	1	1	-	1	5%	<ul style="list-style-type: none"> • Copy of the Transmittal Letter to DOE • CEDR Feedback Form • Final Report on COC No. 186 Malangas Regional Exploration Drilling and Geophysical Logging Project • DOE Certification 	Validated with supporting documents.

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INTERNAL PROCESS	SM 12	No. of Coal Mine Development Plan	No. of Coal Mine Development Plan validated by DoE	5.00%	Actual over Target	1	1	-	1	5%	<ul style="list-style-type: none"> • Copy of the Transmittal Letter to DOE • CEDR Feedback Form • Feasibility Study of Optimal Mine Design of Mine 4 (Lower Butong) Coal Project (CBS 41-H-400 & CBS 41-H-361), Coal Operating Contract (COC) • Clarificatory email re the non-submission of DOE Certification 	Validated with supporting documents.																							
	Subtotal			40.00%						35.00%																									
LEARNING AND GROWTH	SO 7 Achieve Operational Excellence Through Establishment and Implementation of Internationally-Accepted Quality Standards																																		
	SM 13	Adherence to Company Safety Programs	Accident Frequency Rate= (No. LTA/ Total Man-hours) x 1,000,000 Where: • No. of LTA = No. of LTA in a year • Total Man-Hours=(No. of workers) x (working hours/day) x (working days/month) x (12 months/year)	5.00%	All or Nothing	≤ 1 frequency rate on non-fatal lost time accident (with zero number of fatal LTA)	Lost Time Accident Frequency Rate = 0 No. of LTA = 0 4Q Total Man-Hours = 732,859	-	LTA= 0	5%	<ul style="list-style-type: none"> • Safety Performance as of 31 December 2021 • PNOEC Safety Statistics as of 31 December 2021 	Details are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Areas</th> <th>Total Man-hours</th> <th>Frequency Rate & LTA</th> </tr> </thead> <tbody> <tr> <td>HO</td> <td>265.93</td> <td>0</td> </tr> <tr> <td>ICP</td> <td>9.05</td> <td>0</td> </tr> <tr> <td>COG-Malangas</td> <td>109.64</td> <td>0</td> </tr> <tr> <td>Mine 3</td> <td>323.12</td> <td>0</td> </tr> <tr> <td>Upstream Petroleum</td> <td>23.42</td> <td>0</td> </tr> <tr> <td>Lower Butong</td> <td>1.70</td> <td>0</td> </tr> <tr> <td></td> <td>732.86</td> <td>0</td> </tr> </tbody> </table>	Areas	Total Man-hours	Frequency Rate & LTA	HO	265.93	0	ICP	9.05	0	COG-Malangas	109.64	0	Mine 3	323.12	0	Upstream Petroleum	23.42	0	Lower Butong	1.70	0		732.86
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LEARNING AND GROWTH	SM 14	Compliance to Quality Standards	ISO 9001 Audit Results	5.00%	All or Nothing	Surveillance Audit Passed	Surveillance Audit Passed	-	Surveillance Audit Passed	5%	<ul style="list-style-type: none"> ISO 9001:2015 Certificate issued by TUV Rheinland on the audit conducted on 13 September 2021, PNOC EC met the requirements of ISO 9001:2015. TUV Rheinland issued an ISO Certificate valid from 28 October 2021 until 27 October 2024. 	
	SO 8	Provide our People with Appropriate Training and Exposure to New Developments in the Industry										
	SM 15	Percentage of Employees with Required Competencies Met	No. of Employees with Required Competencies Met over Total Employees	5.00%	Actual over Target	25%	27%	-	27.42%	5%	<ul style="list-style-type: none"> List of Employees with Required Competencies Met as of 31 December 2021 Individual Applied Learning Evaluation Forms (ALEF) 	PNOC EC reported thirty-four (34) out of the one hundred twenty-four (124) total employees meeting the competency requirement, translating to 27.42% competency level in 2021. This also represented an increase of 6.96% from 2020 competency level of 20.45%.
	Subtotal			15.00%						15%		
TOTAL EXCLUDED WEIGHTS			100.00% (25.00%)				-		70.00%			
VALIDATED TOTAL			75.00%				-	70.00 / 75.00 = 93.33%				