

PNOC EXPLORATION CORPORATION
Performance Scorecard

Description	Formula	Weight	Data Provider <i>if applicable</i>	Targets		Accomplishment		CGO-B Validation		Supporting Documents	Remarks
				2015		Actual	Rating	Score	Rating		
SO1: Focused Exploration for the Discovery of Potential Petroleum and Coal for the Country's Resources											
SM1: No. of Line-Kilometers of Seismic Data interpreted in SCs	Total no. of line-kilometers of seismic data interpreted	6%	Petroleum Exploration Department	4,350		4,350	6.00%	4,354	3.09%	<p>DOE Certification signed by Director Rino E. Abad of DOE, Energy and Resource Development Bureau (ERDB) as DOE's authorized signatory.</p> <p>Seismic Interpretation Report of SC 75 dated 30 September 2015.</p> <p>Copy of the PowerPoint presentation of the Re-assessment of Service Contract 63 presented to the Technical Committee Meeting on 25 August 2015.</p>	<p>The 2,237 line-km seismic data from Service Contract (SC) 75 – Northwest Palawan Consortium was acquired in 2014. The same was processed and interpreted by PNOC EC in 2015.</p> <p>The 2,117 line km seismic data is from SC63-East Sabina. The general re-assessment from the area was conducted in 2015. Its interpretation report, however, is yet to be finalized.</p>
SM2: Coal Exploration Drilling Meterage in COCs	Total no. of meters drilled	3%	Coal Exploration Department	4,900		2,453	1.50%	2,452.85	1.50%	<p>PNOC EC December Monthly Accomplishment Reports for Drilling and Field Mapping submitted to DOE-ERDB</p>	<p>Report covers the Geologic and Coal Infill Drilling Report of the Sta. Barbara-Little Baguio and Gotas North Limb Areas for COC 41 – Zamboanga Sibugay Coal Project.</p>

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SM3: No. of Hectares Mapped in COCs	Total no. of hectares mapped	4%	Coal Exploration Department	340	784	4.00%	784	4.00%		Report covers the Structural Geologic Report for COC 185 – Zamboanga Sibugay Coal Exploration.
SO2: Created an Environment that Promotes Business Opportunities and Development in the Communities Where We Operate										
SM4: Social Performance Programs	No. of beneficiaries of livelihood programs implemented in project areas	5%	External Relations Department	300	314	5.00%	314	5.00%	Certificates of Receipt from various community-based group	Among the beneficiaries of PNOC EC's "Kaagapay sa Kabuhayan" Livelihood Projects are as follows: (1) Langtad Women's Organization for "Bigasan sa Barangay" (69 beneficiaries); (2) Langtad Women's Organization for "Swine Fattening" (61), and; (3) Panaghugpong sa mga Inahan sa Malangas Association for "Goats Production" (184).
SO3: Operated in a Regime of Transparency Seal and Fairness in Our Dealing with Our Business Partners										
SM5: Satisfaction Rating Based on a Survey Conducted by a Third-Party (DOE, PNOC, JV partners, community)	Satisfaction rating	5%	External Relations Department	Satisfactory	Excellent	5.00%	Excellent	5.00%	Stakeholder Satisfaction Baseline Study 2015 by University of the Philippines Los Baños – College of Human Ecology	PNOC-EC attained an overall performance of 4.5 out of 5 using the Likert scale. This rating is equivalent to "Excellent". Recommendations from the research team includes, among others, the following: (1) Sustain and enhance staff attitude and professionalism; (2) Put emphasis on the transparency to stakeholders; (3) Continue to improve all aspects of their business;

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										(4) SPP Programs as priority in budget allotment; (5) Ascertain social acceptability of host communities; and (6) IEC campaign should be designed in the local dialect.						
SO4: Became the Partner of Choice of Other Energy Enterprises in Energy Exploration and Production																
SM6: JV Partnership	No. of new JV partnership (Farm-in Agreement) as a result of farm-in/farm-out activities	3%	Petroleum/Coal Exploration Department	1	1	3.00%	1	3.00%	DOE Letter re Approval of "Transfer of 5% Participating Interest in SC No. 74 from Philodrill to PNOEC" dated 23 October 2015 Deed of Assignment between The Philodrill Corporation and PNOEC dated 03 June 2015	With PNOEC's acquisition of 5% participating interest from Philodrill Corporation, the Consortium of SC No. 74 – Linapacan Block is now composed of the following parties: (a) Pitkin Petroleum PLC (70%) (b) The Philodrill Corporation (25%) (c) PNOEC (5%) Effectivity of the Deed of Assignment commenced from the date of DOE's approval.						
Sub-total of Weights		26%				24.50%		21.59%								
SO5: Optimized the Financial Benefits to Shareholders																
SM7: Dividends to National Government and PNOEC (in billion Pesos)	Amount of Dividends from year's income paid to NG and PNOEC	12%	Accounting Department	0.65	0.72	12.00%	0.72	12.00%	Secretary's Certificate for its Board meeting held last 26 January 2016 as "Resolution No. 1-4 S' 2016" Official Receipt from PNOEC dated 22 February 2016.	PNOEC Board declared Cash Dividends of ₱720.72 Million from its 2015 net earnings, distributed as follows: (In Million Pesos) <table border="1"> <tr> <td>PNOEC</td> <td>359.60</td> </tr> <tr> <td>BTr</td> <td>359.60</td> </tr> <tr> <td>Public</td> <td>1.52</td> </tr> </table>	PNOEC	359.60	BTr	359.60	Public	1.52
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									Official Receipt from Bureau of Treasury (BTr) dated 22 February 2016.																	
SO6: Accessed Capital Without Government Guarantee																										
SM8: Percent 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	12%	Accounting Department	100%	100%	12.00%	100%	12.00%	PNOC EC's 2015 Unaudited Financial Statements (FS) signed by VP L.S. Gelacio	No Government Guarantee or Support for the year ended 31 December 2015.																
SO7: Ensured Profitability in a Sustainable Manner																										
SM9: NET INCOME before FOREX Gain/Loss and Exploration Costs (in Billion Pesos)	Amount of Annual NET INCOME (NI) before FOREX Gain/Loss and Exploration Costs	10%	Planning and Budget Department	1.31 Billion ²	1.4 Billion	10.00%	1.37 Billion	10.00%	PNOC EC's 2015 Statement of Net Income before Exploration Cost and Forex Gain Income Statement signed by Vice President Lourdes S. Gelacio	<p>NI computation is presented below:</p> <table border="1"> <thead> <tr> <th colspan="2">(In Million Pesos)</th> </tr> </thead> <tbody> <tr> <td>TCI</td> <td>1,321.96</td> </tr> <tr> <td>Add: Petroleum Exploration Cost</td> <td>50.86</td> </tr> <tr> <td>Impairment Loss (Coal)</td> <td>91.22</td> </tr> <tr> <td>Less: Forex Gain</td> <td>(80.51)</td> </tr> <tr> <td>Balance</td> <td>61.57</td> </tr> <tr> <td>NOLCO Effect (₱61.57 x 30%)</td> <td>(18.47)</td> </tr> <tr> <td>Net Income before Forex and Exploration Cost</td> <td>1,365.06</td> </tr> </tbody> </table> <p>Impairment loss was due to decommissioning of Integrated Little Baguio-Mine 1 of Coal Operating Contract (COC) No. 41 and cancellation of COC No. 141. PNOC-EC uses the</p>	(In Million Pesos)		TCI	1,321.96	Add: Petroleum Exploration Cost	50.86	Impairment Loss (Coal)	91.22	Less: Forex Gain	(80.51)	Balance	61.57	NOLCO Effect (₱61.57 x 30%)	(18.47)	Net Income before Forex and Exploration Cost	1,365.06
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² Actual Net Income from SC 38 (P1.59 Billion) + projected income from coal trading, oil trading and energy supply base (P0.1 Billion) - projected expenses (P0.38 Billion).

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				2015	Actual	Rating	Score	Rating		
										full-cost method of accounting on coal exploration. Under this method, all cost directly incurred in the acquisition, exploration and development of the project area, including directly related overhead cost, are capitalized. With regard to exploration cost, it is tentatively deferred pending determination on whether the area contains coal reserves of commercial quantity. If there is none, it is an outright expense as impairment loss.
Sub-total of Weights		34%				34.00%		34.00%		
SO8: Achieve Operational Excellence through Establishment and Implementation of Internally-Accepted Quality Standards										
SM10: Compliance to ISO 9001	ISO 9001 Audit Results (All or nothing)	5%	Planning and Budget Department	Compliant	Compliant (Certified)	5.00%	Compliant (Certified)	5.00%	ISO 9001:2008 Certificate of PNOC EC	PNOC EC was certified by TÜV Rheinland on 28 October 2015 after meeting pertinent requirements of ISO 9001:2008.

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SM11: No. of Lost Time Incident Resulting to Fatality to PNOEC Employees	No. of reported Lost Time Incident resulting to fatality to PNOEC employees	4%	HSSE Department	0	0	4.00%	0	4.00%	DOE Certification during CY 2015 signed by Dir. R.E. Abad, DOE-ERDB	In its certification, DOE stated that PNOEC-EC did not experience any Fatal Lost-Time Incident (LTI-Fatal) in the company's coal and petroleum operations. The Certification qualified on the following: (1) Covers Fatal Lost-Time Incident only; (2) PNOEC-EC's Coal and Petroleum Operations.
SO9: Pursue Partnership with Other Energy Enterprises as Risk Management Strategy										
SM12: No. of Companies who Signified Interest to Partner in Projects	No. of signed Confidentiality Agreements	6%	Petroleum/Coal Exploration Department	6	8	6.00%	8	6.00%	Signed Confidentiality Agreements certified true copies by Department Manager J.M. Foronda, Coal Exploration and Development	PNOEC-EC have entered into eight (8) confidentiality agreements with interested parties in 2015. These agreements were made for the purpose of undertaking due diligence with respect to possible sale by PNOEC-EC of the participating interest from its Service Contracts and Coal Operating Contracts to the interested parties.
SO10: Determine the Prospectivity of the Areas Covered by the Service Contracts and Coal Operating Contracts of the Company										
SM13: Geological Evaluation for Petroleum	No. of geologic evaluation report/s validated by DOE	5%	Petroleum Exploration Department	4	4	5.00%	4	5.00%	DOE Certifications signed by Dir. R.E. Abad, DOE-ERDB for SM 13,14,15,16 Onsite validation	Reports of Geological Evaluations for Petroleum are as follows: (1) E & P Opportunities (Domestic and Overseas Ventures) (2) Well Completion Report – Mangosteen-1 – SC37 – Part I – Geology

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										(3) Assessment of Sibay Sub-Basin – SC47 Offshore Mindoro (4) Baragatan-1A Post Well Evaluation: Micropaleontological and Petrographic Analyses
SM14: Geophysical Evaluation for Petroleum	No. of geophysical interpretation report/s validated by DOE	5%	Petroleum Exploration Department	4	4	5.00%	4	5.00%		Reports of Geophysical Evaluation for Petroleum are as follows: (1) Petrophysical Evaluation of Mangosteen-1 (SC37) (2) Nido Carbonate Play: Seismic Interpretation Report (SC57) (3) Petrophysical Evaluation of Linapacan B-1 and Linapacan A-1A Wells (SC74) (4) Seismic Interpretation Report (SC75)
SM15: Geologic Survey for Coal	No. of geologic survey validated by DOE	3%	Coal Exploration Department	3	3	3.00%	3	3.00%		Reports of Geologic Survey for Coal are as follows: (1) Geologic and Coal Infill Drilling Report of the Sta. Barbara-Little Baguio and Gotas North Limb Areas, COC41 (2) Structural Geologic Report of COC186 Imelda-Malangas, Zamboanga Sibugay (3) Structural Report of COC185 Buug-Malangas, Zamboanga Sibugay
SM16: Drilling Program/Geological Logging for Coal	No. of coal drilling program/s validated by DOE	3%	Coal Exploration Department	1	1	3.00%	1	3.00%		Drilling Program/Geological Logging for Coal Report: (1) Geologic and Coal Infill Drilling Report of the Sta. Barbara-Little

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				2015	Actual	Rating	Score	Rating		
										Baguio and Gotas North Limb Areas, COC41
Sub-total of Weights		31%				31.00%		31.00%		
SO11: Recruit Highly Competent People for Technical Positions Based on Meritocracy and Fairness										
SM17: Percentage Filled-up of the Required Technical Positions	Actual no. of employees in technical positions over Total no. of required positions based on work program	3%	HR and Admin Department	95%	97%	3.00%	96.97%	3.00%	List of Technical Positions as of Dec 31, 2015 signed by Department Manager Maria Rita S. Dayleg, HR and Administration	Validated with internal documents. In 2015, 32 out of 33 required technical positions were filled.
SO12: Provide our People with Appropriate Training and Exposure to New Developments in the Industry										
SM18: Percentage of Eligible Management, Professional, and Technical (MPT) Employees with at least One Training Attended (as Identified in the Training Needs Analysis to address gaps in skills)	Actual no. of eligible MPT employees with at least one training attended over Total no. of eligible MPT employees	3%	HR and Admin Department	82%	82%	3.00%	82.64%	3.00%	List of Eligible MPT (EMPT) Employees with at least 1 Training as of Dec 31, 2015 signed by Manager Maria Rita S. Dayleg, HR and Administration	Validated with internal documents. One hundred (100) EMPT out of a total of one hundred and twenty-one (121) undertook at least one (1) training for FY 2015.
SM19: Development of Manpower Competency Framework	Completed/Updated Manpower Competency Framework (All or nothing)	3%	HR and Admin Department	Completed	Completed	3.00%	Completed	3.00%	PNOEC's Manpower Development Program and Competency Development Framework signed by Manager Maria Rita S. Dayleg, HR and Administration	PNOEC identified two (2) types of Core Competencies: six (6) core and six (6) leadership.
Sub-total of Weights		9%				9.00%		9.00%		
Total of Weights		100%				98.50%		95.59%		