



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

PHILIPPINE MINING DEVELOPMENT CORPORATION (PMDC)

WHEREAS, the Parties above entered into a Performance Agreement covering CY 2015 and 2016;

WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective beginning from the execution of this Agreement and ending upon the determination by the Governance Commission of the eligibility of PMDC for FY 2015 and 2016 PBB and PBI.

2. **Mission and Vision.** – PMDC's Mission and Vision are as follows:

Mission : PMDC develops, promotes and manages mining projects, and builds productive partnerships with its partners / operators in order to contribute to the revenues of the National Government, generate employment, and enrich lives in mining communities.

PMDC adheres to the ideals and standards of responsible mineral development and adopts the best practices in environmental protection and enhancement.

Vision : By 2020, PMDC is a sustainably profitable mining corporation that generates revenues for the government and enriches lives in mining communities.

The agreed Strategy Map for achieving the vision is attached hereto as **Annex A** which shall serve as the context of performance negotiations of annual targets between the Governance Commission and the Board of PMDC.

3. **Measurement of Performance.** – Performance for 2015-2016 shall be measured based on the Performance Scorecard attached hereto as **Annex B**. It is understood that the GOCC must achieve a weighted-average of at least 90% based on the agreed targets for 2015-2016 to be eligible to grant any Performance-Based Bonus.

4. **Strategic Initiatives.** – PMDC hereby commits to undertake the following key program and/or project identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex C**:

(a) Strategic Initiative 1 – H.E.R.O. Program for Hosting Mining Communities

(b) Strategic Initiative 2 – Making Productive State Owned Mining Properties

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03 (Re-Issued). PMDC shall include updates on the foregoing Strategic Initiatives in its submission of quarterly monitoring reports to the GCG.

5. **Quarterly Submission of Performance Monitoring.** – PMDC shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex D** and **Annex E**.

6. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 (Re-Issued) namely:
 - 6.1. *Conditions Common to National Government Agencies and GOCCs:*
 - (a) Transparency Seal;
 - (b) PhilGEPS Posting;
 - (c) Cash Advance Liquidation;
 - (d) Citizen's Charter or its equivalent; and
 - (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Net Worth (SALN);

 - 6.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*
 - (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as cleared by the Department of Finance, whenever applicable.
 - (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
 - (c) Adoption of a "*Manual of Corporate Governance*" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
 - (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
 - (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
 - (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.

- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 (Re-Issued) and implementing issuances pursuant thereto.
 - (h) Submission of Corporate Operating Budgets (COBs):
 - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 123 on "Budget Call for FY 2016;"
 - ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 123.
 - (i) Where required, timely submission of complete reportorial requirements to the Department of Finance (DOF):
 - i. Monthly Cash and Incentive Balance;
 - ii. Quarterly submission of Financial Statement, Cash Surplus/Deficit, Domestic and Foreign Liabilities Schedule, and Capital Outlay;
 - iii. Yearly Audited Financial Statement and Plans and Programs;
 - iv. Other data needed for evaluation or as required by DOF, DBM, BTr, and/or Senate/Congress.
7. PMDC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, PMDC shall copy furnish the Governance Commission copies of all written communications between PMDC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.
- Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **ineligible** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.
8. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 23rd day of February 2016, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION
FOR GOCCs**

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman

**PHILIPPINE MINING
DEVELOPMENT CORPORATION**



RAMON JESUS P. PAJE
Chairman
(DENR Secretary)



MA. ANGELA E. IGNACIO
Commissioner




LITO A. MONDRAGON
Board Member
(PMDC PCEO)



RAINIER B. BUTALID
Commissioner

ZENAIDA Y. MONSADA
Board Member
(DOE Secretary)




CECILIO B. LORENZO
Board Member
(DBP Representative)

MARI JENNIFER F. BRUCE
Board Member
(DOF Representative)



SATURNINO H. MEJIA
Board Member
(NDC Representative)



MA. LOURDES F. REBUENO
Board Member
(NDC Representative)



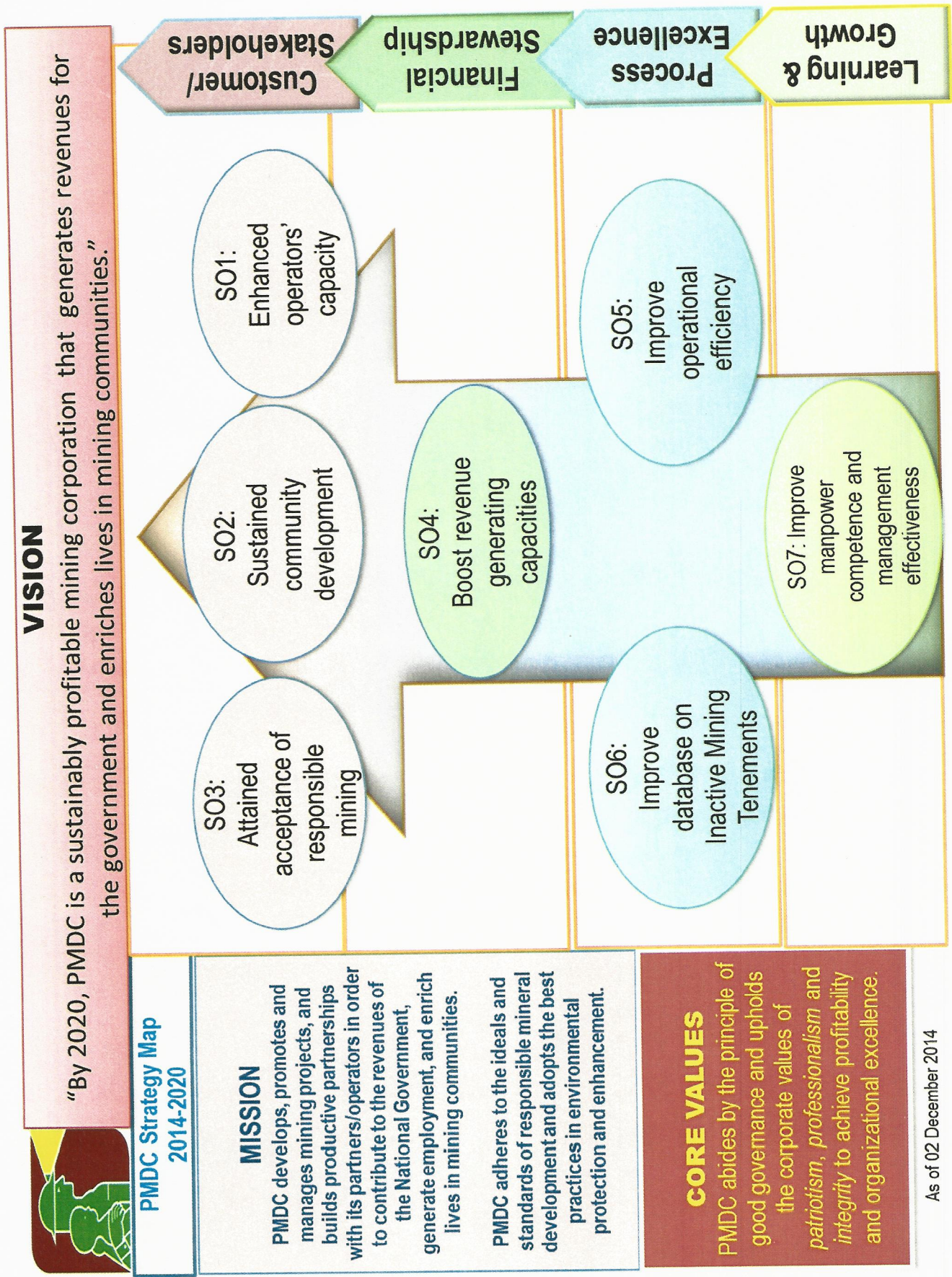
ANTONIO M. CAILAO
Ex-Officio Board Member
(PNOC President)



CHRISTOPHER L. CARRION
Board Member



FREDERICO C. GASPAR
Board Member



PERFORMANCE SCORECARD 2015-2016 (Annex B)

PHILIPPINE MINING DEVELOPMENT CORPORATION

Objective/Measure	Formula	Weight		Rating System	Baseline Data (if applicable)			Target	
		2015	2016		2013	2014	2015		2016
SO 1	Enhanced Operator's Capacity								
SM 1	Percentage of Mining Activities Completed*								
a.	Exploration Stage	10%	10%	Actual over target	100%	N/A	100%	100%	
b.	Development Stage	N/A	N/A	Actual over target	100%	N/A	N/A	N/A	
c.	Production Stage	10%	10%	Actual over target	100%	N/A	100%	100%	
SO 2	Sustained Community Development								
SM 2	Number of CSR Beneficiaries (Diwalwal, Dinagat, Kalinga)	10%	10%	Actual over target	2,500	4,329	4,500	5,000	
SM 3	Percentage of Reforested Areas in PMDC Mining Areas	10%	10%	Actual over target	Preparatory Works	50% (20/40 ha.)	50% (20/40 ha.)	75% (20/40 ha.)	
SO 3	Attained Acceptance of Responsible Mining								
SM 4	Favorable Perception of the Miing Project [Through a Post Information, Education and Communication (IEC) Evaluation Survey]	5%	5%	Scale of 1-5 5 as most favorable	N/A	N/A	Average of 3	Average of 3	
SM 5	Stakeholders' Satisfaction Survey	5%	5%		N/A	N/A	90%	90%	
	Sub-total	50%	50%						

CUSTOMERS/STAKEHOLDERS

Objective/Measure	Formula	Weight		Rating System	Baseline Data (if applicable)			Target		
		2015	2016		2013	2014	2015		2016	
FINANCIAL										
SO 4	Boost Revenue Generating Capacities									
SM 6	EBITDA	Earnings before Interest, Tax, Depreciation and Amortization	10%	5%			₱93.25 Million	₱105.82 Million	₱60.74 Million	₱7.19 Million
		Sub-total	10%	5%						
SO 5	Increase Operational Efficiency									
SM 7	Percentage of Ore Shipments by Operators Accepted by Buyers		10%	10%			100%	100%	100%	100%
SO 6	Improve Database on Inactive Mining Tenements									
SM 8	Percentage of Unbidded Tenements with Technical Data Request		10%	N/A			50%	92%	100%	N/A
SM 9	Number of Cases Filed for Cancellation of Joint Operating Agreement (JOA)		N/A	10%			N/A	N/A	N/A	4
		Sub-total	20%	20%						
INTERNAL PROCESS										

Objective/Measure	Formula	Weight		Rating System	Baseline Data (if applicable)			Target
		2015	2016		2013	2014	2015	
SO 7 Improve Manpower Competence and Management Effectiveness								
SM10	Average Percentage of Required Competencies Met	5%	5%	Pass or fail	N/A	N/A	Training of the Competency Team	Submission of Board-approved Competency Framework
SM11	ISO 9001:2008 Certification	10%	10%	Pass or fail	N/A	N/A	ISO Certification	Surveillance Audit Passed
SM12	Establishment of IT System	5%	10%	Pass or fail	N/A	N/A	Formulation of IT Road Map	20% Implementation
Sub-total		20%	25%					
TOTAL		100%	100%					

LEARNING AND GROWTH

*See Annex F: PMDC Chart of Mining Activities

STRATEGIC INITIATIVES PROFILE (Annex C)

PHILIPPINE MINING DEVELOPMENT CORPORATION

STRATEGIC INITIATIVES PROFILE

I. STRATEGIC INITIATIVE PROFILE I

1. Name of Project:

H.E.R.O. Program for Host Mining Communities

2. Contact Person/Team Head:

Ma. Kathleen H. Ocampo

3. Project Description:

PMDC aims to contribute to the social well-being and general welfare of host mining communities in line with the Company's motto of "Creating Wealth. Enriching Lives" and in accordance with Republic Act No. 7942, otherwise known as the "Philippine Mining Act of 1995".

Specifically, it aims to assist the beneficiaries from host mining communities through projects related to Health, Education/Environment, Rural Infrastructure and Opportunities to earn (Livelihood). It involves community profiling, consultation and collaboration with stakeholders, review and evaluation of project requests, and impact/result-based monitoring.

Various groups and individuals are expected to benefit from these programs/projects including indigenous people, women, students, and households.

4. Project Milestones

ACTIVITIES	TIMELINE		BUDGET	FUNDING SOURCE	STATUS
	START	END			
Environment & Livelihood/Opportunities to Earn					
Agro-Forestry and Reforestation Project (DMRA, Upper Lip)	2015	2016	₱1.85 Million	COB	Continuing
Education					
Construction of School Building (Dinagat Island)	2015	2016	₱5.40 Million	COB	Continuing
Donation of School Supplies (DMRA and Dinagat Island)			₱0.50 Million		
Assistance in the Maintenance of Schools (DMRA)			₱0.02 Million		
Rural Infrastructure					
Construction/Improvement of Potable Water System in Host Barangays (Dinagat Is.)	2015	2016	₱3.60 Million	COB	Continuing
Health					
Medical Assistance to Indigents in Primary Impact Communities (Kalinga and Dinagat Is.)	2015	2016	₱0.35 Million	COB	Continuing
Financial and Food Assistance to Rural Health Units (DMRA)			₱0.04 Million		

ACTIVITIES	TIMELINE		BUDGET	FUNDING SOURCE	STATUS
	START	END			
Others					
Sex-Disaggregated Survey/Community Needs Assessment Survey	2016	2016	<i>to be determined</i>	COB	Continuing
TOTAL			₱11.76 Million		

5. Measures Affected:

- SO2: Sustained Community Development
 - SM2: Number of CSR Beneficiaries (Diwalwal, Dinagat, Kalinga)
 - SM3: Percentage of Reforested Areas in PMDC Mining Areas
- SO3: Attained Acceptance of Responsible Mining
 - SM5: Stakeholders' Satisfaction Survey

II. STRATEGIC INITIATIVE PROFILE II

1. Name of Project:

Making Productive State Owned Mining Properties

2. Contact Person/Team Head:

Marites M. Reotutar

3. Project Description:

The program aims to ensure the corporation's financial viability as a state-owned corporation focusing on stewardship of state-owned mining properties. Main component of the program is to develop the Diwalwal Mineral Reservation Area (DMRA) 729 and North Davao Mining Property, existing PMDC Mining Properties and acquire new projects that will allow the corporation to generate revenue. This will be done through the settlement of the issues with the Mines and Geosciences Bureau (MGB) with respect to the cancelled mining tenements transferred to PMDC, legal issues with the North Davao and DMRA, provision of supplementary support to all PMDC Mining Properties to ensure movement of mining projects based on its work plans, and acquisition of new mining tenements for verification and bidding.

This program should also implemented in conjunction with PMDC's adherence to all related mining laws to promote sustainable development of mining communities and responsible mineral development.

4. Project Milestones

ACTIVITIES	TIMELINE		BUDGET	FUNDING SOURCE	STATUS
	START	END			
1. Settlement of the Legal Issues for the North Davao and Diwalwal 729 Cases					
1.1 North Davao Case: expedite conclusion of the pending Compromise Agreement 1.2 Diwalwal 729 Case: Settlement for JB Mining Case 1.2.1 Presentation to the PMDC Board the three	2015	2016	₱2.00 Million	COB	Continuing

ACTIVITIES	TIMELINE		BUDGET	FUNDING SOURCE	STATUS
	START	END			
options (a. direct mining; b) bid-out; and c. joint venture) in utilizing the DMRA 1.2.2 Bidding out of the Property based on the decision of the PMDC Board after one (1) year					
2. Settlement of the Issue with Mines and Geosciences Bureau (MGB) regarding its requirement for application for Exploration Permit or any type mineral agreement for the case of DENR cancelled mining tenements					
2.1 Craft an agreement with the MGB to resolve the issue on PMDC Properties 2.2 Pursue in acquiring a Department Order	2015	2016	₱0.50 Million	COB	Continuing
3. Supplementary Support to all PMDC Mining Properties					
3.1 Provision of technical support and assistance in the fulfillment of mining permits for the PMDC Mining Properties to move according to its work program 3.2 Provision of assistance with the Partner/Operator in resolving the issues encountered in the mining properties	2015	2016	₱1.00 Million (2015) ₱1.00 Million (2016)	COB	Continuing
4. Acquisition of New Mining Properties for PMDC administration and Utilization of Existing PMDC Properties					
4.1 Return of cancelled mining tenements to the DENR which were evaluated as not viable or feasible for mining 4.2 Request for transfer of new mining tenements 4.3 Verify the technical data of new mining tenements for bidding 4.4 Bidding of newly acquired mining properties	2015	2016	₱4.00 Million (2015-2016)	COB	Continuing
TOTAL			₱8.50 Million		

5. Measures Affected:

- SO1: Enhanced Operators' Capacity
 - SM1: Percentage of Mining Activities Completed
- SO4: Boost Revenue Generating Capacities
 - SM6: EBITDA
- SO5: Increase Operational Efficiency
 - SM7: Percentage of Ore Shipments by Operators Accepted by Buyers
- SO6: Improve Database on Inactive Mining Tenements
 - SM8: Percentage of Unbidded Tenements with Technical Data Request
 - SM9: Number of Cases filed for Cancellation of Joint Operating Agreement

PHILIPPINE MINING DEVELOPMENT CORPORATION
MONITORING REPORT OF 2015 PERFORMANCE TARGETS

Objective/Measure	Formula	Weight	Baseline	2015																
				1 st Quarter		2 nd Quarter		Revised Full Year Target	3 rd Quarter		4 th Quarter									
				Target	Actual	Target	Actual		Target	Actual	Target	Actual								
SO 1	Enhanced Operator's Capacity																			
SM 1	Percentage of Mining Activities Completed*																			
a.	Exploration Stage	10%	N/A																	100%
b.	Development Stage	N/A	N/A																	N/A
c.	Production Stage	10%	N/A																	100%
SO 2	Sustained Community Development																			
SM 2	Number of CSR Beneficiaries (Diwalwal, Dinagat, Kalinga)	10%	4,329	750	2,250	1,000	500													
SM 3	Percentage of Reforested Areas in PMDC Mining Areas	10%	50% (20/40 ha.)	50% (20/40 ha.)	50% (20/40 ha.)	50% (20/40 ha.)	50% (20/40 ha.)													50% (20/40 ha.)
SO 3	Attained Acceptance of Responsible Mining																			
SM 4	Favorable Perception of the Mining Project [Through a Post Information, Education and Communication (IEC) Evaluation Survey]	5%	N/A	Average of 3	Average of 3	Average of 3	Average of 3													Average of 3

CUSTOMERS/STAKEHOLDERS

Objective/Measure	Formula	Weight	Baseline	2015															
				1 st Quarter		2 nd Quarter		Revised Full Year Target	3 rd Quarter		4 th Quarter								
				Target	Actual	Target	Actual		Target	Actual	Target	Actual							
SM 9	Number of Cases Filed for Cancellation of Joint Operating Agreement (JOA)	N/A	N/A																
Sub-total																			
SO 7	Improve Manpower Competence and Management Effectiveness																		
SM 10	Average Percentage of Required Competencies Met	5%	N/A															Training of the Competency Team	
SM 11	ISO 9001:2008 Certification	10%	N/A						ISO Certification									Training of the Competency Team	
SM 12	Establishment of IT System	5%	N/A															Formulation of IT Road Map	
Sub-total																			
TOTAL																			

*See Annex F: PMDC Chart of Mining Activities

PHILIPPINE MINING DEVELOPMENT CORPORATION
MONITORING REPORT OF 2016 PERFORMANCE TARGETS

Objective/Measure	Formula	Weight	Baseline	2016																					
				1st Quarter		2nd Quarter		Revised Full Year Target	3rd Quarter		4th Quarter														
				Target	Actual	Target	Actual		Target	Actual	Target	Actual													
SO 1	Enhanced Operator's Capacity																								
SM 1	Percentage of Mining Activities Completed*																								
a.	Exploration Stage	10%	100%																						
b.	Development Stage	N/A	N/A																						
c.	Production Stage	10%	100%																						
SO 2	Sustained Community Development																								
SM 2	Number of CSR Beneficiaries (Diwalwal, Dinagat, Kalinga)	10%	4,500	100	2,500	1,200	1,200																		
SM 3	Percentage of Reforested Areas in PMDC Mining Areas	10%	50% (20/40 ha.)	50% (20/40 ha.)	50% (20/40 ha.)	75% (30/40 ha.)	75% (30/40 ha.)																		
SO 3	Attained Acceptance of Responsible Mining																								
SM 4	Favorable Perception of the Mining Project [Through a Post Information, Education and Communication (IEC) Evaluation Survey]	5%	Average of 3	Average of 3	Average of 3	Average of 3	Average of 3																		

CUSTOMERS/STAKEHOLDERS

