

2007 Corporate Governance Scorecard for Publicly-listed Companies
FORM

RESPONSE

Sample:

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
1	Does the company offer other ownership rights beyond voting?				Paragraph 2, Page 25, 2006 Annual Report	

IMPORTANT NOTE: For validation purposes, please submit a copy of all the documents used in the Self-Assessment

Part I. THE RIGHT OF SHAREHOLDERS

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
1	Does the company offer other ownership rights beyond voting?			Yes	Corporate Governance Manual (Annex A) Articles of Incorporation (Annex B)	All Stockholders' rights are provided for
2	Is the decision on the director per diems approved by the stockholders annually?			Yes	PSE Website – Disclosures / PNOC EDC Website *	
3	How is the director per diem presented to the shareholders?	Director per diem available only as total/summation			Information Statement (Annex C)	

4	Does the company allow shareholders to elect board members individually?			Yes	Company By-Laws (Annex D), Information Statement	
5	Quality of Notice to call Shareholders Meeting in the past one year					
5.1	Appointment of directors providing their names and background			Yes	Information Statement, Notice To Call Shareholders' Meeting and Agenda (Annex E)	Includes individual profiles of new directors and returning firectors
5.2	Is there adequate information on the external auditor? Are their name (s), profile, detail of fees and other engagements with the company (tax, consulting, etc.) provided?			Yes	Information Statement, 2006 Annual Report (Annex F)	As PNO C EDC was a government owned and controlled corporation until July 2007, the Corporation's external audit functions were undertaken by the Commission on Audit , pursuant to the mandate of the Philippine Constitution. Today, as a private corporation, PNO C EDC has recently appointed Sycip Gorres and Velayo (SGV) to take-over the external auditor functions for the Company.
5.3	Dividend policy, in providing the amount and explanation			Includes both items	Notice to call Shareholders' Meeting and Agenda, PSE website	The dividend policy on the preferred shares of PNO C EDC is discussed more extensively in these documents
5.4	Does the information statement have an executive summary?			Yes	SEC Form 17-A (Annex G), the Definitive Information Statement	
6	Quality of Minutes of Shareholders' Meeting					
6.1	Voting method and vote counting system			Yes	By-Laws, Notice to Call Shareholders' Meeting and Agenda, Information Statement	
7	Did the Chairman of the Board attend the last two AGMs?			Yes	2005 and 2006 AGM Minutes (Annex H), Certification of Attendance (Annex I)	
8	Did the CEO/Managing Director attend at least one of the last two AGMs?			Yes	2005-2006 AGM Minutes, Certification Of Attendance	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
9	Is a name list of board members attending the AGM available?			Yes	2007 AGM Minutes	The Minutes of the 2007 AGM cannot be provided until such time that the same is approved by the stockholders of record. However, there is an audio recording of the proceedings.
10	Do AGM minutes record that there was an opportunity allowing for shareholders to ask questions/raise issues in the past one year?					
10.1	Is there a record of answers and questions			Yes	2007 AGM Minutes	See remarks on Item 9. Likewise, please note that the question and answers made during the meeting are electronically recorded and are on file.
10.2	Is there a record of resolutions in the minutes?			Yes	2007 AGM Minutes	See remarks on Item 9. Likewise, please note that the resolutions made during the meeting are electronically recorded and are on file.
11	Attendance of the Board Committee Chairs					
11.1	Did the Chairman of the Audit Committee attend the last two AGMs?			Yes	2005-2006 AGM Minutes	
11.2	Did the Chairman of the Compensation / Remuneration / Governance Committee attend the last two AGMs?			Yes	2005-2006 AGM Minutes	
11.3	Did the Chairman of the Nomination Committee attend the last two AGMs?			Only in 2007 Please see remarks	2007 AGM Minutes	The Nomination Committee was a recent creation and was merged with the Compensation Committee only in November 2006
12	Does the Company have anti-takeover defenses?					
12.1	Do Board members own more than 25% of outstanding shares?			No	Information Statement, Company Website, SEC Form 23-A, 23-B	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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12.2	What is the proportion of outstanding shares that are considered "free float"?			Over 30%	Company website, quarterly disclosures to the PSE	

Part II. EQUITABLE TREATMENT OF SHAREHOLDERS

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
13	Does the company offer one-share-one-vote?			Yes	Articles of Incorporation and By-Laws	Both common and preferred shares have one-share-one-vote
14	Does the company have any mechanism that allows minority shareholders to influence board composition?			Yes	Articles of Incorporation and By-laws	
15	Has there been any case of insider trading involving company directors and management in the past two years?			No	SEC and/or PSE Records	The company offered its shares to the public and was listed at the PSE only on December 13, 2006.
16	Has the company established a system to prevent the use of material inside information and inform all employees, management, and board members of this system?			Yes	Internal memorandum circulated to all officers and employees of PNOE EDC (Annex J)	
17	Has there been any complaint/dispute/problem regarding related-party transaction in the past two years?			No	SEC and/or PSE Records	
18	Does the company have a policy that requires management to disclose related-party transactions?			Yes	Information statement	No related- party transactions, or if observed, company provides (1) name, (2) relationship, (3) policy, (4) value regarding related-party transactions

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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19	Are the nature and extent of transactions with affiliated and related parties communicated to shareholders annually?			Yes	Information Statement	No related- party transactions, or if observed, company provides (1) name, (2) relationship, (3) policy, (4) value regarding related-party transactions
20	Is the company part of an economic group where the parent/controlling shareholder also controls key suppliers, customers, and/or similar business?	Yes			Notes to audited Financial Statements (See Annual Report), information statement	Since its incorporation until July 10, 2007, PNOC EDC was a government owned and controlled corporation
21	Does the company facilitate voting by proxy?			Yes	Notice to call Shareholders' Meeting	
22	Does the notice to shareholders specify the documents required to give proxy?			Yes	Notice to call Shareholders' Meeting and Agenda	
23	Is there any requirement for a proxy appointment to be notarized?			Yes	Notice to call Shareholders' Meeting and Agenda	Notarization of the proxy itself was not required; however, any accompanying certificates are required to be notarized in compliance with SRC Rules
24	How many days in advance does the company send out notice of general shareholder meetings?			More than two weeks	Notice to Call Shareholders' Meeting and Agenda	
24.1	Date of Notice	<u>May 11, 2007</u>			Notice to Call Shareholders' Meeting and Agenda	
24.2	Date of Actual Meeting	<u>June 14, 2007</u>			Notice to Call Shareholders' Meeting and Agenda	

Part III. ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

ITEM	Survey Question	Self-Assessment	Information Source	Remarks
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		Poor	Fair	Good		
25	Does the company explicitly mention the safety and welfare of its employees?			Yes	Code of Conduct and Business Ethics (Annex K)	
26	Does the company provide an ESOP (Employee Share Option Program), or other long-term employee incentive plan linked to shareholder value creation, to employees?	No				
27	Does the company provide a retirement plan/fund or its equivalent for its employees?			Yes	Company Policy (non-public information)	
28	Does the company provide a continuing training program for its employees?			Yes. Comprehensive coverage	Company Policy (non-public information)	
29	Does the company explicitly mention the role of customers?		Only superficial coverage		Code of Conduct and Business Ethics	
30	Does the company explicitly mention the role of suppliers/business partners?			Yes	Code of Conduct and Business Ethics	
31	Does the company explicitly mention its obligations to shareholders?			Yes	Corporate Governance Manual	
32	Does the company explicitly mention its obligations to creditors?			Yes	Code of Conduct and Business Ethics	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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33	Does the company explicitly mention environmental issues in its public communications?			Yes. Comprehensive mention.	Annual Report, Code of Conduct and Business Ethics, Company Website, CSR Committee Charter (Annex L)	
34	Does the company explicitly mention its broader obligations to society and/or the community?			Yes. Comprehensive coverage.	Code of Conduct and Business Ethics, Annual Report, Company Website	
35	Does the company inform shareholders of material income tax consequences of owning shares of company common shares, ADS, etc?			Yes	PNOE EDC Prospectus at the PSE Website	
36	Does the company disclose pending legal and tax proceedings, tax assessment notices and voluntary assessment program availments that it considers to be potentially material to its business?			Yes	Prospectus, SEC Form 17-A, Company Website, PSE Website	

Part IV. DISCLOSURE AND TRANSPARENCY

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
37	Does the company have a transparent ownership structure?					
37.1	Breakdown of shareholdings			Yes	Information Statement, Company Website, SEC Forms 23-A and B, 18-A	
37.2	Is it easy to identify beneficial ownership?	No			Annual Report, Company Website, SEC Form 23-A and B	Shares owned by nominees, holding companies, PDTC, PSE total more than 15%

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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37.3	Are directors' shareholdings disclosed?			Yes	Annual Report, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	
37.4	Are management's shareholdings disclosed?			Yes	Annual Report, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	
38	Does the Company have a dispersed ownership structure?			Yes More than 40%	Annual Report, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	
39	Assess the quality of the Annual Report. In particular, the following:					
39.1	Financial Performance			Yes	Annual Report, Information Statement, SEC Form 17-C, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	Reports are clear, comprehensive and informative
39.2	Business operations, competitive position, and other non-financial matters			Yes	Annual Report, Information Statement, SEC Form 17-C, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	Reports are clear, comprehensive and include mention of market share
39.3	Board member background			Full coverage	Annual Report, Disclosures in Company Website, Information Statement, SEC Form 23-A and B, SEC and/or PSE Website, Certification of Qualification and Disqualifications (Annex M)	
39.4	Basis of Board per diems			Yes	Annual Report, Company Website, SEC Form 23-A and B, SEC and/or PSE Website	Show compensation by type, by positions & duties performed
39.5	Operating risks		Superficial		Annual Report, Information Statement	
39.6	Identification of independent directors			Yes	Annual Report, Information Statement, SEC Form 17-C	
39.7	Board meeting attendance of individual directors			Available	Certificate of Attendance	
39.8	Does the company have a policy requiring full disclosure of details of related-party transactions in public communications?			Yes	Annual Report	No related- party transactions, or if observed, company provides (1) name, (2) relationship, (3) policy, (4) value regarding related-party transactions
40	Is there any statement requesting directors to report their transactions of the company shares?			Yes	SEC Form 23-A and B	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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41	Does the Audit Committee have a charter?			Yes	Corporate Governance Manual, Committee Charter (not published)	
42	Does the company have an internal audit operation established as a separate unit in the company?			Yes	Corporate Governance Manual	
43	To whom does the internal audit function report? Please identify.			Board		
44	Does the Company perform an annual audit using SEC/BSP accredited external auditors?			Yes	Annual Report	Until its privatization in July 2007, the external audit functions were done by the Commission on Audit , as required by the Constitution
45	Is the financial report disclosed in a timely manner during the past year?			Yes	Annual report	
46	Are there any accounting qualifications in the audited financial statements apart from the Qualification on Uncertainty or Situation?			None	Annual Report – Auditor's Notes	
47	Does the company website disclose up-to-date information on:	Date when website was Examined: September 27, 2007			(Annex N)	
47.1	Business operation			Yes	Company Website	
47.2	Financial statement			Yes	Company Website	
47.3	Press release			Yes	Company Website	
47.4	Shareholding structure			Yes	Company Website	
47.5	Organization structure			Yes	Company Website	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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47.6	Corporate group structure		NA		N A	
47.7	Downloadable Annual Report			Yes	Company Website	
47.8	Notice to Call shareholders' meeting			Yes	Company Website	
48	Does the company provide contact details for a specific Investor Relations person or unit that is easily accessible to outside investors?			Yes	Company Website, PSE Website	IR Officer specified with contact information made known to the public
49	Does the company offer multiple channels to information? Multiple Channels include:					
49.1	Annual Report			Yes	Company Website, Annual Report, Disclosures to PSE/SEC	
49.2	Company Website			Yes	Company Website, Annual Report	
49.3	Analyst Briefing(s)	No			NA	Occasionally, it is done only upon invitation of investment banks
49.4	Press Conference(s)/press briefing(s)			Yes	Company Website,	

Part V. BOARD RESPONSIBILITY

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
		Poor	Fair	Good		
50	Does the company have its own written Corporate Governance Manual that clearly describes its value system and board responsibilities?			Yes	Corporate Governance Manual	

ITEM	Survey Question	Self-Assessment			Information Source	Remarks
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51	Does the Board of Directors provide code of ethics or statement of business conduct for all directors and employees?			Yes	Code of Conduct and Business Ethics	
52	Does the company have a corporate vision/mission/values?			Yes and effectively communicated	Annual Report, Code of Conduct and Business Ethics	
53	Does the PSE have any evidence of non-compliance of the company with PSE rules and regulations over the past two years?		One Case		PSE Records	
54	Assess the quality of the Audit Committee Report in the Annual Report	There is no Audit Committee Report in the Annual Report of PNOC EDC				
54.1	Attendance	None				See remarks on item 54
54.2	Internal Control	None				See remarks on item 54
54.3	Proposed auditors	None				See remarks on item 54
54.4	Financial Report Review	None				See remarks on item 54
54.5	Legal Compliance	None				See remarks on item 54
54.6	Over-all concluding opinion	None				See remarks on item 54
55	Have board members participated in the training on Corporate Governance (i.e. PDP, CGOP, Corporate Retreat, etc.)?			Yes		The members of Board of Directors, except for the three independent directors, have attended the Basic Course on Corporate Governance sponsored by ICD in 2006. In addition, all directors attended the Workshop on Corporate Governance sponsored by IFC and World Bank last July 2007.
56	Have senior management executives attended training on Corporate Governance			Yes		The top management likewise participated in a workshop conducted by IFC on Corporate Governance last July 2007. We could also mention that there was an in-house lecture series on Corporate Governance for the management team of PNOC-EDC held last August 2007.

57	What is the attendance performance of the Board members during the past 12 months?			>80%	Certificate of Attendance		
58	Does the Company provide a risk management policy?			Yes	Corporate Governance Manual		
59	Does the company clearly distinguish the roles and responsibilities of the board and management?			Yes	Corporate Governance Manual		
60	Does the board conduct an annual self-assessment?		Not yet		NA		
61	Does the company conduct an annual performance assessment of the CEO/President?	No			NA		
62	How many board meetings are held per year?	No. of Board Meetings: <u>At least twelve (12) times per year</u>					
62.1	Does the firm report board meeting attendance of individual directors?		Includes a list but no individual breakdown was supplied		Certificate of Attendance		
63	Is the Chairman a non-executive director?			Yes	Information Statement, Annual Report		
64	Does the Board appoint committees with independent members to carry out various critical responsibilities such as:						
64.1	<i>Audit.</i> If yes, are the following items disclosed?						
64.1.1	Charter/Role and responsibilities			Yes	Corporate Governance Manual		

64.1.2	Profile/Qualifications			Yes	Corporate Governance Manual	
64.1.3	Independence			Yes	Corporate Governance Manual	
64.1.4	Performance/Meeting Attendance	No				
64.2	<i>Compensation/Remuneration.</i> (Compensation/Remuneration Committee) If yes, are the following items disclosed?					
64.2.1	Charter/Role and responsibilities			Yes	Corporate Governance Manual	
64.2.2	Is the Committee composed of a majority of independent directors?			Yes	Corporate Governance Manual	
64.2.3	Is the Chairman of the Committee an Independent Director?			Yes	Corporate Governance Manual	
64.2.4	Performance/Meeting Attendance	No				
64.3	<i>Nomination Committee.</i> If yes, are the following items disclosed?	The Nomination Committee was recently created and merged with the Compensation Committee.				
64.3.1	Charter/Role and responsibilities			Yes	Corporate Governance Manual	See Comment in 64.3
64.3.2	Is the Committee composed of a majority of independent directors?			Yes	Corporate Governance Manual	See Comment in 64.3
64.3.3	Is the Chairman of the Committee an Independent Director?			Yes	Corporate Governance Manual	See Comment in 64.3
64.3.4	Performance/Meeting Attendance	No				
65	How many Board members are independent directors?		20-30%		Articles of Incorporation and By-Laws, Corporate Governance Manual	

66	Does the Company state in its Annual Report the definition of "independence" for identifying independent directors in public communications?		Provide it according to SEC definition		Corporate Governance Manual	
67	Does the company have a separate Board of Director's Report describing their responsibilities in reviewing the firm's financial statements?	No			NA	