

Tracking Slip

Date Received:

6/13/19

CORPLAD

Doc Control No.:

10-977

Subject:

VALIDATION RESULT OF THE CY 2018 PERFORMANCE SCORECARD
OF PNO

Action Taken/

Recommendation:

The PBO for 2019 can be released only upon receipt of
confirmation letter from the GCG. This is just a validation
report.

Date	From	To	Instructions/Comments	Received by
6/13/19	GCS	IAOMS	FOR INITIAL GGM	

6-13-31

PNO
CORPORATE PLANNING DEPARTMENT

RECEIVED

JUN 14 2019

By: *Pem* Time: 13:50pm



29 May 2019

MR. ALFONSO G. CUSI
DOE Secretary and Chairperson
MR. REUBEN S. LISTA
President and CEO (PCEO)
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
 Building 6, Energy Center, Rizal Drive
 Bonifacio Global City, Taguig

RECEIVED BY:	
PNOC - OFFICE OF THE PRESIDENT	
ON:	JUN 13 2019
TIME: 10:18 AM	NAME: <i>[Signature]</i>

**RE : VALIDATION RESULT OF THE CY 2018
PERFORMANCE SCORECARD OF PNOC**

Dear Sec. Cusi and PCEO Lista,

This is to formally transmit the validation result of PNOC's 2018 Performance Scorecard. Based on the Governance Commission's validation of documentary submissions and conduct of on-site validation on 19 February 2019 (PNOC Industrial Park), 21 March 2019 (PNOC Energy Supply Base), and 02 May 2019 (PNOC Head Office), PNOC gained an over-all score of **98.37%** (See **Annex A**). The same is to be posted in PNOC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.

In relation to its application for the grant of CY 2018 PBB to eligible officers and employees, PNOC can grant such incentive only upon receipt of confirmation letter from the Governance Commission. In this regard, the Board is reminded that any unilateral action to release the PBB before the confirmation will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.¹

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

SAMUEL G. DAGPIN, JR.
Chairman

[Signature]
MICHAEL P. CLORIBEL
Commissioner

[Signature]
MARITES C. DORAL
Commissioner

cc: COA Chairman **MICHAEL G. AGUINALDO**
 COA Resident Auditor – PNOC

¹ GOCC Governance Act of 2011.

PHILIPPINE NATIONAL OIL COMPANY (PNOC)
Validated 2018 Performance Scorecard

ANNEX A

Component	Objective/Measure	Formula	Wt.	Rating System	Target		Submission		GCG Validation		Supporting Documents	Remarks
					2018	Actual	Actual	Rating	Score	Rating		
O 1	Contribute to Energy Security Targets	Establishment of PNOC LNG Project	15%	All or Nothing	Board-Approved Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	Board-Approved Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	15%	15%	Board-Approved Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	15%	Secretary's Certificate certifying the Board Approval of the Criteria for the Evaluation of the Eligibility of the Offeror/ Proponent	PNOC Board of approved the Evaluation Criteria through Board Resolution No. 2502-B, s.2018.
Sub-total			15%				15%					
O 2	Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders	Percentage of Satisfied Customers	15%	Actual over Target = 0%	90% Satisfied Customers (Using the Standard Methodology and Questionnaire developed by GCG	84.10%	12.62%	84.09%	14.02%	<ul style="list-style-type: none"> 2018 PNOC Customer Satisfaction Survey Final Report Final Report Annexes 5 accomplished questionnaires 	Variance in weight between the submitted and validated is due to treatment on the rating system (84.09/90 weight)	
												15%
Sub-total			15%				12.62%		14.02%			

Objective/Measure	Formula	Wt.	Rating System	Submission		GCG Validation		Supporting Documents	Remarks		
				Target 2018	Actual	Rating	Score			Rating	
SO 3 Maintain a Sound Financial Condition											
SM 3	Net Income (excluding all income or dividends received from operating subsidiaries)	Based on profitability formula on Item 4.2.2 in the GCG MC (2018-01)	10%	Actual over Target	₱ 269 M	₱ 615.67 M	10%	₱ 613.32 M	10%	<ul style="list-style-type: none"> Statement of Comprehensive Income for the period ended December 2018 (Pre-closing) 	Increase in PNOC's actual net income is attributable to decreased spending in its MOOE. Bulk of the unutilized MOOE pertain to the tie-in cost for the banked gas project amounting to ₱26 million.
Sub-total				10%			10%		10%		
SO 4 Develop a Liquefied Natural Gas (LNG) Energy Hub											
SO 5 Maintain Efficient Management of PNOC Industrial Park											
SM 4	Compliance to Integrated Management System Standards	ISO Certificates Awarded	10%	All or Nothing	Pass PNOC Industrial Park Surveillance Audit	Passed the 2 nd Year Surveillance Audit	10%	Passed PNOC Industrial Park Surveillance Audit	10%	<ul style="list-style-type: none"> Attestation Certificate issued by AJA Registrars Inc. dated 04 October 2018. 	The Certification cover the requirements of ISO 9001:2015, 14001:2015 and 18001:2007.
SM 5	Percentage of water and jetty services provided to locators without complaints	No. of water and jetty services provided to locators without complaints Total no. of water and jetty services provided	10%	Actual over Target	100%	Supplied 100% of locators' requirements for water and jetty services for the year with no complaint received	10%	100%	10%	<ul style="list-style-type: none"> Certifications dated 9 October 2018 and 15 January 2019 issued by Mr. Carito B. Pena, Park OIC. 	PNOC Industrial Park did not receive any complaint from its locators regarding provision of the said services.

Component	Formula	Wt.	Rating System	Submission		GCG Validation		Supporting Documents	Remarks
				Target 2018	Actual	Rating	Score		
Net Income (excluding all income or dividends received from operating subsidiaries)	Based on profitability formula on Item 4.2.2 in the GCG MC (2018-01)	10%	Actual over Target	₱ 269 M	₱ 615.67 M	10%	₱ 613.32 M	10%	<ul style="list-style-type: none"> Statement of Comprehensive Income for the period ended December 2018 (Pre-closing) <p>Increase in PNOC's actual net income is attributable to decreased spending in its MOOE. Bulk of the unutilized MOOE pertains to the tie-in cost for the banked gas project amounting to ₱265 million.</p>
Sub-total				10%		10%		10%	
Develop a Liquefied Natural Gas (LNG) Energy Hub									
Maintain Efficient Management of PNOC Industrial Park									
Compliance to Integrated Management System Standards	ISO Certificates Awarded	10%	All or Nothing	Pass PNOC Industrial Park Surveillance Audit	Passed the 2 nd Year Surveillance Audit	10%	Passed PNOC Industrial Park Surveillance Audit	10%	<ul style="list-style-type: none"> Attestation Certificate issued by AJA Registrars Inc. dated 04 October 2018. <p>The Certification covers the requirements of ISOS 9001:2015, 14001:2015 and 18001:2007.</p>
Percentage of water and jetty services provided to locators without complaints	No. of water and jetty services provided to locators without complaints Total no. of water and jetty services provided	10%	Actual over Target	100%	Supplied 100% of locators' requirements for water and jetty services for the year with no complaint received	10%	100%	10%	<ul style="list-style-type: none"> Certifications dated 9 October 2018 and 15 January 2019 issued by Mr. Carlito B. Pena, Park OIC. <p>PNOC Industrial Park did not receive any complaint from its locators regarding provision of the said services.</p>

Component	Objective/Measure	Formula	Wt.	Rating System	Target 2018	Submission Actual	Rating	GCG Validation Score	Rating	Supporting Documents	Remarks
M 6	Re-development of Energy Center	Board Approved Minimum Performance Specifications Standards	5%	Board Approved Minimum Performance Specifications Standards	5%	Board Approved Minimum Performance Specifications Standards	5%	Board Approved Minimum Performance Specifications Standards	5%	Secretary's Certificate dated 9 October 2018.	PNOC Board, Resolution No. 2519, s.2018, approved the Minimum Performance Standards Specifications for the Iconic Tower Project.
D 6 Optimize Asset Productivity											
M 7	No. of Real Properties Leased Out	Σ No. of properties leased out with rental rate higher than the appraised rental value	5%	All or Nothing	Expansion of Leased Area: PRII (6,000 sqm)	Expansion of Leased Area: PRII (5,6 hectares)	5%	Expansion of Leased Area: PRII (6,000 sqm)	5%	Supplemental Memorandum of Agreement dated 24 April 2018	Difference in leased area on PRII is due to a second supplemental memorandum of agreement covering 50,003.87 sqm which is not included in the GCG-approved target.
1 8a	Collection Efficiency from PNOC-DMC Assets	Σ Lease payments collected Total Receivables from CEPZA and Antonio Luna	5%	Actual over Target	100%	86.96%	4.35%	86.95%	4.35%	2018 Collection Efficiency Report Official Receipts of Lease Payments	Failure to achieve the target is due to failure to collect ₱2.68 Million lease payments from Mr. Antonio Luna.
1 8b		Σ Lease payments collected Total Receivables PNOC-DMC Socialized Housing Projects	5%		50%	75%	5%	75%	5%	2018 Collection Efficiency Report Official Receipts of Lease Payments	PNOC collected ₱18 Million out of the ₱24 Million total receivables due from LGU Rosario in 2018.
Sub-total			40%				39.35%		39.35%		

Component	Objective/Measure	Formula	Wt.	Rating System	Target	Submission		GCG Validation		Supporting Documents	Remarks
					2018	Actual	Rating	Score	Rating		
7 Develop, Implement and Maintain Efficient and Effective Systems											
	Compliance to Quality Standards	ISO 9001 Certificate Awarded	10%	All or Nothing	Pass Surveillance Audit	Passed 1 st Surveillance Audit	10%	Passed Surveillance Audit	10%	<ul style="list-style-type: none"> Attestation Certificate dated 26 June 2018. 	Validated with supporting documents.
8 Acquire, Develop, Retain and Motivate Talents for Peak Performance											
	Percentage of employees with required competencies met	No. of Employees with required competencies met over Total employees	10%	All or Nothing	Establish Baseline	72.73%	10%	73.21%	10%	<ul style="list-style-type: none"> PNOC Competency Framework PNOC Summary Baseline Person Profile 2018 Individual Competency Assessment 	Variance from the submitted due to inclusion of one (1) employee with required competencies met.
9 Restructure the Organization to an Operating Energy Company that is Responsive to the Attainment of the Vision											
		<i>Sub-total</i>	<i>20%</i>				<i>20%</i>		<i>20%</i>		
		TOTAL	100%				96.97%		98.37%		