

22 January 2019

**HON. SAMUEL G. DAGPIN, JR.**  
Chairman  
Governance Commission for GOCCs  
Office of the President of the Philippines  
3/F Citibank Center, Citibank Plaza  
8741 Paseo De Roxas  
Makati City



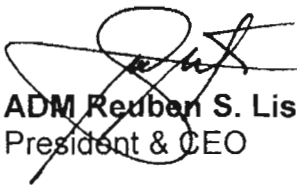
Dear Chairman Dagpin:

We are pleased to submit PNOC's "Monitoring Report of Performance Targets" for the Fourth Quarter of 2018.

If you have any questions or clarifications relative to our submissions, please do not hesitate to coordinate with Atty. Antonio G. Buenviaje, Officer-in-Charge of our Corporate Planning Department. His contact number is 789-7634 and his e-mail address is [agbuenviaje@pnoc.com.ph](mailto:agbuenviaje@pnoc.com.ph).

Thank you.

Very truly yours,

  
**ADM Reuben S. Lista (Ret)**  
President & CEO

**PHILIPPINE NATIONAL OIL COMPANY  
MONITORING REPORT OF CY 2018 PERFORMANCE TARGETS**

Strategic Perspective	Strategic Objective	Wt.	Formula	Baseline	GCG-Approved Performance Targets CY 2018	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
				2017		Target	Actual	Target	Actual	Target	Actual	Target	Actual
SOCIAL IMPACT	SO 1	<b>Contributes to Energy Security Targets</b>											
	SM 1	Establishment of the PNOC Batangas Liquefied Natural Gas (LNG) Hub Project	15%	Pass or Fail	Board-approved PNOC Batangas LNG Hub Project Framework Study	Board-Approved Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	Hiring of a Transaction Advisor for the PNOC Batangas LNG Hub	Transaction Advisory Services Agreement (TASA) was executed between ADB and PNOC	Preparation of the Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	Completed the Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents  The same was approved by the PNOC Board of Directors on April 27, 2018	Board Approval of the Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents <sup>1</sup>  Evaluation of the Eligibility of Proponents	Completed the Evaluation of the Unsolicited Proposals <sup>2</sup>  Board approved to proceed with Solicited Scheme for the Selection of Private Sector Proponents  Board approved the criteria for the Pre-qualification of Proponents	Preparatory works for the solicited process <sup>3</sup> (data gathering as inputs for the preliminary project feasibility study)
STAKEHOLDERS	SO 2	<b>Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders</b>											
	SM 2	Percentage of Satisfied Customers	15%	Actual over Target (if less than 70% = 0%)	Very Satisfactory	90% Satisfied Customers  (Lessees, PAFC Locators & ESB Customers)			Conduct of Review of the GCG New Prescribed Methodology & Questionnaires & Preparation of TOR for the conduct of Customer Satisfaction Survey	Reviewed GCG New Prescribed Methodology & Questionnaires & Completed the TOR for the conduct of Customer Satisfaction Survey	N/A	Notice of Award was given to a Ms. Linsao-Ng as the third party consultant for the conduct of 2018 Customer Satisfaction Survey	Engagement of Consultant for the Conduct of the CY 2018 Customer Satisfaction Survey (CSS)
FINANCE	SO 3	<b>Maintain a Sound Financial Condition</b>											
	SM 3	Net Income (excluding all income or dividends received from operating subsidiaries)  <i>Based on profitability formula on Item 4.2.2 in the GCG MC 2018-01</i>	10%	Actual over Target	P258 M	P269 M	P67 M	P 95.10 M	P67 M	P 88.50 M	P 67 M	P 193.86 M  (Total. P 377.43 M)	P 68 M

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				2017		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
INTERNAL BUSINESS PROCESS	<b>SO 4</b>	<b>Maintain Efficient Management of PNOC Industrial Park</b>												
	SM 4	Compliance to Integrated Management System Standards	10%	Pass or Fail	Pass PNOC Industrial Park 1st Year Surveillance Audit	Pass PNOC Industrial Park 2nd Year Surveillance Audit	IMS Monitoring (Attendance to Parkwide Meetings)	Conducted Various Parkwide Meetings with regards to IMS Monitoring	Conduct of Internal Audit, Customer Satisfaction Survey & Management Review	Completed conduct of Internal Audit, Customer Satisfaction Survey and Management Review	Prepare Documentation and Implementation Requirements for the 2nd Surveillance Audit	Passed 2nd Surveillance Audit by the 3rd Party CB on Sept 25, 2018	N/A	N/A
	SM 5	Percentage of Water and Jetty Services Provided to Locators without complaints	10%	Actual over Target	N/A	100%	<u>Jetty</u> 69,682.49 Metric Ton  <u>Water</u> 359,091.54 Cubic Meter	<u>Locators requirement supplied amounting to:</u>  <u>Jetty</u> 69,682.49 Metric Ton  <u>Water</u> 359,091.54 Cubic Meter	<u>Jetty</u> 61,705.86 Metric Ton  <u>Water</u> 363,400.54 Cubic Meter	<u>Locators requirement supplied amounting to:</u>  <u>Jetty</u> 61,705.86 Metric Ton  <u>Water</u> 363,400.54 Cubic Meter	<u>Jetty</u> 69,586.23 Metric Ton  <u>Water</u> 249,862.78 Cubic Meter	<u>Locators requirement supplied amounting to:</u>  <u>Jetty</u> 69,586.23 Metric Ton  <u>Water</u> 249,862.78 Cubic Meter	Jetty 70,180.218 Metric Ton  Water 468,757.33 Cubic Meter	<u>Locators requirement supplied amounting to:</u>  <u>Jetty</u> 70,180.218 Metric Ton  <u>Water</u> 468,757.33 Cubic Meter  See Annex 3 <sup>4</sup>
	SM 6	Re-development of Energy Center	5%	Pass or Fail	N/A	Board Approved Minimum Performance Specifications Standards	Preparation of Minimum Performance Specifications Standards	Completed the Minimum Performance Specifications Standards	Secure Board Approval on the Minimum Performance Specifications Standards	Secured Board Approval on the Minimum Performance Specifications Standards	N/A	N/A	N/A	N/A
	<b>SO 5</b>	<b>Optimize Asset Productivity</b>												
	SM 7	No. of Properties Leased Out	5%	Pass or Fail  (No. of properties leased out with rental rate higher than the appraised rental value)	N/A	Expansion of Leased Area: PRII (6,000 sqm)  Long Term Lease: SMC Consolidated (6.6 has)	Draft Supplemental MOA bet. PAFC & PRII for the lease of 6,000 sqm area  Draft Land Lease Agreement bet. PAFC & SMCCPC for the 6.6 has.	Drafted Supplemental MOA bet. PAFC & PRII for the 6,000 sqm area (P220/sqm vs. P75.96/sqm)  Drafted Land Lease Agreement bet. PAFC & SMCCPC for the 6.6 has. (P6.50/sqm vs. P5.40/sqm)	Signing of Supplemental MOA bet. PAFC & PRII  Signing of Land Lease Agreement bet. PAFC & SMCCPC	Executed, Signed & Notarized Supplemental MOA bet. PAFC & PRII  Executed, Signed & Notarized Land Lease Agreement bet. PAFC & SMCCPC	N/A	Drafted 2nd Supplemental MOA bet. PAFC & PRII for the lease of 5.0 has land area for its Chlor-Alkali Plant Facility  (P220/sqm vs. P75.96/sqm)	Signing of Supplemental MOA bet. PAFC and PRII for the lease of 5 hectares land area for its Chlor-Alkali Plant Facility	Executed, Signed and Notarized 2nd Supplemental MOA bet. PAFC and PRII  See Annex 4 <sup>4</sup>

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					2017		Target	Actual	Target	Actual	Target	Actual	Target	Actual
	SM 8a	Collection Efficiency from PNOC-DMC Assets	5%	Leased payments collected over Total Receivables from CEPZA & Antonio Luna	N/A	100% (Actual over Target)	P 4.35 M	P 4.07 M	P 4.35 M	P5.5 M	P 4.35 M	P3.05 M	P 4.35 M	P 4.40 M (Total: P17.826 M) See Annex 5
	SM 8b	Collection Efficiency from PNOC-DMC Assets	5%	Instalment Sale collected over Total Receivables from PNOC-DMC Socialized Housing Projects (Actual over Target)	N/A	50%	P 4.50 M	P 2.50 M	P 4.50 M	P 4.50 M	P 4.50 M	P 4.50 M	P 4.50 M	P 6.50 M (Total: P 18 M) See Annex 6
LEARNING AND GROWTH	SO 7	<b>Develop, Implement and Maintain Efficient and Effective Systems</b>												
	SM 9	Compliance to Quality Standards (PNOC ISO 9001 Certification)	10%	Pass or Fail	ISO QMS 9001:2015 Certification	Pass PNOC QMS Surveillance Audit	Conduct of Internal Audit and Management Review	Completed Conduct of Audit and Management Review	Prepare the Documentation and Implementation Requirements for the 1st Surveillance Audit	Passed 1st Surveillance Audit by the 3rd Party CB on June 14, 2018	N/A	N/A	N/A	N/A
	SO 8	<b>Acquire, Develop, Retain and Motivate Talents for Peak Performance</b>												
	SM 10	Percentage of Average Required Competencies Met	10%	Pass or Fail (No. of Employees with Required Competencies Met over Total Employees)	N/A	Establish Baseline	Conduct of CBHRS Training & Preparation of Competency Catalogue & Tables	Completed Part 1 & 2 of the CBHRS Training & Prepared the Competency Catalogue & Tables	Design of Competency Framework & Conduct of Competency Mapping	Finalized the Competency Framework, Consolidated the Result of Competency Mapping, & <b>Established Baseline based on the Current Structure</b>	Establishment of Baseline and Preparation of CBHRS Manual	Prepared all Reports & Write up for CBHRS Manual	N/A	The PNOC Board has approved the PNOC CBHRS Framework on Oct.12, 2018  See Annex 7
	<b>Total Weight</b>		<b>100%</b>											

Note:

<sup>1</sup>This target was already accomplished in 2<sup>nd</sup> Quarter.

<sup>2</sup>All unsolicited proposals were rejected either due to incompleteness or non-compliance to the BOT Law, JV NEDA Guidelines, and the Board-approved eligibility criteria.

<sup>3</sup>Since unsolicited approach was unsuccessful, PNOC adopted the solicited proposals scheme.

<sup>4</sup>PNOC-AFC did not receive any official complaint from the locators with regards to the provision of jetty and water.

<sup>5</sup>Rental rate in the executed contract between PAFC and PRII and between PAFC and SMC are higher than the latest appraised rental value.