



Office of the President of the Philippines
GOVERNANCE COMMISSION
 FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
 3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



29 OCTOBER 2020

ADM REUBEN S. LISTA (RET)
President & CEO
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
 PNOC Bldg. 6, Energy Center, Merritt Rd., Bonifacio Global City, Taguig

ACKNOWLEDGEMENT RECEIPT

LETTER **26 OCTOBER 2020**
 DATE:

RE: **[E] LETTER FROM PNOC TO GCG SUBMITTING ITS
 MONITORING REPORT OF PERFORMANCE TARGETS
 FOR THE 3RD QUARTER OF 2020**

The said document was officially received by the Governance Commission on 29 October 2020 and has been forwarded to the responsible GCG Officer for appropriate action.

To follow-up for further action on the document, you may contact us through telephone numbers (02) 5328-2030 or (02) 5318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-0306-29-10-2020-013210**.

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Received by:

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Date and Time

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26 October 2020

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

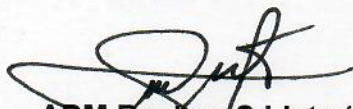
Dear Chairman Dagpin:

We are pleased to submit PNOC's Monitoring Report of Performance Targets for the Third Quarter of 2020 (please see attached).

If you have any questions or clarifications relative to our submissions, please coordinate with Ms. Ma. Belinda L. Cubelo, OIC Manager of our Strategy Management Office, at contact number 8789-7653 and e-mail address at mblcubelo@pnoc.com.ph and mbi_cubelo@yahoo.com.

Thank you.

Very truly yours,



ADM Reuben S Lista (Ret)
President & CEO



GMB/EBA

PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2020 PERFORMANCE TARGETS
THIRD QUARTER REPORT

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	GCG Approved Targets	1st Quarter	2nd Quarter		3rd Quarter	
						2020	Actual	Actual		Target	Actual
SOCIAL IMPACT	SO 1	Contribute to Energy Security Targets									
	SM 1	Petroleum Products Sourcing, Storage and Distribution Project	Actual Accomplishment	5%	All or Nothing	Board Approved Detailed Feasibility Study (DFS) on Petroleum Products Distribution <u>Recalibrated Target (3rd Quarter):</u> Board-Approved Targeted Fuel Relief Program Study	Preparation of DFS ongoing	The on-going public health emergency due to COVID19 has resulted in significant challenges to the engagement of a consultancy services provider to undertake the conduct and preparation of the Detailed Feasibility Study. Nevertheless, PNOC, while exhausting all modes of procurement, including negotiated and competitive selection processes, cannot deny that the on-going restrictions on economic activities and mobility, domestically and internationally, will inevitably push back and delay the procurement process due to current telecommuting work set-up. Relatedly, the DOE Secretary and Chairman of the Board (of PNOC) has directed PNOC to adopt a project concept as may be relevant the current COVID19 crisis and craft an appropriate government response in this regard. PNOC is currently adapting to the situation and is conducting an in-house detailed feasibility study for Petroleum Products Sourcing, Storage and Distribution Project referred to as the Interim Oil Stockpiling (interim as it will be subsumed by the Strategic Petroleum Reserve Program once adopted) with a Targeted Fuel Relief Program for marginalized and disadvantaged fuel-consuming sectors. Both concepts were approved by the PNOC Board in its virtual Board Meeting on 27 May 2020. The preparation of the in-house DFS is now underway.	<u>Recalibrated Target</u> Preparation of an in-house Targeted Fuel Relief Program Study	Ongoing preparation/updating of in-house study on the Targeted Fuel Relief Program. Collation and processing of data received from concerned agencies.	
STAKEHOLDERS	SO 2	Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders									
	SM 2	Percentage of Satisfied Customers	Number of satisfied customers / Total number of customers	10%	Actual over Target If less than 80% = 0%	90% Satisfied Customers (Lessees, PNOC Industrial Park Locators & ESB Customers)	N/A	Prepared Terms of Reference for the Conduct of PNOC Customer Satisfaction Survey for CY 2020	Procure/Bid Consultant for the Conduct of Customer Satisfaction Survey for CY 2020	Notice of Award (NOA) for the Conduct of CSS 2020 was forwarded and signed by the Third Party Consultant See Annex 1	
FINANCE	SO 3	Maintain a Sound Financial Condition									
	SM 3	Net Income	Income from Operations Add/deduct: Forex Gains/Loss, Other Income, Income Tax & Unrealized Gain/Loss	30%	Actual over Target	P 514.3 Million	P211.47 Million	P137.21Million	P133 Million	P76.06 Million See Annex 2	
	SO 4	Develop Energy Infrastructure									

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						2020	Actual	Actual	Target	Actual
INTERNAL BUSINESS PROCESS	SO 5	Maintain Efficient Management of PNOC Energy Facilities								
	SM 4	Compliance to Integrated Management System (IMS) Standards	Actual Accomplishment	10%	All or Nothing	Pass 1st Surveillance Audit	Commenced review/revision of the IMS Manual based on the reorganization	Turned over IMS documents from the 2019 Recertification for the reference of the new Internal Audit Head. Briefed Internal Audit Head on findings that are to be resolved. (IMS Training tentatively scheduled on July 25)	Conduct of IMS Internal Audit and Conduct of Management Review	Conducted Occupational Health and Safety Seminar on August 5. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20. Conducted IMS Internal Audit on Sept. 29, 30, Oct.1 & 2.
	SM 5	Pass Certification-- ISO 9001:2015 Quality Management Systems for ESB Operations (Systems and Procedures)	Actual Accomplishment	10%	All or Nothing	Pass Certification - ISO 9001:2015	Development, review and processing of Operations and Procedures Manuals ongoing.	Finalization of PNOC ESB IMS Manual (ESB Manual Controlled Copies Acknowledgement)	QMS Training on Basic Statistic Process (RCA)/ Continuous Improvement	Conducted IMS meetings in July, August & Sept. 2020 Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20 for new personnel of ESB. Conducted ESB IMS Internal Audit on Sept 7 to 18, 2020.
	SO 6	Optimize Asset Productivity								
	SM 6	Operation of Energy Supply Base (ESB)	Actual over Target	5%	Total No. of sqm occupied over 23,600 sqm available space	90% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	80% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm. See Annex 3
	SM 7	Operation of Energy Supply Base (ESB)	Actual over Target	5%	Total No. of signed TOR over Total No. of TOR	Terms of Reference (TOR) for the use of PNOC Energy Supply Base Facilities signed 30 minutes after pre-operational meeting	(96 out of 96) 100% of TOR for the use of the PNOC ESB Facilities signed on average of 13 minutes after pre-operational meeting	(63 out of 63) 100% of TOR for the use of PNOC ESB Facilities signed on the average of 10 minutes after the pre-operational meeting	30 TOR for the use of PNOC Energy Supply Base Facilities signed 30 minutes after pre-operational meeting	(79 out of 79) 100% of TOR for the use of PNOC ESB Facilities signed on the average of 5.97 minutes after the pre-operational meeting See Annex 4
INTERNAL BUSINESS PROCESS	SM 8	Number of PDMC Assets Utilized/Disposed at a Gain	Number of PDMC Assets Utilized/Disposed at a Gain over Target Number of PDMC Assets Utilized/Disposed at a Gain	5%	Actual over Target	Disposal through sale of 5 additional Costa Verde Properties	Deeds of Absolute Sale for 6 Costa Verde properties were processed: Block 17 Lot 20 Block 32 Lot 21 Block 32 Lot 23 Block 38 Lot 9 Block 38 Lot 10 Block 58 Lot 15	Deeds of Absolute Sale for 2 Costa Verde properties were processed: Block 37 Lot 17 Block 10 Lot 3	Disposal through sale of 1 additional Costa Verde Properties	N/A

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						2020	Actual	Actual	Target	Actual	
INTERNAL BUSINESS PROCESS	SM 9	Disposal of Banked Gas	Actual Accomplishment	5%	All or Nothing	Signed Gas Sales Purchase Agreement (GSPA) Recalibrated Target (3rd Quarter): Board-Approved MOU/NDA with Potential Buyer of Banked Gas	Negotiation meeting was held with PSPC on 19 February 2020. PSPC has yet to submit counter offer on PNOC's offered terms	PSPC has communicated that the COVID19 pandemic will have the effect on the ongoing negotiations. They have disclosed that as the proposed additional volume is intended for the use of an additional PSPC facility currently undergoing construction, the delay in the completion of the facility caused by the quarantines imposed will also push back the draw out date for the addition volume of banked gas requirement. Also, the shutdown of their operations due to the oil supply glut from COVID19 has caused them to accumulate unutilized volume of gas from the current GSPA. This will not only affect the volume of additional gas to be contracted anew but also the previous urgency to conclude a GSPA on PSPC's part. They have admitted that they are currently reassessing their targets, priorities and requirements under the COVID19 impact and scenario. Meanwhile, PNOC continues to engage in discussions with PSPC in pursuit of the sale of an additional volume of its banked gas and the execution of a new GSPA with PSPC. Relatedly, PSALM has signified its firm interest in PNOC's banked gas for its Ilijan Gas-Fired Power Plant in preparation for the expiration of its current GSPA in June 2022. PNOC and PSALM have initiated discussion and PNOC is awaiting PSALM's offer.	<u>Recalibrated Target</u> Continuation of negotiation with potential buyer and preparation of MOU/NDA	PNOC sent a letter dated 17 August 2020 to PSALM to follow up its review of PNOC's proposed MOU and NDA	
	SO 7	Acquire, Develop, Retain and Motivate Talents for Peak Performance									
LEARNING & GROWTH	SM 10	Percentage of employees with required competencies met	Number of Employees with Required Competencies over Total Number of Employees	5%	Actual over target	80% of total number of employees with required competencies met	Conducted orientation on Competency Assessment Method and Procedure to employees. Conducted orientation on the preparation on competency-based Individual	Completed the Employee Competency Assessment Form (ECA) for dissemination to supervisors and managers. Provided employees copy of local and international online programs relevant to the employees' developmental requirements.	Preparation of an in-house Targeted Fuel Relief Program Study	73 out of 111 target employees or 65.77% have met their required competencies vis-à-vis position held See Annex 5	
LEARNING & GROWTH	SO 8	Develop, Implement and Maintain Efficient and Effective Systems									
	SM 11	PNOC Compliance to Quality Standards (PNOC ISO Certification)	Actual Accomplishment	10%	All or Nothing	Pass ISO 9001:2015 Re-Certification Audit	Finalized Terms of Reference for Certification Services for PNOC QMS ISO 9001:2015 and conducted Technical Evaluation of Certifying Bodies Bid Proposals	QMS Manual Preparation under new Table of Organization ongoing. Conducted QMS Meeting on May 14, 2020	QMS Training on Basic Statistic Process (RCA)/ Continuous Improvement	QMS Manual Preparation under new Table of Organization ongoing. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20.	
		Total Weight		100%							