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6.1 Planning

In PNOC, the planning process is being undertaken by the Strategy Management Office under the Corporate Planning division. Currently, it handles the strategic and operational planning process. PNOC as a GOCC is mandated to comply with the requirements of the Governance Commission for GOCCs (GCG). On an annual basis, it has to submit its Performance Commitments, using PES Form 2A of GCG, including its Strategic Initiatives, Briefer on the Rationale of the concerned CY Targets, COB for concerned CY (NEP Level), and Measure Profiles.


The Performance Commitments, is submitted to GCG and discussed during the Technical Panel meeting (TPM) with the GCG, contains the organization's Strategic Objectives, Strategic Measures, Performance Targets, and Strategic Initiatives. The Performance Commitment is mainly anchored on the Strategy Map and the Balanced Scorecard.

The Company solicits the help of a third party to undertake its annual stakeholder satisfaction survey for its external clients. Copies of the results are sent to all department/office heads as well as senior management so that all significant issues and concerns of external clients could be analyzed and incorporated in the planning for the QMS.

To lessen the risk or uncertainty of achieving quality and maximize the opportunity to maintain or increase quality beyond the desired objectives, PNOC conducts an environmental scan, to include a SWOT and PESTLE analysis during the annual Strategic Planning Workshop of the Board and MANCOM. Each department also sets performance targets based on their perceived risks and opportunities. The PNOC Performance Management Team reviews the targets in consultation with the departments. The annual performance/accomplishment reports are reviewed for continual improvement.

During the MANCOM Strategic Planning Sessions, proposed targets are evaluated and planned with appropriate measures. Monthly accomplishments monitor the progress of the said targets and at the end of the year are evaluated and rated.

Actions are planned during the department or MANCOM meetings to address gaps in achieving quality in the QMS processes. Policies or memoranda are issued to integrate the action plan in the processes. MANCOM also discusses areas for improvement during the Mid-Year Assessment and the Annual Planning and Budgeting Session and agrees on the next steps to achieve or improve quality.

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6.2 Strategic Planning

Strategic Planning is done to craft corporate goals and priorities for the Company. It starts with conducting an environmental scan whereby the strengths, opportunities, weaknesses and threats and macro-environmental factors due to political, economic, social, technological, legal, and environmental forces are identified to come up with a business plan that would yield results in terms of investment returns. The crafting of the plan is always in support of national goals. Thus, related information such as the Socio-economic Agenda, Philippine Development Plan, Philippine Energy Plan, and SONA inputs are gathered to come up with these goals or plans. The plans of the company are then translated into departments' plans or strategies for implementation.

6.2.1 Environmental Scan

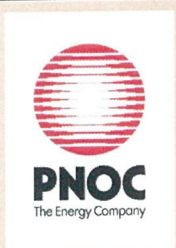
To do an assessment of the environment that affects the company's business, whether internal or external. The identified strengths will lead to opportunities that can be developed in the course of the business. The identified weaknesses of the company will help eliminate threats that could affect the company's plans. The SWOT and PESTLE analysis is used to identify possible operational plans and strategies for the upcoming year for consideration of the Board in its planning workshop.

6.2.2 Business Plan (BOD Planning)

PNOC conducts an annual Strategic Planning Workshop for the Board members to craft a business plan/scorecard for the company. The members of the Management Committee are invited as resource persons. A SWOT and PESTLE analysis done by the Strategy Management Office together with the Management Committee is presented as a tool for the Board in coming up with a business plan for the company. Other pertinent information is presented by Strategy Management Office to help the Board relate the company's plans to the national goals.

6.2.3 Strategy Formulation (Mancom Planning)

PNOC conducts an annual Planning and Budgeting Workshop to align each departments' work plans/ Office Performance and Commitment Review (OPCR) with the Board-approved business plan/scorecard and at the same time identify strategies for the said plans. This covers holding of the Planning & Budgeting Workshop at the beginning of the year to align departments' work plans with the company's short-term priorities and long-term goals and at the same time

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to identify strategies for the said plans. The departments' work plans/strategies are also aligned to the proposed cash budget. This process also determines the targets that are not met by each department and address underlying problems that caused the unaccomplished targets.


6.3 Financial Planning

Financial Planning is done so that PNOC can fund its strategic goals and objectives. As a Government-Owned and Controlled Corporation (GOCC), PNOC follows the government budget process, which should be in sync with the corporate strategic plan to make financial planning successful. However, the budget is simply a plan and specific management action plans are needed to make the targets a reality. The Budget Division, which is under the Treasury Department works hand-in-hand with the Strategy Management Office - Corporate Planning Division in ensuring a successful financial planning.

The financial planning process consists of three (3) main budget processes, i.e. Budget Preparation, Budget Legislation and Authorization, and Cash Budget Allocation (Internal). Each of these processes is annually done and completed. The budget preparation phase covers the departments/offices' submissions of their projected expenses and revenues using the DBM Corporate Budget Call and National Budget Circulars/Executive Orders as a guide. Thereafter, the consolidated budget is approved by the Board and submitted to the Department of Budget and Management (DBM). After DBM submits the budget to Congress, budget legislation and authorization starts when PNOC submits budgetary requirements to Congress until the budget is signed into law or the General Appropriations Act (GAA) by the President. At the beginning of the year, a cash budget is prepared, allocated, and disseminated to departments/offices based on the GAA for approval of the President.

6.3.1 Budget Preparation

Budget Preparation is the first step of the budget process to ensure timely and adequate submission of PNOC's Corporate Operating Budget within the agreed time as required by DBM. This covers the preparation of budget guidelines based on the DBM Budget Call, estimation of company revenues, and expenditures. Proposals are prepared by the different departments/offices and reviewed by the Budget Division. The President endorses the budget to the Board of Directors for approval. The approved budget is then submitted to the President of the Philippines through the DBM.

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6.3.2 Budget Legislation & Authorization

Budget Legislation and Authorization is the second step of the budget process to ensure timely and adequate compliance with Congress' budgetary requirements. This covers the submission of budgetary requirements and attendance to budget hearings by the PNOC President with Senior Officials. Congress acts on the budget proposal as an external process. Once passed into law, PNOC will secure a copy of the GAA from the House Committee on Appropriations or the DBM website.

6.3.3 Cash Budget Allocation (Internal)

Cash Budget Allocation is the third step of the budget process to ensure timely dissemination of the Cash Budget to all departments/offices. This covers mainly the preparation of a cash budget for PNOC's departments/offices based on GAA and corporate directions. The proposed Cash Budget will be presented during the Planning and Budgeting Session for ManCom deliberation and submitted to the President for approval. The Approved Cash Budget will then be disseminated to the respective departments/offices.

6.4 Facilities Planning


The Facilities Planning process is undertaken by the General Services Division under the Administration Department. Details of the systems and procedures are discussed under the General Services in the Systems and Procedures manual.

6.5 Quality Objectives and Plan

PNOC shall establish quality objectives at relevant functions, levels, and processes needed for the quality management system.

Following the Business Process Map, the three main Processes namely: Energy Investment, Energy Business, and Support Processes shall establish their quality objectives and plans. The identified objectives shall ensure the following:

- a. must be consistent with the quality policy
- b. must be measurable
- c. must take into account applicable requirements
- d. must be relevant to the conformity of services and enhancement of customer satisfaction
- e. must be monitored

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- f. must be communicated
- g. must be updated as appropriate

6.5.1 Quality Objectives and Plans to Achieve them

Every year towards the last quarter, PNOC establishes its strategic directions. Strategic directions are translated into a Performance Evaluation System (PES) submitted to the GCG. The Major Final Output (MFO) of the company is defined and supported by the MFOs of each department. These MFOs are used as the basis for the crafting of Office Performance Commitment and Review (OPCR) and Individual Performance Commitment and Review (IPCR).

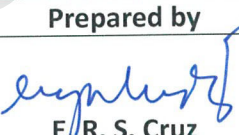
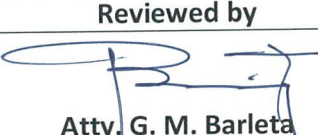

The Office Performance Commitment and Review (OPCR) contain the quality objectives and plans to achieve them. These are supported by Individual Performance Commitment and Review (IPCR) to indicate each individual's contribution to the achievement of the Office.

Each office/ process owner shall prepare OPCR which shall include:

- a. Major Final Output (MFO)
- b. Performance goals and targets
- c. Success indicators
- d. Performance measures
- e. Budget
- f. Responsible individual

Each department also prepares Annual Work Plans which contain the details of activities, targets, and deliverables. This also contains the resources needed for purposes of budget planning. The Work Plans require a quarterly Accomplishment Report.

Rev. No.	Affected pages/ section	Revision History
0	-	New version of PNOC QMS; to include PNOC Energy Supply Base and PNOC Industrial Park.

Prepared by	Reviewed by	Approved by
 E.R. S. Cruz Department Manager - Internal Audit Office	 Atty. G. M. Barleta SVP for Energy Business	 ADM Reuben S. Lista (Ret) President and CEO