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9.1 MONITORING, MEASUREMENT, AND ANALYSIS

Monitoring, measurement, and analysis of activities and requirements shall be defined for each process. These shall be carried out at appropriate stages of operation.

Monitoring methods, responsibility, timing and frequency, and resource requirements to include persons responsible, budget, machinery, and equipment. The applicable procedures and guidelines shall likewise be established. Whenever possible, these shall be included in the documented procedures.

9.1.1 Customer Satisfaction and Feedback

Level 1 – Internal Client Satisfaction per process

Each department shall make use of appropriate means to determine the internal client perception of the level by which its requirements as a client have been met. A Client Feedback Survey is undertaken to determine satisfaction in terms of quality and timeliness in the delivery of its services to internal clients.

Level 2 – Client Satisfaction Survey

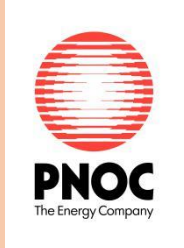
PNOC as a GOCC is mandated to submit its Performance Evaluation System (PES) to GCG. The PES is anchored on the five (5) perspectives of the balanced scorecard namely: Social Impact, Internal Business Process, Finance, Stakeholders, and Learning and Growth.

Under the stakeholder perspective, GCG requires PNOC to undertake a Client Satisfaction Survey to be conducted by a third-party provider. The survey specifically aims to determine the level of satisfaction of all PNOC stakeholders on the company's conduct of activities, delivery of services, and its day to day operations

The survey focuses on five (5) Drivers namely:

1. Delivery of requirements/services
2. Quality and timeliness of the requirements/services
3. Staff attitude and professionalism
4. Transparency to all stakeholders
5. Quality of support provided to stakeholders

This survey shall be conducted for both Park Management and ESB Management.

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9.1.3 Analysis and Evaluation

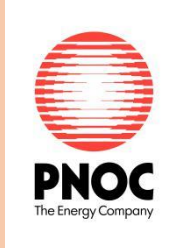
PNOC shall analyze and evaluate appropriate data and information arising from monitoring and measurement to ensure: performance and effectiveness of the quality management system, whether planning has been implemented effectively, the need for improvements in the quality management system.

a. Plan Monitoring

Each department is required to submit to the Strategy Management Office (SMO) a quarterly Accomplishment Report based on their approved Work Plans. Monitoring is done to ensure that Work Plans are being implemented as targeted. This is a tool that can be used to determine if the company is working towards achieving the set goals. This stage covers the monitoring of plans/targets or commitments set by the company and the departments and subsidiaries. These accomplishments are reviewed against set plans/targets. The reviewed accomplishments are consolidated and reported to management for information and appropriate action especially when deviations are identified. The consolidated accomplishments of the departments are presented during the Midyear Assessment and the Planning and Budgeting Session. The consolidated accomplishments are then endorsed to the President for his approval and is released to concerned parties when approved.

b. Budget Monitoring

Budget Monitoring is a budget accountability phase of the budget process to prepare realignment/augmentation with sound recommendations to the President for decision. Realignment is the reallocation of budget sources or savings of one to another expenditure item found to be insufficient to continue the implementation of programs or operation of the company. Realignment is also applicable for capital expenditure budget that remains unexpended. Augmentation is increasing the budget level of an expenditure item or program whose financial resources are determined to be insufficient when implemented and subsequently evaluated. There are two types of budget realignment/augmentation: one is the company-wide realignment/augmentation provided for in the GAA – Special Provision applicable to PNOC wherein a report shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the DBM, within thirty (30) days after such adjustment are made. Another type common to all is the department-wide Budget

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Realignment/Augmentation. The details of the systems and procedures on budget realignment/augmentation are discussed in the Financial Planning process.

c. Budget Utilization

Ensures that all financial obligations have an approved budget before payment. This covers Approved Budget for Capital Outlay, Maintenance and Other Operating Expenses and Personnel Services expenses of the company on a per-year basis.


d. Strategic Performance Management System (SPMS)

PNOC adopts the Strategic Performance Management System (SPMS) pursuant to the Civil Service Commission (CSC) Memorandum Circular No. 6, s. 2012, articulating the guidelines in the establishment and implementation of agency Strategic Performance Management System. The SPMS aims to (a) concretize the linkage of the organizational performance with the Philippine Energy Plan (PEP), Philippine Development Plan (PDP) as the company mandate as provided in Presidential Decree 334 as amended, (b) ensure organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures, (c) foster development of employee performance and efficiency vis-à-vis PNOC's Vision, Mission, Core Values and strategic priorities leading to a high-performance culture, and (d) provide objective performance rating system which serves as the basis for performance-performance based tenure and incentives systems.

SPMS involves monitoring and evaluation of OPCR, DPCR, and IPCR through the Performance Management Team (PMT). The supervising SVP evaluates the implementation and achievement of the OPCR, while the Department Managers or Division Chiefs evaluate the IPCR. The PMT validates the rating. The validated rating shall be the basis of the following:

- Granting of Performance-Based Bonus (PBB)
- Learning and development intervention
- Promotion
- Disciplinary action, as governed by Civil Service Rules

e. Internal Audit

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The Internal Audit Office monitors and evaluates organizational practices to promote operational efficiency/effectiveness/economy/ethics (4Es) maintains accountability for results; ensures that funds are utilized to attain objectives and compliance with policies, laws, rules, and regulations by PNOC and its subsidiaries. Internal audit reports shall be submitted directly to the PNOC Board.

9.2 Internal QMS/IMS Audit

PNOC shall establish an Internal QMS/IMS Audit Team. Internal QMS/IMS audit shall be conducted at least once a year at the Head Office and each of the energy businesses. This is to determine whether the QMS conforms to planned arrangements such as those defined in the policy, objectives and targets, control plans, procedures, to the requirements of the reference standard (ISO 9001:2015, and in the case of IMS, ISO 14001:2015 and ISO 45001:2018) and other requirements of the QMS/IMS. This is also to ensure that the QMS is effectively implemented and maintained.

PNOC shall maintain an internal audit program based on the status and importance of the processes to be audited, and the results of previous audits. The frequency and schedules, scope, and criteria for auditing shall be set in agreement with concerned parties.

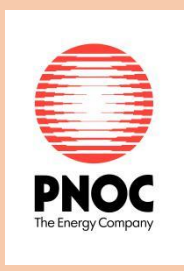
Auditors conducting the audits shall not audit their own work to ensure the objectivity and impartiality of the audit process. Internal Auditors shall be appropriately trained.

The results of the audit shall be reported to the Chairman of the QMS/IMS. This shall be included in the agenda of the Management Review. The management of the audited area shall ensure that actions are taken to eliminate the detected nonconformities and their causes without undue delay. Audit follow-up shall be done to see actions taken on internal audit results. The implementation and effectiveness of the actions shall be verified.

9.3 Management Review

Two-level management reviews shall be conducted at least once a year. The first level is the department level management review for the energy business, which shall be described further in their respective IMS Policy Manual.

The second level is at Top Management Level described below. The review of the QMS shall be conducted by the PNOC Management Review Committee. The review shall determine the continuing suitability, adequacy, and

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effectiveness of the QMS. The review shall also include the identification of improvement opportunities and the need for possible changes to the QMS in light of new developments that may affect the implementation and maintenance of the system.

The Management Review Committee shall be composed of:

Chairperson: President and CEO
 Co-Chairperson: SVP Energy Business
 Co-Chairperson: SVP Energy Investment
 Co-Chairperson: SVP Finance and Admin
 Facilitator: Manager, Strategy Management Office

Review Committee Member: Audit Manager
 Admin Services Manager
 Asset Management Manager
 Legal Manager
 Accounting Manager
 Treasury manager

QMS Team members, representative(s) from Park Management Department and Energy Supply Base Department, and other PNOC Management or key personnel may be invited to the Management Review when necessary.

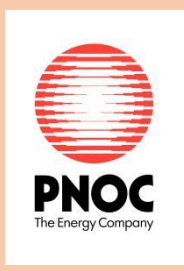
9.3.1 Review Methods

Management Review of the QMS shall be conducted at least once a year. To allow the management to carry out a meaningful review, necessary information and data shall be collected and made available during the review process.

9.3.2 Review Inputs

The agenda for the management reviews shall include, but not limited to the following:

- 9.3.2.1 Operational performance - to include the following, if applicable
- Service conformity
 - Customer feedback
 - Communication from relevant stakeholders, including complaints
 - Compliance with legal and other requirements

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- 9.3.2.2 Follow-up actions from previous management reviews
- 9.3.2.3 Results of audits (internal and external)
- 9.3.2.4 Progress of corrective actions
- 9.3.2.5 Development and other circumstances that could affect the Quality Objectives and Plans
- 9.3.2.6 Commitments and recommendations for continual improvement

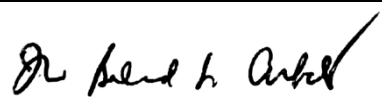


9.3.3 Review Outputs

Management review shall decide and act on the following:

- 9.3.3.1 Improvement of the effectiveness of the QMS and its processes
- 9.3.3.2 Improvement of services related to customer requirements
- 9.3.3.3 Resources needed for the above-mentioned improvements

The minutes of the meeting shall be maintained in accordance with the documented procedure for records control. Copy of the minutes shall be distributed to relevant parties. Records of the review process shall be maintained. Where appropriate, the Management Review Committee shall require Corrective Action for nonconformities.

Rev. No.	Affected pages/ section	Revision History
0	-	New version of PNOC QMS; to include PNOC Energy Supply Base and PNOC Industrial Park.
1	Page 5 Page 7 All	Updated the MR Committee. Change Chairperson from SVP Energy Business to PNOC President and CEO, and all the SVPs as Co-Chairs Change of signatory Change of effectivity date

Prepared by	Reviewed by	Approved by
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