



21 OCTOBER 2016

JOHN J. ARENAS
President & CEO
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
PNOC Building VI, Energy Center,
Rizal Drive BGC, Taguig City

ACKNOWLEDGEMENT RECEIPT

LETTER **19 OCTOBER 2016**
DATE:

RE: **PNOC's MONITORING REPORT OF
PERFORMANCE TARGETS FOR THE THIRD
QUARTER OF 2016**

The said document was officially received by the Governance Commission on 21 October 2016 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 328-2030 to 34. Please cite the GCG Document Management System (DMS) Barcode Number: **0-1307-21-10-2016-017432**.

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

GCG INFORMATION MANAGEMENT SECTION

21 October 2016, 01:14pm





19 October 2016

HON. JAIME MARIA F. FLORES II

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 Flores:

We are pleased to submit PNOC's "Monitoring Report of Performance Targets" for the **Third Quarter of 2016**.

Should you need additional information and/or clarification, please do not hesitate to contact the undersigned.

Thank you.

Very truly yours,

JOHN J. ARENAS
President & CEO

**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2016 TARGETS**

Perspectives	Component			Baseline		Target	CY 2016								
	Objective/Me	Formula	Weight	2014	2015	2016	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SOCIAL IMPACT	SO 1	Provided Vital Energy Infrastructure for the Development of the Energy Industry													
	SM1	Establishment of the Country's Natural Gas Infrastructure													
	Batangas-Manila (BatMan) Gas Pipeline Project		TRB = 30% SLEX = 35% STAR = 35%	10%	Completed Technical Study	DFS Certified by DOE	MOU on the Final Alignment with Toll Regulatory Board (TRB), South Luzon Tollway Corp. (SLEX) and Southern Luzon Tollway Arterial Road (STAR)		Sent letter of request for meeting/ presentation with TRB, SLEX & STAR Tollways. Coordinated/met with representatives from TRB, SLEX & STAR Tollway		Conducted coordination/ meetings with TRB, SLEX & STAR Tollways for securing of MOU to facilitate the conduct of due diligence on the infrastructures within the tollways that may interface with the project.		Conducted coordination/ meetings with TRB, SLEX & STAR tollways to discuss the suggested revision from MOU to Letter of Conformance to just Letter of Instruction emanating from TRB addressed to STAR & SLEX operators with instruction "to provide assistance to PNOC in its conduct of due diligence on the various infrastructures underneath and above ground that may interface with the BatMan1 project".		MOU on the Final Alignment with Toll Regulatory Board (TRB), South Luzon Tollway Corp. (SLEX) and Southern Luzon Tollway Arterial Road (STAR)
			80% = 1 90% = 2 100% = >2	5%	N/A	N/A	Acquisition of at least two (2) complete As-Built Plans from LGUs/tollway operators/utilities		Conducted meetings/ presentation of Batman 1 project to various LGUs, DPWH District 2 & 4 Engineering Offices of Lipa & Batangas Cities respectively for the acquisition of the as-built plans		Secured the "As Built" plan of Manila-Batangas Road, Tambo Section, Lipa City, Batangas and inventory inspection data of infrastructures particularly bridges along the national highways to be traversed by the pipeline which were all under the administration of DPWH District 2, Batangas City, Batangas last April 6, 2016		Secured the following "As Built" plans from TRB: a) Rehabilitation & widening project of the Alabang-Calamba section of the SLEX b) Extension project of the Calamba-Sto. Tomas section of SLEX		Acquisition of at least two (2) complete As-Built Plans from LGUs/tollway operators/utilities
		80% = 1 90% = 2 100% = >2	10%	N/A	N/A	At least two (2) favorable endorsements from LGUs	Coordination/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila	Conducted meetings/ presentation of project to LGUs in Batangas & Laguna & at the Prov'l. Development Council of Laguna. Secured an endorsement from Municipal Council of Ibaan, Batangas	Coordination/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila	Conducted continuous coordination, meeting and presentation of the BatMan 1 Project with various LGUs of Batangas, Laguna and Cavite to secure their endorsement of the project.	Coordination/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila	Secured favorable endorsements from the following Municipalities: 1. Carmona, Cavite 2. Malvar, Batangas [See Annex I]		Secure two (2) Favorable Endorsements from LGUs	

10/21/16 1:10pm
TIME


**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2016 TARGETS**

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	Objective/Me	Formula	Weight	2014	2015	2016	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	
STAKEHOLDERS	SM 2	Establishment of the Country's Strategic Petroleum Reserve	Pass or Fail	5%	N/A	Concept Paper for SPR Approved by the Board	Final Recommendation by the Board on the directions for SPR	N/A	N/A	Secure the PNOC Board Direction on the SPR	Secured PNOC Board Direction on the SPR	N/A	N/A	N/A	N/A
	SO 2	Operated in an Environment of Fairness and Transparency in our Dealing with Stakeholders													
STAKEHOLDERS	SM 3	Stakeholder Satisfaction Rating	90 and above = 100% 80 to 89 = 90% 70 to 79 = 80% 60 to 69 = 70% 59 and below = 0%	5%	N/A	Very Satisfactory	(DOE, CSC, House Committee on Appro, Senate LBRMO, DBM, COA, PNOC-EC, PNOC-RC, SC 38 Consortium (Shell & Chevron))	Completion of TOR for the conduct of Stakeholder Satisfaction Survey	TOR for the conduct of Stakeholder Satisfaction Survey completed	Bid/Procurement of Consultancy Firm	Notice of Award was given to UPLB as consultant for the conduct of 2016 Stakeholder Satisfaction Survey	Signing of an Agreement with the Consulting Firm	MOA between PNOC and UPLB signed [See Annex II]	Completion of Design of Survey Tool/Instrument	
			Scale for recommendation to third party surveyor												
FINANCE	SO 3	Ensure Sound Financial Condition													
	SM 4	Net Income (excluding all income or dividends received from operating subsidiaries and Banked Gas) Based on profitability formula on item 6 in the GCG MC 2014-05 (Re-issued)	Actual Net Income/ Target Net Income	10%	P1.983 billion	P301.88 million	P148.50 million	P43.5 million	P59.3 million	P43.7 million	P78.85 million	P34.2 million	P50.93 million [See Annex III]	P27.1 million	
FINANCE	SO 4	Ensure Optimal Use of Assets													
	SM 5	Sale of Banked Gas	Actual over Target	10%	N/A	Signed Joint Tender Agreement	Notice of Award (NOA) to winning bidder of at least 30% (29.1 PJ) of total remaining volume of 97 PJ		Signed the Memorandum of Agreement with PNOC Exploration Corporation		On-going discussions on the draft term sheet between SC38/PNOC EC/PNOC and the prospective buyer		On-going discussions on the draft term sheet between SC38/PNOC EC/PNOC and the prospective buyer	Notice of Award (NOA) to winning bidder of at least 30% (29.1 PJ) of total remaining volume of 97 PJ	
			Actual over Target	10%	N/A	Signed Joint Tender Agreement	Signed Gas Sales Purchase Agreement (GSPA) for winning bidder of at least 30% (29.1 PJ) of total volume of 97 PJ		Signed the Memorandum of Agreement with PNOC Exploration Corporation		On-going discussions on the draft term sheet between SC38/PNOC EC/PNOC and the prospective buyer		On-going discussions on the draft term sheet between SC38/PNOC EC/PNOC and the prospective buyer	Signed Gas Sales Purchase Agreement (GSPA) for winning bidder of at least 30% (29.1 PJ) of total volume of 97 PJ	



**PHILIPPINE NATIONAL OIL COMPANY
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	Objective/Me	Formula	Weight	2014	2015	2016	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual
LEARNING & GROWTH	SO 5 Build Operating Company Capabilities													
	SM 6	IMS Certification for PAFC Industrial Park	Pass or Fail	10%	N/A	N/A	Favorable Recommendation by Accredited 3rd Party Certifying Body	Hiring of IMS Consultant (TOR, WOR, Bidding Process, Proposals)	Completed hiring of IMS Consultant (TOR, WOR, Bidding Process, Proposals); NOA & NTP have been signed on 3/18/2016	Signing of Agreement with IMS Consultant (NTP/ Contract)	Signed Agreement with IMS Consultant.	Preparation for the Documentation and Implementation Requirements for the Certification of the IMS	Prepared the documentation and implementation requirements for the IMS Certification	Favorable Recommendation by Accredited 3rd Party Certifying Body
	SO 6 Develop Full Employee Potential													
	SM 7	% Implementation of the PNOC Restructuring Plan	Pass or Fail	10%	N/A	Executed a MOA with Development Academy of the Philippines	Submission of the Board-approved Restructuring Plan	Presentation to MANCOM	TO as proposed by DAP presented to MANCOM.	Board Presentation and approval	PNOC Table of Organization & its functional statements approved by the PNOC Board on June 17, 2016	Submission of the Board-approved Restructuring Plan	Restructuring Plan completed for presentation to the Board for approval & endorsement to DOE Secretary [See Annex IV]	N/A
	SM 8	Average Percentage of Required Competencies Met	Pass or Fail	5%	N/A	N/A	Execute agreement with consultant to do competency model	TOR Preparation	TOR prepared & finalized.	Bidding and Award	Approved Work Order Forwarded to Procurement Office for BAC Evaluation	Bidding and Award	Approved Work Order Forwarded to Procurement Office for Bidding Process [See Annex V]	Execute Agreement with Consultant to do Competency Model
	S07 Develop a Professional Culture and Better Employee Morale													
	SM 9	ISO 9001:2015 Certification for PNOC	Pass or Fail	10%	N/A	N/A	(ISO 9001:2015 Certified) Favorable recommendation by accredited 3rd Party Certifying Body	N/A	N/A	Hiring of QMS Consultant (TOR, WOR, Draft Contract)	Hired QMS Consultant (WOR, TOR, NOA, NTP, Draft Contract)	Signing of Agreement (Contract)	Contract signed with QMS Consultant; Prepared the Documentation and Implementation Requirements for the QMS Certification [See Annex VI]	Favorable Recommendation by Accredited 3rd Party Certifying Body
		Total Weight		100%										


 RECEIVED
 10/21/16
 DATE
 1:13pm
 THW