

PHILIPPINE NATIONAL OIL COMPANY

ANTONIO M. CAILAO
President and
Chief Executive Officer

16 October 2015

HON. CESAR L. VILLANUEVA
Chairman
Governance Commission for GOCC
3rd Floor Citibank Center, 8741 Paseo De Roxas
Makati City, Philippines 1226

Dear Chairman Villanueva:



We are pleased to submit PNOC's "Monitoring Report of Performance Targets" for the Third Quarter of 2015.

Should you need additional information and/or clarification, please don't hesitate to contact the undersigned.

Thank you.

Very truly yours,



A handwritten signature in black ink, appearing to be "Antonio M. Cailao".

**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2015 TARGETS**

Perspectives	Component			Baseline	Target	CY 2015								
	Objective/Measure	Formula	Weight	2014	2015	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												
		a. BatMan Pipeline Project	90% = Completion of DFS 95% = PNOC Board Approval of DFS 100% = Certification of DOE on the PNOC Approved DFS	20%	Completed Technical Study	30% Completion of the BatMan 1 DFS approved by the PNOC Board and such approval certified by the DOE	N/A	N/A	Completion of the BatMan 1 DFS and approved by the PNOC Board	BatMan 1 DFS completed; submitted to and approved by the PNOC Board on April 28, 2015 (See Annex I)	PNOC Board approved BatMan 1 DFS certified by the DOE	PNOC Board approved BatMan 1 DFS certified by the DOE (See Annex I)	N/A	N/A
		b. Spur Lines	Pass or Fail	10%	N/A	10% Inclusion of the preliminary study in the PNOC Board approved DFS	N/A	N/A	Inclusion of the preliminary study in the PNOC Board approved DFS	Inclusion of the preliminary study in the PNOC Board approved BatMan1 DFS (See Annex II)	Inclusion of the preliminary study in the PNOC Board approved BatMan1 DFS certified by the DOE	Inclusion of the preliminary study in the PNOC Board approved BatMan1 DFS certified by the DOE (See Annex II)	N/A	N/A
	SM 2	Establishment of the Country's Strategic Petroleum Reserve	Pass or Fail	10%	N/A	Submission of a concept paper for SPR (Board Approved)	N/A	N/A	Updating of the framework based on previous study	Finalizing framework	Drafting of the concept paper and PNOC SEMCOM approval	Started drafting the concept paper	Board approval of the concept paper	
STAKEHOLDERS	SO 2 Operated in an Environment of Fairness and Transparency in our Dealing with Stakeholders													
	SM 3	Stakeholder Satisfaction Rating	Outstanding = 100% VS = 95% S = 90% Based on average of survey results	5%	N/A	Average of at least satisfactory rating (DOE, CSC, Congress, PNOC-EC, PNOC-RC & SC 38 Consortium)	N/A	N/A	Completion of TOR for the conduct of Stakeholder Satisfaction Survey	Completed TOR for the conduct of Stakeholder Satisfaction Survey (See Annex III)	Signing of an Agreement with the Consultant	Executed an Agreement with Philippine Information Agency thru a Letter Contract (See Annex III)	Completion of design of survey tool/instrument	
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	P130 million	P32.50 million	P88.39 million (See Annex IV)	P32.50 million	P88.69 million (See Annex IV)	P32.50 million	P69.68 million (See Annex IV)	P32.50 million	
	SO 4 Ensure Optimal Use of Assets													
	SM 5	Sale of Banked Gas	Gross Sales	10%	N/A	Signed Joint Tender Agreement (JTA)	Signed JTA	JTA signed on March 30, 2015 (See Annex V)	N/A	N/A	N/A	N/A	N/A	N/A
SO 5 Build Operating Company Capabilities														
	SM 6	% Implementation of the PNOC Reorganization Plan	Pass or Fail	5%	N/A	Execution of an Agreement with Development Academy of the Philippines (DAP)	N/A	N/A	Change Management Team to conduct meeting with DAP	Change Management Team conducted meeting with DAP (See Annex VI)	Completion of Draft MOA	Executed a Memorandum of Agreement with DAP (signed on Sept. 21, 2015) (See Annex V)	Signing of MOA with DAP	

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	Objective/Measure	Formula	Weight	2014	2015	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	
LEARNING & GROWTH	SM 7	% completion of the Transition Plans	100% = 15/18; 95% = 13-14; 90% = 11-12; 85% = 10 or less	15%	N/A	80% completed (15/18 activities assumed from PDMC based on Transition Plan submitted)	at least 2 activities assumed from PDMC based on Transition Plan submitted	2 activities assumed from PDMC based on Transition Plan submitted (See Annex VII)	at least 5 activities assumed from PDMC based on Transition Plan submitted	5 activities assumed from PDMC based on Transition Plan submitted (See Annex VII)	at least 12 activities assumed from PDMC based on Transition Plan submitted	15 activities assumed from PDMC based on Transition Plan submitted (See Annex VI)	at least 18 activities assumed from PDMC based on Transition Plan submitted	
	SO 6	Develop Full Employee Potential												
	SM 8	% Implementation of the Strategic Performance Management System (SPMS) in 2016	100% = x/n; 95% = x/n; 90% = x/n; 85% = x/n or less	5%	Initial Implementation	90% of issues addressed	Among 6 issues identified, address at least 2	PMT resolved 2 issues (See Annex VIII)	Among 6 issues identified, address atleast 4	PMT resolved 5 issues (See Annex VIII)	Among 6 issues identified, address at least 5	PNOOC Performance Management Team (PMT) has resolved 6 out of 7 issues identified (86%) (See Annex VII)	6 out of 6 issues identified have been addressed	
	SM 9	Competency Framework	100% = 90% & above of employees 95% = 85%-89%; 90% = 80-84%; 85% = <80%	10%	100% of employees provided with a development intervention based on current TO	100% of employees provided with a development intervention based on current TO	at least 20% of employees provided with a development intervention based on current TO	35% (37/105) as of end of 1st quarter (See Annex IX)	at least 40% of employees provided with a development intervention based on current TO	50% (53/105) as of end of 2nd quarter (See Annex IX)	at least 60% of employees provided with a development intervention based on current TO	91.35% (95/104) as of end 3rd quarter (See Annex VIII)	100% of employees provided with a development intervention based on current TO	
	S07	Develop a Professional Culture and Better Employee Morale												
SM 10	Pass the ISO 9001:2008 surveillance audit for PNOOC			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Weight			100%											

Noted by:

RANIER B. BUTALIG
Commissioner, GCG

ANTONIO M. CAILAO
President, PNOOC

ZENAIDA Y. MONSADA
OIC Secretary, DOE