

PHILIPPINE NATIONAL OIL COMPANY



22 January 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



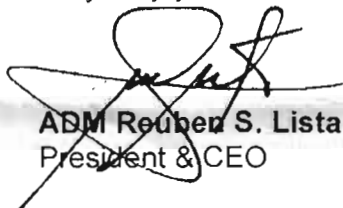
Dear Chairman Dagpin:

We are pleased to submit PNOC's "Monitoring Report of Performance Targets" for the Fourth Quarter of 2019.

If you have any questions or clarifications relative to our submission, please do not hesitate to coordinate with Ms. Eleanor Rochelle S. Cruz, Officer-in-Charge of our Strategy Management Office. Her contact number is 8789-7613 and her e-mail address is erscruz@pnoc.com.ph.

Thank you.

Very truly yours,


ADM Reuben S. Lista (Ret)
President & CEO

**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2019 PERFORMANCE TARGETS
FOURTH QUARTER REPORT**

Strategic Objective	Formula	Weight	Rating System	Baseline	GCG-Approved Targets	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter		
				2018	2019	Actual	Actual	Actual	Target	Actual	
SOCIAL IMPACT											
SO 1	Contribute to Energy Security Targets										
SM 1	Establishment of the PNOC Batangas Liquefied Natural Gas (LNG) Project	Actual Accomplishment	10%	All or Nothing	Board-Approved Evaluation Criteria for Evaluating the Eligibility Requirements of the Proponents	Submission of the Preliminary Feasibility Study to the PNOC Board	Conducted data gathering activities, specifically on site technical data, as inputs in the preparation of the Pre-FS. Signed the MoU with Tanglawan Philippines LNG Inc. for PNOC's potential participation in their LNG Hub Project following DOE's issuance of a Notice to Proceed to the company.	Finalizing Preliminary Feasibility Study for the PNOC LNG Hub Project Ongoing study on the potential investment opportunities/ participation of PNOC in the LNG Project. Signed MoU with Lloyds Energy for the possibility of developing LNG facilities in the country Prepared Part 1 of the Project Framework covering the following components: background/ rationale, introduction to the downstream oil industry, market study and project concept	Finalizing Pre-Feasibility Study for the PNOC LNG Hub Project Ongoing study on the potential investment opportunities/ participation of PNOC in the LNG Project. On-going preparation of the Project Framework for the Oil Depot Project	Submission of the Preliminary Feasibility Study to the PNOC Board Approval of the Board of PNOC's participation in the LNG Project Continue discussion with potential partners for the LNG Project Completion of Project Framework & Submission to the PNOC Board	Submitted the Results of the Pre-Feasibility Study for the PNOC LNG Hub Project to the PNOC Board on Nov. 26, 2019. The PNOC Board approved the company's potential participation to Kaltimex's LNG Project as an LNG-Supplier on Nov. 26, 2019. The PNOC Board also approved to execute a Memorandum of Understanding with Kaltimex on Nov. 26, 2019. Submitted the Framework Study for the Proposed Strategic Petroleum Reserve (SPR) Project to the PNOC Board on Nov. 26, 2019. (See Annex 1)
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 (Using the Standard Methodology and Questionnaire developed by GCG)	90% Satisfied Customers (Lessees, PAFC Locators & ESB Customers)		Prepared Terms of Reference (TOR) and Work Order Requisition (WOR) for the Conduct of PNOC Customer Satisfaction Survey for CY 2019	Notice of Award was given to a UPLBFI as the third party consultant for the conduct of 2019 Customer Satisfaction Survey	Engage Consultant for the Conduct of the Customer Satisfaction Survey for CY 2019	Engaged UPLBFI to Conduct the PNOC's Customer Satisfaction Survey for CY 2019. The results of the CSS showed 94.44% satisfied customers (See Annex 2)
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 269.0 Million*	P 405.67 Million	P 222.59 Million	P 185.84 Million	P 184.74 M	P 101.42 M	P 128.21 M (See Annex 3)
SO 5	Maintain Efficient Management of PNOC Industrial Park										
SM 4	Compliance to Integrated Management System (IMS) Standards	Actual Accomplishment	10%	All or Nothing	Passed PNOC Industrial Park 2nd Year Surveillance Audit	Pass Re-Certification Audit of PNOC Industrial Park	Conducted IMS Monitoring/ Parkwide Meetings at the PNOC Industrial Park last Jan 23 & Feb 20, 2019	Conducted IMS Review and Planning on June 25-26, 2019	Finalized IMS Policy, Systems and Procedures Manual Conducted the Management Review Meeting on Sept. 24, 2019	Conduct of the Re-certification Audit	Passed Re-Certification Audit of PNOC Industrial Park on December 20, 2019 (See Annex 4)

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SO 6	Optimize Asset Productivity										
SM 5	Operation of Energy Supply Base	Actual Accomplishment	10%	All or Nothing	Board Approved Minimum Performance Specifications Standards	Board-Approved Detailed Feasibility Study (DFS) on the ESB Masterplan	<p>Completed Technical Evaluation of the Short-listed Bidders for the Procurement of Consultant for the Conduct of Detailed Feasibility Study (DFS) and Detailed Engineering Design (DED) for the ESB Masterplan/Port Development.</p> <p>Accredited Allied Regency Arrastre & Stevedoring Services Phils, Inc. & Speedup Cargo as Additional Cargo Handling Operator (ACHO) Accommodated Artemis Salt Corporation as an Additional Locator in ESB</p> <p>Issued Notice to Proceed to a Contractor on February 7, 2019 for the Rehabilitation of Triangular Pier and Repair of Road</p>	<p>Endorsed to Bids and Awards Committee (BAC) the highest calculated and responsive bidder for the Conduct of Detailed Feasibility Study (DFS) and Detailed Engineering Design (DED) for the ESB Masterplan/Port Development.</p> <p>Accredited Maptan Construction & Equipment Rental as Additional Cargo Handling Operator (ACHO).</p> <p>Completed 28.92% of the strengthening of Deck 3 & repair works of Decks 1, 2, & 4. Completed 50.73% of the concrete pavement project.</p>	<p>Issued Notice to Proceed to Woodfields Consultants, Inc. for the conduct of DFS and DED.</p> <p>Accredited Mabini Integrated Marine & Allied Services as Additional Cargo Handling Operator (ACHO). Accommodated OilServe Trading as an Additional Locator in ESB.</p> <p>Completed 37.42% of the strengthening of Deck 3 & repair works of Decks 1, 2, & 4. Completed 95.80% of the concrete pavement project.</p>	<p>Completed 31.45% of the target conduct of DFS on the ESB Masterplan</p> <p>Completed 40% of the re-strengthening of Deck 3 and slabs, and repair works of Deck 1, 2 and 4 concrete slabs and beam. Completed 100% of the concrete pavement project.</p>	
SM 6	Contracting Out of PAFC Industrial Park Assets	Actual Accomplishment	5%	All or Nothing	Expansion of Leased Area: PRII (6,000 sqm) Long Term Lease: SMC Consolidated (6.6 has)	Board-Approved Evaluation Report for the Issuance of the Certificate of Conformance (CoC) for PRII/MVC based on the criteria set in the PNOC-AFC Industrial Park Guidebook	Completed the Quantitative Risk Assessment (QRA) and Forwarded the Results to PRII	The PNOC Board approved, during its meetings on May 27 and June 28, 2019, the Evaluation Report for the Issuance of the CoC for Mabuhay Vinyl Corporation (MVC) and Philippine Resins Industries, Inc. (PRII) respectively, based on the Criteria set in the PNOC-AFC Industrial Park	N/A	Present to the PNOC Board of Directors the Evaluation Report for the Issuance of the CoC for PRII/MVC based on the Criteria set in the PNOC-AFC Industrial Park Guidebook for their approval	N/A
SM 7	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	a) 100% Collection Efficiency from Lease of CEPZA & Antonio Luna b) 50% Collection Efficiency from Socialized Housing Project in Cavite	Disposal through sale of 5 Costa Verde Properties	Executed Deed of Absolute Sale between PDMC and Buyers for the Disposal of Six (6) Costa Verde Properties	Executed Deed of Sale between PDMC and Buyers for the Disposal of additional two (2) Costa Verde Properties	Executed Deed of Sale between PDMC and Buyers for the Disposal of additional two (2) Costa Verde Properties	-	N/A

INTERNAL BUSINESS PROCESS

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SO 7	Develop, Implement and Maintain Efficient and Effective Systems										
SM 8	Compliance to Quality Standards (PNOC ISO Certification)	Actual Accomplishment	10%	All or Nothing	Passed PNOC QMS 1st Surveillance Audit	Pass PNOC QMS 2nd Surveillance Audit	<p>Conducted QMS orientation to five (5) PNOC Departments</p> <p>Completed Conduct of PNOC Internal Quality Audit on March 28-29, 2019</p>	Passed PNOC QMS 2nd Surveillance Audit on June 18, 2019	N/A	N/A	N/A
SO 8	Acquire, Develop, Retain and Motivate Talents for Peak Performance										
SM 9	Percentage of employees with required competencies met	Number of Employees with Required Competencies over Total Number of Employees	10%	Actual over target	Establish Baseline	Increase from Established Baseline	<p>Conducted Reassessment of Employees' Competencies and Identified six (6) Employees with Negative Gaps</p> <p>Two (2) employees completed required competencies</p>	<p>Prepared Competency Gap Monitoring Report to Address Competency Deficiencies of the Identified PNOC Employees.</p> <p>One (1) employee completed required competencies based on the Competency Gap Monitoring Report</p>	<p>Conduct Final Assessment and Validation by Department Manager and Approved by SVP Concerned on the Competency Acquired by the Employee</p>	<p>Conducted Final Assessment and Validation on the Competency Acquired by the PNOC Employees for CY 2019</p> <p>(See Annex 5)</p>	
Total Weight		100%									

LEARNING AND GROWTH