



11 October 2018

MR. ALFONSO G. CUSI
 Chairman and DOE Secretary
ADM. REUBEN S. LISTA (RET.)
 President and CEO (PCEO)
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
 PNOC Bldg. 6, Energy Center
 Bonifacio Global City, Taguig

RECEIVED BY:
 PNOC - OFFICE OF THE PRESIDENT
 ON: OCT 19 2018
 TIME: 10:00 AM NAME: *[Signature]*

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 10/19/18

**RE : VALIDATION RESULT OF THE CY 2017
 PERFORMANCE SCORECARD OF PNOC**

Dear Sec. Cusi and PCEO Lista,

This is to formally transmit the validation result of PNOC's 2017 Performance Scorecard. Based on the Governance Commission's validation of documentary submissions and conduct of on-site validation on 19 July 2018, PNOC gained an over-all score of **94.74%** (See **Annex A**). The same is to be posted in PNOC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.

In relation to its application for the grant of CY 2017 PBB to eligible officers and employees, PNOC can grant such incentive only upon receipt of confirmation letter from the Governance Commission. In this regard, the Board is reminded that any unilateral action to release the PBB before the confirmation will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.¹

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

[Signature]
SAMUEL G. DAGPIN, JR.
 Chairman

[Signature]
MICHAEL P. CLORIBEL
 Commissioner

[Signature]
MARITES C. DORAL
 Commissioner

cc: COA Chairman MICHAEL G. AGUINALDO
 COA Resident Auditor - PNOC

¹ GOCC Governance Act of 2011.

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(Annex A)

PHILIPPINE NATIONAL OIL COMPANY (PNOC)
Validated 2017 Performance Scorecard

	Component		Rating System	Target 2017	GOCC Submission		GCG Validation		Supporting Documents	Remarks		
	Objective/Measure	Formula			Wt.	Actual	Rating	Score			Rating	
SOCIAL IMPACT	SO 1 Contribute to Energy Security Targets											
	SM 1	Establishment of PNOC LNG Integrated Systems Project	Actual Accomplishment	15%	All or Nothing	Board-Approved PNOC Batangas LNG Hub Framework Study	Board-approved PNOC Batangas LNG Hub Project Framework	15%	Board-Approved PNOC Batangas LNG Hub Project Framework	15%	<ul style="list-style-type: none"> Secretary's Certificate certifying the Board Approval of the Project Framework 	The PNOC Board of Directors approved the PNOC Batangas LNG Hub Project Framework through Board Res. No. 2466, s.2017.
	Sub-total			15%				15%		15%		
	SO 2 Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders											
STAKEHOLDERS	SM 2	Stakeholder Satisfaction Rating	Average satisfaction rating	10%	90 & above = 100% 80 to 89 = 90% 70 to 79 = 80% 60 to 69 = 70% 59 & below = 0%	Very Satisfactory	Very Satisfactory	10%	Very Satisfactory	10%	<ul style="list-style-type: none"> Stakeholder Satisfaction Survey Report from UPLBFI 	PNOC garnered an overall satisfaction rating of 4.6 out of 5 in the Likert Scale, which is equivalent to a "very satisfactory" rating.
	Sub-total			10%				10%		10%		

Component	Objective/Measure	Formula	Wt.	Rating System	Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																						
					2017	Actual	Rating	Score	Rating																								
SO 3 Maintain a Sound Financial Condition																																	
FINANCE	SM 3	Net Income (excluding all income or dividends received from operating subsidiaries)	Based on profitability formula on Item 6 in the GCG MC 2014-05 (Re-issued)	10%	Actual over Target	₱ 258 M ¹	₱ 284.27 M	10%	₱ 289.37 M	10%	• Financial Statement from COA Annual Audit Report	PNOC initially submitted an unaudited income statement, hence the variance in the submitted and actual accomplishment.																					
	SM 4	Gain from disposal ² of PNOC Assets	Total Proceeds of sale less Total Net Book Value	5%	Sale > Net Book Value = 100%; Sale ≤ Net Book Value = 0%	Gain on disposal	Gained ₱ 1.276 M	5%	-	Excluded	• Certificate from Estate Management Department of PNOC	Measure Excluded. No PNOC asset was disposed in 2017. Gain reported was from the lease of three (3) real properties.																					
	SM 5	Gain from disposal of Abolished Subsidiary Assets	Total Proceeds of sale less Total Net Book Value	10%	Sale > Net Book Value = 100%; Sale ≤ Net Book Value = 0%	Gain on disposal. (Disposal of six (6) Real Properties, three (3) Floating Assets & All Industrial Fuel Oil)	Gained ₱ 18.70 M	10%	Gained ₱ 18.69 M	10%	• Certificate from Estate Management Department of PNOC • Deeds of Donation	<table border="1"> <thead> <tr> <th>No. of Prop.</th> <th>Sale Amt.</th> <th>Total Book Value</th> </tr> </thead> <tbody> <tr> <td colspan="3"><i>Costa Verde Subdivision</i></td> </tr> <tr> <td>14</td> <td>14.7M</td> <td>0.041M</td> </tr> <tr> <td colspan="2">Total Gain</td> <td>₱14.661M</td> </tr> <tr> <td colspan="3"><i>El Pueblo Condomitel</i></td> </tr> <tr> <td>5</td> <td>6.77M</td> <td>2.74M</td> </tr> <tr> <td colspan="2">Total Gain</td> <td>₱4.033M</td> </tr> </tbody> </table> Industrial Fuel Oil assets were donated to the Philippine Navy, and thus excluded from the total gain of assets of the abolished subsidiaries of PNOC.	No. of Prop.	Sale Amt.	Total Book Value	<i>Costa Verde Subdivision</i>			14	14.7M	0.041M	Total Gain		₱14.661M	<i>El Pueblo Condomitel</i>			5	6.77M	2.74M	Total Gain		₱4.033M
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Sub-total			25%				25%		20%																								

¹ Net of ₱40 Million payment to the PPP Center and excluding gains/losses from disposal of assets.

² Disposal excludes utilization by lease or joint venture. Proceeds from utilization will be included in the computation of Net Income.

INTERNAL BUSINESS PORCESS	Component			Rating System	Target 2017	GOCC Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Wt.			Actual	Rating	Score	Rating		
SO 4	Develop a Liquefied Natural Gas (LNG) Energy Hub										
SM 6a	Development of PNOC Batangas Properties to an Energy Hub (Energy Supply Base)	Actual Accomplishment	10%	All or Nothing	Complete Phase 2 of the Transition Plan	Phase 2- Completed on 31 December 2017	10%	Completion of Phase 2 of the Transition Plan	10%	<ul style="list-style-type: none"> • Certification dated 5 January 2018 executed Ms. Graciela M. Barleta, Head of ESB Transition Team. • Accomplishment Report on the Turnover and Transition of the Energy Supply Base dated 31 December 2017 • Secretary's Certificate dated 29 January 2018 reflecting Resolution No. 2416, s.2017 • Secretary's Certificate dated 24 February 2017 reflecting Resolution NO. 2-1, s.2017 	PNOC reported the completion of the Phase 2 on 31 December 2017
SM 6b	Development of PNOC Batangas Properties to an Energy Hub (PNOC-RC Bauan Housing Property)	Signed Memorandum of Understanding (MOU) between PNOC and PNOC-RC	10%	All or Nothing	Signed MOU between PNOC and PNOC-RC	Signed MOU between PNOC and PNOC RC	10%	Signed MOU between PNOC and PNOC RC	10%	<ul style="list-style-type: none"> • Memorandum of Understanding dated 7 April 2017. 	The MOU dated 7 April 2017 with one year validity from signing aims to explore the feasibility of establishing the proposed LNG facilities in Batangas using PNOC properties jointly with the Bauan Housing Property of PNOC RC thereby allowing access of the said properties for purposed of conducting the study.

	Component			Rating System	Target 2017	GOC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.			Actual	Rating	Score	Rating			
INTERNAL BUSINESS PROCESS	SO 5	Maintain Efficient Management of Industrial Park										
	SM 7	Additional area of the Industrial Park Leased-Out	Total additional area leased (in sqm.)	5%	Actual over Target	11,000 sqm	Lease Agreement signed between PNOC and Philippine Resins Industries, Inc. (PRII)	5%	11,000 sqm leased-out by PRII	5%	<ul style="list-style-type: none"> Memorandum of Agreement dated 18 May 2017 between PNOC and PRII 	<p>PNOC leased 11,000m² to Philippine Resins Industries, Inc. (PRII).</p> <p>Based on the MOA, PRII shall lease the land as staging area and site for temporary facilities of the main contractor during construction.</p>
	SM 8	PNOC Industrial Park ISO Certification	Actual Accomplishment	5%	All or Nothing	Pass PNOC Industrial Park Surveillance Audit	Passed PNOC Industrial Park Surveillance Audit	5%	Passed PNOC Industrial Park Surveillance Audit	5%	<ul style="list-style-type: none"> Attestation Certificate from AJA Registrars Inc. 	<p>AJA attested to passing of the surveillance audit of the PNOC Industrial Park for ISO 9001:2015, 14001:2015, and the OHSAS 18001:2007</p>
	Sub-total			30%				30%		30%		
LEARNING AND GROWTH	SO 6	Develop, Implement and Maintain Efficient and Effective Systems										
	SM 9	PNOC ISO Certification	Actual Accomplishment	10%	All or Nothing	ISO QMS 9001:2015 Certification	Secured Certification on ISO 9001:2015	10%	ISO QMS 9001:2015 Certification	10%	<ul style="list-style-type: none"> Registration Certificate from AJA Registrars Inc. 	<p>The certification was uploaded in the PNOC website.</p>

	Component			Rating System	Target 2017	GOCC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.			Actual	Rating	Score	Rating			
LEARNING AND GROWTH	SO 7	Restructure the Organization to an Operating Energy Company that is Responsive to the Attainment of the Vision										
	SM 10	Percentage of Average Required Competencies Met	Actual Accomplishment	5%	All or Nothing	Submission of Board-Approved Competency Framework	Renegotiated to percentage of employees provided with development interventions	5%	No submission of Competency Framework	0%	<ul style="list-style-type: none"> Draft Competency Framework under the proposed reorganization plan 	Anticipating approval of its proposed Reorganization Plan, PNO C postponed the formulation of a Competency Framework under its existing organizational structure.
	SM 11	Implementation of the PNO C Restructuring Plan	Actual Accomplishment	5%	All or Nothing	Submission of Revised Board Approved Reorganization Plan	Submitted the Revised Board Approved Reorganization Plan to GCG	5%	Submitted the Revised Board Approved Reorganization Plan to GCG	5%	<ul style="list-style-type: none"> GCG Acknowledgement Receipt on the Submission of the PNO C Board Approved Reorganization Plan 	
	Sub-total			20%				20%		15%		
TOTAL			100%				100% (100/100)		94.74% (90/95)			

PNO C Validated Score: $\frac{90.00\%}{95.00\%} = 94.74\%$