



PHILIPPINE NATIONAL OIL COMPANY



24 July 2019

**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 Second Quarter of 2019. The report provides the accomplishment both for GCG-approved targets and for those which the company requested for renegotiation.

We are pleased to note that for the replacement targets for SM 1 - Establishment of PNOC LNG Integrated Systems Project and SM 5 - Operation of Energy Supply Base, the following have already been accomplished:

1. Signed the MoU with Tanglwan Philippines LNG Inc. and Lloyds Energy for PNOC's potential participation in their LNG Hub Project.
2. As for the rehabilitation of triangular pier and repair of roads in ESB, the company has already completed 28.92% of the strengthening of Deck 3 & repair works for Decks 1, 2, & 4. It has also completed 50.73% of the concrete pavement project.

The company has also completed accreditation of Allied Regency Arrastre & Stevedoring Services Phils, Inc. & Speedup Cargo as ESB's Additional Cargo Handling Operator (ACHO) and accommodated Artemis Salt Corporation as an additional locator.

If you have any questions or clarifications relative to our submissions, please do not hesitate to coordinate with Eleanor Rochelle S. Cruz, Officer-in-Charge of our Corporate Planning Department. Her contact number is 789-7613 and her email address is erscruz@pnoc.com.ph.

Thank you.

Very truly yours,

  
**ADM Reuben S. Lista (Ret)**  
 President & CEO

  
 GGM/GMB

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President & CEO



GGM/GMB

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

	Strategic Objective	Formula	Weight	Rating System	Baseline	GCG-Approved Targets		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
					2018	2019	Actual	Target	Actual	Target	Target	
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.	-	Finalizing Preliminary Feasibility Study for the PNOC LNG Hub Project	-	Submission of the Preliminary Study to the PNOC Board
									Continue with the study on the potential investment opportunities/participation of PNOC in the LNG Project	Ongoing study on the potential investment opportunities/participation of PNOC in the LNG Project	Continue with the study on the potential investment opportunities/participation of PNOC in the LNG Project	Approval of the Board of PNOC's participation in the LNG Project
									Continue discussion with potential partners for the LNG Project	Signed MoU with Lloyds Energy for the possibility of developing LNG facilities in the country <b>(See Annex 1)</b>	Continue discussion with potential partners for the LNG Project	Continue discussion with potential partners for the LNG Project
									Preparation of Project Framework for the Oil Petroleum Storage Facility & Distribution Project (data gathering activities)	Prepared Part 1 of the Project Framework covering the following components: background/ rationale, introduction to the downstream oil industry, market study and project concept	Continue with the preparation of Project Framework	Completion of Project Framework & Submission to the PNOC Board
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)		Prepare TOR for the Conduct of Customer Satisfaction Survey for CY 2019	Prepared Terms of Reference (TOR) and Work Order Requisition (WOR) for the Conduct of PNOC Customer Satisfaction Survey for CY 2019 <b>(See Annex 2)</b>	Procure/Bid Consultant for the Conduct of Customer Satisfaction Survey for CY 2019	Engage Consultant for the Conduct of the Customer Satisfaction Survey for CY 2019
FINANCE	SO 3	Maintain a Sound Financial Condition										
	SM 3	Net Income	Income from Operations <b>Add/deduct:</b> 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 101.42 M	P 185.84 Million <b>(See Annex 3)</b>	P 101.42 M	P 101.42 M
	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	Conduct of Internal Audit & Customer Satisfaction Survey	Conducted IMS Review and Planning on June 25-26, 2019	Conduct of IMS Review & Planning, IMS Documentation Updating and IMS Audit Workshop	Conduct of the Re-certification Audit



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MONITORING REPORT OF CY 2019 PERFORMANCE TARGETS  
SECOND QUARTER REPORT

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					2019	Actual	Target	Actual	Target	Target	
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 Agency Arrastre &amp; Stevedoring Services Phils, Inc. &amp; 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>Completed 28.92% of the strengthening of Deck 3 &amp; repair works of Decks 1, 2, &amp; 4 Completed 50.73% 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	Discuss with the Locators the Results of the Assessment	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 Guidebook.  (See Annex 4)	Draft CoC for Presentation to the PNOC Board	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
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	Process Deed of Sales for the Disposal of 2 Costa Verde Properties	Executed Deed of Sale between PDMC and Buyers for the Disposal of additional two (2) Costa Verde Properties  (See Annex 5)		

INTERNAL BUSINESS PROCESS

