





29 JANUARY 2021

ADM REUBEN S. LISTA (RET) President & CEO PHILIPPINE NATIONAL OIL COMPANY (PNOC) PNOC Bldg. 6, Energy Center, Merritt Rd. Bonifacio Global City, Taguig

ACKNOWLEDGEMENT RECEIPT

LETTER **26 JANUARY 2021** DATE:

RE: [E] LETTER FROM PNOC TO GCG RE SUBMISSION OF MONITORING REPORT OF PERFORMANCE TARGETS FOR 4TH QUARTER OF CY 2020

The said document was officially received by the Governance Commission on 29 January 2021 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 (02) 5328-2030 or (02) 5318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-0842-29-01-2021-001588**.

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PHILIPPINE NATIONAL OIL COMPANY



January 26, 2021

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 2020.

If you have any questions or clarifications relative to our submission, please do not hesitate to coordinate with Ms. Maria Belinda L. Cubelo, Officer-in-Charge of our Strategy Management Office. Her contact number is 8789-7653 and her e-mail address is mblcubelo@pnoc.com.ph.

Thank you.

Very truly yours,

ADM Reuber S Lista (Ret.) President and Chief Executive Officer

EBA/RCC



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PHILIPPINE NATIONAL OIL COMPANY MONITORING REPORT OF CY 2020 PERFORMANCE TARGETS (FOURTH QUARTER REPORT)

Straing 4		Strategic Objective	Formula	Weight	Rating System	GCG Approved Targets 2020	1st Quarter Actual	2nd Quarter Actual	3rd Quarter Actual	4th Quarter	
										Target	Actual
	SO 1	Contribute to Energy Secu	urity Targets								
SOCIAL IMPACT	SM 1	Petroleum Products Sourcing, Storage and Distribution Project	Actual Accomplishment	10%	All or Nothing	Board Approved Detailed Feasibility Study (DFS) on Petroleum Products Distribution <u>Recalibrated Target</u> Board-Approved Targeted Fuel Relief Program Study	Preparation of DFS ongoing	The on-going public health emergency due to COVID19 has resulted in significant challenges to the engagement of a Consultancy services provider to undertake the conduct and preparation of the Detailed Feasibility Study. Nevertheless, PNCC, while exhausting all modes of procurement, including negotiated and competitive selection processes, cannot deny that the on-going restrictions on economic activities and mobility, domestically and internationally, will inevitably push back and delay the procurement process due to current telecommuting work set-up. Relatedly, the DOE Secretary and Chairman of the Board (of PNOC) has directed PNOC to adopt a project concept as may be relevant the current COVID9 crisis and craft an appropriate government response in this regard. PNOC is currently adapting to the situation and is conducting an in-house detailed feasibility study for Perforeum Products Sourcing, Storage and Distribution Project referred to as the Interim OII Stockpilling (interim as it will be subsumed by the Strategic Petroleum Reserve Program for marginalized and disadvantaged fuel- consuming sectors. Both concepts were approved by the PNOC Board in its virtual Board Meeting on 27 May 2020. The preparation of the In-house DFS is now underway.	Ongoing preparation/updating of in- house study on the Targeted Fuel Relief Program. Collation and processing of data received from concerned agencies.	Recalibrated Target PNOC Board Approved Targeted Fuel Relief Program Study	Study on the Targeted Fuel Relief Program was completed and submitted to the PNOC Board on Dec. 16, 2020. The same was also presented to the PNOC Board Risk Management Committee on December 21, 2020. See Annex 1
_	SO 2	Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Sta					akeholders				
	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 (Lessees, PNOC Industrial Park Locators & ESB Customers)	NA	Prepared Terms of Reference for the Conduct of PNOC Customer Satisfaction Survey for CY 2020	Notice of Award (NOA) for the Conduct of CSS 2020 was forwarded and signed by the Third Party Consultant	Engage Consultant for the Conduct of the Customer Satisfaction Survey for CY 2020	Results of PNOC CSS for 2020 showed 89.60% rate of satisfied customers See Annex 2
	SO 3	Maintain a Sound Financia	I Condition								
FINANCE	SM 3	Net Income	Income from Operations Add/deduct: Forex Gains/Loss, Other Income, Income Tax & Unrealized Gain/Loss	30%	Actual over Target	P 514.3 Million Recalibrated Target P317 Million	P211.47 Million	P137.21Million	P76.06 Million	P134.30 Million	P 130.50 Million See Annex 3
_	SO 4	Develop Energy Infrastruct	ure								
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Sinika-pr Hispacinya		Strategic Objective	Formula	Weight	Rating	GCG Approved Targets	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
		on ancyre objective	Torridia	weight	System	2020	Actual	Actual	Actual	Target	Actual
	SO 5	Maintain Efficient Manager	ment of PNOC Energy	gy Facilitie	es						
ESS	SM 4	Compliance to Integrated Management System (IMS) Standards (Industrial Park)	Actual Accomplishment	5%	All or Nothing	Pass PNOC Industrial Park 1st Surveillance Audit	Commenced review/revision of the IMS Manual based on the reorganization	Turned over IMS documents from the 2019 Recertification for the reference of the new Internal Audit Head. Briefed Internal Audit Head on findings that are to be resolved. (IMS Training tentatively scheduled on July 25)	Conducted Occupational Health and Safety Seminar on August 5. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20. Conducted IMS Internal Audit on Sept. 29, 30,	Conduct of IMS 1st Surveillance Audit	Passed 1st Surveillance Audi for ISO 9001:2015, ISO 14001:2015 & ISO 45001:201 See Annex 4
IN I EKNAL BUSINESS		Compliance to Quality Management Systems (QMS) Standards for ESB Operations (Systems and Procedures)		10%	All or Nothing	Pass Certification - ISO 9001:2015	Development, review and processing of Operations and Procedures Manuals ongoing.	Finalization of PNOC ESB IMS Manual (ESB Manual Controlled Copies Acknowledgement)	Oct.1 & 2. Conducted IMS meetings in July, August & Sept. 2020 Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20 for new personnel of ESB. Conducted ESB IMS Internal Audit on Sept 7 to	Review of QMS Manual based on a) Results of CSS b) Results of Internal Audit	Passed Certification for ISO 9001:2015 and ISO 45001:2018 See Annex 5
	SO 6	Optimize Asset Productivity	1			service and the service se	and the second second				
	SM 6	Operation of Energy Supply Base (ESB)	Actual Accomplishment	5%	All or Nothing	Board-Approved Detailed Engineering Design (DED) for ESB Master Plan	Completed 50.28% on the Conduct DFS and DED on ESB Master Development Plan	Completed 57.87% on the Conduct DFS and DED on ESB Master Development Plan	Finalized the Detailed Feasibility Study for the ESB Master Development Plan	-	Completed Conduct of DFS, DED and EIA for ESB Master Development Plan See Annex 6
	SM 7	ESB Warehouse Occupancy Rate	Actual Accomplishment	5%	Actual over Target	90% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	100% occupancy of the total 23,600 sqm.	99.99% occupancy of the total 23,600 sqm. See Annex 7
INTERNAL BUSINESS PROCESS	11 11	Number of PDMC Assets Utilized/Disposed at a Gain	Number of PDMC Assets Utilized/ Disposed at a Gain	5%	Actual over Target	Disposal through sale of 5 additional Costa Verde Properties	Deeds of Absolute Sale for 6 Costa Verde properties were processed: Block 17 Lot 20 Block 32 Lot 21 Block 32 Lot 23 Block 38 Lot 9 Block 38 Lot 10 Block 58 Lot 15	Deeds of Absolute Sale for 2 Costa Verde properties were processed: Block 37 Lot 17 Block 10 Lot 3	N/A		Deeds of Absolute Sale for 4 Costa Verde properties were processed: Block 6 Lot 4 Block 7 Lot 8 Block 7 Lot 10 Block 38 Lot 15 See Annex 8

PHILIPPINE NATIONAL OIL COMPANY MONITORING REPORT OF CY 2020 PERFORMANCE TARGETS (FOURTH QUARTER REPORT)

		Strategic Objective	Formula	Weight	Rating	GCG Approved Targets	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
		Strategic Objective	Fornura	weight	System	2020	Actual	Actual	Actual	Target	Actual
INTERNAL BUSINESS PROCESS	SM 9	Disposal of Banked Gas	Actual Accomplishment	10%	All or Nothing	Signed Gas Sales Purchase Agreement (GSPA) Recalibrated Target Board-Approved MOU/NDA with Potential Buyer of Banked Gas	Negotiation meeting was held with PSPC on 19 February 2020. PSPC has yet to submit counter offer on PNOC's offered terms	PSPC has communicated that the COVID19 pandemic will have the effect on the ongoing negotiations. They have disclosed that as the proposed additional volume is intended for the use of an additional PSPC facility currently undergoing construction, the delay in the completion of the facility caused by the quarantines imposed will also push back the draw out date for the addition volume of banked gas requirement. Also, the shutdown of their operations due to the oil supply glut from COVID19 has caused them to accumulate unutilized volume of gas from the current GSPA. This will not only affect the volume of additional gas to be contracted anew but also the previous urgency to conclude a GSPA on PSPC's part. They have admitted that they are currently reassessing their targets, priorities and requirements under the COVID19 impact and scenario. Meanwhile, PNOC continues to engage in discussions with PSPC in pursuit of the sale of an additional volume of its banked gas and the execution of a new GSPA with PSPC. Relatedly, PSALM has signified its firm interest in PNOC's banked gas for its lijian Gas-Fired Power Plant in preparation for the expiration of its current GSPA in June 2022. PNOC and PSALM have initiated discussion and PNOC is awaiting PSALM's offer.	PNOC sent a letter dated 17 August 2020 to PSALM to follow up its review of PNOC's proposed MOU and NDA	Recalibrated Target Board- Approved MOU/NDA with potential buyer	Signing of MOU and NDA with potential buyer approved by the PNOC Board on November 9, 2020 See Annex 9
	S0 7	Develop, Implement and M	Agintain Efficient and	Effective	Systems						
& GROWTH	SM 10	Develop, Implement and M Compliance to Quality Standards	Actual Accomplishment	5%	All or Nothing	Pass ISO 9001:2015 Re-Certification Audit	Finalized Terms of Reference for Certification Services for PNOC QMS ISO 9001:2015 and conducted Technical Evaluation of Certifying Bodies Bid Proposals	QMS Manual Preparation under new Table of Organization ongoing. Conducted QMS Meeting on May 14, 2020	OMS Manual Preparation under new Table of Organization ongoing. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20.		Passed ISO 9001:2015 Re-Certification Audit See Annex 10
NG & GROWIH	SM 10 SO 8	Compliance to Quality Standards Acquire, Develop, Retain a	Actual Accomplishment	5% for Peak	All or Nothing Performance	Re-Certification Audit	Reference for Certification Services for PNOC QMS ISO 9001:2015 and conducted Technical Evaluation of Certifying Bodies Bid Proposals	Organization ongoing. Conducted QMS Meeting on May 14, 2020	under new Table of Organization ongoing. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20.		Re-Certification Audit See Annex 10
LEARNING & GROWTH	SM 10 SO 8	Compliance to Quality Standards	Actual Accomplishment	5%	All or Nothing		Reference for Certification Services for PNOC QMS ISO 9001:2015 and conducted Technical Evaluation of Certifying Bodies Rid Pronesals Conducted orientation on Competency Assessment Method and Procedure to employees.	Organization ongoing.	under new Table of Organization ongoing. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, &	80% of total number of employees with required competencies met	Re-Certification Audit
LEAKNING & GROWTH	SM 10 SO 8	Compliance to Quality Standards Acquire, Develop, Retain a Percentage of employees with required	Actual Accomplishment and Motivate Talents t Number of Employees with Required Competencies Met over Total Number	5% for Peak	All or Nothing Performance Actual over	Re-Certification Audit 80% of total number of employees with required competencies	Reference for Certification Services for PNOC QMS ISO 9001:2015 and conducted Technical Evaluation of Certifying Bodies Rid Proposals Conducted orientation on Competency Assessment Method and Procedure to	Organization ongoing. Conducted QMS Meeting on May 14, 2020 Completed the Employee Competency Assessment Form (ECA) for dissemination to supervisors and managers. Provided employees copy of local and international online programs relevant to the	under new Table of Organization ongoing. Conducted IMS Internal Audit Training on Sept. 1, 2, 7, 8, 9, 10, 11, 14, & 20. 73 out of 111 target employees or 65.77% have met their required competencies vis-à-vis	number of employees with required competencies	Re-Certification Audit See Annex 10 76 out of 111 target employee or 68% have met their require competencies vis-à-vis position held