

PHILIPPINE NATIONAL OIL COMPANY

PNOC Building VI, Energy Center, Rizal Drive, BGC, Taguig City, Philippines Tel. No. (632) 789-7662

April 19, 2016



HONORABLE CESAR L. VILLANUEVA

Chairman GOVERNANCE COMMISSION FOR GOCCs 3/F Citibank Center 8741 Paseo de Roxas Makati City

Dear Chairman Villanueva:

We are pleased to submit PNOC's Monitoring Report of Performance Targets for the **First Quarter of 2016.**

We hope that you find everything in order, but should you need additional information and /or clarification, Ms. Bel Cubelo, OIC-Manager of our Corporate Planning Department, will be more than willing to provide what you need.

Thank you.

Very truly yours,

JOHN J. ARENAS
President and CEO

CE	STAKEHOLDERS			SOCIAL IMPACT												
SM 4			SM 2 Ba							SM1						
Ensure Sound Financial Condition 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)	Operated in an Environment or Fatines. Stakeholder Satisfaction Rating		Operated in an Environment of Fairness and Transparency in our Dealing with Stakeholders	Establishment of the Country's Strategic Petroleum Reserve				Batangas-Maniia (BatMan) Gas Pipeline Project		Provided vital chergy infrastructure for the Development of the Chergy industry Establishment of the Country's Natural Gas Infrastructure	Colocuscimonanio	Objective/Measure	Component			
Actual Net Income/ Target Net Income	Scale for recommendation to third party surveyor	90 and above = 100% 80 to 89 = 90% 70 to 79 = 80% 60 to 69 = 70% 59 and below = 0%	and Transparency in our D	Pass or Fail		80% = 1 90% = 2 100% = 2		80% = 1 90% = 2 100% = >2	TRB = 30% SLEX = 35% STAR = 35%	Gas Infrastructure		Formula	#			
10%	5%			5% 5% 5%		5%		igy muusi	g	Weight						
P1.983 billion		n Stakeholders		N/A		N		N/A	Completed Technical Study	13		2014 2015	Baseline			
P301.88 million	Very Satisfactory			Concept Paper for SPR Approved by the Board		NA		VIN	DFS Certified by DOE							
P148.50 million	Satisfactory (DOE, CSC, House Committee on Approx Senate LBRMO, DBM, COA, PNOC-EC, PNOC-RC, SC 38 Consortium (Shell & Chevron)		(DOE, CSC, House Committee on Approx., Senate LBRMO, DBM, COA, PNOC-EC, PNOC- RC, SC 38 Consortium (Shell & Chevron)			Final Recommendation by the Board on the directions for SPR		At least two (2) favorable endorsements from LGUs		Acquisition of at least two (2) complete As- Built Plans from LGUs/tollway operators/utilities	MOU on the Final Alignment with Toll Regulatory Board (TRB), South Luzon Tollway Cop. (SLEX) and Southern Luzon Tollway Arterial Road (STAR)			2016	Target	PHILIPPINE MONITORING R
P43.5 million		Completion of TOR for the conduct of Stakeholder Satisfaction Survey		N/A		Coordination/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila					Target	1 st Qt		PHILIPPINE NATIONAL OIL COMPANY MONITORING REPORT OF CY 2016 TARGETS		
P59.3 million [See Annex III]	[See Annex II]	TOR for the conduct of Stakeholder Satisfaction Survey completed		N/A	[See Annex I]	C a of e	Conducted meetings/ presentation of	Conducted meetings/ presentation of Barman 1 project to various LGUs, DPWH District 2 & 4 Engineering Offices of Lipa & Barangas Clies respectively for the acquisition of the as-built plans	Sent letter of request for meeting/ presentation with TRB, SLEX & STAR Tollways. Coordinated/met with representatives from TRB, SLEX & STAR Tollway		Actual	1 st Quarter		COMPANY 016 TARGETS		
P43.7 million		Bid / Procurement of Consultancy Firm		Secure the PNOC Board Direction on the SPR		Coordination/ Meetings/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila					Target	2 nd Quarter				
							DVIE	And the second			Actual	rter	CY 2			
P34.2 million		Signing of an Agreement with the Consulting Firm		N/A		Coordination/ Meetings/ Presentation to LGUs in Batangas, Laguna, Cavite & Metro Manila		572			Target	3 rd Quarter	2016			
											Actual					
P27.1 million		Completion of Design of Survey Tool/Instrument		NA		Secure two (2) Favorable Endorsements from LGUs		Acquisition of at least two (2) complete As- Built Plans from LGUs/tollway operators/utilities	MOU on the Final Alignment with Toll Regulatory Board (TRB), South Luzon Tollway Corp. (SLEX), and Southern Luzon Tollway Artenial Road (STAR)		Target	4th Quarter				
											Actual	larter		,,,,,		

PHILIPPINE NATIONAL OIL COMPANY MONITORING REPORT OF CY 2016 TARGETS

SM 7 Restructuring Plan Average Percentage of Required Competencies Met So 7 Develop a Professional Culture and Better Employee Morale ISO 9001:2015 Certification for Pass or Fail	SM 8	SM 8	SM 7	SO 6 Develop rull cilipioyee ruleili	and a second property of the second potential	07	SO 5 Build Operating Company Capabilities	SM 5 Sale of Banked Gas		SO 4 Ensure Optimal Use of Assets	Objective/Measure		
Pass or Fail Pass or Fail Pass or Fail Pass or Fail	ired Pass or Fail Pass or Fail				ial	dustrial Pass or Fail	abilities	Actual over Target	Actual over Target		ure Formula	Component	
10%	5%	5%		10%	18 Car	10%		10%	10%		Weight		
N/A			NIA	AIN		N/A		NIA	NIA		2014	Bas	
	N/A	The same of the sa	N/A	Executed a MOA with Development Academy of the Philippines		NIA		Signed Joint Tender Agreement	Signed Joint Tender Agreement		2015	Baseline	
Certified	100 0001-2015		Execute agreement with consultant to do competency model	Submission of the Board-approved Restructuring Plan		Favorable Recommendation by Accredited 3rd Party Certifying Body		Signed Gas Sales Purchase Agreement (GSPA) for winning bidder of at least 30% (29.1 PJ) of total volume of 97 PJ	Notice of Award (NOA) to winning bidder of at least 30% (29.1 Pu) of total remaining volume of 97 PJ		2016	Target	MONITORING REPORT OF CT
			TOR Preparation	Presentation to MANCOM		Hiring of IMS Consultant (TOR, WOR, Bidding y Process, Proposals)		Finalize and sign the Memorandum of Agreement with PNOC Exploration Corporation designating the latter to negotiate in behalf of PNOC the terms of the sale	Finalize and sign the Memorandum of Agreement with PNOC Exploration Corporation Corporation the agoldate in behalf of PNOC the terms of the sale	i al got			
	N/A		TOR prepared & finalized. [See Annex VII]	TO as proposed by DAP presented to MANCOM.		Completed hiring of IMS Consultant (TOR, WOR, Bidding Process, Proposals); NOA & NTP have been signed on 3/18/2016		Signed the Memorandum of Agreement with PNOC Exploration Corporation	Signed the Memorandum of Agreement with PNOC Exploration Corporation	, commi	1 st Quarter		OID IARGEIS
			Bidding and Award	Board Presentation and approval		Signing of Agreement with IMS Consultant (NOA/ Contract, Preliminaries)		Term Sheet Finalization	Term Sheet Finalization		Z''' Quarter		
					The state of the s						Actual	CY	
			Bidding and Award	Submission of the Board-approved Restructuring Plan		Preparation for the Documentation and Implementation Requirements for the Certification of the IMS (manuals, etc.)		Finalized Term Sheet and Issuance of Notice of Award Preparation and finalization of the Gas Sales and Purchase Agreement (CSPA)	Finalized Term Sheet and Issuance of Notice of Award		Target Quarter	2016	
											Actual		
	ISO 9001:2015 Certified		Execute Agreement with Consultant to do Competency Model	N/A		Favorable Recommendation by Accredited 3rd Party Certifying Body		Signing and Execution of the GSPA	N/A		Target		
					The second secon			15			Actual		