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4.1 PHILIPPINE NATIONAL OIL COMPANY (PNOC) PROFILE

Through Presidential Decree No. 334, the Philippine National Oil Company (PNOC) was created on November 9, 1973, to provide and maintain an adequate and stable supply of oil. Focusing its efforts and resources on learning the ropes of the petroleum industry, PNOC rose to occupy market leadership in an industry thought to be the domain of multinationals. Its charter was amended to include energy exploration and development.

PNOC was a product of the times. It was the Philippines' response to the oil crisis that gripped the world in the 1970s. Before the oil embargo, there was easy and ready access to crude. But sudden upheavals in the global oil industry caught many, including the Philippines, unprepared and, therefore, vulnerable.


The Philippines' response was quick and strategic. PNOC successfully forged oil-supply partnerships with supplier countries. It later acquired refineries and petroleum transport and marketing firms with the aim of being a "total" energy company. With this thrust at the heart of the company's operations, it further initiated the exploration of the country's indigenous oil and non-oil energy resources. Its purpose was to build an energy sector that will bring energy independence to the country. Eventually, PNOC expanded its operations to include total energy development, including indigenous energy sources like oil and gas, coal, and geothermal.

PNOC Exploration Corporation (PNOC EC), a fully owned subsidiary of PNOC, is concentrating on its Oil and Gas businesses, the most popular and successful of which is the Malampaya Deepwater Gas-to-Power Project where PNOC EC owns 10% equity. In December 1999, PNOC EC finalized its participation in the largest energy infrastructure undertaking in Philippine history. PNOC EC's involvement in the project effectively joins it with the rank of such other petroleum majors as Shell Exploration (as Project Operator) and Texaco (Partner).

Developments in the country as well as the global front made it imperative for the company to become more involved in new and renewable and alternative energy activities and projects. In 1993, PNOC also ventured into petrochemicals, setting up the Philippines' first petrochemical industrial estate in Limay, Bataan.

PNOC went even further by creating a subsidiary, which is the primary vehicle in promoting, developing, and implementing new and renewable energy sources in the country. The PNOC Renewables Corporation (PNOC-RC) was created on March 7, 2008, to reduce dependence on imported oil, while mitigating climate change.

To be at the forefront of energy development, PNOC envisions a balanced and sustainable growth for the country, by providing vital energy infrastructure, in support of its development.

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PNOC continues to serve as the key institution in the exploration, development, and utilization of indigenous oil and non-oil energy sources.

In 2014, PNOC Alternative Fuels Corporation (PAFC) and PNOC Development and Management Corporation (PDMC) were abolished and dissolution is still ongoing. The operation and administration of the Industrial Park in Bataan and PDMC were fully transferred to PNOC in 2017.

In 2017, the Energy Supply Base (ESB) in Batangas was turned over from PNOC-EC to PNOC.

GCG Memorandum ORDER No. 2018-05 outlined the PNOC reorganization into an operating company and defined its new structure.

4.2 Factors, Interested parties and their need and expectations


4.2.1 Internal factors

Currently, one of the internal factors affecting the PNOC business process is its reorganization/ restructuring from a holding company to an operating company. The Reorganization/ Restructuring Plan has been approved by the Governance Commission for Government-Owned and Controlled Corporations (GCG). The Business Process Map has been adjusted accordingly to address the requirements of the new structure which include the creation of business development units, energy investment and business units, asset management, and project management offices. Such being the case, new processes will be developed and eventually be implemented. The other internal factor is the recruitment and competence of personnel to do the work for the implementation of its various projects, in the implementation of the Reorganization/ Restructuring Plan. Corporate support services shall be extended to the energy businesses which are located in Batangas and Bataan provinces. The distance may pose a challenge in the delivery of services to these sites.

4.2.2 External factors

PNOC is a chartered corporation. It was created pursuant to PRESIDENTIAL DECREE NO. 3341 (As amended by P.D Nos. 405, 572, 927, 1516, E.O. No. 171, M.O. No. 18 and R.A. No. 7638) "CREATING THE PHILIPPINE NATIONAL OIL COMPANY, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES"

PNOC, as a government corporation is subject to the policies, guidelines, rules, and regulations of the following:

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- a. Civil Service Commission (CSC)
- b. Commission on Audit (COA)
- c. Department of Budget and Management (DBM)
- d. Department of Energy (DOE)
- e. Department of Finance (DOF)
- f. Office of the President
- g. Governance Commission for Government-Owned and Controlled Corporations (GCG)
- h. Bureau of Internal Revenue (BIR)
- i. PAGIBIG
- j. PHILHEALTH
- k. House of Representatives
- l. Senate of the Philippines
- m. Local Government Units (LGUs)
- n. Government Service Insurance System (GSIS)

With the PIP and ESB and their HSSE programs, compliance with the requirements of the following agencies will be considered:

- a. Bureau of Customs
- b. Bureau of Immigration
- c. Department of Environment and Natural Resources (DENR)
- d. Department of Labor and Employment Bureau of Working Conditions (DOLE BWC)
- e. Department of Health (DOH)
- f. Environmental Management Bureau (EMB)
- g. Office for Transportation Security (OTS)
- h. Philippine Ports Authority (PPA)

And such other relevant agencies and government instrumentalities that require statutory and regulatory compliance from PNOC in the furtherance of its business.


4.3 Scope of the Quality Management System (QMS)

4.3.1 This QMS shall cover

Name: PHILIPPINE NATIONAL OIL COMPANY

Business: Provision of vital energy resource development and energy infrastructure conducive to a clean environment and balanced and sustainable economic growth

Main Office: PNOC Building 6, Energy Center, Rizal Drive
Bonifacio Global City
Taguig City

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Operating Units	Scope	Site Address
PNOC Industrial Park	Facilities Operation and Administration of Industrial Park	Brgy. Batangas Dos, Limay-Mariveles, Bataan
Energy Supply Base	Pier Services, Cargo Handling, Warehousing services; Facilities and Equipment Rental, and Manpower Services	Brgy. Mainaga, Mabini, Batangas

4.3.2 Standard


- ISO 9001:2015 Quality Management System

4.4 Business Process Map

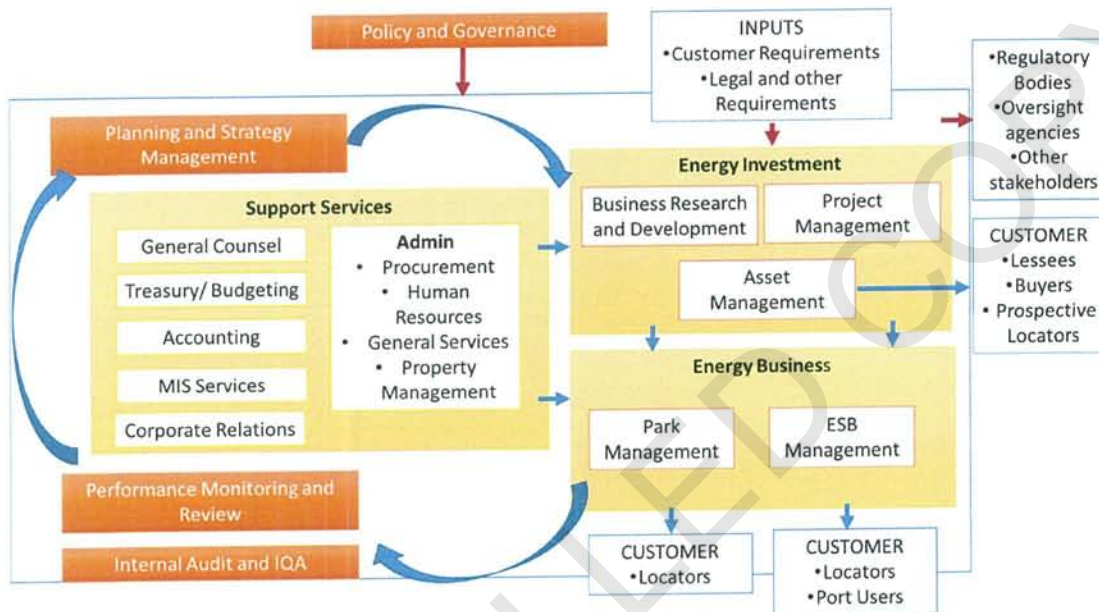
4.4.1 PNOC Business Process Map

The PNOC Process Map shows the relationship/interaction within PNOC business operation and support processes. Also reflected is the management system flow of planning, implementation, performance evaluation, and improvement processes. The map also shows how PNOC considers inputs from its customers, knowledge on industry trends, and compliance with Regulatory and Statutory requirements. The various processes shall be discussed further in subsequent parts of this Manual.

The Industrial Park (PIP) and Energy Supply Base (ESB) implement health and safety, security, and environmental programs and management systems. These shall be described in separate documentation.

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PNOC BUSINESS PROCESS MAP



4.4.2 PNOC Business Processes

PNOC, being an operating company, currently has two (2) core processes namely, the Energy Investment and Energy Business, which are further divided into:

4.4.2.1 Energy Investment


- Business Research and Development
- Project Management
- Asset Management

4.4.2.2 Energy Business

- Energy Supply Base
- Industrial Park Management

4.4.3 Support Services consist of processes based at the Head Office and providing support to the Energy Business such as:

- Planning services
- Administrative services
 - Procurement
 - Human Resources
 - General Services (Office Service, Facilities, Records, Motorpool)
 - Property Management



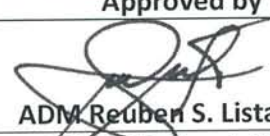
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- General Counsel
- Treasury/ Budgeting
- Accounting
- MIS Services
- Corporate Relations
- Corporate Secretary

Refer to:

- Attachment 1 – Internal Issues
- Attachment 2 – External Issues
- Attachment 3 – Needs and Expectations of Interested Parties

Rev. No.	Affected pages/ section	Revision History
0	-	New version of PNOC QMS; to include PNOC Energy Supply Base and PNOC Industrial Park.

Prepared by	Reviewed by	Approved by
 E. R. S. Cruz Department Manager - Internal Audit Office	 Atty. G. M. Barleta SVP for Energy Business	 ADM Reuben S. Lista (Ret) President and CEO



PHILIPPINE NATIONAL OIL COMPANY
PNOC Building 6, Energy Center, Rizal Drive, Bonifacio Global

PQT-04A1
INTERNAL ISSUES
As of: _____

Factors	Internal Issues	Risk	Opportunity	Action Plan to Address R/O	Implementation & Integration in the QMS/IMS Processes	Evaluation of Effectiveness

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PQT-04A2
EXTERNAL ISSUES
As of: _____

Factors	External Issues	Risk	Opportunity	Action Plan to Address R/O	Implementation & Integration in the QMS/IMS Processes	Evaluation of Effectiveness

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Interested Parties	Needs and expectations	Risk	Opportunity	Action Plan to Address R/O	Implementation & Integration in the QMS Processes	Evaluation of Effectiveness

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