



24 OCTOBER 2023

OLIVER B. BUTALID
President and Chief Executive Officer
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
PNOC Building 6, Energy Center, Rizal Drive,
Bonifacio Global City Taguig City

ACKNOWLEDGEMENT RECEIPT

LETTER **11 OCTOBER 2023**
DATE:

RE: **[E] LETTER FROM PNOC TO GCG RE SUBMISSION
OF THIRD QUARTER MONITORING REPORT OF
PERFORMANCE TARGET FOR 2023**

The said document was officially received by the Governance Commission on 24 October 2023 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: **0-0204-24-10-2023-023407**.

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

Signature over Printed Name

Date and Time

PRIVACY NOTICE: Any or all personal data you provided will only be used to process your transaction with the GCG and for other compatible purposes. All collected data will be kept secure and confidential, unless otherwise authorized by law. They will be disposed of as soon as the purpose for their use has been achieved. Only aggregate or anonymized data shall be subject to further processing. We respect your rights under the Data Privacy Act. Should you wish to invoke any such rights in relation to our processing of your personal data, or have questions or clarifications relative to privacy and data protection, you may contact the GCG – Data Privacy Team at privacy@gcg.gov.ph. You may lodge your complaint or submit an incident report form in the same email address.



October 11, 2023

ATTY. MARIUS P. CORPUS
Chairperson

ATTY. BRIAN KEITH F. HOSAKA
Commissioner

ATTY. GERALDINE MARIE BERBERABE-MARTINEZ
Commissioner

Governance Commission for GOCCs
3/F BDO Paseo Towers (Formerly Citibank Centre),
Paseo de Roxas Avenue, Makati City

Dear Chairperson and Commissioners:

We are pleased to submit PNOC's Monitoring Report of Performance Targets for the **Third Quarter** of 2023.

We hope you find our submitted documents in order. Our focal person for your staff to coordinate with should you have any questions, clarifications or need additional information, is Ms. Alma B. Taganas, Officer in Charge of the Strategy Management Office (email: abtaganas@pnoc.com.ph).

Thank you.

Very truly yours,



OLIVER B. BUTALID
President and Chief Executive Officer

PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2023 PERFORMANCE TARGETS
THIRD QUARTER REPORT

Strategic Perspective	Strategic Objective	Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
					2023	Actual	Actual	Target	Actual	Target
SOCIAL IMPACT	SO 1	Contribute to Energy Security Targets								
	SM 1	Development of Decentralized Energy System through the Use of Renewable Energy Technology (Solar PV Technology)	Actual Accomplishment	10%	All or Nothing	Board-Approved Detailed Feasibility Study (DFS) on Decentralized Energy Systems (DES) Using Renewable Energy (Solar PV Technology)	Commenced preparation of the Detailed Feasibility Study on the Decentralized Energy Systems (DES) using Renewable Energy (Solar PV Technology)	The DFS for the development of DES Project (using solar PV technology) in PNOC ESB has been drafted and targeted to be presented to PNOC Board in July 2023.	Presentation of Project DFS to the PNOC President for endorsement to PNOC Board for approval <	

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
						2023	Actual	Actual	Target	Actual	Target
FINANCE	SM 3	Net Income	Income from Operations Add/deduct: Forex Gains/Losses, Other Income, Income Tax & Unrealized Gains/Losses	25%	Actual over Target	P1,987 Million	P678.87 Million	P965.56 Million	P497 Million	P607.92 Million See Annex C	P496 Million
	SM 4	Budget Utilization Rate (BUR)	Actual Disbursement over Total Approved Budget for CO and MOOE	5%	Actual over Target	90%	CO = 1.00% MOOE = 21.13% Total: 8.87%	CO = 9.42% MOOE = 51.38% Total: 25.83%		CO = 10.21% MOOE = 60.53% Total: 29.88% See Annex D	90%
	SO 4	Develop Energy Infrastructure									
	SO 5	Maintain Efficient Management of PNOC Energy Facilities									
INTERNAL BUSINESS PROCESS	SM 5	Compliance to Integrated Management System (IMS) Standards for PNOC Industrial Park	Actual Accomplishment	5%	All or Nothing	Pass 1st Surveillance Audit	Issued Special Order for the composition of the IMS Secretariat. Review and updating of IMS Manual ongoing.	Review and updating of the IMS Manual ongoing. Completed conduct of Internal IMS Audit. Implemented 11 DCCRs.	Review and updating of IMS Manual Conduct of Internal Audit Conduct of Management Review	Approved and implemented DCCRs are as follows: - MNT02-F9 - MNT02-F8 First Surveillance Audit was conducted by Socotec last August 29, 2023. Park Management passed the surveillance audit for continued certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. See Annex E	Conduct of 1st Surveillance Audit Issuance of Certificate by CB

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
						2023	Actual	Actual	Target	Actual	Target
INTERNAL BUSINESS PROCESS	SM 6	Pass Certification - ISO 9001:2015 Quality Management Systems for ESB Operations and ISO 45001:2018 Occupational Health and Safety Management System	Actual Accomplishment	5%	All or Nothing	Pass Re-Certification	<p>Conducted 3 IMS Meetings:</p> <p>Jan. 27, 2023 Feb. 28, 2023 Mar. 24, 2023</p> <p>Review of IMS Manual and HIRAC ongoing.</p>	<p>Conducted 3 IMS Meetings:</p> <p>Apr. 27, 2023 May 23, 2023 June 30, 2023</p> <p>Completed Review of HIRAC on May 31, 2023</p> <p>Processed 3 DCCRs.</p>	<p>Conduct IMS Meetings (9/12 Minutes of Meeting)</p> <p>Conduct Internal Audit</p> <p>Review/revisit HIRAC/FMEA</p>	<p>Conducted 3 IMS Meetings: July 28, 2023 Aug. 29, 2023 Sept. 26, 2023</p> <p>Needs and expectations of interested parties and internal/ external issues finalized on June 21, 2023. Processed 35 DCCRs.</p> <p>HIRAC and FMEA finalized on June 30, 2023.</p> <p>Completed conduct of internal quality audit (IQA) on July 31, 2023 and Management Review (MR) on Aug. 16, 2023</p> <p>All preparations for the recertification were completed on Aug. 30, 2023. This is in line with the third-party audit scheduled on Sept. 15, 2023 by Socotec.</p> <p>See Annex F¹</p>	<p>Conduct of Management Review</p> <p>Conduct of Re-Certification Audit</p>
	SO 6	Optimize Asset Productivity									
	SM 7	Operation of Energy Supply Base (ESB)	Total No. of DOS conducted over Total No. of Berthed Foreign Vessels	5%	Actual over Target	100% Conduct of the Declaration of Security (DOS) within 14 hours upon berth of foreign vessel at ESB Pier	<p>Conducted 15/15 DOS of foreign vessels berthed at ESB.</p> <p>Ave = 4 hours and 26 minutes</p>	<p>Conducted 19/19 DOS of foreign vessels berthed at ESB.</p> <p>Ave = 2 hours and 12 minutes</p>	100% Conduct of the DOS within 14 hours upon berth of foreign vessel at ESB Pier	<p>Conducted 15/15 DOS of foreign vessels berthed at ESB.</p> <p>Ave = 5 hours and 12 minutes</p> <p>See Annex G</p>	100% Conduct of the DOS within 14 hours upon berth of foreign vessel at ESB Pier

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
						2023	Actual	Actual	Target	Actual	Target
INTERNAL BUSINESS PROCESS	SM 8	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 and/or El Pueblo Properties	Disposed through sale 4 Costa Verde and El Pueblo Properties: <u>2 Costa Verde</u> - Blk 38 Lot 64 - Blk 38 Lot 65 <u>2 El Pueblo</u> - Unit C 442 - Unit C 714	-	Disposal through sale of 5 additional Costa Verde and/or El Pueblo Properties	Disposed through sale one El Pueblo Property (Unit C 406) See Annex H	Disposal through sale of 5 additional Costa Verde and/or El Pueblo Properties
		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 10 Socialized Housing Program Lots	-	Disposed through sale 7 Socialized Housing Program Lots (DOAS for Notary)	Disposal through sale of 10 Socialized Housing Program Lots	Disposed through sale 7 Socialized Housing Program Lots (DOAS notarized) See Annex I	Disposal through sale of 10 Socialized Housing Program Lots
	SM 9	PNOC/PAFC/PSTC Property Utilized/ Leased/Disposed	Actual Accomplishment	5%	Actual over Target	Utilization/Lease/ Disposal of any one (1) PNOC/PAFC/ PSTC Property	Executed Locator Agreement bet. PNOC (as administrator of PAFC) and Natural Resources Development Corporation (NRDC) for the lease of 7,629,909 sqm. at the PNOC Industrial Park	-	Utilization/ Lease/ Disposal of any one (1) PNOC/PAFC/ PSTC Property	Executed Land Lease Agreement bet. PNOC (as administrator of PAFC) and Samat LNG Corporation for the lease of 45,000 sqm. at the PNOC Industrial Park See Annex J	Utilization/ Lease/ Disposal of any one (1) PNOC/PAFC/ PSTC Property

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
						2023	Actual	Actual	Target	Actual	Target
	SM 10	Disposal of Banked Gas	Actual Accomplishment	10%	Actual over Target	Delivery of 5 Petajoules (PJ) of Banked Gas	Submitted delivery reports to DOE (January to March 2023) Delivered a total of 2.577 PJ (Covering a period of 26 Dec. 2022 to 25 March 2023)	Submitted delivery reports to DOE (April to June 2023) Delivered a total of 5.754 PJ (Covering a period of 26 Dec. 2022 to 25 June 2023)	Continuation of GSPA Administration /Delivery of Contracted Banked Gas Submission of Delivery Reportorial Requirement to DOE	Submitted delivery reports to DOE (July to Sept. 2023) Delivered a total of 8.620 PJ (Covering a period of 26 Dec. 2022 to 25 Sept. 2023) See Annex K	Continuation of GSPA Administration/ Delivery of Contracted Banked Gas Submission of Delivery Reportorial Requirement to DOE
	SO 7	Acquire, Develop, Retain and Motivate Talents for Peak Performance									
INTERNAL BUSINESS PROCESS	SM 11	Percentage of Employees with Required Competencies Met	Number of Employees with Required Competencies Met over Total Number of Employees	5%	All or Nothing	Increase from 2022 Baseline	Disseminated to employees the list of trainings /seminars offered by training institutions to address their competency gaps. Facilitated attendance of employees to trainings/ seminars: Local = 31 In-House = 2	Submitted the 2nd Quarter Summary of Employee Competency Gap Monitoring Report (ECGMR). Disseminated to employees the list of trainings offered by training institutions to address their competency gaps. Facilitated attendance of employees to trainings/ seminars: Local = 43 In-House = 1	Submit the 3rd Quarter Summary ECGMR	Submitted the 3rd Quarter Summary of ECGMR. Based on the report, 2 additional employees met their required competencies vis-à-vis position held for CY 2023 as reflected in the attached Training Effectiveness Monitoring Assessment. Facilitated attendance of employees to trainings/ seminars: Local = 47 In-House = 3 See Annex L	Submit the 4th Quarter Summary of ECGMR and Summary of Employee Baseline Competency Report
	SO 8	Develop, Implement and Maintain Efficient and Effective Systems									

Strategic Perspective	Strategic Objective		Formula	Weight	Rating System	Target	1st Quarter	2nd Quarter	3rd Quarter		4th Quarter
						2023	Actual	Actual	Target	Actual	Target
	SM 12	Compliance to Quality Standards	Actual Accomplishment	5%	All or Nothing	Pass Re-Certification	Completed Terms of Reference (TOR) for the engagement of a Training Provider on QMS Appreciation	Completed conduct of QMS Appreciation Training on May 29, 31 and June 2, 2023. Conducted document review and completed conduct of Internal Quality Audit from June 15 to July 17, 2023.	Management Review ISO 9001:2015 recertification	Completed conduct of Management Review on Aug. 22 to 23, 2023. All preparations for the recertification of PNOC Head Office were completed on August 30, 2023. This is in line with the third-party audit scheduled on September 18, 2023 by Socotec. ¹ Socotec, however, rescheduled the recertification audit to October 27, 2023, as their certification activities were temporarily on hold due to an issue with their UKAS accreditation. See Annex M	
		Total Weight		100%							

¹ Note: Socotec sent a letter to PNOC dated Sept. 7, 2023 informing the company that its UKAS accreditation was suspended, and that its certification activities were on hold until further notice. As per Socotec's request, the recertification audits for ESB and the PNOC Head Office, originally scheduled for September 15 and 18, have been rescheduled to other dates.