

# **PNOC QUALITY MANUAL**

## **1. Introduction**

This Quality Manual serves as a guide for PNOC employees, customers, and other stakeholders to ensure continued compliance with ISO 9001:2015 standards.

This updated Quality Manual is part of the company's ongoing efforts to enhance its Quality Management System by developing streamlined, responsive, and effective processes, improving service delivery and documentation systems, ensuring continued compliance with customer requirements and relevant regulations, and promoting continual improvement.

Top Management is responsible for maintaining, updating, and ensuring the Manual's applicability. Each department receives a copy, and respective Managers are responsible for dissemination. External requests for this Manual must be approved by Top Management.

The Manual shall be updated to reflect changes in ISO standards, applicable laws, PNOC-wide policies, organizational changes, and best practices. Revisions will be redistributed accordingly.

## **2. Company Profile**

The Philippine National Oil Company (PNOC) was established in 1973 under Presidential Decree No. 334, with a mandate to ensure a reliable oil supply to boost the Philippines' energy security amid the global oil crisis. Its mandate was later expanded to include exploration, exploitation, and development of all energy resources. PNOC has since evolved from a holding company into an operating entity, aligning with national priorities on energy security and sustainability.

PNOC absorbed the functions and assets of PNOC Alternative Fuels Corporation and PNOC Development Management Corporation, following their dissolution and the directives of the Governance Commission for GOCCs (GCG). PNOC now supports clean energy development, energy infrastructure modernization, LNG and energy storage initiatives, and public-private partnerships, all within a dynamic regulatory and policy environment.

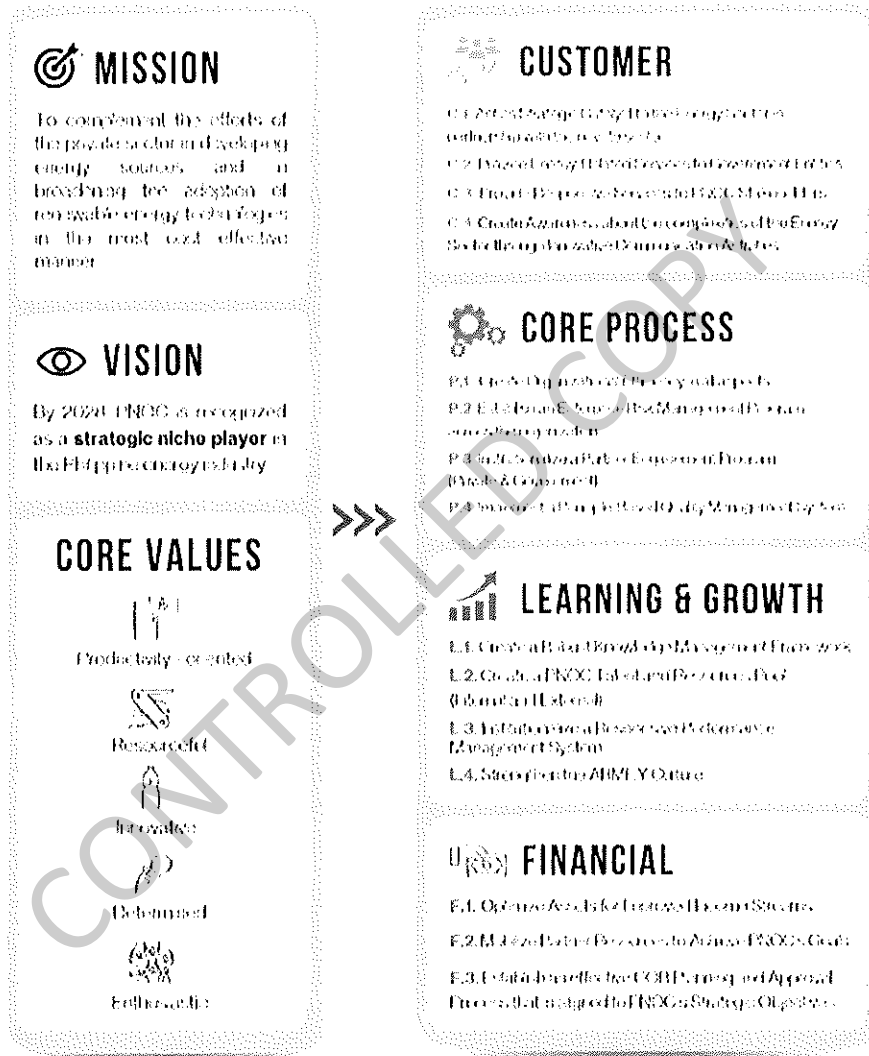
The company has two field offices, namely the Energy Supply Base (ESB) in Mabini Batangas, and the PNOC Industrial Park located in Limay and Mariveles, Bataan. Both field offices have their separate ISO certifications with oversight from the PNOC Corporate Center.

## **3. Vision, Mission, Core Values and Strategic Objectives**



# STRATEGY MAP

"THINK GLOBAL, ACT LOCAL - ALWAYS WITH PARTNERS"



## 4. Quality Policy

"PNOC is committed to being a strategic niche player in the energy industry.

We shall complement, not compete with, the private sector in developing energy sources and in broadening the adoption of renewable energy technologies.

Our goals shall be aligned to our nation's goals.

To achieve profitability and effectiveness, PNOC shall adhere to these seven (7) quality management principles:

- Inculcate a deep commitment to customer satisfaction;
- Practice principled leadership;
- Foster meaningful engagement among our employees;
- Adopt a systematic process approach;
- Strive for continuous improvement;
- Make decisions based on data; and
- Nurture harmonious relationships.

We aim to attract and retain a highly competent workforce by promoting a learning and growth environment.

In collaboration with our private sector partners, stakeholders, employees, suppliers and colleagues in government, we pledge to leave a legacy for the future generations of Filipinos.”

## **5. Quality Objectives**

PNOC’s quality and strategic objectives are aligned with its mission and operational direction:

- Ensure 100% compliance with statutory and regulatory requirements
- Achieve  $\geq 90\%$  customer satisfaction rate
- Resolve 100% of corrective actions within 30 calendar days
- Ensure full implementation of internal audits and management reviews
- Generate and sustain revenues through efficient property utilization
- Strengthen partnerships and investments aligned with national energy goals
- Improve operational efficiency and resource utilization

## **6. Scope and Exclusions**

The QMS of the PNOC Corporate Center covers:

- 1) Business-related processes that directly contribute to the development of new revenue streams and alternative sources of energy; and
- 2) Relevant support processes.

The scope covers the following processes, called the Quality Process Flows (QPFs):

### **A. Core Processes**

1. Investment Facilitation and Generation
2. Providing Energy Solutions in GIDA
3. Setting of Rental Rates for PIP Locators
4. Monitoring and Tracking of Business Opportunities
5. Reading and Calculation of Bill (RGB)

### **B. Support Processes**

1. Filling of Vacant Plantilla Positions

2. Procurement Processes
  - Competitive Bidding
  - Negotiated Procurement -Small Value Procurement
  - Negotiated Procurement -Agency to Agency
  - PS Virtual Store
3. Cash Advances, Liquidation and Reimbursements
4. Billing and Collection
5. Payment to Suppliers and Other Disbursements

Clauses 8.3 (Design and Development of Products and Services), and 7.1.5. (Monitoring and Measuring Resources), including 7.1.5.1 and 7.1.5.2 are excluded from the scope. These exclusions are justified based on the organization's current operations, which do not involve product or service design and do not require the use of monitoring and measuring resources for product conformity.

## **7. Context of the Organization**

On July 28, 2023, PNOC's Board of Directors approved the vision, mission and strategy map, as shown in Section 3 above. This strategic shift recognizes PNOC's role beyond asset preservation, focusing on pursuing strategic business opportunities that address the Philippine energy trilemma while securing long-term revenue stability.

PNOC introduced in November 2023, its Three Arrows Framework which outlines PNOC's roles, as follows:

- As a Catalyst for Energy Projects: Promoting emerging technologies in the energy sector.
- As a Service Provider: Enhancing energy efficiency initiatives for government entities;
- As a Social Enterprise: Addressing energy needs in areas less attractive to private sector players.

PNOC determined the internal and external issues relevant to its purpose and strategic direction. Interested parties include customers, employees, government regulators, and partners. These are regularly reviewed during strategic planning sessions.

The needs and expectations of key interested parties are as follows:

- Government/Regulators: revenue remittances, dividends, taxes, development of new energy sources, compliance with regulatory standards and statutory requirements;
- PNOC Board: Attainment of vision and mission, financial stability, enhanced reputation, and compliance with GCG and regulatory requirements;

- Partners: Fulfillment of contractual obligations, growth in areas of mutual benefit;
- Lessees: Fulfillment of contractual obligations, responsive to reasonable requests;
- Suppliers, Contractors and Customers: Fulfillment of contractual obligations, responsive problem resolution, fairness and transparency.
- Employees: Growth opportunities, compliance with statutory requirements, clear and fair governance policies.
- Management: accurate, timely and evidence-based information, achievement of strategic goals, resource optimization, compliance and risk control, stakeholder confidence, competent and engaged workforce
- The General Public: development of renewable and zero carbon energy technologies that bring electricity rates down
- SWOT Analysis:

## SWOT

<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>Broad Mandate</li> <li>Adequate Investible Funds</li> <li>Perceived Stability as a GOCC</li> <li>Network of Partners</li> <li>Clear Strategic Intent</li> <li>Strategically located Assets</li> <li>High Commitment to Good Governance</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>Lack of Agility</li> <li>Resistance to Change</li> <li>Underdeveloped Intrapreneurial Culture</li> <li>Inadequate Competences</li> <li>Low level of Digital Transformation</li> <li>Legal team lacks commercial competence</li> <li>Idle Assets</li> <li>Authority to disburse funds is subject to GAA</li> </ul>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Entry of 100% Foreign-Owned RE companies</li> <li>ASEAN complementation agenda</li> <li>Accelerated Hybridization of SPUG Areas</li> <li>Philippine Energy Transition Goals</li> <li>Philippines perceived as a favorable investment destination for energy projects</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>Material Litigation against PNOG</li> <li>Unutilized funds may be swept anytime</li> <li>Stranded Banked Gas</li> <li>Reputational Risks</li> <li>Business Discontinuity</li> </ul>



These issues and expectations are assessed and monitored through management reviews, risk assessments, stakeholder consultations, and strategic planning activities.

### 8. Terms and Definitions

Key terms and definitions used in this manual conform to ISO 9000:2015 standards and PNOC's internal glossary of terms. Some examples include:

- QMS: Quality Management System – A system that establishes, implements, and maintains a company's quality policies, objectives, and processes to ensure it consistently delivers products and services that meet customer and regulatory requirements.
- Customer: Any individual or organization receiving a product or service from PNOC, whether external or internal to the organization.
- PREX Team: Process Excellence Team refers to the process owner or person accountable for a specific process within the QMS. PREX Teams ensure the process is executed effectively, identifies opportunities for improvement, and is responsible for maintaining the integrity of the process.

## **9. Leadership and Commitment**

Top Management is committed to customer satisfaction, compliance, and continual improvement. A Quality Policy has been established and communicated to all employees. Roles, responsibilities, and authorities are clearly defined through the issuance of OPMs and Special Orders.

## **10. Planning**

Risks and opportunities that can impact the QMS have been identified and addressed through appropriate actions. Quality objectives are measurable and aligned with the Quality Policy.

## **11. Support**

We ensure the availability of necessary resources, including competent personnel, infrastructure, and monitoring tools. Information is documented and controlled per our Document Control process.

## **12. Organizational Structure and Responsibilities**

- Top Management: Leads the QMS; sets policy and ensures alignment with strategy
- QMS Core Team: Manages documentation, audits, training, and compliance
- Process Excellence Teams (PREX/process owners): Execute and improve their assigned QMS processes
- All Employees: Participate in quality initiatives and adhere to QMS procedures

## **13. Risk Management and Opportunities**

PNOC's risk management framework includes:

- Identifying risks/opportunities across processes
- Assessing impact and likelihood
- Planning appropriate responses
- Monitoring effectiveness of controls

PNOG uses the CRAM tool to analyze and manage risks by breaking them down into four (4) key elements: Consequence, Rating on the severity of the risk, Actions to mitigate or avoid the risk, and Monitoring, i.e. how will we track and review the risk over time.

#### **14. Documented Information**

The QMS documentation includes:

- Quality Manual
- Quality Process Flows (QPFs)
- Standard Forms/Templates
- Audit and Management Review Reports

Documents are subject to version control and scheduled review.

#### **15. Internal Audit**

Internal audits verify conformity with ISO 9001:2015 and internal procedures. Audit findings inform management reviews and improvement planning.

#### **16. Management Review**

Top Management periodically reviews the QMS for:

- Suitability and effectiveness
- Resource adequacy
- Audit results and customer satisfaction
- Strategic alignment

#### **17. Nonconformity and Corrective Action**

When nonconformities occur:

- Immediate containment is applied
- Root causes are investigated
- Corrective actions are implemented and tracked
- Effectiveness is validated

#### **18. Continual Improvement**

PNOG drives continuous improvement through:

- Performance monitoring
- Innovations and process reviews
- Employee development and training
- Root cause analysis and feedback utilization

#### **19. Communication and Awareness**

Awareness of the QMS is promoted through:

- Department briefings
- Cascading conferences
- Intranet (Synergy)
- Internal memoranda
- Stakeholder forums and updates
- Training and orientation programs

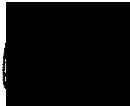
## 20. Normative References

- ISO 9001:2015
- Republic Act No. 9184
- Republic Act No. 12009
- GCG Governance Guidelines
- Relevant DOE, COA, and DBM regulations
- PNOG Internal Policies

## 21. Annexes

- Annex A: Organizational Chart
- Annex B: Quality Process Flows (QPFs)
- Annex C: Risk Register Template
- Annex D: Internal Audit Plan Template

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### **Approved by:**



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