

PHILIPPINE NATIONAL OIL COMPANY (PNOC)

	Component				Baseline		Target	
	Objective/Measure	Formula	Wt.	Rating System	2015	2016	2017	
SOCIAL IMPACT	SO 1	Contribute to Energy Security Targets						
	SM 1	Establishment of PNOG LNG Integrated Systems Project		15%	All or Nothing	N/A	N/A	Board-approved PNOG Batangas LNG Hub Project Framework Study
		Sub-total		15%				
STAKEHOLDER	SO 2	Establish a Comprehensive Relationship Management for Mutually Beneficial Linkages with Key Stakeholders						
	SM 2	Stakeholder Satisfaction Rating	Average satisfaction rating	10%	90 & above = 100% 80 to 89 = 90% 70 to 79 = 80% 60 to 69 = 70% 59 & below = 0%	Very Satisfactory	Very Satisfactory	Very Satisfactory
		Sub-total		10%				
FINANCE	SO 3	Maintain a Sound Financial Condition						
	SM 3	Net Income (excluding all income or dividends received from operating subsidiaries)	Based on profitability formula on Item 6 in the GCG MC 2014-05 (Re-issued)	10%	Actual over Target	₱ 296.99 M [§]	₱ 246 M	₱ 258 M ^{**}
	SM 4	Gain from disposal ^{††} of PNOG Assets	Total Proceeds of sale less Total Net Book Value	5%	Sale > Net Book Value = 100%; Sale ≤ Net Book Value = 0%	N/A	N/A	Gain on disposal.

§ Based on COA Audited Financial Statements.

** Net of ₱40 Million payment to the PPP Center and excluding gains/losses from disposal of assets.

†† Disposal excludes utilization by lease or joint venture. Proceeds from utilization will be included in the computation of Net Income.

	SM 5	Gain from disposal of Abolished Subsidiary Assets	Total Proceeds of sale less Total Net Book Value	10%	Sale > Net Book Value = 100%; Sale ≤ Net Book Value = 0%	N/A	N/A	Gain on disposal. (Disposal of six (6) Real Properties, three (3) Floating Assets & All Industrial Fuel Oil)
			Sub-total	25%				
INTERNAL BUSINESS PROCESS	SO 4	Develop a Liquefied Natural Gas (LNG) Energy Hub						
	SM 6a	Development of PNO C Bantangas Properties to an Energy Hub (Energy Supply Base)		10%	All or Nothing	N/A	Lease Agreement between PNO C and PNO C-EC	Complete Phase 2 of the Transition Plan
	SM 6b	Development of PNO C Batangas Properties to an Energy Hub (PNO C-RC Bauan Housing Property)	Signed Memorandum of Understanding (MOU) between PNO C and PNO C-RC	10%	All or Nothing	N/A	N/A	Signed MOU between PNO C and PNO C-RC
	SO 5	Maintain Efficient Management of Industrial Park						
	SM 7	Additional area of the Industrial Park Leased-Out	Total additional area leased (in sqm)	5%	Actual over Target	N/A	N/A	11,000 sqm

	SM 8	PNO C Industrial Park ISO Certification		5%	All or Nothing	N/A	Integrated Management Systems (IMS) Certified (ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007) October 2016	Pass PNO C Industrial Park Surveillance Audit
	Sub-total			30%				
LEARNING AND GROWTH	SO 6	Develop, Implement and Maintain Efficient and Effective Systems						
	SM 9	PNO C ISO Certification		10%	All or Nothing	N/A	Internal Quality Audit completed	ISO QMS 9001:2015 Certification
	SO 7	Restructure the Organization to an Operating Energy Company that is Responsive to the Attainment of the Vision						
	SM 10	Percentage of Average Required Competencies Met		5%	All or Nothing	N/A	N/A	Submission of Board-approved Competency Framework
	SM 11	Implementation of the PNO C Restructuring Plan		5%	All or Nothing	N/A	Submitted Board-approved Revised Reorganization Plan to GCG	Submission of Revised Board Approved Reorganization Plan
	Sub-total			20%				
TOTAL			100%					