

15 February 2022

MR. HERCULANO C. CO, JR

Chairman

MR. MIGUEL E. UMALI

President & CEO (PCEO)

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)

Km. 15 East Service Road, Bicutan,
Parañaque City

**RE: VALIDATION RESULT OF PNCC'S
2020 PERFORMANCE SCORECARD**

Dear Chairman Co and PCEO Umali,

This is to formally transmit the validation result of PNCC's 2020 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, PNCC obtained an overall score of **32.73%** (See **Annex A**). The same is to be posted in PNCC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.¹

In relation to the grant of 2020 PBB to eligible officers and employees, PNCC fails to satisfy the requirements of GCG M.C. No. 2019-02,² particularly the achievement of a weighted-average score of at least 90% in its 2020 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.³

Consequently, pursuant to GCG M.C. No. 2021-01,⁴ failure to qualify for the PBB means that the Appointive Members of the Governing Board of PNCC shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR PNCC'S INFORMATION AND GUIDANCE.

Very truly yours,

Digitally signed by:
CHAIRMAN SAMUEL G. DAGPIN, JR.

Digitally signed by:
COMMISSIONER MICHAEL P. CLORIBEL

Digitally signed by:
COMMISSIONER MARITES C. DORAL

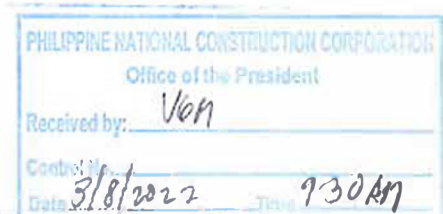
cc: **COA Resident Auditor – PNCC**

¹ Code of Corporate Governance for GOCCS, dated 28 November 2012.

² Interim Performance-Based Bonus (PBB).

³ GOCC Governance Act of 2011.

⁴ "Interim Performance-Based Incentive (PBI) System for Appointive Directors of GOCCs covered by GCG for CY 2020 and for the Years Thereafter," dated 28 January 2021.



PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)
Validated 2020 Performance Scorecard

Component												PNCC Submission		GCG Validation		Supporting Documents	Remarks
Objective/Measure		Formula	Rating Scale ^{a/}	Wt.	Target	Actual	Rating	Score	Rating								
CUSTOMERS / STAKEHOLDERS	SO 1	Maximize Stakeholder Value															
	SM 1	Construction and Development of Real Properties (FCA Properties)	Actual Accomplishment	All or Nothing	10%	OP Approval of TOR for FCA Property (9.9 has.)	Awaiting OP Approval on the proposed lease and development of 9.9 hectare FCA property.	10%	Measure Excluded	–	- Copy of the PNCC's follow up Letter dated 24 February 2020 on the OP Approval of the Lease of 9.9 has. FCA property	Measure excluded. On 18 July 2019, PNCC requested approval from OP to bid out the lease and development of its FCA property covering 9.9 hectares. On 24 February 2020, PNCC sent a follow-up letter to OP regarding its request. However, PNCC was still awaiting reply from OP as of 2020. As such, PNCC was not able to lease out the FCA property.					
					5%	Signed Lease Contract for FCA Property		5%	Measure Excluded	–							
	SM 2	Percentage of Satisfied Customers		Actual / Target 0% = If less than 80%			Bid documents forwarded to potential third-party providers		No CSS Conducted		- PNCC's letter dated 09 September 2021	PNCC was still preparing bid documents for the procurement of third party to conduct its CSS.					
		a. Partner Agencies	Actual Accomplishment		5%	90%		5%		0%							
		b. Concessionaires			5%	90%		5%		0%							
		Sub-total				25%		25%		0%							
	INTERNAL PROCESS	SO 2	Improve Internal Systems and Procedures														
SM 3		ISO Certification	Actual Accomplishment	All or Nothing	5%	ISO 9001:2015 Certification	No ISO Certification	5%	No ISO Certification	0%	- No supporting documents submitted	With only the conduct of preparatory activities, PNCC failed to obtain its target of ISO 9001:2015 Certification in 2020.					

Component						PNCC Submission		GCG Validation		Supporting Documents	Remarks
Objective/Measure		Formula	Rating Scale ^{a/}	Wt.	Target	Actual	Rating	Score	Rating		
					Start of STOA Negotiation	STOA Negotiation already commenced.		Start of STOA Negotiation		<ul style="list-style-type: none"> - TRB's letter dated 17 Sep 2020 to DPWH requesting for the review of the basic design of the PAREX project; - DPWH's letters dated 29 Sep 2020 and 15 Dec 2020 seeking confirmation from TRB on the conflict of alignment of PAREX and requesting documents of the project; - TRB's letter dated 07 Oct 2020 and 22 Dec 2020 forwarding requests from DPWH 	The discussion of the STOA for the PAREX project was done simultaneously with that of the SLEX TR5. Additionally, DPWH was also requested to review the basic design of the PAREX project in 2020 as part of the STOA negotiation on the project.
	c. Integrated Airport Toll Expressway Network (IATEN)	Actual Accomplishment	All or Nothing	3%	Enter into a Joint Venture Agreement (JVA) for IATEN Project	On 02 Oct 202, the BJVA between PNCC and SMHC was executed	3%	Entered into a Joint Venture Agreement (JVA) for IATEN Project	3%	- Copy of the BJVA on the Integrated Airport Toll Expressway Network-Component 1 Northern Access Link Project	The BJVA on the Integrated Airport Toll Expressway Network – Component 1 Northern Access Link Project between the PNCC and SMHC was signed on 02 October 2020 at Mandaluyong City.
					Approval of Assignment of Usufruct by OP on IATEN Project	On 14 Aug 2020, the Assignment of the Usufruct for the IATEN project was approved by the OP.		Approval of Assignment of Usufruct by OP on IATEN Project		- OP letter dated 14 Aug 2020 on the approval of PNCC's usufructuary rights on the IATEN project	Through its letter dated 14 August 2020, the Office of the President (OP) has approved the assignment of the PNCC's usufructuary rights on the IATEN Project over its franchise in favor of the joint venture company of PNCC and SMHC.

Component						PNCC Submission		GCG Validation		Supporting Documents	Remarks
Objective/Measure	Formula	Rating Scale ^{a/}	Wt.	Target	Actual	Rating	Score	Rating			
SO 3	Enhance Mobility of People and Commerce										
SM 5	Increased Annual Daily Traffic										
	a. Metro Manila Skyway Stage 3	Actual Accomplishment	All or Nothing	6%	Full Operation of Skyway Stage 3	MMSS3 General Accomplishment is at 96.37%. Continue construction works for toll plazas and remaining ramps.	6%	Partial Opening of MMSS 3	0%	- MMSS 3 Status Report from SMHC as of December 2020 - DPWH article on MMSS 3	Based on the article published by the DPWH on MMSS 3, the main line from Buendia to Balintawak was <i>partially opened</i> to traffic on 29 December 2020. On 14 January 2021, inauguration and formal opening (10 ramps) of the MMSS 3 took place. To date, there are 15 ramps open to public traffic.
	b. FTI-Bicutan	Actual Accomplishment	All or Nothing	1%	10% of Segment 1 is Completed	Ongoing activities on: the acquisition of ROW, construction on C5 section for Pier 61-66, and DED for Sec 1a and Sec 2 realignments	1%	Section 1 Workable Area along C5 Section: Piers 61 to 66 at 75.69% accomplishment ; ongoing works at Sections 2	0%	- Project Gantt Chart on MMSS 4 (SEMME C6 Project) Section 1 - Copy of Detailed Engineering Design (DED) of Sec 1a Realignment - MMSS 4 Project Status Report from SMHC as of December 2020 - Certification dated 03 Feb. 2022 from SMHC	The Project Gantt Chart only covered the timeline of activities for Section 1 of and did not specify the reckoning dates and/or % of completion. Moreover, the Project Status Report by SMHC only supplied the % accomplishment on the construction of Section 1 and details of on-going activities but without the actual accomplishment for Segment 1. Given the limited information from the submissions, the actual accomplishment for this measure cannot be objectively verified on account of insufficient information/documentation.
	Sub-total				26%		26%		12%		

FINANCIAL																			
Component						PNCC Submission		GCG Validation		Supporting Documents	Remarks								
Objective/Measure		Formula	Rating Scale ^{a/}	Wt.	Target	Actual	Rating	Score	Rating										
SO 4 Reinforce Collection Systems																			
SM 6	Percentage of Receivables Collected	Actual Accomplishment	Actual / Target	3%	Collection of at least 10% or ₱7.8 Million of Judgment / Monetary Award of PMMA (₱78M)	Awaiting COA Decision on Petition for Money Claim	3%	Measure Excluded	—	- Copy of COA's Decision No. 2021-032 on the Petition for Money Claim of the PNCC against the PMMA	Measure excluded. For the entire year of 2020, PNCC was awaiting COA's Decision on its Petition for Money Claim against the PMMA. It was only on 10 February 2021 when COA's Decision No. 2021-032 denying the PNCC's Petition was issued.								
SO 5 Improve Equity and Debt Management Service Strategies																			
SM 7	Revenues	Service Income + Share in JVAs + Dividend Income + Interest Income	Actual / Target	7%	10% Increase from 2019 Revenues	₱167.16 Million as of 30 Nov 2020	7%	₱182.95 M	0%	- COA-audited 2020 Financial Statements (FS) and Notes to FS	<table><tr><th>Revenue</th><th>Amount (P)</th></tr><tr><td>2019</td><td>253,588,843</td></tr><tr><td>2020</td><td>182,946,596</td></tr><tr><td>% (Dec)</td><td>(27.86%)</td></tr></table> As impacted by the pandemic, almost all of PNCC's Revenues items, save for Interest Income, have recorded decreases in 2020.	Revenue	Amount (P)	2019	253,588,843	2020	182,946,596	% (Dec)	(27.86%)
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2019	253,588,843																		
2020	182,946,596																		
% (Dec)	(27.86%)																		
SM 8	Lease Income	Actual Amount	Actual / Target	6%	10% Increase from 2019 Revenues	₱17.58 Million as of 30 Nov 2020	6%	₱33.35 M	6%	- COA-audited 2020 FS and Notes to FS	<table><tr><th>Lease Income</th><th>Amount (P)</th></tr><tr><td>2019</td><td>29,097,086</td></tr><tr><td>2020</td><td>33,353,672</td></tr><tr><td>% Inc.</td><td>14.63%</td></tr></table>	Lease Income	Amount (P)	2019	29,097,086	2020	33,353,672	% Inc.	14.63%
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LEARNING & GROWTH	SM 9	Conversion of Debt-to-Equity	Actual Accomplishment	All or Nothing	1%	Negotiation of Debt Payment Scheme with PMO	To schedule another meeting with representatives of PMO	1%	No development on the target	0%	- PNCC's letter dated 09 September 2021	Target not met as PNCC is yet to schedule another meeting on the matter with the representatives of PMO.
		Sub-total			17%			17%		6%		
	SO 6	Development of Manpower										
LEARNING & GROWTH	SM 10	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	All or Nothing	5%	Board-approved Competency Framework	The project is now subsumed under the ISO Project	5%	No Board-approved Competency Framework	0%	- Notice of PNCC ISO Sub Committee Meeting dated 01 February 2021	Target not met as PNCC was only able to conduct the preparatory activities in 2020 for the development of a Competency Framework, which primarily involved the creation of a sub-committee to be established under its ISO Committee.
			Sub-total		5%			5%		0%		
		TOTAL WEIGHTS EXCLUDED WEIGHTS			73% (18%)			73% (18%)		18% -		
		VALIDATED TOTAL			55%		55 / 55 = 100%		18 / 55 = 32.73%			