



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

[Minutes of PNCC Joint Committee Meeting]
[January 24, 2024]

1/8

**MINUTES OF THE JOINT COMMITTEE MEETING
OF THE CORPORATE GOVERNANCE AND PERFORMANCE AGREEMENT AND
NEGOTIATION COMMITTEES OF
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
HELD AT THE PNCC BOARD ROOM**

PNCC Complex, KM 15, East Service Road

Bicutan, Parañaque City

24 January 2024, 10:59 A.M.

PRESENT:

Herculano C. Co, Jr.	Chairman, Corporate Governance Committee
Miguel E. Umali	Vice-Chairman, PAN Committee Vice-Chairman, Corporate Governance Committee Member, PAN Committee
Mariano Jesus S. Averia	Committee Chairman, PAN Committee
Ruben. D. Torres	Member, Corporate Governance Committee
Oscar T. Zaldivar	Member, Corporate Governance Committee
Danilo S. Constantino	Member, Corporate Governance Committee
Jonathan S. Avanceña	Member, PAN Committee
Evelina G. Escudero	Member, PAN Committee

ALSO PRESENT:

Kevin Jordan DL. Mendoza	Corporate Secretary
John Benedick R. Dela Cruz	Assistant Corporate Secretary
Ilie Lionel B. Gramata	Head – Corporate Legal Department
Rosalyn S. Delivios	Head – MIS Department

APOLOGIES:

Atty. Maan Vanessa L. Doctor	Chief Privatization Officer (PMO)
Atty. Juan Carlo O. Pielago	Deputy Privatization Officer (PMO)

I. CALL TO ORDER / ROLL CALL

During the joint committee meeting, all of the Members of Corporate Governance Committee were physically present, namely: (1) Chairman Herculano C. Co, Jr., (2) Vice-Chairman Miguel E. Umali, (3) Dir. Oscar T. Zaldivar, (4) Dir. Ruben D. Torres, and (5) Dir. Danilo S. Constantino.

For PAN Committee, all of its Members were also physically present, namely: (1) Committee Chairman Mariano Jesus S. Averia, (2) Vice-Chairman Herculano C. Co, Jr., (3) President & CEO Miguel E. Umali, (4) Director Jonathan S. Avanceña and (5) Director Evelina G. Escudero.

There being a quorum for both Committees, Chairman of Corporate Governance Committee, Herculano C. Co, Jr., yielded chairmanship for the said joint meeting in favor of the Chairman of PAN Committee, Mariano Jesus S. Averia, who then called the meeting to order at 10:59 A.M. and presided over the same.

II. APPROVAL OF AGENDA

Committee Chairman Averia moved to amend the Agenda to include the Performance Evaluation Scorecard Monitoring Report for 4th Quarter (FY 2023). On motion duly made by Dir. Avanceña and seconded by Dir. Constantino, Agenda as amended, was approved

III. APPROVAL OF THE MINUTES OF THE CORPORATE GOVERNANCE AND PERFORMANCE AGREEMENT NEGOTIATION JOINT COMMITTEE MEETING HELD LAST 20 DECEMBER 2023.

On motion duly made by Dir. Constantino and seconded by Dir. Avanceña, the Joint Committees approved the Minutes of its meeting dated 20 December 2023.

IV. REQUIREMENTS FOR THE 2024 ANNUAL STOCKHOLDERS' MEETING

Committee Chairman Averia gave the floor to Ms. Rosalyn S. Delivios who will be reporting the reportorial requirements for the conduct of the PNCC Annual Stockholders' Meeting scheduled on 26 March 2024. Ms. Delivios reported that the Securities and Exchange Commission (SEC) requires PNCC to submit the following reportorial requirements, to wit:

1. Board Resolution – Announcement of Stockholders' Meeting (SEC Form 17-C or the Disclosure on Announcement of Stockholders' Meeting & Record date);
2. Set Record Date (30 days before the meeting);
3. Letter to Stock Transfer Agent re: setting of record date & request masterlist of stockholders as of record date;
4. Sec Form 20-IS (Preliminary Information Statement & Proxy Form);
5. Disclosure to SEC on Masterlist of Stockholders as of record date;
6. Letter to SEC re: approval to distribute SEC Form 20-IS in USB Format;
7. Purchase Request for Courier;
8. Optical Media Board Permit;
9. Sec Form 20-IS (Definitive Information Statement, Management Report and all other materials);
10. Distribution of Stockholders kit; and
11. Letter to SEC re: distribution of SEC Form 20-IS (attached Manifest from Courier).

During the discussion, Ms. Delivios stated that one of the requirements for the conduct of ASM is the submission of Preliminary Information Statement (PIS) with the SEC on or before 08 February 2024. The PIS includes the submission of the company's Audited Financial Statement (AFS) for FY 2023. Unfortunately, the AFS cannot be completed until after the scheduled date of the ASM which is on 26 March 2024. Thus, the Annual Stockholders' Meeting-Task Force (ASMTF) recommended to the Joint Committees the postponement of the ASM scheduled to be held on 26 March 2024 pursuant to the Company's By-Laws to 21 November 2024 at 3:00 in the afternoon.

Pres. Umali emphasized the need to conduct the ASM this 2024 considering that there are provisions in the Company By-laws which needs to be amended, specifically the principal office address of PNCC and the scheduled date of ASM. The principal office address of PNCC as contained in the By-Laws is still Makati City which needs to be amended to Parañaque City. As to the proposed amendment of the scheduled date of the ASM, the By-Laws provides that the ASM shall be held at 3:00 PM on the 4th Tuesday of March of every year. Considering that the availability of the AFS comes after the scheduled date of the ASM as per By-Laws, there is a need to amend the date of the ASM to a later date.

Upon motion duly made and seconded, the Joint Committees adopts the recommendation of the ASMTF and shall recommend to the Board for its deliberation and appropriate approval the postponement of annual stockholders' meeting of PNCC scheduled on 26 March 2024 as provided by the Corporation's By-Laws, to 21 November 2024 at 3:00 PM.

V. PERFORMANCE EVALUATION SCORECARD MONITORING REPORT FOR 4TH QUARTER OF FY 2023

Committee Chairman Averia informed the Joint Committees that Ms. Rosalyn S. Delivios, Head of Management Information System Department of PNCC, will report on the 4th Quarter Performance Evaluation Scorecard (PES) for FY 2023.

Ms. Delivios then reported the 4th Quarter Monitoring Report to the PES for FY 2023, to wit:

For Strategic Measure (SM) 1 – Construction and Development of Real Properties (10%). The agreement between PNCC and Department of Transportation (DOTR) regarding the expropriation of the Bicutan Property of PNCC is yet to be finalized. On December 22, 2023, PNCC received another letter from DOTR requesting documents as regards to the Notice of Takings and revised illustrations of affected property for the NSCR Extension Project.

For SM 2 – Annual Vehicle Traffic of Metro Manila Skyway Stage 3 (5%). The annual traffic count as of 31 December 2023 is 56,478,517. Thus, we achieved the actual target traffic count of 54.5 million.

For SM 3 - Percentage of Satisfied Customers (10%). The target for this SM is 90% and the company obtained an overall satisfaction rating of 97.05% for 34 transactions.

For SM 4 – ISO Certification. (5%). This SM is an all or nothing rating scale. The Stage 1 Audit was conducted on 08 November 2023. On 13 November 2023, PNCC submitted its action plan on the findings noted during the stage 1 audit and on 29 November 2023, the SGS Auditor accepted the corrective action on the non-critical findings. The company's rating will now depend on GCG.

For SM 5 – Construction and Development of Expressway Project.

For the Lucena-Matnog Expressway/SLEX TR 5 (7%), Ms. Delivios said that the actual target for this SM is 70% completion of detailed engineering design (DED) and the company has achieved the target measure with 98.50% accomplishment of DED Services for Segment 1 (Lucena to Gumaca).

For Pasig River Expressway Project (PAREX) (7%), the actual target for this SM is 50% completion of DED and the company has achieved the target measure with 88.98% accomplishment on DED Services.

For North Access Link (NALEX) (7% and 3%), the actual target for this SM is 50% completion of DED and 50% completion on advance work. The company achieved only 29.41% accomplishment on DED Services and 80.1% on advance works.

For Southern Access Link (SALEX) (5%), the actual target for this SM is 60% completion of DED and the company has achieved the target measure with 86.37% accomplishment on DED Services.

For the Central Access Link (CALEX) (1%), this SM is an all or nothing rating scale and the target is the completion of STOA negotiation. The company is still awaiting action of TRB concerning STOA negotiation.

For C6 Project (FTI-Bicutan) (7%), the actual target for this SM is 50% completion of DED and the company has achieved the target measure with 97% accomplishment on DED for Section 2 realignment.

For SM 6 – Percentage of Receivables Collected (10%). On December 6, 2023, the OGCC filed a Manifestation and Motion to Cite again the officers of LCDC in contempt for its failure to consign the rental payment.

For SM 7 – Revenues (10%). For this measure, the actual target is Php 581.756 Million. The following is the total revenue for the 4th quarter of 2023 which translates to 120% of the total projected revenue, to wit:

Other Income:	Php 10,435,751
Rent/Lease Income:	Php 197,345,068
Dividend Income:	Php 50,245,512
Interest Income:	Php 87,905,308
Share in JVs:	Php 352,950,699

For SM 8 – Conversion of Debt-to-Equity (1%). The company is still waiting for the Decision of the Office of the President on PNCC's Motion for Reconsideration.

For SM 9 – Budget Utilization Rate (BUR) (7%). The actual budget utilization rate of PNCC is 66% and the company did not achieve the actual target of 90% BUR.

For SM 10 – Percentage of Employees Meeting Required Competencies (5%). This SM is an all or nothing rating scale and the actual target is to establish baseline. The Board in its meeting dated 20 December 2023, approved the competency framework including its components such as Competency-Based Job Description and Competency Assessment. The initial implementation of the Competency Assessment was conducted on 27 December 2023 for thirteen (13)

employees which is 22% of all regular employees. 100% of the assessed employees met the required competencies for their position.

VI. OTHER MATTERS

Pres. Umali and Atty. Gramata gave the Joint Committees an update on the case of Roy Pasos. Atty. Gramata discussed that Roy Pasos is an accounting clerk who was a project employee for the NAIA Project. When the project ended, Roy Pasos was terminated on 09 October 2000. On 18 February 2003, he filed a complaint for illegal dismissal against PNCC claiming that he is a regular employee of PNCC. The Supreme Court rendered its Decision dated 03 July 2013 ordering PNCC to immediately reinstate Roy D. Pasos to his former position or to a substantially equivalent one, without loss of seniority rights and other benefits attendant to the position and to pay Roy D. Pasos full backwages.

Pres. Umali stated that Roy Pasos will be covered by the CPCS with an equivalent position and salary. As to the monetary award judgment, Roy Pasos has to file a petition for money claim with the COA.

Chairman Co directed the PNCC Legal Department to give the Board an update on the pending cases particularly the IAC Case and Ley Construction Development Case.

VII. ADJOURNMENT

There being no further business to transact, on motion duly made and seconded, the meeting was adjourned at 11:56 A.M.

ATTESTED BY:

HERCULANO C. CO JR.

Chairman, Corporate Governance Committee
Vice-Chairman, PAN Committee

MIGUEL E. UMALI

Vice-Chairman, Corp. Gov. Committee
Member, PAN Committee



MARIANO JESUS S. AVERIA
Chairman, PAN Committee



RUBEN D. TORRES
Member, Corp. Gov. Committee

OSCAR T. ZALDIVAR

Member, Corp. Gov. Committee



DANILO S. CONSTANTINO

Member, Corp. Gov. Committee



EVELINA G. ESCUDERO


Member, PAN Committee



JONATHAN S. AVANCEÑA

Member, PAN Committee

Certified Correct:



KEVIN JORDAN DE MENDOZA

Corporate Secretary



JOHN BENEDICK R. DELA CRUZ

Assistant Corporate Secretary