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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

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Document ID

Cashier

STAMPS



Securities and
Exchange
Commission
PHILIPPINES



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 31 December 2017
2. SEC Identification Number 30939. BIR Tax Identification No. 330-058-000
4. Exact name of issuer as specified in its charter Philippine National Construction Corporation
5. Metro Manila, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. PNCC Complex KM 15 East Service Road, Bicutan, Parañaque City.
Address of principal office 1700
Postal Code
8. (02) 846-3045
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

| INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT | | | |
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| | COMPLIANT/ NON- COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
| The Board's Governance Responsibilities | | | |
| Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. | | | |
| Recommendation 1.1 | | | |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | COMPLIANT | http://www.pncc.ph/home_our_company_BOD.htm | |
| 2. Board has an appropriate mix of competence and expertise. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Criteria%20for%20Nomination,%20Election,%20Reelection%20and%20Disqualification%20of%20Directors.pdf | |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. | COMPLIANT | | |
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| Recommendation 1.2 | | | |
| 1. Board is composed of a majority of non-executive directors. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf | |

Recommendation 1.3

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| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | COMPLIANT | Article 5.1.c of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | Board Charter is a work in progress. |
| 2. Company has an orientation program for first time directors. | COMPLIANT | Article 5.1.f.8, 5.2.c.5 of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| 3. Company has relevant annual continuing training for all directors. | NON-COMPLIANT | Article 5.2.c.5 of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | Annual Continuing training for some Directors for the year 2017 only because some incumbent directors were only appointed in 2017. The required continuing governance training of directors will be held on May 30, 2018. |

Recommendation 1.4

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| 1. Board has a policy on board diversity. | COMPLIANT | Article 5.1.d of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf Gender composition of the Board can be viewed at http://www.pncc.ph/LINKS/PDFs/CO | |
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| Optional: Recommendation 1.4 | | | |
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| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | COMPLIANT | Article 5.1.d of Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| Recommendation 1.5 | | | |
| 1. Board is assisted by a Corporate Secretary. | COMPLIANT | http://www.pncc.ph/cg_seal.htm#CorpSec http://www.pncc.ph/LINKS/PDFs/2017%2011November%2023%20Appointment%20of%20Mr.%20Mariano%20Jesus%20Averia.pdf | |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | COMPLIANT | PNCC's Corporate Secretary is Atty. Mariano Jesus S. Averia while the Compliance Officer is Atty. Rey Nathaniel C. Ifurung Refer to appointment of Compliance Officer http://www.pncc.ph/LINKS/PDFs/2018%2003March%2013%20Appointment%20of%20Compliance%20Officer-Rey%20Nathaniel%20Ifurung.pdf | |

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| 3. Corporate Secretary is not a member of the Board of Directors. | COMPLIANT | Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf | |
| 4. Corporate Secretary attends training/s on corporate governance. | COMPLIANT | Atty. Averia attended the corporate governance training in February 2018, certificate not yet provided. | |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | NON-COMPLIANT | http://www.pncc.ph/cg_seal.htm#Access | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/2018%2003March%2013%20Appointment%20of%20Compliance%20Officer-Rey%20Nathaniel%20Ifurung.pdf | |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | COMPLIANT | http://www.pncc.ph/home_our_company_MANCOM.htm Article 5.1.f of Manual on Corporate Governance details the duties and functions http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| 3. Compliance Officer is not a member of the board. | COMPLIANT | Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf | |

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| 4. Compliance Officer attends training/s on corporate governance. | COMPLIANT | See attached Certificate of Participation in Corporate Governance Orientation Program for GOCCs (Annex "A") | |
| Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders. | | | |
| Recommendation 2.1 | | | |
| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. | COMPLIANT | Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/2017%20Accomplishment%20of%20Directors.pdf | |
| Recommendation 2.2 | | | |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | COMPLIANT | The Board through its PAN (Performance Negotiation Agreement) Committee oversees the development, review and approval of the company's business objectives and strategy as required by the Governance Commission on Government-Owned and Controlled Corporation (GCG). See attached Summary of Agreements. (Annex "B") Negotiation meeting with the Technical Working Group of the GCG is on-going. | |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | | | |
| Supplement to Recommendation 2.2 | | | |
| 1. Board has a clearly defined and updated vision, mission and core values. | COMPLIANT | http://www.pncc.ph/home_our_company_mission.htm | |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the | NON-COMPLIANT | | Work in progress |

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| company's business environment, and culture. | | | |
| Recommendation 2.3 | | | |
| 1. Board is headed by a competent and qualified Chairperson. | COMPLIANT | Refer to Chairman Herculano C. Co, Jr.'s resume. http://www.pncc.ph/LINKS/PDFs/Herculano%20C.%20Co,%20Jr..pdf | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | NON-COMPLIANT | | Since the incumbent directors are appointed by the President of the Philippines, they are bound by the provisions of E.O. 24. There is no succession planning program for key officers |
| 2. Board adopts a policy on the retirement for directors and key officers. | NON-COMPLIANT | | Key officers retire at age of 65 years old. |
| Recommendation 2.5 | | | |
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | NON-COMPLIANT | | Since PNCC is under the supervision of the GCG, the Board and the Management is still studying the implication/effect of E.O 36, series of 2017 with regards the remuneration of its officers. While the directors are bound by the provisions of E.O. 24. |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | NON-COMPLIANT | | |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | COMPLIANT | | Since the incumbent directors are appointed by the President of the Philippines, they are bound by the provisions of E.O. 24. |
| Optional: Recommendation 2.5 | | | |
| 1. Board approves the remuneration of senior executives. | NON-COMPLIANT | | |

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| 2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses. | NON-COMPLIANT | | Since PNCC is under the supervision of the GCG, the Board and the Management is still studying the implication/effect of E.O 36, series of 2017 with regards the remuneration of its officers. While the directors are bound by the provisions of E.O. 24. |
| Recommendation 2.6 | | | |
| 1. Board has a formal and transparent board nomination and election policy. | NON-COMPLIANT | | Work in progress |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | | | |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | | | |
| 4. Board nomination and election policy includes how the board shortlists candidates. | | | |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | | | |
| 6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company. | NON-COMPLIANT | | Work in progress |

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| Optional: Recommendation to 2.6 | | | |
| 1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors. | NON-COMPLIANT | | Nomination and Election Policy/charter is a work in progress |
| Recommendation 2.7 | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. | COMPLIANT | Company's policies and procedures for review approval or ratification, monitoring and recording of RPT between among its parent, joint ventures, subsidiaries, associates, affiliates, etc. is detailed in Related Party Transactions http://www.pncc.ph/cg_company_policies.htm | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | | | |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | | | |
| 1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | NON-COMPLIANT | | Enhancement of Related Party Transaction Policy is a work in progress |

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| 2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings. | | | |
| Recommendation 2.8 | | | |
| 1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | COMPLIANT | Section 6.01 of PNCC's By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf | |
| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | NON-COMPLIANT | | Assessment Tool for the performance of Management and Directors is a work in progress |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | NON-COMPLIANT | | Assessment Tool for the performance of Management and Directors is a work in progress |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | | | |
| Recommendation 2.10 | | | |

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| 1. Board oversees that an appropriate internal control system is in place. | COMPLIANT | http://www.pncc.ph/ LINKS/PDFs/Audit Committee Charter.pdf | |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | NON-COMPLIANT | | Enhancement of Internal control system is a work in progress to include the mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders |
| 3. Board approves the Internal Audit Charter. | COMPLIANT | http://www.pncc.ph/ LINKS/PDFs/Audit Committee Charter.pdf | |
| Recommendation 2.11 | | | |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | NON-COMPLIANT | | Risk Management Policy is a work in progress. |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | NON-COMPLIANT | | Risk Management Policy is a work in progress. |
| Recommendation 2.12 | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | NON-COMPLIANT | | Board Charter is a work in progress, however, the adheres to the GCG's |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | | | |

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| 3. Board Charter is publicly available and posted on the company's website. | | | |
| Additional Recommendation to Principle 2 | | | |
| 1. Board has a clear insider trading policy. | NON-COMPLIANT | | Crafting of company's insider trading policy is a work in progress |
| Optional: Principle 2 | | | |
| 1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. | NON-COMPLIANT | | The company has no policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates |
| 2. Company discloses the types of decision requiring board of directors' approval. | Optional: Principle 2 | | Enhancement of Disclosure Policy is a work in progress |
| Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter. | | | |
| Recommendation 3.1 | | | |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | COMPLIANT | http://www.pncc.ph/cg_board_committees.htm | |
| Recommendation 3.2 | | | |
| 1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. | COMPLIANT | http://www.pncc.ph/cg_board_committees.htm | |

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| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | NON-COMPLIANT | | No ASM for 2017 thus no independent director has been elected. Chairman of the Audit Committee is not an independent Director. |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | NON-COMPLIANT | | |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | COMPLIANT | Chairman of Audit Committee is Mr. Mohamad Taha A. Guinomla http://www.pncc.ph/home_our_company_BOD.htm#Guinomla | |
| Supplement to Recommendation 3.2 | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | COMPLIANT | Article 5.3.b.7 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | | Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. | |
| Optional: Recommendation 3.2 | | | |
| 1. Audit Committee meet at least four times during the year. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/2017 Audit Committee Attendance.pdf | |

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| 2. Audit Committee approves the appointment and removal of the internal auditor. | COMPLIANT | Article 5.3.b.12 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| Recommendation 3.3 | | | |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | COMPLIANT | Article 5.3.C of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf http://www.pncc.ph/cg_board_committees.htm | |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | NON-COMPLIANT | http://www.pncc.ph/cg_board_committees.htm | There are no independent directors. |
| 3. Chairman of the Corporate Governance Committee is an independent director. | NON-COMPLIANT | | There are no independent directors. |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meet at least twice during the year. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/2017 Corporate Governance Committee Attendance.pdf | |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management | NON-COMPLIANT | | No Board Risk Oversight Committee (BROC), |

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| system to ensure its functionality and effectiveness. | | | |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | | | |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | | | |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | | | |
| Recommendation 3.5 | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | NON-COMPLIANT | | No Related Party Transactions (RPT) Committee |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | | | |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | NON-COMPLIANT | | Crafting of Committee Charter is a work in progress |
| 2. Committee Charters provide standards for evaluating the performance of the Committees. | | | |
| 3. Committee Charters were fully disclosed on the company's website. | | | |

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| Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | NON-COMPLIANT | | Enhancement of relevant policies is a work in progress |
| 2. The directors review meeting materials for all Board and Committee meetings. | | | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | | | |
| Recommendation 4.2 | | | |
| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | NON-COMPLIANT | | Enhancement of Disclosure Policies is a work in progress |
| Recommendation 4.3 | | | |
| 1. The directors notify the company's board before accepting a directorship in another company. | NON-COMPLIANT | | Nothing to report |
| Optional: Principle 4 | | | |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | COMPLIANT | The President, Mario K. Espinosa being the sole executive director of the company is not a director of listed companies outside of the group. | |

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| 2. Company schedules board of directors' meetings before the start of the financial year. | COMPLIANT | http://www.pncc.ph/cg_seal.htm | |
| 3. Board of directors meet at least six times during the year. | COMPLIANT | http://www.pncc.ph/cg_seal.htm | |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions. | NON-COMPLIANT | | Requires majority of directors |
| Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| Recommendation 5.1 | | | |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher. | NON-COMPLIANT | | There is no independent directors |
| Recommendation 5.2 | | | |
| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions. | NON-COMPLIANT | | There is no independent directors |
| Supplement to Recommendation 5.2 | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | NON-COMPLIANT | | There is no independent directors |
| Recommendation 5.3 | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | NON-COMPLIANT | | There is no independent directors |

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| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | NON-COMPLIANT | | There is no independent directors |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | NON-COMPLIANT | | There is no independent directors |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | COMPLIANT | The Chairman of the Board is Mr. Herculano C. Co, Jr. while the President and CEO is Mr. Mario K. Espinosa. | |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Roles%20and%20Deliberables%20of%20Chairman%20&%20President.pdf | |
| Recommendation 5.5 | | | |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | COMPLIANT | No independent director has been elected in the Board. | |
| Recommendation 5.6 | | | |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction. | COMPLIANT | Nothing to report on case of material interest in transaction affecting the corporation by Directors | |
| Recommendation 5.7 | | | |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal | COMPLIANT | NED attended the COA Exit Conference, the President and CEO, the sole Executive Director in the | |

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| audit, compliance and risk functions, without any executive present. | | Board is not present during the meeting | |
| 2. The meetings are chaired by the lead independent director. | NON-COMPLIANT | | No independent Director has been elected in the Board. |
| Optional: Principle 5 | | | |
| 1. None of the directors is a former CEO of the company in the past 2 years. | COMPLIANT | Atty. Luis F. Sison was the President and CEO of PNCC from January 11, 2011 to January 16, 2017. Mr. Mario K. Espinosa is the incumbent President and CEO having been appointed on January 16, 2017. | |
| Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. | | | |
| Recommendation 6.1 | | | |
| 1. Board conducts an annual self-assessment of its performance as a whole. | NON-COMPLIANT | | The Board is yet to craft its own Assessment Tool. |
| 2. The Chairman conducts a self-assessment of his performance. | | | |
| 3. The individual members conduct a self-assessment of their performance. | | | |
| 4. Each committee conducts a self-assessment of its performance. | | | |
| 5. Every three years, the assessments are supported by an external facilitator. | NON-COMPLIANT | | The Board is yet to craft its own Assessment Tool. |

| Recommendation 6.2 | | | |
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| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | NON-COMPLIANT | | The Board is yet to craft its own Assessment Tool. |
| 2. The system allows for a feedback mechanism from the shareholders. | COMPLIANT | http://www.pncc.ph/feedback/ContactForm.htm | |
| Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. | | | |
| Recommendation 7.1 | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | COMPLIANT | http://www.pncc.ph/cg_cced.htm | |
| 2. The Code is properly disseminated to the Board, senior management and employees. | COMPLIANT | The Code has been disseminated to all employees during their orientation as newly hired employees, while the Directors were given copies of Manual on Corporate Governance as this applies to them. Both were uploaded in the company website for ready access of all. | |
| 3. The Code is disclosed and made available to the public through the company website. | COMPLIANT | http://www.pncc.ph/cg_cced.htm | |
| Supplement to Recommendation 7.1 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing | COMPLIANT | http://www.pncc.ph/cg_cced.htm | |

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| company involvement in offering, paying and receiving bribes. | | | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | NON-COMPLIANT | | Crafting of policy on implementation and monitoring of compliance with the Code of Business Conduct and Ethics is a work in progress |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | | | |
| Disclosure and Transparency | | | |
| Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations. | | | |
| Recommendation 8.1 | | | |
| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | NON-COMPLIANT | | Corporate Disclosure Policies is a work in progress |
| Supplement to Recommendations 8.1 | | | |
| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | NON-COMPLIANT | | The Audited Financial Statements for the year 2017 is not available yet as of filing of this report. |

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| 2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company. | | | |
| Recommendation 8.2 | | | |
| 1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. | NON-COMPLIANT | | The Disclosure Policies is a work in progress. |
| 2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | | | |
| Supplement to Recommendation 8.2 | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | NON-COMPLIANT | | Nothing to report because the trading of Corporation's shares was suspended by the PSE since 2008. |
| Recommendation 8.3 | | | |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | COMPLIANT | http://www.pncc.ph/home_our_company_BOD.htm | |

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| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | COMPLIANT | http://www.pncc.ph/home_our_company_MANCOM.htm http://www.pncc.ph/LINKS/PDFs/Public%20Ownership%202017%204Q.pdf | |
| Recommendation 8.4 | | | |
| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | COMPLIANT | file:///C:/Users/PNCC/Downloads/Remuneration%20Policy%20and%20Structure%20for%20Executive%20and%20Non.pdf | |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | NON-COMPLIANT | | The Policy and Procedure for setting executive remuneration is a work in progress. |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | NON-COMPLIANT | | Remuneration of the Board is disclosed in the Annual Report. The Company has not submitted the 2017 Annual Report due to unavailability of the 2017 Audited Financial Statements. |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | NON-COMPLIANT | | Enhancement of policies governing RPT is a work in progress |
| 2. Company discloses material or significant RPTs reviewed and approved during the year. | NON-COMPLIANT | | The information on all RPTs is being disclosed in the Annual Report, however, Annual Report for 2017 is not yet filed due to unavailability of the Audited Financial Statements. |

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| Supplement to Recommendation 8.5 | | | |
| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | NON-COMPLIANT | | The drafting of Policy on Disclosures is a work in progress. |
| Optional : Recommendation 8.5 | | | |
| 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. | NON-COMPLIANT | | The information on all RPTs is being disclosed in the Annual Report, however, Annual Report for 2017 is not yet filed due to unavailability of the Audited Financial Statements. |
| Recommendation 8.6 | | | |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | COMPLIANT | http://www.pncc.ph/SEC_Filings_AR_2017.htm | |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | COMPLIANT | The appointment of independent party to evaluate the fairness of the transaction price is being done by bidding pursuant to Asset Disposal Procedure. See attached procedure. (Annex "C") | |
| Supplement to Recommendation 8.6 | | | |
| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | NOT COMPLIANT | | The information is being disclosed in the Annual Report, however, Annual Report for 2017 is not yet filed due to unavailability of the Audited Financial Statements. |

| Recommendation 8.7 | | | |
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| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| 2. Company's MCG is submitted to the SEC and PSE. | | | |
| 3. Company's MCG is posted on its company website. | | | |
| Supplement to Recommendation 8.7 | | | |
| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| Optional: Principle 8 | | | |
| 1. Does the company's Annual Report disclose the following information: | NON-COMPLIANT | | The Company has not submitted the 2017 Annual Report due to unavailability of the 2017 Audited Financial Statements. |
| a. Corporate Objectives | | | |
| b. Financial performance indicators | | | |
| c. Non-financial performance indicators | | | |
| d. Dividend Policy | | | |

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| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | | | |
| f. Attendance details of each director in all directors meetings held during the year | | | |
| g. Total remuneration of each member of the board of directors | | | |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | NON-COMPLIANT | | The Company has not submitted the 2017 Annual Report due to unavailability of the 2017 Audited Financial Statements. |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | | | |
| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | | | |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social,economic). | | | |

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | NON-COMPLIANT | | No stockholders meeting for 2017. |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | NON-COMPLIANT | | The appointment and removal of External Auditor is beyond the control of the company being a GOCC, COA is the statutory auditor. |

Supplement to Recommendation 9.1

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| 1. Company has a policy of rotating the lead audit partner every five years. | NON-COMPLIANT | | The appointment and removal of External Auditor is beyond the control of the company being a GOCC, COA is the statutory auditor. |
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Recommendation 9.2

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| 1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |
| 2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |

Supplement to Recommendations 9.2

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| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |

| Recommendation 9.3 | | | |
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| 1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. | NON-COMPLIANT | | The Company has not submitted the 2017 Annual Report due to unavailability of the 2017 Audited Financial Statements |
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |
| Supplement to Recommendation 9.3 | | | |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | COMPLIANT | No fees paid for non-audit services | |
| Additional Recommendation to Principle 9 | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | COMPLIANT | The company is GOCC thus the statutory Auditor is COA. | |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | | | |

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| Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed. | | | |
| Recommendation 10.1 | | | |
| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | NON-COMPLIANT | | Drafting of Disclosure Policies is a work in progress |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | NON-COMPLIANT | | The Company is yet to adopt a globally recognized standard/framework in reporting sustainability and non-financial issues. |
| Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users. | | | |
| Recommendation 11.1 | | | |
| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | COMPLIANT | Page 19 OF FOI MANUAL http://www.pncc.ph/LINKS/PDFs/PNCC%20FOI%20Manual.pdf | |
| Supplemental to Principle 11 | | | |
| 1. Company has a website disclosing up-to-date information on the following: | COMPLIANT | www.pncc.ph | |
| a. Financial statements/reports (latest quarterly) | | | |

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| b. Materials provided in briefings to analysts and media | | | |
| c. Downloadable annual report | | | |
| d. Notice of ASM and/or SSM | | | |
| e. Minutes of ASM and/or SSM | | | |
| f. Company's Articles of Incorporation and By-Laws | | | |
| Additional Recommendation to Principle 11 | | | |
| 1. Company complies with SEC-prescribed website template. | COMPLIANT | www.pncc.ph | |
| Internal Control System and Risk Management Framework | | | |
| Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework. | | | |
| Recommendation 12.1 | | | |
| 1. Company has an adequate and effective internal control system in the conduct of its business. | NON-COMPLIANT | http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf | |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | NON-COMPLIANT | | Drafting of enterprise risk management framework is a work in progress |

| Supplement to Recommendations 12.1 | | | |
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| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | NON-COMPLIANT | | No comprehensive enterprise-wide compliance program in place. |
| Optional: Recommendation 12.1 | | | |
| 1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board. | NON-COMPLIANT | | Crafting of Governance Process on IT issues is a work in progress |
| Recommendation 12.2 | | | |
| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | COMPLIANT | Internal Audit is in-house. | |
| Recommendation 12.3 | | | |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | COMPLIANT | The Company has appointed Atty. Francisco Domingo Pascua Salazar as Internal Auditor, being the sole personnel in the Internal audit Department, he acts as CAE. | |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. | | | |

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| 3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | NON-COMPLIANT | | Not applicable |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | NON-COMPLIANT | | No separate risk management function had been set up by the company. The Board Audit Committee identifies, assesses and monitors key risk exposures. |
| Supplement to Recommendation 12.4 | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | NON-COMPLIANT | | No separate risk management function had been set up by the company. The Board Audit Committee identifies, assesses and monitors key risk exposures. |
| Recommendation 12.5 | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | NON-COMPLIANT | The Company has no CRO. | |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | | | |
| Additional Recommendation to Principle 12 | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | NON-COMPLIANT | | |

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

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| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | COMPLIANT | Article 8 of Revise Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |

Supplement to Recommendation 13.1

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| 1. Company's common share has one vote for one share. | COMPLIANT | Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf | |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | COMPLIANT | Page 7-9 of Amended Articles of Incorporation http://www.pncc.ph/LINKS/PDFs/Amended%20Articles%20of%20Incorporation%2021November2016.pdf | |
| 3. Board has an effective, secure, and efficient voting system. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |
| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | COMPLIANT | Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf | |

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| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | COMPLIANT | Section 4.02 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf | |
| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |
| 7. Company has a transparent and specific dividend policy. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |
| Optional: Recommendation 13.1 | | | |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | COMPLIANT | COA being the statutory auditor of the company is appointed as independent party to count and/or validate the votes at the ASM. | |
| Recommendation 13.2 | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | NON-COMPLIANT | | No ASM was held in 2017 |

| Supplemental to Recommendation 13.2 | | | |
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| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | NON-COMPLIANT | | No ASM was held in 2017 |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) | | | |
| b. Auditors seeking appointment/re-appointment | | | |
| c. Proxy documents | | | |
| Optional: Recommendation 13.2 | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | NON-COMPLIANT | | No ASM was held in 2017 |
| Recommendation 13.3 | | | |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/2016%2010October%2020%2017-C%20Result%20of%20Stockholders%20Meeting.pdf | |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | COMPLIANT | http://www.pncc.ph/LINKS/PDFs/2016%2010October%2020%2017-C%20Result%20of%20Stockholders%20Meeting.pdf | |
| Supplement to Recommendation 13.3 | | | |

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| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | NON-COMPLIANT | | No ASM was held in 2017 |
| Recommendation 13.4 | | | |
| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | COMPLIANT | Provide link/reference to where it is found in the Manual on Corporate Governance | |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | COMPLIANT | http://www.pncc.ph/ir_investor_relations_program.htm | |
| 2. IRO is present at every shareholder's meeting. | NON-COMPLIANT | | No ASM held in 2017 |
| Supplemental Recommendations to Principle 13 | | | |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | NON-COMPLIANT | | Crafting of Procedure on Anti-takeover measures or similar devices is a work in progress |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | NON-COMPLIANT | | http://www.pncc.ph/LINKS/PDFs/Public%20Ownership%202017%204Q.pdf As of December 31, 2017 Total number of Shares owned by public is 22,902,177 or 13.12% |

| Optional: Principle 13 | | | |
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| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | NON-COMPLIANT | | Crafting of policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting is a work in progress |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | NON-COMPLIANT | | Crafting of Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting is a work in progress |
| Duties to Stakeholders | | | |
| Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| Recommendation 14.1 | | | |
| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | NON-COMPLIANT | | Crafting of policies and programs for its stakeholders is a work in progress |
| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | NON-COMPLIANT | | Crafting of policies and programs to provide a mechanism on the fair treatment and protection of stakeholders is a work in progress |
| Recommendation 14.3 | | | |
| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. | COMPLIANT | http://www.pncc.ph/contact_us.htm | |

| Supplement to Recommendation 14.3 | | | |
|---|---------------|---|---|
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | NON-COMPLIANT | | Crafting of alternative dispute resolution system so that conflicts and differences with key stakeholders is a work in progress |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | NON-COMPLIANT | | Nothing to report |
| 2. Company respects intellectual property rights. | NON-COMPLIANT | | On-going review of licenses on software deployed in the company |
| Optional: Principle 14 | | | |
| 1. Company discloses its policies and practices that address customers' welfare | NON-COMPLIANT | | policies, programs and practices that address customers' welfare is a work in progress |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | COMPLIANT | See attached procedure and policy (Annex "D") | |

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

| | | | |
|--|---------------|--|--|
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | NON-COMPLIANT | | Crafting of policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance is a work in progress |
|--|---------------|--|--|

Supplement to Recommendation 15.1

| | | | |
|--|---------------|---|--|
| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | NON-COMPLIANT | | No reward/compensation policy is in place. |
| 2. Company has policies and practices on health, safety and welfare of its employees. | COMPLIANT | http://www.pncc.ph/cg_company_policies.htm | |
| 3. Company has policies and practices on training and development of its employees. | NON-COMPLIANT | | 4. Crafting of policies and practices on training and development of its employees is a work in progress |

Recommendation 15.2

| | | | |
|--|-----------|---|--|
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | COMPLIANT | http://www.pncc.ph/cg_cced.htm | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | COMPLIANT | Policies and program were discussed during orientation program of newly-hired employees. It is posted in the company website for ready access of all employees. | |


Supplement to Recommendation 15.2

| | | | |
|--|---------------|---|--|
| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. | COMPLIANT | http://www.pncc.ph/cg_cced.htm | |
| Recommendation 15.3 | | | |
| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | COMPLIANT | http://www.pncc.ph/contact_us.htm | |
| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | NON-COMPLIANT | | Enhancement on policy and procedures on whistle blowing is a work in progress |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | NON-COMPLIANT | | Enhancement on policy and procedures on whistle blowing is a work in progress |
| Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. | | | |
| Recommendation 16.1 | | | |
| 1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. | NON-COMPLIANT | | Since the suspension of operations of PNCC Foundation, Inc., the Corporate Social Responsibility arm of PNCC and responsible for addressing the CSR of the corporation, community involvement and environmental-related programs have been put on hold. However, PNCC has maintained corporate social responsibility initiatives, although not in the level previously undertaken. |

| Optional: Principle 16 | | | |
|---|---------------|--|--|
| 1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development | NON-COMPLIANT | | Crafting of Corporate Social Responsibility Policy is a work in progress to include the promotion of sustainable development and positive interaction with communities |
| 2. Company exerts effort to interact positively with the communities in which it operates | | | |


Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Parañaque City on May 30, 2018.

SIGNATURES


HERCULANO C. CO, JR.

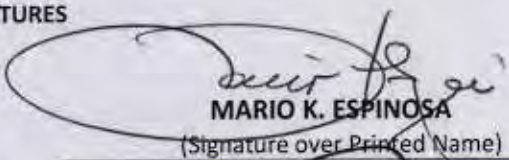
(Signature over Printed Name)

Chairman of the Board


REY NATHANIEL C. IFURUNG

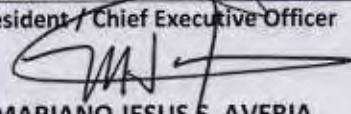
(Signature over Printed Name)

Compliance Officer


MARIO K. ESPINOSA

(Signature over Printed Name)

President / Chief Executive Officer


MARIANO JESUS S. AVERIA

(Signature over Printed Name)

Corporate Secretary

No stockholders' meeting was held in 2017 thus no Independent Director had been elected.

MAY 30 2018

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20____, affiant(s) exhibiting to me their government issued ID, as follows:

| NAME | GOVT ID NO | DATE OF ISSUE | PLACE OF ISSUE |
|--------------------------|-------------------------|---------------|----------------|
| HERCULANO C. CO, JR. | DL#NO7-77-014601 | 11/24/2017 | MANILA |
| MARIO K. ESPINOSA | SSS ID No. 08-0186862-8 | | QUEZON CITY |
| REY NATHANIEL C. IFURUNG | DL#N11-033432 | | MANILA |
| MARIANO JESUS S. AVERIA | DL#N02-95-262906 | | QUEZON CITY |

TAGUIG CITY

NOTARY PUBLIC

ATTY. JESUS F. APUYOD

Appointment No. 1 (2018-2019)

Notary Public for Taguig,

Until December 31, 2019

4140 Gen. Santos Ave., Lower Bicutan, Taguig City

Roll No. 572661

PTR No. A-26 562 / 3 Jan. 2018 / Taguig City

IBP Lifetime No. 012164 / RSM Chapter

MCLE Compliance No. V-0021570 / 16 May 2016

Doc No. 338
Page No. 66
Book No. 6
Series of 908



Institute of Corporate Directors

presents this

Certificate of Participation

to

**Atty. Rey Nathaniel C.
Ifurung**

Philippine National Construction Corporation

for having participated in

Corporate Governance Orientation Program for GOCCs

held on the

21st of February 2018 at

Ascott, Bonifacio Global City, Taguig, Philippines

Alfredo E. Pascual
Chief Executive Officer



GOVERNANCE COMMISSION

3/F Citibank Center 5011 P.O. Box 110000 Manila City Philippines 1226



1-1049-22-12-2017-030056



Management
System
ISO 9001:2008
www.tuv.com
ID 315500129

ANNEX "B"

22 Dec 2017

HERCULANO C. CO, JR.
Chairman

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)
Km. 15 East Service Road, Bicutan
Parañaque City

ACKNOWLEDGEMENT RECEIPT

LETTER 20 Dec 2017
DATE:

RE: SUBMISSION OF PNCC CHARTER STATEMENT AND
STRATEGY MAP AND THE PROPOSED SUMMARY OF
AGREEMENTS FOR FY 2018-2020

The said document was officially received by the Governance Commission on 22 December 2017 and has been forwarded to the responsible GCG Officer for appropriate action.


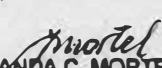
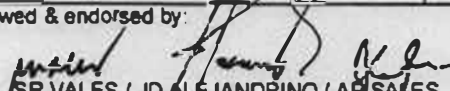
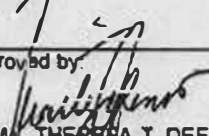
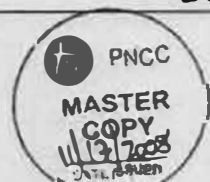
To follow-up for further action on the document, you may contact us through telephone numbers 328-2030 to 341. Please cite the GCG Document Management System (DMS) Barcode Number: 0-1049-22-12-2017-030054.

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

GCG INFORMATION MANAGEMENT SECTION
22 December 2017, 10:55am

Miguel J. Fajal
12-22-17

| | | | | | | | | | | | | |
|---|--------------|------------------------|--|----------|--------------|---|------------------|----|----|----|---|--|
|  PHILIPPINE NATIONAL CONSTRUCTION CORPORATION | | Page No. | | 1 of 16 | | | | | | | | |
| | | Document Number | | MMD-P-02 | | | | | | | | |
| | | Revision Number | | 0 | | | | | | | | |
| Document Title: | | | | | | | | | | | | |
| ASSET / PROPERTY DISPOSAL PROCEDURE | | | | | | | | | | | | |
| Rev. No. | Date Revised | Rev. Sec. | Revision Content | Rev. No. | Date Revised | Rev. Sec. | Revision Content | | | | | |
| 0 | | | Initial Issue | | | | | | | | | |
| | | | | | | | | | | | | |
| Prepared by: | | | Reviewed & endorsed by: | | | Approved by: | | | | | | |
|  YOLANDA C. MORTEL <i>Signature over Printed Name</i> | | |  SR VALES / JD ALEJANDRINO / A. SALES <i>Signature over Printed Name</i> | | |  MA. THERESA T. DEFENSOR <i>Signature over Printed Name</i> | | | | | | |
| Page No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DCC STAMPS  | |
| Rev. No. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Page No. | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | | |
| Rev. No. | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Page No. | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | | |
| Rev. No. | | | | | | | | | | | | |
| Page No. | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | IMPORTANT CONTROLLED COPY, DO NOT DUPLICATE | |
| Rev. No. | | | | | | | | | | | | |



Document Title:

ASSET / PROPERTY DISPOSAL PROCEDURE

1.0 INPUT

Receipt of Asset / Property for disposal

↓

Identification, monitoring, appraisal, bidding,
awarding of bid and documentation of asset /
property for disposal.

↓

2.0 OUTPUT

Fully accounted disposable asset / property

3.0 PURPOSE

To control and systematically dispose of company assets / properties according to optimum return principles.

4.0 SCOPE

All disposable assets, materials, goods and items no longer needed by the company.

5.0 DEFINITION OF TERMS

5.1 **Asset / Properties for Disposal** – company assets / properties for disposal could be classified as follows:

- 5.1.1 Unserviceable property that can no longer be repaired or reconditioned;
- 5.1.2 Serviceable property whose maintenance and repair costs more than outweighs the benefits and services that will be derived from its continued use;
- 5.1.3 Serviceable property that has become obsolete or outmoded because of change of technology;
- 5.1.4 Serviceable property that has become unserviceable due to change in unit's function or mandate; and
- 5.1.5 Unused supplies, materials and spare parts that were procured in excess of requirements, has become dangerous to use because of long storage or use of which is determined to be hazardous.

5.2 **List of Disposable Assets (LDA)** – summary list of disposable assets determined by Property Custodian/Warehouseman, direct user or TFAD.

5.3 **TFAD** – Task Force Asset Disposal, the unit tasked to handle the disposition of company assets/properties and other materials/items determined to be of no longer use to the company.

6.0 REFERENCES

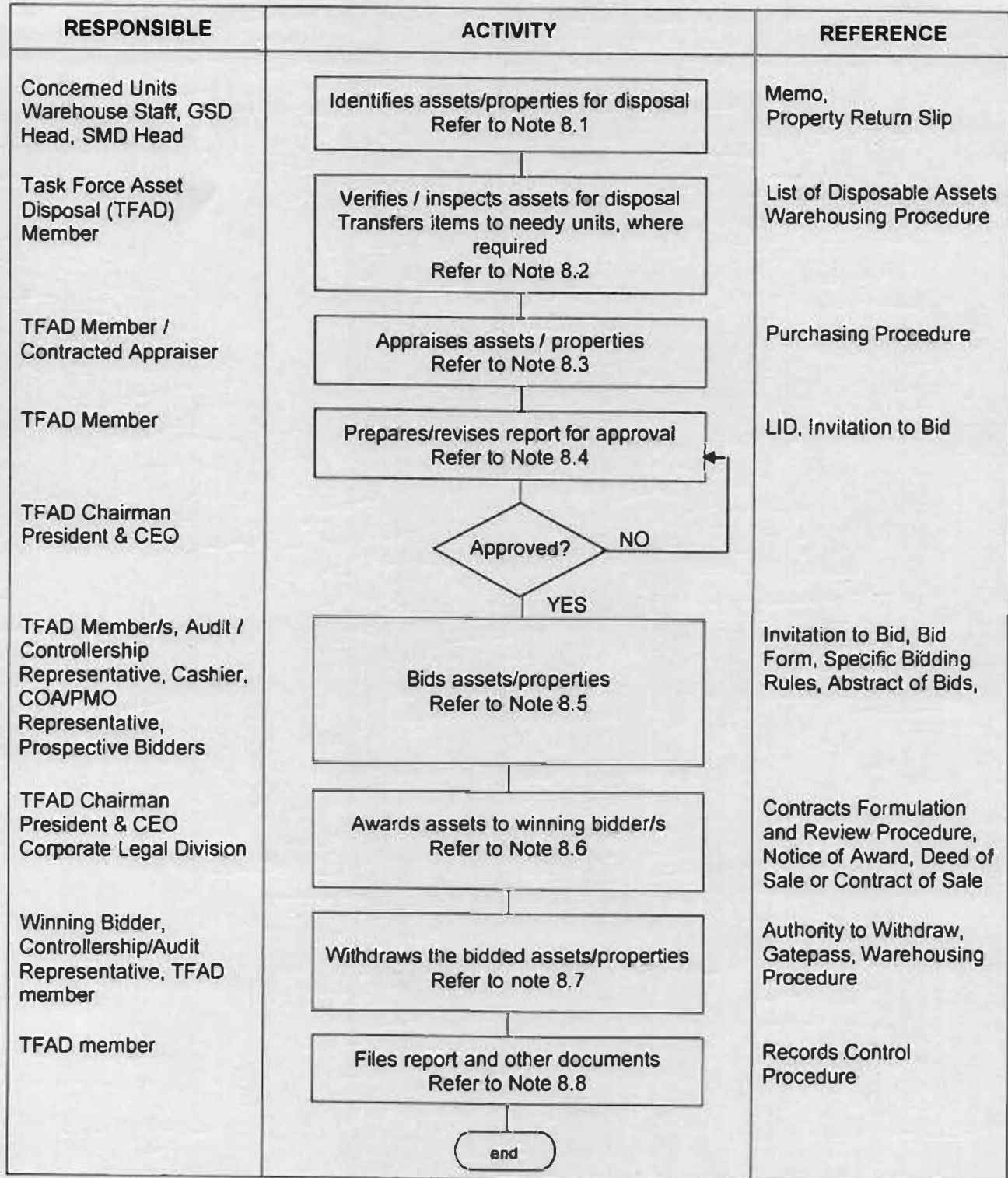
- | | |
|--|----------|
| 6.1 Quality Manual | ISO-M-01 |
| 6.2 Warehousing Procedure | COM-P-01 |
| 6.3 Purchasing Procedure | MMD-P-01 |
| 6.4 Contracts Formulation and Review Procedure | ISO-P-08 |
| 6.5 Records Control Procedure | HRA-P-01 |



Document Title:

ASSET / PROPERTY DISPOSAL PROCEDURE

7.0 PROCEDURE FLOWCHART





Document Title:

ASSET / PROPERTY DISPOSAL PROCEDURE

8.0 NOTES

8.1 Identification of Assets / Properties for Disposal

8.1.1 Concerned units/departments shall identify, determine and prepare a List of Disposable Assets (LDA).

8.1.1.1 Concerned units/departments shall submit the LDA and the assets for disposal to Warehouse.

NOTES :

1. A copy of LDA shall also be submitted to TFAD.

2. In other cases, assets/properties that cannot be accommodated by Warehouse shall remain with the concerned units provided that it will be labelled with "FOR DISPOSAL" and segregate from other assets being used.

8.1.1.2 Warehouse Clerk shall verify the assets/properties for disposal against the LDA.

8.1.1.2.1 He/she shall prepare Property Return Slip *PNCC Form COM-16 Rev 05/08*. Refer to Appendix 1.

8.1.2 GSD/SMD Head shall prepare a summary of all assets for disposal under their care.

8.1.2.1 The LDA, which contains the following information, shall be submitted to TFAD:

- Properly Description;
- Quantity and unit;
- Condition of property;
- Acquisition cost and book value, if any;
- Estimated Value; and
- Remarks and other information

8.1.2.2 A copy of the summary of all assets for disposal shall be given to Corporate Controllershship Division (CCD).

8.1.3 CCD personnel shall furnish to TFAD the book value/s of the disposable assets/properties.

8.2 Conduct of Site visit / Inspection of assets for disposal

8.2.1 TFAD Staff shall prepare a consolidated List of Items for Disposal (LID) *PNCC Form MMD-11 Rev 05/08* upon receipt of the LDAs from the respective units. Refer to Appendix 2.

8.2.2 TFAD staff/CCD representative shall conduct site inspection to ascertain the actual condition of the assets.

8.2.2.1 TFAD staff shall submit inspection report and coordinate with operating units/subsidiaries on availability of disposable items.

8.2.3 TFAD Chairman shall conduct a study and initiate plans and programs to ensure an efficient and effective scheme of asset disposal.

8.2.4 TFAD chairman shall update/inform the President and CEO on the TFAD's approved plans and programs on asset disposal.

8.3 Appraisal of Asset for Disposal

8.3.1 The services of two (2) outsourced appraisers shall be acquired through bidding. Refer to Purchasing Procedure MMD-P-01 for processing of Contract of Appraiser.

8.3.2 As supported by TFAD's resolution, TFAD staff shall schedule the appraisal of asset for disposal.

8.3.3 Contracted Appraiser together with TFAD staff shall conduct appraisal and ocular inspection of the assets for disposal and shall submit the determined appraised/minimum value of each property.

8.3.4 TFAD Staff shall evaluate the appraised value of assets submitted by Contracted Appraisers.

8.3.4.1 Compares the appraised value against the book value of assets.

8.3.4.2 Determines indicative price of each property for disposal.

Note: Indicative price may be the appraised value or book value, which ever is higher.

8.3.5 TFAD Staff shall update the LID indicating the appraised value of Contracted Appraisers and submit LID to TFAD Chairman for approval.



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ASSET / PROPERTY DISPOSAL PROCEDURE

8.3.6 TFAD Chairman shall endorse the LID to President and CEO for approval.

8.4 Prepares/revises report for approval

8.4.1 TFAD Staff shall prepare an Invitation to Bid (ITB) based on approved LID and submit to TFAD chairman for approval.

NOTE : In case of non-approval of LID, a revised LID must be submitted for approval prior preparation of ITB.

8.4.2 TFAD Staff shall publish the approved ITB to a national newspaper of general circulation for two (2) consecutive issues (refer to Appendix 3). Processing of publication shall be in accordance with Purchasing Procedure MMD-P-01.

8.4.2.1 ITB shall include the following:

- a. Date, Time and place of bidding;
- b. Sufficient descriptive information of the item/s / lots for bidding including specifications where necessary; and
- c. General information on bidding requirements such as accomplishment of bid tender, bid bonds, payments and claims, among others.

8.4.2.2 Distribution of approved ITB as follows:

- a. Publisher;
- b. Prospective Bidder;
- c. Office of the President and CEO;
- d. Corporate Legal Division; and
- e. TFAD copy.

8.4.3 TFAD Staff shall prepare Bid Form *PNCC Form MMD-12 Rev 05/08* based on approved ITB and LID. Refer to Appendix 4.

8.5 Bidding of Assets for Disposal

8.5.1 TFAD Chairman shall schedule pre-bidding conference to prospective bidders to clarify / discuss relevant matters affecting the scheduled bidding, if necessary.

8.5.1.1 During pre-bidding conference, TFAD Staff shall take note of important matters discussed and submit minutes to TFAD Chairman.

8.5.1.2 Receives and keeps all document/s submitted by the prospective bidders.

8.5.1.3 Requires prospective bidders to pay to the cashier the cost of bid form.

8.5.1.4 Arranges a schedule of inspection of assets for bidding.

8.5.2 Prospective Bidders shall secure Bid Form, Bid Acknowledgement *PNCC Form MMD-13 Rev 05/08* and Specific Bidding Rules upon payment of Bid Form. Refer to Appendix 5 and 6.

8.5.2.1 Accomplishes the official Bid Forms and Bid Acknowledgement and put it on a sealed envelop together with the acknowledgement receipt for the required bid deposit.

8.5.2.2 Drops it on the official designated drop box on or before the last day of submission of bids.

8.5.3 TFAD members, Audit and/or Controllership Representatives shall canvass the bids under the supervision of PMO and/or COA Representative in the presence of Bidders. Canvassing of bids shall be in accordance with Specific Bidding Rules.

8.5.4 TFAD member shall tabulate the bids using Abstract of Bids *PNCC Form MMD-14 Rev 05/08*. Refer to Appendix 7.

8.5.5 A/B shall be checked, reviewed and signed by PMO/COA/Audit/Controllership Representatives and TFAD Chairman.

8.5.6 TFAD chairman shall announce/declare the qualified highest/winning bidder/s.

8.6 Awarding of Bidded Assets

8.6.1 TFAD staff shall prepare Notice of Award *PNCC Form MMD-15 Rev 05/08* based on approved A/B. Refer to Appendix 8.

8.6.1.1 Notice of award shall be distributed as follows:

- a. Winning Bidder;



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ASSET / PROPERTY DISPOSAL PROCEDURE

- b. Legal Division;
 - c. HRAD-GSD;
 - d. Corporate Controllership Division; and
 - e. TFAD
- 8.6.2 TFAD staff shall draft Deed of Sale or Contract of Sale of Disposable Assets / Materials in favor of the qualified winning bidder and submits the same to Corporate Legal Division for review / comments. Refer to Appendix 9.
- 8.6.3 Legal Division shall finalize the contract/agreement and endorse to TFAD Chairman for signature upon completion of legal requirements for execution of said contract.
- 8.6.4 Contracting parties together with two witnesses shall sign the contract/agreement and notarize it prior submission to TFAD.
- 8.6.5 TFAD chairman shall endorse the contract to President and CEO for approval.
- 8.6.6 Approval and signed contract shall be distributed as follows:
- a. Legal Division;
 - b. Office of the President;
 - c. Winning Bidder; and
 - d. TFAD copy

8.7 Withdrawal of Bidded Asset/s

- 8.7.1 Winning Bidder shall present the official Receipt issued by Cashier and a copy of contract/agreement to TFAD Staff as proof that the bidded asset was settled/paid.
- 8.7.2 TFAD chairman shall issue the Authority to Withdraw *PNCC Form MMD-16 Rev 05/08*. Refer to Appendix 10.
- 8.7.3 Concerned units/departments shall prepare Gate Pass to facilitate the withdrawal of asset. Gate Pass shall be approved by GSD/HRAD Head or SMD/TMD Head.
- 8.7.4 TFAD Staff shall distribute the AW to the following:
- a. Winning Bidder;
 - b. Unit/Dept. where the awarded assets are located;
 - c. Corporate Controllership Division;
 - d. HRAD-GSD; and
 - e. TFAD file.
- 8.7.5 Winning Bidder shall present the Gate Pass to Guard on Duty/TFAD Representative / Audit / Controllership on the agreed schedule of Asset Withdrawal.
- 8.7.6 Audit / Controllership Representative / HRAD-GSD Property Custodian shall observe / witness the actual withdrawal of assets.
- a. Ascertains whether the quantity, unit of measure, and description of assets for withdrawal are observed / followed in the process; and
 - b. Signs and approves Withdrawal Receipt.
- 8.7.7 TFAD Staff shall file documents relating to asset disposal process in accordance with Records Control Procedure HRA-P-01.



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ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 1

SAMPLE FORM – PROPERTY RETURN SLIP

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
General Services Department

PROPERTY RETURN SLIP

Date _____

ACCOUNTABLE PERSON : _____

OFFICE/GROUP/DIVISION :

EMPLOYEE NO. _____

| ITEM NO. | PARTICULARS | REMARKS |
|----------|-------------|---------|
|----------|-------------|---------|

Front

I hereby acknowledge the receipt of the above item(s).

Property Officer/Custodian

NOTED BY:

Head, Office Services

PNCC Form COM-16 Rev 05/08

LIONS

in triplicate copy by the Property
property to be distributed as follows:
Accountable Officer
Individual File/Record
Manager/ik

including Property Number, Serial
to be indicated in this form.

the returned property whether it is
being Condition/For Disposal under the

Back



| | |
|------------------------|----------|
| Page No. | 8 of 16 |
| Document Number | MMD-P-02 |
| Revision Number | 0 |



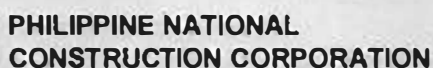
ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 2
SAMPLE FORM – LIST OF ITEMS FOR DISPOSAL

BATCH LIST OF ITEMS FOR DISPOSAL

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PNCC Form MM0-11 Rev 05/08



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MMD-P-02

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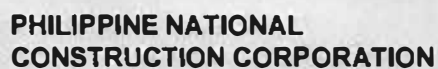
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ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 3 SAMPLE INVITATION TO BID

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| Document Number | MMD-P-02 |
| Revision Number | 0 |



ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 4

SAMPLE BID FORM

BID FORM

Batch No.

Control No. BF- .

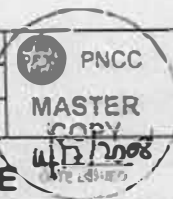
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PNCC Form MMD-12 Rev 05/08



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

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| Page No. | 11 of 16 |
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APPENDIX 5 SAMPLE FORM - BID ACKNOWLEDGMENT

Control No. TEAD-46-__ BF



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

BIDDER'S ACKNOWLEDGMENT

I/We have carefully read the accompanying Specific Bidding Rules (SBR), for scrap/junk/used/surplus assets that will govern the bidding for the above assets hereby acknowledge that my/our bid for the above assets is/are submitted under the above conditions. I/We further agree to abide by and comply with PNCC/PMO/GOA's decision on the bid that I/We hereby submit.

COMPANY NAME: _____

REPRESENTATIVE: _____

SIGNATURE: _____

ADDRESS: _____

TELEPHONE NO.: _____

DATE SUBMITTED: _____

BID DEPOSIT: _____

TOTAL BID AMOUNT: _____

TOTAL BID AMOUNT IN WORDS: _____

NOTE:

Last day of submission of bids on or before 10:00 A.M., 25 June 2008 where it will be opened and tabulated shortly thereafter in the presence of the bidders at PNCC Complex, EDSA corner Reliance Street, Mandaluyong City.



Document Title:

ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 6 SAMPLE REPORT – SPECIFIC BIDDING RULES



Philippine National Construction Corporation

Task Force-Asset Disposal
Specific Bidding Rules
(For Batch No. 46)

SPECIFIC BIDDING RULES

I. PREPARATORY EXPLANATIONS

A. THE SBR/BF:

For purposes of the scheduled bidding, PNCC has come out with this Specific Bidding Rules (SBR), together with the Bid Form (BF) attached thereto, which prospective bidders are invited to procure and familiarize themselves with. The SBR contains the rules that shall be observed in the conduct of the bidding, the award of the sale of disposable asset for bidding to the most qualified bidder, and the conclusion of the sale and transfer of possession thereof. The BF, on the other hand, shall serve as the official entry of the prospective bidder into the bidding process, and shall bear the bidder's identity and particulars as well as his acknowledgment that he fully understands and binds himself to the rules governing the bidding to be conducted. The BF is an official issuance of PNCC and cannot therefore be duplicated or reproduced without its consent in writing.

B. RIGHT TO AMEND SBR/BF:

PNCC reserves the right to amend the SBR/BF for any reason whatsoever prior to the submission of bids. To ensure that he will be informed of any changes thereto, the prospective bidder shall be well advised to register his interest with the Task Force - Asset Disposal (Attn. of Mrs. Yolanda C. Morillo) before hand. Last minute amendments, if deemed necessary by PNCC, shall be posted at the bidding hall near the designated drop box before the scheduled bidding date.

PNCC likewise reserve the right to introduce amendments/clarifications on the SBR at any time prior to the bidding with proper notification to all participating bidders. No amendment shall be made once actual bidding commences.

C. RIGHT TO REJECT BID/RE-BID

PNCC reserves the prerogative to reject any or all bids, to waive any formality, to accept such bids as may be considered most advantageous to its interest, to call off a bidding prior to acceptance of bids, and to call for a new bidding under amended/additional conditions, on account of any reason whatsoever.

D. SUPERVISION OF PMO/COA

The Commission on Audit (COA)/Privatization Management Office (PMO) shall be notified of the bidding and they may send their representatives at their option to witness the conduct of the bidding process.

E. PRE-BIDDING CONFERENCES

Whenever deemed convenient or necessary, PNCC may, at its own instance, schedule and conduct pre-bidding conferences for purposes of discussing/clarifying any matter relating to or affecting the scheduled bidding. Notified bidders who fail to attend said conferences shall be personally accountable for their own failure to so attend.

F. OFFICIAL CLARIFICATIONS

PNCC shall not be held answerable for any personal clarification/explanation on these SBR/BF which may be given to the bidder by any employee or agent thereof, unless so stated in writing and signed by the Head, Task Force - Asset Disposal (TF-AD). The bidder assumes the risk of misinterpretations or misinformation taken from unauthorized sources.

Page 1 of 6

A.5 SUBMISSION OF BID AND BID DEPOSIT: The bidder shall submit the duly accomplished bid form (BF), enclosed in a sealed envelope with the markings "BID FOR THE PNCC JUNK/USED EQUIPMENTS/SCRAP MATERIALS - BATCH NO. 46" and countersigned by the bidder on the flap thereof, together with the accompanying bid deposit before the bidding time. The sealed bid form (BF) shall be deposited by the bidder in a drop box intended for such purpose while the bid

Page 2 of 6

Price Bidding

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NCC shall not
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reject the bid

only accept
(BF) or the bid
be out rightly



PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

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ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 7 SAMPLE FORM - ABSTRACT OF BIDS

| PHILIPPINE NATIONAL CONSTRUCTION CORPORATION TASK FORCE - ASSET DISPOSAL | | FOR AWARD (W/DISC) VARIOUS SCRAP/JUNK EQUIPMENT 46th BATCH | | | | | |
|--|--|--|-------|---------------------------|-----------------------|----------------------|-------------------------|
| BATCH 46 - 25 June 2008 | | | | | | | |
| ITEM | DESCRIPTION OF ITEM Egpt. No. Material | QTY | UNIT | MONETARY PRICE (P=) | NO. OF BIDS BID | HIGHEST BID | HIGHEST BIDDER |
| I Location: PNCC Central Office, Mandaluyong City. | | | | | | | |
| A SCRAP/JUNKED ITEMS | | | | | | | |
| 1.A.01 | Old Newspaper, Tel. Directory, used folders, cartons, assorted paper and used loose. | 1 | lot | 12,900.00 | 6 | 24,333.00 | JNS |
| 1.A.05 | Defective printers, monitors, CPU, UPS, AVR, scanner and keyboard. | 1 | lot | 6,800.00 | 4 | 10,600.00 | J REGALADO |
| 1.A.06 | Air-conditioning units (Mini-split and Package Type) | 1 | lot | 21,800.00 | 9 | 186,200.00 | RIC LEN |
| 1.A.07 | Fine Pump (2 units) | 1 | lot | 21,100.00 | 7 | 80,000.00 | JMV JNKSH |
| 1.A.08 | Used Automotive Batteries (Approx 45 pcs.) | 1 | lot | 2,200.00 | 12 | 62,600.00 | IT TAMBONG |
| 1.A.09 | Used tires (Approx 120 pcs.) | 1 | lot | 1,700.00 | 4 | 12,600.00 | IT TAMBONG |
| B SERVICE VEHICLE | | | | | | | |
| 1.B.01 | SV-075 MITS. L200 D-CAB, CMF K14TJUN81.13881, PMF UBU-754 | 1 | unit | 7,800.00 | 10 | 30,000.00 | IT TAMBONG |
| 1.B.02 | SV-419 MITS. L200 ADV, CMF L039PY21-08788, PMF UDR-548 | 1 | unit | 15,000.00 | 8 | 35,875.95 | C ACOSTA |
| 1.B.03 | SV-457 MITS. L200 CAR, CMF K14TJUN81.12096, PMF UBU-390 | 1 | unit | 21,000.00 | 13 | 80,000.00 | HBR IND'L |
| 1.B.04 | SV-472 MITS. L200 CAR, CMF K14TJUN81.12092, PMF UBU-113 | 1 | unit | 21,000.00 | 18 | 85,000.00 | HBR IND'L |
| 1.B.05 | SV-474 MITS. L200 V.V. CMF L039PY21-07751, PMF UBT-201 | 1 | unit | 100,000.00 | 2 | 139,878.85 | MOSTCOM |
| 1.B.06 | SV-489 MITS. L200 ADV, CMF L039PY21-07751, PMF UBU-060 | 1 | unit | 15,000.00 | 10 | 38,800.00 | JMAGSUMBOL |
| 1.B.07 | SV-495 MITS. L200 ADV, CMF L039PY21-08206, PMF UBU-182 | 1 | unit | 105,000.00 | 3 | 145,000.00 | HBR IND'L |
| 1.B.08 | SV-507 MITS. L200 ADV, CMF L039PY21-10955, PMF UBU-380 | 1 | unit | 110,000.00 | 3 | 140,000.00 | HBR IND'L |
| 1.B.09 | SV-540 MITS. L200 ADV, CMF L039PY21-07751, PMF UBU-108 | 1 | unit | 15,000.00 | 10 | 81,600.00 | SAN AGUSTIN |
| 1.B.10 | SV-514 MITS. L200 D-CAB, CMF K14TJUN-88228, PMF UBU-882 | 1 | unit | 12,000.00 | 16 | 80,000.00 | HBR IND'L |
| 1.B.11 | SV-538 MITS. L200 ADV, CMF L039PY21-19306, PMF WBS-562 | 1 | unit | 15,000.00 | 11 | 81,600.00 | SAN AGUSTIN |
| 1.B.12 | SV-595 MITS. L200 D-CAB, CMF K14TJUN-88475, PMF WCA-582 | 1 | unit | 12,000.00 | 16 | 81,600.00 | SAN AGUSTIN |
| 1.B.13 | SV-596 MITS. L200 ADV, CMF PML039PY21-0802211, PMF WHL-210 | 1 | unit | 15,000.00 | 12 | 47,600.00 | C ACOSTA |
| II Location: EMD-CSY, Bicolan, Pangasinan City. | | | | | | | |
| A CONCRETE PLANT | | | | | | | |
| 2.A.01 | CP-041 CE JONHSON 524 110 CUYOENR 05001 | 1 | set | 740,000.00 | 5 | 1,556,270.00 | BEROIN |
| 2.A.02 | CP-042 DRU | 1 | set | 300,000.00 | 2 | 360,000.00 | ANLUD METAL |
| 2.A.03 | CP-017 DRU 475TBMH450170 CUYOENR 010432 | 1 | set | 800,000.00 | 5 | 800,000.00 | JMV JNKSH |
| B CRAWLER TRACTOR | | | | | | | |
| 2.B.01 | CT-100 TEREX 82-200 700 HP 09030 | 1 | unit | 620,000.00 | 3 | 575,000.00 | J REGALADO |
| 2.B.02 | CT-122 TEREX 82-300 900 HP 09030 | 1 | unit | 620,000.00 | 3 | 575,000.00 | J REGALADO |
| C DUMP TRUCK | | | | | | | |
| 2.C.01 | DT-002 ISUZU JAL CX210JX 45 CU. M. 2000-05 | 1 | unit | 120,000.00 | 11 | 253,000.00 | JMV JNKSH |
| D GENERATOR SET | | | | | | | |
| 2.D.01 | GS-054 KATO DIELOIT 150 2 000 150 KW 01/14/120 | 1 | unit | 10,000.00 | 10 | 165,000.00 | GENE OLIVO |
| 2.D.02 | GS-154 STARFORD 1044E 100KW 1000 RPM | 1 | unit | 32,000.00 | 6 | 87,000.00 | GREEN LION |
| E WRECKER TRUCK | | | | | | | |
| 2.E.01 | WT-023 KENWTHALL C-500AM752HD 7.5 cu yds 169264SH245 | 1 | unit | 136,000.00 | 9 | 218,500.00 | M ANDAL |
| 2.E.02 | WT-027 KENWTHALL C-500AM752HD 7.5 cu yds 169266SH247 | 1 | unit | 136,000.00 | 9 | 218,500.00 | M ANDAL |
| 2.E.03 | WT-033 KENWTHALL C-500AM752HD 15 CU. M. 151921SH252 | 1 | unit | 136,000.00 | 9 | 223,000.00 | L BALMACEA |
| 2.E.04 | WT-045 INT'LUAEDER 5000RE-100 10 CU. YD. AS057E0818115 | 1 | unit | 190,000.00 | 6 | 284,800.00 | M ANDAL |
| 2.E.05 | WT-048 INT'LUAEDER 5000RE-100 10 CU. YD. AS057E0817889 | 1 | unit | 180,000.00 | 6 | 284,800.00 | M ANDAL |
| 2.E.06 | WT-050 INT'LUAEDER 5000RE-100 7.5 CU. M. 03127 HGB16106 | 1 | unit | 238,000.00 | 6 | 323,408.27 | SAN AGUSTIN |
| F PNEUMATIC ROLLER | | | | | | | |
| 2.F.01 | PR-017 FERREBON 8P.1130 30 TONS 1130150 | 1 | unit | 225,000.00 | 4 | 278,800.00 | SAN AGUSTIN |
| 2.F.02 | PR-020 FERREBON 8P.1130 30 TONS 1130180 | 1 | unit | 225,000.00 | 4 | 278,800.00 | SAN AGUSTIN |
| G SMOOTH ROLLER/REGULATOR | | | | | | | |
| 2.G.01 | SRV-054 RAYOD RABCAL 510A 15 TONS 16A-131 | 1 | unit | 276,000.00 | 6 | 373,000.00 | GREEN LION |
| H SERVICE TRUCK | | | | | | | |
| 2.H.01 | SVT-021 FORD F800 50 PASSENGERS AUTO 173947 | 1 | unit | 66,000.00 | 7 | 90,000.00 | L BALMACEA |
| I SERVICE WRECKER | | | | | | | |
| 2.I.01 | SW-017 ISUZU JAL CX210JX 30 3000164 UJV 202 | 1 | unit | 176,000.00 | 4 | 351,800.00 | SAN AGUSTIN |
| XI Location: EMD-Mabactoc, Pangasinan. | | | | | | | |
| A ELECTRICAL EQUIPMENT | | | | | | | |
| 11.A.01 | Power Transformer, 75kva | 3 | units | 78,000.00 | 2 | 112,500.00 | M ANDAL |
| TOTAL | | | | 8,228,200.00 | | 15,012,242.02 | % increase 82.52 |



**PHILIPPINE NATIONAL
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**APPENDIX 8
SAMPLE FORM – NOTICE OF AWARD**

02 July 2008
TFAD-NOA-245-08L (Batch 46)

NOTICE OF AWARD

3CN TRADING
1014 Sunrise St., Tambo,
Parañaque City.

Attention : **MR. JOSUE O. NUVAL**

Dear Mr. Nuval:

After the evaluation of the Bidding for Various Junk Equipment/Scrap Materials under Batch No.46, conducted last 25 June 2008, we are pleased to inform you that your bid for the item(s) described below has been accepted. Accordingly, we hereby award to you the following item(s) subject to the

| ITEM | DESCRIPTION |
|---------|-------------------------|
| K | Location: EMD-Mayapa, S |
| A | DUMP TRUCK |
| 10.A.01 | DT-421 Dump Truck, Is |
| 10.A.02 | DT-438 Dump Truck, Is |
| | TOTAL AMOUNT |

TFAD-NOA-245-08L (Batch 46)

We thank you for your interest in our asset disposal program and look forward to dealing with you again in our future bidding activities.

Very truly yours,

TERMS AND CONDITIONS

1. That you shall pay to receipt hereof, the amount of items awarded to you.
2. Upon receipt of your full payment, allowing you to start the work completed within thirty (30) days "Withdraw".

MA. THERESA T. DEFENSOR
President and CEO

Conforme:

MR. JOSUE O. NUVAL



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

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Document Title:

ASSET / PROPERTY DISPOSAL PROCEDURE

APPENDIX 9 SAMPLE CONTRACT – DEED OF SALE

DEED OF SALE

KNOW ALL MEN BY THESE PRESENTS:

This DEED OF SALE entered into this ____ day of _____ 2008 at Mandaluyong City, by and between:

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC), a government acquired asset corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at PNCC Complex, EDSA corner Refill St., Mandaluyong City, Metro Manila, represented herein by its President and CEO, **MA. THERESA T. DEFENSOR**, hereinafter referred to as the "SELLER";

-and-

SCN TRADING, a company duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at 1014 Sunrise St., Tambon, Paranaque City, represented in this Act by **JOSUE O. SUVAL**, hereinafter referred to as the "BUYER";

WITNESSETH That:

WHEREAS, SELLER is the owner of various junk equipment/materials more particularly described as follows:

| ITEM | DESCRIPTION OF ITEM | QTY | UNIT | AMOUNT |
|--------|-----------------------------------|-----|------|------------|
| A | DUMP TRUCK | | | |
| TRA.01 | 01-421 Dump Truck, Isuzu, TMK672L | 1 | unit | 171,155.00 |
| TRA.02 | 01-438 Dump Truck, Isuzu, TMK672L | 1 | unit | 171,155.00 |
| | TOTAL AMOUNT | | | 342,310.00 |

WHEREAS, in response to SELLER's offer to sell the above-described item(s), the BUYER submitted a bid as embodied in his Offer to Buy dated 25 June 2008, a copy of which is hereto attached as Annex "A" and made an integral part hereof.

WHEREAS, in the bidding held on 25 June 2008, BUYER's Offer to Buy was determined to be the most advantageous and acceptable bid per its bid price submitted.

WHEREAS, pursuant hereto, SELLER issued a Notice of Award dated 02 July 2008, a copy of which is hereto attached as Annex "B" and made an integral part hereof.

WHEREAS, it is now necessary to execute this Deed of Sale which embodies the rights and obligations of the parties hereto as set forth below:

...and of the total THOUSAND THREE ... receipt in full of what ... ES, TRANSFERS and ... materials in an "AS-IS" ...

... he has inspected the ... and hereby agrees ... ratification against the ... (and item(s)), hidden or

... to the SELLER's ... SELLER shall issue the ... with the pertinent ... ing the item(s) sold.

... on full payment of the ... ing days from the date ... of which PNCC may

... accessories necessary ... ability and for the sole

... taxes, attorney's fees ... tioned item(s) shall be

... es, duties, liens, fees, ... the above item(s) from ... of the purchase price,

... ever, to withdraw the ... above, the BUYER ... of PESOS: FIVE ... for each day of delay ... from the SELLER's



PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

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APPENDIX 10 SAMPLE FORM – AUTHORITY TO WITHDRAW

02 July 2008
TFAD-A1W-245.081.(Barah 46)

3CN TRADING
1014 Sunrise St., Tambo,
Parang City.

Attention : MR. JOSUE O. NUVAL
Subject : **AUTHORITY TO WITHDRAW**

Dear Mr. Nuval:

This serves as your authority to withdraw the junk equipment and/or scrap materials more specifically described below:

| ITEM | DESCRIPTION OF ITEM | QTY | UNIT | AMOUNT |
|---------|--------------------------------------|-----|------|------------|
| X | Location: EMS-Mayapa, Gumbay, Laguna | | | |
| A | DUMP TRUCK | | | |
| 10.A.01 | DT-421 Dump Truck, Isuzu, TMK67ZL | 1 | unit | 171,155.00 |
| 10.A.02 | DT-438 Dump Truck, Isuzu, TMK67ZL | 1 | unit | 171,155.00 |
| | TOTAL AMOUNT | | | 342,310.00 |

Withdrawal of the junk equipment/scrap materials shall be in accordance with the terms and conditions in the Notice of Award and/or Deed/Contract of Sale.

May we remind that you are given thirty (30) working days upon receipt hereof to complete the withdrawal of the above item(s). A time extension may be granted upon request, subject however to approval by PNCC. PNCC may impose a penalty of ₱500.00 for every day of delay as provided for in the Deed/Contract of Sale.

Please coordinate with the concerned Head of our Operating Group, TFAD for your withdrawal schedule.

Very truly yours,

YOLANDA C. MORTEL
Head, Task Force-Asset Disposal

Attach: 1. Notice of Award
2. Official Receipts O.R.# _____

cc: Head-TFAD, Corp. Audit, Corp. Controllershship, File.



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

20 December 2017

HON. SAMUEL G. DAGPIN, JR.

Chairman

Governance Commission for Government
Owned and Controlled Corporations
3/F Citibank Center, 8741 Paseo De Roxas
Makati City



RE : **SUMMARY OF AGREEMENTS**

Dear Chairman Dagpin,

Pursuant to Performance Evaluation System for the GOCC Sector (GCG 2013-02), submitting herewith the Charter Statement and Strategy Map and the Proposed Summary of Agreements of Philippine National Construction Corporation (PNCC) for FY 2018-2020.

PNCC has formed its Technical Working Group (TWG) to work with your technical panel to negotiate the Performance Agreements and its corresponding scorecard. You may contact our Corporate Secretary, Atty. Mariano Jesus Averia at 846-2906 or email at mjsaveria@gmail.com for the schedule of negotiation meeting/s.

May you find our submission in order.

Very truly yours,

HERCULANO C. CO, JR.
Chairman

PNCC STRATEGY MAP



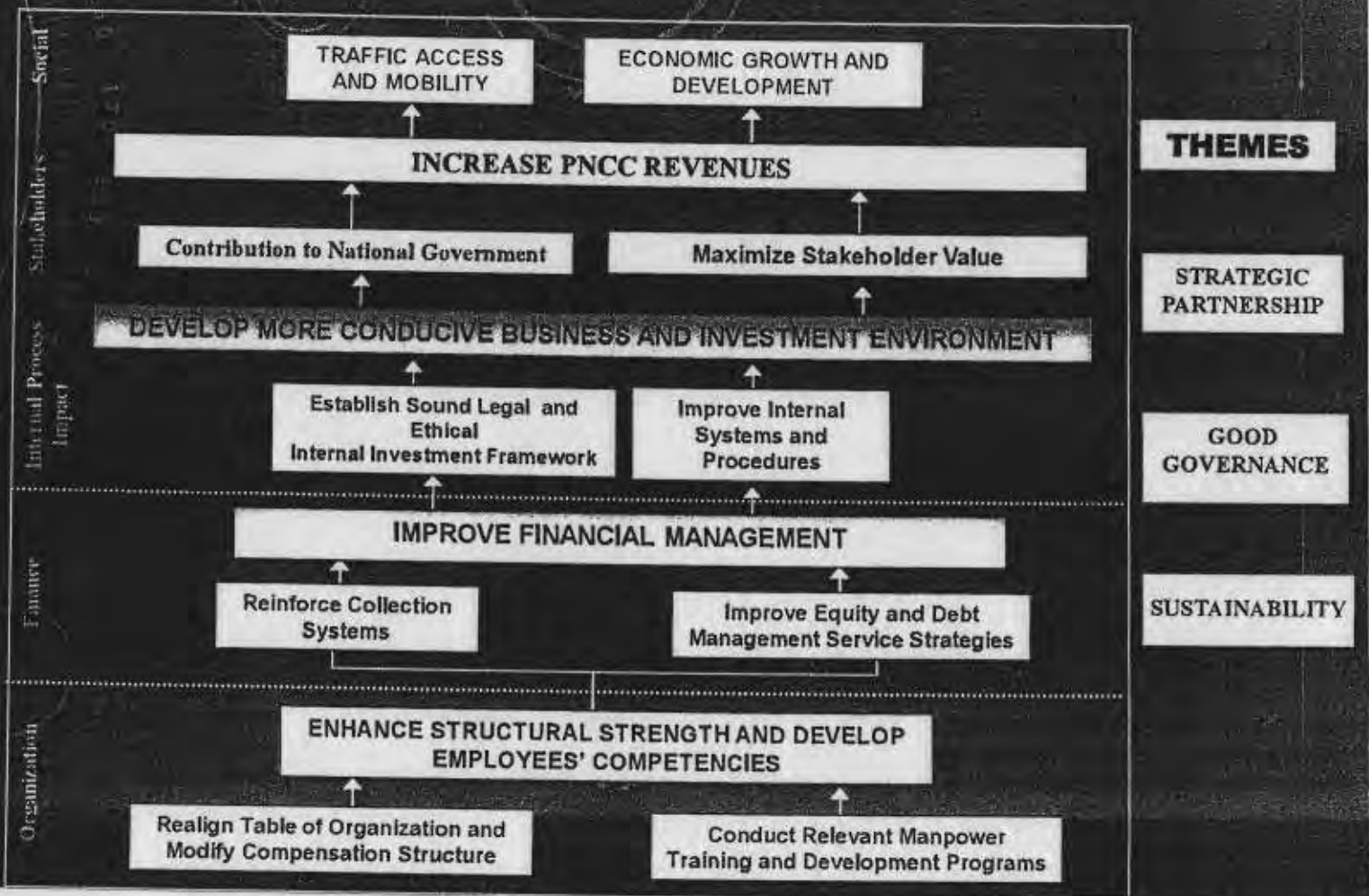
MISSION:

To enhance the capabilities of PNCC in the tollroad business and property investment to ensure financial recovery.

CORE VALUES

Professionalism
Integrity
Commitment
Innovation
Excellence
Loyalty

VISION: By 2020, PNCC would have achieved financial viability as an effective and capable partner of the government in tollroad and other related infrastructure development.



**SUMMARY OF AGREEMENTS
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
2018**

Vision : By 2020, PNCC would have achieved financial viability as an effective and capable partner of the government in tollroad and other related infrastructure development.

| | | TWG AGREEMENT | | | | Comments / Recommendation | |
|------------------------|------|--|---|---|--|---|--|
| | | Component | | | | | |
| | | Baseline 2017 | Target | | | | |
| 2018 | 2019 | | 2020 | | | | |
| INCREASE PNCC REVENUES | | | | | | | |
| SOCIAL IMPACT | SO 1 | Contribute to Economic Growth & Development | | | | | |
| | SM 1 | Construction and development of PAREx | Exploration undertaking of the project based on provisions of the terms of Memorandum of Understanding (MOU) valid until April 2018 | <ul style="list-style-type: none">• Enter into Memorandum of Agreement (MOA) with proponent for construction and development of project;• Negotiation of economic terms with selected proponent; | <ul style="list-style-type: none">• Continue negotiation of economic terms with selected proponent• Submission of Joint Investment Proposal (JIP) to Toll Regulatory Board (TRB) | <ul style="list-style-type: none">• Seek TRB approval of JIP• Seek TRB & Office of the President (OP) approval of Joint Venture Agreement (JVA)• TRB & OP approval of Supplemental Toll Operations Agreement (STOA) | |
| | SM 2 | Construction and development of Lucena to Matnog Expressway | Exploration undertaking of the project based on provisions of the terms of MOU valid until April 2018 | <ul style="list-style-type: none">• Enter into MOA with proponent for construction and development of project;• Negotiation of economic terms with selected proponent; | <ul style="list-style-type: none">• Continue negotiation of economic terms with selected proponent• Submission of joint investment proposal to TRB | <ul style="list-style-type: none">• Seek TRB approval of JIP• Seek TRB & OP approval of JVA• Seek TRB & OP approval of STOA | |
| | SM 3 | Construction and development of Subic to Davao Expressway | Presentation to the Board | <ul style="list-style-type: none">• Exploration of prospective proponent for the construction and development of the project | <ul style="list-style-type: none">• Enter into MOU with proponent for construction and development of project;• Exploration of undertaking of the project based on provisions of the terms of MOU | <ul style="list-style-type: none">• Enter into MOA with proponent for construction and development of the project• Negotiation of economic terms with selected proponent• Submission of JIP to TRB | |
| | SO 2 | Enhance Mobility of People and Commerce | | | | | |
| | SM 4 | Increase Annual Average Daily traffic (no. of vehicles that will | On-going construction | Segmental completion of Stage 3 | Segmental completion of Stage 3 | Completion of project, start of operation | In close coordination with Joint Venture Partner |

SUMMARY OF AGREEMENTS
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
2018

Vision : By 2020, PNCC would have achieved financial viability as an effective and capable partner of the government in tollroad and other related infrastructure development.

| | | | TWG AGREEMENT | | | | Comments / Recommendation |
|---|------|---|--|---|---|---|---|
| | | | Component | | | | |
| | | | Baseline 2017 | 2018 | Target 2019 | 2020 | |
| | | benefit from Buendia to Plaza Dilao) | | | | | |
| | SM 5 | Increase Annual Average Traffic (no. of vehicles that will benefit from FTI/Bicutan) | Right of Way (ROW) Acquisition by Department of Public Works and Highways (DPWH) | Monitoring on ROW acquisition | Monitoring on ROW acquisition | Monitoring on ROW acquisition | Dependent on the development of ROW acquisition |
| | | | | | | | |
| | | | | | | | |
| DEVELOPING BUSINESS ENVIRONMENT / CLIMATE | | | | | | | |
| STAKEHOLDER | SO 3 | Maximize Stakeholder Value | | | | | |
| | SM 6 | Increase in rental revenue | ₱ 96.8 Million rental revenue (as of 3rdQ) | Increase in rental rate / additional lessees | Increase in rental rate / additional lessees | Increase in rental rate / additional lessees | Maximize real property values |
| | SM 7 | Enter into joint venture agreement to develop real properties | Assessment and re-evaluation of real properties | Exploration of Joint venture opportunities for the development of Bicutan Property and other clean titled properties | Continue exploration of Joint venture opportunities for the development of Bicutan Property and other clean titled properties | Continue exploration of Joint venture opportunities for the development of Bicutan Property and other clean titled properties | Maximize real property values |
| INTERNAL PROCESS | SO 4 | Establish Sound Legal and Ethical Internal Investment Framework | | | | | |
| | SM 8 | Expansion of P.D. 1894 | Presentation to the Board of draft of the proposed bill | • Approval of the Board of the proposed bill • Submission of proposed bill to Congress • Seek sponsorship of the bill | Seek Congress approval | Seek Senate approval and Office of the President approval | |
| | SM 9 | Establish comprehensive technical working framework involving business development operations | • Creation of Technical Working Group • Conduct research | • Continue research • Inter-agency consultation • Approval of the Board | Implementation guidelines and continuous enhancement | Implementation guidelines and continuous enhancement | Provide transparency and certainty as to PNCC's dealing with prospective investors and partners |

SUMMARY OF AGREEMENTS
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
2018

Vision : By 2020, PNCC would have achieved financial viability as an effective and capable partner of the government in tollroad and other related infrastructure development.

| | | TWG AGREEMENT | | | | Comments / Recommendation | |
|--------------|---|--|--|---|--|--|--|
| | | Component | | | | | |
| | | Baseline 2017 | Target | | | | |
| | | | 2018 | 2019 | 2020 | | |
| FINANCIAL | SO 5 | Improve Internal Systems & Procedures | | | | | |
| | SM 10 | Establish a clear-cut on communication with all the corporation's shareholders | No stockholders' meeting for 2017 | Conduct of Annual Stockholders' Meeting pursuant to By-Laws | Conduct of Annual Stockholders' Meeting | | |
| | IMPROVE FINANCIAL MANAGEMENT | | | | | | |
| | SO 6 | Reinforce Collection System | | | | | |
| | SM 11 | Pursue collection of receivables (won cases) | Receivables with final judgement | Initiate appropriate legal action to collect monetary award in cases decided with finality, and ensure that at least 10% of the receivables have been collected | Pursue collection of the remaining receivables (monetary award) | Pursue collection of the remaining receivables (monetary award) | Most of the cases won against another GOCC / Government Agency requires passing through related agencies procedures (i.e. COA, GAAC) |
| | SO 7 | Improve Equity and debt Management Service Strategies | | | | | |
| | SM 12 | Conversion of debt-to-equity | Initial meeting with PMO; take off of negotiation on 2007 Privatization Council approval. | <ul style="list-style-type: none">Follow through Memorandum Appeal to Office of the PresidentSeek immediate approval of OP | <ul style="list-style-type: none">Seek approval of the Office of the PresidentStockholders' approval on increase of capital stocks to accommodate the conversion of P5.5 billion debt-to-equity | <ul style="list-style-type: none">Seek SEC approval on increase of capital stocks, issuance of stock certificate to NG | Dependent on amicable settlement with PMO to fast track resolution of the issue |
| ORGANIZATION | ENHANCE STRUCTURAL STRENGTH AND DEVELOP EMPLOYEE'S COMPETENCIES | | | | | | |
| | SO 8 | Conduct relevant manpower training and development programs | | | | | |
| | SM 13 | Re-evaluation of existing Table of Organization (TO) | Filling up of vacant positions | Hiring of additional manpower based on new business programs and projects | Hiring of additional manpower based on new business programs and projects | Hiring of additional manpower based on new business programs and projects | PNCC to anticipate operations full manpower staffing |
| | SM 14 | Develop training program for employees | <ul style="list-style-type: none">Managerial training on Strategic ManagementGood Governance Training | <ul style="list-style-type: none">Implementation of GAD-related programsReorientation ProgramsValues Formation | <ul style="list-style-type: none">Continue Reorientation Programs / Values Formation / Morale, | Re-enforce competency development training program (managerial and supervisory) | |

**SUMMARY OF AGREEMENTS
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
2018**

Vision : By 2020, PNCC would have achieved financial viability as an effective and capable partner of the government in tollroad and other related infrastructure development.

| | | | TWG AGREEMENT | | | | |
|--|--|--|---|---|------|---------------------------|--|
| | | | Component | | | | |
| | | | Baseline 2017 | Target | | | |
| | | | | 2018 | 2019 | 2020 | |
| | | | • Morale, Welfare and Recreation Program (MWRP) | Welfare and Recreation Program (MWRP) • Skill Training | | Comments / Recommendation | |

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| PURCHASING PROCEDURE | | | | | | | | | | | |
| Rev. No. | Date Revised | Rev. Sec. | Revision Content | Rev. No. | Date Revised | Rev. Sec. | Revision Content | | | | |
| 0 | | | Initial Issue | | | | | | | | |
| 1 | | 8.4 | Replaced "may" with "shall" | | | | | | | | |
| | | 1 st Sentence of Note | Revised the entire sentence | | | | | | | | |
| | | 2 nd Sentence of Note | Added the 3 rd sentence | | | | | | | | |
| | | 3 rd Sentence of Note | Deleted the word "from Warehouse" after "item" | | | | | | | | |
| | | 8.8 | Inserted the entire section | | | | | | | | |
| | | 8.8.2 | Inserted "or previous Purchase Order if a reorder" after "Bids" | | | | | | | | |
| | | 8.9.3 | Replaced "to the same" with "same to the" | | | | | | | | |
| | | 8.9.4 | Replace "." with " " after "approval" to combine the 1 st and 2 nd sentence | | | | | | | | |
| | | 8.22 2 nd sentence | Replaced "all those" with "same including all supporting documents" | | | | | | | | |
| | | 9.14 – 9.17 | Adjusted numbering due to inserted item | | | | | | | | |
| Prepared by: | | | Reviewed & endorsed by: | | | Approved by: | | | | | |
| YOLANDA C. MORTEL <i>Signature over Printed Name</i> | | | SR VALES / JD ALEJANDRINO / AP SALES <i>Signature over Printed Name</i> | | | MA. THERESA T. DEFENSOR <i>Signature over Printed Name</i> | | | | | |
| Page No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DCC STAMPS PNCC MASTER COPY DEC 11 2000 <small>DATE ISSUED</small> |
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PURCHASING PROCEDURE

1.0 INPUT

Purchase/Procurement Requirements



Supplier accreditation, supplier selection, bidding
process, award & delivery process, continual
supplier evaluation

2.0 OUTPUT



Delivery of conforming purchased products,
materials, supplies or services

3.0 OBJECTIVE

To provide assurance that purchased products/contracted services conform to specified purchase/contract requirements consistent with quality objectives on product realization or the final product.

4.0 SCOPE

All procurement activities of the company for materials, supplies, services and related requirements

5.0 DEFINITION OF TERMS

- 5.1 **Procurement/Purchasing** – refers to the process of acquiring materials supplies and services.
- 5.2 **Materials Management** – the aspect of industrial management, which is concerned with all the functional activities involved in the acquisition and use or non-use of any material possessed and to be possessed by the company.
- 5.3 **Purchase Order** – a controlled and pre- numbered official document w/c serves to order a particular requirement from a supplier at a specified and agreed price, terms and delivery schedule.
- 5.4 **Capital Goods** – refer to assets which are held over a relatively long period of time for the services they yield in the production of goods and services, they are intended to benefit future periods, not to resale in the normal course of operations and are depreciated based on their type or manner of utilization. These include land, building, major equipment, light equipment (inclusive of tools and instruments) and office equipment, furniture and fixtures.
- 5.5 **Major Equipment** – heavy equipment, plants, major machinery and service vehicles; which are depreciated over their economic operational service lives, – extending beyond that of the project where they are utilized and are subject to rebuilding / renovation to extend economical operability.
- 5.6 **Light Equipment** – equipment depreciated over the life of the project where they are acquired and utilized and are not subject to rebuilding/renovation.
While tools and other instruments are classified under light equipment for purposes of delineating procurement responsibilities, this class of capital goods is generally expensed upon acquisition and no longer depreciated specifically if the cost below ₱500.00.
- 5.7 **Accredited Suppliers** – suppliers who upon verification of PNCC's authorized personnel meet the minimum requirements of satisfactory overall rating.
- 5.8 **Accredited Supplier's Master List (ASML)** – the list of accredited suppliers. The list shall be used as reference for purchasing/procurement of goods or services. Refer to Appendix 4.
- 5.9 **Supplier Checklist for Accreditation** - a checklist used by assigned evaluators to evaluate the supplier including its organization, processes, tooling and their capabilities/qualifications for producing the materials required by PNCC for purposes of accreditation. Refer to Appendix 1 and 2.
- 5.10 **Certificate of Conformance** – refers to the certification issued by a manufacturer attesting that necessary parts / materials conforms with the specified requirements.
- 5.11 **Supplier Qualification Status Report** – refers to the document issued by PNCC to potential supplier to inform the status of their qualification.
- 5.12 **Reorders** – recurring or additional purchases of contract or negotiated items as determined from requirement schedules.
- 5.13 **PSR – Purchase Store Requisition** – a controlled form accomplished by requesting unit indicating specifications and quantity of requested items for purchase.



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- 5.14 **RPS – Repair Parts and Supplies** – a form accomplished by requesting unit indicating specifications and quantity of requested parts and supplies for equipment under repair.
- 5.15 **AB/PPO – Abstract of Bids/Pro-forma Purchase Order** – a form intended for summarizing the bid details of proponent suppliers for a particular item/s.
- 5.16 **IB – Invitation to Bid** – a written request to join the bidding for a particular item(s)/service(s).
- 5.17 **RQ – Request for Quotations** – a written request to submit price quotations for the item/s indicated therein.
- 5.18 **SIS – Sourcing Information Sheet**- a form filled-out by the purchaser indicating the contact information of intended suppliers.
- 5.19 **RAS – Return Advise Slip** – a form accomplished by Purchaser indicating the reasons of return of PSR to Requesting Unit.
- 5.20 **SIC – Stock Inventory Card** – used to identify various inventory.
- 5.21 **RIR – Receiving and Inspection Report** – the report prepared by warehouse clerk/property custodian in a controlled form stating the required information noted during inspection, upon delivery item(s)/service(s).
- 5.24 **FARL – Fixed Asset Receiving List** – a form accomplished by warehouse clerk/property custodian upon receipt inspection and acceptance of purchased fixed assets.
- 5.25 **Purchaser** – one who handles direct purchases of supplies, equipment and spare parts.
- 5.26 **Purchasing Assistant** – one who assists the purchaser in canvassing and preparation of related purchasing documents.
- 5.27 **Purchasing Clerk** – one who prepares, types and files purchasing documents.
- 5.28 **Records Procurement Services Officer** – one who oversees the proper and correct preparation of all documentation necessary to effect purchase.
- 5.29 **Subcontractor** – any person or entity duly accredited by PNCC to provide specific services under a subcontract.
- 5.30 **Subcontract Request** – a request/initiated by the Project/Department/Division concerned for engaging the services of subcontractor for a specified job.
- 5.31 **Subcontract/Contract** – agreement whereby a duly chosen subcontractor, employing its sources, undertakes to supply labor/services, materials, tools and equipment necessary to accomplish a specified job/work.
- 5.32 **PBAC** – Pre-qualification, Bids and Awards Committee.

6.0 REFERENCES

- | | |
|--|----------|
| 6.1 Quality Manual | ISO-M-01 |
| 6.2 Management Review Procedure | ISO-P-06 |
| 6.3 Contracts Formulation & Review Procedure | ISO-P-08 |
| 6.4 Records Control Procedure | HRA-P-01 |
| 6.5 Warehousing Procedure | COM-P-01 |
| 6.6 Financial Authorities Manual | |

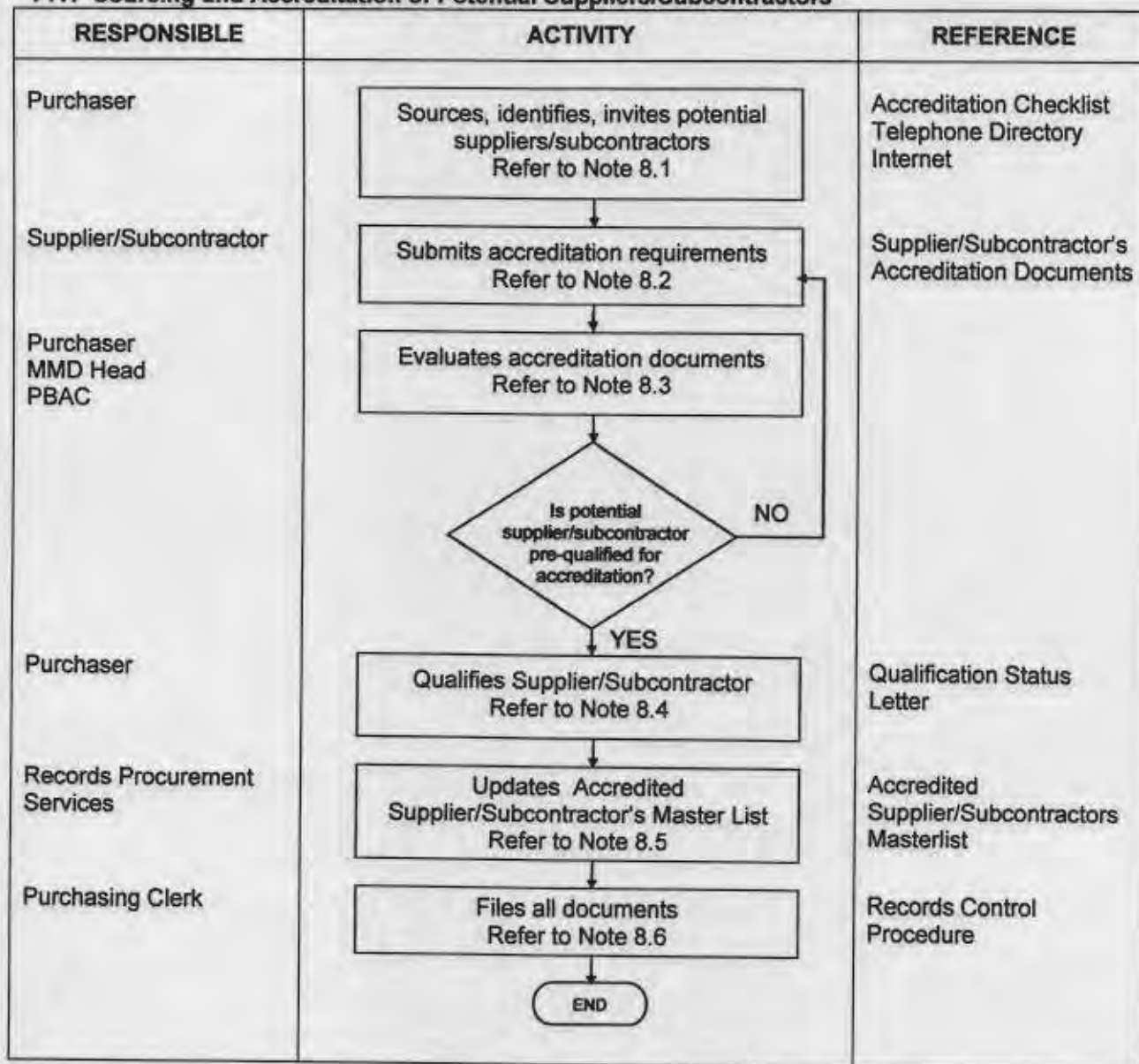


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7.0 PROCEDURE FLOWCHART

F7.1 Sourcing and Accreditation of Potential Suppliers/Subcontractors



8.0 NOTES

8.1 Purchaser shall source and identify potential suppliers/subcontractors.

8.1.1 He/she shall request the potential suppliers/subcontractors to fill-out and submit the Supplier/Contractor/Subcontractor's Accreditation Checklist. Refer to Appendix 1 and 2.

8.2 Supplier/Subcontractor shall submit the following requirements for accreditation:

- Filled out Accreditation Checklist;
- Company Profile; and
- Copy of International Standard Certification (ISO 9001/ISO 14001/TS16949/ISO 14001) if any.



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8.3 Purchaser shall evaluate supplier/subcontractor credentials including the following:

- a. Supplier Performance
- b. Major Customer Listing
- c. Product List
- d. International Standard certification

Note : A plant/office visit may be conducted, if necessary. Refer to Appendix 3 for Scoring Guidelines for Potential Suppliers.

8.3.1 Head MMD shall submit the accreditation documents of potential supplier /contractor/subcontractor to PBAC for final approval.

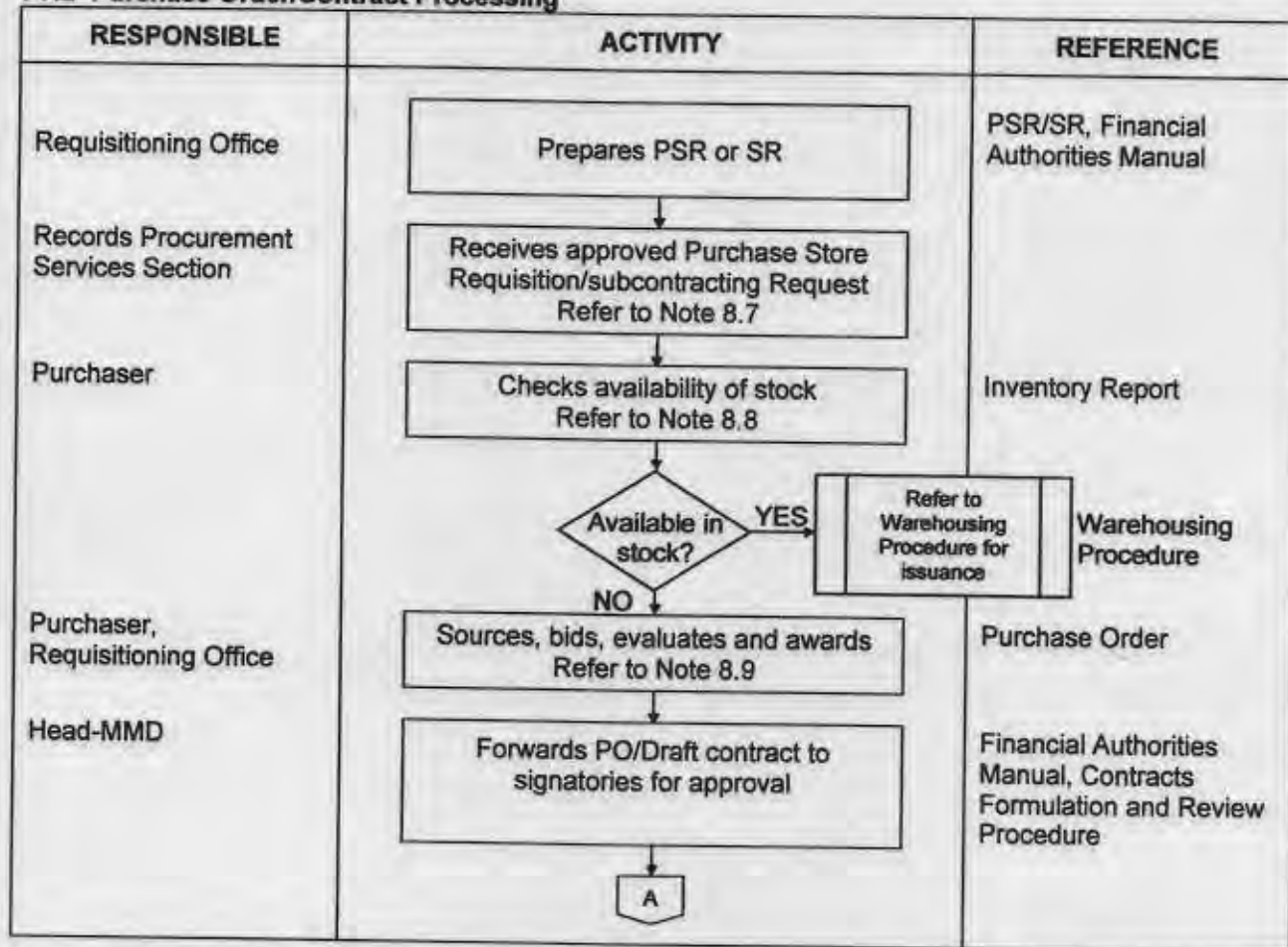
8.4 Purchaser shall prepare and issue qualification letter to Suppliers/Subcontractors.

Note : The letter shall contain the rating of the supplier/subcontractor and/or comments found during the qualification visit. If there are still documents required which the supplier/subcontractor failed to submit, said lacking documents will be itemized in the letter. Please refer to Appendix 1 and 2 and Purchasing Information described under Section 7.4.2 of Quality Manual ISO-M-01.

8.5 Records Procurement Services shall update the Suppliers/Subcontractors Masterlist everytime there is a newly accredited supplier. Refer to Appendix 4.

8.6 Purchasing Clerk shall file the documents pertaining to the qualification of the supplier/subcontractor in accordance with Records Control Procedure HRA-P-01.

F7.2 Purchase Order/Contract Processing





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| RESPONSIBLE | ACTIVITY | REFERENCE |
|----------------------|--|--|
| Authorized Signatory | <div style="text-align: center;"> <p>(A)</p> <p>Approves PO/Contract</p> </div> | <div style="border: 1px solid black; padding: 5px; width: fit-content;"> Go to F7.4 for issuance of contracts </div> |
| Purchasing Clerk | <div style="border: 1px solid black; padding: 5px; text-align: center;"> Sends PO to supplier and confirms the receipt Refer to Note 8.10 </div> | Records Control Procedure |
| Purchasing Clerk | <div style="border: 1px solid black; padding: 5px; text-align: center;"> Files the PO and updates PO Monitoring Sheet </div> | |
| Purchasing Clerk | <div style="border: 1px solid black; padding: 5px; text-align: center;"> Provides copy of PO to Warehouse and the Head of Requisitioning Unit </div> | |
| Purchasing Asst. | <div style="border: 1px solid black; padding: 5px; text-align: center;"> Coordinates with Warehouse staff on the status of delivery and expedites delivery with supplier when necessary </div> | Warehousing Procedure |
| | <div style="border: 1px solid black; border-radius: 50%; padding: 5px; width: 40px; margin: 0 auto;"> F7.3 </div> | |

8.7 Records Procurement Services Section staff receives the approved Purchase Store Requisitions *PNCC Form MMD-03 Rev 05/08*/Subcontracting Request from end-user (operation). Refer to Appendix 5.

Note :

1. Purchase store requisition is issued only for materials and supplies below the safety stock level monitored by Warehouse.
2. The Subcontracting request is required for purchases such as construction, renovation & services. It must include the following details: contract date, scope of work, contract period, Terms of Reference.

8.8 Purchaser shall check the availability of requested item.

8.8.1 If the item requested is available at Warehouse, Purchasing staff shall issue Requisition Advice Slip *PNCC Form MMD-04 Rev 05/08* (Appendix 6) to the Requesting Party. Refer to Warehousing Procedure COM-P-01 for issuance of requested item. Other cases in which a Requisition Advice Slip is issued to Requesting Party, are as follows:

- 8.7.1.1 Incomplete description of item requested
- 8.7.1.2 Part No. Incorrect / not specified;
- 8.7.1.3 A sample of requested item is required;
- 8.7.1.4 Indicate acceptable equivalent of item requested; and
- 8.7.1.5 Item requested is not available locally, and recommended for cancellation of request, for indent order or fabrication.

8.8.2 For purchase of firearms and ammunitions

8.8.2.1 Purchasing staff shall check and verify with the Armorer/Firearms Custodian the availability of the requested firearm/s or ammunition from the armory.

8.8.2.2 Purchasing staff shall also verify with the Armorer/Firearms Custodian whether the purchase of the requested firearm/ammunition conforms with government laws and regulation.



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8.8.2.3 Certainty of non-availability shall be made by simply indicating the words "Not available at the armory." and "Purchase in accordance with government laws and regulation" in the lower portion of the description space provided in the PSR with the initial of the Armorer/Firearm custodian above his printed name.

8.9 Sourcing/Bidding/Evaluation

8.9.1 Purchaser/Purchasing Assistant shall canvass the current prices of requested item. If the requested items/services are re-order, confirm the price from previous supplier. If the price is still applicable proceed to step 8.9.3 otherwise, proceed to 8.9.1.1.

8.9.1.1 He/she shall check the Accredited suppliers/subcontractors Masterlist and fill-out Sourcing Information Sheet *PNCC Form MMD-05 Rev 05/08*. Refer to Appendix 7.

8.9.1.2 He/she shall coordinate with the supplier/subcontractor listed in SIS and invite them to submit their quotation on the involved item/s or service/s.

Note:

1. A Request for Quotation or Invitation to Bid shall be distributed to suppliers/subcontractors listed in SIS for price quotation. Refer to Appendix 8 and 12.
2. Open canvass shall be conducted if the total amount involved will not exceed ₱ 50,000, or the amount involved of each item will not exceed ₱ 5,000.
3. Sealed bidding if the total amount of involved item exceeds P 50,000.
4. Consumable items, services rendered for maintenance and other related items are preferably but not necessarily to be purchased from an accredited supplier as long as the item or services sought to engage are of quality and in the specification or standard set by end-user.

8.9.2 Purchaser/Purchasing Assistant shall prepare Abstract of Bids *PNCC Form MMD-07 Rev 05/08* upon receipt of quotation from supplier/subcontractor. Refer to Appendix 9.

8.9.2.1 Abstract of Bids shall be forwarded to end-user for confirmation. End-user shall select/recommend the best offer based on the provided specification/s.

8.9.2.2 MMD Head shall certify/approve the Abstract of Bids. Refer to Financial Authorities Manual.

8.9.3 Records Procurement Services Section staff shall prepare Purchase Order *PNCC Form MMD-08 Rev 05/08* based on the approved Abstract of Bids or previous Purchase Order if a reorder. Refer to Appendix 10.

Note:

1. The PO shall contain pertinent information such as part name, part number and/or other specification sufficient to establish the identity of the item to be purchased. A certification of Conformity may be requested from supplier in cases where technical inspection is not necessary.
2. A controlled copy of drawings and specifications shall be given to the supplier/subcontractor. To ensure that suppliers/subcontractors receive the document, a transmittal slip shall be prepared and issued, together with the drawings.

8.9.4 MMD Head shall sign/approve the Purchase Order and forward same to the authorized signatories for approval, refer to Financial Authorities Manual.

8.10 Purchaser shall issue the approved PO to accredited suppliers

8.10.1 In case of revisions, he/she shall issue another PO for additional orders or cancellation memo for cancellation or reduction of ordered quantity, to include revised delivery schedule. Refer to Purchase Order Revision/Cancellation *PNCC Form MMD-09 Rev 05/08* and Purchase Order Delivery Schedule *PNCC Form MMD-10 Rev 05/08*. Refer to Appendix 11 and 12.



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F7.3 Evaluation of Supplier's Performance

| RESPONSIBLE | ACTIVITY | REFERENCES |
|----------------------|--|---|
| Purchasing Assistant | Monitors Supplier's Performance Refer to Note 8.17 | Accreditation checklist, Delivery Inspection Report |
| Purchaser | Evaluates, assesses supplier's performance Refer to Note 8.18 | |
| Head, MMD | Checks, recommends and approves Supplier's Performance Report Refer to note 8.19 | |
| Head, MMD | Reports supplier's performance during Management Review Refer to note 8.20 | Management Review Procedure |
| | F7.5 | |

8.17 Purchasing Assistant shall monitor the supplier's performance based on the accomplished Delivery Inspection *PNCC Form COM-01 Rev 05/08* submitted by authorized receiving personnel. Refer to Warehousing Procedure *COM-P-01*. Suppliers shall be classified according to commodity classification as follows:

- | | |
|--|--|
| 8.17.1 POL & Other Related Based Products | 8.17.6 Construction Materials and Hardware |
| 8.17.2 Cement & Related Products | 8.17.7 Bituminous Asphalt |
| 8.17.3 Steel & Related Products | 8.17.8 Tires & Batteries |
| 8.17.4 General Equipment Parts & Equipment | 8.17.9 Officer Equipment & Supplies |
| 8.17.5 Aggregates & Filling Materials | 8.17.10 Services |

8.18 Purchaser shall evaluate the supplier's performance and prepare supplier's performance report. Refer to Appendix 13 for evaluation points. Ranking will depend on the over all rating performance of the supplier. Ranking shall be as follows:

- Rank A – 91%- 100% - outstanding supplier
Rank B – 85%- 90% - very good supplier
Rank C – 71% - 84% - good supplier
Rank D – 70% - and below supplier needs improvement

8.19 MMD Head shall check the supplier's performance report and recommend/approve rating of supplier.

8.19.1 Purchaser shall disseminate the performance report to suppliers.

Note:

- Supplier shall be given their performance report on a quarterly basis showing their performance for the quarter. For suppliers who got rank D, they shall be required to submit a countermeasure report. If in case, the supplier got 3 consecutive rating of rank D, supplier's audit shall be conducted in the premises of the supplier. If, after the audit there is no improvement, a new supplier shall be sourced.



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2. For suppliers who are ranked A to C will also received countermeasure reports if there is a drastic drop of rating in the Delivery and Quality areas. Refer to Corrective Action Procedure ISO-P-02.

- 8.20 MMD Head shall report the suppliers performance during Management Review. Refer to Management Review Procedure ISO-P-06.

F7.4 Issuance of Contract

| RESPONSIBLE | ACTIVITY | REFERENCES |
|--|--|---------------------------------|
| Purchasing Assistant/ Purchaser | Prepares Notice of Award/draft contract Refer to 8.21 | Appendix 15 and 16 |
| Head, MMD, Corporate Legal Division, Signatories | Reviews and approves contract Refer to Note 8.22 | Financial Authorities Manual |
| Subcontractor | Receives contract Refer to Note 8.23 | |
| Purchasing Clerk | Files contract Refer to note 8.24 | Records Control Procedure |
| | F7.5 | |

- 8.21 Purchasing Assistant/Purchaser shall prepare Notice of Award/the draft contract based on the result of bidding as evaluated/approved by signatories for Head, MMD's endorsement to the Legal Division for Review. Refer to Appendix 15 and 16.
- 8.22 The Head, Corporate Legal Division shall review/approve the provisions of the Notice of Award/draft contract.
The MMD Head shall then check the completeness and accuracy of attachments, then forwards same including all supporting documents to signatories based on Financial Authorities Manual.
- 8.23 Supplier/Subcontractor shall receive the Notice of Award/ approved contract. A copy of the notarized contract shall be distributed to concerned Department/Division, Corporate Legal Division, and Subcontractor/s.
- 8.24 The Purchasing clerk shall file the MMD copy of the contract in accordance with Records Control Procedure HRA-P-01.



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F7.5 Processing of Payment

| RESPONSIBLE | ACTIVITY | REFERENCE |
|---|--|---------------------------------|
| Purchasing clerk | Prepares request for payment Refer to Note 8.25 | Financial Authorities Manual |
| Signatories | Approves payment Refer to Note 8.26 | |
| Purchasing clerk | Advises supplier of availability of payment Refer to Note 8.27 | |
| Purchasing Clerk/Purchaser MMD Head | Files report and prepares accomplishment report Refer to Note 8.28 | Records Control Procedure |
| | END | |

8.25 For items that require down payment or Cash-Before-Delivery terms:

8.25.1 Purchasing clerk shall prepare request for payment voucher. This must be based on the approved PO and contract in accordance with the Financial Authorities Manual.

8.25.2 He/she shall attach PO/contract and all supporting documents in the Request for payment voucher.

Note : For PO's/Contract with extended terms, process payment after receipt of Receiving and Inspection Report PNCC Form COM-03 Rev 05/08.

8.26 Signatories shall approve the request for payment voucher in accordance with the Financial Authorities Manual.

8.27 The Purchasing Clerk shall coordinate with Corporate Finance Group for the issuance of check. Upon advice of availability of check, he shall inform supplier/contractor.

8.28 Purchasing Clerk shall prepare accomplishment report according to commodity classification.

8.28.1 MMD Head shall submit a monthly accomplishment report to the President and CEO.

8.28.2 Purchasing Clerk shall file the accomplishment report in accordance with Records Control Procedure HRA-P-01.

9.0 ATTACHMENTS

- 9.1 Appendix 1 – Checklist of Pre-qualification of Supplier *PNCC Form MMD-01 Rev 05/08*
- 9.2 Appendix 2 – Checklist of Pre-qualification of Contractor/Subcontractor *PNCC Form MMD-02 Rev 05/08*
- 9.3 Appendix 3 – Scoring Guidelines for Potential Suppliers
- 9.4 Appendix 4 – Supplier/Contractor Masterlist
- 9.5 Appendix 5 – Purchase / Store Requisition *PNCC Form MMD-03 Rev 05/08*
- 9.6 Appendix 6 – Requisition Advise Slip *PNCC Form MMD-04 Rev 05/08*
- 9.7 Appendix 7 – Sourcing Information Sheet *PNCC Form MMD-05 Rev 05/08*
- 9.8 Appendix 8 – Request for Quotation *PNCC Form MMD-06 Rev 05/08*
- 9.9 Appendix 9 – Abstract of Bids *PNCC Form MMD-07 Rev 05/08*



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- 9.10 Appendix 10 – Purchase Order *PNCC Form MMD-08 Rev 05/08*
- 9.11 Appendix 11 – Purchase Order Revision/Cancellation *PNCC Form MMD-09 Rev 05/08*
- 9.12 Appendix 12 – Purchase Order Delivery Schedule *PNCC Form MMD-10 Rev 05/08*
- 9.13 Appendix 13– Supplier Performance Evaluation Guide
- 9.14 Appendix 14 – Subcontractor Performance Evaluation Form *PNCC Form MMD-13 Rev 12/09*
- 9.15 Appendix 15– Invitation to Bid
- 9.16 Appendix 16– Notice of Award
- 9.17 Appendix 17– Subcontracting Agreement/Contract



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APPENDIX 1 SAMPLE FORM – SUPPLIER ACCREDITATION CHECKLIST

CONTROL NO.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
EDSA Corner Reliance St., Mandaluyong City

CHECKLIST FOR PRE-QUALIFICATION OF SUPPLIER

PRELIMINARY REQUIREMENTS

1. Letter Of Intent – Addressed to:
2. Brief Company History / Company Profile
 - Organization
 - Names of Officers / Owners
 - Table of Organization
3. Audited Financial Statements for the past three (3) years (_____ up to _____) including BIR Form 1729
4. Registration (copy to be attached)
 - Securities & Exchange Commission
 - DTI
 - Board of Investments
 - SSS
 - Others (please specify)
- If supplier is a sole proprietor:
 - a) Certified copy of Declaration with the Bureau of Domestic Trade
 - b) Name of Owner
- If supplier is a partnership:
 - a) Certified copy of Articles of Partnership
 - b) Partners
- If supplier is a corporation:
 - a) Certified copy of Articles of Incorporation (Please attached amendments, if any) Articles of By-Laws
5. Corporate Officers:

| Name | Designation |
|------|-------------|
| | |
| | |
| | |
| | |
| | |

c) Extent of Filipino ownership of the assets of the suppliers' Organization

List type of works normally undertaken

List experiences / track records, important jobs completed within the last five (5) years, indicating the Name / Address of owner, name of the project, project duration as per contract, project date started and completed and project amount.

List of present major undertakings indicating the name / Address of owner, name of project, project duration as per contract, start and completion date and amount.

List of available company-owned equipment resources and support facilities with proof of ownership/LTO Registration

Certification of Performance from Clients which should include information on how the prospective Subcontractors has complied with it's contractual obligations (required to submit minimum of three (3) certificates).

Proof of capitalization. Submit Certifications from Banks given as reference (original copy).

VAT Registration Certificate (BIR Form # 1556) or BIR Form# 2307 Annual Registration Fee Return (BIR Form # 1623) for the current year or (BIR Form # 0006) for the current year With Removal).

Mayor's Permit

List of Company Subsidiaries / Affiliates if any.

Other:

- Sketch of office & warehouse including it's total area
- Brochures, Pictures, etc.

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| AUDITED FINANCIAL STATEMENT | III |
| REGISTRATIONS | IV |
| ST TYPE OF WORKS NORMALLY UNDERTAKEN | V |
| EXPERIENCE / TRACK RECORDS | VI |
| LIST OF PRESENT MAJOR UNDERTAKINGS | VII |
| LIST OF COMPANY OWNED EQUIPMENT RESOURCES | VIII |

IMPORTANT INSTRUCTIONS

the accreditation documents in a legal size folder with transparent front cover.

- a. The accreditation documents shall be arranged according to the order indicated in the checklist of requirements.
 - b. Put an index tab with your company name on the upper right edge of the transparent cover. There should be also an index tab arranged in descending order of every requirement. Please make the font size of the company name (in index tab) bigger than those of the requirements.
 - c. Additional documents, which you deem necessary, such as photos, company brochures etc. should be placed in the latter pages.
2. If a required document is not available, state the reason in the checklist.
 3. The Financial Statements should be in comparative years, submitted in complete pages as audited by a CPA for both years and stamped received by the BIR or its authorized bank representative.

FAILURE TO FOLLOW ANY OF THE FOREGOING INSTRUCTIONS AND THE SUBMISSION OF DOCUMENT REQUIREMENTS MAY DELAY THE PROCESSING AND/OR MAY BE A GROUND FOR THE DENIAL OF YOUR APPLICATION.



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APPENDIX 2 SAMPLE FORM – CONTRACTOR/SUBCONTRACTOR ACCREDITATION CHECKLIST

CONTROL NO. _____

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
EDSA Corner Reliance St., Mandaluyong City

CHECKLIST FOR PRE-QUALIFICATION OF CONTRACTOR/SUBCONTRACTOR

PRELIMINARY REQUIREMENTS

1. Letter Of Intent – Addressed to;
2. Brief Company History / Company Profile
 - Organization
 - Names of Officers / Owners
 - Table of Organization
3. Audited Financial Statements for the past three (3) years (_____ up to _____)
including BIR Form 1720
4. Registration (copy to be attached)
 - Securities & Exchange Commission with Articles of Inc. & By Laws
 - DTI
 - SSS
 - Phil. Contractors Accreditation Board
 - (Renewed Contractor's License)
 - License to Operate
 - Others (please specify):

- If Subcontractor is a sole proprietor:
 - a) Certified copy of Registration with the Bureau of Domestic Trade
 - b) Name of Owner: _____

- If Subcontractor is a partnership:
 - a) Certified copy of Articles of Partnership
 - b) Partners

| Name | Value of Contribution |
|-------|-----------------------|
| _____ | _____ |
| _____ | _____ |

| Name | Designation |
|-------|-------------|
| _____ | _____ |
| _____ | _____ |

- If Subcontractor is a corporation:
 - a) Certified copy of Articles of Incorporation and By Laws
(Please attached amendments, if any)

| Name | Designation |
|-------|-------------|
| _____ | _____ |
| _____ | _____ |

PNCC Form MMD-02 Rev 05/08

Ownership of the assets of the suppliers' Organization

undertaken

records, important jobs completed within the last five (5) years, names of owner, name of the project, project duration as per contract, completed and project amount.

undertakings indicating the name / Address of owner, name of project, start and completion date and amount.

owned equipment resources and support facilities with proof of

reference from Clients which should include information on how the has complied with it's contractual obligations (required to submit rates).

unit Certificates from Banks given as reference (original/copy).

the (BIR Form # 1556) or (BIR Form # 2303) Annual Registration (SR) for the current year or (BIR Form # 0608) for the current year

as / Affiliates if any.

warehouse including it's total area etc.

| | |
|-------|------|
| _____ | I |
| _____ | II |
| _____ | III |
| _____ | IV |
| _____ | V |
| _____ | VI |
| _____ | VII |
| _____ | VIII |

IMPORTANT INSTRUCTIONS

Accreditation documents in a legal size folder with transparent

Accreditation documents shall be arranged according to the order in the checklist of requirements.

b. Pull an index tab with your company name on the upper right edge of the transparent cover. There should be also an index tab arranged in descending order of every requirement. Please make the font size of the company name (in index tab) bigger than those of the requirements.

c. Additional documents, which you deem necessary, such as photos, company brochures etc. should be placed in the latter pages.

2. If a required document is not available, state the reason in the checklist.
3. The Financial Statements should be in comparative years, submitted in complete pages as audited by a CPA for both years and stamped received by the BIR or its authorized bank representative.

FAILURE TO FOLLOW ANY OF THE FOREGOING INSTRUCTIONS AND THE SUBMISSION OF DOCUMENT REQUIREMENTS MAY DELAY THE PROCESSING AND/OR MAY BE A GROUND FOR THE DENIAL OF YOUR APPLICATION.



PURCHASING PROCEDURE

DEC 11 2004

**APPENDIX 3
SCORING GUIDELINES FOR POTENTIAL SUPPLIERS**

1. ORGANIZATION/MANPOWER

- 0 > No document to show current organizational set-up or function description.
- 5 > With formal organization but no formal organizational structure/function description
 - > Manpower assigned is not enough to meet current customer requirements.
- 10 > There is a formal document on organization set-up and manpower is enough to meet its customer requirements.

2. PRODUCT LINE/SERVICES

- 0 > Current product line/service are not applicable to XXX1 requirements.
- 5 > Some of its current product line/ services are applicable to XXX1 requirements.
However, its current capacity is limited.
- 10 > Current product line / services are applicable to XXX1 requirements and its current capacity can still accommodate XXX1 requirements.

3. RESOURCES

- 0 > Production Equipment/Machines below the basic requirements of XXX1
 - > Does not maintain inventory of materials and no defined ordering system.
 - > No skilled manpower.
- 5 > Production Equipment/Machines more than the basic requirements of XXX1
 - > Minimal inventory of materials is kept or order lead-time is sufficient to meet XXX1 requirements
 - > With ordering system
 - > Current number/skills of manpower enough to meet XXX1's requirements
- 10 > Production Machines/Equipment- more than the basic requirement of XXX1.
 - > Inventory/order leadtime of materials – is more than enough to meet XXX1 requirements.
 - > Have defined ordering system
 - > Current number/skills of manpower is enough to meet XXX1's requirements with defined Training Program

Note: For manufacturer – include production equipment, maintenance/repair equipment.
For services – include equipment related to services offered.

4. PRICING

- 0 > Higher than XXX1 current pricing
- 7 > Same as XXX1 current pricing
- 10 > Lower than XXX1 current pricing

Note: Above will be based on some test pricing for selected products/services. If no current pricing is available, industry average may be used otherwise 7 points will be given.

5. MARKET PROFILE

- 5 > Major customers are direct competitors of XXX1.
- 8 > Major customers are of different industry as XXX1.
- 10 > Major customers are same as industry as XXX1 but not direct competitors of XXX1.

6. FINANCIAL PROFILE

- 0 > Non financial statements available
- 5 > Last year net income is negative
- 8 > Growing trend based on the latest 5 years financial statements.
- 10 > Growing trend based on the latest 5 years financial statements plus an expansion plan



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7. CERTIFICATION / SPECIAL LICENSE (ISO, UL, Exclusive Distributorship, BOI, SEC, DTI,)

- 0 > No document on any certification/license
- 5 > With ongoing process for certification
- 10 > With certification/special license

8. SUPPORT SERVICES

- 5 > Support services is minimum and no post sales services
- 8 > Post sales services are available but limited
- 10 > Post sales services such as delivery date is negotiable, training support, etc. available whenever necessary

ACCREDITATION RATING ® = TOTAL SCORE

R= 70 to 80 Pass accreditation

R= 50 to 69 Pass accreditation upon compliance to certain conditions of Purchasing or Audit

R= <50 Fail Accreditation



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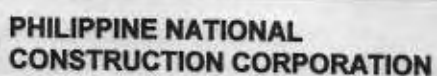
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PURCHASING PROCEDURE

APPENDIX 4 SAMPLE REPORT – SUPPLIER/SUBCONTRACTOR MASTERLIST

ACTIVE SUPPLIERS LIST
WITH ACCREDITATION DOCUMENTS AS OF MARCH 25, 2003

| NO. | SUPPLIER | PRODUCT | ADDRESS | TEL. NO. | FAX NO. | CONTACT PERSON | DESIGNATION | DATE SUBMITTED |
|-----|--------------------------------|---------|---|-----------------|--------------|------------------------|-------------|-------------------|
| 1 | AVA CONSTRUCTION CORP. | CMH | 430 Hiponono St., Sta. Mesa, Manila | 716-14-71 | 716-14-71 | | | 12/12/02 |
| 2 | COLUMBIA WIRE & CABLE | CMH | 75 Honnart Rd., Sta. Kungkong, Q.C. | 361-61-61 to 68 | 361-65-29 | Mr. Enrica Uy | Sales Rep. | 11/8/02 |
| 3 | GOTESCO MARKETING, INC. | CMH | 1962 Bldg. Vito cor. Gonzales Puyat St., Quiapo, Mla | 734-49-03 | 734-49-03 | Mr. Ulysses Rabor | Sales Engt. | 11/19/02 |
| 4 | INCOPHIL MARKETING CORPORATION | CMH | Sun Valley, Parangue | 816-7593/7546 | 816-7590 | Ed Conducho | Sales Rep. | 11/27/02 |
| 5 | JACEM MERCHANDISING, INC. | CMH | JACEM Bldg. 1 Km. 23 SSWAY, Marikina | 842-20-41/42 | 842-20-13 | Mrs. Sumie Oakes | VP-Sales | 11/28/02 |
| 6 | JUNINA IND. CORPORATION | CMH | 2419 Sygus St. cor. Calderon St., Sta. Ana, Marikina | 563-55-09 | 563-55-15 | Mrs. Ellen Castro | | 2/27/03 |
| 7 | LEGRAND COMM'L. | CMH | #82-84 5th Ave. bet. J. Tandang & del Mundo St., Caloocan | 364-46-01 to 05 | 363-89-43 | Mr. Bong Paele | Sales Supr. | 1/24/03 |
| 8 | MOOR CONST. & IND. SUPPLY INC. | CMH | 822 Kuzana Lumb, Sta. Cruz, Manila | 783-75-63 | 748-00-08 | Mr. Alfonso Lim | Sales Rep. | 12/5/02 |
| 9 | NORRENAR ENTERPRISES | CMH | 29 Tomas Manuel Subd., Karakutan, Valenzuela City | 293-15-91/86 | 293-15-53 | Mr. Donato San agustin | Manager | 11/25/02 |
| 10 | ROBUST, INC. | CMH | 607 FERTIC Bldg., 660 Quirin Paredes St., Biñondo, Mla | 242-90-69 | 242-01-23 | Mr. Angel Lim | Sales Mgr. | 2/3/03 |
| 11 | SPURS TRADING | CMH | 15 Camia Rd. Yachard Subd., Malabon, Manila | 362-25-88 | 330-01-03 | Mrs. Loli Sy | Sales Rep. | 1/29/03 |
| 12 | UP-TOWN IND. SALES, INC. | CMH | 56 Madison St., Mandaluyong City | 631-52-88 | 631-52-90/95 | Mr. Jun Chan | Sales Rep. | 11/29/02 |



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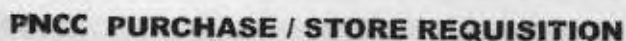
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PURCHASING PROCEDURE

APPENDIX 5
SAMPLE FORM – PURCHASE STORE REQUISITION



PSR NO. ► IQ

№ 10485

• REQUISITIONER (GROUP/DIVISION/DEPT./PROJECT)

• TO (WAREHOUSE/PROCUREMENT)

DATE 

• SHIP TO

- **PURPOSE.**

DATE REQUIRED ▶

[illegible]

+ INSTRUCTIONS:

| REQUISITIONING UNIT | | ISSUING UNIT | | |
|---------------------|-----------------|-----------------|---|---|
| • PREPARED BY: | • CERTIFIED BY: | • PROCESSED BY: | • APPROVED BY: | INSTRUCTIONS: 1. Type or print all entries. 2. Fill in below accordingly. 3. Requisitioning Unit 4. Issuing Unit 5. On above stated items |
| • REQUISITIONED BY: | • APPROVED BY: | • NOTED BY: | • TO PROCUREMENT <input type="checkbox"/> CENTRAL <input type="checkbox"/> ENG | |

PNC/C Form MMD-03 Rev 05/06



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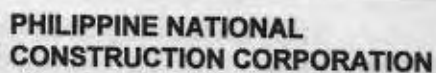


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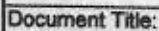
PURCHASING PROCEDURE

APPENDIX 6 SAMPLE FORM – RETURN ADVISE SLIP

| | |
|---|--------------------------------------|
| PHILIPPINE NATIONAL CONSTRUCTION CORPORATION | |
| MMD | |
| <u>REQUISITION ADVISE SLIP</u> | |
| TO: _____ | Date: _____ |
| RE: _____ | |
| We are returning attached requisition which we received on _____ for correction of discrepancies/ or necessary action as follows: | |
| <input type="checkbox"/> Incomplete description of equipment | |
| <input type="checkbox"/> Part No. incorrect/ not specified | |
| <input type="checkbox"/> Sample required | |
| <input type="checkbox"/> Indicate acceptable equivalent | |
| <input type="checkbox"/> Items not available locally, recommend: | |
| <input type="checkbox"/> Cancellation | <input type="checkbox"/> Fabrication |
| <input type="checkbox"/> For instant Order | |
| <input type="checkbox"/> Others _____ | |
| _____ | |
| ----- | |
| REPLY | |
| PNCC Form MMD-04 Rev 05/08 | |



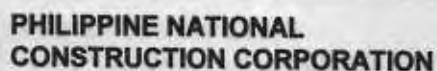
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PURCHASING PROCEDURE

APPENDIX 7
SAMPLE FORM – SOURCING INFORMATION SHEET

PNCC Form MMD-05 Rev 05/00



| | |
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DATE ISSUED

PURCHASING PROCEDURE

APPENDIX 8
SAMPLE FORM – REQUEST FOR QUOTATION

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
EDSA Corner Reliance St., Mandaluyong, Metro Manila

REQUEST FOR QUOTATION
(This is not an order)

DATE : _____
PSR NO. : _____
R.Q. No. : _____

Gentlemen:

Please quote your lowest NET prices, giving full and detailed description of your offer, as well as the shortest time of delivery, on the following:

☐ Items shown below ☐ Items on attached material list
☐ Items shown below as per plans and specifications referenced

Submit your quotation in a sealed envelope, addressed to PHILIPPINE NATIONAL CONSTRUCTION CORPORATION, with the words, "SEALED PROPOSAL" typewritten on the lower left hand side of the envelope, indicating R.Q. No. shown above.

Your quotation must reach this office not later than _____; otherwise, the same will not be accepted.

Very truly yours,

PNOC RESERVE THE RIGHT TO REJECT ANY AND/OR ALL BIDS, TO WAIVE ANY FORMALITY THEREIN, IMPOSE ADDITIONAL TERMS AND CONDITIONS, OR TO ACCEPT SUCH BIDS THAT MAY BE CONSIDERED MOST ADVANTAGEOUS TO THE CORPORATION.

| ITEM NO. | QUANTITY | NAME & DESCRIPTION | UNIT PRICE | TOTAL FOR EACH ITEM |
|----------|----------|--------------------|------------|---------------------|
| | | | | |

Terms of payment _____
Delivery period _____
Quotation valid up to _____

(Authorized Signature)

(SUPPLIER)

ENCLOSURES: ☐ PLANS & DRAWING ☐ SPEC. ☐ MATERIAL LIST ☐ PURCHASE CONDITIONS

PNCC Form MMD-06 Rev 05/08



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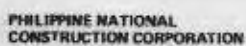


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PURCHASING PROCEDURE

APPENDIX 9

SAMPLE FORM – ABSTRACT OF BIDS



ABSTRACT OF BIDS

R.O. No. _____

REC'D No. _____

Date _____ 19____

[illegible]

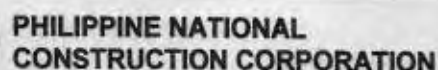
CANVASSED BY: _____

CERTIFIED BY: _____

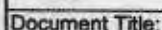
APPROVED BY: _____

CONFIRMED FOR PURCHASE _____

PNCC Form MMD-07 Rev 05/08

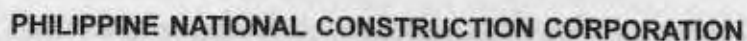


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PURCHASING PROCEDURE

APPENDIX 10
SAMPLE FORM – PURCHASE ORDER



EDSA Corner Reliance St., Mandaluyong City
Tel. Nos. 631-53-50; 631-52-87; 631-51-85

CORPORATE ACCOUNTING

No 91286

PURCHASE ORDER

IMPORTANT: Please indicate the P.O. Number on all Invoices, Shipping Lists/Delivery Receipts and Correspondences.

DATE: _____

TO:

TERMS OF PAYMENT: _____

Vendors No.:

TERMS OF DELIVERY: _____

Ref. PSR No. _____

PLACE OF DELIVERY:

Purpose:

PLACE OF DELIVERY:

Please supply the following on the stipulated period counted from receipt hereof

| ACCT. CODE | ITEM NO. | QTY. | UNIT | DESCRIPTION | UNIT PRICE | AMOUNT PESOS |
|---------------|-------------|------|------|-------------|---------------|-----------------|
| | | | | | | |

All deliveries should be accompanied with a photocopy of this P.O.
This P.O. is good for item (s) only.

TOTAL
AMOUNT

I / We hereby accept this P.O. subject to the foregoing terms & condition herein stated and at the back hereof which I / we have read & duly understood.

APPROVED BY:

(Authorized Representative)

(Signature)

Print Name & Signature

(Designation)

Date _____

Designation

PNCC Form MMD-08 Rev 05/08



**PHILIPPINE NATIONAL
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PURCHASING PROCEDURE

APPENDIX 11 SAMPLE FORM – PURCHASE ORDER REVISION/CANCELLATION

ORIGINAL—CONTROLLERSHIP



PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

EDSA cor. Reliance St., Mandaluyong City
Tel. Nos. 881-8431 to 36

**PURCHASE ORDER
REVISION/CANCELLATION**

ORIGINAL P.O.

NO. _____

IMPORTANT: This P.O. Revision/Cancellation Form must be attached to the original P.O. The terms and conditions stipulated herein become an integral part of and supersede pertinent provisions in the original P.O.

T O : _____

Vendor No. _____

Ref. PSR No. _____

Please effect the () Revision () Cancellation of the following items for reasons indicated hereunder.

| Acct. Code | Item No. | QTY. | UNIT | DESCRIPTION | Unit Price | AMOUNT PESOS |
|---------------|-------------|------|------|-------------|---------------|-----------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Reason(s):

Previous Total Amount

Revised Total Amount

Printed name/Signature

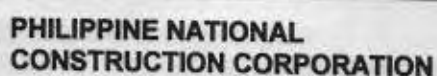
Designation

I, We, _____, duly authorized representative(s) of _____ hereby signify our conformity/agreement on the revision/cancellation of Purchase Order No. _____ under the terms and conditions hereinabove-mentioned. We hereby warrant that we shall hold PNCC free and harmless from any liability whatsoever for fees, charges, claims and/or damages arising from, or in connection with, or by reason of the said revision/cancellation.

(Authorized representative) (Signature)

(Designation) (Date)

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PURCHASING PROCEDURE

APPENDIX 12
SAMPLE FORM – PURCHASE ORDER DELIVERY SCHEDULE



PAGE NO.

TO:

Date. 19 ..
 Terms ..
 REF. P. R. NO. ..

Delivery Instructions

Delivery Period, _____ days from date of receipt hereof.

Purpose

Please supply the following, subject to the terms and conditions hereof:

| Acct. Code | ITEM NO | QUANTITY | Unit of Measure | DESCRIPTION | UNIT PRICE | AMOUNT |
|------------|---------|----------|-----------------|-------------|------------|--------|
| | | | | | | |

I've heavily accept this P.T. subject to the foregoing terms & conditions herein stated and at the back hereof which I've read and duly understood.

APPROVED BY

FERM

REFERENCES

Post Name/Signature

EXPLANATION

2344

— 254 —

CPD 40000000

PNCC Form MMD-10 Rev 05/08



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PURCHASING PROCEDURE

APPENDIX 13 SUPPLIER PERFORMANCE EVALUATION GUIDE

Supplier Types : A – Materials Supplier; B – Equipment Supplier; C – Services

- a. For material supplier and equipment supplier
Overall Rating = Delivery Score (40) + Quality Score (40) + Price Score (10) + Service Score (10)
- b. For service companies
Overall Rating = Delivery Score (40) + Quality Score (20) + Price Score (10) + Service Score (30)

1. DELIVERY _____ 40 POINTS

a. Delivery is computed as:

$$\text{Delivery} = \frac{\text{Total No. of Ontime Deliveries}}{\text{Total No. of Required Deliveries}} \times 100\%$$

$$\frac{\text{Total Actual Quantity Delivered}}{\text{Total Scheduled Quantity Delivered}} \times 100\%$$

PERCENTAGE

POINTS

| | | | |
|------------|------|-------|-----------|
| 95 to 100% | 100% | _____ | 40 points |
| 85 to 94% | 75% | _____ | 30 points |
| 75 to 84% | 50% | _____ | 20 points |
| 74% below | 0% | _____ | 10 points |

- b. If the supplier has 3 or more instances of delivery passed the receiving time, 2 points shall be deducted.

2. QUALITY _____ 40 POINTS

Quality is computed as:

$$\text{Quality} = \frac{\text{Total Rejected Quantity}}{\text{Total Number of Required Deliveries}} \times 100\%$$

3. PRICE / COST _____ 10 POINTS

| | | |
|-----------|-------|----|
| COST DOWN | _____ | 10 |
| NO CHANGE | _____ | 5 |
| COST – UP | _____ | 0 |

4. SERVICE _____ 10 POINTS (for supplier A & B 30 POINTS (for supplier C)

This will measure the suppliers extra effort to support XXX1 requirements:

- Ability to accommodate additional order in short notice
- Ability to give quick information for whatever concerns they have
- Ability to give quick response to inquiries such as quality, quantity, quotations
- Attitude of contact persons

Grade

- a. For material supplier and equipment supplier

| | | | |
|-----------------------|-----------------|-----------------|-----------------|
| Very Good - 10 points | Good - 7 points | Fair - 4 points | Poor - 2 points |
|-----------------------|-----------------|-----------------|-----------------|
- b. For service companies

| | | | |
|-----------------------|------------------|------------------|------------------|
| Very Good - 30 points | Good - 25 points | Fair - 20 points | Poor - 10 points |
|-----------------------|------------------|------------------|------------------|



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APPENDIX 14 SUBCONTRACTOR PERFORMANCE EVALUATION FORM



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

SUBCONTRACTOR PERFORMANCE EVALUATION FORM

FRONT

Project Name : _____
Subcontractor : _____ Contract Amount : _____
Scope of Works : _____
Issuance of NTP : _____ Target Completion : _____

Instructions: Read factors and assign the numerical rating (1,2,3 or 4) which best describes the performance of subcontractor.

Numerical Rating : At the end of each job factor scale, write the numerical rating.
Weighted Rating : Write the weighted rating which is computed by multiplying the numerical rating by the assigned weight % weight.
General Comments : Write the comment.

A. WORK ACCOMPLISHMENT (40%)

| | |
|---|-------------------------|
| 1. Quantity of work Ability of subcon to accomplish works within schedule | Very behind schedule |
| 2. Quality of work Standard of work output | Below standard |

B. RESOURCES (30%)

| | |
|---|---|
| 1. Manpower Right number and right qualifications of key person and manpower | Insufficient number & inappropriate qualifications |
| 2. Equipment Availability and efficiency of required equipment | Usually not available |
| 3. Materials Availability and timely delivery of required materials | Usually not available |
| 4. Funds (Financial Capability) | Inadequate |

C. PROJECT MANAGEMENT (20%)

| | |
|--|-------------------------|
| 1. Coordination Ability to coordinate issues/problems with Project Management | Rarely |
| 2. Cooperation Willingness of subcon to cooperate with Project Management | Rarely |
| 3. Supervision Competence of subcon key personnel to implement & delegate works | Not competent |
| 4. Adherence to contract requirements (bonds, submittals, etc.) | Needs to be reminded |

D. SAFETY (10%)

| | |
|--|-----------|
| 1. Availability of safety programs / procedures | None |
| 2. Adherence to safety programs / procedures | Sometimes |
| 3. Safety uniforms/accessories | None |
| 4. Occurrence of accidents | Always |

General Comments:

4.00 - 3.50
3.49 - 3.00

Other Considerations:

- 1.) If the subcon's scope of works was delayed, what was the main cause and whose area of responsibility did the problem originally start?
- 2.) What was the major problems encountered by the subcon in the implementation of the work?
- 3.) Enumerate specific areas wherein the subcon should amend or improve.
- 4.) Aside from financial aspect, state possible assistance that PNCC can extend to subcon.

BACK

Would you recommend the subcon to participate in the future PNCC undertakings?
Please answer "Yes" or "No" or "Both/Reservable only".

Prepared by:

Approved by:

Noted by:

PNCC Form MMD-13 Rev 12/09



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DATE ISSUED

Document Title:

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APPENDIX 15 SAMPLE INVITATION TO BID



PNCC

INVITATION TO BID

(Health Care Services Contract)
(Package Price)

REFERENCE:

Date of ITB:

NAME OF BIDDER

NAME OF SERVICES:

HEALTH CARE PLAN SERVICES
FOR PNCC NON TOLLWAYS

ISSUING OFFICE

MATERIALS MANAGEMENT DIVISION
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
EDSA COR. RELIANCE ST., MANDALUYONG CITY
TEL Nos. 633-9968 FAX No. 633-0140

BRIEF DESCRIPTION OF THE REQUIRED SERVICES:

The Philippine National Construction Corporation is in need of a highly efficient, responsible competent and affordable health care and maintenance services provider for its NON TOLLWAYS personnel. The prescribed requirements are set forth in the accompanying Terms of Reference (TOR) and Invitation to Submit Proposal.

In the preparation of Bids, the details below shall be observed:

1. Invitation to submit proposal.
2. Technical and bid proposal forms
3. Healthcare Requirements/Terms of Reference

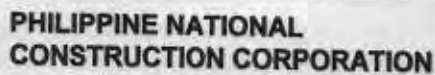
Sealed Bids in duplicate for the Health Care Services described herein shall be received not later than 11:59 A.M. of February 08, 2008 at the office of the **MATERIALS MANAGEMENT DIVISION (MMD)**.

A complete set of the above documents may be obtained from the **MATERIALS MANAGEMENT DIVISION** upon payment of non-refundable ₱ 300.00.

Pre-Bid Conference schedule will be on 6th February 2008. 1:00 P.M. at PNCC Compound-MMD.

PNCC reserves the right to reject any or all bids or any part thereof without offering any reason, to waive any defects contained therein and shall accept the offer most advantageous to PNCC. PNCC likewise assumes no obligations for whatsoever loss that may be incurred by the bidders on the preparation of their respective bids, nor does PNCC guarantee that an award shall be made.

YOLANDA C. MORTEL
Senior Assistant Vice President
Head, MMD



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PURCHASING PROCEDURE

APPENDIX 16 SAMPLE NOTICE OF AWARD

PNCC Form ISO-03 Rev 05/08



Document Title:

PURCHASING PROCEDURE

**APPENDIX 17
SAMPLE SUBCONTRACTING AGREEMENT/CONTRACT**

**CORPORATE HEALTH PROGRAM AGREEMENT
PNCC NON-TOLLWAYS EMPLOYEES**

KNOW ALL MEN BY THESE PRESENTS:

This agreement entered into by and between:

MEDICARD PHILIPPINES, INC., a corporation duly organized and registered corporation, with principal office at the 9th Floor, Sagittarius Building, H. V. de la Costa Street, Salcedo Village, Makati City, and represented in this AGREEMENT by its President, **NICANOR D. MONTOYA, M.D.**, hereinafter referred to as **MEDICARD**;

- and -

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC), a corporation duly organized and existing under and virtue of the laws of the Republic of the Philippines with principal office at EDSA Corner, Reliance Street, Mandaluyong City, represented in this AGREEMENT by its Acting President & Chief Executive Officer, **WILFREDO P. CU**, hereinafter referred to as the **COMPANY**.

WITNESSETH: That

WHEREAS, **MEDICARD** is a Health Maintenance Organization capable of providing health care and maintenance services specified herein to enrolled members, companies, institutions and groups/association:

WHEREAS, the **COMPANY** is in need of a health care and maintenance services for its **PNCC Non-Tollways** employees and their dependents;

WHEREAS, in order to fill the need for such services, the **COMPANY** conducted a public bidding, and after a thorough study decided to award the health care and maintenance services to **MEDICARD** who had offered the best complying bid;

WHEREAS, the **COMPANY** and **MEDICARD PHILIPPINES, INC.** decided to enter into this contract entitled "CORPORATE HEALTH PROGRAM" whereby **MEDICARD** has agreed to provide medical coverage and services to **COMPANY'S** qualified employees-members, subject to the terms and conditions herein stated.

NOW THEREFORE, in consideration of the foregoing premises and in accordance with the following stipulations herein set forth, the parties have agreed as follows:

I. DEFINITION OF TERMS

- A. MEMBER** – An enrollee who has complied with all the requirements of membership under the **MEDICARD HMO** program and is hereby entitled to its medical benefits. Unless otherwise specified, all members are entitled to all benefits. Types of members are defined under Article III.
- B. MEDICAL BENEFITS** – The medical, surgical and dental services available as out-patient or in-patient benefits at no cost to **MEMBERS**, whenever the need for them arises, and when rendered by and in **MEDICARD** accredited doctors, hospitals and clinics.
- C. MEDICAL SERVICE UNITS/TEAMS** – A group of **MEDICARD** physicians and other allied health professionals who will carry out the delivery of **MEDICARD** medical and hospital services to **MEDICARD MEMBERS**.