



## PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GOCC MC No. 2013-02 [Re-Issued]) between the –

### GOVERNANCE COMMISSION FOR GOCCs (GOCC)

- and -

### NATIONAL TRANSMISSION CORPORATION (TRANSCO)

**WHEREAS**, the Parties above entered into a Performance Agreement covering CY 2016;

**WITNESSETH: THAT –**

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective beginning from the execution of this Agreement and ending upon the determination by the Governance Commission of the eligibility of TransCo for the FY 2016 PBB and PBI.
2. **Mission and Vision.** – TransCo's Mission and Vision are as follows:  
**Mission:** As the owner of the nation's power transmission assets, we protect the interest of the Filipino people by overseeing the proper operation, maintenance, upgrading and expansion of the transmission system by the concessionaire, thereby, contributing to the delivery of quality and reliable electricity to consumers.

**Vision 2020:** TransCo, a highly valued and essential pillar of the power industry helping ensure the delivery of quality and reliable electricity to consumers.

The agreed Strategy Map for achieving the vision is attached hereto as **Annex A** which shall serve as the context of performance negotiations of annual targets between the Governance Commission and the Board of TransCo.

3. **Measurement of Performance.** – Performance for 2016 shall be measured based on the Performance Scorecard attached hereto as **Annex B**. It is understood that TransCo must achieve a weighted-average of at least 90% based on the agreed targets for 2016 to be eligible to grant any Performance-Based Bonus.

4. **Quarterly Submission of Performance Monitoring.** – TransCo shall submit a quarterly monitoring report to the GOCC within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex C**.

A handwritten signature in black ink, appearing to be 'C. M.', is written over a horizontal line.

5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 (Re-Issued) namely:

5.1. *Conditions Common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent; and
- (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Net Worth (SALN);

5.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "Manual of Corporate Governance" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCS (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a **No Gift Policy** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
- (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 (Re-Issued) and implementing issuances pursuant thereto.
- (h) Where required, timely submission of complete reportorial requirements to the Department of Finance (DOF):
  - i. Monthly Cash and Incentive Balance;
  - ii. Quarterly submission of Financial Statement, Cash Surplus/Deficit, Domestic and Foreign Liabilities Schedule, and Capital Outlay;
  - iii. Yearly Audited Financial Statement and Plans and Programs;
  - iv. Other data needed for evaluation or as required by DOF, DBM, BTr, and/or Senate/Congress.



- (i) Submission of Corporate Operating Budgets (COBs):
  - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 123 on "Budget Call for FY 2016;"
  - ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 123.

6. TransCo shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, TransCo shall copy furnish the Governance Commission copies of all written communications between TransCo and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **ineligible** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.


7. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 4<sup>th</sup> day of May 2016, in the City of Makati, Philippines.

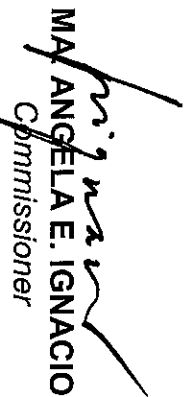
**GOVERNANCE COMMISSION FOR  
GOCCs**


**NATIONAL TRANSMISSION  
CORPORATION**

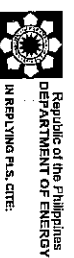
BY AUTHORITY OF THE COMMISSION:

  
CESAR L. VILLANUEVA  
Chairperson

  
CESAR V. PURISIMA  
Chairman  
(DOF Secretary)

  
MA ANGELLA E. IGNACIO  
Commissioner

  
ZENAIDA Y. MONSADA  
Board Member  
(DOE Secretary)




Republic of the Philippines  
DEPARTMENT OF ENERGY  
IN REPLYING PLS. CITE:

DOE-ZYM-16003389



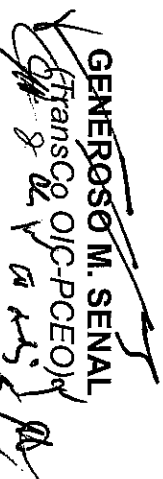


**RAINIER B. BUTALID**  
Commissioner



**MANUEL D. GEROCHI, CESO I**  
Undersecretary for Policy, Planning and FAPS

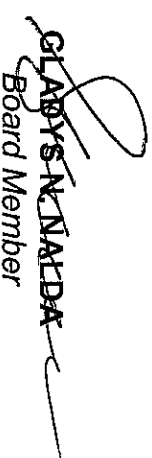
**RAMON JESUS P. PAJE**  
Board Member  
(DENR Secretary)



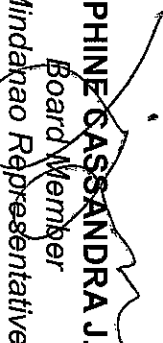
**GENEROSO M. SENAL**  
(TransCo OIC-PCEO)



**LOURDES S. ALZONA**  
Board Member  
(PSALM PCEO)



**GLADYS N. NALDA**  
Board Member  
(Visayas Representative)



**JOSEPHINE CASSANDRA J. CUI**  
Board Member  
(Mindanao Representative)