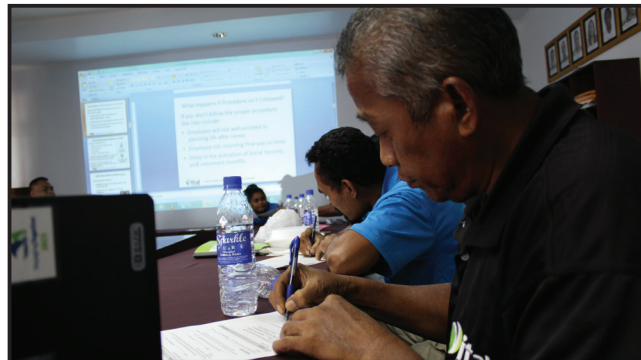


## Contents

- Operational Excellence
- Business Growth
- Partnerships
- Our People and Culture
- Vital in the Community



## Employee Life Cycle Essentials for Staff



Human Resources Advisor (HRA) Ms. Marleen Ngrametuker recently implemented the *Employee Life Cycle Essentials for Staff* Project, which falls under the Human Resources Program. This Project includes establishment of the Individual Performance Development Form (IPDF), updating Job Descriptions and conducting training on the Corporate Policies and Procedures, also referred to as CPPs. There are nine basic CPPs under *Employee Life Cycle Essentials for Staff* that every Vital employee must understand.

The Project began at the Vital Head Office in January when Officers-in-Charge from all locations arrived in Pohnpei for their Quarterly Review meeting. During the meeting, they had the opportunity to review Job Descriptions with the HRA and establish the IPDF for all positions within the Terminal. Additionally, IPDF for key positions in the company have been developed and are ready for review after Quarter 1 of 2018. IPDF is a performance management tool that is used to set realistic and achievable performance goals in place to develop each employee, and to review and rate their overall progress. This form serves two key functions: employees conducting a self-evaluation of their performance over the last quarter, and managers evaluating their employees' performance over the last quarter. Another critical purpose of the IPDF is that it provides record of expected goals and achievements for the upcoming year. During the IPDF review meeting, managers and their employees discuss competency levels, any customer complaints or compliments, and they plan follow-up actions.

In March, all Pohnpei staff completed the 9-CPPs from the ELC Process Group before coaches from the Head Office traveled to Nauru, Kosrae, Chuuk and Yap to conduct the trainings in person. The ELC course covers the various processes, policies and practices essential to the six stages of the Vital Employee Life Cycle, which begins with Attraction and Recruitment and concludes with Separation (i.e. resignation or retirement).

## Mission

*We deliver Affordable, Accessible, and Available high-quality energy products and services through innovation to the communities we serve.*

## Vision

*Vital is the largest provider of energy life-line products and services in Micronesia.*





Officers-in-Charge (from left to right): Pohnpei Terminal OIC Wayne Narruhn, Nauru Terminal OIC Adonis Demauna, Kosrae Terminal OIC Gibson Siba, Chuuk Terminal OIC Redley Killion, Jr., Yap Terminal OIC John Rumwol

## Officers-in-Charge Quarterly Review

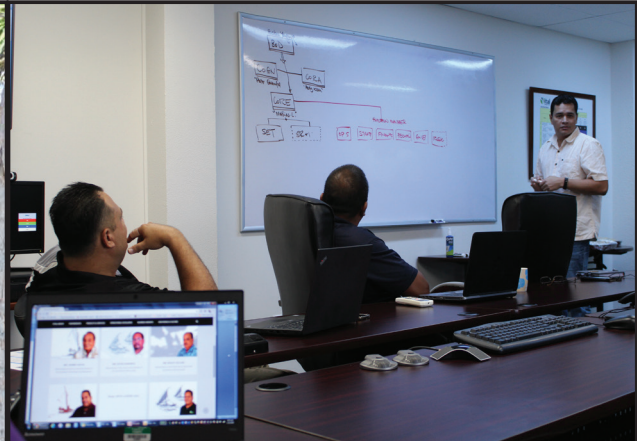
Vital Terminal Officers-in-Charge (OICs) participated in the year's first Quarterly Review, facilitated by the Operations and Distribution Manager, Mr. Savenaca Tamani, and Human Resources Advisor, Ms. Marleen Ngirametuker.

The 5-day workshop covered various areas designed to assist OICs in their management skills. This included tracking and evaluating staff performance management by utilizing the company's Individual Performance Development Form as well as Job Descriptions. OICs were able to receive focused training in developing and utilizing both forms successfully, and identified performance gaps and areas for improvement at their respective terminals.



Additionally, the meeting allowed the OICs a firsthand briefing of the twenty-one new Programs established within the Company, including the Emergency Response Preparedness Program, Internal and External Communications Programs, and the Procurement Program. Clarity and familiarity with these Programs are important for OICs, as every Program has a symbiotic relationship with Terminal Operations.

It was an opportune time to host the workshop, as two of our OICs were recently promoted to their new roles and responsibilities. The workshop successfully ended with a day-trip to Nahlap, and overall received positive feedback from all participants.





# Operational Excellence

## Fire Drill at Nauru Terminal

On February 27, the Nauru Terminal successfully executed a Fire Drill under L2-EMP-000, the “Understand Emergency Preparedness” Procedure. The drill was facilitated by recently appointed Officer-in-Charge and Incident Commander Adonis Demauna, achieving several objectives including ensuring each member of our Team as well as all Emergency Responders are aware of and prepared for the specific roles and responsibilities required of them during a fire emergency.

Several aspects of terminal operations that were tested during this procedure include the security detail’s role, the response time of staff, contractors, and visitors, the fire team’s mobilization, and the working conditions of all fire equipment.

Lessons learned highlight the need for similar drills to be conducted regularly to ensure that staff are fully aware of their roles and responsibilities in case of an emergency, and that the contact information for emergency responders should be updated regularly.

Much appreciation goes to the Republic of Nauru National Emergency Services, Nauru Fire Authority, the Nauru Police Force, Nauru Utilities Corporation, the Republic of Nauru Hospital and Emergency Services, and the Vital Nauru Team for synchronizing efforts and successfully containing the simulated fire within seven minutes.



## FSMPC ANNOUNCES PRICE INCREASE

**Press Statement 3-2018:** *Pohnpei, Federated States of Micronesia, April 4, 2018* – Vital FSM Petroleum Corporation (FSMPC) has implemented the second of three scheduled price increases for gasoline that became effective Tuesday, March 20, 2018. Pump prices in the FSM now parallel Guam and remain below the maximum benchmark. Proposed legislation changes in Guam may place an upwards pressure on FSM fuel prices in the future. Bill No. 257-34 (LS) was introduced on March 13, 2018 to the 34th Guam Legislature by Senator Telena Cruz Nelson, Senator Thomas C. Ada, and Senator Dennis G. Rodriguez, Jr., and goes into effect sixty (60) days after enactment. The Bill seeks to eliminate a three-decade long tax exemption on liquid fuel transshipped through the Port of Guam. The bill approximates thirty million (30M) gallons of liquid fuel are distributed from Guam throughout the Micronesian region on an annual basis, and proposes that elimination of this tax exemption will generate up to \$4.5M in revenue for Guam. The FSMPC has had a fuel supply agreement with Mobil Oil Guam Incorporated (MOGI) since September 2013, which was awarded following an international bid and tender process. The MOGI proposal provided



the best value-for-money at that time, and used a supply model that transshipped fuel products through Guam. “The proposed increases in taxes will be passed within the fuel supply agreement, and ultimately to consumers in the FSM,” said FSMPC CEO, Mr. Jared Morris. “We will continue to watch the trend in international oil markets, as well as legislative changes as they develop and assess how they may impact our supply chain costs. Where possible, we will take necessary actions to ensure the viability of our fuel supply model and continue to investigate viable and renewable alternatives.” Vital FSM Petroleum Corporation’s Board and Management express thanks to policy makers, customers and the people of the FSM for their continued support of the company.



## C4L Update: Explosive Remnants of War detection-related surveys in Tonoas



In February 2018, several Explosive Remnants of War (ERW) detection related surveys were conducted by Mr. Marcel Durocher and Mr. Heang Sambo of Golden West Humanitarian Foundation on the 3.4 hectares of land leased by FSM PetroCorp on the island of Tonoas in Chuuk, the future site of the Coconut For Life's Integrated Coconut Processing Facility (ICPF) and Independent Power Plant (IPP). The island's history of being utilized as an administrative center, fuel depot and seaplane base by the Imperial Japanese Army, and subsequently being heavily bombed in 1944 by the US Navy during Operation Hailstorm necessitated a deeper look underground for the possible existence of remnant, Unexploded Ordinances (UXO).

Initial surveys of the site were executed with hand-held metal detectors to assess the soil's conductivity, the level of scrap metal contamination and to find a metal free area suitable for building a detector calibration area. No conductivity issues were found, although high levels of scrap metal contamination existed throughout the site. This resulted in nine days spent removing as much of the surface scrap metal before commencing survey operations. In all, more than a thousand partially buried and on the ground surface scrap metal items were removed; based on results of the metal detection surveys, several thousands more remain at shallow depths of less than 30cm below the surface.

No UXO were uncovered during this process, although several unfused and FFE Japanese mortar bombs, and even a machine gun cartridge were discovered.

After scrap metal removal had concluded, surveys using a large loop metal detector as well as a hand-held GPS navigator were able to achieve higher levels of depth penetration and provide improved data quality, pinpointing 701 anomalous, or non-typical, targets buried at very shallow depths (<30cm). In their final report to FSMPC, the surveyors concluded that "the probability of encountering an unexploded bomb at very shallow depths (<30cm) in the areas with a high density of anomalous responses is considered to be very low".

At the conclusion of their fieldwork, the surveyors deduce that the hundreds of anomalous responses were much too weak to represent unexploded bombs and are most likely due to scrap metal. A side scan sonar survey and magnometer metal detection of the surrounding ocean and reefs detected steel components in large ship buoy anchors and among active reefs.

The report surmises that "the probability of encountering UXO in the surveyed area on land and on the marine reef flat is considered to be very low but it is not zero." The report provides further recommendations on how FSM PetroCorp can further reduce safety risks through direct supervision of civil works by an Explosive Ordnance Disposal Technician during the earth moving and dredging activities.



Surveyors and FSMPC Personnel conducting assessments at the Tonoas site



Unfused and FFE 81mm and 90mm mortar bombs were uncovered among scrap metal items.



Specialized equipment such as the UPEX 740 Large Loop Metal Detector were utilized in the surveys

## ISACC consultations with Vital

In February, the senior management team of Vital FSMPC met with an assessment team under the Institutional Strengthening in Pacific Island Countries to Adapt to Climate Change (ISACC) project, providing insight into the role Vital plays in building the nation's capacity to address Climate Change. This was part of a series of consultations for the FSM Climate Change and Disaster Risk Finance Assessment that the team had begun with stakeholders in both the public and private sectors.

During the consultations, Vital was requested to provide any updates on work done in agriculture and sustainable development. CEO Mr. Jared Morris and CSIO Mr. Mathias Lawrence, obliged with an overview of the Coconut for Life Initiative currently underway in Tonoas, Chuuk which is a

step towards business growth, and renewable and sustainable energy for the FSM. Vital is currently working towards attaining Green Climate Fund (GCF) accreditation, specifically to being a National Implementing Entity (NIE). Attaining NIE status under the GCF will allow Vital, along with ADB and MCT, to access and/or provide re-granting of funds for climate change and development projects in the nation.

Mr. Morris stated that Vital's aim is to be another operation for project delivery across the FSM. He also indicated the GCF accreditation is new funding that may require new ways of delivering results in each State. The assessment team was able to present their preliminary findings and commendations from the FSM Climate Change and Disaster Risk Finance Assessment on April 18th.



# Partnerships

## Quarterly Review with the Government of Nauru

On March 23, 2018, representatives of the Government of Nauru visited Vital Headquarters in Pohnpei, FSM for a Quarterly Review of the Supply and Terminal Operations Agreement (SATO) between the Government of Nauru and Vital Energy, Incorporated (VEI, Inc.). 2018 marks the third year of the partnership, and the conclusion of a AU\$4.2M Phase I terminal upgrade and risk reduction program.

VEI General Manager (GM) Mr. Maderson Ramon hosted a Meet & Greet luncheon for VEI-Nauru support staff based in Pohnpei to meet and introduce themselves and the critical roles they play in VEI-Nauru operations.

The meeting was attended by Finance Advisor Mr. John Petersen and Technical Advisor Mr. Richard Hale on behalf of the Government of Nauru. The Vital team included GM Ramon, Chief Executive Officer Mr. Jared Morris, Chief Strategy & Investment Officer Mr. Mathias Lawrence,

Chief Finance Officer Mr. Johnny Adolph, Special Projects Consultant Mr. Peni Drodrolagi, and Engineering Manager Mr. Abdul Saheem. The discussion included operational performance, past and future projects, customer concerns and areas for improvement including communications and reporting procedures.

The following morning, GM Ramon hosted a boat trip to the ancient ruins of Nan Madol for the special visitors, Vital staff and families.

The closing reception also doubled as a Recognition Ceremony for the three RDP90 Project Managers who were instrumental in coordinating contractors and managing operational risks through the RDP90 Project. We thank Mr. Peni Drodrolagi, Mr. Neil Halstead and Mr. Juanito Hasugulmal for their dedication, and the Government of Nauru for their support and funding for a Capital Improvements Program (CIP).





## Cyber Security Awareness Training for All Staff

In today's Internet Age, cyber threats are becoming more prevalent and sophisticated. There is an increasing number of incidents faced by Vital. Attacks are no longer a question of "if," but "when."

The *Cyber Security Awareness Project* was developed by Information Communication and Technology (ICT) Program Manager Mr. Harbert Tom and Mr. Nathan Bonnice of BMC and is a achieves a deliverable within the ICT Program as well the company's SAFER Program. The training proposes a proactive approach to counter cyber threats when they do occur, by educating and arming the Vital personnel force with key skills and the latest information.

For a growing company such as Vital, it is critical that our staff understand and are capable to act as a line of defense against cyber security threats. The *Awareness Team* developed an informative presentation that identified many of the most common threats of today's online world and the defensive measures our staff can take to resolve or even counter these threats. This presentation is followed by an assessment that was designed to verify each participant's knowledge and understanding of cyber security and what they can do to help protect the company.

The workshop was rolled out in Pohnpei, Chuuk and Yap during the month of March, and will be conducted at our Kosrae and Nauru Terminals during the 2nd Quarter of 2018.

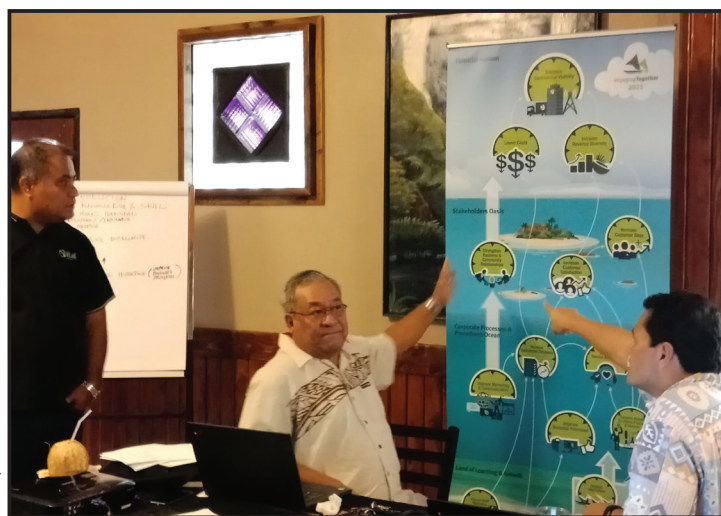


## FSMPC Executive Retreat

In January, Vital's Senior Management Team participated in a one-day retreat featuring a variety of focus topics ranging from Job Description reviews, defining and finalizing content within the Individual Development Performance Form, to a brainstorming session on the company's key Function areas and goals within each function. The five functions were identified as: 1. Finance 2. Operations 3. Strategy 4. Risk and 5. Production.

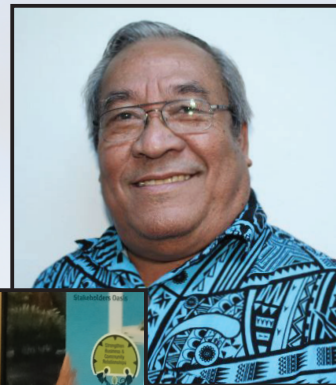
The next Executive Retreat is scheduled for December 2018.

*The FSMPC Senior Management Team (l to r): CEO Morris, ODM Tamani, CSIO Lawrence, CFO Adolph, and Production Manager Sharma. (Not pictured: GM Ramon)*





## Staff Highlight



**Name:** Gibson Siba,  
Officer-in-Charge, Kosrae Terminal

**In the Community:**  
Lelu Water Taskforce

**Name:** Morris George,  
Tank Farm Operator

**In the Community:**  
Deacon,  
Tafunsak Congregational Church

**Name:** Mathias Lawrence,  
Chief Strategy & Investment Officer

**In the Community:**  
Reverend, OHWA Church

Get to know our staff  
at the **Kosrae Terminal**



Left to Right: Seylyn Albert (CSO), Palikkun Palsis (Tank Farm Operator), Raymond Sigrah (Tanker Driver), Ludick Talley (CSO), George Morris (Tank Farm Operator), Andon Jonah (Terminal/TDO Operator), Gibson Siba (Officer-in-Charge), Carson Nena (AVO-Refueler), Frank Skilling (Terminal Supervisor/ AVI)



Vital Kosrae after Day 1  
of the ELC Workshop held  
April 4-5, 2018

Seylyn at the Weigh-In event  
of the 2018 Vital Annual  
Fishing Circuit - Kosrae



Ludick passing as "CAN DO"  
during the Practical Assess-  
ment for "How to Use a Hand-  
held Extinguisher" exercise.

Kosrae Aviation Refueler  
Carson and Supervisor Frank  
with their OIC Siba and an  
SGS consultant





# Vital in the Community

We recognize the importance of actively supporting local communities and continue taking strides toward strengthening these relationships by providing support for the following community events:

## 2018 Vital Annual Fishing Circuit: KOSRAE Congratulations to all winners!

### Big Fish:

- 1st Prize: John Tilfas  
2nd Prize: Solomon Tilfas  
3rd Prize: Kenny Kephas  
4th Prize: TJ Killin  
5th Prize: Elijah Mongkeya  
6th Prize: Anrube Salik  
Lady Angler:  
1st Prize: Tulpe Taulung  
2nd Prize: Kenye Mike  
Junior Angler:  
1st Prize: Sterling Tilfas  
2nd Prize: Stanley Alik

### Species:

#### Skip Jack:

- 1st Prize: Anrube Salik  
2nd Prize: Horace Salik

#### Yellow Fin Tuna:

- 1st Prize: John Tilfas  
2nd Prize: Anrube Salik

#### Mahi mahi:

- 1st & 2nd Prizes: TJ Killin  
Barracuda:

- 1st Prize: Hiroshi Joseph  
2nd Prize: Steven Palik

#### Giant Trevallay:

- 1st & 2nd Prizes: Mishaal Nena

*Special thanks to all participants, volunteers, judges, and Our Partners, the Kosrae Fishing Club and Kosrae Marine Resources.*



## 2018-2019 Vital Annual Scholarship

The Vital Annual Scholarship is now open! Administered by the Rotary Club of Pohnpei, this is the second year of the scholarship's existence. The \$25,000 fund is awarded to post-secondary students of FSM citizenship studying in prioritized fields of study including Engineering, Agriculture, Business and Chemistry, although considerations will be made for other majors. Deadline for applying is July 1st, 2018. Download the application from the Vital website at [www.vitalenergy.fm/csr\\_program/](http://www.vitalenergy.fm/csr_program/).

## Upcoming 9th Micro Games in Yap

Vital is proud to confirm its support of the upcoming 9th Micro Games to be held July 2018 in Yap, FSM. In addition to sponsoring \$25,000 worth of fuel for the week-long event, the company is donating the 1150 Gold, Silver and Bronze medals to be awarded to athletes.



## Vital Senior Management shadowed by Pohnpei high school students



On April 6, 2018, students from the Pohnpei Seventh-Day Adventist High School were granted the opportunity to shadow two members of the Vital Senior Management Team, CEO Mr. Jared Morris and Production Manager Mr. Francis Sharma.

For a day, Alliyah Tecson and Teresa Sharma witnessed firsthand the day-to-day tasks of individuals within key positions of the highest level of the Vital organization, sat in on meetings, and even got some Vital goodies (pictured here with Key Accounts Manager Mr. Trevayne Esiel).

To read Alliyah's full interview of CEO Morris, visit our website at: [www.vitalenergy.fm/csr\\_program/](http://www.vitalenergy.fm/csr_program/).





# THE VITAL ANNUAL SCHOLARSHIP: 2018-2019

ADMINISTERED BY  
THE ROTARY CLUB OF POHNPEI



## Eligibility:

Post-secondary students  
of FSM citizenship,  
studying in prioritized  
fields of:

ENGINEERING  
AGRICULTURE  
BUSINESS  
CHEMISTRY

## Apply today!

Download the application online:

[www.vitalenergy.fm/csr\\_program/](http://www.vitalenergy.fm/csr_program/)

For more information, contact:

Rotary Club of Pohnpei  
P.O. Box 1861  
Kolonias, Pohnpei FSM 96941  
[rotarypohnpei@gmail.com](mailto:rotarypohnpei@gmail.com)



Applications accepted from April 16 to July 1, 2018.

## UPCOMING EVENTS

### Terminal Operations Critical Roles Training

Date: May-July, 2018  
Venue: Pohnpei, Chuuk, Yap  
Terminals  
Event: Training for all Critical  
Roles  
For more information:  
[garrison.ironson@fsmmpc.com](mailto:garrison.ironson@fsmmpc.com)

### Vital Annual Fishing Circuit - Pohnpei

Date: Sat, June 9, 2018  
Venue: Mangrove Bay Bar  
Event: Annual fishing  
tournament  
For more information:  
[hannahmarie.isaac@fsmmpc.com](mailto:hannahmarie.isaac@fsmmpc.com)



### 9th Micro Games - Yap

Date: July 2018  
Venue: Yap State, FSM  
Event: Regional Sports  
Competition  
For more information:  
[2018microgames@gmail.com](mailto:2018microgames@gmail.com)

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