

**NORTHERN FOODS CORPORATION (NFC)
Performance Scorecard**

Annex A

SOCIO-ECONOMIC IMPACT

Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks																					
Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating																							
SO 1 Increased Market Share																														
SM 1	Percent share of NFC sales to total tomato paste domestic supply	Total NFC sales for the year divided by the total of NFC sales and imports (28/30% grade) + 30/32 % and 36-38% grade) for the same year	2.5%	16.02% (4,450 / 27,776)	12% (3,360 / 28,542)	1.9%	11.77% (3,360 / 28,542)	1.84%	<ul style="list-style-type: none">Market Share Calendar Year 2016Industry Commodity Experts (ICEs) Report Forms issued by Philippine Chamber of Commerce and Industry (PCCI)Sales Invoice and Delivery Receipts NFC only supplies tomatoes under the 28-30% category.																					
SO 2 Increase Participation of Farmers.																														
SM 2	No. of hectares devoted to tomatoes by participating farmers	Sum of reported transplanted areas	5.0%	826 ha (1,836 farmers)	754.9 ha (1,923 farmers)	4.6%	737 ha (1,861 farmers)	4.46%	<ul style="list-style-type: none">Crop 2016-2017 Farmers' Master ListAccomplishment Report from Project Management Officers <table><tr><th colspan="3">Breakdown per cluster:</th></tr><tr><th>Clusters</th><th>ha</th><th>Farmers</th></tr><tr><td>Laoag</td><td>174.15</td><td>527</td></tr><tr><td>Batac</td><td>173.20</td><td>340</td></tr><tr><td>Cabugao</td><td>153.95</td><td>570</td></tr><tr><td>Narvacan</td><td>235.70</td><td>424</td></tr><tr><td>TOTAL</td><td>737</td><td>1,861</td></tr></table>	Breakdown per cluster:			Clusters	ha	Farmers	Laoag	174.15	527	Batac	173.20	340	Cabugao	153.95	570	Narvacan	235.70	424	TOTAL	737	1,861
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SM 3	Credit facilitation for farmers	Actual amount of releases made by lending institutions divided by total amount of releases made (including NFC)	7.5%	40% (P11.76M of P29.43M)	44.74% (P13.39M of 29.93M)	7.5%	52.55% (P13.09 of P24.91M)	7.5%	<ul style="list-style-type: none">NFC Summary of Inputs Delivered CY 2016-2017Summary of Lending InstitutionsBorrower's Loan Listing from various lending institutions <table><tr><th colspan="2">Breakdown of releases made by NFC and private lending institutions:</th></tr><tr><th></th><th>Amount Released (P)</th></tr><tr><td>NFC</td><td>11.83</td></tr><tr><td>Private Lending Institutions</td><td>13.08</td></tr><tr><td>1. CBIN</td><td>5.92</td></tr><tr><td>2. SJMPC</td><td>3.84</td></tr><tr><td>3. BSIMPC</td><td>3.18</td></tr><tr><td>4. Sarrat Namnama</td><td>0.14</td></tr><tr><td>TOTAL</td><td>24.91</td></tr></table>	Breakdown of releases made by NFC and private lending institutions:			Amount Released (P)	NFC	11.83	Private Lending Institutions	13.08	1. CBIN	5.92	2. SJMPC	3.84	3. BSIMPC	3.18	4. Sarrat Namnama	0.14	TOTAL	24.91			
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SOCIO-ECONOMIC IMPACT

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SO 3 Increased Income Generating Projects for Ancillary Industries																														
SM4	Payments made to families in ancillary industries	Actual amount of releases	7.5%	₱12.25 M (432 families and contract laborers)	₱ 10.020 M (350 families and contract laborers)	6.1%	₱ 10.02M (286 families and contract laborers)	6.13%	<div><ul style="list-style-type: none">Income Generating Projects for Ancillary Industries SummaryMemorandum of Agreement with NFC Employee CooperativeVouchers, Acknowledgment receipt</div> <div>Breakdown is as follows:<table><tr><td></td><td>Amount in (₱000)</td><td>Pax</td></tr><tr><td>Basket Weavers</td><td>428.9</td><td>35</td></tr><tr><td>Haulers</td><td>6,285.4</td><td>74</td></tr><tr><td>Contract Labor</td><td>2,608.9</td><td>150</td></tr><tr><td>Pakyaw Labor</td><td>363.6</td><td>13</td></tr><tr><td>Pre-shipment Labor</td><td>334.4</td><td>14</td></tr><tr><td>TOTAL</td><td>10,021.2</td><td>286</td></tr></table></div>		Amount in (₱000)	Pax	Basket Weavers	428.9	35	Haulers	6,285.4	74	Contract Labor	2,608.9	150	Pakyaw Labor	363.6	13	Pre-shipment Labor	334.4	14	TOTAL	10,021.2	286
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SO 4 Provided Opportunities to Fresh Graduates to Gain Experience in Manufacturing																														
SM5	No. of jobs generated (excluding farmers)	Actual count of fresh graduates as On-the-Job Trainees (OJT) (fresh graduates means NFC as first time job)	0.0%	Fresh Graduates = 33 OJT = 8	Fresh Graduates = 34 OJT = 0	0%	Fresh Graduates = 34 OJT = 0	0%	<div><ul style="list-style-type: none">List of the New HiresEmployment Contracts and Information Sheets, Training Agreements and Evaluation Reports</div> <div>All newly-hired fresh graduates are employed under Contract of Service (COS) of six (6) months. No on-the-job trainees (OJTs) are engaged for the year.</div>																					
SO 5 Improve Stakeholders' Satisfaction																														
SM 6	Satisfaction rating :								<div><ul style="list-style-type: none">Memorandum of Agreement with MMSU-CBEA duly notarized on 09 November 2016Result of Survey</div> <div>NFC employed the services of MMSU to conduct the Stakeholders/Customers Satisfaction Survey covering 2,000-plus tomato contract growers of Ilocos Norte and Ilocos Sur and 30-plus tomato paste customers mostly based in Metro Manila and CALABARZON.</div>																					
	a. Customers	Average rating of respondents	7.5%	90%	93.2%	7.5%	93.2%	7.5%																						
	b. Farmers	Average rating of respondents	7.5%	90%	94%	7.5%	94.0%	7.5%																						
Subtotal			37.5%			35.1%		34.93%																						

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	Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating															
FINANCE	SO 6 Improve Profitability																						
	SM 7	EBITDA margin	Amount of EBITDA based on the Profit and Loss Statement	5.0%	₱9,230 M	₱7,282 M	3.9%	₱6,523 M	3.53%	<ul style="list-style-type: none">Profit and loss statement (annualized using calendar year from fiscal year)EBITDA schedule	Breakdown is as follows: <table><tr><td>Net Income</td><td>(32,968)</td></tr><tr><td>Taxes</td><td>-</td></tr><tr><td>Interest</td><td>38,869</td></tr><tr><td>Depreciation</td><td>622</td></tr><tr><td>Amortization</td><td>-</td></tr><tr><td>EBITDA</td><td>6,523</td></tr></table>	Net Income	(32,968)	Taxes	-	Interest	38,869	Depreciation	622	Amortization	-	EBITDA	6,523
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SM 8	Reconciliation of outstanding loans with creditors	No. of creditors who confirmed	0.0%	Privatization Matter	N/A	0%	Loans amounting to ₱92,062,134 were confirmed by creditors	0%	<ul style="list-style-type: none">Creditors' Confirmation LetterNFC's Summary of Loans as of 23 March 2016NFC's Audited Financial Statement														
Subtotal			5.0%			3.9%		3.53%															
INTERNAL PROCESS	SO 7 Improve Plant Efficiency																						
	SM 9	Conversion rate (fruits-to-paste)	Net Fruit Processed divided by Net Paste Produced	6.25%	6.61 29,736 / 4,500	7.37 23,718 / 3,219	5.5%	7.37 23,718 / 3,216	5.53%	<ul style="list-style-type: none">Finalized paste packing dataProduction Operations Daily Report to Acctg. as of April 2016 (End of Run)	Low conversion rate was attributed to El Nino.												
	SM 10	Plant downtime	Plant Downtime Hours (affecting plant rate) divided by Total Plant Operating hours	6.25%	4.94% (77 hours)	4.33% (52.8 hours)	6.25%	4.33% Downtime – 52.8 hours Total Plant Processing Hours – 1,219 hours	6.25%	<ul style="list-style-type: none">Plant Processing Rate MatrixCY 2016 Production Downtime ReportCY 2016 Equipment Downtime SummaryEquipment Monitoring Log	Total Plant Operating hours is the sum of processing hours and plant downtime												

INTERNAL PROCESS	Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating		
SM 11	Product preservation: a. Reprocessing	Tomato paste stocks, within current processing season or past year crop, that undergo reprocessing	6.25%	32 tons (0.62%)	14.05 tons	6.25%	14.05 tons (0.42%)	6.25%	<ul style="list-style-type: none"> • Production Operations Daily Report • Permits to Reprocess 	
	b. Spoilage	Tomato paste stocks unfit for consumption, including customer returns	6.25%	10.56 tons (0.20%)	9.65 tons	6.25%	9.65 tons (0.29%)	6.25%	<ul style="list-style-type: none"> • Tomato Paste Spoilage CY 2015 • CY 2015 for Disposal Packs • Spoiled Packs Evaluation 	
SO 8 Effect Timely Payment to Farmers for Their Fruit Deliveries										
SM 12	Days gap from Collection to Payment of farmers	Weighted average days from Date of <u>collection</u> Check preparation to actual date of receipt by farmers	7.5%	4 days	4.27 days	6.99%	4.43 days	6.69%	<ul style="list-style-type: none"> • Summary of Checks prepared and released (onsite) • Photocopy of Checks 	
SO 9 Develop an Alternative Strategic Business Model										
SM 13	Privatization / Dispositive Actions on NFC	All or nothing	0%	Privatized by end of 2016	GCG to recommend to the President the privatization of NFC, upon approval by the President, GCG shall implement the privatization. TWG still to be created.	0%	None	0%		Weight excluded from final rating.
Subtotal			35%			31.24%		30.97%		

Validated Performance Scorecard 2016

Component			Target	Submission		CGO-B Validation		Supporting Documents	Remarks
Objective/Measure	Formula	Weight	2016	Actual	Rating	Score	Rating		
SO 10 Enhance Competence and Professionalism in the Work Force									
SM 14	Average percentage of required competency met	All or nothing	%	Conduct of competency assessment for existing personnel (establish baseline)	100% conducted for existing personnel	5%	0	0%	<ul style="list-style-type: none">Competency Profile per classification of positions Weight excluded from final rating. Competency profile used as basis for individual profiling of incumbents are categorized as to Management and Supervisory, and Rank and File. The proper profiling should have been individualized per unique position
SO 11 Establish Food Safety System, Maintain Quality Management System and Product Certifications									
SM 15	Certifications: a. ISO 9001 (Quality Mgt. System)	Recertification to ISO 9001:2008 standards after the processing season surveillance audit	5.0%	2 nd recertification	Re-certified (3 rd time)	5%	Re-certified	5%	<ul style="list-style-type: none">Certification by Certification International
	b. ISO 22000 (Food Safety Mgt. System)	Manuals / references passed internal audit	7.5%	Certification ISO 22000	Passed IQA Audit. Passed FSMS Stage 1 audit, Stage 2 audit scheduled on July 11 to 13. FSMS Certified	7.5%	ISO 22000 certified	7.5%	<ul style="list-style-type: none">Certificate
	c. Halal (Product)	Renewal of product certification after the actual ocular plant inspection and audit during processing season	5.0%	Halal Certified	Halal Certified	5.0%	Halal Certified	5.0%	<ul style="list-style-type: none">Certification by IDCP
Subtotal		15%			22.5%		17.5%		
TOTAL		92.5%			92.74%		(86.93% 92.5%) =93.97%		

LEARNING AND GROWTH