

**DUTY FREE PHILIPPINES CORPORATION (DFPC)
Validation Result of 2022 Performance Scorecard**

Objective/Measure	Component			DFPC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
SO 1 Showcase Premium Local Products to International Travelers											
SOCIAL IMPACT	SM 1	Increase the Sales of Local Products	<u>Absolute Amount</u>	10%	(Actual / Target) x Weight	\$885,000	\$802,970.94	-	Cannot be validated	0%	<p>Memo dated 25 July 2022 detailing the 1st, 2nd, and 3rd Quarter Total Sales</p> <p>Summary of Local Products Sales as of December 2022 per year</p> <p>Local Products Sales Report from Merchandising Division with breakdown per concessionaire and per month</p> <p>Local Products Sales Report per Concessionaire with breakdown per month and location</p> <p>Sales Report for Cebu Mactan Terminal 2</p> <p>The GCG observed inconsistencies between the summary report and the system-generated data, which may be attributed to the cyber attack encountered by DFPC in December 2022.</p> <p>The details of the evaluation are presented in Appendix 1.</p> <p>Considering that DFPC is still in the recovery process, GCG awards an automatic 0% rating for this measure without prejudice to the subsequent submission of the corporation based on the rebuilt database.</p>
			Sub-total		10%				-		0%

¹ Based on the submission dated 23 March 2023. No self-rating provided.

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Validation Result of 2022 Performance Scorecard (Appendix)

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SO 2 Achieve Continuous Growth and Sustainability											
SM 2	Increase Total Revenue from Sales	Absolute Amount	25%	(Actual / Target) x Weight	\$88.5 Million	\$67.3 Million	-	\$67.32 Million	19.02%	2022 Commission on Audit (COA) Annual Audit Report	GCG notes that the top three (3) stores in terms of revenue for 2022 were Fiestamall (33%), Luxe Store (17%), and NAIA T3 Arrival (12%).
SM 3	Improve EBITDA (Earnings, Before Interest, Taxes, Depreciation and Amortization)	Absolute Amount	15%	All or Nothing	Less than net loss registered in 2021 audited	(149,018,904.61)	-	Less than net loss registered in 2021 audited	15%	2022 COA Annual Audit Report	The 2022 EBITDA is computed at ₱(57,923,759.00) compared to the 2021 EBITDA equivalent to ₱(136,334,344.)
SM 4	Disbursements Budget Utilization Rate	Total Disbursements / Total DBM-Approved Corporate Operating Budget (Both Net of PS Cost)	5%	(Actual / Target) x Weight	90%	80.44%	-	61.96%	3.44%	2022 DBM-approved Corporate Operating Budget 2022 COA Annual Audit Report	The BUR was computed based on the total disbursements amounting to ₱476,743,367 and total budget of ₱769,380,000.
	Sub-total		45%				-		37.46%		
SO 3 Enhance the DFPC Brand as a Standard for Quality and Sustainable Shopping Experience											
SM 5	Percentage of Satisfied Customers	Number of Respondents who gave at least Satisfactory Rating / Total Number of Respondents	5%	(Actual / Target) x Weight If Below 80% = 0%	90%	Face-to-Face survey was denied due to COVID-19 restrictions	-	<u>Measure excluded</u>	-	DFPC Letter to NAIA Terminal Managers dated 07 July 2022 Reply Letters from NAIA Terminal Managers	The NAIA Terminal Managers denied the request of DFPC to conduct the CSS due to the COVID-19 pandemic, hence, interactions of airport users were still being kept at a minimum. Considering that the non-conduct of the CSS was

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										beyond the control of the DFPC, GCG excludes this measure from the computation of the corporation's annual performance rating.
SO 4 Address Customer Needs and Expectations										
SM 6	Increase Market Penetration Rate	Customer Count / Total International Travelers (Arrivals and Departures)	10%	All or Nothing	5%	3%	-	Cannot be validated	0%	<p>Quarterly Market Penetration Rate for 2022</p> <p>NAIA Flight and Passenger Data for 2022 per Terminal</p> <p>Mactan Airport Passenger Data for 2022</p> <p>Pax Count Report for all locations with breakdown per passenger category</p> <p>NAIA T1, T2, T3, Summary Report on Store and Airport Pax Count</p> <p>2022 Passenger Count from NAIA</p> <p>The GCG was able to establish the total international travelers at 11,175,250 using data from the different airport management agencies.</p> <p>However, the Governance Commission observed inconsistencies between the summary report and data generated during the live generation from the DFPC system. The details of the evaluation are presented in Appendix 2.</p> <p>Similar with SM 1, the discrepancies observed may be attributed to the cyber attack encountered by DFPC in December 2022.</p> <p>GCG awards an automatic 0% rating for this measure without prejudice to the subsequent submission of the corporation based on the rebuilt database.</p>

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SM 7	Increase Average Purchase per Customer	Total Dollar Net Sales / Total Pax Count	10%	All or Nothing	\$325	\$163.91	-	Cannot be validated	0%	<p>Quarterly Average Purchase per Customer (APC)</p> <p>Summary of Dollar Net Sales for All Locations</p> <p>December 2022 Sales for Clark T2 and Clark Hilton</p> <p>Pax Count Report for all locations with breakdown per passenger category</p> <p>NAIA T1, T2, T3, Summary Report on Store and Airport Pax Count</p> <p>2022 Passenger Count from NAIA</p> <p>Similar with SM 6, the computation of APC relies on the total number of actual customers.</p> <p>Considering that the customer/pax count cannot be established, an automatic 0% rating is awarded.</p>
Sub-total			25%				-		0%	
INTERNAL PROCESS										
SO 5	Develop and Implement Quality Management and Technological Systems to Support Operations									
SM 8	Attain ISO 9001:2015 Certification	Actual Accomplishment	5%	All or Nothing	Attain ISO 9001:2015 Certification	-	-	<u>Measure excluded</u>	0%	<p>Memo for DFPC COO entitled "ISO Status Report for 4th Quarter FY 2022"</p> <p>2022 COA Annual Audit Report</p> <p>Considering the net loss of ₱270.858 Million in 2022, it is understandable that corporate funds were allocated to more urgent items, i.e. personnel costs.</p>

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SM 9	Percentage of Completion of the ISSP	Total Number of Deliverables Due for 2022 Attained / Total Number of Deliverables Due for 2022	5%	(Actual / Target) x Weight	100% Attainment of 2022 Deliverables ² (based on DICT-endorsed ISSP 2022-2024)	80%	-	Information System Deliverables were not established due to absence of the 2022 ISSP	0%	Summary of ISSP Achievement for 2022 2019-2021 ISSP endorsed by DICT DFPC Letter to DICT requesting for continuing acquisition clearance Memo entitled "2022 Procurement Gaps"	The reported accomplishment was based on ISSP 2019-2021, which did not cover 2022. There was no Board approval and/or DICT clearance allowing the corporation to implement the 2021 deliverables in 2022.		
Sub-total			10%				-		0%				
SO 6 Build a Team of Highly Motivated, Competent and Productive Employees													
SM 11	Develop Competency Framework of the Organization	Actual Accomplishment	10%	All or Nothing	Submit to the Board Competency Framework composed of the following: 1. Competency Catalogue 2. Competency Framework 3. Competency Tables 4. Competency Matrix 5. Position Profiles; and		-	GCG approved Restructuring Plan (RP). The CBHRS Team shall recalibrate its tasks and functions based on the new job descriptions due to the abolition, creation and/or merger of offices, functions and positions in the		<u>Measure excluded</u>	-	DFPC Internal Memorandum dated 23 January 2023	Due to the approval of the DFPC's Restructuring Plan on 02 November 2022, the Competency-Based Human Resource System (CBHRS) Core Group had to recalibrate their functions and tasks to implement the new job descriptions vis-à-vis the abolition, creation and/or merger of offices within the timeline prescribed.

² Deliverables refer to systems/applications.

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					6. Competency-based Job Descriptions	GCG-approved RP.				
Sub-total			10%				-		0%	
TOTAL			100%					37.46% out of 80% or 46.83% out of 100%		

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**SM 1 Validation: Local Product Sales Amount –
Comparative Review of the Summary Report and System-Generated Amounts**

Month / Date	System-generated Amount	Summary Report	Variance
Amount in US Dollar			
Globe Merchants, Inc. (GMR)			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	78,662.00	78,662.00	-
November	200,776.55	200,776.55	-
December 1-17	166,806.35	324,219.86	- 31,265.31
December 17-20	-		
December 21-31	126,148.20		
Total	572,393.10	603,658.41	- 31,265.31
Eastern Duty Free (EDF)			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	4,907.20	4,907.20	-
June	12,711.37	12,711.37	-
July	9,618.55	9,618.55	-
August	10,744.20	10,744.20	-
September	7,953.75	7,953.75	-
October	10,250.45	10,250.45	-
November	15,254.07	15,691.90	(437.83)
December 1-17	10,582.70	23,496.65	(12,913.95)
December 17-20	-	-	-
December 21-31	-	-	-
Total	82,022.29	95,374.07	- 13,351.78

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Duty Free Philippines Locations*	System- generated Amount	Summary Report	Variance
Amount in US Dollar			
NAIA Terminal 1 Departure	40,463.45	39,998.00	465.45
NAIA Terminal 2 Departure	1,909.00	1,067.75	841.25
NAIA Terminal 3 Departure	21,288.40	22,522.55	(1,234.15)
Iloilo Arrival Store	86.50	86.50	-
LUXE DFP Store	14,098.85	14,385.85	(287.00)
Kalibo Store	3,428.70	5,915.70	(2,487.00)
Fiesta Mall	22,264.93	22,264.93	-
Affiliate Service Store	621.90	621.90	-
Clark Hilton Store	556.95	556.95	-

*The variances observed from the DFP locations were all traced from the month of December 2022.

Note: Due to difficulties in data tracing for Duty Free Philippines, the comparative review was made per location.

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**SM 6 Validation: Customer / Pax Count –
Comparative Review of the Summary Report and System-Generated Amounts**

Location / Site	System-generated Value	Summary Report	Variance
NAIA Terminal 1 Arrival / Ramp (Gate 1 and 16)	46,289	65,011	(18,722)
NAIA Terminal 2 Arrival (Area 15 and 16)	63,324	60,468	2,856
Iloilo International Airport (Arrival)	799	732	67
Luxe Store	48,982	44,868	4,114

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