

**DUTY FREE PHILIPPINES CORPORATION**  
**2016 Performance Scorecard Evaluation**

Component					Target	DFPC Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure		Formula	Wt.	Rating Scale	2016	Actual	Rating	Actual	Rating		
FINANCIAL	SO 1	Grow Revenue									
	SM 1	Amount of Sales	Absolute Amount	25%	Actual / Target x Weight	\$295,000,000	\$218,225,172	23.12%	\$218,225,172	18.49%	Copy of Income Statement as submitted/ transmitted to COA  2016 Monthly Sales Report (Dollar Net Sales & Book Rate)

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											<p>diligence in the conduct of its business.</p> <p>Therefore, request for the renegotiation of target is denied for violating Sec. 21 of the R.A. 10149, failure to exercise extraordinary diligence in the conduct of its business, and failure to apply sound business principles to ensure the financial soundness of DFPC.</p>
<b>SO 2 Self-Sustaining Financial Viability</b>											
SM 2	EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	Absolute Amount	10%	Actual / Target x Weight	₱426,085,000		₱165,152,827	8.24%	₱165,152,827	3.88%	<p>Copy of Income Statement showing EBITDA and Schedule of Maintenance and Other Operating Expenses (MOOE) as submitted/transmitted to COA</p> <p>As explained above, request for renegotiation of target on the account of the measure pertaining to the NAIA Landside T3 stores is denied. In view of this, the GCG validated score was computed based on the original target, hence the variance between DFPC submission and GCG rating.</p>
	<b>Sub-total</b>		<b>35.00%</b>					<b>31.36%</b>		<b>22.37%</b>	

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STAKEHOLDER	SO 3	Customer Satisfaction Survey										
	SM 3	International Travelers										
		Product Availability		2.50%	Actual / Target x Weight	3% higher than the previous year's grade with a cap of 88%	94%	2.50%	94%	2.50%	PSRC Report; Letter summarizing results/ratings PSRC Report; Letter summarizing results/ratings	The 2016 DFPC survey measures the satisfaction of international travelers and balikbayan/OFWs on four attributes.  For SM 3, DFPC achieved a score of 2.50% each for product availability, store facilities and frontline staff; and 2.44% for price and promotion.  For SM 4, DFPC obtained a perfect score of 2.50% each for all attributes.  DFPC requested the weight of SM 4 to be adjusted from 2.50% to 3.75% for each attribute. As already explained above, request for renegotiation is not acceptable. The 2016 validated score for SM 4 was still computed based on the original weight, which is 2.50% for each attribute, hence the difference between the DFPC and GCG rating.
		Store Facilities	Customer Satisfacti on Survey	2.50%			93%	2.50%	93%	2.50%		
		Frontline Staff		2.50%			94%	2.50%	94%	2.50%		
		Price and Promotion		2.50%			86%	2.44%	86%	2.44%		
	Balikbayan/OFWs											
	SM 4	Product Availability		2.50%	Actual / Target x Weight	3% higher than the previous year's grade with a cap of 88%	93%	3.75%	93%	2.50%		
		Store Facilities	Customer Satisfacti on Survey	2.50%			95%	3.75%	95%	2.50%		
		Frontline Staff		2.50%			96%	3.75%	96%	2.50%		
		Price and Promotion		2.50%			89%	3.75%	89%	2.50%		

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SM 5	Establish Online Shopping System		5%	50% - Establish system 50% - BOC approval	Operational by end of 2016 (with BOC approval and launched)	Online Shopping approved by BOC	2.50%	Certification from BOC that DFPC presented its online shopping system on December 2016.	2.50%	BOC Approval and Proof of Launch: BOC Approval Letter, Attachment with 8 conditions, online shopping program process flow	Validation shows that DFPC only had a pilot testing of its online shopping system in December 2016 but its operation was put on hold pending the compliance of DFPC to the requirements of BIR.
SM 6	Total Customer Count	Absolute Number	10%	Actual / Target x Weight	2,000,000	1,732,772	14.44%	1,763,188	8.82%	Customer Count Report; Screenshot of raw data from server	Validation shows that the total customer count for 2016 is 1,763,188 which is 4% higher than the customer count in 2015.  The 2016 validated rating was still computed using the original target of 2,000,000 and original weight of 10%. Request for renegotiation was not accepted for the same reason stated above, hence the difference between the DFPC and GCG rating.
	<b>Sub-total</b>		<b>35.00%</b>				<b>41.88%</b>		<b>31.26%</b>		

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INTERNAL PROCESS	<b>SO 4</b>	<b>Efficient Customer Management</b>										
	SM 7	Percentage of Customer Concerns Resolved within Appropriate Time <sup>1</sup>	No. of concerns resolved within appropriate time / Total no. of customer concerns received	5%	Actual / Target x Weight	Baseline+1%	100%	5%	98.60%	5%	Store Operations Division (SOD) Report (Percentage of customer concerns/complaints resolved within appropriate time	In 2016, 98.60% of customer complaints or 141 of 143 were resolved within the appropriate time in 2016.  Complaints on Products (Return/Exchange Issues) were reported to have the most number of complaints in 2016.
	<b>SO 5</b>	<b>Increase Presence of DFPC</b>										
SM 8	Construct and Develop Terminal 3 Landside Stores Levels 1-3		10%	All or Nothing	Complete the leasing of Terminal 3 15,000 sq.m. independent of the facilities of the airport  Opening of Landside Stores of Terminal 3 by end of 2016	Measure Removed / Non-submission		No Actual Accomplishment	0%	Chronological events pertaining to the delay in the construction of Terminal 3 Landside Stores Levels 1-3 and letters between DFPC and MIAA  Findings of the GCG-Office of the General Counsel (OGC)	Request for renegotiation is denied. Inability of DFPC to meet the target is not due to unforeseeable circumstance as stated under Item 7.2 of GCG Memorandum Circular No. 2013-02 (Re-Issued).  Further, the Governance Commission is of the opinion that the delay in the construction is in violation of Sec. 21 of the R.A. 10149 – that is the failure to exercise extraordinary diligence in the conduct of its business, and failure to apply sound business principles to ensure	

<sup>1</sup> Complaints on products (Return/Exchange Issues)=within 24 hours; Complaints received through customer feedback or email=within 3 days; Complaints that require coordination with other departments/divisions or after sales complaints=within 7 days; Complaints that require coordination with suppliers=within 14 days; Incident/Security reports that require formal investigation by legal investigation=within 30 days; Complaints endorsed to DTI: will depend on DTI's schedule

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											the financial soundness of DFPC.	
	<b>Sub-total</b>		<b>15.00%</b>				<b>5.00%</b>		<b>5.00%</b>			
LEARNING AND GROWTH	<b>SO 6</b>	<b>Competent Human Resources</b>										
	SM 9	Establish Competency Model		5%	All or Nothing	Board-approved Competency Model  Establish Baseline	Board Resolution No. 04-12-2016	5%	Competency Framework/ Model Provided, Board Resolution 04-12-2016	0%	Board Resolution No. 04-12-20-16; Competency Framework; Report from CSC	Board Resolution provides for the adoption of DFPC competency framework. However, DFPC was unable to conduct competency assessment to determine the organization's competency baseline, hence the score of 0%.
	SM 10	Establish SPMS		5%	All or Nothing	CSC-Approved SPMS	CSC-NCR Approved DFPC-SPMS Guidelines	5%	CSC-Approved SPMS	5%	SPMS guidelines; CSC approval	The SPMS of DFPC was approved by the CSC on 30 August 2016.
	<b>SO 7</b>	<b>Effective Utilization of Information and Communication Technologies</b>										
SM 11	Achieve and Maintain ISO 9001:2008 Certification Quality Management System (all sites, all processes)		5%	All or Nothing	Maintain ISO Certification (2 Certifications)	ISO Certification maintained	5%	TUV Rheinland ISO 9001:2008 Certificates for retail operations/ processes of DFPC stores	5%	ISO Certification 9001:2008 <sup>2</sup>	DFPC maintained the ISO 9001:2008 Certification in 2016 for retail operations including the following processes: merchandising, supply chain, store operations, marketing, and customer service.	
	<b>Sub-total</b>		<b>15.00%</b>				<b>15.00%</b>		<b>10.00%</b>			
	<b>TOTAL</b>		<b>100.00%</b>				<b>93.24%</b>		<b>68.63%</b>			

<sup>2</sup> ISO Certification 9001:2008 Nos.: 01 100 1432594; 01 100 1422594/01; 01 100 1432594/17; 01 100 1432594/16; 01 100 1432594/14; 01 100 1432594/13; 01 100 1432594/12; 01 100 1432594/11; 01 100 1432594/10; 01 100 1432594/09; 01 100 1432594/08; 01 100 1432594/07; 01 100 1432594/06; 01 100 1432594/04; 01 100 1432594/18; 01 100 1432594/15; 01 100 1432594/05; 01 100 1432594/03; and 01 100 1432594/02