

DUTY FREE PHILIPPINES CORPORATION (DFPC)
Result of Revalidation of 2019 Performance Scorecard

	Component				DFPC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks		
	Objective/Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual			Rating	
SOCIAL IMPACT	SO 1 Showcase Premium Local Products to International Travelers											
	SM 1	Increase Percentage Sales of Local Products	Sales from Local Products / Total Sales	5%	(Actual / Target) x Weight	3.5%	4.37%	5%	4.32%	5%	Local Products Sales Report from DFPC's Merchandising Division Total DFPC Sales Report from Finance Division	Target exceeded. DFPC was able to achieve total sales from local products amounting to \$9,771,872.88 and total DFPC sales equal to \$226,349,068.41.
	SO 2 Contribute to Tourism Programs and Projects											
SM 2	Percentage of Net Profit Remitted to Department of Tourism	Amount to Fund Remitted to DOT / Applicable Year's Net Profit	10%	All or Nothing	At Least 50% of Previous Year's Net Profit	₱163,812,227.08	10%	₱163,812,227.08	10%	Official Receipts Issued by the DOT DOT Letter dated 25 March 2019	Target met. The amount of remittance to the Department of Tourism (DOT) is computed based on at least 50% of DFPC's annual net profits from the previous year. Based on the 2019 COA Annual Audit Report (AAR), DFPC's net income for 2018 records at ₱327,624,454 which shall translate to ₱163,812,227 remittance.	

¹ Based on the submission dated 15 December 2020. Officially received by the Governance Commission on 16 December 2020.

Revalidation Result of the 2019 Performance Scorecard (Annex A)

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											The remittance consists of ₱127.09 Million cash and ₱36.72 Million charged from the balance of over remittance to DOT.	
		<i>Sub-total</i>	15%			15%		15%				
SO 3 Achieve Continuous Growth and Sustainability												
FINANCE	SM 3	Increase Total Revenues	Absolute Amount	10%	\$280 Million and Above = 10% \$254 Million to \$279 Million = 8% \$229 Million to \$253 Million = 5% Less than \$229 Million = 0%	\$280 Million	\$226,349,068.41	5%	\$226,349,068.41	0%	Summary Net Sales in Dollars for All Locations	Target not met. Fiestamall contributed \$63.52 Million or 28.06% in the total sales of DFPC.
	SM 4	Improve EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	Absolute Amount	10%	₱265 Million and Above = 10% ₱215 Million to ₱264 Million = 8% ₱165 Million to ₱214 Million = 5% Less than ₱165 Million = 0%	₱265 Million	₱481,264,624.84	10%	₱566.14 Million	10%	Commission on Audit (COA) Audited Financial Statements (FS)	Target exceeded.



Revalidation Result of the 2019 Performance Scorecard (Annex A)

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Objective/Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating				
SM 5	Improve Budget Utilization Rate	Total Obligations (Net of PS) / Total DBM Approved Corporate Operating Budget (Net of PS)	5%	All or Nothing	Not Less Than 90% But Not More Than 100%	88.69%	0%	75.74%	0%	2019 DBM-Approved Corporate Operating Budget COA Annual Audit Report	Target not met.	
		<i>Sub-total</i>	25%				15%		10%			
SO 4 Enhance the DFPC Brand as a Standard for Quality and Sustainable Shopping Experience												
CUSTOMERS	SM 6	Improve Top of Mind Awareness Rating (Market Survey)	Absolute Figure	5%	All or Nothing	Baseline + 1%	26.50%	5%	33.5%	5%	Survey Report as submitted by Market Relevance Corp. (MRC) Sample Accomplished Survey Forms Data Collection Quality Control Report <i>Clarification Letter from MRC</i>	<i>The 2019 target translates to 33%. Validated actual is based on the average result of 29.33% (August) and 37.67% (December) translating to 33.5%. The surveys were conducted on 25 to 29 August and 12 to 16 December 2019.</i>

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Objective/Measure	Formula	Wt.	Rating Scale	Target	Actual			Rating	Actual	Rating	
SM 7	Percentage of Satisfied Customer										
	<u>Increase Rating on Overall Customer Satisfaction Survey</u>		7.5%	(Actual / Target) x Weight If Less Than 90% = 0%	94%	95.50%	7.5%	<u>95.50%</u>	<u>7.5%</u>	CSS Report as Submitted by the Third Party <u>Sample Accomplished Survey Forms with Information on Quality Control Checks and Validations</u> Data Collection Quality Control Report <u>Clarification Letter from MRC</u>	<u>Request for reconsideration GRANTED.</u> <u>Following the review of the justifications and supporting documents submitted by the DFPC, the Governance Commission was able to establish and validate the quality control procedures implemented during the conduct of the customer satisfaction survey of the DFPC. Moreover, as the average overall satisfaction rating and average rating for the various drivers of satisfaction exceeds the set targets, the initial rating of 0% is REVISED and the full weight to each of the customer satisfaction measures is awarded.</u>
	Increase Rating on Availability of Promo Items	Total Number of Respondents Who Gave a Rating of at Least Satisfactory / Total Number of Respondents	2.5%		94%	95.50%	2.5%	<u>95.50%</u>	<u>2.5%</u>		
	Increase Rating on Value for Money of Products		2.5%		94%	95.00%	2.5%	<u>95.00%</u>	<u>2.5%</u>		
Increase Rating on Competitive Prices		2.5%	92%		94.50%	2.5%	<u>94.50%</u>	<u>2.5%</u>			

Revalidation Result of the 2019 Performance Scorecard (Annex A)

Objective/Measure		Component		DFPC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating	GCG Remarks	
SO 5 Address Customer Needs and Expectations										
SM 8	Increase Market Penetration Rate	Customer Count / Total International Travelers (Arrivals and Departure)	10%	(Actual / Target) x Weight If Less Than 8% = 0%	11%	Total International Travelers Data Requested from DOT is yet to be Confirmed	N/A	Cannot Be validated	0%	<p>International Travelers Data from DFPC's Operations Department</p> <p>Store Pax Count per Location</p> <p><u>Email Communications with the DOT</u></p> <p><i>Request for reconsideration DENIED.</i></p> <p><i>Albeit the Governance Commission recognizes the efforts of the DFPC in obtaining the data from the DOT and that the transmittal of DOT of the data on international travelers is not within the control of the DFPC, as with the previous years, tourism data provided by the DOT remains to be the one of the bases for the evaluation whether the DFPC stores/branches meet the demands of its intended target market, international travelers.</i></p> <p><i>As remarked in the initial validation, the zero rating is given without prejudice to the submission of the DFPC for revalidation once the data on international travelers is provided by the DOT.</i></p>
SM 9	Increase Average Purchase per Customer	Total Dollar Net Sales / Total Pax Count	10%	(Actual / Target) x Weight	\$150	\$115.31	7.7%	\$115.46	7.7%	<p>Summary Net Sales in Dollars for All Locations</p> <p>Target not met.</p> <p>The validated accomplishment was computed based on total</p>



Objective/Measure	Component		DFPC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks																
	Formula	Wt.	Rating Scale	Target	Actual	Rating			Actual	Rating														
			If Less Than \$114 = 0%						Store Pax Count per Location	dollar net sales of \$226,349,068.41 and total pax count of 1,960,483.														
<i>Sub-total</i>		40%				22.7%		27.7%																
SO 6 Enhance Marketing Strategies																								
INTERNAL PROCESS	SM 10	Ensure Positive Return on Marketing Investment	(Current Year's Gross Profit on Sales - Previous Year's Gross Profit on Sales) / Previous Year's Marketing Investments	5%	(Actual / Target) x Weight If Less Than 140% = 0%	703%	265%	1.9%	46%	0%	COA Audited Financial Statements	Target not met. Governance Commission's computation based on COA Audited FS:												
												<table border="1"> <thead> <tr> <th>Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Gross Profit 2019</td> <td>₱2,421,193,873</td> </tr> <tr> <td>Gross Profit 2018</td> <td>₱2,415,573,862</td> </tr> <tr> <td>Incremental Value</td> <td>₱5,620,011</td> </tr> <tr> <td>Marketing Investment 2018</td> <td>₱12,099,403.00</td> </tr> <tr> <td>ROMI</td> <td>46%</td> </tr> </tbody> </table>	Item	Amount	Gross Profit 2019	₱2,421,193,873	Gross Profit 2018	₱2,415,573,862	Incremental Value	₱5,620,011	Marketing Investment 2018	₱12,099,403.00	ROMI	46%
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SM 11	Improve Business Model	Actual Accomplishment	5%	All or Nothing	Instruction to Bidders including Draft Concessions Agreement	Memorandum to the Secretary of Tourism of the Joint DOT-DFPC TWG Recommendation on Franchising of DFPC Stores	5%	Memorandum to the Secretary of Tourism of the Joint DOT-DFPC TWG Recommendation on Franchising of DFPC Stores	-	Memorandum from for the DOT Secretary from the Joint DOT-DFPC TWG dated 30 September 2019 (as approved by the DOT Secretary)	This measure is excluded in the 2019 Performance Scorecard of the DFPC considering the different direction undertaken by the DFPC, in coordination with DOT as its supervising agency.													

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Objective/Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating				
SO 7		Enhance Quality Management System										
SM 12	Attain ISO 9001:2015 Certification	Actual Accomplishment	5%	All or Nothing	Pass Surveillance Audit for ISO 9001:2015 for All Sites and Processes	Passed TUV Rheinland 2 nd Surveillance Audit for ISO 9001:2015 Certification for All Sites and Processes held last October 9-11, 2019	5%	Passed the Surveillance Audit for ISO 9001:2015 for All Sites and Processes	5%	Initial Audit Summary Report provided by TUV Rheinland	Target met.	
		<i>Sub-total</i>	<u>15%</u>				11.9%		5%			
SO 8		Build a Team of Highly Motivated, Competent and Productive Employees										
LEARNING & GROWTH	SM 13	Increase Human Capital Value Added	(Net Income + Personnel Cost ²) / Total Number of Employees	5%	(Actual / Target) x Weight	₱838,840	₱1,013,984	5%	₱1,053,293	5%	Certification Issued by the Human Resource Management Unit (HRMU) COA Audited Financial Statements	Target exceeded. The GCG's computation was based on the COA audited FS stating a PS Cost of ₱607,898,283, and Net Income of ₱464,353,502. FTE Count of 1,018 was based on the Certification from DFPC's HRMU.
			<i>Sub-total</i>	5%				5%		5%		
			TOTAL	100%				74.6%		<u>62.7% out of 95%</u> <u>66% out of 100%</u>		

² Sum of Personnel Services (PS) Cost and Salaries and wages for Job Order and Contract of Service Employees.

