

NATIONAL DEVELOPMENT COMPANY (NDC)
Validation Result of 2018 Performance Scorecard

		Component			Rating Scale	Target	NDC Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure		Formula	Wt.	2018		Actual	Rating	Score	Rating			
IMPACT	SO 1	Strengthen Business Sustainability										
	SM 1	Return on Equity	Net Income / Stockholder's equity adjusted	10%	(Actual/Target) x Weight	3.00%	30%	10%	<u>19.23%</u>	10%	<ul style="list-style-type: none"> • ROE Computation • COA Annual Report for years 2015 to <u>2018</u> 	<i>Revalidated accomplishment based on the COA Annual Audit Report for 2018.</i>
	SO 2	Support Local Development										
	SM 2	Cumulative Number of Local Jobs Generated by the Projects / Investment	Number of local jobs generated per operational report	10%	(Actual/Target) x Weight	423	523	10%	523	10%	<ul style="list-style-type: none"> • Summary of the Local Jobs generated • Certification from NDC Partners 	Acceptable. NDC exceeded the target.
			Sub-total	20%			20%		20%			
STRATEGIC FOCUS	SO 3	Increase Investments in High Impact Area by Leveraging in NDC's Competitive Advantage										
	SM 3	Cumulative value of investments	Amount of investments in high impact priority areas as approved by the NDC Board	15%	All or Nothing	₱3.70 Billion	₱3.80 Billion	15%	<u>₱3.80 Billion</u>	<u>15%</u>	<ul style="list-style-type: none"> • Summary of Increase in Value of Investments • Secretary Certification on the approval of the Gamma Irradiation Project 	<i>Request for Reconsideration is ACCEPTED. NDC was able to prove that the NDC Industrial Estate (NDCIE) Project worth P576.32 Million satisfies the criteria of a</i>

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									<ul style="list-style-type: none"> Letter from NEDA approval of Davao Food Complex Project Appraisal Report on the Langkaan Property for the NDC Industrial Estate Project Secretary's Certificate and Board paper on the NDC Industrial Estate Project <u>Corporate Operating Budget (Year 2013 – 2014 and 2018 – 2019)</u> 	<p><u>priority area based on the board-approved COB for the years 2018 and 2019.</u></p>	
SO 4 Enhance the Value of Investment Portfolio											
SM 4	Return on Investments (ROI)	Amount of dividends received/ Total investment	10%	(Actual/Target) x Weight	5.70%	5.17%	9.07%	<u>4.21%</u>	<u>7.39%</u>	<ul style="list-style-type: none"> ROI Computation <u>COA Annual Audit Report</u> 	<p><u>Revalidated accomplishment based on the 2018 COA</u></p>

1-

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		excluding companies for dissolution and pre-operating companies	0% = if below 4%						<i>on NDC for 2018</i>	<i>Annual Audit Report.</i> <i>The GCG-validated accomplishment captured all the reported investments as stated in the Notes to Financial Statements and excluded investees that were explicitly classified as non-operational and for dissolution.</i> <i>Total dividends received amount to P35.34 Million while recomputed total investments amounted to P839.41 Million.</i>
SO 5	Improve Customer Satisfaction									
SM 5	Percentage of Satisfied Customers	Number of respondents who rated Satisfactory and Very Satisfactory	(Actual/Target) x Weight	100%	100%	5%	<u>100%</u>	<u>5%</u>	<ul style="list-style-type: none"> Final Report from the third-party provider 	<i>Request for Reconsideration is ACCEPTED. The GCG recognizes that the purposive</i>

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	(upper two boxes in a 5-point scale) / Total number of survey respondents		0% = if below 90%							<p><i>sampling method was used considering the very small universe of NDC's customers. Further, per discussions with NDC, the restriction of the universe to transactions related to negotiations, contract signing, or property turnover activities is also acceptable given that collection and/or billing transactions may not necessarily require face-to-face transaction with the client. The GCG also considered that the NDC was able to prove that the 13 (100%) primary customers were</i></p>

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										<i>reached out but only resulted to 11 responses.</i>	
Sub-total		30%			29.07%		27.39%				
SO 6 Optimize the Economic Value of NDC Land Assets											
SM 6	Value of Investments Arising from Best-used Study of NDC Idle-Assets	Actual Accomplishment	15%	All or Nothing	Conduct of feasibility study	₱9.2 Billion	15%	Feasibility Study conducted for one NDC-asset	15%	<ul style="list-style-type: none"> Feasibility Study showing the project cost 	Acceptable. The reported accomplishment of NDC pertains to the total amount of investment required for the development of the assets included in the feasibility study. Considering NDC's accomplished study, the GCG corrected the target, formula, and rating scale to properly align the measure, target, and the objective or intention of the measure.

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CORE PROCESS	SM 7	Lease Income	Actual amount of lease income collected	10%	(Actual/Target) x Weight 0% = if below ₱169 Million	₱187.28 Million (VAT inclusive)	₱178.91 Million	9.55%	₱159.74 Million (VAT exclusive) or ₱178.91 Million (VAT inclusive)	9.55%	<ul style="list-style-type: none"> Summary of Lease Proceeds Cash receipts entries/ ORs COB as approved by DBM 	Request to modify the target from ₱197 Million to ₱187.28 Million (VAT inclusive) is APPROVED . This was based on the revised projection under the DBM-approved COB.
	SO 7 Improve Budget Utilization to Support Operational Efficiency											
	SM 8	Budget Utilization Rate	Total amount of cash disbursements / Total budget for the year	5%	91% to 100% = 5% 80% to 90% = 2.5% <80% = 0% More than 100% = 0%	> 90%	91%	5%	<u>91%</u>	<u>5%</u>	<ul style="list-style-type: none"> BUR Computation Sample of DVs/JVs Reference Numbers DBM-approved 2018 COB Summary of the BUR computation <u>Motion for Reconsideration to the Supreme Court dtd. 21 March 2017</u> 	<u>Request for Reconsideration is ACCEPTED.</u>
Sub-total			30%				29.55%	<u>29.55%</u>				

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LEARNING AND GROWTH	SO 8	Prioritize Competency Build-up of Project Teams										
	SM 9	Percentage of Personnel Meeting Required Competency standards	Number of employees meeting competency standard / Total number of employees for the year	5%	(Actual/Target) x Weight	Increase the Baseline Level by 15%	Increased the Baseline by 34% = 8 personnel	5%	100% increase from baseline (38% of employees met the required competencies)	5%	<ul style="list-style-type: none"> Summary of Competency Assessments Result Competency Assessment Forms for 21 employees Plantilla of Personnel as of 31 December 2018 	For 2018, assessment showed that 8 out of 21 (or 38%) employees met the required competencies for their positions. This is 100% increase from the assessment made for 2017 which showed that none of the employees met the competencies required of their positions.
	SO 9	Build a Culture of Continual Improvement and Excellence										
	SM 10	ISO Certification	Certification	5%	All or Nothing	Maintain ISO 9001:2015 Certification	Maintained ISO 9001:2015 Certification	5%	Maintained ISO 9001:2015 Certification	5%	<ul style="list-style-type: none"> Surveillance Audit Report ISO Certification 	Acceptable. Target met.

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SM 11	PGS Status Conferral	Conferment of Certificate	5%	All or Nothing	Passed 3rd Party Audit for Institutional-ization	Passed 3rd Party Audit for Institutional-ization	5%	Passed 3rd Party Audit for Institutional-ization	5%	<ul style="list-style-type: none"> Letter from the Institute for Solidarity in Asia (ISA) 	Acceptable. Target met.
SO 10	Integrate Knowledge Management in the Business Decision-Making Process										
SM 12	Implementati-on of a Knowledge Management Information System (KMIS)	Actual Accomplish-ment	5%	All or Nothing	Full implement-ation of KMIS	100%	5%	Full implement-ation of KMIS	5%	<ul style="list-style-type: none"> List of identified documents for uploading to KMIS Manual for KMIS Memoran-dum for the Roll-out and uploading of documents Terms of Reference for the Procurement of Consultant for KMIS 	Acceptable. Target met.
Sub-total			20%				20%		20%		
TOTAL			100%				98.62%		96.94%		