

**DUTY FREE PHILIPPINES CORPORATION (DFPC)**  
**Validation Result of 2023 Performance Scorecard**

Objective/Measure	Component				DFPC Submission		GCG Validation		Supporting Documents	GCG Remarks	
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
<b>SO 1 Showcase Premium Local Products to International Travelers</b>											
SM 1	Sales of Local Products	Sales from Local Products / Total Sales	10%	(Actual / Target) x Weight	1.5%	\$3,322,993.04	10%	Cannot be validated	0%	Quarterly Signed Report on Sales of Local Products System-generated Report 2023 Commission on Audit (COA) Annual Audit Report	Considering the formula for this measure, the Governance Commission needs to validate both figures for total sales and sales from local products. The Governance Commission was able to validate the total sales amounting to \$102.85 Million. However, DFPC failed to submit the supporting documents for the <i>Sales from Local Products</i> .
<b>SO 2 Contribute to Tourism Programs and Projects</b>											
SM 2	Percentage of Net Profit Remitted to the Department of Tourism	Amount of Fund Remitted to DOT / Previous Year's Net Profit	5%	(Actual / Target) x Weight	50% if the previous year's net profit <sup>1</sup>	Not Applicable	-	<i>Measure excluded</i>		2022 COA Annual Audit Report	DFPC incurred a net loss of ₱270,858,068 based on the 2022 COA Annual Audit Report or ₱274,637,834 based on the restated figures in the 2023 COA Annual Audit Report. Hence, there are no Contributions Due DOT in 2023.
	<b>Sub-total</b>		<b>15%</b>				<b>10%</b>		<b>0%</b>		

<sup>1</sup> The measure shall be excluded if DFPC registered a net loss based on the 2022 COA Audited Financial Statements.

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FINANCIAL	SO 3 Achieve Continuous Growth and Sustainability																											
	SM 3	Total Revenue from Sales	Absolute Amount	20%	(Actual / Target) x Weight	\$123.50 Million	\$102,884,176	16.66%	\$102.85 Million	16.66%	2023 COA Annual Audit Report System-generated Monthly Summary Report of Sales Signed Monthly Sales Summary Cash Take-Out Summary (CTOS) Cash Take-Out Slip Audited Till Balance Report Journal Vouchers	DFPC's total revenue from sales is equivalent to \$102,850,032 or ₱5,717,316,840.																
	SM 4	EBITDA (Earnings, Before Interest, Taxes, Depreciation and Amortization)	Absolute Amount	15%	(Actual / Target) x Weight	₱142.4 Million	₱130,387,680	18.31%	₱213.27 Million	15%	2023 COA Annual Audit Report	<p>The computation is provided in the table below:</p> <table border="1"> <thead> <tr> <th>PARTICULARS</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>5,771,631,237</td> </tr> <tr> <td>Operating Expenses</td> <td>5,689,607,957</td> </tr> <tr> <td><b>Operating Profit</b></td> <td><b>82,023,280</b></td> </tr> <tr> <td>Add:</td> <td></td> </tr> <tr> <td>Depreciation</td> <td>130,521,027</td> </tr> <tr> <td>Amortization</td> <td>722,148</td> </tr> <tr> <td><b>EBITDA</b></td> <td><b>213,266,455</b></td> </tr> </tbody> </table>	PARTICULARS	AMOUNT	Total Income	5,771,631,237	Operating Expenses	5,689,607,957	<b>Operating Profit</b>	<b>82,023,280</b>	Add:		Depreciation	130,521,027	Amortization	722,148	<b>EBITDA</b>	<b>213,266,455</b>
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SM 5 Disbursements Budget Utilization Rate	Total Disbursements / Total DBM-Approved Corporate Operating Budget (Both Net of PS Cost)	5%	(Actual / Target) x Weight	90%	97.55%	5%	88.45%	4.91%	2023 DBM-approved Corporate Operating Budget 2023 COA Annual Audit Report Summary of Previous Year Transactions Released FY2023 Breakdown of Recoveries for FY2023	The BUR was computed based on the total budget of ₱858.845 Million and ₱759.611 Million total disbursements, both net of PS Cost.
<b>Sub-total</b>		<b>40%</b>				<b>39.97%</b>		<b>36.57%</b>		
<b>SO 4</b>	<b>Enhance the DFPC Brand as a Standard for Quality and Sustainable Shopping Experience</b>									
SM 6 Top of Mind Awareness Rating	Market Survey Result	5%	(Actual / Target) x Weight	30%	60%	5%	60%	5%	Report from the Third-Party Provider	Based on the result of the survey, 421 out of 700 respondents answered Duty Free Philippines when asked the question "Whenever you arrive from your travels from another country, which retail shop do you want to go first?"

CUSTOMER

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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual		
SM 7	Percentage of Satisfied Customers	Number of Respondents who gave at least Satisfactory Rating / Total Number of Respondents	10%	(Actual / Target) x Weight If Below 80% = 0%	90%	96%	10%	96.77%	10%	<p><i>Rectification of the Compliance Status of Government-Owned or -Controlled Corporations with the Client Satisfaction Measurement</i> transmitted by ARTA through letter dated 27 August 2024</p> <p>The result is based on the responses of clients availing external services only.</p> <p>The CSM score refers to the percentage of respondents who rated 'Agree' and 'Strongly Agree' for <i>Service Quality Dimension 0: "I am satisfied with the service that I availed"</i>.</p>
<b>SO 5 Address Customer Needs and Expectations</b>										
SM 8	Market Capture Rate	(Customer Count / Total International Passenger Movements <sup>2</sup> ) x 100	5%	(Actual / Target) x Weight	Establish Baseline	3%	5%	2.25%	5%	<p>Quarterly Market Capture Rate for 2023</p> <p>Mactan-Cebu International Airport Passenger Count for 2023</p> <p>Clark International Airport Actual Passenger Traffic Summary of Passenger Count from CAAP</p> <p>Pax Count Report Generated on 01 October 2024</p> <p>The 2023 baseline Market Capture Rate is based on the total customer count of 606,495 and international traveler count of 26,925,671.</p>

<sup>2</sup> Arrivals and Departures from MIAA, GMCAC, LIPAD, CAAP.

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SO 6	Enhance Marketing Strategies										
SM 9	Return on Marketing Expense	{[Incremental Sales – (Previous Year’s Marketing Investment + Current Year’s Marketing Investment)] / (Previous Marketing Investment + Current Year’s Marketing Investment)} x 100%	10%	(Actual / Target) x Weight	100%	140.03%	10%	35,296%	10%	2023 COA Annual Audit Report	<p>The ROME was computed using the following figures:</p> <ul style="list-style-type: none"> <li>• 2023 Sales = ₱5.82 Billion</li> <li>• 2022 Sales = ₱3.82 Billion</li> <li>• 2023 Marketing Expenses = ₱3.80 Million</li> <li>• 2022 Marketing Expenses = ₱1.86 Million</li> </ul> <p>Although the accomplishment was computed based on the formula reflected in the performance scorecard and was based on COA-audited figures, the result should still be treated with the following considerations when used for the purpose of analysis:</p> <ul style="list-style-type: none"> <li>• Industry standard of ROME; and</li> <li>• Factors affecting the recovery of DFPC in terms of sales</li> </ul>
	<b>Sub-total</b>		<b>30%</b>				<b>30%</b>		<b>30%</b>		

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	Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating
INTERNAL PROCESS	SO 7 Improve Quality Management and Technological Systems in Support to Operations										
	SM 10	ISO 9001:2015 Certification	Actual Accomplishment	5%	All or Nothing	Attain ISO 9001:2015 Certification	Deferred Compliance	-	<u>Measure excluded</u>		<p>Quarterly Memorandum from DFPC ISO Secretariat on ISO Compliance Status Report</p> <p>Communications with Third-Party Consultant</p> <p>The Governance Commission considered the following justifications submitted by DFPC:</p> <ul style="list-style-type: none"> <li>Restructuring and Rightsizing Plan</li> <li>Ransomware Virus Impact</li> <li>Readiness of the Organization</li> </ul>
	SM 11	Percentage of Completion of the ISSP	Total Number of Deliverables Due for 2023 Attained / Total Number of Deliverables Due for 2023	5%	(Actual / Target) x Weight	90% Attainment of 2023 Deliverables <sup>3</sup> (based on DICT-endorsed ISSP 2022-2024)	91%	5%	33.33%	1.85%	<p>Quarterly Monitoring Report from Management Information Systems Division</p> <p>ISSP 2023-2025 as submitted to DICT</p> <p>DICT-Endorsed ISSP 2023-2025</p> <p>Timeline of Communication between DICT and DFPC</p> <p>DFPC has developed one (1) out of three (3) systems with deliverables in 2023: Enterprise Retail System (Back-Office Upgrade &amp; Retail System Upgrade).</p>
	<b>Sub-total</b>			<b>10%</b>			<b>5%</b>		<b>1.85%</b>		

<sup>3</sup> Deliverables refer to systems/applications.

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<b>LEARNING &amp; GROWTH</b>	<b>SO 8</b>	<b>Build a Team of Highly Motivated, Competent, and Productive Employees</b>										
	SM 12	Competency Framework of the Organization	Actual Accomplishment	5%	All or Nothing	Board-approved Competency Framework <sup>4</sup> composed of the following: 1. Competency Catalogue 2. Competency Framework 3. Competency Tables 4. Competency Matrix 5. Position Profiles; and 6. Competency-based Job Descriptions	Deferred Compliance	-	No Board-approved Competency Framework	0%	1 <sup>st</sup> , 2 <sup>nd</sup> , and 3 <sup>rd</sup> Quarter Monitoring Report from the Ad Hoc OIC-Admin Services Department Letter to the Civil Service Commission – Civil Service Institute (CSC-CSI) dated 25 October 2024	The measure was already excluded in the 2022 Performance Scorecard to allow the corporation to transition to the new Organizational Structure and Staffing Pattern. Moreover, the development of a Board-approved Competency Framework should serve as a basis/guidance to implement a competency-based hiring/recruitment process.
			<b>Sub-total</b>	<b>5%</b>				-		<b>0%</b>		
			<b>TOTAL EXCLUDED WEIGHTS</b>	<b>100% (10%)</b>				<b>84.97%</b>		<b>68.42%</b>		
			<b>VALIDATED TOTAL</b>	<b>90%</b>				-	<b>68.42/90 = 76.02%</b>			

<sup>4</sup> Includes Competency Catalogue, Competency Framework, Competency Tables, Competency Matrix, Position Profiles, and Competency-Based Job Descriptions