

**NATIONAL DEVELOPMENT COMPANY (NDC)
Result of the Second Revalidation of the 2020 Performance Scorecard**

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective/Measure	Formula	Weight		2020	Actual	Rating	Score	Rating		
IMPACT	SO 1	Strengthen Business Sustainability (Financial Impact)								
	SM 1	Return on Equity	Net Income / Stockholder's Equity Adjusted	25%	(Actual / Target) x Weight	2.78%	5.15%	25%	3.14%	25%

Result of the Second Revalidation of the 2020 Performance Scorecard (Annex A)

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective/Measure	Formula	Weight		2020	Actual	Rating	Score	Rating		
										<p>nature of its operations as an investment company.</p> <p>The Governance Commission also takes this opportunity to clarify that since the introduction and the validation of the measure in the Performance Scorecard of the NDC in 2018, the Commission has been consistent with its position and evaluation that the dividend income from investments such as that from the ABF, is not considered as an extraordinary income. Furthermore, it should also be noted that the initial reported ROE of the NDC did not consider the dividend income from ABF in its computation, suggesting that the NDC is aware of the treatment of the Governance Commission of its dividend income from investments. Thus, the argument raised by the NDC that the Governance Commission approved the exclusion of the dividends from ABF in the stockholder's equity is flawed.</p> <p>As a reference, attached herewith as Appendix 1 is the comparison and computation of the initial reported ROE of NDC, the initial validated ROE of the Governance Commission, the revised reported ROE of NDC, and the revised validated ROE of the Governance Commission.</p>

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<p>In due consideration of the representation of the NDC that the 4.19% annual target proposed by the corporation, which was also adopted by the Governance Commission as the target, considered the dividend income from ABF as an extraordinary item, a review of the previously submitted documents was conducted. Upon review of the submitted breakdown of the target,¹ the Governance Commission was able to confirm that one of the assumptions in the computation of the target is that dividend income from ABF is an extraordinary item. In order to align the target with the correct computation of the ROE of the NDC, the Governance Commission revised the target to 2.78%.</p> <p>A comparison and computation of the initial 2020 target and the revised target are provided in Appendix 2.</p>											
SO 2 Support Local Development (Social Impact)											
SM 2	Cumulative Number of Local Jobs Generated by	Number of Local Jobs Generated per Operational Report	5%	(Actual / Target) x Weight 0% = If Below	2019 Actual + 50 New Jobs	1,243 New Jobs	5%	807	5%	<ul style="list-style-type: none"> Science Park of the Philippines, Inc. letter on the number of Jobs Generated by the 	Based on the revised submission of NDC, there were 106 new jobs in 2020. Since it already excluded jobs generated in the prior year, the revised report was deemed acceptable. With this and the 2019

¹ Letter of the NDC dated 15 July 2020. Officially received by the Governance Commission on 15 July 2020.

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	the Projects/ Investments		2019 Actual						Light Industry and Science Park IV	actual of 701 jobs, the cumulative number of jobs in 2020 stood at 807.	
Sub-total		30%				30%		30%			
SO 3 Increase Investments in High Impact Priority Areas by Leveraging in NDC's Competitive Advantage											
STRATEGIC FOCUS	SM 3	Cumulative Value of Investments	Amount of NDC Investment at the Pre-FS Stage Approved by Mancom	15%	(Actual / Target) x Weight	₱388 Million	₱1.489 Billion	14.89%	₱138 Million	5.34%	<ul style="list-style-type: none"> Minutes of the Management Committee Meeting on 23 December 2020 <p>The formula and target were revised to capture NDC's projected investment in the project, consistent with the requirement of the measure and target. The revised target includes investment for MTEK and the Startup Venture Fund.</p> <p>Only the projected investment for MTEK was considered an accomplishment. We note that the ManCom approval for SVF did not include yet the approval of investment in a startup.</p>
	SO 4 Enhance the Value of Investment Portfolio										
	SM 4	Return on Investments	Amount of Dividends Received ² / Total Investment Infused Excluding Companies for Dissolution and Pre-Operating Companies	10%	(Actual / Target) x Weight	6.78%	42.72%	10%	42.52%	10%	<ul style="list-style-type: none"> Return on Investment (ROI) Computation Breakdown of Investments as of 31 December 2020 BTr and NDC Official Receipts for <p>Validated actual pertains to ₱330.33 Million dividends received. The reported dividend received from PITC was revised to ₱322.49 Million, representing ownership share of NDC in PITC.</p>

² Including dividend remittance of NDC's subsidiaries to the National Government.

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									Dividend Collection • COA AAR PITC and NDC		
SO 5	Improve Customer Satisfaction										
SM 5	Percentage of Satisfied Customers	Number of Respondents who Rated at Least Satisfactory / Total Number of Survey Respondents	5%	(Actual / Target) x Weight 0% = If Below 80%	100%	95%	4.75%	95%	4.75%	• Final Report from the Third-Party Consultant • Samples of Accomplished Survey Questionnaire	Acceptable.
Sub-total		30%					29.64%		20.09%		
SO 6	Optimize the Economic Value of NDC Land Assets										
SM 6	Income from Asset Management	Amount of Lease Income and Sales Proceeds Collected	15%	(Actual / Target) x Weight	₱190.16 Million	₱204 Million	15%	₱192.11 Million	15%	• Audited Statement of Cash Flows for 2020	Validated lease collections were based on the Audited Cash Flows Statement for 2020.
SO 7	Improve Budget Utilization to Support Operational Efficiency										
SM 7	Budget Utilization Rate	Total Amount of Cash Disbursements / Total Budget for the Year	10%	92% to 100% = 10% 80% to 91% = 5% Less Than 80% = 0% More Than 100% = 0%	>91%	97%	10%	97.28%	10%	• BUR Computation • DBM Approved COB for 2020 • Budget Ledger Monitoring • BAC Resolutions, Secretary's Certificates, Materials Requisition Forms,	Acceptable.

CORE PROCESS

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight			2020	Actual	Rating	Score			Rating	
									and CY 2020 PPMP			
									• Audited Cash Flow Statements for 2020			
Sub-total		25%				25%		25%				
LEARNING AND GROWTH	SO 8 Prioritize Competency Build-up of Project Teams											
	SM 8	Improvement in the Competency Baseline of the Organization	Actual Accomplishment	5%	All or Nothing	Improvement in the Competency Baseline of the Organization ³	Improved	5%	Competency Level Improved by 0.93%	5%	<ul style="list-style-type: none"> • Excel File of Summary of the Competency Assessment Results and the Computation of Competency Level per Employee • 2019 and 2020 Competency Assessment Forms 	<p>Since the GCG-prescribed formula for competency level accounts for the total number of personnel profiled, the competency level was recomputed to exclude the NDC General Manager. The latter was not included in the competency assessment in consideration of the position's status as a Presidential appointee.</p> <p>Previously submitted assessment reports also excluded the General Manager.</p>
	SO 9 Build a Culture of Continual Improvement and Excellence											
SM 9	ISO Certification	Actual Accomplishment	5%	All or Nothing	Re-Certification to ISO 9001:2015 Standards	Recertified	5%	Re-Certification to ISO 9001:2015 Standards	5%	<ul style="list-style-type: none"> • Surveillance Audit Report • ISO Certification 	Acceptable.	

³ The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{a=1}^A \left(\frac{\text{Actual Competency Level}}{\text{Required Competency Level}} \right)}{A} \times \frac{1}{B}$$

where: a = Competency required, A = Total number of competencies required of position, b = Personnel profiled, B = Total number of personnel profiled

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SO 10 Automate Key Process											
SM 10	Information Technology Systems Implemented	Number of Projects Completed Based on the Deliverables per ISSP / Total Number of 2020 Deliverables per 2020-2022 ISSP Submitted to DICT	5%	(Actual / Target) x Weight	100% Completion of the 2020 ISSP Deliverables as Submitted to DICT	100%	5%	Completed 100% of 2020 ISSP Deliverables as Submitted to DICT	5%	<ul style="list-style-type: none"> 2020-2022 ISSP Received by DICT on 28 December 2020 Secretary's Certificate on the Board's Approval of ISSP on 28 October 2020 User Acceptance Report for CIIS Consultant's Accomplishment Report for NDC as Accepted by NDC 	All three (3) of the 2020 deliverables under the ISSP were completed. Projects are as follows: <ol style="list-style-type: none"> 1. Cloud Integrated Information System 2. Upgrade of Financial Management System; and 3. Upgrade of Real-Time Budget Monitoring System (BMS)
		Sub-total	15%				15%		15%		
		VALIDATED RATING	100%				99.64%		90.09%		