

NORTHERN FOODS CORPORATION (NFC)
Validated 2019 Performance Scorecard

Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																								
	Objective/Measure		Formula	Wt.	2019	Actual	Rating	Score			Rating																							
SOCIAL IMPACT / CUSTOMERS / STAKEHOLDERS	SO 1	Increased Market Share																																
	SM 1	Percent share of NFC sales to total tomato paste domestic supply	Total NFC sales (CY) divided by the total of NFC sales and non-NFC imports (28/30% grade)	15%	40%	35.30% <u>2,805.8 tons</u> 7,995 tons	13.24%	35.30% <u>2,805.8 tons</u> 7,995 tons	13.24%	• Market Share Schedule CY 2019	The lower accomplishment is attributed to cancellation by Zenith Foods Corp. of its order of 397 tons due to its new quality requirements. NFC only supplies tomato paste under the 28-30°Brix category, while the total domestic supply of tomato paste includes those falling under 30-32°Brix and 36-38°Brix.																							
	SO 2	Increase Participation of Farmers																																
	SM 2	No. of hectares devoted to tomatoes by participating farmers	Absolute number	10%	805 has	569 has.	7.07%	569 has.	7.07%	• Crop Production Area Schedule	Adverse weather conditions and farmers' shift to less labor-intensive crops were cited as reasons for the fewer hectarage devoted to tomato farming.																							
	SO 3	Improve Stakeholders' Satisfaction																																
	SM 3	Percentage of Satisfied																																
		a. Customers	Number of respondents which gave <i>at least a</i> Satisfactory rating / Total	7.5%	90%	90%	7.5%	90.91%	7.5%	• Final 2019 Customer Satisfaction Survey Report	<table><tr><td colspan="3">The breakdown for the result is as follows:</td></tr><tr><td></td><td>n</td><td>%</td></tr><tr><td>VS</td><td>6</td><td>54.55%</td></tr><tr><td>S</td><td>4</td><td>36.36%</td></tr><tr><td>N</td><td>1</td><td>9.09%</td></tr><tr><td>D</td><td>0</td><td>0%</td></tr><tr><td>VD</td><td>0</td><td>0%</td></tr><tr><td>Total</td><td>11</td><td>100%</td></tr></table>	The breakdown for the result is as follows:				n	%	VS	6	54.55%	S	4	36.36%	N	1	9.09%	D	0	0%	VD	0	0%	Total	11
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SOCIAL IMPACT		b. Farmers	number of respondents	7.5%	90%	90%	7.5%	93.67%	7.5%	<ul style="list-style-type: none">Research methodology ReportAccomplished Questionnaires	The breakdown of the result is as follows: <table><tr><td></td><td>n</td><td>%</td></tr><tr><td>VS</td><td>110</td><td>21.11%</td></tr><tr><td>S</td><td>378</td><td>72.55%</td></tr><tr><td>N</td><td>32</td><td>6.14%</td></tr><tr><td>D</td><td>1</td><td>0.19%</td></tr><tr><td>VD</td><td>0</td><td>0.00%</td></tr><tr><td>Total</td><td>521</td><td>100%</td></tr></table>		n	%	VS	110	21.11%	S	378	72.55%	N	32	6.14%	D	1	0.19%	VD	0	0.00%	Total	521	100%
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Sub-total			40%			35.31%		35.31%																								
FINANCE	SO 4	Improved Profitability																														
	SM 4	EBITDA margin	Amount of EBITDA based on the Profit and Loss Statement	10%	₱2.576M	₱(16.715M)	0%	₱(15.466M)	0%	<ul style="list-style-type: none">Profit and Loss Statement (annualized using calendar year from fiscal year)EBITDA schedule based on COA FS	<table><tr><td></td><td>2018</td><td>2019</td></tr><tr><td>Net Sales</td><td>176,346</td><td>149,060</td></tr><tr><td>CoS</td><td>(145,601)</td><td>(132,264)</td></tr><tr><td>Gross Profit</td><td>30,745</td><td>16,796</td></tr><tr><td>Ope Exp*</td><td>(21,279)</td><td>(23,696)</td></tr><tr><td>Selling Exp*</td><td>(7,206)</td><td>(8,566)</td></tr><tr><td>EBITDA</td><td>2,260</td><td>(15,466)</td></tr></table> <p>NFC submitted an EBITDA of ₱(16,715) based on unadjusted income statement; however, this was further revised to ₱(15,466) to reflect new adjustments.</p>		2018	2019	Net Sales	176,346	149,060	CoS	(145,601)	(132,264)	Gross Profit	30,745	16,796	Ope Exp*	(21,279)	(23,696)	Selling Exp*	(7,206)	(8,566)	EBITDA	2,260	(15,466)
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SO 5 Improve Plant Efficiency										
SM 5	Conversion rate (fruits-to-paste)	Net fruit processed divided by net paste produced	10%	6.74 <u>28,980 mtons</u> 4,299.7 mtons	6.79 <u>25,690 tons</u> 3,784 tons	9.93%	6.79 <u>25,690 tons</u> 3,784 tons	9.93%	• Fruit to Paste Conversion Schedule	According to NFC, the desired natural tomato soluble solids (NTSS) to result in better conversion rate was not achieved in 2019 due to unfavorable weather conditions.
SM 6	Plant downtime	Plant downtime hours (affecting plant rate) divided by total plant operating hours	10%	3.4% (51.27 hours/ 1,508 hours)	1.21% (15.11 hours)	10%	2.21% (27.76 hours/ 1,255 hours)	10%	• 2019 Production Downtime Report	Total Plant Operating hours is the sum of processing hours and plant downtime. Downtime – 27.76 hours Total Plant Processing Hours – 1,255 hours
SM 7	Product preservation:									
	a. Reprocessing	Tomato paste stocks within current processing season or past year crop that undergo reprocessing	7.5%	21.67 tons	36.31 tons (0.85%)	2.43%	33.84 tons (0.79%)	3.29%	• Production Preservation – Reprocessing Schedule	NFC reported that the reprocessed paste was 36.31 metric tons (mtons). After recomputing based on the individual cause of reprocessing, the total was only 33.84 mtons. The high amount of reprocessing was mainly due to deteriorated foil seal (15.47 mtons) and weak sealing (10.29 mtons).
	b. Spoilage	Tomato paste spoilage from beginning inventory and current production	7.5%	6.75 tons	7.21 tons (0.17%)	6.99%	7.21 tons (0.17%)	6.99%	• Product Preservation: Spoilage 2019	Sources of spoilage are as follows: Weak Seal: 0.90 mtons Insect Bite: 5.64 mtons Deteriorated Foil Seal: 0.67 mtons
Sub-total			35%			29.35%		30.21%		

SO 6 Enhance Competence and Professionalism in the Work Force										
SM 8	Percentage of personnel with required competencies met	Milestone	2.5%	Improvement from the 2018 score	10 employees were able to close their competency gaps	2.5%	47.37% (36 out of 76 employees)	2.5%	• Competency Assessment Result	The 2018 score was 34% or 26 out of 76 employees.
SO 7 Maintain Food Safety and Quality Management Certifications										
SM 9	Certifications:									
	a. ISO 9001 (Quality Mgt System)	Milestone	5%	Passed Surveillance Audit	ISO 9001:2015 certified effective May 19, 2019 to May 20, 2022	5%	Passed Surveillance Audit	5%	• Certification by Certification International	ISO 9001:2015 Certificate issued on 21 May 2019 covering NFC's plant in Sarrat, Ilocos Norte, the corporate office in Mandaluyong, and the warehouse in Angeles, Pampanga.
	b. ISO 22000 (Food Safety Mgt. System)	Milestone	5%	Passed Surveillance Audit	Passed Surveillance Audit	5%	Passed Surveillance Audit	5%	• Certification by Certification International	The NFC ISO 22000:2005 Certification was renewed on 19 September 2019, with validity of one year.
	c. Halal (Product)	Milestone	2.5%	Passed IDCP yearly Audit	Passed IDCP yearly Audit	2.5%	Passed IDCP yearly Audit	2.5%	• Certification by IDCP	The Halal Certification is renewed effective 16 March 2019 until 15 March 2020.
Sub-total			15%			15%		15%		
TOTAL			100%			79.66%		80.52%		