



## PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02)** between the—

**GOVERNANCE COMMISSION FOR GOCCs (GCG)**

- and -

**NATIONAL DEVELOPMENT COMPANY (NDC)**

**WITNESSETH: THAT –**

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective for a period of two (2) calendar years beginning from the execution of this Agreement and ending on 31 December 2015.
2. **Charter Statement and Strategy Map.** – NDC's Charter Statement and Strategy Map for the Period specified in Section 1 hereof shall be as follows:



### NATIONAL DEVELOPMENT COMPANY Strategy Map

**Mission:**

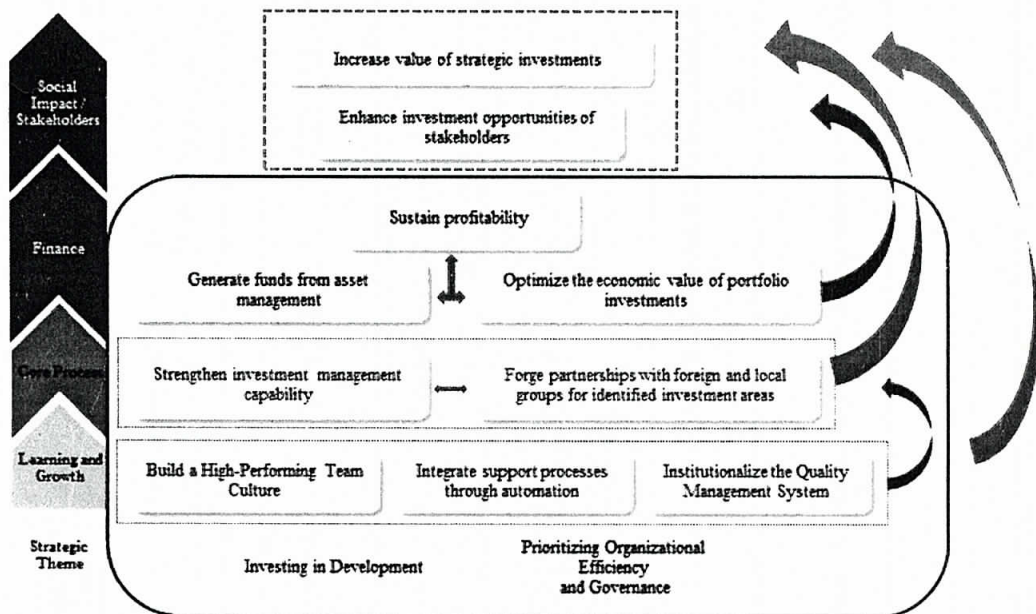
NDC invests in selected strategic areas where supply chain gaps exist.

NDC manages a financially sustainable investment portfolio responsive to public interest and priorities.

NDC undertakes joint venture agreements to promote and enhance the competitiveness in the industry and

**Core Values:**  
Passion Integrity  
Commitment  
Excellence  
Financial  
Prudence

**Vision :** By 2019, NDC will be the preferred government investment arm, serving as an effective catalyst for inclusive growth.



3. **Measurement of Performance.** – Based on the 2015 Performance Scorecard attached hereto as **Annex A**, NDC's Performance for 2015 shall be based on the following Measures/Strategic Measures and Annual Targets, to wit:

	Strategic Measure	Weight	Baseline		Target
			2013	2014	2015
SOCIAL IM PACT / STAKEHOLDERS	SO 1: Increase Value of Strategic Investments				
	SM 1: Cumulative total value of projects preferably in agriculture and power	15%	₱500 M	₱1,237 M	₱2,737 M
	SO 2: Enhance Investment Opportunities of Stakeholders				
	SM 2: % of JV partners/proponents who rated NDC good or better as partner	5%	100%	100%	100%
	SM 3: % of Investment funds in agriculture and power	15%	18%	65%	70%
	Subtotal of Weights				
FINANCIAL	SO 3: Sustain Profitability				
	SM 4: Net Profit Margin	10%	57.18%	28.15%	24.81% (65.44% if net of impairment loss)
	SO 4: Generate Funds from Asset Management				
	SM 5: Sales proceeds for the year	5%	₱55.5 M	₱5.2 M	₱160 M
	SM 6:Lease Income	5%	₱114.5 M	₱131.0 M	₱176 M
	SO 5: Optimize the Economic Value of Portfolio Investments				
	SM 7: Return on Investments	10%	22.67%	20.95%	32.34%
INTERNAL PROCESS	SO 6: Strengthen Investment Management Capability				
	SM 8: % of funds released (internal or external source) for investment / financing activities within TAT of not more than 2 weeks after completion of documentation	10%	14	14	12 calendar days
	SO 7: Forge Partnerships with Foreign and Local Groups for Identified Investment Areas				
	SM 9: Average TAT for JV or partnership agreements to be signed after Board approval	10%	90 calendar days	60 calendar days	50 calendar days
LEARNING AND GROWTH	SO 8: Build a High-Performing Team Culture				
	SM 10: PGS Certification	5%	Initiation	Compliance	Passing the Pre-Audit Assessment for Proficiency
	SO 9: Integrate Support Process Through Automation				
	SM 11: No. of functional automated systems	5%	2	2	1
	SO 10: Institutionalize the Quality Management System				
	SM 12: ISO Certification for all process	5%	Re-certified	Re-certified	Re-certification for the 4 core processes; Certification for 2 processes
TOTAL		100%			

It is understood that the GOCC must achieve a weighted-average of at least 90% to be eligible to grant any Performance-Based Bonus.

4. **Strategic Initiatives.** – NDC hereby commits to undertaking the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex B**, to wit:



- (a) Strategic Initiative 1 – Core Processes Optimization;
- (b) Strategic Initiative 2 – Asset Value Maximization Project;
- (c) Strategic Initiative 3 – Remedial Management System;
- (d) Strategic Initiative 4 – Corporate Governance Programs;
- (e) Strategic Initiative 5 – Corporate Social Responsibility and Branding; and
- (f) Strategic Initiative 6 – Integrated IT Systems.

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. NDC shall include updates on the foregoing Strategic Initiatives in its submission of quarterly monitoring reports to the GCG.

- 5. **Quarterly Submission of Performance Monitoring.** – NDC shall submit a quarterly monitoring report to GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex C**.
- 6. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02, namely:
  - 6.1. *Conditions Common to National Government Agencies and GOCCs:*
    - (a) Transparency Seal;
    - (b) PhilGEPS Posting;
    - (c) Cash Advance Liquidation;
    - (d) Citizen's Charter or its equivalent; and
    - (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);
  - 6.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*
    - (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable. Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
    - (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
    - (c) Adoption of a "*Manual of Corporate Governance*" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
    - (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
    - (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.

- (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
  - (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
  - (h) Submission of Corporate Operating Budgets (COBs):
    - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 120 on "Budget Call for FY 2015;"
    - ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 120.
7. NDC hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. NDC shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in NDC's Performance Scorecard, and shall be used solely as a reference by GCG and NDC during Performance Agreement Negotiations/Renegotiations.
8. NDC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, NDC shall copy furnish the Governance Commission copies of all written communications between NDC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.
- Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.
9. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

**DONE**, this 25<sup>th</sup> day of November 2014, in the City of Makati, Philippines.



**GOVERNANCE COMMISSION FOR  
GOCCs**

BY AUTHORITY OF THE COMMISSION:



**CESAR L. VILLANUEVA**  
Chairman



**MA. ANGELA E. IGNACIO**  
Commissioner



**RAINIER B. BUTALID**  
Commissioner

**NATIONAL DEVELOPMENT  
COMPANY**



**GREGORY L. DOMINGO**  
Chairperson  
Secretary, Department of Trade and  
Industry



**MA. LOURDES F. REBUENO**  
Board Member  
General Manager, NDC

**CESAR V. PURISIMA**  
Ex-Officio Board Member  
Secretary, Department of Finance



**FLORENCIO B. ABAD**  
Ex-Officio Board Member  
Secretary, Department of Budget and  
Management



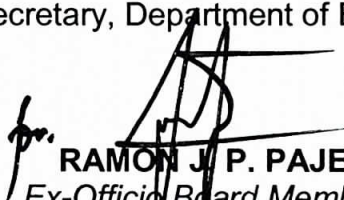
Republic of the Philippines  
DEPARTMENT OF ENERGY

IN REPLYING PLS CITE:

SOE-JLP-15000749




**CARLOS JERICO L. PETILLA**  
Ex-Officio Board Member  
Secretary, Department of Energy



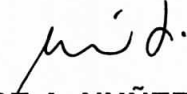
**RAMON J. P. PAJE**  
Ex-Officio Board Member  
Secretary, Department of Environment  
and Natural Resources



**AMANDO M. TETANGCO JR.**  
Ex-Officio Board Member  
Governor, Bangko Sentral ng Pilipinas



**ADRIAN S. CRISTOBAL JR.**  
Ex-Officio Board Member  
Managing Head, Board of Investments



**JOSE A. NUÑEZ, JR.**

*Ex-Officio Board Member*

Chairman, Development Bank of the  
Philippines



**VIRGILIO A. YUZON**

*Ex-Officio Board Member*

Representative, Private Sector

## NATIONAL DEVELOPMENT COMPANY

	Objective/Measure	Formula	Weight	Rating System	Data Provider	Baseline		Target
						2013	2014	2015
SOCIAL IMPACT / STAKEHOLDERS	SO 1: Increase Value of Strategic Investments							
	SM 1: Cumulative total value of projects preferably in agriculture and power	Actual Cumulative Total Value of Projects	15%	Actual Increase / Target Increase x Weight		₱500 M	₱1,237 M	₱2,737 M
	SO 2: Enhance Investment Opportunities of Stakeholders							
	SM 2: % of JV partners/proponents who rated NDC good or better as partner	No. of JV partners who rated NDC good or better as a partner / total no. of JV partners	5%	Actual / Target x Weight		100%	100%	100%
	SM 3: % of Investment funds in agriculture and power	Amount of Investments in Agriculture and Power / Total Amount of Investments	15%	Actual / Target x Weight		18%	65%	70%
FINANCIAL	SO 3: Sustain Profitability							
	SM 4: Net Profit Margin	Net Income / Total Revenues	10%	Actual / Target x Weight		57.18%	28.15%	24.81% (65.44% if net of impairment loss)
	SO 4: Generate Funds from Asset Management							
	SM 5: Sales proceeds for the year	Actual amount of sales proceeds	5%	Actual / Target x Weight		₱56 M	₱5 M	₱160 M
	SM 6:Lease Income	Actual amount of lease income	5%	Actual / Target x Weight		₱115 M	₱131 M	₱176 M
	SO 5: Optimize the Economic Value of Portfolio Investments							
	SM 7: Return on Investments	Amount of returns / total investment infused net of allowance for impairment	10%	Actual / Target x Weight		22.67%	20.95%	32.34%



	Objective/Measure	Formula	Weight	Rating System	Data Provider	Baseline		Target
						2013	2014	2015
INTERNAL PROCESS		and excluding companies for dissolution and pre-operating companies						
	<b>SO 6: Strengthen Investment Management Capability</b>							
	SM 8: % of funds released (internal or external source) for investment / financing activities within TAT of not more than 2 weeks after completion of documentation	Funds released within the TAT / Total number of requested fund releases.	10%	Actual / Target x Weight		14	14	12 calendar days
	<b>SO 7: Forge Partnerships with Foreign and Local Groups for Identified Investment Areas</b>							
	SM 9: Average TAT for JV or partnership agreements to be signed after Board approval	Average no. days for JV or partnership agreements to be signed after Board approval	10%	Actual / Target x Weight		90 calendar days	60 calendar days	50 calendar days
LEARNING AND GROWTH	<b>SO 8: Build a High-Performing Team Culture</b>							
	SM 10: PGS Certification	Conferment of Certificate	5%	Actual / Target x Weight		Initiation	Compliance	Passing the Pre-Audit Assessment for Proficiency
	<b>SO 9: Integrate Support Process Through Automation</b>							
	SM 11: No. of functional automated systems	Absolute Number	5%	All or nothing		2	2	1
	<b>SO 10: Institutionalize the Quality Management System</b>							
	SM 12: ISO Certification for all process	Certification	5%	All or nothing		Re-certified	Re-certified	Re-certification for the 4 core processes; Certification for 2 processes

Note: Actual rating not to exceed with the allotted weight.



NATIONAL DEVELOPMENT COMPANY  
STRATEGIC INITIATIVES PROFILE

**Strategic Initiative 1**

1. Name of Project : **Core-Processes Optimization Program**

2. Contact Person / Project Team Head : AGM Saturnino H Mejia

3. Project Description

The program entails the conduct of road-shows to re-introduce the mandate of NDC to the various Regional Development Councils (RDCs) and Local Government Units (LGUs). The program also includes the close collaboration with various government agencies in identifying investment opportunities and fund management nationwide.

4. Project Milestones

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
Coordinate with RDCs / LGUs	March 2014		P400,000	Internally generated cash	Done
Present NDC's mandate and preside meetings with LGUs and some business groups nationwide	March 2014	July 2014			Done

5. Measures Affected

- Cumulative total value of investments
- % of JV partners / proponents who rated NDC as good or better partner
- % of proponents who found accessibility of NDC funds as good or better
- Value of Mancom-endorsed projects for Board approval;
- Value of NDC investment in JV/Agreements
- % funds released for investment / financing activities;

Strategic Initiative 2

1. Name of Project : Asset Value Maximization Project
2. Contact Person / Project Team Head : AGM Lilia L. Arce
3. Project Description

The project entails the engagement of a consultancy service for the determination of the different NDC assets' best and highest value options

4. Project Milestones

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
Bidding and Awarding of Consultancy Service	Year-round		P360,000	Internally generated cash	On-going
Review local ordinances relative to property development.	End of 2014				On-going

5. Measures Affected
- a. Cumulative total value of investments

b. Value of Mancom-endorsed projects for Board approval;

c. Lease Income

d. Sales proceed for the year

e. Return of capital provided



Strategic Initiative 3

1. Name of Project : Remedial Management System
2. Contact Person / Project Team Head : Rommel R. Serrano
3. Project Description

The operational guidelines of remedial management serve as the basis for handling NDC's business portfolio of non-performing / delinquent accounts, either as work-out, litigation or liquidation

4. Project Milestones

Activities	Timeline Start      End	Budget	Funding Source	Status
Identification of accounts for remedial management.	January 2014	P 500,000	Internally generated cash	Done
Exploratory talks with existing partners in the identified various accounts	2014			On-going
Coordinate with SEC for the status of various accounts	March 2014			Done
Evaluation of the various identified accounts	2014 -2016			On-going

5. Measures Affected
- a. Return of Investments

b. Return of capital provided

c. Net Income

d. EBITDA Margin

**Strategic Initiative 4**

- 1. Name of Project : **Corporate Governance Programs**
- 2. Contact Person / Project Team Head : Atty. Rhoel Z. Mabazza
- 3. Project Description

This refers to various activities / programs to be undertaken by the agency so its members of the Board, Officer and Staff will acquire key insights for work effectiveness to improve company performance.

- 4. Project Milestones

Activities	Timeline Start      End	Budget	Funding Source	Status
Conduct of training needs survey among the Officers and staff.	January 2014	P 500,000	Internally generated cash	Done
Identify the trainings for per position level	March 2014			Done
Conduct of echo seminar within the agency	3 <sup>rd</sup> quarter of 2014 - 1 <sup>st</sup> half of 2015			

- 5. Measures Affected
  - a. ISO Certification
  - b. No. of Units achieving their annual breakthroughs
  - c. Average TAT for JV or partnership agreements to be signed after Board approval
  - d. % of funding for investment and financing activities released not more than 2 weeks after completion of documentation
  - e. Collection Efficiency



Strategic Initiative 5

1. Name of Project : Corporate Social Responsibility and Branding
2. Contact Person / Project Team Head : GM Ma. Lourdes F. Rebueno
3. Project Description

This refers to various activities / programs to be undertaken by the agency so its members of the Board, Officer and Staff will acquire key insights for work effectiveness to improve company performance.

4. Project Milestones

Activities	Timeline StartEnd	Budget	Funding Source	Status
Identify various CSR programs for the year	September 2014	P 300,000	Internally generated cash	To be done
Implement various CSR Programs	November 2014 – June 2016			

5. Measures Affected
- a. % of JV partners / proponents who rated NDC as good or better partner

b. % of proponents who found accessibility of NDC funds as good or better

Strategic Initiatives Profile (Annex B)

Strategic Initiative 6: Integrated IT Systems

This refers to the is the various IT systems to be developed and implemented based on the IT roadmap

1. Name of Project : Document Management System
2. Contact Person / Project Team : Colette H. Cordial  
Head
3. Project Description

Document Management Systems (DMS), is the use of a computer system and software to store, manage and track electronic documents and electronic images of paper based information captured through the use of a document scanner. The term document is defined as recorded information or an object which can be treated as a unit. DM systems allow documents to be modified and managed but typically lack the records retention and disposition functionality for managing records

4. Project Milestones

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
Bidding and Awarding of Contract	July – August 2014		P 500,000	Internally generated cash	Done  N / A
Development of the System	September 2014				
Implementation	October 2014				

5. Measures Affected
- a. No of functional automated systems
- b. ISO Certification



1. Name of Project : Human Resources Management Information System
2. Contact Person / Project Team Head : Josephine G. Lopez
3. Project Description

HRMIS primarily aims to maintain and manage a permanent and centralized database of relevant data and information of all employees to support personnel/human resources management.

4. Project Milestones

Activities	Timeline Start                      End		Budget	Funding Source	Status
Bidding for the supply and delivery of services .	July 2014		P 300,000	Internally generated cash	Done
Design the agency's structure, system and processes	August 2014				On-going
Development of the system	September 2014	October 2014			
Implementation	December 2014				

**NATIONAL DEVELOPMENT COMPANY**

**MONITORING REPORT OF PERFORMANCE TARGETS**

	Strategic Measure	Formula	Weight	Rating System	Baseline		2015								
							1st Quarter		2nd Quarter		Revised Full Year Target	3rd Quarter		4th Quarter	
					2013	2014	Target	Actual	Target	Actual		Target	Actual	Target	Actual
SOCIAL IMPACT / STAKEHOLDERS	SO 1: Increase Value of Strategic Investments														
	SM 1: Cumulative total value of projects preferably in agriculture and power	Actual Cumulative Total Value of Projects	15%	Actual Increase / Target Increase x Weight	₱500 M	₱1,237 M	₱1,237 M		₱1,237 M			₱1,237 M		₱2,737 M	
	SO 2: Enhance Investment Opportunities of Stakeholders														
	SM 2: % of JV partners/proponents who rated NDC good or better as partner	No. of JV partners who rated NDC good or better as a partner / total no. of JV partners	5%	Actual / Target x Weight	100%	100%	—		—			—		100%	
FINANCIAL	SM 3: % of Investment funds in agriculture and power	Amount of Investments in Agriculture and Power / Total Amount of Investments	15%	Actual / Target x Weight	18%	65%	—		—			—		70%	
	SO 3: Sustain Profitability														
	SM 4: Net Profit Margin	Net Income / Total Revenues	10%	Actual / Target x Weight	57.18%	28.15%	-16.30%		71.70%			-25.60%		11.10%	



INTERNAL PROCESS	SO 4: Generate Funds from Asset Management														
	SM 5: Sales proceeds for the year	Actual amount of sales proceeds	5%	Actual / Target x Weight	₱56 M	₱5 M	—		—			—		₱160 M	
	SM 6:Lease Income	Actual amount of lease income	5%	Actual / Target x Weight	₱115 M	₱131 M	₱32.9 M		₱43 M			₱24 M		₱76 M	
	SO 5: Optimize the Economic Value of Portfolio Investments														
	SM 7: Return on Investments	Amount of returns / total investment infused net of allowance for impairment and excluding companies for dissolution and pre-operating companies	10%	Actual / Target x Weight	22.67%	20.95%	0.50%		20.10%			0.00%		14.00%	
	SO 6: Strengthen Investment Management Capability														
	SM 8: % of funds released (internal or external source) for investment / financing activities within TAT of not more than 2 weeks after completion of documentation	Funds released within the TAT / Total number of requested fund releases.	10%	Actual / Target x Weight	14	14	—		—			—		12 cal days	
	SO 7: Forge Partnerships with Foreign and Local Groups for Identified Investment Areas														
	SM 9: Average TAT for JV or partnership agreements to be signed after Board approval	Average no. days for JV or partnership agreements to be signed after Board approval	10%	Actual / Target x Weight	90 calendar days	60 calendar days	—		—			—		50 cal days	
	LEARNING AND GROWTH	SO 8: Build a High-Performing Team Culture													
SM 10: PGS Certification		Concernment of Certificate	5%	Actual / Target x Weight	Initiation	Compliance	—		—			Passed 3rd party audit		—	
	SO 9: Integrate Support Process Through Automation														

SM 11: No. of functional automated systems	Absolute Number	5%	All or nothing	2	2	—		—			—		1	
SO 10: Institutionalize the Quality Management System														
SM 12: ISO Certification for all process	Certification	5%	All or nothing	Re-certified	Re-certified	—		Re-certification / Certification of 2 Support Processes			—		—	