

**PHILIPPINE RECLAMATION AUTHORITY (PRA)**

**REVISED MANUAL OF CORPORATE GOVERNANCE (3<sup>rd</sup> REVISION)**

The Board of Directors and Management of Philippine Reclamation Authority (PRA) commit themselves to the principles contained in this Revised Manual.

**1. OBJECTIVE**

PRA firmly believes that good corporate governance is necessary to achieve its corporate goals and national mandate. This manual institutionalizes the principles of good corporate governance in the organization which has the following mandates and purposes:

- (a.) To reclaim land, including foreshore and submerged areas, by dredging, filling or other means, to acquire reclaimed land;
- (b.) To develop, improve, acquire, administer, deal in, subdivide, dispose, lease and sell any and all kinds of lands, buildings, estates and other forms of real property, owned, managed, controlled and/or operated by the Government;
- (c.) To provide for, operate or administer such services as may be necessary for the efficient, economical and beneficial utilization of the above properties;
- (d.) To be primarily responsible for integrating, directing and coordinating all reclamation projects for and on behalf of the National Government;
- (e.) To recommend to the President of the Philippines through the NEDA Board the approval of all reclamation projects and to undertake all reclamation projects by itself or through a proper contract executed by it with any person or entity;
- (f.) To provide advice and assistance to the President in the formulation, implementation and evaluation of plans or policies relative to all reclamation projects as would maximize their contribution to the national development;
- (g.) To issue such rules and regulations for the evaluation and sound administration of all reclamation project and to establish and implement a system for coordination with all concerned government agencies including monitoring of the progress of all reclaimed projects; and

- (h.) To be responsible for administration, development, utilization or disposition of all lands it reclaims.

## **2. DEFINITION OF TERMS**

- a. **Act** – refers to Republic Act No. 10149, and officially named the “GOCC Governance Act of 2011;
- b. **Board of Directors** – the governing body appointed by the President of the Republic that exercises the corporate powers of a corporation, discharges its functions, conducts all its business and controls its properties;
- c. **Board Officers** - refers to Officers whose primary task is to serve the Board or to pursue the immediate functions of the Board, such as the Chairman and the Corporate Secretary;
- d. **Corporate Governance** – the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stakeholders;
- e. **Charter Statement** – refers to a statement of the PRA’s vision, mission and core values;
- f. **Chief Executive Officer (“CEO”)** – refers to the highest ranking corporation executive, who is the General Manager in the case of PRA;
- g. **Confidential Information** - refers to all non-public information entrusted to or obtained by a member of the Board or Officer by reason of his/her position as such with the PRA. It includes, but is not limited to, non-public information that customers/stakeholders if disclosed, such as (a) non-public information about the PRA’s financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers, acquisitions, divestitures, stock splits and similar transactions; (b) non public information concerning possible transactions or ventures with other companies or information about suppliers, joint venture partners or any information that the PRA is under obligation to keep confidential; and (c) non public information about internal discussions, deliberations and decisions, between and among Directors and Officers;
- h. **Director** – refers to any member of the Governing Board of the PRA;
- i. **Ex Officio Board Member** – refers to any individual who sits or acts as a member of the Board of Directors by virtue of his title to another office and without further warrant or appointment;

- j. Executive Officer** – refers to the General Manager (GM)/CEO and the Assistant General Managers (AGMs) and such other officers as may be provided in the PRA Charter and By-Laws. As distinguished from Board Officers, Executive Officers primarily form part of the Management of the PRA;
- k. Fit and Proper** – refers to the standard for determining whether a member of the Board of Directors or the GM/CEO is fit and proper to hold a position in the PRA which shall include, but not limited to, standards on integrity, experience, education, training and competence;
- l. Management** – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- m. Officers** – refers to both Board Officers and Executive Officers;
- n. Per Diem** – refers to the compensation granted to members of the Board of Directors of PRA for actual attendance in meetings;
- o. Performance Evaluation System** – refers to the process of appraising the accomplishment of GOCCs in a given fiscal year based on set performance criteria, targets and weights;
- p. Performance Scorecard** – refers to a governance and management tool forming part of the performance evaluation system which consists of a set of measures, targets and initiatives that facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of the GOCC;
- q. Public Officials or Public Officers** – refers to elective and appointive officials and employees, whether permanent or temporary, whether in the career or non career service, whether or not they receive compensation, regardless of amount, who are in the National Government, and all other instrumentalities;
- r. Stakeholder** – refers to any individual or entity for whose benefit the PRA has been constituted, or whose life, occupation, business or well being is directly, affected, whether favorably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which the GOCC has been constituted, and which would include a stockholder, member, or other investor in the PRA, management, employees, supply creditors, or the community in which the PRA operates;

- s. **Strategy Map** – refers to an integrated set of strategic choices or objectives drawn by the Board of Directors, the successful execution of which results in the achievement of the PRA’s vision in relation to its mission or purpose for having been created;
- t. **Internal Control** – the system established by the Board of Directors and Management for the accomplishment of the corporation’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;
- u. **Internal Control System** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;
- v. **Internal Audit** – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

### **3. RULES OF INTERPRETATION**

- a. All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.
- b. All doubts or questions that may arise in the interpretation or application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to the stakeholders of the corporation.

### **4. THE GOVERNING BOARD**

**4.1 Board Directly Vested with Corporate Powers** – Having been vested directly by law with powers to exercise all corporate powers, conduct all the business and hold all the properties of the corporation, the Governing Board of PRA is primarily responsible for the governance of the corporation. Consequently, it is the Board, and not Management, that is primarily accountable to the State for the operations and performance of the corporation.

#### **4.2 Board Duty to Properly Select and Provide Independent Check on Management**

- (a) Integral part in the business judgment prerogatives of the Board to retain and terminate the services of Officers, is the duty to elect and/or employ only Officers who are fit and proper to hold such office with due regard to their qualifications, competence, experience and integrity;

- (b) Being vested with powers to elect the CEO from among their rank and to appoint other Officers of the PRA, the Board is obliged to provide an independent check on Management. Although the day-to-day management of the affairs of the corporation may be with Management, the Board is, however, responsible for providing policy directions, monitoring and overseeing Management actions.

**4.3. Mandate and Responsibility for the Performance of PRA** – the responsibilities of the Governing Board are articulated in PRA Charter or Presidential Decree No. 1084 dated February 4, 1977 as amended by Executive Order No. 525 dated February 14, 1979, Executive Order No. 654 dated February 26, 1981, its By-Laws, Presidential Decree No. 1085, Executive Order No. 146 of November 13, 2013 and other relevant legislation, rules and regulations. These mandated functions and responsibilities include the following:

- (a) Providing the corporate leadership of the corporation subject to the rule of law, and the objectives set by the National Government through the GCG;
- (b) Establishing the corporation’s vision and mission, strategic objectives, policies and procedures, as well as defining the corporation’s values and standards through:
- Strategy Maps
  - Charter Statements
  - Performance Commitments; and
  - Other Control Mechanism mandated by best business practices
- (c) Fostering the long-term success of the corporation and securing its sustained competitiveness;
- (d) Determining the organizational structure of the corporation, defining the duties and responsibilities of its Officers and employees and adopting a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System (CPCS) formally approved by the President of the Philippines;
- (e) Ensuring that personnel selection shall be on the basis of merit and fitness and that all personnel action shall be in pursuance of the applicable laws, rules and regulations;
- (f) Preparing the annual and supplemental budgets of the corporation;
- (g) Complying with reportorial requirements, as required in the Charter and by-laws, as well as applicable laws, rules and regulations;

- (h) Formally adopting and conducting annually the mandated Performance Evaluation System and the Performance Scorecard and timely and accurate reporting of the results to the GCG;
- (i) Carrying out the mandate of the corporation as provided in its Charter (PD 1085 as amended by EO 525, EO 654, PD 1085, EO 146) and By-Laws; and
- (j) When applicable, ensuring the equitable treatment of all the corporation's stakeholders and enhancing the corporation relations with stakeholders.

**4.4 Specific Functions of the Board-** In addition to those specified in its Charter as amended and its By-Laws and other legislations, the Board shall perform, among others, the following functions:

- (a) Meeting regularly to properly discharge its responsibilities. Independent views during Board meetings shall be given due consideration and all such meetings shall properly be documented in the minutes of the Board meetings;
- (b) Determining the corporation's purpose and value, as well as adopting strategies and policies, including risk management policies and programs, in order to ensure that the corporation survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- (c) Determining important policies that bear on the character of the corporation with a view towards ensuring its long-term viability and strength;
- (d) Monitoring and evaluating on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
- (e) Ensuring that the corporation complies with the Constitution, and all relevant laws, regulations and codes of best business practices;
- (f) Selecting and appointing a General Manager/CEO and Executive Officers with the highest level of motivation, integrity, competence and professionalism;
- (g) Establishing a competitive selection process to ensure that the Executive Officers of the corporation have the necessary motivation, integrity, competence and professionalism;

- (h) Adopting a professional development program for Officers and employees, and succession planning for Executive Officers, of the corporation;
- (i) Monitoring and managing potential conflicts of interest of Directors, Management, and stakeholders, including misuse of corporate assets and abuse in related party transactions;
- (j) Ensuring the integrity of the corporation's accounting and financial reporting systems, including independent audit and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
- (k) Adopting, implementing and overseeing the process of disclosure and communications;
- (l) Providing sound written policies and strategic guidelines on the corporation's operating budget and major capital expenditures;
- (m) Implementing a system of internal checks and balances, which may be applied in the first instance to the Board; and that such system are reviewed and updated on a regular basis;
- (n) Identifying and monitoring, and endeavoring to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- (o) Constituting an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and
- (p) Conducting and maintaining the affairs of the corporation within the scope of its authority, as prescribed in its Charter (PD 1084 as amended), by-laws, and applicable laws, rules and regulation.

**4.5 Composition of the Governing Board** – The PRA Board shall be composed of a Chairman and six (6) members, all of whom are appointed by the President of the Philippines.

No person shall be appointed as Chairman or member of the Board or as General Manager, unless he is a natural born citizen of the Philippines, at least thirty (30) years of age and of established integrity.

**4.6 Multiple Board Seats** – The capacity of PRA Directors to serve with diligence shall not be compromised. As such, no PRA Director may hold more than two (2) other seats in other GOCC’s Subsidiaries and/or Affiliates.

Affiliates, not being within the definition of “GOCC”, shall continue to be governed by their articles of incorporation and by-laws, and the nomination of Appointive Directors to their Boards shall remain within the business judgment prerogative of the PRA Governing Board in accordance with the guidelines set by the GCG.

In preparation for the annual stockholders’ or members’ meetings of the Affiliates at which the members of their Board are nominated and elected, the Board of Directors of PRA shall, through formal board resolutions, nominate candidates for the Appointive Directors for each Affiliate whom it is entitled to nominate to the extent of its percentage shareholdings in such Affiliates.

**4.7 Fit and Proper** – All members of the PRA Board including the CEO and its other Officers, including Appointive Directors in Subsidiaries and Affiliates shall be qualified by the Fit and Proper Rule issued by the Governance Commission for GOCCs (GCG) approved by the President of the Philippines, including any future amendments and revisions thereof.

In determining whether an individual is fit and proper to hold the position of an officer, director or CEO of the PRA, due regard shall be given to one’s integrity, experience, education, training and competence.

**4.8 Term of Office of Appointive Directors** – Pursuant to Section 17 of the Act, any provision in the PRA Charter, by-laws to the contrary notwithstanding, the term of office of each PRA appointive Director shall be for one (1) year, unless sooner removed for a cause: Provided, however, that the PRA Appointive Director shall continue to hold office until the successor is appointed.

By virtue of the provisions of Section 17 of the Act providing that any provision of law to the contrary notwithstanding, any provision in the PRA charter and/or by-laws to the contrary, the one (1) year Term of Office of all PRA Appointive Directors and GM/CEO shall begin on 01 July of the year of appointment and ending on 30 June of the following year.

**4.9 Appointment to any vacancy** shall be only for the unexpired term of the predecessor. The appointment of a director to fill such vacancy shall be in accordance with the manner provided for regular nomination, shortlisting and appointment of Appointive Directors.

## **5. BOARD OFFICERS**

The Board Officers of the PRA are the Chairman of the Board (who is the highest ranking of the Board Officers) the Corporate Secretary, and the Compliance Officer.

**5.1 Chairman of the Board** – The Chairman of the Board shall, when present, preside at all meetings of the Board. The Chairman’s responsibilities may include:

- (a) Calling meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the corporation’s operations;
- (b) Approving meeting agenda in consultation with the General Manager/CEO;
- (c) Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- (d) Assisting in ensuring compliance with the GOCC’s guidelines on corporate governance.

He shall also have such powers and perform such duties as the Board of Directors may from time to time, assign to him.

**5.2 Corporate Secretary** – The Corporate Secretary shall be a resident and citizen of the Philippines, and need not be a member of the Governing Board. He must possess organizational and interpersonal skills and the skills of a Chief Legal officer. The Corporate Secretary shall have the following functions:

- (a) Serve as an adviser to the Board Members on their responsibilities and obligations;
- (b) Keep the minutes of meetings of the shareholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose and shall furnish copies thereof to the Chairman, the General Manager/CEO and other members of the Board as appropriate;
- (c) Keep in safe custody the seal of the corporation and affix it to any instrument requiring the same;
- (d) Have charge and custody of the stock certificate book and such other books and papers as the Board may direct;
- (e) Attend to the giving and serving of notices of Board meetings and ensure that all memoranda, materials and supporting documents pertaining to every subject matter of the Management’s request for Board action shall be included in the Board folio to be given to each member of the Board at least

three (3) days before the scheduled Board meeting, except in case of urgent matters requiring the Board's immediate action and such advance notice is waived by the Board;

- (f) Be fully informed and be part of the scheduling process of other activities of the Board;
- (g) Receive instructions from the Chairman on the preparation of an annual schedule, and the calling, of the Board meetings and the regular agenda meetings, and put the Board on notice of such agenda at every meeting;
- (h) Oversee the adequate flow of information to the Board prior to meetings; and
- (i) Ensure fulfillment of disclosure requirements to regulatory bodies.

The Corporate Secretary shall have such other responsibilities as the Board may impose upon him. The Board shall have separate and independent access to the Corporate Secretary.

**5.3 Compliance Officer** - The Board shall appoint a Compliance Officer who shall report directly to the Chairman. In the absence of such office or appointment, the Corporate Secretary, who is preferably a lawyer, shall act as Compliance Officer. The Compliance officer shall perform the following duties:

- (a) Monitor compliance by the corporation of the requirements under the Act, the GCG Code, the rules and regulations of the appropriate regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- (b) Appear before the GCG when summoned in relation to compliance with this manual or other Compliance Issues; and
- (c) Issue a certification every 30 May of the year on the extent of the corporation's compliance with the government corporate standards governing GOCCs for the period beginning 01 July of the immediately preceding calendar year and, if there are any deviations, explain the reason for such deviation.

## **6. BOARD COMMITTEES**

The creation of Board Committees and Oversight Bodies enables the Board to efficiently manage their time and ensure the proper understanding and resolution

of all issues affecting the corporation and handling other concerns. It also allows the Board to effectively utilize the expertise of particular Directors/Trustees.

The Governing Board of PRA shall therefore constitute the proper committees to assist them in good corporate governance. The Board shall provide written Terms of Reference defining the duties, authority and composition of the committees constituted following the framework and minimum duties and authority provided in the “Act” or GCG Code. The committees shall report to the entire Board as collegial body and the minutes of their meetings shall be circulated to all members of the Board. The existence of the committees shall not excuse the Board of Directors of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

**6.1 *Executive Committee.*** – The PRA shall constitute an Executive Committee composed of not less than three (3) members of the Board, with the Chairman of the Board being the Committee Chairman.

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the PRA Charter and/or By-Laws, except with respect to:

- (a) Approval of any action for which shareholders’ approval is also required;
- (b) Filling of vacancies on the Board or in the Executive Committee;
- (c) Amendment or repeal of By-Laws or the adoption of new By-Laws;
- (d) Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
- (e) Distribution of cash dividends; and
- (f) Exercise of powers delegated by the Board exclusively to other committees.

**6.2 *Audit Committee.*** – The Audit Committee shall consist of at least three (3) Directors, whose Chairman should have audit, accounting or finance background. The Committee shall be responsible for the following:

- (a) Overseeing, monitoring and evaluating the adequacy and effectiveness of the PRA’s internal control system, engage and provide oversight of the GOCC’s internal and external auditors, and coordinate with the Commission on Audit (COA);
- (b) Reviewing and approving audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in

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accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;

- (c) Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- (d) Ensuring that internal auditors have free and full access to all the corporation's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and
- (e) Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the G O C C through a procedures and policies handbook that will be used by the entire organization.

**6.3 Governance Committee.** – The Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of Board. The Committee shall be responsible for the following:

- (a) Overseeing the periodic performance evaluation of the Board and its committees and Management; and also conducting an annual self-evaluation of their performance;
- (b) Deciding whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards;
- (c) Recommending to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance; and
- (d) Recommending the manner by which the Board's performance may be evaluated and proposing an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.

**6.4 Nomination and Remunerations Committee.** – The Nomination and Remunerations Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

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- (a) Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
- (b) Reviewing and evaluating the qualifications of all persons nominated to positions in the GOCC which require appointment by the Board;
- (c) Recommending to the GCG nominees for the shortlist in line with the GOCC's and its subsidiaries' Board composition and succession plan; and
- (d) Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the GOCC's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

**6.5 Risk Management Committee.** – The Risk Management Committee shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:

- (a) Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the corporation and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- (b) Developing the Risk Management Policy of the PRA, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the corporation, especially at the Board and Management level; and
- (c) Providing quarterly reporting and updating the Board on key risk management issues as well as *ad hoc* reporting and evaluation on investment proposals;

**6.6 Combining the Mandatory Committees.** – Nothing herein shall preclude the Governing Board from formally combining the functions of the committees into such combinations that will best serve the interest of the PRA.

**6.7 Other Committees Required by Law, Rules and Regulations.** – In addition to the committees required in the GCG Code, the PRA, when so covered, shall also establish the committees required under the corresponding and applicable rules and regulations issued by the Bangko Sentral ng Pilipinas (BSP), the Insurance Commission (IC), the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), and other Supervising Agencies.

## **7. ANNUAL PERFORMANCE EVALUATION OF THE BOARD**

The performance of the members of the Board shall be evaluated based on the criteria set forth under GCG Memorandum Circular No. 2014-03 [Performance Evaluation for Directors (PED) in the GOCC Sector] and subsequent amendments thereto, if any. The results of the PED shall serve as bases for the GCG in determining the Board members' eligibility for appointment.

## **8. FORMAL CHARTER OF EXPECTATIONS**

In addition to fulfilling the specific functions of the Board as enumerated in Section 4.4 hereof, each Member of the Board is also expected to:

- (a) Understand the mission, vision, and values of the PRA;
- (b) Have a working knowledge of the PRA Charter and By-Laws as well as all laws, rules and regulations affecting the PRA;
- (c) Actively participate in Board discussions and deliberations;
- (d) Contribute to strategy formulation by proposing policies and suggesting initiatives;
- (e) Devote sufficient time and attention to properly discharge and effectively perform his duties and responsibilities as a Member of the Board;
- (f) Act in a manner characterized by transparency, accountability, integrity and fairness;
- (g) Ensure the confidentiality of business information acquired by reason of his position as a Member of the Board; and
- (h) Ensure that his personal interests do not conflict with the interest of the PRA

## **9. LIST OF DISCLOSURES**

For the sake of transparency and accountability, **the following information about the Board Members shall be disclosed in the PRA website:**

- (a) **List of Board Members with their corresponding resumé or curriculum vitae;**
- (b) Membership in Board Committees;
- (c) Attendance record in Board and Committee meetings; and
- (d) Complete compensation package **including travel, representation, transportation and other allowances.**

## **10. STATEMENT OF RESPONSIBILITY FOR FINANCIAL DOCUMENTS**

The Board shall review the financial statements of PRA for each fiscal year prior to its submission to the Commission on Audit (COA). The Board shall be

responsible for any information and representations contained in such financial statements, and for this purpose, the Board, through the Chairman and General Manager & CEO, must certify the following:

- (a) That the unaudited statements of financial position and comprehensive income of the PRA are drawn up so as to give a true and fair view of the state of affairs of the PRA; and
- (b) That there are reasonable grounds to believe that the PRA will be able to pay its debts as and when they fall due.

## **11. PENALTIES FOR NON-COMPLIANCE**

In case of violation of or omission to carry out their duties under this Manual and applicable laws, rules and regulations, such as the Anti-Graft and Corrupt Practices Act (R.A. No. 3019), and the Code of Conduct and Ethical Standards for Public Officials and Employees (R.A. No. 6713), the Members of the Board may incur criminal and/or administrative liabilities and the corresponding penalties provided therein may be imposed, including imprisonment, dismissal, suspension, or reprimand. The applicable procedures under the Rules of Court, the Revised Rules on Administrative Cases in the Civil Service, and other relevant rules of procedure under existing laws and jurisprudence shall be followed in case of such violations or omissions.

## **12. MANAGEMENT**

**12.1 *Role of Management.*** – The Management of PRA stands as the center of decision-making for the day-to-day affairs of the corporation. It determines the corporation’s activities by putting the targets set by the Board in concrete terms and by implementing basic strategies for achieving those targets.

Management is responsible to the Board for implementing the infrastructure for the corporation’s success through the following mechanisms in its organization as set by the Board: organizational structures that work effectively and efficiently in attaining the goals of the corporations; useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of the corporation; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the corporation.

**12.2 *Management Primarily Accountable to the Board.*** – Management is primarily accountable to the Board for the operations of the corporation. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of the corporation’s performance, position and prospects on a monthly basis. This

responsibility shall extend to interim and other price sensitive public reports and reports to regulators.

**12.3 Chief Executive Officer (CEO).** – The General Manager/CEO or the highest-ranking Executive Officer provided for in the PRA Charter shall be elected annually by the members of the Board from among its ranks. In addition to the duties imposed on him under the PRA Charter as amended and under the By-Laws and by the Board, the CEO shall:

- (a) Exercise general supervision and authority over the regular course of business, affairs, and property of the corporation, and over its employees and officers;
- (b) Execute, administer and implement the policies and measures approved by the Board;
- (c) See to it that all orders and resolutions of the Board are carried into effect;
- (d) Represent the PRA in all dealings with offices, agencies and instrumentalities of the government and with all persons and other entities, public or private, domestic or foreign;
- (e) To prepare the agenda for the meetings of the Board, and to submit for the consideration of the Board, such policies and measures as he believes necessary to carry out the purposes and objectives of the PRA;
- (f) Submit to the Board as soon as possible after the close of each fiscal year, if applicable, a complete report of the operations of the corporation for the preceding year, and the state of its affairs;
- (g) Report to the Board from time to time all matters which the interest of the corporation may require to be brought to its notice; and
- (h) Perform such other duties and responsibilities as the Board may impose upon him.

**12.4 Other Executive Officers.** – Subject to the provisions of the PRA Charter or By-Laws, the Executive Officers shall be appointed by the Board.

**Assistant General Managers** – They shall have such powers and perform such duties as the Board of Directors and/or General Manager may assign to them. The Board or the GM/CEO shall assign one of them to assume and perform the powers and duties of the General Manager in his absence or disability, or whenever the office of the General Manager is vacant.

The PRA has five Assistant General Managers as follows:

**1. Assistant General Manager for Marketing and Estates Management:**

He/she is responsible in overseeing and directing the planning, management, administration and disposition of all PRA owned and managed properties.

**2. Assistant General Manager for Finance:**

He/she has the overall responsibility in supervising the overall financial planning and sourcing of funds to support the short and long-term programs and projects of PRA and to formulate and recommend such policies and procedures for investment of PRA funds to ensure its safety, growth and availability, under the best terms and conditions, to finance various PRA projects and undertakings.

**3. Assistant General Manager for Technical Services/Land Development & Construction Department:**

He/she shall assist the General Manager regarding the various vertical and horizontal developments of PRA properties and Special Projects of PRA.

**4. Assistant General Manager for Legal and Administrative Services:**

He/she is responsible in providing legal advice to the General Manager/CEO or the Board particularly on the legal implications and effects of PRA plans, programs and projects; supervision and review of legal and corporate affairs activities of PRA, prosecution of violations of laws and rules and formulation of defenses against claims and suits filed against PRA; formulation and implementation of a sound personnel recruitments and training procedures, and providing in-house general administrative support services.

**5. Assistant General Manager for Reclamation and Regulation:**

He/she shall have overall supervision in the evaluation, regulation and implementation as well as monitoring of all reclamation projects.

**Subordinate Officer; Powers and Duties Determined by the Board** - The Board of Directors may appoint and employ such subordinate officers, including Department and Division Managers, other officers and create offices for agents and employees as may be deemed proper. They shall have such power and duties as may be determined by the Board of Directors.

**Delegation of Authority to Employ and Discharge Subordinate Officers and Employees** - The authority to employ and discharge subordinate officers agents and employees and to fix their powers and duties may be delegated by the Board of Directors to the General Manager.

**Concurrence of Position** - Any officer of the corporation may also be a subordinate officer, agent or employee

- 13. Power of the Governing Board to Discipline/Remove Officers.** – Subject to existing civil service laws, rules and regulations, and in ensuring compliance with the requirements of due process, the Board shall have the authority to discipline, or remove from office, the CEO, or any other Officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

## **14. DUTIES AND OBLIGATIONS OF DIRECTORS AND OFFICERS**

**14.1 Fiduciaries of the State.** – Directors and Officers are fiduciaries of the State in that: (a) they have the legal obligation and duty to always act in the best interest of the corporation, with utmost good faith in all dealings with the properties, interests and monies of the corporation, and (b) they are constituted as trustees in relation to the properties, interests and monies of the corporation.

**14.2 Directors and Officers as Public Officials.** – Directors and Officers are also Public Officials as defined by, and are therefore covered by the provisions of the Code of Conduct and Ethical Standards for Public Officials and Employees, with its declared policies: (a) to promote a high standard of ethics in public service; and (b) Public Officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

**14.3 Respect for and Obedience to the Constitution and the Law.** – As Public Officials, a Director or Officer shall respect and obey the Constitution, and shall comply, and cause the corporation to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the corporation in which they serve, and to act within the bounds of the PRA Charter and By-laws.

**14.4 Duty of Diligence.** – The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the corporation, with utmost good faith in all its dealings with the property and monies of the corporation, includes the obligation to:

- (a) Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the

corporation, using the utmost diligence of a very cautious person with due regard to all the circumstances;

- (b) Apply sound business principles to ensure the financial soundness of the corporation, and
- (c) Elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Every Director or Officer, by the act of accepting such position in the corporation, affirms and agrees: (1) to have a working knowledge of the statutory and regulatory requirements affecting the corporation he is to serve, including the contents of its Charter and By-laws, the requirements of the GCG, and where applicable, the requirements of other Supervising Agencies; and (2) to always keep himself informed of industry developments and business trends in order to safeguard the corporation's interests and preserve its competitiveness.

**14.5 *Duty of Loyalty.*** – The fiduciary duty of loyalty of Directors and Officers to always act in the best interest of the PRA, with utmost good faith in all its dealings with the property and monies of the PRA, includes the obligation to:

- (a) Act with utmost and undivided loyalty to the PRA,
- (b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board, and
- (c) Avoid (1) taking for themselves opportunities related to the PRA's business; (2) using the PRA's property, information or position for personal gain; or (3) competing with the PRA's business opportunities.

**14.5.1 *Avoid Conflict of Interest.*** – Directors and Officers shall at all times avoid any actual or potential conflict of interest with the corporation. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.

Any question about a Director's or Officer's actual or potential conflict of interest with the corporation shall be brought promptly to the attention of the Chairman of the Board, who will review the question and determine an appropriate course of action.

**14.5.2 *Trustee Relation to GOCC Properties, Interests and Monies.*** – Except for the *per diem* received for actual attendance in board meetings and the reimbursement for actual and reasonable expenses and incentives as authorized by the GCG, any and all realized and unrealized profits and/or benefits including, but not limited to, the share in the profits, incentives of Directors or Officers in excess of that authorized by the GCG, stock options, dividends and other similar

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offers or grants from corporations where the corporation is a stockholder or investor, and any benefit from the performance of Directors or Officers acting for and in behalf of the corporation in dealing with its properties, investments in other corporations, management of Subsidiaries and other interest, are to be held in trust by such Director or Officer for the exclusive benefit of the PRA.

**14.5.3 Taking of Corporate Opportunities.** – Where a Director or an Officer, by reason of his being a member of the Board or an Officer of a PRA, acquires or receives for himself/herself a benefit or profit of whatever kind or nature, including but not limited to, the acquisition of shares in corporations where PRA has an interest, the use of the properties of the PRA for his/her own benefit, the receipt of commission(s) on contract(s) with the PRA or its assets, or the taking advantage of corporate opportunities of the PRA, all such profits or benefits shall be subject to restitution pursuant to Section 24 of the Act, without prejudice to any administrative, civil or criminal action against members of the such Director or Officer. The remedy of restitution shall apply notwithstanding the fact that such Director or Officer risked his/her own funds in the venture.

**14.5.4 Restitution.** – Pursuant to Section 24 of the Act, upon the determination and report of the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, that properties or monies belonging to the corporation are in the possession of a Director or Officer of a corporation without authority, or that profits are earned by the Director or Officer in violation of his/her fiduciary duty, or the aggregate *per diems*, allowances and incentives received in a particular year are in excess of the limits provided under the Act, the Director or Officer receiving such properties or monies shall immediately return the same to the corporation.

Failure by a Director or Officer to make the restitution within thirty (30) days after a written demand has been served shall, after trial and final judgment, subject such Director or Officer to the punishment of imprisonment for one (1) year and a fine equivalent to twice the amount to be restituted and, in the discretion of the court of competent jurisdiction, disqualification to hold public office.

**14.6 Limits to Compensation, Per Diems, Allowances and Incentives.** –

Pursuant to Section 23 of the Act:

- (a) The Charter or By-laws of the PRA to the contrary notwithstanding, the compensation, *per diems*, allowances and incentives of the Appointive Directors of PRA shall be determined by the GCG, using as a reference, among others, Executive Order No. 24, dated February 10, 2011;

- (b) Directors shall not be entitled to retirement benefits acting as such directors;

**14.7 No Gift Policy.** – A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value (Gift) from any person where such Gift:

- (a) Would be illegal or in violation of law;
- (b) Is part of an attempt or agreement to do anything in return;
- (c) Has a value beyond what is normal and customary in the corporation's business;
- (d) Is being made to influence the member of Board's, or Officer's, actions as such; or
- (e) Could create the appearance of a conflict of interest.

The Governing Board shall ensure that this policy shall be fully advertised to the community and shall be strictly implemented by particular set of rules.

**14.8 Duty of Confidentiality.** – Pursuant to their duties of diligence and loyalty, a member of the Board or an Officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.

## **15. OBLIGATIONS OF THE PRA TO DIRECTORS AND OFFICERS**

**15.1 Providing for Staff Support to Directors.** – The PRA shall provide the members of its Governing Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

**15.2 Obtaining of Directors and Officers Liability Insurance (DOLI).** – Having imposed the highest level of responsibility and accountability on the members of the Board and Officers, *i.e.*, that of extraordinary diligence, it is equitable that when the corporation itself and/or the members of the Board and Management are sued before tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed. It is prudent measure therefore for PRA to obtain – Directors and Officers Liability Insurance (DOLI) coverage for itself and the members of the Governing Board and Officers against contingent claims and liabilities that may arise from, as well as the expenses that may be incurred in prosecuting, the actions that may be filed against the PRA arising from the

actions of the Governing Board and/or Management that may cause loss or damage to third parties.

Nothing in this section shall be construed as to authorize the reimbursement or the incurring of costs, such as the payment of premiums on DOLI coverage, by the PRA on the litigation expenses incurred and the judgment liability decreed against a Director or Officer for breach of any of his fiduciary duties or for fraud committed in the performance of his or her duties to the GOCC and/or its stakeholders.

## **16. CSR AND RELATIONS WITH STAKEHOLDERS**

**16.1 Corporate Social Responsibility Statement** - As a government-owned and controlled corporation mandated to be the clearinghouse of reclamation projects nationwide and endowed with the authority not only to reclaim but to manage public estates and develop infrastructure as well, the operations and programs of the Philippine Reclamation Authority inherently affects not only the environment but the lives and welfare of involved communities. The Agency seriously assumes responsibility over these effects on society and addresses the same according to the following policies:

### **Environment**

It is clearly stated in the Agency's Mission statement that reclamation projects shall be undertaken in an environmentally sustainable manner consistent with public interest. Just like any other project, the acceptance of reclamation proposals are decided according to the outcome of a cost vs benefit analysis whereby the project proceeds when the benefit outweighs the cost EXCEPT when the costs will be environmental degradation and imminent danger to people's lives. In such case, no amount of financial or economic gain can justify the project. PRA strictly observes the outcome of an Environmental Impact Assessment before approving any project. In the course of project implementation, environmentally sustainable innovations and disaster risk reduction components are integrated through hard and soft engineering.

As an ultimate expression of its corporate responsibility over the environment, PRA has assumed as part of its mission the promotion of a coastal defense strategy for the country with reclamation as an enabling component.

### **Community Involvement**

The PRA allocates material and human resources to initiate or enhance community projects primarily for settlements affected by reclamation programs as part of its mandate and as an expression of its corporate social responsibility.

To achieve inclusive growth, the PRA is committed to establishing an institutional mechanism for educating the public about reclamation and integrating their views in reclamation activities.

### **Human Resources**

The PRA believes in enhancing and maintaining a cohesive organization whose personnel are consistently infused with esprit de corps and undergo training and reskilling according to a well-defined competency framework. The Agency dedicates itself to maintaining a culture of professionalism, integrity and accountability among its workforce.

## **17. DISCLOSURE AND TRANSPARENCY REQUIREMENTS**

**17.1. *Transparency as the Essence of Corporate Governance.*** – The essence of corporate governance is transparency; the more transparent the internal workings of the corporation are, the more difficult it will be for the Board and/or Management to mismanage the corporation or to misappropriate its assets. It is therefore imperative that PRA shall disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times. **In pursuit of this objective, the PRA shall publicly disclose through the PRA website the following information:**

### ***On Institutional Matters:***

- (a) PRA Charter, By-Laws, and all amendments thereto; and**
- (b) Updated Government Corporate Information Sheet**

### ***On Financial and Operational Matters:***

- (a) Latest Annual Audited Financial and Performance Report;**
- (b) Audited Financial Statement for the last five (5) years;**
- (c) Quarterly and Annual Reports and Short Version of the Trial Balance;**
- (d) Current Corporate Operating Budget; and**
- (e) Performance Evaluation System**

### ***On Governance Matters:***

- (a) Charter Statement/Mission-Vision Statements;**
- (b) Performance Scorecards and Strategy Map;**
- (c) Organizational Chart;**
- (d) Manual of Corporate Governance;**

- (e) **CSR Statement;**
- (f) **No Gift Policy; and**
- (g) **Whistleblowing Policy**

## **18. EFFECTIVITY**

18.1 This Manual shall take effect upon Board approval.

Approved: 26 July 2016

(original signed)

**ROBERTO T. MULDONG**  
Chairman

(original signed)

**PETER ANTHONY A. ABAYA**  
General Manager/CEO, Member

(original signed)

**MANUEL C. MEDINA**  
Member

(original signed)

**VIRGILIO T. AMBION**  
Member

(original signed)

**REYNALDO B. ROBLES**  
Member

(original signed)

**RENE ENRIQUE M. SILOS**  
Member

(original signed)

**EDILBERTO C. DE JESUS**  
Member