



19 May 2015

HON. VEREDIGNO P. ATIENZA
General Manager
PHILIPPINE RETIREMENT AUTHORITY
 29th/F Citibank Tower,
 8471 Paseo de Roxas Makati City

RE : APPROVAL OF SECOND REVISED MANUAL OF CORPORATE GOVERNANCE

Dear General Manager Atienza,

This refers to your letter dated 07 May 2015¹ submitting to the Governance Commission a copy of the **PHILIPPINE RETIREMENT AUTHORITY (PRETA) Revised MANUAL OF CORPORATE GOVERNANCE**, indicating therein that the revision was approved under Ad Referendum Resolution No. 14, Series of 2015, dated 4 May 2015.

We note that in the further Revised Manual of Corporate Governance, PRetA adopted the directive of the Governance Commission, as contained in our letter dated 08 April 2015, that the standards in Section 18, Article III of the Revised Manual be in tune with the provisions of GCG Memorandum Circular M.C. No. 2014-03.

The Governance Commission finds the same in order, and hereby accepts the submitted Revised Manual on Corporate Governance as full compliance with the Good Governance Conditions under GCG Memorandum Circular No. 2014-05 (2014 Interim Performance-Based Bonus [PBB]) and GCG Memorandum Circular No. 2014-06 (Interim Performance-Based Incentives [PBI]).

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

BY AUTHORITY OF THE COMMISSION

CESAR L. VILLANUEVA
Chairman

MA ANGELA E. IGNACIO
Commissioner

RAINIER B. BUTALID
Commissioner

¹ Officially received by the Governance Commission on 7 May 2015.



Republic of the Philippines
Department of Tourism
Philippine Retirement Authority
29th Floor, Citibank Tower, 8741 Paseo De Roxas, Makati City

THE PHILIPPINE RETIREMENT AUTHORITY MANUAL OF CORPORATE GOVERNANCE

The Board of Trustees and Management, Officers and Employees of PRA hereby adhere to, and commit themselves to the principles and best practices contained in this Manual and acknowledge that the same may guide the attainment of their corporate goal.

ARTICLE 1

DEFINITION OF TERMS AND COVERAGE

Section 1. Definition of Terms. For purposes of this Manual, unless the context otherwise indicates, the following terms shall mean:

"Act" refers to Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011."

"Authority" refers to the Philippine Retirement Authority

"Board of Trustees", "Trustees", or "Board", refers to the collegial body that exercises the corporate powers of the Authority as specified in Section 5 of EO No. 1037. It is primarily responsible for the governing of the Authority and hence, in charge of setting policy direction and monitoring implementation of strategic and long-term goals.

"Charter" refers to EO No. 1037 dated July 4, 1985 "Creating the Philippine Retirement Park System, Providing Funds Therefore and for Other Purposes."

"Chief Executive Officer/General Manager (CEO/GM)" shall be the Chief Operating Officer of the Authority¹

"COA" refers to the Commission on Audit.

"Corporate Governance" refers to the framework of rules, systems and processes of the Authority that governs the performance of the Board and Management.

"DOT" refers to the Department of Tourism.

¹ Sec. 8. EO No. 1037

"*Ex Officio Board Member*" refers to any individual who sits or acts as a member of the Board of Trustees by virtue of one's title to another office, and without further warrant or appointment.²

"*Extraordinary Diligence*" refers to the measure of care and diligence that must be exercised by Board of Trustees and Officers in discharging their functions, in conducting the business and dealing with the funds, interests, and properties of the Authority, which is deemed met when Board of Trustees and Officers act using the utmost diligence of a very cautious person, taking into serious consideration all the prevailing circumstances and material facts, giving due regard to the legitimate interests of all affected stakeholders.³

"*Fit and Proper Rule*" refers to a set of standards for determining whether a member of the Board of Trustees or the CEO/GM is qualified to hold a position in the Authority which shall include, but not be limited to, standards on integrity, experience, education, training and competence which standards are set forth under GCG Memorandum Circular No. 2012- 05. ⁴

"*Management*" refers to the executive body tasked to (1) implement the policies and resolutions approved by the Board; and (2) direct and supervise the administration and operations of the Authority.⁵

"*Performance Agreement*" refers to the instrument/ contract between the Authority and GCG pursuant to GCG Memorandum Circular No. 2013-02 on the Performance Evaluation System for GOCC sector.

"*Performance Evaluation System*" (*PES*) refers to the process of appraising the accomplishments of GOCCs in a given fiscal year based on set performance criteria, targets and weights.⁶

"*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 Authority.⁷

"*President*" refers to the President of the Republic of the Philippines.

"*Stakeholder*" refers to any individual or entity for (1) whose benefit this Authority has been constituted, (2) 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 of this Authority.

"*Strategy Map*" refers to an integrated set of strategic choices or objectives drawn by the governing body, the successful execution of which results in the achievement of the Authority's vision in relation to its mission or purpose for having been created.⁸

"*Supervising Agency*" refers to DOT or the government agency to which the Authority is attached to, for purposes of policy and program coordination, and for general supervision.

Section 2. Coverage - The provisions of this Manual shall apply to the members of the Board, the Management, officers and employees of the Authority.

² Sec.3(i). RA No.10149

³ Adopted from Secs. 19 and 21. RA No. 10149

⁴ Sec.3(j). RA No. 10149

⁵ Adopted from Art 1(d), SEC revised Code of Corporate Governance (SEC Memorandum Circular No. 06. S 2009)

⁶ Sec.3(t). RA No. 10149

⁷ Sec.3(u). RA No. 10149

⁸ Sec.3(y). RA No. 10149

ARTICLE II.

ROLE OF PHILIPPINE RETIREMENT AUTHORITY IN NATIONAL DEVELOPMENT

Section 3. *The Authority as an Economic Tool for the State's Development* – The Authority shall implement the national policy on the development and promotion of the Philippines as a retirement haven as a means of accelerating the social and economic development of the country, strengthening its foreign exchange position at the same time providing further best quality of life to the targeted retirees in a most attractive package.⁹

The Authority is bound to:

- (a) Create a favorable image of the Philippines within the international community, thereby strengthening the country's attraction as a retirement destination and eventually paving the way for other benefits that may result from a positive global view of the country;¹⁰
- (b) Realize an inclusive growth and poverty reduction thru the development and promotion of the Philippines as a retirement haven.¹¹
- (c) Achieve a globally competitive and innovative retirement industry and services sectors.¹²
- (d) Enable/empower the private sector to expand the services and offerings to the world's retirees, seniors and elderly.¹³

Section 4. *Governing Principles of Good Governance* - Pursuant to the provisions of RA No.10149, the Authority shall ensure that:

- (a) Its governance is carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness;¹⁴
- (b) A reporting and evaluation system, which will require the periodic disclosure and examination of the operations and management of the Authority, its assets and finances, revenues and expenditures, is enforced;¹⁵
- (c) The governing board is competent to carry out its functions, fully accountable to the State as its fiduciary, and acts in the best interest of the State.¹⁶

ARTICLE III.

THE PRA GOVERNING BOARD

Section 5. *Board of Trustees Vested with Corporate Powers* - It is primarily responsible in the setting of policy direction and monitoring implementation of strategic and long-term goals.

Section 6. *Powers and Functions of the Board* - The powers and functions of the Board as provided by Section 6 of EO No. 1037 are as follows:

⁹ Sec.1. EO No. 1037.

¹⁰ Adopted from Sec.2(d). RA No. 9593

¹¹ Adopted from PRA OPIF LogFrame provided in the GCG-PRA Performance Agreement (September 17, 2013)

¹² Id.

¹³ Id.

¹⁴ Sec.2(c). RA No. 10149

¹⁵ Sec.2(d). RA No. 10149

¹⁶ Sec.2(e). RA No. 10149

- (a) To formulate policies, guidelines and programs to effectively implement and carry out the purposes and objectives of the Authority;
- (b) To prescribe and periodically review and revise the amount of the fees, charges and assessments levied and collected for the support and maintenance of the operations of the Authority;
- (c) To control the management, operation and administration of the Authority;
- (d) To promulgate such rules and regulations as may be necessary or proper for the effective exercise of powers and functions as well as the discharge of the duties and responsibilities of the Authority, its officers and employees;
- (e) To authorize such expenditures of the Authority as may be necessary or proper for the effective management, operation and administration of the Authority; (must be included as it is included in EO 1037);
- (f) To approve the annual and supplemental budget of receipts and expenditures of the Authority as may be necessary or proper for the effective management, operation and administration of the Authority;
- (g) To appoint, promote, transfer, remove, suspend or otherwise discipline the Deputy General Manager and other officers of the Authority, occupying executive and senior management positions; and
- (h) To do any and all acts and transact such business as may be necessary or proper for the attainment of the purposes and objectives of the Authority.

Section 7. Mandate and Responsibility of the Board for the Authority's Performance - The Board shall be responsible for providing policy direction, monitoring and overseeing management actions.¹⁷ These mandated functions and responsibilities shall include the following:¹⁸

- (a) Establish the Authority's vision and mission, objectives, policies, procedures, as well as values and standards;
- (b) Determine the organizational structure of the Authority, define the duties and responsibilities of its officers and employees;
- (c) Provide sound written policies and guidelines on the operating budget and major capital expenditures;
- (d) Comply with all reportorial requirements under the Charter, by-laws and applicable laws;
- (e) Ensure the fair and equitable treatment of all stakeholders and enhancing the GOCC's relation with stakeholders; (GCG MC)
- (f) Provide corporate leadership to the Authority subject to the rule of law, and the objectives set by the National Government through the supervising agencies and the Governance Commission for GOCCs (GCG).
- (g) Determine important policies that bear on the character of the Authority to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
- (h) Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations; and
- (i) Approve the Annual Performance Evaluation System (PES) and the Performance Scorecard.

Section 8. Specific Functions of the Board – In addition to those specified in the Charter, the Board shall perform the following functions:¹⁹

- (a) Meet regularly, ideally at least once every month, to properly discharge its responsibilities;
- (b) Determine the Authority's purpose and values, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that the Authority survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- (c) Ensure the integrity of the Authority'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;

¹⁷ Adopted from Sec. II(2)(a), SEC Code of Corporate Governance, Memorandum Circular No. 2, s. 2002

¹⁸ Adopted from Sec.7(a,c,e,h), GCG Memorandum Circular 2012-07

¹⁹ Adopted from Sec.8(a,b,g,j), GCG Memorandum Circular 2012-07

- (d) Create committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions;
- (e) Monitor and evaluate the implementation of corporate strategies and policies;
- (f) Adopt a competitive selection and promotion process;
- (g) Monitor and manage potential conflicts of interest of directors, etc. including misuse of assets and abuse in related party transactions;
- (h) Implement a system of internal checks and balances;
- (i) Identify and provide appropriate technology for the identification of risks and performance areas;
- (j) Adopt, implement and oversee the process of disclosure; and
- (k) Conduct and maintain the affairs of the Authority within the scope of its authority.

Section 9. Composition of the Board of Trustees – Pursuant to the provisions of the Tourism Act of 2009 and E.O. No. 26 dated August 31, 2001, the Board of Trustees of the Authority shall be composed of the following:²⁰

- (a) *Chairman* – Secretary of the Department of Tourism,
- (b) *Vice Chairman* – CEO/GM of the Authority
- (c) *Member* - Commissioner of the Bureau of Immigration (BI) or his duly designated representative/alternate
- (d) *Member* - Governor of Bangko Sentral ng Pilipinas (BSP) or his duly designated representative/alternate
- (e) *Member* – Duly designated representative from DOT

Section 10. Multiple Board Seats – The capacity of the appointive trustees to serve with diligence shall not be compromised. As such, no appointive trustee may hold more than two (2) other Board seats in other GOCCs, subsidiaries and/or affiliates.²¹

Section 11. Ex Officio Alternates – Ex officio members may designate their respective alternates, who ideally should be the officials next-in-rank to them, and whose acts shall be considered the acts of their principals.²²

Section 12. Appointment of Appointive Trustees – The Appointive Trustees shall be appointed by the President from a shortlist prepared by the GCG.²³

The selection and nomination, and shortlisting of prospective Appointive Trustees shall be pursued in accordance with the rules and criteria formulated by the GCG, which shall include the following statutorily-mandated conditions, thus:²⁴

- (a) The GCG Shall cause the creation of the Search Committee to pursue the process of selection, nomination and shortlisting of respective appointees;²⁵
- (b) All nominees included in the list submitted by the GCG to the President shall meet the Fit and Proper Rule, and such other qualifications which the GCG may determine taking into consideration the unique requirements of each GOCC;²⁶
- (c) The GCG shall ensure that the shortlist shall exceed by at least fifty percent (50%) of the numbers of Trustees to be appointed; and²⁷

²⁰ Sec. 30, RA No. 9593 and adopted from Sec.2. E.O. No. 26 (August 31, 2001)

²¹ Sec.11, GCG Memorandum Circular 2012-07

²² Sec.14. RA No. 10149

²³ Sec.15. RA No. 10149

²⁴ Sec.12.2, GCG Memorandum Circular 2012-07

²⁵ Sec.15. RA No. 10149

²⁶ *Id.*

²⁷ *Id.*

- (d) In the event the President does not see fit to appoint any of the nominees included in the shortlist, the President shall ask the GCG to submit additional nominees.²⁸

Section 13. Fit and Proper. – All members of the Board, the CEO/GM and the Deputy General Manager of the Authority shall be governed by the Fit and Proper Rule adopted by the GCG in consultation and coordination with the relevant government agencies to which the Authority is attached, and approved by the President, and shall include by reference the qualifications expressly provided for in the Charter. ²⁹

In determining whether an individual is fit and proper, to hold the position of a Trustee or CEO/GM and Deputy General Manager of the Authority, due regard shall be given to one's integrity, experience, education and competence.³⁰

Section 14. Term of Office of Appointive Trustee. – Pursuant to Section 17 of RA No. 10149, any provision in the Charter to the contrary notwithstanding, the term of office of each Trustee shall be for one (1) year, unless sooner removed for cause or replaced by the President; *Provided, however,* that each Appointive Trustee shall continue to hold office until the successor is appointed by the President.

Appointment to any vacancy shall only be for the unexpired term of the predecessor. The appointment of a Trustee to fill such vacancy shall be in accordance with the manner provided for appointment of Appointive Trustees.³¹

Section 15. Duties and Responsibilities of the Corporate Secretary.

- (a) Keep the minutes of the meetings of the Board, and other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the CEO/GM and other members of the Board as appropriate.
- (b) Keep in safe custody the seal of the Authority and affix it to any instrument requiring the same;
- (c) Attend to the giving and serving of notices of the Board meetings;
- (d) Be fully informed and be a part of the scheduling process of other activities of the Board.
- (e) Receive instruction from the Chairman of the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting.
- (f) Oversee the adequate flow of information to the Board prior to meetings; and
- (g) Ensure fulfillment of the 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.

Section 16. Board Committees. - Board Committees and other such oversight bodies, though not mandated by law, maybe created to enable the members of the Board of Trustees to assist the latter in performing its duties and responsibilities.³²

The Committees shall report to the Board as a 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 Trustees of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

²⁸ *Id.*

²⁹ *Adopted from Sec. 16. RA No. 10149*

³⁰ *Id.*

³¹ *Sec. 17. RA No. 10149*

³² *Adopted from Sec. 16, 16.1 GCG Memorandum Circular 2012-07*

Section 17. 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 Authority.³³

Section 18. Annual Performance Evaluation of the Board. - A systematic evaluation process for the Members of the Board as may be formulated by the GCG shall be adhered to as a necessary tool in enhancing its professionalism and as a useful incentive for the Board Members to devote sufficient time and effort to their duties. To strengthen the competence and character of the Members of the Authority's Governing Board, the Authority shall adhere to GCG Memorandum Circular No. 2014-03, the Performance Evaluation for Directors, ex-officio directors or their alternates in the GOCC Sector or any amendments thereto, as prescribed by the Governance Commission for GOCCs.

The Performance Evaluation for the Directors or their alternates measures the overall performance of an Appointive Director based on the weighted-average of the following components:

1. The Authority's Performance based on application of the Performance Evaluation System (PES) for GOCCs under GCG Memorandum Circular No. 2013-02 equivalent to 60%;
2. Director Performance Review (DPR) equivalent to 30% comprised of the following:
 - a. Self Appraisal Rating(5%);
 - b. Peer Appraisal Rating (12.5%); and
 - c. Chairman's Appraisal Rating for each Member (12.5%).

For the Chairman, the DPR score shall be based on the following

- a. Self Appraisal Rating (9%); and
- b. Peer Appraisal Rating (21%) ;

3. Director Attendance Score for which the director must have attended at least 75% of all authorized and duly called for Board and Committee Meetings in any given year or at least 50% during the immediately preceding semester equivalent to 10% of the total score which will be determined by the Board Secretary.

The Overall Grade Equivalent is as follows:

OVERALL SCORE	SCALE	EQUIVALENT
100% - 93%	5	OUTSTANDING
92.99% - 85%	4	ABOVE AVERAGE
84.99% - 80%	3	AVERAGE
74.99% - 75%	2	BELOW AVERAGE
74.99% and below	1	POOR

The Authority acknowledges that such shall be used as the basis for the determination of whether appointive directors shall be recommended for reappointment, and Ex-officio directors or their alternates, for the purpose of reporting to the President their performance as such to allow the GCG to develop a good performance system, for Ex Officio Directors in the GOCC sector³⁴.

³³ Sec.16.3, GCG Memorandum Circular 2012-07

³⁴ Section 2, GCG Memorandum Circular 2014-03

ARTICLE IV.
MANAGEMENT

Section 19. Role of Management. The Management of the Authority stands as the center of decision-making for the day-to-day-affairs of the Authority. It determines the Authority's activities by putting targets set by the Board in concrete terms and by in implementing basic strategies for achieving those targets.

Section 20. Management Primarily Accountable to the Board. - Management is primarily accountable to the Board for the operations of the Authority

Section 21. The Chief Executive Officer (CEO) / General Manager (GM). - The CEO/GM or the highest ranking executive officer provided for in the Charter, shall be elected annually by the members of the Board from among its ranks. The CEO shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.³⁵ (Reverted to original provision to align with RA 10149)

21.1. Powers and Duties of the CEO/GM. - The CEO/GM shall exercise the following powers and duties:³⁶

- (a) To execute the policies, guidelines and programs approved by the Board, and to be responsible for the efficient discharge of management and operational functions;³⁷
- (b) To submit for the consideration and approval of the Board, proposed measures, policies, guidelines and programs as he may deem necessary or proper for the effective implementation of EO No. 1037;³⁸
- (c) To direct and supervise the management, operation and administration of the Authority, and for this purpose, he may delegate any or some of his administrative responsibilities and duties to other officers of the Authority;³⁹
- (d) To execute, on behalf of the Authority, all contracts and agreements which the Authority may enter into, and to execute, accomplish and deliver any and all documents relative to such contracts and agreements;⁴⁰
- (e) To represent the Authority in all dealings with other offices, agencies, and with all other persons or entities, whether domestic or foreign, and whether government or private;⁴¹
- (f) To appoint, promote, transfer, remove, suspend and discipline the officers and employees of the Authority, except those appointed by the Board, and prescribe their duties and qualifications;⁴²
- (g) To open accounts with any Bank, private and government, disbursement from which shall be made upon and according to checks of the Authority, signed by the CEO/GM and/or any officer of the Authority whom he may in writing designate and authorize, subject to the usual auditing rules and regulations;⁴³
- (h) To negotiate and contract for the office premises anywhere in Metro Manila, and procure, lease and/or install needed facilities, equipment and supplies;

³⁵ Adopted from Sec. 18. RA No. 10149

³⁶ Sec. 8. EO No. 1037.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ PRA Board Resolution No. 11, Series of 1985

- (i) To fill up by any appropriate manner positions in the approved functional organizational structure and Plantilla of Positions of the Authority as approved under its Rationalization Plan and to enter into consultancy or other appropriate servicing agreements with any person or entities within the limits stated in the operational budget separately presented by the Management and approved by the Board of Trustees;
- (j) To perform any act, enter into any transaction or authorize any disbursement of corporate funds, essentially administrative in nature, as may be deemed necessary to carry out this purpose and all complementary resolutions thereto; provided, however, that no single or unified transaction or disbursement shall involve more than P300, 000.00 and in accordance with operational budget separately presented by the Management and approved by the Board of Trustees;
- (k) To enter into a Contract or Memorandum of Agreement or similar act with any public or private entities to effectively carry out the functions of the Authority;
- (l) To invest idle monies of the Authority only in securities guaranteed as to payment of principal and interest by the Republic of the Philippines or in a financial institution fully owned and managed by the Philippine government;
- (m) To adopt and enforce office and work procedures, systems, controls and standards, define and assign duties and responsibilities, as well as delegate authorities and functions as he may deem fit and proper; and
- (n) To formulate administrative policies, rules and regulations necessary to carry out effectively the functions of and purposes of the Authority. (not included in Section 8 of EO 1037 but we find it necessary as it is the current system of the Authority).

Section 22. Other Executive Officers. Subject to the provisions of the Charter, the Deputy General Manager shall be appointed by the Board or by the CEO/GM subject to the confirmation of the Board, and shall assist CEO/GM in the day to day operation of the Authority upon his/her instruction.

Section 23. 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 may recommend to the President for discipline, and/or removal from office the CEO/GM, in turn, the CEO/GM can recommend to the Board for discipline and/or removal from office of the Deputy General Manager, officers of the Authority, including the executive and senior management positions except those appointed by the Board.⁴⁴

ARTICLE V.

DUTIES AND OBLIGATIONS OF TRUSTEES AND OFFICERS

Section 24. Fiduciary Duties of the Board and Officers. - Trustees 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 Authority, with utmost good faith in all its dealings with the funds, interests and properties of the Authority.⁴⁵

Section 25. Trustees and Officers as Public Officials. - Trustees and Officers are also Public Officials as defined and covered by the provisions of the "Code of Conduct and Ethical Standards for Public Officials and Employees,"⁴⁶ 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.⁴⁷

⁴⁴ Section 8 (f),(h). E.O. 1037

⁴⁵ Adopted from Sec.19. RA No. 10149

⁴⁶ Republic Act No. 6713

⁴⁷ Sec.2. RA No. 6713

Section 26. Respect for and Obedience to the Constitution and the Law. – as Public Officials, a Trustee or Officer shall respect and obey the Constitution, and shall comply, and cause the Authority to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the Authority, and to act within the bounds of the Charter.⁴⁸

Section 27. Duty of Diligence. – The fiduciary duty of diligence of Trustees and Officers to always act in the best interest of the Authority, with utmost good faith in all its dealings, includes the obligation to:⁴⁹

- (a) Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the Authority, 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 Authority; and
- (c) Elect and/or employ any officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Section 28. Duty of Loyalty.– Trustees, Officers and Employees shall always act in the best interest of the Authority, with utmost good faith in all its dealings, includes the obligation to:

- (a) Act with utmost and undivided loyalty to the Authority;⁵⁰
- (b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board;⁵¹ and
- (c) All Trustees, Officers and Employees while in the employ of the Authority shall avoid (1) taking for themselves the opportunities related to the Authority' business; or (2) using the Authority's property, information or position for personal gain;

28.1. Avoid Conflict of Interest. –Trustees and Officers shall at all times avoid any actual or potential conflict of interest. Any question about the Trustee or Officers' actual or potential conflict of interest with the Authority shall be brought promptly to the attention of the Chairman.⁵²

28.2. 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 Authority are in the possession of a Trustee or Officer without Authority, or that profits are earned 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 Trustee or Officer receiving such properties or monies shall immediately return the same to the Authority.

Failure by a Trustee 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 Trustee 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. ⁵³

Section 29. Limits to Compensation, Per Diems, Allowances and Incentives. –Payment of per diem, allowances and incentives of the members of the Board is subject to GCG policy, in so far as payment of the same is concerned.

⁴⁸ Sec.25, GCG Memorandum Circular 2012-07 (Adopted from Sec. 19 and 21. R.A. No. 10149)

⁴⁹ Sec.26, GCG Memorandum Circular 2012-07 (Adopted from Sec. 19 and 21. R.A. No. 10149)

⁵⁰ Sec.19(a). R.A. No. 10149

⁵¹ Sec.19(c). R.A. No. 10149

⁵² Sec. 27.1 GCG Memorandum Circular 2012-07, in pursuant to R.A. 6713.

⁵³ Sec..24, R.A. No. 10149

Section 30. No Gift Policy. – A Trustee, officer and employee 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 an agreement to do anything in return;
- (c) Has a value beyond what is normal and customary in the Authority’s business;
- (d) Is being made to influence the member of Boards, or Officer’s actions as such; or
- (e) Could create the appearance of a conflict of interest.

The Authority shall adopt a “No Gift Policy” and ensure its full advertisement to the community and its strict implementation by particular set of rules.⁵⁴

Section 31. Duty of Confidentiality. – Pursuant to their duties of diligence and loyalty, a member of the Board, an Officer or any employee 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.⁵⁵

ARTICLE VI.

OBLIGATIONS OF THE PHILIPPINE RETIREMENT AUTHORITY TO TRUSTEES AND OFFICERS

Section 32. Providing for Staff Support to Trustees. – The Authority 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.⁵⁶

Section 33. Obtaining of Trustees 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 Authority itself and/or the Members of the Board or 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. As a prudent measure therefore, the Authority shall obtain a “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 Authority 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 of the incurring of costs, such as the payment of premiums on DOLI coverage, by the Authority on the litigation expenses incurred and the judgment liability decreed against a Trustees or officer for breach of any of his fiduciary duties or for fraud committed in the performance of his or her duties to the Authority and/ or its stakeholders.⁵⁷

⁵⁴ Sec.29, GCG Memorandum Circular 2012-07

⁵⁵ Sec.30, GCG Memorandum Circular 2012-07

⁵⁶ Sec.31, GCG Memorandum Circular 2012-07

⁵⁷ Sec.32, GCG Memorandum Circular 2012-07

ARTICLE VII.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND RELATIONS WITH STAKEHOLDERS

Section 34 . Stakeholders– *The Authority is committed to the following:*

*For our **Prospective Members**, we will constantly devise tools/activities that will increase the awareness of and the attractiveness to foreign retirees, of the Philippines as a retirement destination.*

*For our **Retiree Members**, we are committed to enabling and empowering segments of the public and private sectors for excellent service to our members.*

*For the **Philippines**, our Motherland, we are committed to establish programs/activities geared towards making the Philippines a leading and significant destination for the world's seniors, retirees, and elderly, as a primary driver for increasing local employment and promoting inclusive socio-economic development.*

*For the **National Government**, our sole stockholder, we pledge to safeguard its stockholdings, increase its dividend earnings, while increasing taxes paid to the National Treasury.*

*For our **Suppliers**, including **Marketers** and **Accredited Institutions**, both from the public and private sectors, we are committed to giving them equal opportunity in promoting their products and services, thus adding value to their businesses.*

*For our **Officers and Employees**, we are committed to producing a caring and supportive working environment conducive towards the full development of their human potential.*

*For our **Internal Environment**, we hope to provide a healthy, safe, and enjoyable environment for our employees, visitors, and contractors.*

*For our **External Environment**, we seek a sustainable and healthy environment for society in general.*

Section 35. Communication Policy – The Authority shall continually innovate in promoting and advertising Retirement in the Philippines. PRA shall enhance each and every program being offered to achieve the ultimate mandate of the Authority.

The Authority's shall exert all its effort in increasing the enrollment, render proper accounting of income and expenses, establish a systematic budget system and ensure sound accounting practices in order to constantly increase the dividends remitted to the national treasury. The Authority shall exercise transparency in all its dealings.

The Authority's Marketing Department shall regularly conduct awareness campaign and briefings to promote the Authority's program and updated policies, improve information dissemination system through different media that will effectively reach our prospective members at the same time the Processing Division shall enhance accessibility and efficiency of services.

The Authority through its Servicing Division shall prioritize the welfare of the Retiree-members and ensure that they are well-informed of all the activities, benefits and after-enrollment services. The Authority shall provide a wide-range selection of investment for conversion of their visa deposits and impose measures to maintain fairness and equality in all its dealings.

The Authority shall provide Suppliers, Marketers and Accredited Institution a level of playing field to give them equal opportunities. The policies under Republic Act 9184 or the Government Procurement Reform Act and PRA Accreditation Guide shall be strictly complied with.

The Authority through its Administrative Services Division shall effectively lay down and communicate the Authority's policies, rules and regulations, compensation and benefits to its employees, continually provide tools, trainings and opportunities for skills development and improvement, as well as solicitation of suggestions on improvement of the workplace.

The Authority shall implement earth-friendly measures, campaigns and programs to ensure health and safe environment for all the stakeholders.

ARTICLE VIII.

DISCLOSURE AND TRANSPARENCY REQUIREMENTS

Section 36. Transparency. – To uphold the essence of corporate governance, the Governing Board and the Management shall disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times.⁵⁸

Section 37. Authority's Manual of Corporate Governance. – The Authority, acting through its Governing Board, shall promulgate and adopt its corporate governance rules and principles in accordance with this Manual,⁵⁹ and which in addition shall contain the following items:

- (a) Detailed Responsibilities of Members of the Board, which shall be available to all stakeholders and the public⁶⁰
- (b) Formal Charter of Expectations that each Trustee shall sign and be committed to. ⁶¹
- (c) List of Disclosures to be made by Trustees⁶²
- (d) Statement by the Trustees confirming the truth and fairness of the Authority's financial statements similar to a Statement of Management Responsibility; ⁶³and
- (e) List of Fines and other consequences when Trustees violate, or omit to carry out their duties, under applicable law. ⁶⁴

The Authority's Manual shall be made available for inspection by any of the identified stakeholders at reasonable hours on business days.

Section 38. Mandatory Website. –In accordance with Section 25 of RA No.10149, the Authority shall maintain a website and post therein for unrestricted public access:

38.1. On Institutional Matters:

- (a) Latest Version of the Authority's Charter; and
- (b) Government Corporate Information Sheet (GCIS)

⁵⁸ Section 41, GCG Memorandum Circular 2012-07

⁵⁹ Sec.42, GCG Memorandum Circular 2012-07

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

38.2. On the Board and Officers:

- (a) Complete listing of the Trustees and Officers with attached resume;
- (b) Complete compensation package of all board members and officers including travel, representation, transportation and any other form of expenses or allowances; and
- (c) Attendance Record of Trustee in Board and Committee meetings

38.3. On Financial and Operational Matters

- (a) Latest Annual Audited Financial and Performance Report⁶⁵
- (b) Audited Financial Statements in the immediate past three (3) years;⁶⁶
- (c) Quarterly and Annual Reports and Trial Balance;⁶⁷
- (d) Current Corporate Operating Budget⁶⁸;
- (e) Any Material Risk Factors and Measures taken to manage such risks; and
- (f) Performance Evaluation System.

38.4 On Governance Matters:

- (a) Charter Statement/ Mission-Vision Statements;
- (b) Performance Scorecards and Strategy Map ⁶⁹/ OPIF Logframe;
- (c) Organizational Chart;
- (d) Manual of Corporate Governance;
- (e) Corporate Social Responsibility Statement;
- (f) Balanced Scorecard;
- (g) No Gift Policy;
- (h) PhilGEPS Posting;
- (i) Cash Advance Liquidation; and
- (j) Compliance with the submission and review of the Statement of Assets, Liabilities and Net Worth (SALN)

38.5. Such other Information or Report that the GCG may require.⁷⁰

Section 39. Confidentiality of Information. –the Authority's Code of Conduct enumerated the following various documents from being publicly disclosed:⁷¹

- (a) Information on the retirees, Board, Officers and employees, such as personal circumstances, details on their time deposits, assets, liabilities, their residential addresses and family details because of potential risks to their security and to the enjoyment of their peaceful stay in the country;
- (b) Information, records or documents which must be kept confidential in the interest of national defense or security or in the conduct of foreign affairs;
- (c) Disclosure would put the life and safety of an individual in imminent danger;
- (d) Information on draft decisions, office memoranda, office orders or policies of this Authority;
- (e) Information invading the privacy of an officer, employee or contractual staff of this Authority,
- (f) Information invading the privacy of this Authority's accredited partners, marketers, clients, etc.

⁶⁵ Sec.25(a). RA No. 10149

⁶⁶ Sec.25(b). RA No. 10149

⁶⁷ Sec. 25(c), R.A. No. 10149

⁶⁸ Sec.25(d). RA No. 10149

⁶⁹ Sec.25(g) RA No. 10149

⁷⁰ Sec.25(i). RA No. 10149

⁷¹ Sec.3. PRA Code of Conduct

- (g) Information particular to an investigation which would interfere with enforcement proceedings, deprive a person of a fair trial or impartial adjudication, disclose confidential information or the confidential source of such information;
- (h) Information on investigative techniques and procedures; and
- (i) Information on the financial position of this Authority which may give rise to speculation or false understanding and assumptions.

Section 40. Authority as an Active Participant in the Integrated Corporate Reporting System. –The Authority acting through its Board and Management shall ensure that it becomes an active and responsible member and contributor to the Integrated Corporate Reporting System, which shall be developed by the National Government through the GCG. It is a system that is intended to provide an extensive database following the parameters enumerated in *Section 44 of GCG MC 2012-07*.

Section 41. Mandatory Reports. –The Authority shall regularly submit as may be required by the GCG and other Government Agencies, the following:

- (a) Performance Scorecards; and
- (b) Implementation of the audit recommendations of COA

Section 42. Other Reportorial Requirements. – The Authority shall also submit to the GCG periodically in electronic form the following:

- (a) Common form Financial Statements based on the Annual Audited Financial Statements within 30 days from receipt of the report;
- (b) Dividend Computations and payments in accordance with Republic Act No. 7656, also known as "The Dividends Law";
- (c) Cash and Investment balances
- (d) Capital expenditure program
- (e) Statement of Financial Operations;
- (f) Acquisition and disposition of assets;
- (g) Reports for the annual corporate operating budget call such as but not limited to the following:
 - 1) Physical and Financial Performance reports (the immediately preceding three (3) years; and
 - 2) Sources and Uses of Funds (the immediately preceding three (3) years) and the proposal for the coming year.

ARTICLE IX.

HIGHEST STANDARDS PRINCIPLE⁷²

Section 43. Public service is a public trust. As such, nothing in this Manual shall be construed as, (a) relieving or excusing the Authority, its Trustees, Officers and Employees, from complying with more rigorous standards of corporate governance as those required by regulatory agencies⁷³; (b) waiver of the separate reportorial requirements mandated by the regulatory agency, and (c) waiver of the administrative or criminal liabilities imposed by existing laws, rules and regulations, for offenses or breach of ethical standards committed by Trustees, Officers and Employees of the Authority.

⁷² Adopted from R.A. No. 10149

⁷³ Sec.5(c), R.A. No. 10149

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 44. Amendments. – This Manual may be amended by the Authority, through the issuance of a memorandum circular duly published and approved by the GCG and a copy formally submitted to the UP Law Center.

Section 45. Effectivity. – This Manual shall be effective upon approval of the Board.

ADOPTED this ____ day of _____, 2015.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF TOURISM
PHILIPPINE RETIREMENT AUTHORITY



AD REFERENDUM RESOLUTION NO. 14
Series of 2015

Approving PRA Revised Manual of Corporate Governance (Third Revision)

WHEREAS, the Governance Commission for GOCCs (GCG) issued Memorandum Circular No. 2012-07 which provides under Section 42 that: "**Every GOCC, acting through its Governing Board, shall promulgate and adopt its corporate governance rules and principles in accordance with this Code**";

WHEREAS, the corporate governance rules and principles shall be incorporated in the PRA Manual of Corporate Governance;

WHEREAS, the Manual of Corporate Governance is also one of the requirements on the grant of Performance Based Bonus (PBB) under the Good Governance Conditions;

WHEREAS, on March 31, 2014, PRA submitted to GCG its Manual of Corporate Governance;

WHEREAS, GCG in its letter dated April 25, 2014, recommended for corrections/amendments on certain provisions in the manual;

WHEREAS, on September 08, 2014, the PRA Board of Trustees approved the Revised Manual of Corporate Governance through Ad Referendum Resolution No. 11, Series of 2014;

WHEREAS, in a letter dated November 07, 2014, GCG evaluated the Revised Manual of Corporate Governance and provisionally accepted the same but subject to certain revisions;

WHEREAS, on February 18, 2015, the PRA Board of Trustees approved the Revised Manual of Corporate Governance (Second Revision) through Ad Referendum Resolution No. 01, Series of 2015;

WHEREAS, in a letter dated April 08, 2015, GCG evaluated the Revised Manual of Corporate Governance (Second Revision) and provisionally accepted the same provided that *Section 18, Article III. Annual Performance Evaluation of the Board* be revised;

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Email address: inquiry@pra.gov.ph Website: www.pra.gov.ph

Vision: To make the Philippines a leading and significant destination for the world's retirees, seniors, and elderly
Mission: To develop PRA's capabilities and to enable and empower all segments of the government and private sector relevant to the Philippine retirement migration agenda

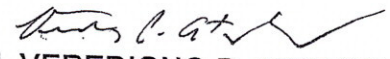


NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees of PRA hereby approves the Revised Manual of Corporate Governance (Third Revision).

APPROVED.

4th day of MAY 2015, Makati City, Philippines.


HON. RAMON R. JIMENEZ, JR.
Chairman

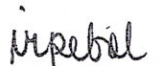

HON. VEREDIGNO P. ATIENZA
General Manager/Vice-Chairman


HON. ESTANISLAO R. CANTA
Member


HON. VICENTE S. AQUINO
Alternate Member


HON. EUGENE T. KAW
Member

Attested By:


ILONA ROSE P. EBOL
Board Secretary

~~NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
TR NO. 4742512/01/15-2015/MAKATI
IBF NO. 356155 LIFETIME MEMBER
APPT. NO. M-38/2016/ROLL NO. 4006
NOTARY PUBLIC 0011225 JAN. 7, 2013~~

MAKATI CITY
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