



## Part 1 - Statement of Policy and Administrative Provisions

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### Section 1. Policy

- 1.1. The Manual on Corporate Governance was developed to guide the Philippine Crop Insurance Corporation (PCIC) in implementing the agricultural insurance of the government under P.D. 1467, as amended by R.A. 8175, and in applying the principles of good corporate governance.
- 1.2. The Manual reflects the following key internal control features for good corporate governance:
  - 1.2.1. The Board of Directors ensures that the PCIC is properly and effectively managed and supervised. The Board is primarily responsible for the governance of the Corporation.
  - 1.2.2. The PCIC Management actively manages and operates the PCIC in a sound and prudent manner under the direction of the Board.
  - 1.2.3. Organizational and procedural controls are supported by an effective management information system and risk management reporting system.
  - 1.2.4. An independent audit mechanism are in place for monitoring the adequacy and effectiveness of the PCIC's governance, operations, information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, the safeguarding of assets and compliance with government laws, rules and regulations.
- 1.3. The Board and Management must exercise sound judgment in reviewing and directing how the PCIC implements the requirements of the Code of Corporate Governance for GOCCs (*GCG Memorandum Circular No. 2012-07*) through the aforementioned control features.



## Section 2. The Manual of Corporate Governance

This Manual contains the following:

### Index / Master Document List

Part	Heading	Rev. No.	Date Approved
1.	Statement of Policy and Administrative Provisions	2	12-11-2014
2.	Definition of Terms	1	09-10-2014
3.	Governing Board	2	12-11-2014
3.1.	Board Committees	0	02-28-2014
4.	Top Management	1	09-10-2014
5.	Duties and Obligations of Directors and Officers	1	09-10-2014
5.1.	PCIC "No Gift Policy"	1	09-10-2014
6.	Obligations of PCIC to Directors and Officers	0	02-28-2014
7.	Relations with Stakeholders	2	12-11-2014
7.1.	Policy on Corporate Social Responsibility (CSR)	0	02-28-2014
8.	Policy on Gender and Development (GAD)	0	02-28-2014
9.	Disclosure and Transparency Requirements	0	09-10-2014
10.	Highest Standard's Principle	0	09-10-2014

### 2.1. Format

This Manual is 3-ring bound to allow for easy inclusion, substitution and/or replacement of pages whenever amendments and/or revisions become necessary. In case a page is amended or a new section is added or deleted, such amendment, addition, or deletion shall be properly documented and incorporated in the manual with the corresponding management issuance authorizing such amendment, addition or deletion.

## Section 3. Administrative Provisions

- 3.1. The Corporate Governance Manual is a proprietary record of the PCIC and is made available for inspection by any stakeholder, director, officer, employee of PCIC at reasonable hours on business days.
- 3.2. The Corporate Governance Manual is thoroughly disseminated.
- 3.3. Directors, senior and line management are to ensure compliance by all PCIC personnel with the corporate governance requirements of the PCIC policies, procedures and applicable laws and regulations, some of which are summarized in this Manual.





- 3.4. The Internal Audit Service and Human Resource Management Division (HRMD) are jointly responsible for conducting orientation programs for officers and employees to explain the provisions of this Manual.
- 3.5. The Compliance Officer is responsible for orienting the Directors on the requirements of the Code of Corporate Governance for GOCCs (*GCG Memorandum Circular No. 2012-07*), unless such Director has previously attended a similar orientation program. The Corporation provides the Directors with reading and study materials on corporate governance. The Corporation will support further initiatives toward the development of the Directors in this area.
- 3.6. The Corporate Governance Manual must form part of every orientation conducted by HRMD for new employees.

#### **Section 4. Policies and Procedures in case of Amendments or Revisions**

- 4.1. The Compliance Officer and the Internal Audit Manager are jointly responsible for implementing the amendments and revisions to this Manual subject to approval of the Board of Directors.
- 4.2. **Procedures** - The following procedures shall be followed in amending or revising any provisions of this Manual:
  - (a) If there are any substantial changes that necessitate amendments to this manual, the said changes must be formulated and endorsed to the Compliance Officer.
  - (b) The Compliance Officer shall review and evaluate the proposed amendments or revisions to determine if there are adequate and substantial justification to effect such amendments or revisions. If the proposed changes are deemed substantive, the Compliance Officer shall endorse such changes to the Board for approval.
  - (c) The Board shall review and then either approve or countermand the proposed amendments or revisions.
  - (d) Upon approval, the Board through the President shall cause the preparation of the corresponding memorandum circular effecting the amendments or revisions.
  - (e) Upon receipt of approval for any amendments, the Compliance Officer shall effect such amendments or revisions in this Manual in the same format as the other portions and shall cite the memorandum circular authorizing the changes and entering the data when such circular was approved. He/She shall, therefore, cause the printing of the amendment or revision and distribute the same to all the authorized copy holders of this Manual, in accordance with Item 4.3 below.



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### 4.3. Distribution

The Copies of this Manual held by the President, the SVP-Regional Management Group (RMG) and VP-Support Services Group (SSG) shall be the control copies for purposes of documentation and final reference. Likewise, a copy of this manual is distributed to all concerned including the Regional Offices in a controlled manner as follows:

Copy No.	Manual Holder	Issue Date
01	President (Master Copy)	
02	SVP-RMG	
03	VP-SSG	
04	VP-CBAG	
05	Regional Manager – R01	
06	Regional Manager – R02	
07	Regional Manager – R03	
08	Regional Manager – R03A	
09	Regional Manager – R04	
10	Regional Manager – R05	
11	Regional Manager – R06	
12	Regional Manager – R07	
13	Regional Manager – R08	
14	Regional Manager – R09	
15	Regional Manager – R010	
16	Regional Manager – R011	
17	Regional Manager – R012	
18	Internal Audit Service (IAS)	

### Section 5. Effectivity

The Manual on Corporate Governance was adopted by the unanimous vote of the Board of Directors of the PCIC on February 28, 2014 and shall take effect on March 1, 2014.

Reviewed by	Approved by
 <b>ATTY. JOVY C. BERNABE</b> President	 <b>DIR. DIOSCORO A. GRANADA</b> BOD Chairperson
Date: <u>December 11, 2014</u>	Date: <u>December 11, 2014</u>





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## Part 2 – Definition of Terms

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For the purpose of this Manual on Corporate Governance, the following terms and phrases shall have the following meanings:

Item	Definition
<i>Appointive Directors</i>	<p><i>An individual who sits or acts as a member of the Board of Directors/Trustees by virtue of his/her appointment or election to such a position. (E.O. 24, S. 2011)</i></p> <p><i>The PCIC Appointive Directors are the following:</i></p> <ol style="list-style-type: none"> <li><i>1.) The President,</i></li> <li><i>2.) A representative from the private insurance industry, and</i></li> <li><i>3.) Representatives from the subsistence farmers' sector from,</i> <ol style="list-style-type: none"> <li><i>a. Luzon</i></li> <li><i>b. Visayas, and</i></li> <li><i>c. Mindanao</i></li> </ol> </li> </ol> <p><i>(SEC. 10, R.A. 8175).</i></p>
<i>Board of Directors</i>	<p>Or "Board" refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all properties of the PCIC.</p>
<i>Board Officers</i>	<p><i>The Board Officers of PCIC are the Chairman of the Board (who is the highest ranking of the Board Officers), the Vice-Chairman, the Corporate Secretary, and the Compliance Officer, who must all be Filipino citizens.</i></p>
<i>Charter</i>	<p><i>When used in this manual, refers to the PCIC Charter.</i></p> <p><i>Presidential Decree 1467, dated June 11, 1978, entitled "Creating the Philippine Crop Insurance Corporation," as amended by Republic Act 8175, dated December 29, 1995, entitled "Revised Charter of the Philippine Crop Insurance Corporation Act of 1995."</i></p>
<i>Charter Statement</i>	<p><i>The Philippine Crop Insurance Corporation (PCIC) is a GOCC classified under <b>Competitive and Sustainable Agriculture and Fisheries Sector</b> of Section II - Economic Development.</i></p>



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Item	Definition
	<p><b>MISSION</b></p> <p><i>PCIC is an agricultural insurer committed to help stabilize the income of agricultural producers and promote the flow of credit in the countryside by:</i></p> <p><i>Providing insurance protection to qualified farmers and other agricultural stakeholders against losses of their crops and produce, including their farm machineries and equipment, transport facilities and related infrastructure arising from natural calamities, pests and diseases, and other perils beyond their effective control; and</i></p> <p><i>Extending innovative and client responsive insurance packages and other services thru people's organizations, including farmers' cooperatives, agricultural lenders and service providers.</i></p> <p><b>VISION</b></p> <p><i>We envision the Philippine Crop Insurance Corporation as:</i></p> <p><i>A viable service-oriented government institution attending to every insurance need of subsistence farmers and other agricultural stakeholders with utmost professionalism, integrity and efficiency;</i></p> <p><i>A corporate body working with a strong network of insurance and agricultural intermediaries in the spirit of partnership and oneness of purpose; and</i></p> <p><i>A key factor in realization of a vibrant and progressive rural economy where Filipino farmers work with peace of mind under the protective mantle of agricultural insurance.</i></p> <p><b>CORE VALUES</b></p> <p><i>PCIC's core values guide all our decisions and actions. These values are:</i></p> <p><b>Dependability.</b> <i>We provide prompt and adequate service where and when we are needed.</i></p> <p><b>Integrity.</b> <i>We provide the quantity and quality of service that we have agreed with and committed to our stakeholders.</i></p> <p><b>Innovation.</b> <i>We conduct research and think up new ways of improving the delivery of services required by our</i></p>





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Item	Definition
	<p>clients and stakeholders.</p> <p><b>Partnership.</b> We engage our stakeholders in improving the way we serve our stakeholders.</p>
Chief Executive Officer	Refers to the President of the Corporation and the highest ranking officer of PCIC.
Confidential Information	<p>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 PCIC. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the PCIC or its customers/stakeholders if disclosed, such as:</p> <p>(a) Non-public information about the PCIC'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;</p> <p>(b) Non-public information concerning possible transactions or ventures with other companies, or information about suppliers, joint venture partners, or any information that the PCIC is under obligation to keep confidential; and</p> <p>(c) Non-public information about internal discussions, deliberations and decisions, between and among Directors and Officers.</p>
Corporation	Refers to the Philippine Crop Insurance Corporation (PCIC).
Ex Officio Director	Refers to any individual who sits or acts as a member of the Board of Directors by virtue of one's title to another office, and without further warrant or appointment. In the case of PCIC, pursuant to R.A. 8175, SEC. 10, the President of the LBP and the Executive Director of the ACPC are the Ex Officio Directors.
Executive Officers	Otherwise known as the PCIC Top Management which is composed of the President, the Senior Vice-President for Regional Management Group, the Vice-President for Corporate Business Affairs Group, and the Vice-President for Support Services Group.
Extraordinary Diligence	Refers to the fiduciary duty of diligence of Directors and Officers to always act in the best interest of the PCIC, with utmost good faith in all its dealings with the property and monies of the Corporation, which includes the obligation to:





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Item	Definition				
	<ul style="list-style-type: none"><li>Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the PCIC, using the utmost diligence of a very cautious person with due regard to all the circumstances;</li><li>Apply sound business principles to ensure the financial soundness of the Corporation; and</li><li>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.</li></ul>				
Fit and Proper Rule	Refers to a set of standards for determining whether a member of the Board of Directors/Trustees or the CEO is qualified to hold a position in PCIC which shall include, but not be limited to, standards on integrity, experience, education, training and competence, as such standards are set forth under GCG Memorandum Circular No. 2012-05.				
GCG	Stands for the <b>GOVERNANCE COMMISSION FOR GOCCs (GCG)</b> , which was constituted under Republic Act No. 10149, otherwise known as the “GOCC Governance Act of 2011”. <i>It was created to act as a central advisory, monitoring, and oversight body with authority to formulate, implement and coordinate policies governing government-owned and controlled corporations (GOCCs).</i>				
Management	<i>Refers to the body given the authority to implement the policies determined by the Board in directing the course and business activities of the PCIC. The PCIC Management is composed of the Top Management, Managers at the Head Office, and the Regional Managers.</i>				
Material Information	<i>Or Material Fact refers to any fact or information that could result in a change in the market price or value of the shares or securities of PCIC, or would potentially affect the investment decision of an investor in PCIC.</i>				
Officers	<i>Refer to Board Officers, Executive Officers and Management of PCIC.</i>				
Per Diems (E.O. 24, S. 2011)	<p><i>Compensation granted to members of the Board of Directors of PCIC for attendance in meetings.</i></p> <p><i>The authorized per diem for the Appointive Members of PCIC Governing Board is as follows:</i></p> <table><tr><td>EO 24 Class</td><td>Board Meetings (Php)</td><td>Committee Meetings</td><td>Total Max of Per Year (Php)</td></tr></table>	EO 24 Class	Board Meetings (Php)	Committee Meetings	Total Max of Per Year (Php)
EO 24 Class	Board Meetings (Php)	Committee Meetings	Total Max of Per Year (Php)		





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Item	Definition					
		Max Per Meeting	Max Per Year	Max Per Meeting	Max Per Year	
		D	10,000	240,000	6,000	144,000 384,000
	<p><i>In the event the Chairperson of the Governing Board of PCIC is an Appointive Member, he/she may receive at most 20% more than the amount set for Board Meetings. The foregoing does not apply to Committee Meetings, nor to Chairpersons of Board Committees (GCG letter to PCIC dated Oct. 2, 2011).</i></p>					
Performance Evaluation System or PES	<p><i>Refers to the process of appraising the accomplishments of PCIC in a given fiscal year based on set performance criteria, targets and weights.</i></p>					
President	<p><i>The President of the Corporation is the highest ranking officer of PCIC and shall be elected by the Board from among its ranks. He shall also be the ex officio vice-chairman who shall assist the chairman.</i></p>					
President of the Republic	<p>The President of the Republic of the Philippines.</p>					
Public Officials	<p><i>Directors and Officers of PCIC are Public Officials and are therefore covered by the provisions of the Code of Conduct and Ethical Standards for Public Officials and Employees (R.A. 6713).</i></p>					
Stakeholders	<p>Refers to any individual or entity for whose benefit the PCIC has been constituted, or whose life, occupation, business or well-being is directly affected, whether favourably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which the PCIC has been constituted, and which would include farmers and fisherfolk, or other investor in PCIC, management, employees, supply creditors, or the community in which the PCIC operates.</p>					
Strategy Map	<p><i>Refers to an integrated set of strategic objectives drawn by the governing body, the successful execution of which results in the achievement of the PCIC's vision in relation to its mission or purpose for having been created.</i></p>					



## Part 3 – Governing Board

### All Offices

### All Divisions

#### 1. Board of Directors

- 1.1. Having been vested directly by law with the legal capacity and authority to exercise all corporate powers, conduct all business, and to hold all the properties of the PCIC, the Board is primarily responsible for the governance of the PCIC. Consequently, the Board is primarily accountable to the State for the operations and performance of the PCIC.
- 1.2. In accordance with Sec. 10 of R.A. 8175, otherwise known as the “Revised Charter of the Philippine Crop Insurance Corporation Act of 1995,” the powers of the Corporation are vested in and exercised by a Board of Directors now composed of seven (7) members, as follows:
  - (a) The President of the Land Bank of the Philippines (LBP);
  - (b) The President of the Corporation;
  - (c) The Executive Director of the Agricultural Credit Policy Council (ACPC);
  - (d) A representative from the private insurance industry; and
  - (e) Three (3) representatives from the subsistence farmers’ sector, preferably representing agrarian reform beneficiaries/cooperatives/associations coming from Luzon, Visayas and Mindanao.
- 1.3. Except for the President of the LBP and the Executive Director of the ACPC, all members of the Board of Directors, including the President of PCIC, are appointed by the President of the Republic.
- 1.4. The respective nominees representing the private insurance industry and the farmers’ sector shall be submitted to and appointed by the President of the Republic.
- 1.5. The chairman of the Board of Directors shall be appointed by the President of the Republic from among the members of the Board of Directors. The President of the Corporation is the highest ranking officer of PCIC and shall be elected by the Board from among its ranks. He shall also be the *ex officio* vice chairman who shall assist the chairman and act in his stead in case of absence or incapacity.





- 1.6. In case of absence or incapacity of both the chairman and the vice chairman, the Board of Directors shall designate a temporary chairman from among the remaining members.

## 2. Mandate and Responsibility for the PCIC Performance.

- 2.1. The Board of Directors is responsible primarily with the governance of the PCIC. It exercises all corporate powers, conducts all business, and holds in trust all the properties of the Corporation. Consequently, the Board is primarily accountable to the State for the PCIC's operations and performance.
- 2.2. While the PCIC Management is tasked with the day-to-day management, operations, and conduct of the business affairs of PCIC, the Board is responsible for providing policy directions and monitoring and overseeing Management actions, as articulated in the PCIC Charter and other relevant legislation, rules and regulations.

These mandated functions and responsibilities include the following:

- 2.2.1. Provide the corporate leadership of the PCIC subject to the rule of law, and the objectives set by the National Government;
- 2.2.2. Establish PCIC's vision and mission, strategic objectives, policies and procedures, as well as define PCIC's values and standards through:
  - Policy Statements,
  - Strategy Maps, and
  - Other control mechanisms underpinned by best business practices such as, but not limited to, the Governmental Quality Management System (GQMS);
- 2.2.3. Determine important policies that bear on the character of PCIC to foster its long-term success, ensure its continuing viability and strength, and secure its sustained competitiveness;
- 2.2.4. Determine the organizational structure of the PCIC, 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), as developed by the GCG and formally approved by the President of the Philippines;
- 2.2.5. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel actions shall be in pursuit of the applicable laws, rules and regulations;



- 2.2.6. Provide sound written policies and strategic guidelines on the PCIC's operating budget and major capital expenditures, and prepare the annual regular and supplemental budgets of the PCIC;
- 2.2.7. Comply with the reportorial requirements, as required in the PCIC Charter, and applicable laws, rules and regulations;
- 2.2.8. Formally adopt and annually conduct the mandated Performance Evaluation System (PES) and the Performance Scorecard and report the results thereof to the GCG in a timely and accurate manner; and
- 2.2.9. Ensure the fair and equitable treatment of all stakeholders and enhancing PCIC relations with them.

### 3. Specific Functions of the Board

- 3.1. In accordance with Section 9.3 of P.D. 1467, as amended, the Board of Directors shall meet regularly at least once a month and as often as the exigencies of the PCIC's affairs demand. The presence of the majority members shall constitute a quorum which shall be necessary for the transaction of any business. The Board may be convoked either by the Chairman, or in his absence or incapacity by the Vice Chairman. All such meetings shall be properly documented in form either of a Board Resolution or minutes of the meeting.
- 3.2. In accordance with Section 10 of P.D. 1467, as amended, the Board, without limiting the generality of the foregoing, has the following powers and functions:
  - 3.2.1. To implement the provisions and purposes of the PCIC Charter (P.D. 1467 and as amended by R.A. 8175);
  - 3.2.2. To formulate and adopt policies and plans, and to promulgate rules and regulations for the management, operation and conduct of the affairs and business of the Corporation and for this purpose may limit or refuse insurance in any area or for any farmer because of the risk involved or may expand the subject of insurance coverage to crops other than palay and corn, provided that such coverage on other crops shall be approved by the President of the Philippines;
  - 3.2.3. To borrow funds from local and international financing sources or institutions for the purpose of financing the programs and projects deemed vital for the attainment of the Corporation's goal and objectives;
  - 3.2.4. To enter into, make and execute contracts of any kind or nature as may be necessary or incidental to the accomplishment of the purposes of the Corporation;





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- 3.2.5. To approve the budget of the Corporation and to fix the reasonable compensation of its personnel, in accordance with the applicable laws, rules and regulations; provided that the Board of Directors shall have exclusive and final authority to promote, transfer, assign or re-assign personnel of the Corporation, and these personnel actions are deemed made in the interest of the service and not disciplinary in nature, any provision of existing law to the contrary notwithstanding;
  - 3.2.6. To establish policies and guidelines for employment on the basis of merit, technical competence and moral character, and approve a staffing pattern of personnel defining their powers and duties; and
  - 3.2.7. To exercise the general powers mentioned in the Corporation Law in so far as these are not inconsistent or incompatible with the provisions of this P.D. 1467, as amended.
- 3.3. In addition to those specified in P.D. 1467, stated above, the Board shall perform the following functions:
- 3.3.1. Execute a Formal Charter of Expectations (see Annex "A") at the start of its term and a List of Disclosures (Annex "B") as required by GCG;
  - 3.3.2. Determine the PCIC's purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that the PCIC survives and thrives despite financial crises, and that its assets and reputation are adequately protected;
  - 3.3.3. Monitor and evaluate 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;
  - 3.3.4. Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan to ensure that the officers of the PCIC have the necessary motivation, integrity, competence and professionalism;
  - 3.3.5. Monitor and manage potential conflicts of interest of Directors, Management, and stakeholders, including misuse of corporate assets and abuse in related party transactions;
  - 3.3.6. Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;
  - 3.3.7. Ensure the integrity of PCIC'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;

- 3.3.8. Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
- 3.3.9. Adopt, implement and oversee the process of disclosure and communications; and
- 3.3.10. Constitute 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.

#### **4. *Ex Officio* Alternates**

- 4.1. In accordance with Section 9.2 of P.D. 1467, as amended, and the rules promulgated by the GCG, the ex officio members of the Board may designate their respective alternates who ideally should be the officials next in rank to them. They shall act as members of the Board in the absence or incapacity of the regular members; and those acts shall be considered as the acts of their principals.

#### **5. Appointment of Appointive Directors**

- 5.1. All Appointive Directors of PCIC shall be in accordance with Section 10 of R.A. 8175, otherwise known as the "Revised Charter of the Philippine Crop Insurance Corporation Act of 1995."
- 5.2. No Appointive Director in PCIC may hold more than two (2) other Board seats in other GOCCs, Subsidiaries and/or Affiliates, in accordance with the GCG policy to limit the number of Board seats that an incumbent GOCC Board Member may occupy, from which he/she may receive compensation, to at most three (3) positions, inclusive of their primary position, at any given time, as provided in Section 49, Chapter 10, Book IV of the Administrative Code of 1987 and Section 11 of GCG M.C. 2012-07.

#### **6. Fit and Proper Rule**

- 6.1. All members of the Board, the President and other Officers of PCIC shall be qualified by the Fit and Proper Rule adopted by the GCG, as specified in the GCG Memorandum Circular 2012-05, otherwise known as the "Fit and Proper Rule."





## 7. Term of Office of Appointive Directors

- 7.1. Pursuant to Section 17 of the R.A. 10149, otherwise known as the "GOCC Governance Act of 2011," the term of office of each Appointive Director shall be one (1) year, unless sooner removed for cause. Provided, however, that each Appointive Director shall continue to hold office until the successor is appointed and qualified.
- 7.2. By virtue of the provisions of Section 17 of R.A. 10149 providing that "Any provision of law to the contrary notwithstanding, all incumbent CEOs and appointive members of the Board of GOCCs shall, upon approval of this Act, have a term of office until June 30, 2011, unless sooner replaced by the President," and notwithstanding any provision in the PCIC Charter, the one (1) year Term of Office of all Appointive Directors in PCIC covered by the R.A. 10149 shall begin on 01 July of the year of appointment and ending on 30 June of the following year.
- 7.3. An Appointive Director may be nominated by the GCG for re-appointment by the President of the Republic only if one obtains a performance score of above average or its equivalent or higher, in the immediately preceding year of tenure as Appointive Director [as provided for in GCG M.C. 2014-03](#).

Appointment to any vacancy shall only be 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.

## 8. Board Officers

The Board Officers of PCIC are the Chairman of the Board (who is the highest ranking [among](#) the Board Officers), the Vice-Chairman, the Corporate Secretary, and the Compliance Officer, who must all be Filipino citizens.

### 8.1. *Chairman of the Board*

- 8.1.1. The Chairman shall ensure an appropriate balance of power, increased accountability, greater capacity of the Board for independent decision-making, and optimum capacity to exercise supervisory function over Management.
- 8.1.2. The Chairman 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 and responsibilities;
  - (b) Approving meeting agenda in consultation with the President and the Corporate Secretary;



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- (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 PCIC's Manual on Corporate Governance.

The responsibilities set out above, may pertain only to the Chairman's role in respect to the Board proceedings, and shall not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.

### 8.2. Vice Chairman

- 8.2.1. In the absence of the Chairman of the Board, the Vice Chairman shall preside at the meetings of the Board.

### 8.3. Corporate Secretary

- 8.3.1. The Corporate Secretary need not be a member of the Governing Board. The Corporate Secretary must possess organizational and interpersonal skills, and the legal skills of a 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 Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- (c) Attend to the giving and serving of notices of Board meetings, if applicable;
- (d) Be fully informed and be part of the scheduling process of other activities of the Board;
- (e) Receive instructions from the Chairman on 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 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.





## 8.4. Compliance Officer

- 8.4.1. The Board shall appoint a Compliance Officer, preferably a lawyer, who shall report directly to the Chairman. In the absence of such office or appointment, the Chief Legal Officer, shall act as Compliance Officer.

The Compliance Officer shall perform the following duties:

- (a) Monitor compliance by the Corporation of the requirements under R.A. 10149, Code of Governance for GOCCs, the rules and regulations of the appropriate Government 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 Code or other compliance issues; and
- (c) Issue a certification every 30 May of the year on the extent of the GOCC'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.

- 8.4.2 The appointment of a Compliance Officer shall not relieve the Governing Board of its primary responsibility vis-à-vis the State, acting through the GCG, to ensure that the Corporation has complied with all its reportorial, monitoring and compliance obligations.

## 9. Annual Performance Evaluation of the Board

- 9.1. There will be an annual performance evaluation for the members of the PCIC's Board of Directors using the GCG Performance Evaluation for Directors (PED) in the GOCC Sector. This evaluation system is hereby incorporated in this manual as a necessary tool in enhancing professionalism and as a useful incentive for Board Members to devote sufficient time and effort to their duties. The evaluation should be instrumental in developing effective and appropriate induction and training programs for new and existing members of the Board.
- 9.2. Accordingly, PCIC's performance evaluation shall use the following tools as contained in the GCG's PED in the GOCC Sector, as prescribed by GCG Memorandum Circular No. 2014-03:
- 9.2.1. PED Form No. 1 – Chairman of the Board Self Assessment Form
  - 9.2.2. PED Form No. 2 – Members of the Governing Board Self



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- 9.2.3. PED Form No. 3 – Assessment  
CEO/President Self Assessment Form
- 9.2.4. PED Form No. 4 – Peer Assessment Form (Chairperson  
Evaluation)
- 9.2.5. PED Form No. 5 – Peer Assessment Form (Members of the  
Governing Board Evaluation)
- 9.2.6. PED Form No. 6 – Peer Assessment Form (President/CEO  
Evaluation)





## Part 3.1 – Board Committees

All Offices

All Divisions

Pursuant to the Code of Corporate Governance for GOCCs, the following committees are constituted in accordance with the principles of good corporate governance:

### 1. Governance Committee

The Governance Committee shall perform the following responsibilities:

- 1.1. Overseeing the periodic performance evaluation of the Board and its committees and Management; and also conducting an annual self-evaluation of their performance;
- 1.2. 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).
- 1.3. 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
- 1.4. Recommending the manner by which the Board's performance may be evaluated and proposing objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term stakeholder value.

### 2. Risk Management and Audit Committee

The Risk Management and 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:

- 2.1. Overseeing, monitoring and evaluating the adequacy and effectiveness of the Corporation's internal control system, engage and provide oversight of the PCIC's internal and external auditors and coordinate with the Commission on Audit (COA);



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- 2.2. 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 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;
  - 2.3. 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;
  - 2.4. 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;
  - 2.5. Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the PCIC through a procedures and policies handbook that will be used by the entire organization.
  - 2.6. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the PCIC, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
  - 2.7. Developing the Risk Management Policy of the PCIC, ensuring compliance with the same and guarantee that the risk management process and compliance are embedded throughout the operations of the PCIC, especially at the Board and Management level; and
  - 2.8. Providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.
- 3. The Board Committees may conduct meetings separately or jointly as may be deemed appropriate by the Committee Chairmen.**





## Part 4 – Top Management

All Offices

All Divisions

### 1. Internal Audit Service

- 1.1. The PCIC has in place an internal audit system, which provides the Top Management, the Board Risk Management and Audit Committee and the Board with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate and being complied with. The internal audit is performed by the Internal Audit Staff. It shall be guided by the Philippine Government Internal Audit Manual (PGIAM) and the PCIC Quality Management System Manual. It must disclose to the Board and Management the reasons for non-compliance with the said standards.
- 1.2. The Internal Audit Staff reports functionally to the Board Audit Committee and administratively to the President.
- 1.3. The Internal Audit Staff shall submit to the Board Audit Committee and Management an annual report on the Internal Audit Staff activities, responsibilities and performance relative to the audit plans and strategies as approved by the Board Audit Committee. The annual report should include significant risk exposure; control issues and such other matters as may be needed or requested by the Board and the Management.

### 2. Top Management

- 2.1. The PCIC Top Management is composed of the President, the Senior Vice-President for Regional Management Group, the Vice-President for Corporate Business Affairs Group, and the Vice-President for Support Services Group.
- 2.2. The Top Management stands as the center of decision-making for the day-to-day affairs of PCIC. It determines the Corporation's activities by putting the targets set by the Board in concrete terms and by implementing basic strategies to achieve those targets.
- 2.3. Top Management is responsible to the Board for implementing the infrastructure for PCIC's success through the following mechanisms in its organization as set by the Board:
  - 2.3.1. Organizational structures that work effectively and efficiently in attaining the goals of the PCIC;
  - 2.3.2. Useful planning, control, and risk management systems;



2.3.3. Information systems that are defined and aligned with an information technology strategy and business goals of the PCIC; and

2.3.4. A plan of succession that formalizes the process of identifying, training and selection of successors in key positions in PCIC.

### 3. Top Management Primarily Accountable to the Board

3.1. The Top Management is primarily accountable to the Board for the operations of the PCIC. As part of its accountability, the Top Management shall provide all members of the Board with a balanced and understandable account of the PCIC's performance, position and prospects on a monthly basis.

### 4. The President

4.1. Section 11 of P.D. 1467, as amended, states that, "the management of the Corporation shall be vested in the President of the Corporation who shall be a person of known integrity, competence in technical and executive fields related to the purposes of this Decree. Under Section 10 of R.A. 8175, "The President of the Corporation *shall be the highest ranking officer of PCIC and shall be elected by the Board from among its ranks. He shall also be the ex officio vice chairman* who shall assist the chairman and act in his stead in case of absence or incapacity."

He shall have the following powers and duties:

- 4.2. To execute and administer the policies, plans and programs and the rules and regulations approved or promulgated by the Board;
- 4.3. To submit for the consideration of the Board such policies, plans and programs as he deems necessary to carry out the provisions and purposes of this Decree;
- 4.4. To direct and supervise the operations and internal administration of the Corporation and for this purpose, to delegate some or any of his powers and duties to subordinate officials;
- 4.5. To recommend to the Board the appointment, promotions, transfer, assignment, re-assignment, demotion, dismissal and compensation of personnel;
- 4.6. To exercise such other powers and perform such other duties as may be directed by the Board of Directors.

### 5. Other Executive Officers

#### 5.1. Senior Vice-President – Regional Management Group (SVP-RMG)

The Senior Vice-President for Regional Management Group performs specific duties and responsibilities as follows:





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- 5.1.1. Plans, organizes, directs and controls the activities and operations of the Regional Management Group;
- 5.1.2. Exercises direct supervision over the operation of Regional Offices;
- 5.1.3. Directs the conduct of actuarial studies and research on risk, loss rates, adequacy of premiums, re-insurance and other pertinent information on existing coverage;
- 5.1.4. Directs the preparation of expansion/feasibility studies and insurance packages for new product lines;
- 5.1.5. Directs the development of corporate plans and programs including marketing plans and promotional activities in line with the priorities and policies defined by the President and the Board of Directors;
- 5.1.6. Prepares and submits for consideration of the Board and the President, the operational plans and programs for the Regional Offices;
- 5.1.7. Prepares and submits reports of corporation's operation of the Regional Offices to the President; and
- 5.1.8. Performs other related functions as may be assigned by the Board or the President.

### 5.2. Vice-President – Corporate Business Affairs Group (VP-CBAG)

- 5.2.1. General Functions: Plans, organizes, directs and controls the operations of the Corporate Business Affairs Group; supervises the formulation of product development and marketing plans.
- 5.2.2. Plans, organizes, directs and controls the operations of the Corporate Business Affairs Group, particularly the Actuarial Research and Product Valuation Department (ARPVD) and the Business Development and Marketing Department (BDMD);
- 5.2.3. Directs and supervises the formulation of product development and marketing plans;
- 5.2.4. Assists the SVP in directing and supervising the conduct of actuarial studies and researches on spread of risks, loss rates, adequacy of premiums, reinsurance and other pertinent variables on existing coverage;
- 5.2.5. Assists the SVP in directing and supervising the conduct of marketing researches and preparation of expansion/feasibility studies and insurance packages for new product lines;
- 5.2.6. Directs and supervises the development of distribution, promotion (advertising), and pricing strategies;



5.2.7. Directs and supervises the preparation of underwriting guidelines;

5.2.8. Secures reinsurance cover for PCIC's exposures from local and/or international reinsurance markets as and when necessary; and

5.2.9. Performs other related tasks assigned by the President.

### 5.3. Vice-President – Support Services Group (VP-SSG)

5.3.1. The Vice-President for Support Services Group is responsible for the overall direction, supervision and coordination of the Support Services Group particularly in the implementation of plans and programs related to financial management service, administrative service, records management and other auxiliary services of the PCIC.

5.3.2. Exercises general direction, supervision and coordination of the various functions of the Support Services Group including administration, finance and other services;

5.3.3. Recommends policies and programs relating to finance, administration, business affairs and other services;

5.3.4. Provides general direction/guidelines for the development and implementation of appropriate programs and projects on administrative services, financial management and business affairs activities;

5.3.5. Renders advisory assistance to the President and/or the Senior Vice-President on matters pertaining to administrative service and financial management services;

5.3.6. Supervises and evaluates the performance of all units under the Support Services Group and recommends changes whenever necessary;

5.3.7. Attends staff/office meeting and other conferences as may be necessary; and

5.3.8. Performs other functions as may be assigned by the President, Senior Vice-President and/or the Board of Directors.

## 6. Power of the Governing Board to Discipline/Remove Officers

6.1. 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, except the President, any other Officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation of the administrative case.





## **Part 5 – Duties and Obligations of Directors and Officers**

**All Offices**

**All Divisions**

### **1. Fiduciaries of the State**

Directors and Officers are fiduciaries of the State in that:

- 1.1. They have the legal obligation and duty to always act in the best interest of the PCIC, with utmost good faith in all dealings with the properties, interests and monies of the PCIC; and
- 1.2. They are constituted as trustees in relation to the properties, interests and monies of the PCIC.

### **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” (R.A. 6713), with its declared policies:

- 2.1. To promote a high standard of ethics in public service; and
- 2.2. 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.

### **3. Respect for and Obedience to the Constitution and the Law**

- 3.1. As Public Officials, a Director or Officer shall respect and obey the Constitution, 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 PCIC Charter.

### **4. Duty of Diligence**

- 4.1. The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the PCIC, with utmost good faith in all its dealings with the property and monies of the Corporation, includes the obligation to:
  - 4.1.1. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the PCIC, using



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

4.1.2. Apply sound business principles to ensure the financial soundness of the Corporation; and

4.1.3. 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.

4.2. Every Director or Officer, by the act of accepting such position in the Corporation, affirms and agrees:

4.2.1. To have a working knowledge of the statutory and regulatory requirements affecting the PCIC, including the contents of the PCIC Charter, the requirements of the GCG, and where applicable, the requirements of other Supervising Agencies; and

4.2.2. To always keep himself informed of industry developments and business trends in order to safeguard the PCIC's interests and preserve its competitiveness.

### 5. Duty of Loyalty

The fiduciary duty of loyalty 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:

5.1. Act with utmost and undivided loyalty to the Corporation;

5.2. Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and

5.3. Avoid (a) taking for themselves opportunities related to the PCIC's business; (b) using the PCIC's property, information or position for personal gain; or (c) competing with the PCIC's business opportunities.

### 6. Avoid Conflict of Interest

6.1. Directors and Officers shall at all times avoid any actual or potential conflict of interest with the Corporation.

6.2. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.

6.3. 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.





## 7. Taking of Corporate Opportunities

7.1. Where a Director or an Officer, by reason of his being a member of the Board or an Officer of PCIC, 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 such PCIC has an interest, the use of the properties of the PCIC for his/her own benefit, the receipt of commission(s) on contract(s) with the PCIC or its assets, or the taking advantage of corporate opportunities of the PCIC, all such profits or benefits shall be subject to restitution pursuant to Section 24 of R.A. 10149, without prejudice to any administrative, civil or criminal action against the members of 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.

## 8. Restitution

8.1. Pursuant to Section 24 of the R.A. 10149, 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 PCIC 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 R.A. 10149, the Director or Officer receiving such properties or monies shall immediately return the same to the Corporation.

8.2. 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 reinstituted and, in the discretion of the court of competent jurisdiction, disqualification to hold public office.

## 9. Limits to Compensation, Per Diems, Allowances and Incentives

9.1. *The remuneration, compensation, per diems, allowances and incentives of the members of the PCIC Board shall be:*

9.1.1. *Determined by the GCG, using as a reference, among others, Executive Order No.24, dated February 10, 2011;*

9.1.2. *Directors shall not be entitled to retirement benefits acting as such directors; and*

9.1.3. *The total yearly per diems and incentives in the aggregate which the Directors may receive shall be determined by the President upon the recommendation of the GCG based on the achievement by PCIC of its performance target(s).*



## 10. Duty of Confidentiality

- 10.1. 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.





## Part 5.1 – No Gift Policy

All Offices

All Divisions

### 1. RATIONALE

- 1.1. Whereas, Section 29 of the Code of Corporate Governance for GOCCs (GCG Memorandum Circular No. 2012-07, Series of 2012) provides that: *“x x x Every Governing Board shall formally adopt a ‘No Gift Policy’ within the GOCC and ensure its full advertisement to the community and its strict implementation by particular set of rules”*; and
- 1.2. Whereas, Section 3 (b) and (c) of RA 3019 declares as a corrupt practice the acts of: *“Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with any contract or transaction between the Government and any other party, wherein the public officer in his official capacity has to intervene under the law”* and *“Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given, x x x.”*;
- 1.3. Whereas, Section 7 (d) of the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) mandates that *“Public officials and employees shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or use anything of monetary value from any person in the course of their official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of their office. x x x*; and

### 2. DEFINITION OF TERMS

The terms hereunder shall have the following meanings:

- 2.1. An *Employee* shall include any person with regular, temporary, coterminous, contractual or casual appointment whether rank-and-file, supervisor, manager or officer of the PCIC.
- 2.2. A *Gift* refers to a thing or a right disposed of gratuitously, or any act of liberality, in favor of another who accepts it. It shall include, but not limited to, any gratuity, favor, service, discount or price concession, entitlement, privilege, legacy (except from a relative), fee, compensation, cash, securities,



entertainment, simulated sale or loan, or use of anything of monetary value, whether real or personal property.

2.3. *Policy* – refers to the “the PCIC No Gift Policy”.

### 3. RULES

**“No Gift Policy”** – Except as otherwise provided in this Policy, all employees of the PCIC and the members of the Board of Directors, shall not solicit, demand, or accept, directly or indirectly, any gift from any person, group, association, or juridical entity, whether from the public or private sector, at any time, inside or outside the work premises, where such gift is either:

- 3.1. Given in the course of their official duties or in connection with any transaction which may be affected by the functions of their office;
- 3.2. Illegal or in violation of applicable laws, rules and regulations;
- 3.3. Part of an attempt or agreement to perform or not to perform, in return thereof;
- 3.4. Intended to influence the action or inaction of directors or employees; or
- 3.5. In exchange for giving unwarranted benefits, advantage or right to any person;
- 3.6. Used to create the appearance of a conflict of interest.

### 4. Allowable Gifts – The following gifts shall be exempted from the prohibition under this Policy:

- 4.1. Certificates, plaques, cards, thank you notes, or other written forms of souvenir or mark of courtesy, recognition, or appreciation;
- 4.2. Seminar items (e.g. pens, hand-outs, etc.) or any other materials which are uniformly given to all participants in the seminar;
- 4.3. Books, pamphlets, publications, data and other information or reading materials that are directly useful to the PCIC in the performance of its mandates, objectives, and are given by individuals or organizations that have no pending business with the PCIC as to create an actual or potential conflict of interest;
- 4.4. Gifts given on special occasions between and among the PCIC employees or the members of the Directors, *provided that such gifts should be unsolicited gifts of small or insignificant value offered or given as a mere ordinary token of gratitude or friendship according to local customs or usage (Section 14 of R.A. No. 3019, the Anti-Graft and Corrupt Practices Act);*
- 4.5. Scholarships or fellowship grants, travel grants or expenses for travel taking place within or outside of the Philippines (such as allowances, transportation, food and lodging) if appropriate and consistent with the interest of the government, and with prior approval by the proper authorities in accordance





with applicable laws or under rules and regulations, *provided, that said trainings, travels, and scholarships should, however, be first permitted or approved by the Chairman of the Governing Board of PCIC (Section 7(ii) and (iii) of Republic Act (R.A.) No. 6713, the Code of Conduct and Ethical Standards for Public Officials and Employees);*

- 4.6. Honoraria given as speaker or resource person in seminars when such honoraria are authorized under existing laws or rules and regulations and subject to compliance with all the requirements prescribed therein. *However, in the absence of such law, such honoraria are not allowed, especially if the speaker or resource person is speaking by reason of his/her office with PCIC. This is to prevent the use of one's office or position for personal profit, and considering that one is already duly compensated for such office or position;*
  - 4.7. Working lunches or dinners with clients or other stakeholders of the PCIC if such lunches or dinners are inevitable in the course of official transactions, *provided that such working lunches or dinners should, however, be of modest value not exceeding what is normal or customary in the business of PCIC;*
  - 4.8. Product samples of nominal value given by clients or potential clients if giving such samples are allowed under the law or part of the standard procedures mandated by law or the rules (*e.g. rules on bidding*); and
  - 4.9. Unsolicited gifts of nominal or insignificant value provided it is not given in anticipation of or in exchange for a favor from the public official or employee.
5. **Requirement to Inform** – *PCIC officers and employees are required to professionally inform any individual or organization with any actual or potential business with the PCIC of this "No Gift Policy", the reasons the PCIC has adopted this policy, and request that such individual or organization respect such policy. Notices informing walk-in clients and visitors of the Policy shall likewise be posted in conspicuous areas within PCIC premises at the Head Office and Regional Offices (GCG M.C. No. 2012-12, No Gift Policy).*
  6. **Duty of Director or Employee if Gift is Offered or Given** – If any gift prohibited under this Policy is offered or given to any director or employee, the latter shall politely decline the acceptance of such gift and courteously inform the offeror or giver about the PCIC "No Gift Policy".
  7. **Duty of Director or Employee if Gift is Inevitably Received** – In the event that, despite diligent efforts to refuse acceptance, any gift is inevitably received because it was sent through modes other than personal delivery or the offeror insisted acceptance, the recipient of such gift shall, within twenty-four (24) hours from receipt, report the acceptance thereof and turn-over the gift to the Administrative and Finance Division (AFD) or Property Management and General Services Division (PMGSD), as the case may be, for proper documentation and handling of the gift in accordance with the provisions of this Policy.



**8. Gift Registry** – Except for Section IV (B), Nos. 1, 2, 3 and 4, any gift received, regardless of value or kind, shall be registered in a Gift Registry to be maintained by the Administrative and Finance Division (AFD) or Property Management and General Services Division (PMGSD), as the case may be. The following information about the gift shall be recorded in the Gift Registry:

8.1. Purpose

8.2. Nature, form, or kind

8.3. Amount/value (if applicable)

8.4. Date and time of receipt

8.5. Name, office address, and contact number of the giver

8.6. Name and position of the director/employee who received the gift

8.7. Date and time of delivery to the Gift Registry

8.8. Such other information as may deem necessary

**9. Donation of Gifts to Charitable Institutions** – All gifts received shall be donated to appropriate charitable or social welfare institutions to be chosen from a list to be provided. An acknowledgment letter shall be sent to the giver of the gift informing the latter about the donation to the recipient institution/s.

**10. Policy Implementation and Monitoring** – The PCIC shall ensure full advertisement, monitoring, and strict implementation of this Policy. A report of the gifts received and donated or that no gift has been received shall be submitted by the AFD/PMGSD to the Compliance Officer every 2<sup>nd</sup> week of January and 2<sup>nd</sup> week of July in time for the Bi-annual Management Meeting.

### **11. PENALTIES FOR VIOLATION**

11.1. Any violation by an employee of the provisions of this Policy shall be dealt with in accordance with the *Revised Rules on Administrative Cases in the Civil Service*, without prejudice to any civil or criminal liability that may arise therefrom under other applicable laws, rules and regulations.

11.2. Any violation by a director of the provisions of this Policy shall be dealt with in accordance with applicable laws.





## **Part 6 – Obligations of PCIC to Directors and Officers**

**All Offices**

**All Divisions**

### **1. Providing for Staff Support to Directors**

- 1.1. The PCIC provides the members of its Governing Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

### **2. Obtaining of Directors and Officers Liability Insurance (DOLI)**

- 2.1. 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 PCIC 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.
- 2.2. PCIC may obtain "Directors and Officers Liability Insurance" (DOLI) coverage for itself and the members of the Board and Officers against contingent claims and liabilities, as well as the expenses that may be incurred in prosecuting or defending action, that may be filed against PCIC Board and Officers, arising from the actions of the Board and/or Management.
- 2.3. 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 PCIC 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 PCIC and/or its stakeholders.



## Part 7 – Corporate Social Responsibility (CSR) Statement

All Offices

All Divisions

### 1. Duty to be Responsive to Stakeholders

- 1.1. Every Director and Officer accepts the position fully aware that he/she assumes certain responsibilities not only to the PCIC, but also to its different constituencies or stakeholders, such as farmers, fisherfolk, cooperatives, financial institutions, people's organization, NGOs, NGAs, employees, and suppliers, who have the right to expect that PCIC is being run in a prudent manner and with due regard to the interests of all stakeholders.
- 1.2. Consequently, members of the Board and Officers shall deal fairly with the stakeholders. No member of the Board or Officer may take unfair advantage of the PCIC's stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

### 2. Duty to Avoid Conflict of Interest

- 2.1. Conflicts of interest may arise between PCIC and its stakeholders or among the stakeholders as a result of diverse principles. Hence, any Board Member or Executive Officer of the agency shall steer clear of any conduct, or situation, which could reasonably be construed as creating an appearance of conflict of interest.
- 2.2. The PCIC recognizes that related-party transactions and other similar situations may present a risk of conflict of interest and/or improper valuation, or a perception thereof. Directors, officers, and employees owe a fiduciary duty to the PCIC and its stakeholders and must therefore avoid any actual or apparent conflict of interest.
- 2.3. A director, officer or employee of the PCIC should not use his position to profit or gain some benefit or advantage for him/herself and/or his/her related interests to the detriment of the PCIC and its stakeholders. He/She should avoid situations that may compromise his/her impartiality.
- 2.4. It is mandatory for all incoming directors and officers of the PCIC to disclose under oath, as part of their pre-appointment/pre-employment requirements, a schedule of existing business establishments where they and their related parties have equity interests.





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- 2.5. All employees of the PCIC shall declare annually that he/she has not been involved in any circumstance constituting a conflict of interest. If an employee is unsure that a circumstance that he/she finds him/herself in involves a conflict of interest, he/she shall disclose this to his/her supervisor, who may consult the appropriate Management unit to assist in resolution.
- 2.6. If an actual or potential conflict of interest arises on the part of a director, officer or employee, he/she is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating to the transaction.
- 2.7. Any question about any Director's or Officer's conflict of interest with the Agency shall be brought promptly to the attention of the President and CEO and the Committee on Governance, for which as may be required, such may be escalated to the Chairman of the Board, who will review the conflict-in-question and accordingly determine the course of action.
- 2.8. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his/her position. A conflict of interest shall be considered material if the director's or officer's or employee's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

### 3. Duty to be Socially Responsible and to Act as a Good Corporate Citizen

- 3.1. As an integral part of the National Government, PCIC is inherently mandated to be socially responsible and to act and operate as a good corporate citizen. The Board shall recognize and perform the obligations PCIC has towards the National Government, its majority stakeholder, as well as the minority stakeholders when existing, together with the employees, suppliers, customers and other stakeholders, and the communities in which it operates.
- 3.2. PCIC acknowledges that there are inevitable environmental impacts associated with its daily operations. It is the goal of PCIC to minimize harmful effects and consider the development and implementation of environmental standards. As such, PCIC strongly encourages the 3 R's: "Reduce," "Reuse," and "Recycle," and the conduct of tree planting activities.
- 3.3. PCIC identifies opportunities to reduce consumption of energy, water and other natural resources. PCIC strives to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing its impact on the environment.
- 3.4. The Directors, Officers and all its employees are required to abide by ethical policies as mandated by law and by the GCG. The protection of the reputation and goodwill of the PCIC is fundamental, and Directors, Officers and employees should be aware of the disciplinary implications of breaches of policy.





**3.5.** Every employee, officer, and board member of the PCIC is encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. The PCIC provides an environment that enables its people to raise genuine and legitimate concerns internally. However, in the event that the [agency's workforce](#), and/or the stakeholders believe their reporting to management may result in harassment, or undue distress, they may contact the GCG to report such matters. The GCG provides opportunity for concerns to be investigated and ensures appropriate action is taken to resolve the matter effectively.

#### **4. PCIC's Stakeholders, Nature of their Interests and Order of Hierarchy**

The following are the major stakeholders of the PCIC according to the order of hierarchy:

- 4.1. Customers/Clients:** Individual or groups of farmers, fisherfolk, and their allied workers in the national and local government agencies, for whom PCIC provides insurance services to stabilize incomes amid natural and man-made perils, including the worsening weather patterns brought on by climate change;
- 4.2. Intermediaries:** Cooperatives and rural banks that have partnered with PCIC towards ensuring insurance coverage for farmers and fisherfolk who take out production loan from them;
- 4.3. Department of Agriculture (DA):** National Government Agency which benefits in the course of conducting business and/or sharing information with PCIC, particularly in the fulfillment of its mandate to promote agricultural development through the implementation of various agricultural programs, of which PCIC is one of the agencies that perform its mandate to increase agricultural sector's resilience to climate change risks;
- 4.4. Land Bank of the Philippines (LBP):** A government financial institution and stockholder of PCIC which promotes countryside development by ensuring that farmers and fisherfolk have access to credit, with which PCIC has partnered to provide agricultural insurance cover for agricultural production loans of the borrowing farmers and fisherfolk;
- 4.5. Agricultural Credit Policy Council (ACPC):** A DA attached agency tasked to review, evaluate and synchronize agricultural credit policies and programs that has partnered with PCIC to adopt risk cover mechanisms;
- 4.6. Oversight Agencies:** Entities which supervise critical activities of PCIC such as the COA, DBM, CSC and the GCG. Oversight agencies help ensure the continued viability and well-being of, and support for, PCIC and its internal players in





order that its mandate is pursued with the best interest for its stakeholders in mind;

4.7. **Suppliers/Vendors:** Entities providing goods and services needed by PCIC in the course of carrying out its mandate.

4.8. **PCIC Board of Directors:** The powers and functions of PCIC in carrying out their mandate are exercised and ensured by a Board of Directors composed of the President of Land Bank of the Philippines (LBP), Executive Director of the Agricultural Credit Policy Council (ACPC), President of PCIC, representative from the private insurance industry, and three (3) representatives from the Subsistence Farmers Sector; and

4.9. **Officers and Employees:** Internal players of PCIC who dutifully carry out their mandate and responsibilities with adequate skills, knowledge and professionalism while receiving a reasonable and competitive income, and concessions for a decent work environment;

## 5. Communicating or Relating with Stakeholders.

### 5.1. Customers/Clients and Partners

5.1.1. Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationship. PCIC operates a highly effective and efficient organization, focused on meeting customers'/clients and partners' objectives with the aim of providing services which give fair value and consistent quality, reliability and safety in return for the price paid for the same. PCIC operates policies toward continuous improvement of both agency processes and the skills of the staff, to take best advantage of advances in all aspects of technology in order to ensure that it continues to add value to its customers' and partners' businesses.

5.1.2. PCIC has the following lines of communication with its stakeholders:

- (a) The official website, where clients/customers may obtain contact details of the Head Office or the Regional Office nearest them, in addition to knowing the PCIC, including its programs and latest developments in the organization;
- (b) Farmer Forums and Orientations carried out by the Regional Offices;
- (c) Printed/published information materials, such as brochures and posters, which describe PCIC's services and programs.

### 5.2. Oversight Agencies



5.2.1. The PCIC Board, Officers and staff recognize the authority of and its responsibility towards, the Oversight Agencies.

5.2.2. PCIC keeps abreast of the latest guidelines, memorandum circulars and other relevant issuances.

5.2.3. PCIC endeavors to comply without undue delay with all the requisites of the oversight agencies.

### **5.3. Suppliers**

5.3.1. As with the other stakeholders, PCIC aims to develop relationships and improve networking with business partners and suppliers based on mutual trust. PCIC intends to offer, through partnership with its suppliers, the best combination of state-of-the-art technology and world class service, strong customer relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on time and within the budget.

### **5.4. Employees**

5.4.1. The PCIC Human Resources Division endeavors to regularly update its employees regarding PCIC's compensation and incentive schemes, as well as receive and actively act on suggestions from its employees on how to improve the workplace.

5.4.2. Every employee in PCIC is encouraged to:

- (a) Remember that the biggest stakeholders are the Government and the farmer/fisherfolk clients for which PCIC was created and mandated to serve;
- (b) Share the vision of the PCIC;
- (c) Be accountable to the public in general and to the farmer/fisherfolk clients in particular;
- (d) Listen and learn from his/her co-employees;
- (e) Think and act as a team;
- (f) Focus on the customers and strive for customer satisfaction;
- (g) Respect others;
- (h) Communicate with stakeholders and customers;
- (i) Deliver results and celebrate success;
- (j) Protect the reputation of PCIC; and





- (k) Participate in discussions and structured training programs for continuing personal and professional development.

5.4.3. PCIC endeavors to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. PCIC complies with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The PCIC staff members are informed regarding the policies and practices of the PCIC in order to maintain a healthy, safe and enjoyable environment.

### **6. Alternative Dispute Resolution System in Case of Conflict with Stakeholders**

6.1. The PCIC shall continue to build harmonious relationships with its stakeholders and other parties with whom it may have obligations or contract with. It shall continue to promote mutual respect among the parties, including regulatory bodies, to avoid any conflict or controversy with them.

6.2. In case of conflict or controversy between the parties, the PCIC recognizes that the same may be settled through alternative dispute resolution than traditional and tedious court action. The PCIC thus adheres to appropriate alternative dispute resolution system for early settlement of conflicts with said parties.

6.3. Alternative Dispute Resolution means any process for resolving a conflict or controversy other than by adjudication of a presiding judge of a court.

#### **6.3.1. The PCIC and its stakeholders**

- (a) The PCIC and its stakeholders shall attempt in good faith to resolve any conflict that may arise between them relating to their rights and responsibilities provided in the PCIC Charter, Systems and Procedures Manual, and this Manual, before resorting to court action.
- (b) The PCIC and its stakeholders may opt to settle their conflicts through direct negotiation between them, without the intervention of a third party.
- (c) If the parties believe that negotiation is not an efficient alternative mode of resolving their dispute, or it does not produce results satisfactory to them, they may opt for other modes of alternative dispute resolution which may include, among others, mediation and arbitration.
- (d) If either party believes that the conflict or controversy is not suitable for any alternative resolution mechanisms or if such other mechanisms do not produce results satisfactory to the parties, either party may proceed to court action.



## 7. Stakeholder Satisfaction Survey

7.1 Pursuant to the GCG-PCIC Performance Agreement, a third party evaluator shall be contracted by PCIC to conduct a customer satisfaction survey to assess the Corporation's fulfillment of its mandate for its customers/clients and other stakeholders.





## Part 7.1 – Policy on Corporate Social Responsibility (CSR)

All Offices

All Divisions

1. **Declaration of Principles and Policies.** The Philippine Crop Insurance Corporation recognizes that its operation poses actual and potential impacts to the individual and collective stakeholders. Thus, we commit to act responsibly and ethically to provide protection not just to the farmers and fishers, but also to our workers, the community and the environment.

### Policies

#### 2. Clients

- 2.1. We provide insurance cover to farmers, fishers and allied workers in national and local government units against natural and man-made hazards and provide the assistance exactly as our contracts stipulate and in a timely manner, when such hazards occur.
- 2.2. We provide holistic assistance, by conducting learning events on topographical and meteorological conditions, including climate change that predispose the hazards, and educate stakeholders in the ways of mitigating their causes and minimizing impacts, including established best practices.

#### 3. Workers

- 3.1. We promote equal opportunities for rank-and-file and officers, and prevent discrimination on grounds of age, sex, gender, ethnicity, religion, or physical ability.

#### 4. Community

- 4.1. We engage communities in the continuing enhancement of our products and services, administrative and financial processes, and governance practices.
- 4.2. We practice and promote volunteer work and share our knowledge and expertise to the communities we work with.

#### 5. Environment

- 5.1. We promote sustainable farming and fishing and we join community efforts for conserving and protecting the environment.



## Part 8 – Policy on Gender and Development (GAD)

All Offices

All Divisions

- 1. Declaration of Principles and Policies.** It is the general principle and policy of the Philippine Crop Insurance Corporation (PCIC) to promote women's empowerment, gender equality, women's human rights and gender-responsive development, as indispensable social intervention in the task of building a progressive yet peaceful and harmonious community.

Specifically, the following are hereby declared as principles and policies:

### 1.1. Principles

- 1.1.1. That women's rights are human rights;
- 1.1.2. That women are full and equal partners of men in all spheres of life;
- 1.1.3. That women's and girls' human rights must be promoted, protected and fulfilled;
- 1.1.4. That women's empowerment and gender equality must be pursued in all aspects of PCIC's administration and operations to ensure that women and men equally contribute to and benefit from development.
- 1.1.5. That PCIC's development must be rights-based and gender-responsive to ensure that human dignity, social justice and equality are upheld.

### 1.2. Policies

- 1.2.1. Mainstream GAD in all PCIC plans, programs, projects, and services to ensure that the enforcement of this Policy on GAD is a responsibility of all the offices in the PCIC;
- 1.2.2. Allocate, utilize and monitor the use of the GAD budget;
- 1.2.3. Institute affirmative actions for women in various areas of concerns and enhance women's participation in PCIC development and in decision - making;
- 1.2.4. Eliminate gender biases in all policies, systems, procedures and maintain these be gender fair and adherent to the principles of empowerment and equality;





- 1.2.5. Develop and strengthen mechanisms for mainstreaming GAD;
- 1.2.6. Maintain constant awareness and vigilance in addressing existing and emerging gender issues and concerns in the PCIC to fully address discriminations and inequalities; and
- 1.2.7. Take measures aimed at the eradication of all forms of abuse against women and children.
- 1.2.8. Promote Women's Economic Empowerment.

## **2. Monitoring and Evaluation**

- 2.1. PCIC shall abide with the reportorial requirements for GAD Plans and Budget and shall use tools in monitoring progress towards the implementation of Policies, Mainstreaming and other GAD related activities.
- 2.2. Accomplishment reports must be regularly generated and analyzed to determine areas of improvement.



## **Part 9 – Disclosure and Transparency Requirements**

**All Offices**

**All Divisions**

### **1. Transparency as the Essence of Corporate Governance.**

1.1. *The essence of corporate governance is transparency; the more transparent the internal workings of the PCIC are, the more difficult it will be for the Board and/or Management to mismanage it or to misappropriate its assets. It is therefore imperative that PCIC disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times.*

### **2. PCIC's Manual on Corporate Governance.**

2.1. *The PCIC, acting through its Governing Board, shall promulgate and adopt its corporate governance rules and principles in accordance with Code of Corporate Governance for GOCCs (GCG MC No. 2012-07), and which in addition contains the following items:*

2.1.1. *See Part 3: Governing Board – for detailed responsibilities of members of the Board, which shall be available to all Stakeholders and to the public;*

2.1.2. *Annex "A" – Formal Charter of expectations that each Director shall sign and be committed to;*

2.1.3. *Annex "B" – List of Disclosures made by Directors;*

2.1.4. *Annex "C" – Statement by the Directors confirming the truth and fairness of the PCIC's financial statements similar to a Statement of Management Responsibility; and*

2.1.5. *See Part 10: Highest Standards Principle – for List of Fines and other consequences when Directors violate, or omit to carry out their duties, under applicable law.*

### **3. Mandatory Website.**

3.1. *In accordance with Section 25 of the RA 10149, the PCIC maintains a website, which is accessible to the public at:*

***<http://www.pcic.gov.ph>***

3.2. *On Institutional Matters:*





- (a) *The latest version of its Charter;*
- (b) *Brief company background including date of incorporation, history, functions and mandate;*
- (c) *List of Subsidiaries and Affiliates; and*
- (d) *Government Corporate Information Sheet (GCIS) as mandated by the GCG in its Memorandum Circular No.2012-01.*

### 3.2.2. *On the Board and Officers:*

- (a) *Complete listing of the Directors and Officers with attached résumé, and their membership in Board Committees;*
- (b) *Complete compensation package of all the board members and officers, including travel, representation, transportation and any other form of expenses or allowances;*
- (c) *Information on Board Committees and their activities; and*
- (d) *Attendance record of Directors in Board and Committee meetings.*

### 3.2.3. *Financial and Operational Matters:*

- (a) *Their latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;*
- (b) *Audited Financial Statements in the immediate past three (3) years;*
- (c) *Quarterly, and Annual Reports and Trial Balance;*
- (d) *Current Corporate Operating Budget (COB);*
- (e) *Local and foreign borrowings;*
- (f) *Government subsidies and net lending;*
- (g) *All borrowings guaranteed by the Government;*
- (h) *Any material risk factors and measures taken to manage such risks; and*
- (i) *Performance Evaluation System (PES).*

### 3.2.4. *On Governance Matters.*

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



# Manual on Corporate Governance

- (c) Organizational Chart;
- (d) Manual of Corporate Governance;
- (e) CSR Statement; and
- (f) Balance Scorecard.

## 3.2.5. Such other information or report that the GCG may require.

- (a) GOCCs Must Be Active Participants in the Integrated Corporate Reporting System.
- (b) In the pursuit of national development and providing better service to the public, and to ensure each PCIC's faithful performance of their mandate using the standards of good governance, transparency, accountability and responsibility, the National Government, through the GCG, shall develop an Integrated Corporate Reporting System (ICRS) to provide an extensive database and comprehensive information on GOCCs, pursuant to the following parameters:
  - i. The ICRS shall provide a platform for the electronic submission by PCIC of various reportorial requirements such as financial statements, list of directors and officers, compensation, operating budgets and performance commitments;
  - ii. Reports provided under the Disclosure and Transparency Requirements in the Ownership and Operations Manual for PCIC and the government corporate standards governing GOCCs shall also be incorporated into the System;
  - iii. The ICRS shall also be linked initially to National Government Agencies with GOCC dealings, such as with the Commission on Audit (COA), Department of Finance (DOF), the Department of Budget and Management (DBM), and eventually to the Public Financial Management System and the Government Integrated Financial Management Information System (GIFMIS); and
  - iv. Every GOCC, acting through its Board and Management, shall ensure that it becomes an active and responsible member and contributor to the ICRS.

## 3.2.6. Mandatory Reports.

- (a) The Board shall regularly submit, as may be required by the GCG and other Government Agencies, the following:
  - i. Performance Scorecards;
  - ii. Implementation of the audit recommendations of COA; and





- iii. *Compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government.*

### 3.2.7. *Other Reportorial Requirements.*

- (a) *Common Form financial statements based on annual audited financial statements within thirty (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) *For GFIs, actual and projected Statement of Cash Surplus/Deficit;*
- (e) *Capital expenditure program;*
- (f) *Statement of Financial Operations;*
- (g) *Acquisition or disposition of assets;*
- (h) *Off Balance Sheet transactions; and*
- (i) *Reports for the annual corporate budget call such as but not limited to the following:*
  - i. *Physical and Financial Performance reports (the immediately preceding three (3) years); and*
  - ii. *Sources and Uses of Funds (the immediately preceding three (3) years) and the proposal for the coming year.*

*The format and schedule of submission for the various reports shall be provided by the GCG in consultation with the Department of Finance (DOF), Department of Budget and Management (DBM), Commission on Audit (COA) and other Government Agencies as may be proper.*



## **Director's Charter of Expectations**

### **Role Requirements**

*The Director is expected to be familiar with Presidential Decree no. 1467 otherwise known as the PCIC Charter and its amendments (see P.D. 1733 and R.A. 8175).*

### **Time Commitment**

*The Director is expected to commit to whatever time is necessary to fulfill his/her duties as member of the PCIC Board of Directors.*

### **Knowledge of the PCIC issues and concerns**

*The Director is expected to have a good working and applied knowledge of PCIC current issues and concerns that are relevant to discharge his/her obligations and to make every effort to keep updated with domestic and international best practice developments in the industry.*

### **Independent Decision-Making**

*The Director is expected to provide independent and objective decisions free from any interference or compromise.*

### **Working Relationship**

*The Director is expected to establish and develop effective working relationships with members of the Board and Management and to provide support and advice while respecting executive responsibility.*

### **Relationship with Stakeholders**

*The Director is expected to ensure effective communication with stakeholders and ensure that members of the Board develop and maintain an understanding of the views of management and other relevant issues.*

### **Code of Corporate Governance**

*The Director is expected to abide by the PCIC Manual on Corporate Governance.*





## *List of Disclosures for Directors*

1. *Latest Biographical Data*
2. *Present Positions*
  - a. *Present Positions in Government (including Directorships in other Government Corporate Institutions)*
  - b. *Present Positions in Private Institutions (including Corporate Directorships)*
3. *Past Positions*
  - a. *Past Positions in PCIC and duration.*
  - b. *Past Positions in Government (including Directorships in other Government Corporate Institutions) and duration.*
  - c. *Past Positions in Private Institutions (including Corporate Directorships) and duration.*
4. *Business Interests and Financial Connections as stated in the Sworn Statement of Assets and Liabilities (SALN).*
5. *Relatives in the Government Service (within the Fourth Degree of Consanguinity of Affinity, including Bilas, Balae, and Inso).*



## **Statement by the Directors Confirming the Truth and Fairness of the PCIC's Financial Statements**

The Board of Directors of the **Philippine Crop Insurance Corporation (PCIC)** is responsible for all information and representations contained in the accompanying Balance Sheet as of \_\_\_\_\_ and the related Income Statement, Cash Flow and Changes in Equity for the year then ended. The Financial Statements have been prepared in conformity with the generally accepted state of accounting principles and reflect amounts that are based on the best estimates and informed judgment of the management with an appropriate consideration to materiality.

The Management of the **Philippine Crop Insurance Corporation (PCIC)** maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

In this regard the Board of Directors confirms the truthfulness and fairness of the **Philippine Crop Insurance Corporation (PCIC)**'s Financial Statements.

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Member  
Board of Directors

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Member  
Board of Directors

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Member  
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Member  
Board of Directors

\_\_\_\_\_  
Chairman  
Board of Directors





## **Part 10 – Highest Standards Principle**

**All Offices**

**All Divisions**

### **1. Public service being a public trust, nothing in this Code shall be construed as:**

- 1.1. *Corporate Government Standards: Relieving or excusing PCIC, its Directors and Officers, from complying with more rigorous standards of corporate governance as those required by regulatory agencies having jurisdiction over its business enterprises or the industry in which it operate.*
- 1.2. *Reportorial Requirements: A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over the PCIC and its business operations.*
- 1.3. *Administrative and Criminal Liabilities: A waiver of the administrative or criminal liabilities imposed by existing laws, rules and regulations, such as the Anti-Graft and Corrupt Practices Act, and the Code of Conduct and Ethical Standards for Public Officials and Employees for Government Officials, for offenses or breach of ethical standards committed by Directors, Officers and employees of PCIC.*

### **2. REPORTORIAL AND DISCLOSURE SYSTEM**

- 2.1. *The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for management and directors to mismanage the Corporation or misappropriate its assets.*
- 2.2. *The responsible Committee or officer, as identified herein, prepares reports or disclosure to the Commission required by applicable law or regulation and submits them through the Corporation's Compliance Officer.*
- 2.3. *The Corporation commits to fully and timely disclose all material information concerning the company's operations. Such information includes earnings results, acquisition or disposal of major assets, Board changes, and other significant related party transactions.*
- 2.4. *Other information that shall be disclosed includes remuneration of all directors and management, corporate strategy and off balance sheet transactions.*
- 2.5. *All disclosed information must be released through the approved procedure for company announcements as well as through the annual report.*



- 2.6. *The Board adheres to a more transparent governance of the Corporation and shall commit at all times to fully disclose material information dealings. It shall cause the filing of all the required information for the interest of the stakeholders.*

### **3. MONITORING AND ASSESSMENT**

- 3.1. *All Committees of the Board shall report regularly to the Board of Directors.*
- 3.2. *The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided in this Manual.*
- 3.3. *The evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be approved by the Board.*
- 3.4. *This Manual is in accordance with the Code of Corporate Governance for GOCCs (GCG Memorandum Circular No. 2012-07, Series of 2012) and, subject to regular review, shall be used as a reference by the members of the Board and Management.*
- 3.5. *The Board may create an internal self-rating system to measure performance of the Board and Management in accordance with the criteria as may be determined by the Board and consistent with the provisions of this Manual. The creation and implementation of such self-rating system and its salient features shall be disclosed in the Corporation's Annual Report.*
- 3.6. *All business processes and practices being performed within any department or business unit of the Corporation are to be reviewed to determine if these are consistent with the provisions of this Manual.*

### **4. Penalties for Non-Compliance**

*To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers and staff in case of violation of any of the provisions of this Manual:*

- 4.1. *In case of first violation, the offender shall be reprimanded.*
- 4.2. *For second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.*
- 4.3. *For third violation, the maximum penalty of removal from office shall be imposed on the offender. In case the offender is a member of the Board of Directors, the provision of Section 28 of the Corporation Code shall be observed.*





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- 4.4. *The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.*