MINUTES OF CITEM BOARD OF GOVERNORS' MEETING

17 January 2020, 9:00AM – 10:30AM
3/F TPG Board Room, DTI International Building,
375 Sen. Gil Puyat Ave., Makati City

IN ATTENDANCE:

Alternate Chairman

Abdulgani M. Macatoman
Undersecretary for Trade Promotions Group (TPG)

Board Members

Ms. Maria Mercedes G. Yacapin
Acting Deputy Administrator
National Food Authority

Ms. Paulina Suaco-Juan
Executive Director
CITEM

Atty. Dennis A. Gamaya
Bank Officer V
Bangko Sentral ng Pilipinas

CITEM Officials

Ms. Ma. Lourdes D. Mediran
Deputy Executive Director

Atty. Anna Grace I. Marpuri
Corporate Board Secretary

Malerna C. Buyao
Division Chief, Controllership Division

Wilma G. Dulay
Division Chief, Budget & Cash Division

Romina C. Magno
Division Chief, Corporate Planning Division

Florence Pearl M. Buensalido
Division Chief, Human Resources Mgmt. Division

PART I

I. DETERMINATION OF EXISTENCE OF QUORUM AND CALL TO ORDER

1. The Corporate Board Secretary determined the existence of a quorum.

2. The Alternate Chairman called the meeting to order at 9:10AM and welcomed the CITEM Board Members and Officers present in the Board Meeting.

II. APPROVAL AND ADOPTION OF THE AGENDA

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

1. The summary of the Minutes of the 28 November 2019 Board Meeting was presented to the Board.

2. The Board, having no more comments and discussion, motioned and seconded:

> "RESOLVED, that the Minutes of the previous 28 November 2020 Meeting, being in order, is hereby APPROVED."
>
> ***(Res. No. BM 2020-01-02)***

IV. MATTERS ARISING FROM THE PREVIOUS BOARD MEETING

1. The Corporate Board Secretary informed the Board on the matters arising from previous Board Meeting:

   Approved by the Board:
   - Proposed 2020 Performance Balanced Scorecard
   - Creative Services and Management Fee
   - Enhanced CITEM Competency Framework
   - Revised Citizen's Charter
   - Acts of Management

   Approved through Referendum:
   - PRAISE 2019

2. It was reported that some of the CITEM employees shared a portion of their PRAISE 2019 incentive reward to the victims of Taal Volcano Eruption in Batangas. This gesture was appreciated by the Board.

3. Further, CITEM donated 100 rolls of cloths (approximately 1,000 yards), used as drapes in the Manila FAME October 2019 special setting. The drapes were turned into blankets and sheet layers to be distributed to the evacuation centers where our displaced *kababayans* are taking temporary shelters.

> "RESOLVED, that the Matters arising from the previous 28 November 2019 Board Meeting, is hereby NOTED."
>
> ***(Res. No. BM 2020-01-03)***

PART II

V. AMENDED POLICY ON THE CONDUCT OF BOARD MEETINGS

1. The Corporate Secretary discussed the policies on the conduct of Board Meetings, manner of meetings, and attendance in accordance with GCG Memorandum Circular 2012-07 and SEC Memorandum Circular No. 15-2001.

2. As a matter of policy, CITEM Board convened its regular meetings on a quarterly basis or four times a year. Additionally, a special meeting or referendum is also being called, if necessary.

3. GCG Memorandum Circular 2012-07, provides for a policy on the conduct of meetings of the Board and attendance:

   a. The Governing Board shall meet regularly, at least once a month.

   b. The Governing Board shall also meet at least once at the beginning of each year without the CEO. It was discussed that the non-attendance of the CEO is for the Board to appraise the performance of the management.

   c. The Governing Board must conduct at least 75% of the scheduled meetings; and each Board Members must have attended at least 90% of all the meetings.

4. Although the traditional Board meeting is conducted through an *organizational meeting*, a meeting where the Board of Governors of the corporation is convened and physically present to conduct business, the GCG Memorandum Circular 2012-07 adopted the SEC Memorandum Circular No 15-2001 in which meetings may be in the manner of:

   a. Teleconferencing - An interactive group communication (three or more people in two or more locations) through an electronic medium. In general terms, teleconferencing can bring people together under one roof even though they are separated by distance.

   b. Video Conferencing - Television like communication augment with sound

c. *Computer Conferencing* - Printed communication through keyboard terminals

d. *Audio Conferencing* - Verbal communication via telephone with optional capacity for tele-writing or tele-copying.

5. In compliance to the GCG Memorandum Circular 2012-07, for the CITEM Board to meet monthly, it is proposed to the Board to conduct monthly meetings, whether in an organizational meeting or electronic means as prescribed under Securities and Exchange Opinion 15, series of 2001.

6. Following the discussions:

   a. CITEM, through the help of its Systems Management Development Division, is doing a research to facilitate the said electronic means. A Viber App is one of the viable means.

   b. CITEM's Deputy Executive Director added that in case of substantive agenda (e.g. discussion and approval of the Corporate Operating Budget, Scorecard, etc.), it shall be discussed during the organizational Board Meetings. Only administrative related matters shall be discussed through electronic means. On the use of electronic means, the BSP representative commented that the said means shall have the capability for multiple participation or group chat. He recommended a software called GoToMeeting, as one of the alternatives that the Board can use, for having features for slide presentations and video conferencing.

   c. On the frequency of meetings, GCG mandates that the Board should meet at least once a month, unless the GOCC's charter or by-laws provides otherwise. Unfortunately, Executive Order No. 989, the mandate of CITEM states that there is no provision on the frequency of meetings.

   d. Further on the attendance of Board Meetings, it was clarified that permanent representative and alternate representative of an agency member shall be counted as one.

   e. The Alternate Chairman of the Board raised if there are penalties involved in case the Board will not meet the 90% attendance of all the meetings. The Corporate Secretary informed that for now, there is no sanction yet, but the GCG has already plans for imposing penalties in the future. Hence, it is important for the Board to be prepared.

   f. Furthermore, the Board agreed to adopt the policy of Corporation Code under Section 53 wherein it provides that the "meetings of directors and trustees of corporation may be held anywhere in or outside the Philippines, unless the by-laws provide otherwise." This will be guided by the provisions under Securities and Exchange Commission (SEC) Memorandum Circular No. 15, series of 2001.

7. The Board, having no more comments and discussion, motioned and seconded:

> "RESOLVED, that the CITEM BOARD hereby adopts the policy on the prescribed frequency of meetings, in accordance with GCG Memorandum Circular 2012-07, being in order is hereby APPROVED."
>
> ***(Res. No. BM 2020-01-04)***

> "RESOLVED, that the conduct of meetings shall be through organizational meeting, teleconferencing, video conferencing or any other electronic medium, in accordance with GCG Memorandum Circular 2012-07 and Securities and Exchange Opinion 15, series of 2001, being in order is hereby APPROVED."
>
> ***(Res. No. BM 2020-01-05)***

VI. BOARD COMMITTEES

1. The Corporate Secretary presented the CITEM Board Committees in compliance with the GCG Memorandum Circular 2012-07:

   Mandatory Committees:
   a. Executive Committee
   b. Audit Committee
   c. Governance Committee
   d. Nomination and Remuneration Committee
   e. Risk Management Committee

2. The Board, likewise, on a 10 February 2016 meeting, approved to combine some of the committees as follows:

   CITEM Combined Committees
   (as duly approved on 10 February 2016):
   a. Executive Committee
   b. Audit Committee and Risk Management Committee
   c. Governance and Nomination and Remuneration Committee

3. It was presented further the required frequency of meetings, member qualifications, required composition and CITEM's point person for each Board Committees:

	EXECUTIVE COMMITTEE	AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE	GOVERNANCE AND NOMINIATION AND REMUNERATION COMMITTEE
Frequency of meetings required	-	At least 4 times a year	At least 2 times a year
Member Qualification/s	-	At least one member of the Audit Committee has an audit or finance background. At least one member of the Risk Management Committee has a finance or investment background	-
Required Composition	Not less than 3	At least 3 whose chairman should have audit, accounting or finance background	At least 3
Composition as discussed by the Board	**DTI CITEM LBP**	**BSP LBP CITEM**	**CITEM as chairman. Alternatively, CITEM may appoint an organic member in the absence of the CITEM chairman. DTI NFA**
CITEM's Point Person/s and TWG	• Executive Committee • Corporate Planning	• Internal Audit Division • Finance Division • Budget Division	• Internal Audit Division • Corporate Planning Division • Human Resources Management Division

4. Furthermore, for flexibility purposes, the Board recommended to also use other electronic means, in accordance with the GCG Memorandum Circular 2012-07 and Securities and Exchange Opinion 15, series of 2001, for the meetings of the committees.

5. The Board also decided to designate the Corporate Secretary as CITEM's compliance officer since the Corporate Secretary is the link between the management and the Board.

6. The Board, having no more comments and discussion, motioned and seconded:

"RESOLVED, that the CITEM Board shall have combined BOARD COMMITTEES:

1. Executive Committee
2. Audit and Risk Management Committee
3. Governance and Nomination and Renumeration Committee,

being in order is hereby RECONFIRMED."

(Res. No. BM 2020-01-06)

"RESOLVED, that the CITEM Board have appointed among themselves the following BOARD MEMBERS to seat in the Executive Committee:

a. DTI
b. CITEM
c. LANDBANK

(Res. No. BM 2020-01-07)

"RESOLVED further, that the CITEM Board appointed the CITEM Executive Committee and Corporate Planning Division to act as Technical Working Group for the Committee."

(Res. No. BM 2020-01-08)

"RESOLVED, that the CITEM Board have appointed among themselves the following BOARD MEMBERS to seat in the Risk and Audit Management Committee:

a. BSP
b. CITEM
c. LANDBANK

(Res. No. BM 2020-01-09)

"RESOLVED further, that the following Divisions are hereby designated to act as Technical Working Group for the Committee:

a. Internal Audit
b. Budget Division
c. Finance and Accounting Division

(Res. No. BM 2020-01-10)

"RESOLVED, that the CITEM Board have appointed among themselves the following BOARD MEMBERS to seat in the Governance and Nomination and Renumeration Committee:

a. NFA
b. CITEM
c. DTI

(Res. No. BM 2020-01-11)

"RESOLVED further, that the following Divisions are hereby designated to act as Technical Working Group for the Committee:

a. Internal Audit
b. Human Resource Division

(Res. No. BM 2020-01-12)

"RESOLVED, that the Corporate Secretary is hereby designated as the COMPLIANCE OFFICER who shall monitor compliance required under RA 10149."

(Res. No. BM 2020-01-13)

VII. AUTHORITY TO AVAIL GSIS FINANCIAL ASSITANCE LOAN FOR EMPLOYEES (GFAL II)

1. CITEM Human Resources Management Division Chief presented the GFAL, a balance-transfer and debt-consolidation facility offered by GSIS that aims to help active GSIS members settle their outstanding loan obligations with lending institutions.

2. Under GFAL, GSIS members may transfer their loan of up to Php 500,000.00, payable for 5 years with interest rate of 6% per annum, to the pension fund from lending institutions, such as government banks and cooperatives, that are duly accredited by their agencies. CITEM, in this case named the CITEM Multi-Purpose Cooperative as its accredited private lending institution.

3. With this, CITEM Human Resources Management Division Chief further presented the procedure for GFAL II in which an employee may top-up from other accredited lending institutions of CITEM (e.g. cooperative) to GFAL II. For example, if an employee loaned Php 200,000.00 from the accredited lending institution/cooperative, Php 300,000.00 may be loaned from GFAL II. It was also noted that GFAL II is separate from other government or private lending agency like PAGIBIG or BPI. Top-up is only applicable for accredited lending institutions of CITEM.

4. Furthermore, it was presented that GFAL was firstly offered to DepEd teachers and GSIS is now extending this to other agencies. In fact, GSIS offered GFAL II to CITEM in its letter dated 28 January 2019. CITEM Human Resources Management Division also attended an orientation on this and cascaded the information to CITEM employees. Several employees who might have the need to improve their financial capacity showed their interest to avail of the said financial assistance.

5. To achieve the goal towards having greater financial liberty and promote better work performance, the CITEM management is willing to help. It is proposed to the Board to approve the request for CITEM to avail the GFAL II and to grant authority to the CITEM Executive Director or CITEM Management to enter into a Memorandum of Agreement with GSIS for the implementation of GFAL II.

6. The Board approved for CITEM to avail the GFAL II with an advice that the Management shall counsel the employees on the pros and cons of the said loan. The Board then motioned and seconded:

> "RESOLVED, that the request for CITEM to avail the GSIS Financial Assistance Loan (GSIS GFAL II) for CITEM Employees, being in order, is hereby APPROVED."
>
> ***(Res. No. BM 2020-01-14)***

> "RESOLVED, the CITEM Executive Director and/or CITEM Management is given authority to sign and enter into a Memorandum of Agreement with the GSIS for the implementation of GFAL II."
>
> ***(Res. No. BM 2020-01-15)***

VIII. RATIFICATION OF CONTRACTS

1. As a matter of policy, Contracts executive by Management with amounts PhP1M and above shall be presented to the Board for ratification.

2. For the period of 16 November 2019 to 15 January 2020, there were five (5) Contracts of fund transfer and contracts that observed RA 9184. These contracts have been identified, duly signed and implemented by Management with amounts PhP1M and above.

3. Having no more comments and clarification and upon motion duly made and seconded, it was—

> "RESOLVED, that the Contracts executed by CITEM Management for the period 15 November 2019 – 15 January 2020, being in order, is hereby RATIFIED."
>
> ***(Res. No. BM 2020-01-16)***

IX. OTHER MATTERS

1. CITEM management invited the Board to a learning tour at JB Woodcraft, one of the exhibitors of Manila FAME based in Pampanga on 05 February 2020.

2. CITEM management shall also send invitations to the Board to join its Philippine participation in overseas trade fairs. This was acknowledged by the Board.

X. ADJOURNMENT

The meeting was adjourned at 10:30AM.

This 17th day of January 2020, at 3/F TPG Board Room, DTI International Building, Gil Puyat Ave., Makati City.

Prepared by:

ATTY. ANNA GRACE I. MARPURI
Corporate Board Secretary