

**RULES
GOVERNING THE
CONDUCT OF

CITEM BOARD
OF GOVERNORS'
MEETING**

Table of Contents

	Page
Rules governing the conduct of Citem Board Of Governors' meeting	03
EO 989, Annex A	08
EO 7, s. 2010, Annex B	10
EO 24, s. 2010 Annex C	13

RULES GOVERNING THE CONDUCT OF CITEM BOARD OF GOVERNORS' MEETING

Article I - GENERAL OVERVIEW AND DEFINITION

Sec. 1. Pursuant to Sec. 4 of EO 989, the CITEM Board of Governors shall formulate rules and regulations to govern its proceedings and those for the management of the Center.

Sec. 2. Definition. For the purpose of this Manual, the following terms shall mean:

- 2.1 CITEM means the Center for International Trade Expositions and Missions, created under EO 989.
- 2.2 Board means the CITEM Board of Governors as specifically enumerated under Sec. 3 of Executive Order 989
- 2.3 Ex-Officio Member refers to any individual who sits or acts as a member of the Board by virtue of one's title to another office, and without further warrant or appointment.¹
- 2.4 Appointive Member refer to any individual who is not an ex-officio member thereof, and at the same time who is appointed by the President to the CITEM Board²
- 2.5 Ex-Officio Alternate means an individual who is officially designated by an Ex-officio Board member to exercise the powers and perform the functions of the latter in the event of his/her absence or incapacity when allowed by law.³
- 2.6 EO 989 shall mean Executive Order 989, signed into law on July 27, 1987, a charter which created the Center for International Trade Expositions and Missions.
- 2.7 Quorum means a majority of the number of directors or trustees as specified in Sec. 3 of EO 989 shall constitute a quorum for the transaction of corporate business.
- 2.8 Per diems refer to the compensation granted to members of the Board for actual attendance in meetings.⁴

¹ Sec. 3 (i), RA 10149

² Sec. 3 (b) , RA 10149

³ GCG Memo 2012-08, May 23, 2012

⁴ Sec. 3 (s) , RA 10149

Article II – CITEM BOARD OF GOVERNORS and ITS ALTERNATES

Section 1. Nature and General Powers. Pursuant to Sec. 4 of EO 989, The Board of Governors shall be the central policy-making body of the PHILIPPINE TRADE EXHIBITION CENTER (now CITEM). It shall formulate rules and regulations to govern its proceedings and those for the management of the Center.

Section 2. Number and Composition. The Board of Governors of CITEM is composed of the following:

1. The Minister of Human Settlements as Chairman
2. The Minister of Trade and Industry (DTI) as Vice Chairman
3. The Administrator of the National Food Authority
4. The Governor of the Central Bank of the Philippines
5. The President of the Philippine National Bank
6. The President of the Land Bank of the Philippines
7. The President of the General Manager of the Government Service Insurance System
8. The Administrator of the Social Security System, and
9. A representative from the Private Sector to be appointed by the President of the Philippines.

Sec. 3. The Board Of Directors - The corporate powers of CITEM shall be exercised, all business conducted and all property of CITEM is controlled and held by the CITEM Board of Governors.

Sec. 4. Ex-Officio Alternates – The ex-officio members of the CITEM Board may designate their respective alternates, through a written notice to the Corporate Secretary or to any of its equivalent officer, who can act on behalf of the Ex-officio member, and his/her acts shall be considered as an act of the latter.

Sec. 5. Power and Term of the Alternate - Unless specifically limited in the letter of designation, the duly-designated Alternate may act and vote with the same power and legal effect as that of the Principal Director, and during the entire period that the Principal Director is an Ex Officio Board Member.

Sec. 6. Alternate Ceases to Act with Authority- A duly-designated Alternate shall cease to act with the power and legal authority of the Principal Director upon:

- a. The proper revocation of his/her designation by the Principal Director;
- b. The subsequent designation of another Alternate
- c. When the Principal Director has ceased to be a member of the CITEM Board;
- d. Upon death, civil interdiction, or the resignation of the Principal Director from the public service.

Section 7. Vacancies. Any vacancy occurring in the Board through death, resignation, retirement from the government service by an ex-officio representative shall be automatically filled in by his/her successor who shall be appointed in the position vacated. Further, the CITEM Board, in case such vacancy occurs, if still constituting a quorum, shall continue to exercise the corporate powers and business of CITEM.

Sec. 8. Compensation and Per Diems of Ex-officio Members. Except as otherwise provided by any provision of law, Order or EOs, the Ex-officio Board of Directors or any of its Alternates shall not receive any additional compensation or per diems for their services as such.

Article III – CORPORATE BOARD OFFICERS

Section 1. Officers. The Officers of the Board shall be the Chairman, the Vice-Chairman, and the Corporate Secretary.

Section 2. Duties.

The Chairman shall:

- a. Shall preside at all meetings of the Board;
- b. Shall exercise general control and supervision of all corporate business between meetings subject to the approval of the Board of Directors;
- c. Shall maintain order and preserve decorum, and call the Board to order
- d. Shall rule when a motion is out of order
- e. May at any meeting expel and exclude any person who creates any disturbance or acts improperly during the Board meeting.
- f. Shall perform such other duties as may be directed by the Board of Directors.

Alternate Chairman shall:

- a. Assist the Chairman in such areas as the Chairman may from time to time direct.
- b. In the absence of the Chairman or in case of his inability to act, the Alternate Chairman shall assume the duties of the Chairman.
- c. In the absence of both the Chairman and the Alternate Chairman, or the inability of both to act, the Board shall elect among themselves, if still constituting a quorum to preside the meeting.

Corporate Secretary.

- a. The Corporate Secretary shall give notices, record and preserve the minutes of the meetings of the Board of Directors.

Article IV – BOARD MEETINGS

Sec. 1. The meetings of the Board shall be held in public, except when a majority of the members of the Board, or upon request of the CITEM Management are in the opinion that the meeting or part of the meeting in private. For the purpose of considering any such matter in private, the Board may, by motion, exclude any person from the meeting.

Sec. 2. Board Room Seating. The CITEM Board seating shall be reserved for the members of the Board, the Corporate Board Officers and for CITEM key officials.

Sec. 3 Regular Meetings. The regular meeting of the members of the Board 4x/ year (quarterly), shall be held at a time and place designated by the Board of Directors.

Sec. 4. Special Meetings. Special meetings of the members of the Board may be held on any day when called by the Chairman of the Board of Governors or upon request by the CITEM Management. Calls for special meetings shall specify the purpose or purposes thereof, and no business shall be considered at any such meeting other than that specified in the call therefore.

Section 5. Place of Meetings. Regular and Special meetings of the members of the Board may be held at any place as may be designated in the notice of said meeting.

Section 6. Notice of Meeting and Waiver of Notice.

(a) **Notice.** Written notice of the time and place, and in case of a regular meeting the purpose or purposes for which the meeting is called, shall be given to each member by the Corporate Secretary or designate no less than seven (7) days before the date fixed for the meeting. Such notices shall be mailed to each member, postage prepaid, at its address as it appears upon the records of CITEM , and notice shall have been so mailed.

(b) That Board Paper materials (hard or soft copy) shall be sent to the respective offices of the Board members, at least 3 days before the actual date of the meeting.

(c) **Waiver.** Notice of any meeting may be waived in writing by any member either before or after any meeting of members or by attendance at such meeting.

Section 7. Voting. A Board Director or its alternate in attendance and voting shall be entitled to cast one vote on each proposal submitted to such meeting.

Sec. 8. Attendance or Vote by Proxy - Except in case of designation as an Alternate, a Director cannot attend or vote by proxy at board meetings.

Sec. 9. Quorum – At any regular or special meeting of the members of the Board, a quorum constitutes majority of the number of Board of Directors as provided in Sec. 3 of EO 989 for the transaction of corporate business, and every decision of at least majority of the Directors present at a meeting at which there is a quorum shall be valid as a corporate act.

ARTICLE V- CONDUCT OF BOARD MEETINGS

Sec. 1. Call to order and welcome

- a. As soon as there is a quorum present, the Chairman or the Alternate Chairman shall the take the chair and call the meeting to order
- b. The Chairman or the Alternate Chairman shall make general welcome comments to the members of the Board, to the CITEM management and to all those present in the meeting.

Sec. 2. When a member of the Board wishes to speak at a Board of Governor’s meeting ,the member shall obtain approval of the Chair before doing so.

Sec. 3. Lack or want of Quorum

- a. If no quorum exists after the time appointed for a meeting, the Board shall stand adjourned until the next applicable regular meeting.
- b. If a meeting is not convened due to the lack of quorum, the Corporate Secretary or designate shall indicate as such in the Minutes the names of the Board members of those present.
- c. When the Board is unable to meet for want or lack of a quorum, the Agenda delivered for that meeting shall be considered at the next schedule meeting prior to the consideration

of the Agenda for the subsequent meeting, or it shall be the agenda for a special meeting called for that purpose.

Sec. 4. Consideration / Approval of Agenda.-

- a. Prior to the discussion in a meeting, the Chairman or the Corporate secretary may outline the agenda. After such, the Chairman or the Alternate chairman make any recommendations respecting and adopting the agenda.
- b. At his pleasure, he may request recommendations for urgent additions, deletions, or amendments from the Corporate Board Secretary or designate; entertains any inquiries and conducts any necessary discussion concerning the Agenda; then entertain a motion to approve the Agenda as submitted or amended.

ARTICLE VI. CORPORATE RECORDS OF MEETINGS

Sec. 1 . Minutes of the Meeting. The CITEM Board meetings, whether regular or special, shall be kept and must be entered. Minutes are simply a record of proceedings, particularly of resolutions and matters discussed.

Sec. 2. Minutes for each Board meeting shall include:

1. The Kind of Meeting : (regular, special, or committee)
2. The name of the Meeting
3. The date, time, and place of the meeting
4. Members in attendance, as well as those who are absent
5. Notice of motions and their disposition;
6. Points of order and appeals, whether sustained or lost, together with the reasons given by the Presiding Officer for his or her ruling;
7. The hour of adjournment

Sec. 3. The Corporate Secretary, or the Assistant corporate secretary, in his absence, shall prepare the Minutes of CITEM Board of Governors' meeting and such minutes shall be considered for adoption and approval at a subsequent meeting of the Board.

Sec. 4 The minutes shall contain a record of decisions and motions made at a meeting, along with a summary of Board Deliberations and discussions.

Sec. 5. The corporate secretary shall make an audio record of all meetings of the CITEM Board and, if any Board member questions the accuracy of any portion of the minutes of a previous meeting, the audio meeting shall be used to decide the question.

Sec. 6. All reports and documents submitted to the CITEM Board shall be retained in the corporate records of the Board.

Article VII- SEPARATION CLAUSE

If any provision of this manual is declared invalid, inconsistent or in conflict with any laws, orders or circulars, the other provisions unaffected shall remain valid and subsisting.

Article VIII – EFFECTIVITY

This manual shall take effect immediately upon approval of the CITEM Board of Governors.

Done in CITEM, Pasay City Philippines, this 5th day of July, 2012.

ANNEX "A"

EXECUTIVE ORDER NO. 989 October 10, 1984

FURTHER STRENGTHENING THE EXPORT PROMOTION PROGRAM THROUGH THE INSTITUTIONALIZATION OF PHILIPPINE TRADE EXHIBITION CENTER

WHEREAS, primary considerations in the development of the Philippine economy are the upgrading of the quality and increasing domestic and international trade in Philippine manufactured products; and

WHEREAS, the Ministry of Trade and Industry is implementing programs for the improvement of the quality of locally manufactured products through raw material sourcing, technical assistance rendered by product specialist consultancies, marketing research, as well as generating foreign exchange income by increasing trade locally made goods in both domestic and international markets; and

WHEREAS, the National Food Authority presently operates the Philippine Trade Exhibits, with facilities especially equipped for the holding of trade exhibitions for Philippine manufactured goods; and
WHEREAS, the close coordination of the activities of the Ministry of Trade and Industry and the National Food Authority in projects designed for research, development and marketing of locally manufactured goods, especially in the exhibition of these products to the general public is best attained through the institutionalization of Philippine trade exhibits; and

WHEREAS, the Development Bank of the Philippines, Central Bank, Land Bank, Philippines National Bank and the Government Service Insurance System have provided valuable contributions to the Philippine Trade Exhibits, the programs implemented for the development or trade in locally manufactured products; and

WHEREAS, the Center for International Trade Expositions and Missions Inc., an agency of the Ministry of Trade and Industries is changed with the implementation of the Ministry's programs above-described, more specifically by conducting domestic and international trade expositions selling missions, market encounters and similar such activities and that said corporation has specially qualified personnel for the implementation for such projects; and

WHEREAS, the use of the corporate vehicle is an efficient and effective mode for the implementation of the government's broad and extensive policies and projects for the development of locally manufactured goods and the increase in domestic and international trade thereof; and

WHEREAS, the institutionalization of Philippine Trade Exhibit through the formation of a corporation dedicated to the implementation of the foregoing government policies and program will achieve the expeditious and cost effective implementation of the policies and programs;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and ordain;

Sec. 1. There is hereby create a PHILIPPINE TRADE EXHIBITION CENTER, which shall institutionalize the holding of trade exhibits for the promotion of locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets therefor and provide assistance to Philippine manufacturers in general.

Sec. 2. Existing facilities of the Philippine Trade Exhibits located at Roxas Boulevard, Pasay City, Metro Manila, are hereby transferred to, and shall be the capital/equity contribution of the National Food Authority; the land-site of the Philippine Trade Center is hereby transferred to, and shall be part of the capital of the PHILIPPINE TRADE EXHIBITION CENTER, in consideration for which the government agencies in whose name the land-site is registered shall receive, as the other capital contributors, corresponding shares of stock.

However, no obligation pertaining to the land-site and facilities transferred by virtue of this provision shall accrue to or become the liability of the PHILIPPINE TRADE EXHIBITION CENTER.

The Ministry of Trade and Industry shall provide the initial operating capital to the PHILIPPINE TRADE EXHIBITION CENTER. For this purpose, the sum of SIXTEEN MILLION PESOS (P16,000,000.00) from the Garments and Textile Export Board's Special Account No. 151 is hereby transferred to the Center as a reimbursible advance fund construction, facility improvements and acquisition of equipment and the Budget Minister is directed to effect is immediate release.

The capitalization of the Center shall be determined by its Board of Governors.

Sec. 3. The Board of Governors of the PHILIPPINE TRADE EXHIBITION CENTER shall be composed of the following:

- 1) The Minister of Human Settlements as Chairman
- 2) The Minister of Trade and Industry as Vice Chairman.
- 3) The Administrator of the National Food Authority.
- 4) The Governor of the Central Bank of the Philippines.
- 5) The President of the Philippine National Bank.
- 6) The President of the Land Bank of the Philippines.
- 7) The President of the General Manager of the Government Service Insurance System.
- 8) The Administrator of the Social Security System, and
- 9) A representative from the Private Sector to be appointed by the President of the Philippines.

Sec. 4. The Board of Governors shall be the central policy-making body of the PHILIPPINE TRADE EXHIBITION CENTER. It shall formulate such rules and regulations to govern its proceedings and those for the management of the Center.

Sec. 5. The PHILIPPINE TRADE EXHIBITION CENTER shall be a corporate entity owned by the Philippine Government, attached to the Ministry of Trade and Industry.

Sec. 6. Trade Center for International Trade Expositions and Missions, Inc. (CITEM), an agency of the Ministry of Trade and Industry, shall undertake the day-to-day management and operations of the Center.

Sec. 7. This Executive Order shall take effect immediately.

DONE in the City of Manila this 10th day of October, in the year of Our Lord, nineteen hundred and eighty-four.

Annex B

Executive Order No. 7, s. 2010

EXECUTIVE ORDER NO. 7

DIRECTING THE RATIONALIZATION OF THE COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT-OWNED AND-CONTROLLED CORPORATIONS (GOCCs) AND GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), AND FOR OTHER PURPOSES

WHEREAS, transparency, accountability and prudence in government spending are among the core governance policies being adopted by this administration;

WHEREAS, while Government Owned and Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs), by the nature of their operations, are accorded greater flexibility to function properly and efficiently under a market environment, such flexibility shall nevertheless be consistent with the precept of public accountability;

WHEREAS, there is a need to strengthen the supervision over the compensation levels of GOCCs and GFIs, in order to control the grant of excessive salaries, allowances, incentives and other benefits;

WHEREAS, under Item (9) of the Senate and House of Representatives Joint Resolution (J.R.) No. 4, s. 2009, agencies exempted from Republic Act (R.A.) No. 6758, as amended, shall observe the policies, parameters and guidelines governing position classification, salary rates, categories and rates of allowances, benefits, and incentives prescribed by the President;

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by the Constitution, Presidential Decree No. 985, Presidential Decree No. 1597, R.A. No. 6758, as amended by the J.R. Nos. 1, s. 1994, and 4, s. 2009, do hereby order and direct:

SECTION 1. Rationalization of the Compensation and Position Classification System in GOCCs and GFIs. — The compensation and position classification system in all GOCCs and GFIs shall be rationalized in accordance with the policies, principles and parameters prescribed in this Order.

SECTION 2. Guiding Principles. — The following principles, patterned after the governing principles in J.R. No. 4, s. 2009, shall guide the rationalization of the compensation and position classification system in GOCCs and GFIs:

- a. All government personnel shall be paid just and equitable compensation in accordance with the principle of equal pay for work of equal value.
- b. The compensation for government personnel shall generally be comparable with those in the private sector doing comparable work in order to attract, retain and motivate a corps of competent civil servants.
- c. The compensation for government personnel shall be standardized and rationalized to create an enabling environment that will promote social justice, integrity, efficiency, productivity, accountability and excellence in the civil service.
- d. A performance-based incentive scheme which integrates personnel and organizational performance shall be established to reward exemplary servants and well-performing institutions.
- e. A periodic review of the compensation and position classification system shall be conducted taking into account the changes in skills and competency requirements and the possible erosion in the purchasing power due to inflation, and other factors.

f. The compensation for government personnel shall be kept fair and reasonable in recognition of fiscal realities and personal services cost shall be maintained at a reasonable proportion of over-all expenditures.

SECTION 3. Total Compensation Framework. – All remuneration granted to members of the board of directors/trustees, officers and rank-and-file employees of GOCCs and GFIs shall be categorized in accordance with the Total Compensation Framework established under Item (4) of J.R. No. 4. Under this framework, total payment for services rendered by personnel shall be limited to the following categories:

- a. Basic Salaries, including Step Increments;
- b. Standard Allowances and Benefits which are given to all employees across agencies;
- c. Specific-Purpose Allowances and Benefits which are given under specific conditions, based on actual performance of work; and,
- d. Incentives, which are rewards for loyalty to government service and for exceeding performance targets.

SECTION 4. Standard Components of the Compensation and Position Classification System. – To standardize the compensation and position classification system in all GOCCs and GFIs, said system have the following components:

- a. Compensation System
 - i. A salary scheduled to cover full-time employment, and salary rules to implement the payment of salaries and step increments; and,
 - ii. Set of allowances, benefits, incentives categorized pursuant to the Total Compensation Framework; and guidelines, rules for the grant thereof.
- b. Position Classification System
 - i. Index of occupational groups, classes of position, and salary grades;
 - ii. Standards of specifications for each class of positions; and,
 - iii. Rules, regulations, and procedure for the administration and maintenance of the position classification system.

SECTION 5. Rationalization of Indirect Compensation Excluded from the Total Compensation Framework. – Provident Fund benefits, additional health insurance, and other benefits that are indirect compensation and are excluded from the Total Compensation Framework, shall likewise be rationalized in accordance with the policies to be issued by the President upon recommendation of the Task Force created in Section 7 hereof.

SECTION 6. Considerations in Setting Compensation Levels in GOCCs and GFIs. – In setting compensation level, the peculiar nature of corporate operations shall be taken into account. The following factors shall be considered:

- a. Coverage of the GOCC/GFI under R.A. No. 6758, as amended, or exemption therefrom;
- b. Strategic position of the GOCC/GFI in the industry where it belongs;
- c. Proprietary nature of operations;
- d. Requirement for highly technical or specialized skills and expertise in corporate operations;

- e. Comparability of the compensation package with prevailing industry practices;
- f. Financial capabilities and viability of the GOCC/GFI, to include:
 - i. Operational stability and self-sufficiency
 - ii. Consistency in income/profit performance and attainment of output or service targets
 - iii. Remittance of dividends to the National Treasury
 - iv. National Government support in terms of subsidy, equity, net lending, or tax subsidy;
- g. Proportion of Personal Services expenditure to total corporate operating budget;
- h. Privatization plans; and,
- i. Other relevant factors.

SECTION 7. Creation of a Task Force on Corporate Compensation. – A Task Force on Corporate Compensation (TFCC) is hereby created to undertake the review of all remuneration granted to members of the board of directors/trustees, officers and rank-and-file employees, as well as discretionary funds of GOCCs and GFIs, to be composed of the Office of the President as Chair, and the Department of Budget and Management, the Department of Finance, and the Civil Service Commission as members. The TFCC shall perform the following:

- a. Prepare an updated inventory of the salaries, allowances, incentives, and other benefits, under both direct and indirect compensation, given to all members of the board of directors/trustees, officers and rank-and-file employees, whether covered by or exempted from R.A. No. 6758, as amended, including those received from subsidiaries and private corporations, if any, as well as discretionary funds;
- b. Categorize all remuneration granted to members of the board of directors/trustees, officers and employees of these entities in accordance with the Total Compensation Framework in Section 3 above, and those considered as indirect compensation under Section 5 hereof; and,
- c. Formulate and recommend measures to rationalize the compensation system and the use of discretionary funds in specific GOCCs and GFIs, including putting a cap on total compensation. The TFCC shall submit a report on its findings and recommendations to the President within 90 days from issuance of this Order.

SECTION 8. Submission of Information on All Personnel Remuneration. — All GOCCs and GFIs shall submit to the TFCC, information on all salaries, allowances, incentives, and other benefits under both direct and indirect compensation, granted to members of the board of directors/trustees, officers and rank-and-file employees, as well as discretionary funds, in a format to be prescribed by the TFCC, certified correct by the Department Secretary who has supervision over the GOCC/GFI.

SECTION 9. Moratorium on Increases in Salaries, Allowances, Incentives and Other Benefits. – Moratorium on increases in the rates of salaries, and the grant of new increases in the rates of allowances, incentives and other benefits, except salary adjustments pursuant to Executive Order No. 8011 dated June 17, 2009 and Executive Order No. 900 dated June 23, 2010, are hereby imposed until specifically authorized by the President.

SECTION 10. Suspension of All Allowances, Bonuses and Incentives for Members of the Board of Directors/Trustees. – The grant of allowances, bonuses, incentives, and other perks to members of the board of directors/trustees of GOCCs and GFIs, except reasonable per diems, is hereby suspended for until December 31, 2010, pending the issuance of new policies and guidelines on the compensation of these board members.

SECTION 11. Effectivity. – This Executive Order shall take effect immediately upon publication.

DONE in the City of Manila, this 8th day of September, in the year of our Lord, Two Thousand and Ten.

(Sgd.) **BENIGNO S. AQUINO III**

ANNEX "C"

EXECUTIVE ORDER NO. 24

PRESCRIBING RULES TO GOVERN THE COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS/TRUSTEES IN GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS

WHEREAS, Section 1, Article XI of the 1987 Constitution provides that a "Public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and justice, and lead modest lives.";

WHEREAS, pursuant to this constitutional mandate, Republic Act No. 6713 (The Code of Conduct and Ethical Standards for Public Officials and Employees) directs the public officials and employees to uphold public interest over personal interest and for this purpose, to use government resources and the powers of their offices efficiently, effectively, honestly and economically to avoid wastage of government resources;

WHEREAS, transparency, accountability and prudence in government spending are among the core governance policies being adopted by this Administration;

WHEREAS, transparency, accountability and prudence in government spending are among the core governance policies being adopted by this Administration;

WHEREAS, government-owned or-controlled corporations (GOCCs) including government financial institutions (GFIs) are government agencies and their funds are public funds which must be used prudently at all times with a view to prevent dissipation and waste;

WHEREAS, membership in the Board of Directors/Trustees of GOCCs is a public office under the Executive Department;

WHEREAS, the Board of Directors/Trustees of certain GOCCs have granted their members excessive salaries, per diems, allowances, bonuses, incentives and other benefits which cause demoralization in the bureaucracy and depletion of government revenues;

WHEREAS, pursuant to Section 17, Article VII of the 1987 Constitution, the President shall have control of all the executive departments, bureaus and offices;

WHEREAS, consistent with the precept of public accountability, it becomes imperative for the President of the Philippines to exercise his power of control over GOCCs to rationalize the compensation of the members of their Board of Directors/Trustees.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by the Constitution and by law, do hereby order:

Section 1. Policy Considerations - Cognizant of the role of the Board of Directors/Trustees as steward of the corporation it serves and caretaker of the best interests of the people who are the true shareholders of the corporation, the rationalization of the compensation for members of the Board of Directors/Trustees in GOCCs shall be anchored on the following policy considerations of the State:

a) Promote transparency, accountability, and prudence in government spending;

b) Enable the GOCCs to perform their mandated developmental, social, commercial, proprietary, and regulatory functions, and respond to the demands for an effective and efficient delivery of essential public services, thereby significantly contribute to national development;

c) Strengthen the overall governance and management of GOCCs by, among others, attracting highly qualified and competent individuals;

d) Improve the monitoring, supervision, and evaluation of the management and operations of GOCCs; and

e) Provide for the standardization and rationalization of the compensation of members of the Board of Directors/Trustees that is reasonable, justifiable, and appropriate to prevent abuses in the grant of salaries, per diems, allowances, bonuses, incentives, and other benefits.

Section 2. Definition of Terms - Unless otherwise provided elsewhere in the Executive Order, the following terms shall mean as follows:

a) **GOCC** - Any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where applicable, as in the case of stock corporations, to the extent of at least 51% of its capital stock.

b) **Chartered GOCC** - A GOCC, including a GFI, created and vested with corporate functions by a special law.

c) **Non-chartered GOCC** - A GOCC organized and operating under Batas Pambansa Bilang 68 (The Corporation Code of the Philippines).

d) **GFI** - A financial institution in which the Government directly or indirectly owns majority of the capital stock and which are either registered with or directly supervised by the Bangko Sentral ng Pilipinas.

e) **Subsidiary** - A corporation more than 50% of the voting stock of which is owned or controlled, directly or indirectly through one or more intermediaries, by a GOCC.

f) **Ex-Officio Board Member** - An individual who sits or acts as a member of the Board of Directors/Trustees by virtue of his/her title to another office, and without further warrant or appointment.

g) **Authorized Alternate/Representative** - An individual who is officially designated by an Ex-Officio Board member to exercise the powers and perform the functions of the latter in the event of his/her absence or incapacity when allowed by law.

h) **Appointive or Elective Board Member** - 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.

i) **Per Diems** - Compensation granted to members of the Board of Directors/Trustees of a GOCC for attendance in meetings.

j) **Salaries, Allowances, Bonuses, and Benefits** - Any amount paid to members of the Board of Directors/Trustees other than per diems and performance based incentives.

k) **Annual Retainer Fees** - Annual lump sum amount paid to a member of the Board of Directors/Trustees for services rendered.

l) **Performance-based Incentives** - Rewards, in cash or in kind, granted to members of the Board of Directors/Trustees for exceeding performance targets.

m) **Reimbursable Expenses** - Actual and reasonable expenses incurred by members of the Board of Directors/Trustees in their performance of official functions which may be legally reimbursed.

n) **Stock Plans** - Refers to stock options, outright stock, restricted stock, and deferred stock.

Section 3. General Provisions - The compensation of members of the Board of Directors/Trustees in GOCCs shall be in accordance with the following principles:

a) The compensation system shall have the following characteristics:

1. Simple and easy to understand, interpret, manage, and implement;
2. Consistent with best practices for public and private corporations; and
3. Takes into consideration the peculiar nature of corporations in terms of size, strategic positioning, nature of operations, and financial capability.
4. Subject to periodic review to take into account prevailing best practices, the peculiar nature of corporations, organizational performance, the changes in skills and competence requirements, and the possible erosion in the purchasing power due to inflation and other factors.

b) The compensation shall have the following characteristics:

1. Just and equitable in accordance with the principle of equal pay for work of equal value;
2. Generally comparable with those in the private sector doing comparable work in order to attract, retain, and motivate a corps of competent members of the Board of Directors/Trustees;
3. Performance-based with due consideration to individual and organizational performance in terms of financial, operational, developmental, and regulatory performance where applicable;
4. Fair, reasonable, and in consideration of fiscal realities such as the availability of funds and the financial capability of the organization; and
5. Subject to the approval of the President.

Section 4. Coverage - The policies, principles, and rules set forth herein shall apply to:

a) Members of the Board of Directors/Trustees of all GOCCs, with or without Charter, whether or not covered by the Salary Standardization Law, regardless of classification. and all subsidiaries, but shall exclude the Bangko Sentral ng Pilipinas; and

b) Representatives of GOCCs in the Boards of private corporations wherein the GOCCs have investments.

Section 5. Local Water Districts - Members of the Board of Directors/Trustees of Local Water Districts shall likewise be subject to the policies and principles set forth herein. Separate rules pertaining to classification and compensation of members of the Board of Directors/Trustees of Local Water Districts shall be issued for this purpose.

Section 6. GOCC Classification - For the purpose of determining the maximum allowable compensation for members of the Board of Directors/Trustees pursuant to this Executive Order, GOCCs shall be classified by size based on the assets and revenues as follows:

Classification	Assets (P)	Revenues (P)
A	≥ 100 Billion	≥ 10 Billion
B	≥ 25 Billion and < 100 Billion	≥ 2.5 Billion and < 10 Billion
C	≥ 5 Billion and < 25 Billion	≥ 500 million and < 2.5 Billion
D	≥ 1 Billion and < 5 Billion	≥ 100 million and < 500 million
E	< 1 Billion	< 100 million

a) Assets shall be based on the prior year's audited balance sheet;

- b) Revenues shall be based in the average of the prior three years' audited income statements;
- c) GOCCs must meet both asset and revenue criteria;
- d) Additional consideration may be given for such factors as financial performance, industry, and strategic positioning; and
- e) Changes in a GOCC's classification shall be reviewed, evaluated, and recommended by the Department of Finance, subject to the approval of the President.

Section 7. Compensation of Members of the Board of Directors/Trustees - The compensation of members of the Board of Directors/Trustees shall be in accordance with the following rules:

- a) Department Secretaries, Undersecretaries, Assistant Secretaries and other government officials, who are Ex-Officio Board Members, including their Authorized Alternates/Representatives, shall not be entitled to any additional compensation for their services as such;
- b) Appointive or Elective Board Members may receive compensation as set forth herein unless specifically prohibited by law or Charter;
- c) Compensation granted to Ex-Officio Board Members of subsidiaries or private corporations wherein a GOCC has investments shall accrue to the GOCC represented; and
- d) Compensation granted to Appointive or Elective Board Members representing a GOCC in a private corporation where the GOCC has investments shall not exceed the allowable compensation of the members of the Board of Directors/Trustees of the GOCC represented. Any excess shall accrue and be remitted to the GOCC represented within fifteen (15) days. *1avvphi1*

Section 8. Compensation Structure - The compensation of members of the Board of Directors/Trustees shall have the following components:

- a) Compensation shall be in the form of per diems and subject to limits as provided for under Sections 9 and 10 hereof;
- b) Compensation in the form of Performance-Based Incentives may be allowed and shall be based on agreed upon metrics as provided under Section 11 hereof;
- c) Annual Retainer Fees and Stock Plans shall not be allowed; and
- d) Salaries, Allowance, Benefits, and other Bonuses shall not be allowed unless specifically authorized by law or Charter and approved by the President, provided that the total of foregoing compensation and per diems shall not exceed the limits stipulated under Sections 9 and 10 hereof.

Section 9. Per Diems for Board Meetings - The maximum per diem per Regular or Special Board meeting actually attended provided to members of the Board of Directors/Trustees shall be based on the size of the GOCC but not to exceed the maximum annual amounts as specified herein. Actual amounts provided shall consider the nature of the GOCC and fiscal realities, but any increases from the current rates of per diems being granted shall take effect only upon the approval by the President.

- a) The following schedule shall serve as limits:

Classification	Max Per Diem Per Meeting	Max Per year
A	40,000	960,000
B	20,000	480,000
C	15,000	360,000

D	10,000	240,000
E	5,000	120,000

b) The Board chairperson may receive not more than 20% of the amount set for members of the Board of Directors/Trustees.

Section 10. *Per Diems for Committee Meetings* - The maximum per diem per Committee meeting actually attended provided to members of the Board of Directors/Trustees shall be based on the size of the GOCC and shall be at most sixty percent (60%) of the amount set per Board meeting but not to exceed the maximum annual amounts as specified herein. Actual amounts provided shall consider the nature of the GOCC and fiscal realities, but any increases from the current rates of per diems being granted shall take effect only upon approval by the President. The following schedule shall serve as limits:

Classification	Max Per Diem Per Meeting	Max Per Year
A	24,000	576,000
B	12,000	288,000
C	9,000	216,000
D	6,000	144,000
E	3,000	72,000

Section 11. *Performance-based Incentives* - The maximum amount of Performance-Based Incentives which may be paid to members of the Board of Directors/Trustees shall be based on the size of the GOCC but not to exceed a reasonable percentage of a Board Member's actual annual per diems received. Actual amounts provided shall be based on metrics agreed upon by the Board of Directors/Trustees and the supervising department, endorsed by the Department of Finance and the Department of Budget and Management, and subject to and upon approval of the President.

a) A rating system shall be used to assess GOCC performance using metrics that clearly identify when targets have been met or exceeded; and

b) Performance-based incentives shall only be paid if a GOCC has complied with its statutory obligations.

Section 12. *Reimbursable Expenses* - All necessary expenses of members of the Board of Directors/Trustees to attend Board and other meetings and discharge their official duties shall be paid directly by the GOCC. However, when due only to the exigency of the service and subject to the submission of receipts, it is necessary for the members of the Board of Directors/Trustees to advance the same, they may be reimbursed but only for the following items incurred in the performance of official functions subject to budgeting, accounting, and auditing rules and regulation:

a) Transportation expenses in going to and from the place of meetings;

b) Travel expenses during official travel;

c) Communication expenses; and

d) Meals during business meetings.

Section 13. *Compliance* -

a) The Board of Directors/Trustees of all Chartered GOCCs, whether or not covered by the Salary Standardization Law, are hereby directed to comply with the provisions contained in the Executive Order

to govern the compensation and reimbursable expenses of the members of the Board of Directors/Trustees in their respective corporations; and

b) The Board of Directors/Trustees of all Non-charted GOCCs, including all subsidiaries, are hereby directed to pass Board resolutions adopting or reiterating the provisions contained in this Executive Order to govern the compensation and reimbursable expenses of the members of the Board of Directors/Trustees in their respective corporations.

Section 14. Penalties - Non-compliance with any of the provisions of this Executive Order shall be considered insubordination or neglect of duty and such other administrative offences as may be warranted and shall be dealt with accordingly.

Section 15. Restitution - Upon the determination and report of the Commission on Audit (COA) that a member of the Board of Directors/Trustees has received any amount or property beyond what is allowed in this Executive Order or has received anything which accrues to the GOCC represented by him/her, the member of the Board of Directors/Trustees shall immediately return the same to the GOCC concerned.

Section 16. Clarifications - Any request for clarifications to the provisions of this Executive Order shall be directed to the Task Force on Corporate Compensation and must be in writing.

Section 17. Separability Clause - If for any reason, any section or provision of this Executive Order is declared to be invalid, the other sections or provisions hereof which are not affected shall continue to be in full force and effect.

Section 18. Repealing Clause - All orders, circulars, issuances, Board resolutions, rules and regulations or parts thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly; provided, that any provision not otherwise repealed or modified herein shall remain effective and enforceable as part of this Order.

Section 19. Effectivity Clause - This Executive Order shall take effect immediately upon publication in a newspaper of general circulation.

DONE in the City of Manila, this 10th day of February, in the year of our Lord, Two Thousand and Eleven.

(Sgd.) BENIGNO S. AQUINO III