



REVISED MANUAL OF CORPORATE GOVERNANCE OF THE CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS

WHEREAS, it is the State's policies to actively promote the principles of accountability and transparency in all government-owned and controlled corporations (GOCCs) and pursue public corporate governance reform;

WHEREAS, GOCCs are treated as significant tools for economic development and as active partner of the Government of the Philippines in National Development;

WHEREAS, every GOCC is mandated to ensure that its governance is carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness under its Governing Board;

WHEREAS, the Governing Board, through carrying-out their function in a fiduciary character, is fully accountable to the State and should always act as a collegial body, for the best interest of the State;

WHEREAS, in view of the foregoing, CITEM Board of Governors, in its Resolution No. _____ approved the promulgation and implementation of this CITEM Code of Corporate Governance.

I DEFINITION OF TERMS

Sec. 1. Definition of Terms. For purposes of this Code, the following terms shall have the following meaning:

- 1.1 Alternate Members refer to any individual who is officially designated by an Ex-Officio Board member to exercise the powers and perform the functions of the latter in event of his/her absence or incapacity when allowed by law.¹
- 1.2 Appointive Director refers to member of the Board of Governor who is not an ex-officio member thereof; and whom the State is entitled to nominate.²
- 1.3 "Board" refers to the collegial body that exercises the corporate powers of CITEM as specified in EO 989, conducts all its business and controls its properties. It is charged with the functions of governing and conducting the business of CITEM and monitoring Management.
- 1.4 Board of Governors refer to governing body as specifically mentioned in Sec. 4 of EO 989 that exercised the corporate powers of CITEM, conducts all its business and controls its properties;³
- 1.5 Board Officers refer to persons whose primary task is to serve the Board or to pursue the immediate functions of the CITEM Board, such as the Chairman, Vice Chairman and the Corporate Secretary.

¹ GCG Memorandum Circular 2012-08

² Sec.3(b) RA 10149

³ GCG Memorandum Circular 2012-05

- 1.6 "Corporate Governance" refers to a framework of rules, systems and processes in CITEM that governs the performance of the Board of Governors and Management of their respective duties and responsibilities to the State and to the stakeholders. It provides the structure through which the objectives of CITEM are set, and the means of achieving those objectives and monitoring performance are determined.
- 1.7 "CITEM" refers to the Center for International Trade Expositions and Missions that adopts the Code of Corporate Governance. It is a government instrumentality with corporate powers, owned by the Philippine Government, attached to the Department of Trade and Industry
- 1.8 CPCS refers to the Compensation and Position Classification System.
- 1.9 "Ex-Officio Board Member" refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all property of CITEM, whether it be formally referred to as Board or Directors, Board of Trustees, or some other term in its charter, articles of incorporation, or by-laws.⁴
- 1.10 GCG refers to the Governance Commission for GOCCs created under RA 10149
- 1.11 GOCCs refer to the Government Owned and Controlled Corporations including government instrumentality with exercise of corporate powers, and government corporate entities under the jurisdiction of the GCG
- 1.12 "Management" refers to the body given the authority to implement the policies determined by the Board in directing the course and business activities of CITEM.
- 1.13 "Internal Control" refers to the process effected by the CITEM Board of Governors, Management and other personnel, regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies.

Sec. 2. Singular Term include the Plural. Unless otherwise indicated in this Code, any reference to a singular, shall likewise apply to the plural.

Sec. 3. Liberal construction. All doubts or questions that may arise in the interpretation or application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to CITEM, to the State and to the stakeholders of CITEM.

Sec. 4. Coverage. This Code shall be observed by CITEM, its Governing Board, Management and its corporate officers and employees.

II

ROLE OF CITEM IN NATIONAL DEVELOPMENT AND ITS COMMITMENT TO PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Sec. 5 CITEM as an Active Partner of the Government in National Development. CITEM acknowledges that its corporate organization is essential to the performance of its function as an active partner of the government in National Development. It will constitute significant tool of the State to pursue economic development and the means to promote growth by ensuring that its operations are consistent with national development policies and programs.

⁴ GCG Memorandum Circular No. 2012-06

Sec. 6. Governing Principles of Good Corporate Governance of CITEM. CITEM shall at all times observe and shall be governed by the following principles:

- 6.1 Promote transparency, accountability and fairness, and its business shall be conducted strictly in accordance with the rule of law and shall be supportive of the primary goals and objectives of the government.
- 6.2 Timely and accurate disclosure shall be made on all material aspects and development regarding CITEM, including its financial condition, performance, ownership, and governance.
- 6.3 The strategic guidance of CITEM shall be in accord with the objectives set by the government, the effective monitoring of Management by the Board, and the Board's accountability to CITEM and the stakeholders.
- 6.4 Active cooperation between CITEM and its stakeholders in creating wealth, jobs, and the sustainability of a financially sound enterprise shall be encouraged.

Sec. 7. Commitment to Institutionalize the Principles of Corporate Governance. The CITEM Board is primarily responsible for ensuring good corporate governance in CITEM.

CITEM is committed to institutionalize the principles of good corporate governance in the entire organization. The Board of Governors, Management and Employees of CITEM equally commit to the principles contained in this Code and acknowledge that this Code will serve as guide in the achievement of corporate goals.

Sec. 8. Promotion of Corporate Governance. The Board of Governors, Management and Employees believe that good corporate governance is an integral component of sound strategic business management and of transparency and accountability in public corporate governance, and will therefore undertake every effort necessary to create awareness within CITEM.

III CITEM BOARD OF GOVERNORS

Sec. 9. CITEM Board of Governors. The CITEM Board of Governors is structured in a manner that it can act in the interest of CITEM. It is primarily responsible for the management and operation of CITEM, as such:

- a. All corporate powers of the agency are vested directly by law to its Governing Board;
- b. The members of the CITEM Board have been imposed with the fiduciary duties to:
 - b.1 Always act in the best interest of CITEM, with utmost goodfaith in all its deals with the property and monies of CITEM.
 - b.2 Act with due care, extraordinary diligence, skill and good faith in the conduct of the business of CITEM
 - b.3 Apply sound business principles to ensure the financial soundness of the agency
 - b.4 Constitute expressly to hold as trustee in relation with the properties, interests and monies of the agency.

Sec. 10. CITEM Board Composition. Pursuant of sec. 3 of EO 989, the CITEM Board shall be composed of the following:

- a. The Secretary of the Department of Trade and Industry, as Chairman;
- b. The Administrator of the National Food Authority
- c. The Governor of the Central Bank of the Philippines
- d. The President of the Philippine National Bank
- e. The President of the Land Bank of the Philippines
- f. The President and General Manager of the Government Service Insurance System
- g. The Administrator of the Social Security System; and
- h. A representative from the Private Sector to be appointed by the President of the Philippines

Sec. 11. Board Directly Vested with Corporate Powers. Having been vested directly by law with the legal capacity and authority to exercise all corporate powers, conduct all the business, and hold all the properties of CITEM, the CITEM Board of Governors is primarily responsible for the governance of CITEM.

It is the CITEM Board of Governors, and not management, is primarily accountable to the State for the operations and performance of CITEM.

Sec. 12. Particular Obligations of the Governing Board. The Governing Board, shall ensure that they perform their statutory-defined role as the State's tools in pursuing economic growth and development by:

- a. Ensuring that government assets and resources are efficiently utilized and that government exposure to all forms of liabilities and subsidies are warranted and incurred through prudent means⁵
- b. Ensuring that all operations and governance are carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness⁶
- c. Complying faithfully with reporting and evaluation system governing GOCCs, including the periodic disclosure and examination of their operations their assets, finances, revenues and expenditures. ⁷

Sec. 13. Duty To Properly Select And Provide Independent Check On Management. In line with the power to elect the CEO of CITEM from among its ranks and to appoint other officers of CITEM, it is the duty of the CITEM Board to ensure that they elect and/or employ only officers who are fit and proper to hold such offices with due regard to their qualification, competence, experience and integrity. The CITEM Board of Governors is therefore, obliged to provide an independent check on Management.

Sec. 14. Mandate and Responsibility for CITEM's Performance. The CITEM Board of Governors shall be the central policy-making body of CITEM. It shall formulate such rules and regulations to govern its proceedings and those for the management of the Corporation.⁸

These mandated function and responsibilities shall include the following:

- a. Provide corporate leadership to CITEM subject to rule of law, and the objectives set by the government, the DTI, as its mother agency, and the GCG;
- b. Establish CITEM's vision and mission, strategic objectives, policies and procedures that shall guide its activities,
- c. Define CITEM's core values and standards.
- d. Foster the long-term success of CITEM and securing its sustained competitiveness;
- e. Determine the organizational structure of CITEM, defining the duties and responsibilities of its officials and employees and adopt compensation and benefit scheme for the same in accordance with the CPCS or other compensation mechanism to be implemented by the Government through the GCG;

⁵ Sec. 2 (b) RA 10149

⁶ Sec. 2 (c) RA 10149

⁷ Sec. 2 (d) RA 10149

⁸ Sec._ EO 989

- f. Ensure that personnel selection shall be on the basis of merit and fitness and that all personnel action shall be in pursuance of the CSC rules, applicable laws, rules and regulations.
- g. Provide sound written policies and strategic guidelines on CITEM's operating budget and major capital expenditures;
- h. Prepare the annual and supplemental budgets of CITEM;
- i. Comply with the reportorial requirements, as required;
- j. Carry out the mandate of CITEM, as provided in EO 989, as amended by EO 133 and 242;and
- k. Act as an effective and independent check on Management;

Sec. 15. Multiple Board Seats. No Appointive Board members may hold more than two (2) other Board seats in other GOCCs, Subsidiaries and/or Affiliates.

Sec. 16. Ex-Officio Alternates. The ex-officio members of the Board may designate their respective alternates and whose acts shall be considered the acts of their principals.⁹

Unless specifically limited in the letter of designation, the duly-designated Ex-Officio 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.¹⁰

Sec. 17. Appointment and Election of Appointive Directors.

The Appointive Directors of the CITEM Board of Governors shall be appointed by the President of the Philippines from a shortlist to be prepared by the GCG.

The Appointive Directors of the CITEM Board of Governors shall serve for a term of one (1) year, unless sooner removed for cause: Provided, however, That the Appointive Director shall continue to hold office until the successor is appointed.

Sec. 18. Fit and Proper. All members of the CITEM Board, the CEO, and other officers of CITEM shall be qualified by the Fit and Proper Rule adopted and implemented by the GCG. In determining whether an individual is fit and proper to hold any position in CITEM, due regard shall be given to one's integrity, experience, education, training and competence.

Sec. 19. Formal Charter of Expectations. A Board Member assumes a position of trust and confidence and as such, he must act in the best interest of CITEM. His action must be characterized by transparency, accountability, fairness and responsibility and he must exercise leadership, prudence and integrity in directing CITEM towards sustained progress over the long term. Along this line, every member of the Board and Management shall be expected to:

- a. Conduct fair business transactions with CITEM ensuring that personal interest does not compromise Board decisions. The basic principle to be observed is that a Board member shall not use his position to make profit or to acquire benefit or advantage for himself or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest arises on the part of Board members, it must be fully disclosed and the concerned director should not participate in the decision-making.
- b. Devote time and attention necessary to the proper discharge of his duties and responsibilities. A Board member should devote sufficient time to familiarize himself with CITEM's business and should be constantly aware of CITEM's

⁹ GCG Memorandum 2012-08

¹⁰ GCG Memorandum (08) 2012-08

condition and be knowledgeable enough to contribute meaningfully to the Board's work. He should attend and actively participate in Board meetings, request and review meeting materials, ask questions, and request explanations;

- c. Act judiciously. Before deciding on any matter brought before the Board, a Board member should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- d. Exercise independent judgment. A Board Member should view each problem/situation objectively. When a disagreement with other Board members occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary thereto, he should support plans and ideas that he thinks are beneficial to CITEM;
- e. Gain a working knowledge of the statutory and regulatory requirements affecting CITEM. A Board member should also keep himself informed of industry developments and business trends in order to safeguard CITEM's competitiveness;
- f. Observe confidentiality. A Board member should observe the confidentiality of non-public information acquired by reason of his position as Director. He should not disclose any information to any other person without the authority of the Board; and
- g. Ensure the presence and adequacy of internal control mechanism for the Board's oversight responsibility including, but shall not be limited to: (i) ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system; (ii) reviewing conflict of interest situations and providing appropriate remedial measures for the same; (iii) reviewing proposed key executive appointments; (iv) ensuring the selection, appointment and retention of qualified and competent management; and (v) reviewing CITEM's personnel and human resources policies, compensation plan and the management succession plan.

Sec. 20. Collective and Individual Liability of Board Members. Board members who willfully and knowingly vote or consent to patently unlawful acts of CITEM or who are guilty of gross negligence or bad faith in directing the affairs of CITEM or acquire any personal or pecuniary interest in conflict with their duty as such members, shall be liable jointly and severally for all damages resulting therefrom suffered by CITEM, shareholders, its stakeholders, and/or its employees, without prejudice to the imposition of criminal or administrative penalties.

In addition, when a Board member attempts to acquire or acquires, in violation of his duty, any interest adverse to CITEM in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for CITEM and must account for the profits which otherwise would have accrued to CITEM.

Any Board member who enters into a transaction or contract grossly disadvantageous to the government, whether he profited from it or not, shall be liable for violation of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act.

Sec. 21. Exercise Objective and Independent Judgment. Unless otherwise provided in EO 989, good practice calls for the separation of the positions of Chairman of the Board and Executive Director of CITEM to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Sec. 22. Fines and other Consequences for Violations and Liabilities of Board Members. The members of the Board shall be collectively and/or individually liable and shall be subjected to the following fines and/or penalties including but not limited to:

- a. Section 24 on Restitution under RA 10149 (GOCC Governance Act of 2011);
- b. Section 11 on Penalties under RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- c. Section 3 on Corrupt Practices of Public Officers and Section 9 on Penalties for Violations under RA 3019 (Anti-Graft and Corrupt Practices Act); and
- d. Other rules and regulations prescribed by the GCG and CITEM.

IV BOARD COMMITTEES

Sec. 23. Specialized Committees. Whenever necessary, the Board shall set up specialized committees to support the performance of its functions. When the creation of specialized committees is not mandated by law or by the CITEM Charter, the Board shall define the cases in which the said committees may be created.

It is essential that specialized Board committees are chaired by a non-executive and include a sufficient number of independent members. The existence of specialized Board committees should not excuse the Board from its collective responsibility in all matters. Specialized Board committees should have written terms of reference that define their duties, authority and composition. Specialized Board committees should report to the Board and the minutes of their meetings should be circulated to all Board members.

As a minimum, however, the Board shall be supported by the following specialized committees:

a. Executive Committee

The Board shall create an Executive Committee composed of not less than five (5) officers of CITEM, including the Executive Director of CITEM.

The Executive Committee, in accordance with the authority granted by the Board, or in the absence of the Board, shall act by a vote of at least four (4) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee, except with respect to (a) approval of any action for which stakeholder's approval is also required; (b) filling of vacancies in the Executive Committee; (c) the amendment or repeal of CITEM policies, By-Laws or the adoption of new By-Laws; (d) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; (e) the disposition CITEM funds;

The attendance of at least four (4) members of the Executive Committee shall constitute a quorum. The Executive Committee shall fix its own rules of procedure. An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, provided however that the Board may, at any time, broaden or redefine the powers of the Executive Committee.

All actions of the Executive Committee shall be reported to the Board at the meeting thereof following such action and shall be subject to revision or alteration by the Board, provided that no rights or acts of third parties shall be affected by any such revision or alteration.

b. Audit Committee

There shall be an audit Committee composed of three (3) members. A Board member, if available, shall chair the Audit Committee. Each member shall have an adequate understanding of accounting and auditing principles in general and of CITEM's financial management systems and environment in particular.

The Audit Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of CITEM. It shall have the following particular duties and responsibilities:

- (1) Check all the financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.
- (2) Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of CITEM, and crisis management. These functions shall include receiving from senior management periodic information on risk exposures and risk management activities.

- (3) Be responsible for setting up an internal audit department and consider the appointment of a Chief Audit Executive; establish and identify the reporting line of the Chief Audit Executive so that the reporting levels allow the internal audit activity to fulfil its responsibilities.
 - (4) Ensure that internal auditors have free and full access to all CITEM'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.
 - (5) Oversee CITEM's internal control system and coordinate with the Commission on Audit.
 - (6) Elevate to international standards the accounting and auditing processes, practices and methodologies
 - (7) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout CITEM through a procedures and policies handbook that will be used by the entire organization.
 - (8) Ensure that management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies.
 - (9) Review the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgment areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal and COA requirements.
- c. Governance Committee- The Governance Committee shall assist the CITEM Board of Governors in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of the Governing Board. The Governance Committee shall be responsible for the following:
- (1) It shall oversee the periodic performance evaluation of the Board and its Committees and Executive Management; and shall also conduct an annual self-evaluation of its performance.
 - (2) Decide whether or not a Governor is able to and has been adequately carrying out his/her duties as Governor.
 - (3) Make recommendations to the Board of Governors regarding the continuing education of Governors, assignment to Board committees, succession plan for the Board Members and senior officers, and their remuneration commensurate with corporate and individual performance.
 - (4) Decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholders value.
- d. Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall be consist of at least three (3) members, and shall be responsible for the following:
- (1) Install and maintain a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations, and
 - (2) Review and evaluate the qualifications of all persons nominated to positions in the organization which require appointment by the CITEM Board.
 - (3) Recommend to the GCG nominees for the shortlist in line with CITEM's Board Composition and succession plan;
 - (4) Develop recommendations to the GCG for updating the CPCS and ensuring the same continues to be consistent with the CITEM's culture, strategy, control environment, as well as pertinent Laws, Rules and Regulations.

- e. Risk Management Committee. The Risk Management Committee shall consist of at least three (3) members, and shall be responsible for the following:
 - (1) Ensure that the risk management process and culture are embedded throughout the operations of CITEM, especially at the Board level;
 - (2) Develop Risk Management Policy and ensure compliance with the same.
 - (3) Provide routine quarterly reporting and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

Sec. 24. Board Meetings and Quorum Requirement. The Board shall schedule and hold regular meetings and convene for special meetings whenever required and necessary.

Notice of regular or special meetings stating the date, time and place of meeting must be sent to each and every director at least seven (7) days prior to the scheduled meeting. Any Board of Government may waive this requirement either expressly or impliedly.

A majority of the Board of Governors shall constitute a quorum for the transaction of corporate business. Every decision of at least majority of the Governors present at a meeting at which there is a quorum shall be valid as a corporate act.

Sec. 25. Limits to Compensation, Per Diems, Allowances and Incentives. The compensation, per diems, allowances and incentives of the Board of Governors shall be determined by the GCG, using as reference, among others, Executive Order No. 24, dated February 10, 2011.

Sec. 26. Annual Performance Evaluation of the CITEM Board. The performance of the members of the Board shall be evaluated based on the criteria set forth under GCG Memorandum Circular No. 2014-03 [Performance Evaluation for Directors (PED) in the GOCC Sector] and subsequent amendments thereto, if any. The results of the PED shall serve as bases for the GCG in determining the Board members' eligibility for reappointment.

V MANAGEMENT and BOARD OFFICERS

The Management stands as the locus of decision making for the day-to-day affairs of CITEM. It determines CITEM's activities by putting its targets in concrete terms and by implementing basic strategies for achieving these targets. It also puts in place the infrastructure for CITEM's success by establishing the following mechanism in its organization, organizational structures that work effectively and efficiently in attaining the goals of CITEM; useful planning, control and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of CITEM; and a succession plan that formalizes the process of identifying, training and selection of successors in key positions in CITEM.

Sec. 27. Management Is Primarily Accountable to the Board. The CITEM Management is primarily accountable to the Board for the operations of the agency.

As part of its accountability, it is obligated to provide the Board with complete and adequate information on the operations and affairs of CITEM in a timely manner.

Sec. 28. Executive Officers. The Board shall determine the officers of CITEM who, except as provided in EO 989, shall be appointed and confirmed by the Board.

a. Chairman of the Board.

The Secretary of the Department of Trade and Industry shall be the Chairman of the Board who shall, when present, preside at all meetings of the Board. In addition, he shall:

- (1) Schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of CITEM's operations.
- (2) Prepare the meeting agenda.
- (3) Exercise control over quality, quantity and timeliness of the flow of information between management and the Board.
- (4) Ensure compliance with CITEM's guidelines on corporate governance.

a. Executive Director of CITEM/ CEO

The Executive Director is ultimately accountable for CITEM's organization and procedural controls. In addition to the duties imposed on him by the Board, the CITEM Executive Director shall:

- (1) Exercise general supervision of the business, affairs, and property of CITEM, and over its employees and officers;
- (2) See to it that all orders and resolutions of the Board are carried into effect;
- (3) Submit to the Board as soon as possible after the close of each fiscal year, and to the shareholders at the annual meeting, if applicable, a complete report of the operations of CITEM for the preceding year, and the state of its affairs; and
- (4) Report to the Board from time to time all matters which the interest of CITEM may require to be brought to its notice.

The CITEM Executive Director shall have such other responsibilities as the Board may impose upon him.

a. Chief Finance Officer ("CFO")

The CFO who may also be the Head/Chief Accountant of CITEM shall be responsible for the following:

- (1) Provide management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitor actual implementation of budgets, plans and programs towards the achievement of corporate goals;
- (2) Maintain the integrity of accounting records as the basis of the financial statements and reports provided to Management for decision-making and to government regulatory bodies in compliance with statutory requirements;
- (3) Ensure that all other accounting and legal reportorial obligations to the proper concerned agencies are complied with; and
- (4) Strengthen internal controls by monitoring compliance with policies and recommending to Management appropriate actions and changes in systems and procedure in the exigencies of the service.

The Chief Finance Officer shall have such other responsibilities as the Board may impose upon him. Such other responsibilities as the Board may impose upon him.

b. Corporate Secretary

The Corporate Secretary shall be a resident and citizen of the Philippines. He must possess legal, organizational and interpersonal skills. The Corporate secretary shall have the following functions:

- (1) Serve as an adviser to the Board members on their responsibilities and obligations.
- (2) Keep the minutes of the meetings of the shareholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the Executive Director/CEO and other members of the Board as appropriate;
- (3) Keep in safe custody the seal of CITEM and affix it to any instrument requiring the same;
- (4) Attend to the giving and serving of notices to the Board of Governors
- (5) Be fully informed and be part of the scheduling process of other activities of the Board;
- (6) Prepare an annual schedule of Board meetings and the regular agenda of meetings and put the Board on notice of such agenda at every meeting;
- (7) Oversee the adequate flow of information to the Board prior to meetings; and
- (8) 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.

c. Auditor/s

The Chairman of the Commission on Audit shall appoint the resident auditor of CITEM.

Sec.29. Power of the Board to Discipline/Remove Officers. Subject to applicable 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, any Board Officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

Sec. 30. Obtaining of Director's and Officers Liability Insurance (DOLI). Having imposed the highest level of responsibility and accountability on the members of the Board and Management, it is prudent measure for CITEM Management to obtain and secure a DOLI coverage for the members of the Board and Management against contingent claims and liabilities that may arise from actions that may be filed against CITEM, the members of the Board, the CITEM Management in the performance of their duty.

VI

DUTIES AND OBLIGATIONS OF GOVERNORS AND OFFICERS

Sec. 31. Governors and Officers as Public Officials. The Governing Board and Officers are likewise Public Officials as defined by , and are therefore covered by the provisions of RA 6713, officially known as the "Code Of Conduct And Ethical Standards For Public Officials And Employees", with its declared policies:

- a. To promote a high standard of ethics in public service, and
- b. Public Officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

Sec. 32. Respect for Obedience to the Constitution and the Law. As Public Officials, the Governing Board and the Officer shall respect and obey the Constitution, and shall comply and cause CITEM to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to CITEM, in which they serve, and to act within the bounds of the law.

Sec. 33. Duty of Diligence. The fiduciary duty of diligence of the Governing Board and Officers to always act in the best interest of CITEM, with utmost goodfaith in all its dealings with the properties and monies of CITEM, including the obligation to:

- a. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of CITEM,
- b. Apply sound business principles to ensure the financial soundness of CITEM
- c. Elect and/or employ only officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Every Governor or Officer, by the act of accepting such position in CITEM, affirms and agrees to:

- a. To have a working knowledge of the statutory and regulatory requirements affecting CITEM;
- b. To always keep himself informed of industry developments and business trends in order to safeguard CITEM's interest and to preserve its competitiveness;

Sec. 34. Duty of Obedience. The CITEM Board of Governors and Officers, acting as public officials, shall always act in the best interest of CITEM, with utmost good faith in all its dealings with the properties and monies of CITEM, and with the utmost and undivided loyalty to CITEM.

Sec. 35. Duty of Loyalty. The fiduciary duty or loyalty of the Board of Governor and Officers to always act in the best interest of the agency, with utmost goodfaith in all its dealings with the property and monies of the agency, includes the obligation to:

- a. To act with utmost undivided loyalty to the agency¹¹, and
- b. To avoid conflicts of interest and declare interest they may have in any particular matter before the Board. ¹²

Sec. 36. Duty of Fair Dealing. Members of the Board and Officers shall deal fairly with CITEM's employees, customers, suppliers and other stakeholders. No member of the Board or Officer may take unfair advantage of CITEM's employees, customers, suppliers and other stakeholders through manipulation, concealment, abuse of confidential or privileged communication, misinterpretation of material facts , or any other unfair dealing practice.

Sec. 37. Duty of Confidentiality. Pursuant to their duties of diligence and loyalty, a member of the Board or an Officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either

- a. To further their private interests, or give undue advantage to anyone;or
- b. Which may prejudice the public interest. ¹³

VII CITEM EMPLOYEES

Sec.38. CITEM Employees. Every employee in CITEM is encouraged to:

- a. Remember that the biggest stakeholder is the Government
- b. Share the Vision of the Agency
- c. Be accountable to the public
- d. Listen and learn from its 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 its stakeholders and customers

¹¹ Sec. 19(a) RA 10149

¹² Sec.19© RA 10149

¹³ Sec.35 GCG Memorandum Circular 2012-07

- i. Deliver results and celebrate success
- j. Promote, protect and preserve the brand of CITEM

Sec.39. Training and Development for CITEM Employees. CITEM shall have development discussions and structured training programs for personal and professional development for CITEM employees.

Sec. 40. Health and Safety. CITEM should aim to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. It should comply with all relevant local legislation or regulation, and best practice guidelines recommended by national health safety authorities. Every CITEM employees should be informed regarding the policies and practices of the GOCC in order to maintain a healthy, safe and enjoyable environment.

VIII GRANT OF ADEQUATE OPERATIONAL FLEXIBILITY BY THE GOVERNMENT

Sec.41. Exercise of Adequate Operational Flexibility. CITEM shall be provided by the government adequate operational flexibility in order to function properly and efficiently, especially under conditions of market competition.

Sec. 42. Treatment by Service Wide Agencies And Other Agencies of the Government. CITEM, by the nature of its function and in order to fully deliver its mandate and to satisfy its stakeholders, subject to existing laws, shall be accorded differential treatment by the various service-wide agencies, and other bureaus of the government, such as but not limited to the DBM, DOF, COA,DTI, CSC and the NEDA, in the exercise of their respective powers and functions.

As such, CITEM's corporate organizational and procurement practices, shall be distinguished from those regularly practiced and observed by bureaus and regular line agencies of government.

IX GOVERNANCE POLICY ON CONFLICT OF INTEREST

Public policy dictates that the personal interest of CITEM Board of Governors and Officers should never prevail over the interest of CITEM. As such, Board Members and Officers shall not directly nor indirectly derive any personal profit or advantage by reason of their position in CITEM.

Sec. 43. Determination of Conflict of Interest. A conflict of interest exists when a Board member or Officer of CITEM:

- a. Supplies or is attempting or applying to supply goods or services to CITEM;
- b. Supplies or is attempting to supply goods, services or information to an entity in competition with CITEM;
- c. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to CITEM;
- d. Is offered or receive consideration for delivering CITEM's business to a third party; and
- e. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of CITEM.

Sec. 44. Disclosure of Conflict of Interest. If an actual or potential conflict of interest should arise on the part of Board members, it should fully be disclosed and the concerned Board member should not participate in the decision-making. A Board member who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.

Sec. 45. Taking of Corporate Opportunities. Where a member of the Governing Board or an Officer, by reason of his being a member of the Board or Officer of CITEM, acquires or received for himself a benefit or profit of whatever kind or nature, including but not limited to, use of the properties of CITEM for his/her own benefit, the receipt of commissions on contracts with CITEM or its assets, or the taking advantage of corporate opportunities of CITEM, all such profits and benefits shall be subject to restitution pursuant to RA 10149, without prejudice to any administrative, civil, or criminal action against such Governor or Officer.

Sec. 46. No Gift Policy. A member of the Board or its Officers or any of its employees shall not solicit, nor accept directly or indirectly, any gift, gratuity, favour, entertainment, loan or anything of monetary value from any person, where such gift:

- a. Would be illegal or in violation of law;
- b. Is part of an attempt or agreement to do anything in return;
- c. Has a value beyond what is normal and customary in the Agency's business
- d. Is being made to influence any member of the Governing Board or Officers
- e. Could create the appearance of a conflict of interest

It shall be the obligation of the Governing Board to formally adopt a "NO GIFT POLICY" within the agency, and ensure its full advertisement to the community and its strict implementation by particular set of rules.

X

CORPORATE SOCIAL RESPONSIBILITY

Sec. 47. Corporate Social Responsibility. As an integral part of the National Government, GOCCs are inherently mandated to be socially responsible, to act and operate as good corporate citizens.

Sec. 48. Environment. GOCCS should consider that there are inevitable environmental impacts associated with daily operations. Thus, it should be the goal of every GOCC to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such GOCCs should strongly encourage 3 Rs: "REDUCE", "REUSE", AND "RECYCLE".

In the course of the operations of CITEM, it should identify opportunities to reduce consumption of energy, water and other natural resources. CITEM should also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing our impact on the environment, in doing so, by adopting simple, environmentally friendly initiatives, CITEM will raise awareness among the community.

XI

RELATIONS WITH STAKEHOLDERS, CUSTOMERS AND SUPPLIERS

Sec. 49. Relationship with Stakeholders. The Board must protect CITEM's most valuable asset, its reputation and goodwill which, together with the trust and confidence of those with whom they deal with.

The Governing Board of every CITEM shall recognize and perform its obligations towards the National Government, together with the employees, suppliers, customers, and other stakeholders, and to communities in which it operates.

Sec. 50. Duty to be Responsive to Stakeholders. Every Director or Officer shall assume responsibilities not only to CITEM and to its stakeholders, but also to different constituencies or stakeholders, who have the right to expect that CITEM is being run with due regard to their interests.

Sec. 51. Recognition and Respect of Stakeholders' Rights Established by Law or through Agreements. The State may control corporate decision-making and be in a position to take decisions to the detriment of stakeholders. As such, CITEM shall establish mechanism and procedures to protect stakeholders' rights. Recognizing the vital contribution of its stakeholders, CITEM shall ensure that stakeholders have access to relevant, sufficient and reliable information on a timely and regular basis to be able to exercise their rights. Stakeholders should have access to legal redress in the event their rights are violated.

Sec. 52. Recognizing the Stakeholders and Nature of their Interests. To be able to effectively establish good relations with its stakeholders, it is important to understand the nature of their legitimate interests in the operations and programs of CITEM, formulate hierarchy system of resolution of conflicts of interests between stakeholders and monitor their corresponding satisfaction, thus:

- a. Government – CITEM acknowledges that its corporate organization is essential to the performance of its function as an active partner of the government in National Development. It will constitute significant tool of the State to pursue economic development and the means to promote growth by ensuring that its operations are consistent with national development policies and programs.
- b. Small Medium Enterprises (SMEs) – biggest beneficiary/stakeholder in upholding the CITEM mandate of
- c. General Public – Fulfilment of the mandate of CITEM and the judicious utilization of resources
- d. Partner government agencies and other external agencies- cooperation in accomplishing joint programs and activities
- e. Private Corporations having similar nature of business as CITEM – CITEM as a model and benchmark on good industry practices and techniques

Sec. 53. Hierarchy System of Resolution of Conflict of Interests between Stakeholders. Taking into account the varied nature of interests of CITEM stakeholders, CITEM sees no instance that a conflict of interests between and among the stakeholders as enumerated in the immediately preceding paragraph may arise. In the event, however that such conflict of interest may occur in the future, CITEM shall ensure resolution thereof, and in its dealings with its stakeholders, shall observe the hierarchy system as listed in the immediately preceding paragraph when resolving their conflicting interests.

Sec. 54. Communication to Stakeholders. CITEM shall communicate with stakeholders and the public at large on their stakeholder policies and provide information on their effective implementation. CITEM shall allow its stakeholder reports to be independently scrutinized in order to strengthen their credibility.

Sec. 55. Customers. Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationships.

CITEM should operate a highly effective and efficient organization, focused on meeting customer 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.

CITEM should implement policies of continual improvement, of both processes and skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customer's businesses.

CITEM should have a clear and strong line of communication which allow them to respond quickly and efficiently to customer and market requirements, and the government and for the customers to receive consistent service in order to successfully and consistently deliver what CITEM is mandated to do.

Sec. 56. Suppliers. And with other relationship with the stakeholders, CITEM should aim to develop relationships and improve networking with business partners and suppliers based on mutual trust.

CITEM should aim 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 budget.

XII DISCLOSURE AND TRANSPARENCY

Sec. 57. Disclosure and Transparency. CITEM, shall make timely and accurate disclosure shall be made on all material matters regarding CITEM, including its financial situation, performance, ownership and governance.

Sec. 58. Disclosure on Material Information. CITEM shall make a disclosure on, among others, the following material information:

- a. **Corporate Objectives and Their Fulfilment.** When the government is the majority shareholder or effectively controls CITEM, company objectives shall be made clear to the general public. CITEM shall report on how it fulfils its objectives by disclosing key performance indicators. When CITEM is also used for public policy objectives, such as general services obligations, it should also report on how these are being achieved.
- b. **Any financial Assistance, Including Guarantees, Received from the Government and commitments Made on Behalf of CITEM.** To give a fair and complete picture of CITEM's financial situation, the mutual obligations, financial assistance or risk sharing mechanisms between the government and CITEM shall appropriately disclosed. Disclosure should include details on any government grant or subsidy received by CITEM, any guarantee granted by the government to CITEM for its operations, as well as any commitment that the government undertakes on behalf of CITEM.

Sec. 59. Disclosure in the CITEM Website. CITEM shall maintain a website and post therein for unrestricted public access the following, as applicable.

- a. On Institutional Matters:
 - a.1 Latest version of CITEM Charter; and
 - a.2 Government Corporate Information Sheet
- b. On the Board and Officers:
 - b.1 Complete listing of the members of the Board and executive officers with attached resume, and their membership in Board Committees;
 - b.2 Complete compensation package of all the Board members and executive officers, including travel, representation, transportation and any other form of expenses or allowances.
 - b.3 Information on Board Committees and their activities; and
 - b.4 Attendance record of Board members in Board and Committee meetings.
- c. On Financial and Operational Matters
 - c.1 Latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
 - c.2 Audited Financial Statements in the immediate past five (5) years;
 - c.3 Quarterly and Annual Reports and Short Version of the Trial Balance;
 - c.4 Current Corporate Operating Budget;
 - c.5 Local and foreign borrowings;
 - c.6 Government subsidies and net lending;
 - c.7 All borrowings guaranteed by the government;
 - c.8 Any material risk factors and measures taken to manage such risks as stated above; and
 - c.9 Performance Evaluation System
- d. On Governance Matters
 - d.1 Charter Statement/Mission-Vision Statements;
 - d.2 Performance Scorecards and Strategy Map;
 - d.3 Organizational Chart;
 - d.4 Manual of Corporate Governance;
 - d.5 CSR Statement; and
 - d.6 Balanced Scorecard

XIII INTERNAL AUDIT

Sec. 60. Development of Internal Audit Procedures. CITEM shall develop efficient internal audit procedures and establish an internal audit function that is monitored by and reports directly to the Board and its Audit Committee.

Sec. 61. Conduct of an Independent External Audit Based on International Standards. CITEM shall undergo an annual independent external audit based on international standards. CITEM is not necessarily required to be audited by external, independent auditors. The Commission on Audit, which assigns resident auditors to CITEM, are deemed sufficient to guarantee the quality and comprehensiveness of accounting information on CITEM.

Sec. 62. Observance of the Highest Quality Accounting and Auditing Standards. CITEM shall take all measures to be as transparent as publicly listed companies. It shall disclose financial and non-financial information according to high quality internationally recognized standards. A high level of disclosure is also valuable for CITEM in pursuing important public policy objectives. It is particularly important when they have a significant impact on the National Budget, on the risks carried by the government, or when they have a more global societal impact.

Sec. 63. Development of Internal Audit Procedures. CITEM shall develop efficient internal audit procedures and establish an internal audit function that is monitored by and reports directly to the Board and its Audit Committee.

XIV

RESPONSIBILITY FOR THE TRUTHFULNESS AND FAIRNESS OF THE CITEM FINANCIAL STATEMENTS

Sec. 64. Responsibility for the Truthfulness and Fairness of CITEM Financial Statements. As part of its accountability for the day-to-day operations of CITEM, Management is primarily responsible for the preparation and presentation of the CITEM financial statements, as well as the truthfulness and correctness thereof.

The financial statements shall be prepared in conformity to the generally accepted accounting principles and shall reflect amounts that are based on informed judgment of Management with an appropriate consideration to materiality.

The Board shall oversee the maintenance of 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 the exercise of its oversight function, the Board shall ensure the fairness of the information and representations contained in the financial statements.

XV

COMMUNICATION

Sec. 65. Communication Within the Organization. The Board and the Management shall ensure the thorough dissemination of this Code to all employees and third parties, and shall enjoin the development of organizational policies and processes consistent with this Code.

Sec. 66. Education on the Code of Corporate Governance. Funds shall be allocated for the conduct of an orientation program to operationalize this Code and for the continued education and training of all officers and employees to ensure compliance with this Code. Each Board member is enjoined to attend the relevant education programs on corporate governance conducted by duly recognized private or government entities.

XVI

HIGHEST STANDARD PRINCIPLES

Sec. 67. Public Service being a Public Trust, nothing in this Manual shall be construed as:

- a. **Corporate Government Standards:** Relieving or excusing CITEM, its Governors 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;
- b. **Reportorial Requirements.** A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over CITEM and its business operations.
- c. **Administrative and Criminal Liabilities.** A waiver of the administrative or criminal liability imposed by existing laws, rules and regulations, such as the Graft and Corrupt Practices Act, and the Code of Conduct and Ethical Standards for Public Officials and Employees, for breach of ethical standards committed by Directors, Officers and Employees of CITEM.

**XVII
MISCELLANEOUS PROVISION**

Sec. 68. Conflict.In case of conflict between the herein provisions and Republic act No. 10149 otherwise known as the "GOCC Governance Act of 2011", the latter shall prevail.

-CERTIFICATION-

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned Members of the Board of Governors of the Center for International Trade Expositions and Missions, do hereby certify that the foregoing REVISED CITEM MANUAL OF CORPORATE GOVERNANCE, was duly approved and that said Code now constitutes, and is the Code of Corporate Governance of the Center for International Trade Expositions and Missions.

APPROVED AND CONFIRMED:

SECRETARY GREGORY L. DOMINGO
Chairman


UNDERSECRETARY PONCIANO C. MANALO, JR.
Alternate Chairman

MS. MARGIE A. JORILLO
Member, Government Service Insurance System


DIR. MA. MERCEDES G. YACAPIN
Member, National Food Authority


MS. LEILA C. MARTIN
Member, Land Bank of the Philippines


MS. WILHELMINA C. MAÑALAC
Member, Bangko Sentral ng Pilipinas


MS. ROSARIO VIRGINIA C. GAETOS
Appointive Member