



6 June 2016

HON. ERINEO S. MALIKSI

Chairman

HON. JOSE FERDINAND M. ROJAS II

General Manager

PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO)

PCSO Main Office, Sun Plaza Bldg., 1507 Princeton St.,
cor. Shaw Blvd., Mandaluyong City



RE: **2016 PCSO MANUAL OF CORPORATE GOVERNANCE**

Dear Chairman Maliksi and GM Rojas

Formally contained herein is the Governance Commission's evaluation of the **2016 PCSO MANUAL OF CORPORATE GOVERNANCE** submitted to the Governance Commission in a letter dated 14 April 2016,¹ which according thereto, was approved by the PCSO Governing Board during its meeting held on 30 March 2016.

We note that PCSO already has an approved Manual as recognized by the Governance Commission in a letter dated 27 January 2015. Notwithstanding the foregoing, in the latest iteration of the Manual, the PCSO Governing Board and Management introduced changes on the following sections:

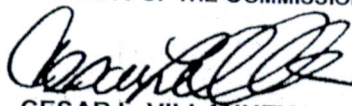
1. Nomination and Remuneration Committee;
2. Conflict of Interest by, between and among stockholders;
3. Transparency seal and Corporate Governance seal;
4. Provisions on transparency and access to information;
5. Provisions on GOCC compliance and monitoring system;
6. Cascading and training process of the Manual; and
7. Suppletory Clause;

The Governance Commission hereby accepts the submitted **2016 PCSO MANUAL OF CORPORATE GOVERNANCE** as fully compliant with GCG Memorandum Circular No. 2012-07 or the Code of Corporate Governance for GOCCs.

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

BY AUTHORITY OF THE COMMISSION


CESAR L. VILLANUEVA
Chairman


MA. ANGELA E. IGNACIO
Commissioner


RAINIER B. BUTALID
Commissioner

¹ Officially received by the Governance Commission on 21 April 2016.

Governance



2016 PCSO Manual of Corporate Governance





Table of Contents

Part I. Policy Statement.....	8
Part II. Objective.....	8
Part III. Coverage.....	8
Part IV. Plan of Compliance.....	9
A. General Policies.....	9
1. Fit and Proper rule.....	9
2. Board directly vested with corporate powers.....	9
3. Proper selection and independent check on Management.....	9
4. Mandate and responsibility for PCSO's performance.....	9
B. Other Governance Policies.....	11
1. Corporate Social Responsibility.....	11
2. No gift policy.....	11
3. Whistle blowing policy.....	11
4. Strategic Performance Management System.....	12
5. Continuous improvement of product and services.....	13
1. Regular conduct of customer satisfaction surveys	13
2. Authority to engage 3 rd party providers to conduct independent Surveys including product, sales and market research.....	13
3. Other customer feedback mechanisms.....	14
C. Specific Duties and Functions (Board of Directors and Management).....	15
1. Board of Directors.....	15
1. Duties and functions: As a collegial body.....	15
2. Duties and functions: As individual members.....	15
3. Board Officers.....	16
1. Chairperson.....	16
2. Ex-Officio Vice Chairperson.....	17
3. Appointive Directors.....	17
4. PCSO Board of Directors.....	18
5. Board Secretary.....	18
6. Compliance Officer.....	19



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Board Committees	20
1. Governance Committee (GC).....	21
2. Audit Committee (AC).....	22
3. Risk Management Committee (RMC).....	24
4. Nomination & Remuneration/Compensation Committee (NRC).....	26
5. Annual Performance Evaluation for Directors (PED)	28
1. Basis.....	28
2. Coverage.....	28
3. Purpose.....	28
4. Guidelines in the Directors Performance Review.....	28
1. Self-Appraisal Form (SAF).....	28
2. Peer-Appraisal Form (PAF).....	28
3. Director Attendance.....	29
4. Eligibility for reappointments.....	30
5. Results of PED.....	31
6. Over-all Grade Equivalent.....	31
7. Compliance with subsequent GCG issuances.....	31
8. Checklist	31
2. Management	32
1. Role of Management	32
2. Accountability of Management to the Board	32
3. Specific duties of Management	32
4. Powers and duties of the General Manager	33
5. Appointment and qualification of the General Manager	34
6. Other Executive Officers	34
7. Management Committee (ManCom)	35
1. MANCOM.....	35
2. Secretariat in Management Committee Meetings.....	35
3. Common duties of the Board and Management	36
1. Duty to safeguard stakeholders	36
2. Hierarchy of stakeholders	37
3. Conflict of interest by, between and among stakeholders	37
4. Relations and communication to Stakeholders	37
1. The Government.....	37

DISCLAIMER: This document reiterates the PCSO Manual of Corporate Governance [December 2014, Revised Edition]; and includes amendments to conform with all governance best practices under GCG Memorandum Circular No. 2015-07.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

1. Quality of Annual Report (mandatory disclosures).....	70
2. Annual CGS assessment by Governance Commission for GOCCs(GCG).....	71
4. Integrated Corporate Reporting System (ICRS).....	71
1. Background.....	71
2. Components.....	72
1. GOCC Monitoring System (GMS).....	72
2. GOCC Leadership Management System (GLMS).....	72
2. ICRS duties and responsibilities.....	72
1. Governing Board.....	72
2. GMS Representative.....	73
3. GLMS Representative.....	74
4. Support Group to the GMS and GLMS Representatives.....	74
3. Schedule of ICRS reports.....	75
1. GMS Schedules.....	75
2. GLMS Schedules.....	75
4. Automatic certification.....	76
5. Commission on Audit Reports.....	76
6. Protection of all information contained in the ICRS	76
Part VI. Cascading and training process of the MANUAL.....	76
1. Cascading of the Manual and training process.....	76
2. Annual PCSO-CPD Good Governance Seminar-Workshop Series.....	77
1. Continuing professional development of Board Officers.....	78
2. Continuing leadership and competency development of Management and rank and file employees.....	79
Part VII. Penalties for Non-Compliance with the MANUAL.....	79
Part VIII. Appeals.....	80
Part XI. Suppletory clause.....	80
Part X. Separability Clause.....	81
Part XI. Repealing Clause.....	81
Part XII. Revision/ Amendment.....	81
Part XIII. Effectivity.....	81
Part XIV. Appendices.....	82
A. Laws.....	82
1. PCSO Charter (RA 1169, as amended)	82
2. Republic Act No. 10149 (GOCCs Governance Act of 2011).....	86
3. Executive Order No. 7, series 2010.....	101
4. Executive Order No. 24, series of 2011.....	105



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

B. Diagrams/Charts

1. Corporate Vision, Mission, Core Values and Quality Policy.....	114
2. Governance Cycle.....	115
3. Corporate Structure (Rationalized PCSO).....	115
4. Board Committees.....	116
5. Management Committee (ManCom)	116
6. PCSO Strategy Map.....	117
7. Integrated Corporate Reporting System (ICRS).....	117
8. Hierarchy of Stakeholders.....	118
9. Risk Management Cycle and Plan.....	118

C. Forms

1. Corporate Governance Scorecard pursuant to GCG Memorandum Circular No. 2015-07 (Governance Assessment form).....	123
2. Formal Charter of Expectations/ Oath of Commitment for Appointive Directors and Ex-Officio Member of the Board (General Manager).....	126
3. Omnibus Statement for transparency seal, corporate governance seal Including Annual Reports (Unaudited figures) in compliance with GCG Memorandum Circular Nos. 2015-07 and 2012-07.....	127
4. Director's List of Disclosure (Appointive Director's Data Sheet).....	128
5. Performance Evaluation of Directors (PED) Forms.....	131
1. Self-Appraisal Forms (SAF) of each member of the Governing Board	
1. PED Form 1 (Chairman of the Board Self-Assessment).....	131
2. PED Form 2 (Individual members of the Governing Board Self-Assessment).....	133
3. PED Form 3 (General Manager Self-Assessment).....	135
6. Peer Appraisal Forms (PAFs) accomplished by the peer evaluators in assessing the performance of their fellow members in the Governing Board	
1. PED Form 4 (Peer Assessment-Chairman).....	138
2. PED Form 5 (Peer Assessment-Members of the Governing Board)...	140
3. PED Form 6 (Peer Assessment - General Manager).....	142



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

7. Performance Bonus Incentive (PBI) forms.....	145
1. PBI Form 1 (Adoption of PBI Guidelines -GCG MC No. 2013-05).....	145
2. PBI Form 2 (PBI eligibility of Appointive Directors).....	146
3. PBI Form 3 (Attendance for Board and Committee meetings).....	147
D. Board Resolutions.....	148
1. CY 2016.....	148
1. 2016 PCSO Manual of Corporate Governance <i>(Adoption and integration of GCG Memorandum Circular No. 2015-07 in the December 2014, Revised Edition of the PCSO Manual of Corporate Governance; re-defining the duties of all mandatory committees, among others)</i>	148
2. Policy on timely submission for complete documents for inclusion in regular and/or committee meetings.....	153
3. Creation of Nomination and Remuneration/Compensation Committee (NRC).....	154
2. December 2014 Revision of the Manual of Corporate Governance.....	156
3. October 2014 Revision of the Manual of Corporate Governance.....	158
4. June 2014 Revision of the Manual of Corporate Governance.....	160
5. January 2014 Manual of Corporate Governance	162
6. Designation of PCSO GMS and GLMS Representatives.....	164
E. Other communications from the Governance Commission for GOCCs (GCG)	
1. January 27, 2015 (Re: Approval of the December 2014, Revised Edition PCSO Manual of Corporate Governance).....	165



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Part I. Policy Statement

The Philippine Charity Sweepstakes Office (PCSO), a government owned and controlled corporation created and existing under Republic Act No. 1169, as amended, plays a significant role in the attainment of the State's economic development goals in that its gaming activities are imbued with public interest and social purpose. For this reason, the agency shall, at all times, be governed with the highest degree of professionalism, ethical standards, transparency and accountability.

Part II. Objective

The Manual of Corporate Governance (MANUAL) aims to institutionalize the principles of good governance in the core business functions of PCSO as a *sui generis* - wholly owned and controlled government corporation - engaged in gaming to raise revenues to fund the priority health and social programs of the State. The MANUAL shall lay down the standards for doing business with/by/for PCSO in a transparent, responsible and accountable manner with the best interest of the public and State in mind.

Part III. Coverage

The MANUAL defines the roles, duties and functions of the members of the Board of Directors, whether appointive or ex-officio, including the officers of the Board, Management, and penalties for any violation thereof.

The MANUAL also provides for a plan and communication for stakeholders, including the PCSO workforce, in so far as expectations of stakeholder from PCSO are concerned and, what PCSO expects from its stakeholders.

Similarly, the MANUAL includes governance policies and applicable laws, rules and regulation issued by over-sight bodies in so far as it affect PCSO's conduct of business, attainment of its corporate strategies and statutory mandate consistent with best practices corporate governance and business framework.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Part IV. Plan of Compliance

Part IV. A. General Policies.—

1. **Fit and Proper.** — All members of the Board, the General Manager and other officers of the agency shall be qualified by the fit and proper rule which will be adopted and implemented in consultation and coordination with the relevant government agencies to which PCSO is attached and shall include by reference the qualifications expressly provided for in the PCSO Charter including applicable laws, rules and regulation. In determining whether an individual is fit and proper to hold the position of an appointive or ex-officio Director, General Manager or Officer of the PCSO, due regard shall be given to one's integrity, experience, education, training and competence.
2. **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 to hold all the properties of the PCSO, the Governing Board is primarily responsible for the governance of the PCSO. Consequently, it is the Board and not Management that is primarily accountable to the State for the operations and performance of the agency.
3. **Proper selection and independent check on Management.** — Concomitant with the power to elect from among their ranks the General Manager or confirm the respective appointment of any and all PCSO officers and employees, the PCSO Governing Board shall ensure that they elect and/or confirm the appointment of officers and personnel who are fit and proper for such positions with due regard to their respective competence, experience, integrity and such other qualifications. The Board is therefore obliged to provide an independent check on Management.
4. **Mandate and responsibility for PCSO's performance.** — Although the day-to-day management of the affairs of the PCSO may be with Management, the Board is, however, responsible for providing policy directions, monitoring and overseeing Management actions including compliance with relevant legislation, rules and regulations. These mandated functions and responsibilities include the following:
 1. Provide the corporate leadership of the PCSO subject to the rule of law, and the objectives set by the National Government through supervising agencies specifically, the GCG;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Establish the PCSO'S vision and mission, strategic objectives, policies and procedures, as well as defining the PCSO'S values and standards through:
 - Charter Statements;
 - Strategy Maps; and
 - Other control mechanism mandated by best business and corporate governance practices;
3. Determine important policies that bear on the character of the PCSO to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
4. Determine the organizational structure of the PCSO, define the duties and responsibilities of its Officers and employees and adopt a compensation and benefit scheme that is consistent with the PCSO Compensation and Position Classification System (CPCS) developed by GCG and formally approved by the President of the Philippines;
5. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;
6. Provide sound written policies and strategic guidelines on PCSO's operating budget and major capital expenditures and prepare the agency's annual budget and if necessary, its supplemental budget;
7. Comply with all reportorial requirements, as required by the GCG and other authorities including applicable laws, rules and regulations;
8. Formally adopt and conduct regular performance evaluation in a manner and in such form as may be prescribed by supervising authorities, performance scorecard including timely and accurate reports to the GCG; and
9. Ensure the fair and equitable treatment of all officers, employees and clients.



Part IV. B. Other Governance Policies.—

- 1. Corporate Social Responsibility.** — PCSO is engaged in gaming for public good. The agency's holding and conduct of State run lotteries is imbued with public interest in that the revenues raised therefrom shall be used to provide funds for priority health and welfare reforms and programs of the National Government to alleviate poverty. To this end, PCSO shall undertake to: (1) Institutionalize and continuously improve its responsible gaming practices to protect and promote the interest of the Government and its gaming public, clientele and stakeholders; and (2) The Board including PCSO officers and employees shall at all times, demonstrate equal treatment, unbiased professionalism and non-discriminatory actions in the performance of their duties and functions.
- 2. No gift policy.** — "It is the policy of the State to promote a high standard of ethics in public service. 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." (Section 2, RA 6713) To this end, PCSO shall adopt and implement a **"no gift policy"**¹ in that the solicitation and acceptance of gifts by reason or in consideration of the discharge of duty or function of any officer, employee including the Board shall be considered as conflict of interest and hence, prohibited.
- 3. Whistle Blowing Policy.** — PCSO adopts the whistle blowing policy and guidelines under GCG Memorandum Circular No. 2014-04 to enable any concerned individual to report and provided information, anonymously if he/she wishes, and even to testify on matters involving actions or omission of the Directors, Officers and Employees of PCSO, that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices or grossly disadvantageous to PCSO and/or the Government.

¹The PCSO Board passed and approved the "NO GIFT" policy under Board Resolution No. 303, s. 2013 dated November 14, 2013; its implementing guidelines can be found in the agency's transparency seal (www.pcsso.gov.ph).



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

The acts and omissions under the following laws, rules and regulation are reportable conditions and shall be deemed as serious and sensitive in character, with considerable impact on PCSO in particular, or the GOCC Sector in general, as to warrant action under this policy. To wit,

1. R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
2. R.A. No. 3019 (Anti-Graft and Corrupt Practices Act);
3. R.A. No. 7080 (The Plunder Law);
4. Book II, Title VII, Crimes Committed by Public Officers, The Revised Penal Code;
5. Executive Order No. 292, series of 1987 (Administrative Code of 1987);
6. R.A. No. 10149 (GOCC Governance Act of 2011);
7. R.A. No. 9184 and its IRR (Government Procurement Reform Law)
8. GCG MC No. 2012-05 (Fit and Proper Rule);
9. GCG MC No. 2012-06 (Ownership and Operating Manual Governing the GOCC Sector);
10. GCG MC No. 2012-07 (Code of Corporate Governance for GOCCs);
11. GCG MC No. 2015-07 (Corporate Governance Scorecard);²
12. Violation of RA 1169, as amended (PCSO Charter);
13. Other GCG Circulars and Orders; and
14. Other applicable laws, rules and regulations;

All whistle blowing reports (WR) shall state specific condition/s, action/s, and/or omission/s being complained about, as well as the corresponding laws, rules and regulation allegedly violated. If possible, documentary and other documents in support of the WR must be submitted to the GCG.

² Pursuant to PCSO Board Resolution No. 89, series of 2016, dated March 2, 2016 (Approving the adoption and integration of GCG Memorandum Circular No. 2015-07 in the December 2014, Revised Edition of the PCSO Manual of Corporate Governance, among others). The PCSO-SPMS has been implemented (agency-wide) effective January 1, 2015.



- 4. Strategic Performance Management System (SPMS).** — The success and attainment of PCSO's mission and targets shall be the shared responsibility of the Board, Management, all officers and employees of the agency. For this reason, PCSO shall adopt and implement a target-based performance evaluation system for all its officers and employees in the first to second level, regardless of rank or status.

Consistent with Civil Service Commission (CSC) Memorandum Circular No. 6, series of 2012, the PCSO Strategic Performance Management System (SPMS)³ shall be adopted and implemented by January 2015. The SPMS aims to align individual performance towards the attainment of the agency's mission, performance targets and commitments with the GCG and other oversight bodies. The SPMS shall likewise be the basis of officers and employees reward programs (merit and incentive system) including entitlement to Performance Based Bonus (PBB) and promotion/s.

- 5. Continuous improvement of products and services thru provision for customer and/or stakeholder feedback mechanism.** — The primary business of PCSO is gaming for public good. It is therefore critical to interact and communicate with customers to get the sense of what they want and if the products and/or services *provided* by PCSO met their expectations and/or needs. The more frequent, valuable, and genuine the agency's interactions and communications are, the more trust PCSO will build with its potential and existing client base. Thus, for competitive advantage, the following feedback mechanism shall be observed:

- 1. Regular conduct of customer satisfaction surveys.** — As far as practicable and on an annual basis, there shall be customer satisfaction surveys for all PCSO frontline services (i.e., winning ticket claims; remittance of lotto and sweepstakes sales; all medical and charitable services (IMAP, IPs, Endowment, request for cancer and dialysis treatment, etc.); request for ambulance; distribution of lotto supplies and paraphernalia; including regular sales and marketing surveys for games and the like.
- 2. Authority to engage 3rd party providers to conduct independent surveys including product, sales and market research.** — PCSO shall be authorized to engage the services of reputable and established third party service

³ Subject to the confirmation of the Civil Service Commission (CSC), the PCSO Board passed and approved the SPMS Guidelines under PCSO Board Resolution No. 331 s. 2014 per Secretary's Certificate dated July 23, 2014.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

providers to conduct product, market and customer research and satisfaction surveys, subject to availability of funds and the usual accounting and auditing laws, rules and regulation. These research and surveys aim to measure and analyze the business viability of all gaming products and/or validate the effective and efficient delivery of health, charitable and social services to the public in that the result thereof shall and must be considered in the agency's annual operational assessment /review and strategic corporate planning including the decision to retain or withdraw products or services which are not responsive to the needs of its clientele or stakeholders.

3. Other customer feedback mechanisms. —

1. Provision for a customer/stakeholder feedback page in the agency's official website: www.pcsso.gov.ph;
2. Publication of contact numbers and e-mails of key officers of the agency to encourage clientele and stakeholders to conveniently ventilate their opinion, , comments and report grievances thru fast and convenient channels such as face to face meetings, telephone, SMS, fax and e-mail;
3. Installation of suggestion boxes in conspicuous areas within PCSO Offices including Branch Offices;



Part IV. C. Specific Functions (Board of Directors and Management).—

1. Board of Directors

1. Duties and function: As a collegial body

To insure a high standard of best practices for the PCSO, the Board shall:

1. Install a process of selection to ensure a mix of competent officers and employees;
2. Determine PCSO's purpose, its vision and mission and strategies to carry out its objectives/statutory mandate;
3. Ensure that the PCSO complies with all relevant laws, regulations and industry best practices standards;
4. Provide for a citizen's charter to guide the public on the procedures and requirements of the core processes and services offered to the public;
5. Adopt a system of internal checks and balances;
6. Identify key risk areas and key performance indicators and monitor these factors with due diligence;
7. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly noted in the minutes.
8. Keep Board authority within the powers of the institution as prescribed under Republic Act No. 1169, as amended, Republic Act No. 10149 and other applicable laws, rules and regulations.

2. Duties and function: As individual members

A PCSO Director shall have the following duties and responsibilities:

1. To conduct fair business transactions for and on behalf of PCSO and to ensure that personal interest does not influence any decision/action of the Board;

- ### 3. Board Officers

Ideally, the roles of the Chairman and the CEO should be with different individuals in order to ensure an appropriate balance of power, increased accountability, greater capacity of the Board for independent decision-making, and optimum capacity to exercise supervisory function over Management. Where both positions of the Chairman and the CEO are unified in the same individual, checks and balances should be clearly provided by the Governing Board to help ensure that independent, outside views, perspectives, and judgments are given proper hearing in the Board. This notwithstanding, efforts shall be had to ensure that two (2) separate persons shall hold the position of Chairperson and General Manager of PCSO.⁴

- ⁴ Section 15. 1, GCG Memorandum Circular 2012-07 (Code of Corporate Governance); re-affirmed in GCG Memorandum Circular Nos. 2015-07 (Corporate Governance Scorecard) and 2012-07 (Code of Corporate Governance)



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

1. Calling meetings to enable the Board to perform its duties and responsibilities;
2. Approving meeting agenda in consultation with the General Manager and the Board Secretary;
3. Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and
4. Assisting in ensuring compliance with the PCSO's guidelines on corporate governance.

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

For legal purposes, the Chairperson of the Governing Board shall be considered as the “**Head of Agency**” of the Philippine Charity Sweepstakes Office (PCSO).

2. **Ex-officio Vice-Chairperson.** — The General Manager/CEO is the Ex-Officio Vice-Chairperson and in the absence of the Chairperson, he shall preside at the scheduled meetings of the Board.

"Ex Officio Board Member" (Ex Officio Director) refers to any individual who sits or acts as a member of the Board of Directors/Trustees by virtue of one's title to another office, and without further warrant or appointment.⁵

3. **Appointive Directors.**— refer to: (1) in the case of Chartered GOCCS, all members of its Board of Directors/Trustees who are not ex officio members thereof; (2) in the case of Non-chartered GOCCS, members of its Board of Directors/Trustees whom the State nominates, or is entitled to nominate, to the extent of its percentage shareholdings in such GOCC; and (3) in the case of Subsidiaries and Affiliates, members of its Board of Directors/Trustees whom

⁵ Section 1, GCG Memorandum Circular 2012-07 (Code of Corporate Governance) citing Section 3(i), R.A No. 10149.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

the GOCC nominates, or is entitled to nominate, to the extent of its percentage shareholdings in such Subsidiary or Affiliate.⁶

4. **PCSO Board of Directors.** — Acting collectively, the Board of Directors (appointive/ex-officio), headed by the Chairperson, shall act as the Governing Board (highest policy making body) with primary accountability to the State for the operations and performance of PCSO.
5. **Board Secretary.** — The Board Secretary need not be a member of the Governing Board. Ideally, the Board Secretary must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer/General Counsel of the GOCC. The Board Secretary shall have the following functions:
 1. Serve as legal counsel and adviser to the Members, Board of Directors relative to their corporate responsibilities and obligations;
 2. Keep the minutes of regular meetings of the Board and all other Board Committees in a book or books kept for that purpose, and furnish copies thereof to the Chairperson, the General Manager and other members of the Board as appropriate;
 3. Keep in safe custody the seal of PCSO and affix it to any instrument requiring the same;
 4. Attend to the giving and serving of notices of Board and other committee meetings, if applicable;
 5. Be fully informed and be part of the scheduling process of other activities of the Board;
 6. Receive instructions from the Chairperson on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;

⁶ Section 3(b), R.A No. 10149



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

7. Oversee the adequate flow of information to the Board prior to meetings;
 8. In the absence of a Compliance Officer, the Board Secretary shall act as the Agency's Compliance Officer and shall enforce and/or assists in ensuring compliance with directives of the Board to appropriate Department/Sector including officers and employees including the preparation and submission of reportorial requirements of oversight/supervising offices of PCSO;
 9. Ensure fulfillment of disclosure requirements to regulatory bodies; and
 10. The Board Secretary shall have such other responsibilities as the Board may impose upon him. The Board shall have separate and independent access to the Board Secretary.
- 6. Compliance Officer.** — The PCSO shall adopt a good governance monitoring and compliance system to keep up with any and all directives from the Governance Commission for GOCCs (GCG) and other supervising authorities.

To this end, the Board shall appoint a Compliance Officer who shall report directly to the Chairperson. In the absence of such office or appointment, the Board Secretary, who is preferably a lawyer, shall act as Compliance Officer. The appointment of the Compliance Officer shall be immediately disclosed to the GCG. All correspondence relative to his functions as such shall be addressed to the said Officer. The Compliance Officer shall perform the following duties:

1. Act as the GOCC Leadership Management System (GLMS) Representative in so far as the agency's compliance with the Integrated Corporate Reporting System (ICRS) is concerned;
2. Monitor PCSO compliance with the requirements or directives of the GCG consistent with Republic Act No. 10149, GCG Memorandum Circular 2012-07 an/or other rules and regulations of the appropriate supervising agencies; and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties including the adoption of measures to prevent a repetition of the violation;

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

There shall be created Board Committees and/or Oversight Bodies to ensure proper understanding and resolution of all programs/projects/issues affecting PCSO including the proper handling of all other concerns.

Nothing herein shall preclude the Governing Board from combining the functions of the committees into such combinations when necessary. Further, the Board may constitute additional Board Committees and/or oversight bodies in the exigency of the



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

service or if required by authorities such as, but not limited to GCG, DBM and other supervising agencies.

Furthermore, the existence of the committees shall not excuse the Board of Directors/Trustees of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.⁷ Accordingly, PCSO shall have the following **mandatory committees**⁸:

1. **Governance Committee (GC)**⁹. — The Governance Committee shall assist the Board of Directors, sitting as a collegial body, in fulfilling its corporate governance responsibilities and attainment of corporate strategy.

The Committee shall be headed by the Chairperson, Board of Directors (Head of Agency) with at least three (3) members of the Board and/or all members of the Board, appointive or ex-officio as members thereof. The Committee shall be responsible for the following:

1. Exercise over-sight function over all aspects of operations (gaming, charity services and general administrative services) and other Board Committees (Risk Management Committee, Audit Committee and Nomination and Remuneration/Compensation Committee);
2. Oversee, monitor and evaluate the performance of the PCSO Governance Sub-Committees namely: (1) Administrative Sector; (2) Branch Operations Sector; (3) Charity Sector; (4) Gaming, Product Development and Marketing Sector; and (5) Management Services Sector; provided, that at least one (1) member of the governing

⁷ Section 16, GCG Memorandum Circular No. 2012-07 citing OECD Guidelines - Annotations to 'The Responsibilities of the Boards of State-Owned Enterprises', p.52

⁸ With modifications introduced by PCSO Board Resolution No. 89, series of 2016 dated March 2, 2016. Note: Under the December 2014, Revised Edition of the PCSO Manual of Corporate Governance, the mandatory Board Committees were: Governance Committee, Audit Committee and Risk Management Committee.

⁹ The Governance Committee, under the December 2014, Revised Edition of the PCSO Manual of Corporate Governance (Code of Ethics), used to concurrently discharge the functions of the Nomination and Remuneration Committee. Pursuant to PCSO Board Resolution No. 89, series of 2016 dated March 2, 2016, henceforth, there shall be a separate and distinct Nomination and Remuneration/Compensation, in compliance with GG Memorandum Circular 2015-07 (Corporate Governance Scorecard).



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

board shall be assigned to exercise direct oversight function for each Sector;

3. Hold and conduct committee meetings, as required by appropriate GCG issuances or as often as required by the exigencies of the service;
4. Formulate polices and/or approve programs/projects as may be required in the exigency of the service considering applicable laws, rules and regulation;
5. Issue a statement on compliance with all good governance requirements of the GCG and other supervising agencies of PCSO in the Annual Report (audited or unaudited); and
6. Publish its accomplishment report in the PCSO Corporate governance seal every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter);

2. Audit Committee.¹⁰ — The Audit Committee shall be headed by a member of the Board of Directors; and shall have at least three (3) members; provided, that at least one (1) member (regular or nominee) shall have a background in audit, accounting or finance. There shall be a quorum in the presence of at least two (2) directors in the meeting. The Committee shall be responsible for the following:

1. To meet at least four (4) times per year or as often as required by the exigencies of the service;
2. Oversee, monitor and evaluate the adequacy and effectiveness of PCSO's internal control system, engage and provide oversight of PCSO's internal auditors and coordinate with the Commission on Audit (COA);

¹⁰ Function/duties of the Audit Committee were re-defined under PCSO Board Resolution No. 89, series of 2016 dated March 2, 2016, to conform to GCG Memorandum Circular No. 2015-07.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. Review and recommend audit scope and frequency -*annual internal audit plan, quarterly, semi-annual and annual financial statements*- for the consideration and approval of the Board of Directors. The internal audit plan shall focus on changes in accounting policies and practices; significant adjustments resulting from the audit; on-going concerns affecting the agency's state of finances; accounting assumptions; compliance with accepted accounting standards including applicable tax, legal, regulatory requirements of proper agencies like the Bureau of Internal Revenue (BIR), Department of Budget and Management (DBM), GCG and Commission on Audit (COA);
4. Receive, review and make recommendation on all reports of the agency's internal auditor to the Board of Directors including proposed corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;
5. Ensure that the internal auditor shall have free and full access to all the agency'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;
6. Develop, implement and promote a transparent financial management system that will ensure the integrity of internal control activities throughout PCSO through a procedure/policies handbook that will be used by the entire organization;
7. The hiring and firing of PCSO Internal Auditor shall be approved by the Audit Committee;
8. Publish its accomplishment report in the PCSO Corporate governance seal every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter); and
9. The PCSO Annual Report shall bear a statement from the Board or Audit Committee on the following:
 1. Adequacy of internal controls



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. All financial disclosures represented in the annual report are true and fair;
3. Compliance with all COA Audit reports and findings or that appropriate legal remedies have been availed of by the agency; and
4. Timely publication of all COA Annual Reports in the PCSO transparency seal (within 60 calendar days from receipt from COA).

3. Risk Management Committee.¹¹ — The Risk Management Committee shall be headed by a member of the Board of Directors and shall have at least three (3) members; provided, that at least one (1) member (regular or nominee) shall have a background in investment or finance. There shall be a quorum in the presence of at least two (2) directors in the meeting. The Risk Management Committee shall be responsible for the following:

1. To meet at least two (2) times per year or as often as required by the exigencies of the service;
2. Perform over-sight risk management functions, specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of PCSO and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
3. Develop, implement and promote the Risk Management Policy of PCSO; ensuring compliance with the same and strive to ensure that the risk management processes and compliance system are embedded throughout the operations of the agency, especially at the Board and Management level. For this reason, the PCSO Risk Management Plan as described under Part XIV (Appendices) of the MANUAL, as published in the agency's transparency seal www.pcsso.gov.ph, shall be adopted and integrated to this MANUAL for the purpose of addressing the current operational risks faced

¹¹ Function/Duties of the Risk Management Committee were re-defined under PCSO Board Resolution No. 89, series of 2016 dated March 2, 2016, to conform to GCG Memorandum Circular No. 2015-07.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

by the agency. Provided, that the PCSO Risk Management Plan shall be reviewed annually or as frequent as may be necessary in the exigency of the service. Provided further, that the Risk Management Committee shall have the authority to introduce immediate, necessary and/or interim measures to ensure the proper management of all operational risks of the PCSO including the efficient and effective conduct of PCSO's gaming operations and delivery of health and social services to the public.

4. Report and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals. For this purpose, a Crisis Management Team (CMT) shall be created from the Management Committee (ManCom) consisting the following as permanent members: the General Manager (Head) and the five (5) Assistant General Managers. The CMT shall: (1) provide periodic information on risk exposures and risk management activities of PCSO to the Board's Risk Management Committee; (2) serve as the implementing arm of all risk plan and activities approved by the Risk Management Committee; and (3) serve as the agency's first responders to all crisis, calamities and/or natural or man-made disasters that may affect the efficient gaming operations of the agency including but not limited to its delivery of health, charitable and social services to the public;
5. Publish its accomplishment report in the PCSO Corporate governance seal every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter); and
6. The PCSO Annual Report shall bear a statement from the Board or Risk Management Committee on the following:
 1. Annual risk assessment and review of the risk management plan;
 2. Adequacy of controls and concerted efforts to address identified risks.



4. Nomination and Remuneration/Compensation Committee.^{12 13} —

The Nomination and Remuneration/Compensation Committee shall be headed by the Chairperson, Board of Directors (Head of Agency/ Concurrent Chairman, Personnel Selection Board for Managers and Executives); and shall have at least three (3) members. There shall be a quorum in the presence of at least two (2) directors in the meeting. The Nomination and Remuneration/Compensation Committee shall be responsible for the following:

1. To meet at least two (2) times per year or as often as required by the exigencies of the service;
2. Review and provide:
 1. Criteria for appointment, performance evaluation and removal of Directors, Senior Management and Key Managerial Personnel;
 2. A policy on Board diversity;¹⁴
 3. A succession plan for the Board of Directors¹⁵, the Senior Management and the Key Managerial Personnel; and
 4. Criteria for determining reasonable and sufficient remuneration payable to the Directors¹⁶, the Senior Management and the Key Managerial Personnel including rank and file personnel.

¹² See Note 6 (i.e., the Governance Committee discharged the function/duties of the Nomination and Remuneration/Compensation Committee under the December 2014, Revised Edition of the PCSO Manual of Corporate Governance); please visit the PCSO transparency seal for more details.

¹³ The PCSO Board created the Nomination and Remuneration Compensation Committee, headed by the Chairman, Board of Directors per Board Resolution No. 76, series of 2016, dated February 24, 2016. The function/duties of the Committee were defined in Board Resolution No. 89, series of 2016, dated March 2, 2016.

¹⁴ Subject to the discretion of the President, Republic of the Philippines in that appointive directors are co-terminus with the President; and may be removed at any time (expiration of term), at the pleasure of the President.

¹⁵ Ibid.

¹⁶ Subject to the applicable provisions of R.A. 10149, Executive Order No. 7, series of 2010, Executive Order No. 24, series of 2011 and subsequent laws and issuances on the benefits enjoyed by Directors in GFIs and GOCCs. (Note: In compliance with EO 7(2010) and EO 24 (2011), the appointive members of the Board are only entitled to claim reasonable per diems per meeting and Performance Based Incentives (PBI), unless expressly authorized by the President and/or the Governance Commission for GOCCs (GCG).



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. The Nomination and Remuneration/Compensation Committee shall also ensure the following:
 1. Setting a formal and transparent procedure for selecting new General Manager for appointment and ex-officio membership in the Board of Directors;
 2. Review and update as necessary the existing minimum selection criteria with regards to education, work experience, or as may deemed suitable, of PCSO officials and executives including personnel;
 3. Ensure that the Chairman of the Board and the General Manager are two (2) separate persons for check and balance;
 4. Lay down criteria for performance evaluation of Managers and Executives of equivalent rank/function/position;
 5. The Chairman (Head of Agency and SPMS Champion) shall make final review of the performance of all officials (AGMs, DMs and Executives of equivalent rank/function/position) under the PCSO Strategic Performance Management System (SPMS);
 6. Conduct review and approve all benefits, incentives and competency development plan/programs for all officials and personnel;
 7. Conduct evaluation of potential causes/reasons for termination of service and make recommendations of change, if any;
 8. Review, resolve, mediate appeals on hiring and firing of management or intervene in resolving all issues of appointment, reappointments and/or exercise over-sight function over the Change Management Team in case of reorganization, rationalization or streamlining of the agency;
 9. Review, approve and recommend to the Governance Committee, the approval of any reorganization, restructuring and personnel planning in PCSO consistent with the applicable rules under GCG Memorandum Circular No. 2015-04; and
 10. Publish its accomplishment report in the PCSO Corporate governance seal every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter).



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

To be reviewed	Peer Evaluators
Chairman	All members of the Governing Board (<i>whether Appointive or Ex-Officio</i>)
President/CEO (For PCSO: The General Manager and Ex-Officio Vice-Chairman)	All members of the Governing Board (<i>whether Appointive or Ex-Officio</i>)
Members of the Governing Board	All members of the Governing Board (<i>whether Appointive or Ex-Officio</i>)

3. Director's attendance. —

1. Rules on Attendance. - An Appointive Director must have attended at least seventy five percent **75%** of all authorized and duly called for Board and Committee meetings (to which he/she is officially designated) in any given year or at least 50% during the immediately preceding semester. In determining the total number of authorized and duly called for Board and Committee meetings, the following rules shall be observed:

1. Attendance through teleconferencing or video conferencing in accordance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 15, 2001, is allowed;
2. Absences arising from the actual conduct of official business for the GOCC, its subsidiary, affiliate, or for the National Government, are considered excused absence, provided, the GOCC or the Appointive Director shall submit the proper documentation of such official business, such as, but not limited to, a travel authority; Provided further, that the total approved leaves for official business of an Appointive Director can only account for at most 10% of the total number of authorized and duly called for Board and Committee meetings, and any absences in excess shall be counted against the Appointive Director;
3. Absences arising from filial obligations shall not be considered excused, even if approved by the Governing Board;
4. Vacation leaves shall not be considered as excused, even if approved.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. **Individual Attendance Score).** — The Compliance Officer/Corporate Secretary shall submit to the GCC the attendance record for the year of all members of the Governing Board, both Appointive and Ex Officio, by the second week of March.

3. **Schedule.—**

1. **Individual Performance Levels.** — The PCSO Compliance Officer/Corporate Secretary shall distribute the Self and Peer Appraisal forms to the members of the Governing Boards starting on the first working day of February of each year, ensuring that the confidentiality of the forms and their contents once filled up are preserved.
2. **Submission and Tabulation.** — Within ten (10) working days, PCSO thru its Compliance Officer/Corporate Secretary must have submitted the accomplished forms to the Governance Commission for tabulation and evaluation.
3. **DPR Results.** — The Governance Commission shall release the DPR results to the Supervising Agency and the GOCC concerned within thirty (30) calendar days from receipt of the complete SAF and PAF. A separate DPR result will also be provided for each of the member of the Governing Board showing the aggregated scores of their individual appraisal results. The DPR results will be integrated in the PED Summary Report.
4. The Compliance Officer or Corporate Secretary shall ensure the confidentiality of the names and rating results generated in the DPR.

4. **Eligibility for reappointment.**— Appointive Directors who receive an overall rating of less than 85% will not be qualified to be included in the shortlist of nominees for the following term; Provided, however, that no score in any component should be less than 50%; Provided, further, that when in the GCG's evaluation, the down-rating received by an Appointive Director is not warranted, the particular Appointive Director may still be included in the shortlist for proper consideration of the President with proper explanation thereof.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Results of the PED. — On or before the 31st of March of each year, the GCG shall submit to the Supervising Agency and GOCC Chairman the summary report of the results of the PED. In addition, each Director shall receive a confidential report of his overall grade and concerns/issues raised in the PAF.

6. Overall grade equivalent. —

Over-all Score	Scale	Equivalent
93%- 100%	5	Outstanding
85%- 92.99%	4	Above Average
80%-84.99%	3	Average
75%-79.99%	2	Below Average
74.99%-below	1	Poor

7. Compliance with subsequent GCG issuances. — The PED shall comply with subsequent issuances that the GCG may issue on the subject.

8. Checklist of submissions. —

1. Self-Appraisal Forms (SAF) of each member of the Governing Board (PED Forms 1, 2, and 3);
2. Peer Appraisal Forms (PAFs) accomplished by the peer evaluators in assessing the performance of their fellow members in a GOCC Governing Board (PED Forms 4, 5, and 6);
3. Supporting documents determined initially by the GOCC, without prejudice to the request for further documents/records by the GCC from the GOCC concerned.



2. The Management

1. The role of Management

1. The Management shall decide and be responsible for the day to day operation of PCSO;
2. It shall determine the corporate and gaming activities of PCSO by executing and/or implementing the policies and achieving the strategic directions/targets/goals set by the Board of Directors;
3. It shall also be responsible to the Board for implementing the infrastructure for the success of PCSO through the following mechanisms in its organization as set by the Board:
 1. Organizational structures that will work in an effective and efficient manner in attaining the goals of PCSO;
 2. Utilization of planning, control, and risk management systems that shall assess risk on an integrated cross-functional approach;
 3. Information systems that are defined and aligned with an information technology strategy and the business goals of PCSO; and
 4. Institute a succession plan for key positions.

2. Accountability of Management to the Board. — Management shall be primarily and directly accountable to the Board for the day to day operations of PCSO including its performance, position, undertakings and activities.

3. Specific Duties of Management.— The PCSO Management shall perform the following functions.

1. Requiring Board Approval:

1. Evaluate and propose changes to corporate policies and priorities for approval of the Board;
2. Develop corporate plans and budgets in support of established goals and objectives;
3. Formulate Policy and Procedural Guidelines (PPGs), Manuals and other policy documents for approval of the Board;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Present/propose activities/projects/programs/matters that are required by law, rules and regulation to be acted upon by the Board;

2. **Not Requiring Board Approval:**

1. Formulate appropriate Office Orders to implement a uniform interpretation of existing processes or to streamline procedures;
2. Monitor implementation of plans, programs, and special projects and institute remedial measures to correct deviations, if necessary;
3. Resolve operation problems and issues;
4. Perform all other functions that are necessary for the effective and efficient day to day operation of PCSO.

4. **Powers and duties of the General Manager.**—Unless otherwise specifically reserved by the Board of Directors, sitting as a collegial body under Sections 9 and 10, RA 1169, as amended, the General Manager shall be PCSO's Chief Executive Officer (CEO) who shall:

1. Execute and administer the policies and resolutions approved by the Board;
2. Direct and administer the policies and resolutions approved by the Board;
3. Direct and supervise the administration and operations of the PCSO;
4. Subject to the approval of the Board, shall appoint the personnel of PCSO or remove, suspend or otherwise discipline them for cause, in accordance with the existing Civil Service rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed;
5. In addition to his powers and duties stated, the General Manager shall:
 1. Submit to the Board as soon as possible after the close of each fiscal year, a complete report of the operations of the PCSO for the preceding year, and the state of its affairs;
 2. Report to the Board from time to time all matters which the interest of the PCSO may reasonably require to be brought to its notice; and
 3. He/she shall have such other power including responsibilities as the Board and/or higher authorities may impose on him or her.
6. The PCSO management thru the General Manager shall be primarily responsible for the preparation and presentation of the PCSO financial statements, as well as the truthfulness and correctness thereof. The financial statements shall be prepared in conformity to the generally accepted



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

accounting principles and shall reflect amounts that are based on informed judgment of Management with an appropriate consideration to materiality. Provided, that 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; and

7. He/she shall serve as the *Ex-Officio* Vice-Chairperson of the Board of Directors pursuant to RA 2254¹⁷ with power to participate or vote, when so declared/allowed by the Board sitting as a collegial body, during regular scheduled meetings set and approved by the Chairperson (Head of Agency);
 8. The powers and functions of the General Manager and/or Management shall be without prejudice to the prerogative/discretion of the Board of Directors, sitting as a collegial body, and/or the Chairperson, in the exercise of his legal personality as Head of Agency - *whenever the exigencies of the service demand*- to conduct independent check on all Management activities¹⁸ considering that the Board shall be: (1) directly vested with corporate powers; (2) directly responsible in the proper selection and shall conduct independent check on Management; and (3) responsible for PCSO's performance.¹⁹
5. **Appointment and qualification of the General Manager.** — The General Manager shall be appointed by the PCSO Board. He/she shall also satisfy the “*fit and proper*” rule which refers to a set of standards for determining whether a member of the Board of Directors/Trustees or the CEO is qualified to hold a position in a GOCC which shall include, but not be limited to, standards on integrity, experience, education, training and competence and as provided for under GCG Memorandum Circular No. 2012-05²⁰.
6. **Other Executive Officers.** — *Subject to the confirmation of the Board*, the General Manager shall appoint other executive officers who shall assist him/her in carrying out management duties.

¹⁷ RA 2254 (June 18, 1959) - *An Act Providing that the General Manager, President or Governor, Administrator of a government owned and controlled corporation shall be Ex-Officio Vice Chairman of the Board of Directors, Board of Governors, or Board of Administrators thereof.*

¹⁸ Subject to all applicable provisions of R.A. 10149, GCG Memorandum Circular No. 2012-07 and all relevant and related issuance by the Governance Commission for GOCCs.

¹⁹ See General Policies. 2016 PCSO Manual of Corporate Governance, p.9 hereof

²⁰ As provided for under Sec. 3 (j), R.A. No. 10149.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

7. Management Committee (ManCom). —

1. **MANCOM.**— The General Manager shall convene the Management Committee (ManCom) composed of all Assistant General Managers and Department Managers to discuss all operational concerns and constraints of the PCSO. The ManCom shall also formulate and submit to the Board of Directors measures including proposed policies, it deems necessary, to promote overall operational effectiveness and efficiency in the agency's daily operation.
2. **Secretariat in Management Committee Meetings.** — The Corporate Planning Department (CPD) shall serve as the Secretariat of the Management Committee during its meetings with the following functions:
 1. Assist in the preparation of agenda and prepare notices of meetings;
 2. Consolidate and review presentation materials of the presenting groups and record all deliberations or minutes of meeting;
 3. Monitor and follow-up implementation of ManCom directives and resolutions; and
 4. Provide other technical, logistical and/ or administrative assistance to ManCom.

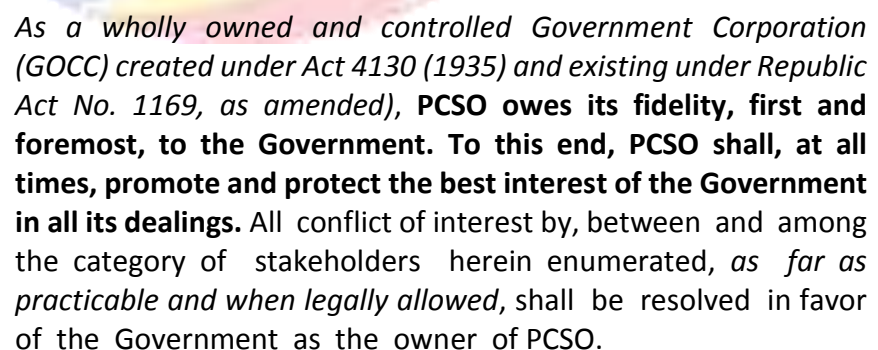


3. Common duties of the Board and Management

1. Duty to safeguard shareholders. — The Board of Directors and officers of PCSO 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. In order to promote integrity, accountability, proper management of public affairs, Republic Act No. 9485 otherwise known as the Anti-Red Tape Act of 2007 mandates the re-engineering/simplification of systems and processes/procedures to ensure delivery of fast, efficient, convenient and reliable service. To this end, the following shall be implemented:

1. There shall be created and implemented a service standard (citizen's charter) and posted in the PCSO website and conspicuous places within the agency to enumerate/describe in simple terms the step-by-step procedure for availing any and all services offered by PCSO to the public including standards to guarantee performance level that the public may expect for any particular service, such as but not limited to:
 1. The procedure to obtain a particular service;
 2. The person/s responsible for each step;
 3. The maximum time to conclude the process
 4. The document/s to be presented by the customer, if necessary;
 5. The amount of fees, if necessary; and
 6. The procedure for filing complaints.
2. All frontline service shall be attended to within 5 days (simple transactions) to 10 days or more (complex transactions). Appropriate criminal and administrative sanctions may be imposed for "fixers" who for pecuniary consideration expedite the processing of any PCSO service/transaction; and
3. Adoption of CSC's "No Noon Break" policy for all frontline services including allowance for flexible lunch break for all employees stationed at all front line offices.

- ### 1. The Government. —





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

What is expected of PCSO by the Government?

1. To comply with the laws, rules, regulation, policies and directives issued by the Government including lawful orders of local Courts and quasi-judicial bodies;
2. To align its strategic goals and programs towards the attainment of the National Government's Development Plan specifically, programs that will alleviate poverty;
3. To promptly and diligently settle its statutory obligations to help raise revenues for its nation building specifically, alleviation of poverty thru fund provision for the Government's priority health and welfare programs or provision for accessible basic health services.

What is expected by PCSO from the Government?

1. Support in the holding and conduct of its gaming activities and fulfillment of its mission to provide and/or augment Government funds for medical, health, charitable and social services programs and projects.

Projects or programs

1. Obtaining authority for projects or programs that requires prior approval from the Office of the President;
2. Compliance with Presidential directives on matter affecting PCSO's gaming activities and operations;
3. Regular meetings and consultations with designated representatives from the Office of the President and oversight bodies with delegated authority to oversee the gaming operations of PCSO.

Means of dialogue

1. Official communications (Memorandum Circulars, Joint Circulars, Executive Order, etc.);



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Dialogues and regular contacts through the emails, telephone, etc.;
3. Cluster meetings/seminars/workshop for agencies under the Office of the President, the GCG and the like.

2. The Gaming Public (Players). —



The lifeblood of PCSO comes from revenues generated by its gaming activities. As such, the ***protection, retention and trust of the gaming public (bettors/players)*** shall be a primary consideration in the holding and conduct of any and all number games by the agency.

Sustained and concerted effort shall be had to ensure and promote transparency, reliability, integrity and goodwill in PCSO's gaming activities. The agency shall also adopt responsible gaming practices for its players/patrons by protecting minors from playing its games and the instituting projects against the perils of excessive and irresponsible gaming habits. Further, the gaming public shall be informed, warned and protected against all forms of lottery scams; and at the same time, promote the social relevance of patronizing PCSO games (*i.e., the gaming public contributes to the Government's health and welfare programs with the earmarking of a substantial portion of all bets placed for medical, health, charitable and other social welfare programs and projects of the Government*).



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

What is expected of PCSO by the gaming public?

1. Integrity, reliable and secure holding and conduct of sweepstakes horse races, lotteries and similar activities;
2. Continuous product and market research and development to be able to provide the gaming public with more entertaining, competitively priced, interactive and market responsive product/game offerings.

What is expected by PCSO from the gaming public?

1. Product loyalty and continued patronage of the gaming public;
2. Distinction of PCSO games as better and more competitive alternative to all forms of illegal number games.

Projects or Programs

1. Market surveys and product studies shall be conducted regularly to suit the evolving needs and preferences of the gaming public;
2. Tried and tested “Responsible Gaming” (players protection) practices or programs [consistent with World Lottery Association (WLA) and/or Asia Pacific Lottery Association (APLA) standards or lottery industry best practices] shall be promoted at all times;
3. Anonymity of jackpot winners shall be guaranteed, except when the winner voluntarily requests for the public disclosure of his/her personal details (name/address) in writing.;
4. Public service announcement/warnings against SMS (text) and e-mail lottery scams and use of fraudulent tickets during the live telecast of daily draws; and for this purposes, PCSO shall be authorized to avail itself of a dedicated SMS services or use appropriate web applications to serve as one (1) of media and platform for public announcements and/or warning system to the gaming public, subject to availability of funds and the usual accounting and auditing laws, rules and regulation;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Daily multi-media announcements of draw results and how to claim prizes;
6. Announcement (infomercial) of new product offerings during live TV draws; and
7. Continual improvements in its gaming operations including standardization of core processes in its gaming and branch operations, shall be introduced, such as, but not limited to, use of latest technology or engagement of new sales and marketing programs to maintain and penetrate or expand its current market.

Means of dialogue

1. Provision for customer feedback page at www.pcsso.gov.ph;
2. Monthly publication of PCSO Newsletter (Latest News on Gaming and charity services) at www.pcsso.gov.ph;
3. Distribution of game brochures, posters and other reading are made available in all PCSO retail outlets including trade shows or seminars/fora;
4. Nationwide simulcast of live lottery draws and infomercials in the Government Channel (PTV 4);
5. Information about PCSO lottery, sweepstakes, programs and services shall be available at www.pcsso.gov.ph;
6. Draw schedules and game results shall be made available in all lotto outlets, select radio and TV stations, newspapers (broadsheet/tabloid) and at www.pcsso.gov.ph.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. Charity and Social Services Beneficiaries. —



The social function of PCSO (i.e., *reason for being*) is to **alleviate poverty** thru the fund provision and/or fund augmentation of the Government's priority and basic medical/hospital/social services including charities of national character.

For this reason, the PCSO Charity Fund — *a trust liability account and representing thirty percent (30%) of PCSO's net retail receipts* — shall be appropriated judiciously and used exclusively to finance and support health programs, medical assistance, social services support charities of national character including disaster or calamity response.

Similarly, PCSO shall endeavor to provide fast, efficient and reliable charitable and social services to its beneficiaries nationwide, by itself or in partnership with LGUs, government agencies, charitable socio-civic organization of national character including recognized private organizations engaged in providing health and medical services for the poor, sick and disadvantaged sectors of the society.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

What is expected of PCSO by its charity and social services beneficiaries?

1. Judicious fund management and appropriation of the PCSO Charity Fund;
2. Rationalized Charity Fund distribution thru the implementation of programs and projects of nationwide reach and with poverty alleviation impact;
3. Effective and efficient release of individual/institutional assistance keeping in mind prudent fiscal fund management and the need to comply with the usual public accounting and auditing laws, rules and regulation;
4. Sustained revenue generation from PCSO's gaming activities to be able to provide and/or augment scarce funds for priority health, welfare and social programs of the National Government.

What is expected by PCSO from its charity and social services beneficiaries?

1. That PCSO's health and social projects and programs geared at alleviating poverty are properly implemented and properly accounted for.

Projects or programs

1. Mandatory/Statutory Contributions including Presidential Issuances. —
 1. RA#6847 – Six (6) Sweepstakes Draws as contribution to the Philippine Sports Commission Program
 2. RA#7722 – 1% of lotto gross sales to the Commission on Higher Education
 3. RA#7660 – Documentary Stamp Tax – 10% of the gross sale



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. RA#7835 –10% of Charity Fund to the Comprehensive and Integrated Shelter and Urban Development Financing Program (National Shelter Program)
5. RA#8042 – Sec.20 and 77 of the Omnibus Rules provides for the appropriation of PhP10 million for the Shared Government Information System on Migration (SGISM) under the Department of Foreign Affairs
6. RA#8042 – Article IX Section 37 known as the Migrant Workers Act of 1995 – PhP 150 million shall be funded from the proceeds of lotto draws taken from the Charity Fund for the Congressional Migrant Workers Scholarship Fund
7. RA#8175 – 10% of net income for the Crop Insurance Program
8. RA#8313 – PhP100 million from lotto agents for the upgrading of the Quirino Memorial Medical Center
9. RA#8371 – PhP 50 million contribution to the National Commission on Indigenous Peoples for the Ancestral Domain Fund
10. RA#8492 – PhP 250 million from the annual net earnings from lotto for the Museum Endowment Fund
11. RA#9165 – 10% share on forfeited prizes as special account in the general fund of Dangerous Drugs Board
12. E.O.#201 – PhP 1 billion Standby Fund for the financial requirement for Severe Acute Respiratory Syndrome (SARS) awareness and health promotion campaign
13. E.O.#218 – PhP 1 billion Stand-by Fund for the operations and programs of the Philippine Drug Enforcement Agency
14. E.O.#280 – PhP 250 million Stand-by Fund for the financial requirements of the Avian Influenza or Bird Flu Viruses
15. E.O.#357 – 5% Lotto share of local government units from the Charity Fund

2. Regular medical and dental missions;
3. Individual Medical Assistance Program (IMAP) to cover hospitalization and medical needs of walk-in and referred indigent and sickly clientele;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Hospital Endowment Program to cover hospitalization expenses of those patients in charity wards of select public and private hospitals nationwide;
5. Dialysis and Chemotherapy assistance which provide free medication and treatment for indigent patients who are suffering from diabetes and cancer;
6. Institutional Partners (IPs) Assistance Program for Charities of national character that are engaged in the promotion and delivery of health, medical and social services for the poor;
7. Ambulance Donation Program for LGUs and qualified government, non-governmental, civic and social organizations;
8. Medicine and Medical Supplies Donation Program;
9. Calamity/disaster response (relief and/or augmentation of funds for rehabilitation of health facilities, if necessary) or rural health capability building projects; and the like.

Means of dialogue

1. Regular monitoring of Beneficiaries (Monthly/ Annual Reports, Liquidation Reports, etc.)
2. Monthly publication of PCSO Newsletter (Feature: Charity Services) at www.pcsso.gov.ph ;
3. On-line publication in the PCSO website of the requirements for various charitable services including requests for financial assistance, and the like including ambulance donation;
4. Posters and other reading materials for IMAP, IPs and Endowment assistance are available at the PCSO Charity Office and all Branch Offices; and
5. Special feature articles on PCSO's Charity and Social services in select newspapers, magazines and blog sites.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. PCSO workforce. —



The sustainability of PCSO games, promotion and protection of its corporate goodwill including over-all operational efficiency are the shared responsibility of the Board, Management and its workforce.

As such, the engagement of PCSO's workforce is not only necessary but crucial in the attainment of the agency's targets considering that its personnel are its most important resource. To this end, the Board and Management will strive to address the general working condition of employment (e.g. employee attraction & retention (hiring selectivity, low voluntary turnover, long average length of service, employer of choice, competitive pay & benefits) including provision for programs that will align individual performance towards the attainment of the agency's targets.

What is expected of PCSO by its workforce?

1. Regular cascading of PCSO's strategic objectives (targets, plans, programs and policies affecting its workforce);
2. Provision for a strategic performance management system (SPMS) that will align individual performance towards the attainment of PCSO's strategic organizational goals, programs and projects including a performance based incentive plan;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. Provision for continuing human resource development programs which aim to enhance employees/officers competencies and skills based on the agency's operational requirements;
4. Observance of the CSC prescribed grievance machinery aimed at addressing issues on working conditions, economic and non-economic benefits including a forum to air legitimate grievances, suggestions and other employees concerns; and
5. Regular dialogue and consultation.

What is expected by PCSO from its workforce?

1. An engaged workplace.- An engaged workplace is one where officers and employees know more, do more and willingly contribute to the success of PCSO in fulfilling its mandate and social functions such that, each officer and employee knows: (1) Office rules, relationship and complementary services of each and every office within PCSO; (2) Knows their customers and their expectations of the quantity, quality and promptness in delivering services.

Projects or programs

1. Fund provision for cascading programs to inform/orient employees on the agency's annual strategic corporate plans consistent with the GCG's approved Performance Agreement Negotiation (PAN) including strategy map and balanced score card, etc.;
2. Publication of this MANUAL including performance agreements and related documents submitted to GCG by PCSO to all of its officers and employees in www.pcsso.gov.ph and the agency's intranet;
3. Seminars, trainings and workshops to re-tool personnel and acquire new knowledge and skills to be able to discharge their new functions under the rationalized PCSO;
4. Mandatory implementation of the Civil Service Commission (CSC) approved Strategic Performance Management System



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

(SPMS)²¹ (i.e. *target based performance evaluation and incentive program which aims to align individual performance towards the attainment of the agency's strategic targets and programs; and provide for a performance based merit, incentive and promotion system*) effective January 2015;

5. To ensure the wellness of its employees, provision for Employees Medical Assistance Program (EMAP), Fitness programs (aero class and fun runs for charitable causes) and Sports Activities (Government Corporation Athletic Association (GCAA), and the like;
6. Implementation of the CSC approved guidelines on calamity leave for qualified officers and employees including study-leave, paternal/maternity/single parent leave including sabbatical leave;
7. Collective Negotiation Agreement (CNA) with the registered bargaining unit for the rank and file (Sweepstakes Employees Union) and the managers/executives association (Guild of Executives and Managers of Sweepstakes), subject to applicable laws and rules;
8. Agency funded annual team building sessions (per Department) including social activities for special occasion/milestones of the agency.

Means of dialogue

1. PCSO official website: www.pcsso.gov.ph for announcements, transparency seal, corporate governance seal; others relevant information about programs and activities of PCSO affecting its workforce);
2. Provision for publication of contact numbers including e-mail addresses of the Board and Key Officers of PCSO so employees can ventilate their concerns in their chosen medium of communication;
3. Intranet and webmail provision and access for all officers and employees;
4. Regular Sector/Departmental/Division/staff meetings;

²¹ Required under CSC Memorandum Circular No. 6, series of 2012



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Administrative issuances (Board Resolutions, Special Orders, Memorandum Orders and Guidelines or Implementing Rules);
6. Bulletin Boards and suggestion boxes;
7. Authorized and recognized bargaining agents shall be allowed to hold free and peaceful assemblies during snack/lunch breaks, subject to applicable CSC laws, rules and regulation; and
8. From time to time, the Management may call for Employees General Assembly to address pressing employees concern/s.

5. Retailers (Individual and/or Corporate Agents, Merchant Partners and Distributors). —



PCSO's retailers (i.e., individual agents, agent corporations including sales distributors) are reliable business partners of PCSO in the marketing and sales of its gaming products. As such, PCSO shall aim to promote, improve and develop good business relationship with its business partners based on mutual trust. Efforts shall be made to retain and expand their continued support to the agency and loyalty to its products.

What is expected of PCSO by its retailers?

1. Continuous product development of innovative, entertaining and attractive sweepstakes and lottery games for competitive advantage;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Regular market and product research to catch up with the evolving preferences of the gaming public including competition from illegal number games;
3. Provision for strategic sales, marketing and brand management support to boost retail sales receipts;
4. Provision for responsive and retail sales based incentives;
5. Regular and continuous training program for retailers;
6. Regular upgrade of lottery system and processes;
7. Regular dialogue and consultation.

What is expected by PCSO from its retailers?

1. Loyal business partners who conduct themselves responsibly, adhering to the provisions and guidelines of PCSO for all products and games.

Projects or programs

1. Training/Seminar courses on the games and responsible gaming;
2. Modernization of gaming equipment and on-line system upgrades;
3. Enhanced retailers' incentive schemes and marketing assistance;
4. Introduction of computerized supply chain management and inventory system to better manage the release and distribution of bet slips and thermal rolls.

Means of dialogue

1. Regular training sessions for retailers (orientations and technology transfer sessions for existing and new products including use of game software, hardware, paraphernalia and supplies);



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. 24/7 hotline and repair service for retailers;
3. Distribution of game brochures, posters and other reading materials are made available in all PCSO retail outlets including trade shows or seminars/fora;
4. Nationwide simulcast of live lottery draws and infomercials in the Government Channel (PTV 4);
5. Information about PCSO lottery, sweepstakes, programs and services shall be available at www.pcsso.gov.ph including draw schedules and game results;
6. Game results shall also be made available for lotto outlets, select radio and TV stations, local newspapers and the web/blogs.

6. Suppliers/Service Providers. —



PCSO shall aim to develop relationship and improve its networking with its business suppliers and/or service providers based on mutual trust.

For this purpose, all suppliers and service providers shall be engaged competitively keeping in mind the most advantageous terms for the Government and in all instances, in compliance with applicable procurement laws, rules and regulation.

Thus, diligence shall be observed in the selection of PCSO suppliers and service providers, emphasis shall be had to ascertain their track record and the quality of the services offered (*i.e., state-of-the-art technology and world class*



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

service, strong customer relations and deep industry knowledge and experience) and capacity to implement and deliver value-added solutions within the approved budget in a given year.

What is expected of PCSO by its suppliers and/or service provider/s?

1. Long term business relation thru the supply and delivery of all operational requirements of PCSO.

What is expected by PCSO from its suppliers and service providers?

1. Timely, reliable and efficient delivery of supplies and services to avoid hiatus in the holding and conduct of PCSO's gaming activities, daily operations including delivery of its health, medical and social services to the public;
2. Timely, reliable and efficient delivery of after sales support, technical assistance and maintenance services, where applicable;
3. That the goods and services delivered are according to specifications, terms and conditions of the contract, consistent with applicable procurement laws, rules and regulation and necessarily include the standard warranty that the goods delivered are free from any hidden faults or defects, or any charge or encumbrance not declared or known to PCSO.

Projects or programs

1. Strict compliance with the laws, rules and regulation on Government Procurement for goods, consulting services and infrastructure projects;
2. Regular trainings and seminars on government procurement;
3. Disclosure in transparency in PCSO's annual procurement plan and procurement activities;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Mandatory publication in PhilGEPS of all procurement activities of PCSO.

Means of dialogue

1. Posting/publication of PCSO's annual procurement plan and activities at www.pcsso.gov.ph;
2. Posting/publication of all PCSO procurement activities in PhilGEPS;
3. Provision for the conduct of Pre-Bid Conference of all items for public bidding including mandatory Post-Qualification activities.

7. Oversight/Regulatory Authorities. —



The Commission on Audit, Civil Service Commission, Governance Commission for GOCCs under Republic Act 10149, Oversight Committees in the Senate and House of Representatives including Department of Budget and Management and Department of Finance, and the like, serve as PCSO's oversight and regulatory authorities.

These offices were created by law to deal with specific issues on service delivery, simplification of processes, public accountability and transparency including good governance initiatives and proper implementation of PCSO programs/projects.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

What is expected of PCSO by oversight bodies and/or regulatory authorities?

1. For PCSO to diligently comply with all laws including the rules and regulations issued by its oversight and/or regulatory authorities;
2. For PCSO to deliver truthful, adequate and timely reports which are required and/or prescribed by As such, PCSO shall diligently comply with all rules and regulation issued by its oversight and/or regulatory authorities.

What is expected by PCSO from oversight bodies and/or regulatory authorities?

1. Support in the holding and conduct of its gaming activities including delivery of its medical, health, charitable and social services for the Filipino people.

Projects or programs

1. Obtaining required approval of authorities before any games are introduced and launched in the market;
2. Submission of annual reports to oversight bodies and other documentary requirements and/or reports;
3. Regular meetings and consultations.

Means of dialogue

1. Dialogues and regular contacts through the emails, telephone, website, etc.;
2. Official communications (Memorandum Circulars, Joint Circulars, Executive Order, etc.);
3. Budget deliberations;
4. Performance agreement negotiation (PAN), etc.;
5. Submission of regular reports on the state of finance and/or corporate strategy, programs, projects including any and all good governance initiatives of PCSO.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. **Appropriate, timely and adequate services.** — Nothing in this MANUAL shall be construed as relieving or excusing PCSO, its Director/s and Officers, from complying with more rigorous standards of corporate governance as required by regulatory/supervising agencies and applicable laws, rules and regulation.
6. **Health and safety standards.** — PCSO shall provide a safe, healthy and enjoyable working environment for all its employees, outside contractors and visitors. It shall comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities.
7. **Environmental standards.** — Considerations for inevitable environmental impacts associated with PCSO's daily operations shall be taken into account and PCSO shall strive to minimize harmful effects and consider the development and implementation of environmental standards in all its offices and areas of operation. For this purpose, PCSO shall identify opportunities to reduce consumption of energy, water and other natural resources. As far as practicable, PCSO shall re-use and recycle where possible and dispose of non-recyclable items responsibly.
8. **Disclosure of conflict of interest.** —
 1. **Duty to disclose of conflict of interest.-**
 1. If an actual or potential conflict of interest should arise on the part of the Board members or executive officer, it shall be fully disclosed before the Board and the concerned Board member or executive officer shall not participate in the decision-making;
 2. A board member or executive officer who has a continuing conflict of interest shall either divest or resign subject to existing administrative laws and GCG rules and regulations;
 3. Any question about a Board member's or executive officer's actual or potential conflict of interest with the PCSO shall be brought promptly to the attention of the Chairman of the Board, who together with the Board shall review the question and determine an appropriate course of action;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. If the Chairman of the Board is the trustee in question, he or she shall voluntarily inhibit and the vice Chairman together with the Board shall take over in reviewing the questions and deciding on the action to be taken.

2. **When conflict of interest exists.**- Conflict of interest exists for any Board member or executive officer of the PCSO when:

1. He/she supplies or is attempting or applying to supply goods or services to the PCSO or endorsing those supplied by their relatives or friends;
2. He/she supplies or is attempting to supply goods, services or information to an entity in competition with the PCSO;
3. By virtue of his or her office, acquires or is attempting to acquire for him/herself a business opportunity which should belong to the PCSO;
4. He/she accepts an offer or receives a favor or consideration for delivering the business of PCSO to a third party; and
5. He/she is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interest of the PCSO.

3. **Prohibitions.** - Every Director and Officer, *as fiduciary of the State*, accepts his/her position fully aware that he/she assumes certain responsibilities not only to PCSO and its stakeholders, but also with different constituencies who have the right to expect that PCSO is being run in a prudent manner and with due regard to the interests of all stakeholders. Consequently, the following activities shall be prohibited:

1. Existence of conflict of interest and its non-disclosure as defined under items 1 and 2 hereof;
2. Manipulation, concealment, abuse of confidential or privileged information including misrepresentation of material facts;
3. Violation of applicable provisions under the Anti-Graft and Corrupt Practices Act (RA 3019), Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) including administrative issuances by supervising agencies such as, but



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

not limited to, the Office of the President, Governance Commission for GOCCs, Civil Service Commission, etc.

9. Transparency and Access to Information. — The essence of good corporate governance is transparency. The more transparent the internal workings of the GOCC are, the more difficult it will be for the Board and/or Management to mismanage the GOCC or to misappropriate its assets. It is therefore imperative that PCSO discloses all material information to the National Government and the public, *its ultimate stakeholder*, in a timely and accurate manner at all times. Consistent with DBM National Budget Circular 542 series 2012 and Section 93, Republic Act No.10155 (2012 General Appropriations Act) in relation to GCG Memorandum Circular Nos. 2012-07; 2013-02 (re-issued) and 2015-07, the PCSO shall disclose to the public material information about the state of finances, corporate governance and activities of the agency by maintaining a transparency seal and a corporate governance seal in its official website at www.pcsso.gov.ph, as follows:

- 1. Transparency seal and Corporate governance seal:** PCSO shall adopt the transparency and corporate governance seal to disclose business, financial and corporate disclosures in its official website, subject to applicable rules and regulations.



- 2. Conditions common to all National Government Agencies and GOCCs:**

1. Transparency seal;
2. PhilGEPS posting;
3. Cash Advance Liquidation;
4. Citizen's Charter or its equivalent;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Government Quality Management System Standards (GQMSS) pursuant to Executive Order No. 605, series of 2007; and
6. Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Net Worth (SALN)²²;

3. Conditions specific to GOCCs covered by RA No. 10149:

1. Corporate governance seal;²³
2. Payment of all statutory liabilities including the payment of all taxes due to the Government and declaration and payment of all dividends to the State as of the end of the applicable calendar year. Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the date of release of the PBB by the PCSO shall be excluded from this provision;
3. Submission and execution of concrete and time bound action plans for addressing the Notice of Disallowance and Audit Observation Memoranda from the Commission on Audit (COA), if any;
4. Adoption of a code of ethics - **“PCSO Manual of Corporate Governance”** - pursuant to Section 42, Code of Corporate Governance (GCG Memorandum Circular No. 2012-07 that is approved by the GCG and uploaded in www.pcsso.gov.ph which shall state the following information:
 1. Detailed responsibilities of members of the Board, which shall be available to all stakeholders and to the public as defined under Section III (Plan of Compliance) and Section IV (Common duties of the Board and Management) hereof;

²² Pursuant to CSC Memorandum Circular No. 3, s. 2012

²³ Pursuant to GCG Memorandum Circular No. 2015-07 (Corporate Governance Scorecard)



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Formal Charter of expectations that each Director shall sign and be committed to;
3. List of Disclosures to be made by Directors using the form **(Appointive Director Data Sheet)** which shall be posted in the transparency seal or corporate governance seal of PCSO; and must indicate the following information:
 1. Full name of appointive Director;
 2. Date/Place of birth;
 3. Citizenship;
 4. Civil Status;
 5. Personal contact details;
 6. Business contact details;
 7. Educational background;
 8. Trainings/seminars attended;
 9. Civil Service eligibility, if any;
 10. Preferred GOCC for appointment;
 11. Industry/Sector preference;
 12. Field of expertise;
 13. Work experience:
 1. Present position/s in the Public Sector including Board Directorship;
 2. Present position/s in the Private Sector including Board Directorship;
 3. Past position/s in the Public Sector including Board Directorship;
 4. Past position/s in the Public Sector including Board Directorship.
 14. Disclosure of relations by consanguinity/affinity to the appointing or recommending authority to the preferred GOCC;
 15. Disclosure of pending/decided criminal and/or administrative case/s, if any; and
 16. Statement waiving the confidentiality of the foregoing information including authority for the GCG to verify/investigate its truthfulness for purposes of determining suitability for GOCC directorship.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Statement by the Directors confirming the truth and fairness of the GOCC's financial statements;
5. **The list of fines and other consequences when Directors violate, or omit to carry out their duties under applicable laws, subject to the following conditions:**
 1. The acts and omission of appointive directors in violation of any provision of this MANUAL shall be governed by the provisions of Part VII (Penalties for non-compliance) of this MANUAL and other applicable laws, rules and regulations;
 2. Nothing in the MANUAL shall prevent the filing of separate and/or independent criminal, civil and/or administrative action against any appointive director/s, when and where applicable, for any and all acts in violation or penalized under the following laws and rules:
 1. R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
 2. R.A. No. 3019 (Anti-Graft and Corrupt Practices Act);
 3. R.A. No. 7080 (The Plunder Law);
 4. Book II, Title VII, Crimes Committed by Public Officers, The Revised Penal Code;
 5. Executive Order No. 292, series of 1987 (Administrative Code of 1987);
 6. R.A. No. 10149 (GOCC Governance Act of 2011);
 7. R.A. No. 9184 and its IRR (Government Procurement Reform Law)
 8. GCG MC No. 2012-05 (Fit and Proper Rule);
 9. GCG MC No. 2012-06 (Ownership and Operating Manual Governing the GOCC Sector);
 10. GCG MC No. 2012-07 (Code of Corporate Governance for GOCCs);
 11. GCG MC No. 2015-07 (Corporate Governance Scorecard)²⁴

²⁴ As provided for under PCSO Board Resolution No. 89, series 2016 dated March 2, 2016.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

12. Violation of RA 1169, as amended (PCSO Charter);
 13. Other GCG Circulars and Orders; and
 14. Other applicable laws, rules and regulation.
3. The MANUAL shall be submitted to the GCG, which shall evaluate the same and their compliance with the Code of Corporate Governance (GCG Memorandum Circular No. 2012-07) taking into account the classification and industry of the GOCC; and
 4. The Manual shall be available for inspection by any of the identified stakeholders of the GOCC at reasonable hours on business days.

4. Compliance with Section 43, GCG Memorandum Circular 2012-07:

1. On Institutional Matters. —

1. Latest version of the PCSO Charter; and
2. Annual Government Corporate Information Sheet (GCIS).

2. On the Board and Officers. —

1. Complete listing of the members of the Board and executive officers with attached resume, and their membership in Board Committees;
2. Report on salaries and allowances (ROSA). — Complete compensation package of the Board and all executive officers, including travel, representation, transportation and any other form of allowances;
3. Information on Board Committees and their activities; and
4. Attendance record of Board members in Board and Committee meetings.

3. On financial and Operational Matters. —

1. Latest annual Audited Financial and Performance report within thirty (30) days from receipt of such report;
2. Audited financial Statements in the immediate past three (3) years;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. Annual Reports or Operational Highlights (accomplishments), if any;
4. Annual Corporate Operating Budget;
5. Local and foreign borrowings, if any;
6. Government subsidies and net lending, if any²⁵;
7. Any material risk factors and measures (Risk Management Plan) taken to manage such risks as stated above; and
8. Performance Evaluation System.

4. On Governance Matters. —

1. Charter Statement and Mission –Vision Statements
2. Performance Scorecards (Balanced Score Card) and Strategy Map;
3. Latest Organizational Chart;
4. Corporate Social Responsibility (CSR) Statement;
5. No gift policy;
6. Adoption of a system to report and properly account how the GOCC has served its mandate and legitimate purposes.

5. Compliance with GCG Memorandum Circular 2015-07:

1. **PCSO Corporate governance seal.**— A corporate governance seal shall be created to apprise the public of the state of corporate governance and management including adoption of international best practices to promote corporate transparency, accountability and establish check and balance between the Board and Management.
2. **Contents of the Corporate governance seal.**²⁶—

I. Responsibilities of the Board

1. Board composition:
 - a. Ex- officio

²⁵ Not applicable to PCSO

²⁶ With the permission of the Governance Commission for GOCCs (GCG), PCSO was granted authority to publish and complete all required contents in its Corporate governance seal until March 7, 2016 at www.pcs.gov.ph.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

- b. Appointive (to indicate position in other GOCCs and PLCs);
2. Approved schedules of board meetings (to indicate when schedule was approved);
3. Role of the board in corporate strategy (to indicate how the Board oversees the implementation of corporate strategy);
4. When did the board review the corporate strategy?
5. Code of Ethics (Link to Code of Ethics) –(if not available in the Transparency Seal) (Explain who is covered by the code or who is required to comply with the code and how they monitor compliance with the code);
6. Board committees' accomplishment report;
7. Access to information (board materials);
8. Internal Control (including Internal Audit);
9. Risk management system;
10. Board appraisal system:
 1. Criteria
 2. Procedure
11. Corporate Secretary (Profile);
12. Link to agency's Performance Evaluation System (PES)

II. Disclosure and Transparency (at least 2013-present disclosures)

1. Audited Annual Financial Reports Date Published Year of the Report Date Receipt from COA;
2. Annual Reports Date Published Year of the Report;
3. Quality of Annual Report (to indicate location of the following information in the annual report/audited annual financial report)
 1. Corporate objectives (vision, mission, core values);
 2. Financial performance indicators;
 3. Non-financial performance indicators;
 4. Details of whistle blowing policy;
 5. Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners/directors;
 6. Training and/or continuing education program attended by each director/commissioner;
 7. Statement of full compliance with the code of Corporate Governance;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

8. Statement that there was a review of the GOCC's material controls (including operational, financial and compliance controls) and risk management systems;
9. Statement from the Board of Directors or Audit Committee commenting on the adequacy of the GOCC's internal controls/risk management systems

III. Corporate Social Responsibility

1. Customers' welfare
 1. Policies
 2. Activities
2. Interaction with the communities
 1. Policies
 2. Activities
3. Environmentally-friendly value chain
 1. Policies
 2. Activities
4. Contact details for complaints of other stakeholders
 1. Policies
 2. Activities
5. Employees' welfare and development
 1. Welfare (policies, programs and relevant data)
 2. Training and development (programs and relevant data)
 3. Whistle blowing policy and procedures (including protection of reporting employee/s from retaliation)

IV. Other corporate disclosures

1. Integrated Corporate Reporting System (ICRS)
 1. Quarterly agency accomplishment report
 2. Quarterly Financial Statements (unaudited)
2. Related/relevant corporate disclosures, as may be deemed necessary by PCSO, in the exigencies of the service or when required by the GCG.



7. **Protection of all information contained in the transparency seal and corporate governance seal.** - corporate disclosures or information about PCSO that will be made and/or posted in the transparency seal and corporate governance seal of the agency (www.pcsso.gov.ph) shall be protected under the **"Cybercrime Decree or Act of 2000"** (R.A. No. 8792) and the **"Cybercrime Decree or Act of 2012"** (R.A. No. 10175). Any individual found guilty of any offense against PCSO's transparency seal and corporate governance seal shall be prosecuted to the full extent of said laws, without to the resort to the institution of other applicable criminal or administrative action/s including claims for damages, if so warranted by the exigencies of the service.



Part V. GOCC compliance and monitoring system

- 1. Purpose.** — Aligned with the thrust of the Government to institute measures to make GOCCs accountable to the people in a transparent manner, PCSO shall adopt a good governance system, GOCC compliance and monitoring system, to report and properly account how it has served its mandate and legitimate purposes.
- 2. Performance Agreement Negotiation (PAN) with GCG.²⁷—**
- 3. Strategy map and balanced scorecard.**— PCSO is an instrument of the State to achieve its economic and development goals. To this end, the agency adopts Kaplan and Norton's strategic planning and management system. This business management model uses the strategy map and balanced scorecard in plotting and making clear the agency's strategic corporate direction/targets or fulfillment of its statutory mandate on four (4) key result areas: Financial Perspective, Customer Perspective, Internal Process Perspective and Learning and Growth Perspective, as follows:
 - (1) Financial perspective - expansion of branch offices, increase in the number of existing individual and corporate agents, retailers and distributors, introduction of new games including new marketing channel/s and markets all geared toward enhancing the agency's revenue potential;
 - (3) Customer perspective- management, retention and feedback mechanism for stakeholders such as but not limited to standardization of core processes specifically those offices engaged in the delivery of front-line services, conduct of regular customer satisfaction Surveys, introduction of accessible feedback mechanisms to be able to cater to evolving customer/clientele needs or expectations, enforcement of policies on disclosure of conflict of interests, whistle blowing policy, player protection, and the like;
 - (3) Internal process perspective – Improvements in how PCSO conducts its day to day operation in an efficient and effective manner using advances in technology and innovation such as, but not limited to, Human Resource Information System (HRIS), Computerized Accounting System (CAS) to link the day to day operations between the Head Office, Extension Offices and all Branch Offices; and

²⁷ Done annually since CY 2012.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

(4) Learning and Growth perspective – launching of programs geared at the continual development/improvement of competencies of its workforce such as strategic Training Plan; and the Strategic Performance Management System (SPMS) as management's initiative to develop the core competencies of its workforce and tool in evaluating and monitoring unit and individual performance.

The customer, internal process and learning and growth perspectives aim to establish sustained improvement of PCSO products and services on the premise that improving these aspects of operation will result in more revenues for the State and reinforce the agency's role in nation building thru fund provision for the State's priority health and social welfare programs specifically, fund provision for accessible health care, to alleviate poverty.

2. Operational (Business) Framework.— The GCG categorized PCSO as a *sui generis* government owned and controlled corporation engaged in gaming (holding and conduct of lotteries, sweepstakes horse races, and the like), with identified social impact in poverty alleviation specifically, universal health care for Filipinos. This means that PCSO holds and conducts gaming to fund, sustain, augment and at most, expand the Government's priority health reform programs. Accordingly, the operational (business) framework of PCSO shall adopt the best practices of State-owned lotteries in the Asia-Pacific Region, as follows:

Operational/ Business Objective	Sustained revenue generation and charity services presence in all 80 Provinces nationwide.
Key Result Areas (KRAs)	<ol style="list-style-type: none"> 1. Sustained revenue growth 2. Total returns to beneficiaries as % of sales 3. Rationalized and decentralized access to charity services 4. Product research & development including new marketing channels 5. Total customer satisfaction 6. Organizational capacity enhancement
Focus	Nationwide reach (Distribution): <ol style="list-style-type: none"> 1. Efficient and engaging products 2. Timely, relevant, effective and efficient charity services with inclusive impact
Foundation	<ol style="list-style-type: none"> 1. Good corporate governance; 2. Organizational capacity enhancement (work force engagement, improvement in internal processes and system in doing business, standardized processes, etc.)
Tools	<ol style="list-style-type: none"> 1. Strategy map and balanced scorecard 2. Corporate Governance Scorecard 3. Strategic Performance Management System



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Annual PAN cycle . —

1. Annual pre- planning session;
2. Annual Corporate Strategic Planning;
3. Performance Agreement Negotiation with GCG;
4. Cascading, alignment and calibration of individual and office targets towards the attainment of agency targets using Strategic Performance Management System (SPMS);
5. Submission of quarterly accomplishment reports;
6. Year- end operational review (operational and strategic review of initiatives and programs including assessment of sufficiency of internal controls and risk management).

3. Corporate Governance Scorecard. —

1. **Purpose.**— Consistent the applicable provisions of RA 1169, as amended (PCSO Charter), RA 10149 (GCOOC Governance Act of 2011), the Code of Corporate Governance under GCG Memorandum Circular 2012-07 including the Organisation for Economic Co-operation and Development (OECD)^{28 29} Principles of Corporate Governance for State Owned Enterprises; and the ASEAN Corporate Governance Scorecard³⁰, the Corporate Governance Scorecard (CGS) shall be adopted by PCSO as tool for monitoring compliance with all applicable local and international corporate governance best practices. The CGS aims to provide baseline standards to ensure that PCSO remains a significant tool of the State for economic development and its statutory mandate achieved and/or carried out in a transparent, responsible and accountable manner and with the utmost degree

²⁸ The **Organisation for Economic Co-operation and Development** (OECD) is an international economic organisation of 34 countries, founded in 1961 to stimulate economic progress and world trade. The Philippines is a member of OECD.

²⁹ Established in 1999, the OECD-Asian Roundtable on Corporate Governance serves as a regional forum for exchanging experiences and advancing the reform agenda on corporate governance while promoting awareness and use of the OECD Principles of Corporate Governance. It brings together policy makers, practitioners and experts on corporate governance from the Asian region, OECD countries and relevant international organisations.

³⁰ The **ASEAN Corporate Governance Framework** is the result of the 29-30 October 2015 - 2015 Asian Roundtable on Corporate Governance in Bangkok, Thailand which focuses on family-controlled businesses in Asia, institutional investors and disclosure of beneficial ownership and control including State-run corporations (GOCCs like PCSO) and a result on the International Agreement on ASEAN integration, where the Philippines is a member-country. The Asian Development Bank (ADB) released the first ever ASEAN Corporate Governance Scorecard which uses the OECD Principles of Corporate Governance as the main benchmark for developing the **ASEAN Corporate Governance Scorecard** (2012). The scorecard ranks the top listed companies in Malaysia, **Philippines**, Indonesia, Thailand, Singapore, Vietnam; and is being adopted by each country as their own. The scorecard is perceived as a diagnostic tool to improve corporate governance standards, using an international benchmark, of ASEAN companies and supersedes the national (country) scorecards. (References: www.oecd.org; and www.adb.org)



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

of professionalism and effectiveness, under Governing Boards who are competent to carry out their functions, fully accountable to the State as its fiduciaries and always acting for the best interest of the State

2. **Corporate Governance Scorecard (CGS).—** The CGS is a quantitatively-driven evaluation tool extracted from existing and globally accepted standards and practices. The CGS serves as an instrument to assess the Corporate Governance performance of GOCCs using a methodology benchmarked against the OECD Principles of Corporate Governance and ASEAN Corporate Governance Scorecard. The CGS aims to recognize well-governed GOCCs and raise Corporate Governance standards and practices. Accordingly, the CGS shall serve the basis for the following:

1. Reinforcing the ownership function of the State through GCG;
2. Establishing a standardized framework in assessing GOCCs' level of corporate governance;
3. Identifying GOCCs' strengths and weaknesses compared to existing corporate governance provisions;
4. Assessing the level of adherence of GOCCs to best practices and international standards of corporate governance; and
5. In tandem with the Performance Scorecard, ensure the improvement in transparency of GOCCs' corporate governance initiatives and practices.

1. CGS Components.—

Section	No. of Items	Weight
I. Stakeholder Relationships	14	15%
II. Disclosure and transparency	11	35%
III. Responsibilities of the Board	37	50%
Bonus	2	
Penalty	2	
Total	66	100%



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

1. **GCG prescribed CGS questionnaire/checklist.** — A copy of the GCG prescribed CGS questionnaire may be found in Part XIV (Appendices) of the MANUAL. The questionnaire consists of sixty (66) items covering the subjects of stakeholder relationships, disclosure and transparency and responsibilities of the Board, among others.
2. **Quality of Annual Report (mandatory disclosures).**— The PCSO Annual Report, whether containing audited or unaudited figures) shall henceforth³¹ bear the following disclosures:

Mandatory Disclosures in the Corporate Annual Report (pursuant to GCG M 2015-07)
<ul style="list-style-type: none"> • Corporate Objectives (Vision/Mission/Values/ Mandate)
<ul style="list-style-type: none"> • Balanced Scorecard Financial Performance Indicators per Performance Agreement with GCG
<ul style="list-style-type: none"> • Balanced Scorecard Non-Financial Performance Indicators per Performance Agreement with GCG
<ul style="list-style-type: none"> • Whistle Blowing Policy and related PCSO rules
<ul style="list-style-type: none"> • Biographical details of Appointive and Ex-Officio Members, BOD
<ul style="list-style-type: none"> • Trainings and/or Continuing Education of Directors
<ul style="list-style-type: none"> • Statement of Compliance in Corporate Governance Scorecard
<ul style="list-style-type: none"> • Statement on the conduct of review of internal controls including risk management
<ul style="list-style-type: none"> • Statement from BOD or Audit Committee on the adequacy of PCSO internal controls/risk management system

Efforts shall be undertaken to have the PCSO Annual Report published in the Global Reporting Index (GRI) for transparency and consistent with international best practices in corporate governance including applicable issuances by the Governance Commission for GOCCs (GCG).

³¹ To be observed in the 2015 PCSO Annual Report, which is due in July 2016 as provided for under Section 7, RA 1169 (as amended), also known as the PCSO Charter.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. **Annual CGS assessment by the Governance Commission for GOCCs (GCG).**— The GCG shall undertake the final and official evaluation on the basis of the accomplished CGS. Each GOCC shall be appraised of its performance and its level of adherence to the best practices and international standards of corporate governance. Assessment shall be based on the disclosures in the GOCC website (i.e., PCSO’s corporate governance seal).

An Exit Conference shall be scheduled once the CGS Rating and Results have been consolidated. The Attendees from the GOCC are: two (2) Board Members and Corporate Secretary/ Compliance Officer. The Governance Commission shall discuss the CGS Rating and Results with the concerned GOCC. The Exit Conference shall be properly documented.

The CGS Assessment shall be conducted on the second week of March. The CGS Assessment shall be processed within forty (40) working days after which the CGS Rating and Results shall be discussed with the GOCC in an Exit Conference. The final CGS Rating and Results will be released by the Governance Commission on first week of July of the following year.

The CGS Rating and Results shall be released to the GOCC and its Supervising Agency.

4. **Integrated Corporate Reporting System (ICRS).** — Pursuant to GCG Memorandum Circular No. 2014-02, PCSO shall adopt an Integrated Corporate Reporting System (ICRS) which provide for proper and timely rendition and accounting on how the PCSO has served its mandate under RA 1169, as amended and other legitimate purposes.

1. **ICRS background.** — Section 5(c)(6), of the “GOCC Governance Act of 2011 (RA No. 10149)) in relation to Section 44, Code of Corporate Governance for GOCCs (GCG MC No. 2012-07 mandates the development of an Integrated Corporate Reporting System (ICRS) for the GOCC towards achieving the following policy objectives:
 - a. Assist the State in the exercise of its ownership rights in the GOCC Sector through the provision of up-to-date, complete and relevant information;
 - b. Streamline the various reportorial requirements for GOCCs; and



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

- c. Promote greater transparency and timely access to relevant information on the GOCC Sector through a single on-line web portal.
2. **ICRS: Good governance condition for the release of PBB and PBI.** — Beginning calendar year 2014 onwards, compliance with the deadlines set for ICRS shall be an additional good governance condition for the release of the Performance Based Bonus (PBB) and Performance Based Incentive (PBI) systems. Failure to comply shall be a ground to disqualify PCSO from the PBB System or the Appointive Members of the Governing Board from the PBI System for a particular calendar year, without prejudice to other sanctions that may be imposed by the GCG.
3. **ICRS Components.** — The ICRS shall have the following components:
 1. **GOCC Monitoring System (GMS)**, which pertains to the financial information about PCSO, such as but not limited to financial statements and corporate operating budgets; and
 2. **GOCC Leadership Management System (GLMS)**, which pertains to non-financial information regarding the PCSO's profile, such as but not limited to the latest version of the charter, performance score cards, and organizational structures. It also includes information on incumbent Directors.
4. **ICRS duties and responsibilities.** —
 1. **Governing Board.**— The Governing Board (Board of Directors sitting as a collegial body) shall designate Senior Management Officers and promulgate the necessary policies to provide them with full authority to:
 1. Certify the data to be submitted to the Governance Commission through the ICRS;
 2. Ensure and enjoin strict compliance with the relevant policies and guidelines of the ICRS;
 3. Perform all acts incidental and necessary to ensuring compliance.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. **GMS Representative.**- The Head of Finance or whoever is designated by the Governing Board to be the PCSO's GMS Representative shall:
 1. Collect all necessary information and complete the reports required by the GMS;
 2. Electronically publish and certify the truthfulness and accuracy of the GMS within the prescribed deadlines;
 3. Monitor the GMS/ICRS for important updates and/or system changes and report them to the proper authorities within the PCSO as needed;
 4. Coordinate with GCG Officers for the verification or clarification of the information submitted, as well as facilitate the submission of any additional requested documents/records.
3. **GLMS Representative.**- The Compliance Officer or whoever is designated by the Governing Board to be the PCSO's GLMS Representative shall:
 1. Collect all necessary information and complete the reports required by the GLMS;
 2. Electronically publish and certify the truthfulness and accuracy of the GLMS within the prescribed deadlines;
 3. Monitor the GLMS/ICRS for important updates and/or system changes and report them to the proper authorities within the PCSO as needed;
 4. Coordinate with GCG Officers for the verification or clarification of the information submitted, as well as facilitate the submission of any additional requested documents/records.
4. **Support Group to the GMS and GLMS Representatives.**- The Management Services Sector shall act as support group to the GMS and GLMS representatives:
 1. **Information Technology Services Department (ITSD).**- The Head of MIS or its equivalent (ITSD) shall: (a) Provide the GMS and GLMS Representatives of PCSO with the necessary software, hardware, and technical knowledge



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

to use the ICRS; (2) Troubleshoot problems experienced by the GMS and GLMS Representatives in using the ICRS; and (3) Update the GOCC's register of Representatives in the ICRS arising from any personnel movement, which must in all cases be pursuant to a Board Resolution uploaded into the ICRS prior to access by the new Representative;

2. **Accounting and Budget Department (ABD).**- The Head of Accounting and Budget Department (ABD) shall: (1) provide timely fiscal reports and related documents, at least two (2) weeks before the schedules stated below, to the GMS/GLMS Representatives and Corporate Planning Department; (2) prepare all financial figures, data and reports as may be required by the GMS and GLMS Representatives and/or the GCG; (3) submission of COA annual reports to the GMS and GLMS Representatives for uploading in the ICRS; and (4) certify the adequacy and accuracy of all financial data submitted to the GMS and GLMS Representatives including its compliance with applicable accounting and auditing laws, rules and regulation;
3. **Corporate Planning Department (CPD).**- Aligned with its role under the PCSO Strategic Performance Management System, the Head of Corporate Planning Department (CPD) shall: (1) gather, collate, prepare and submit the quarterly performance reports from all Sectors and Departments including the agency's balanced score card, at least within one (1) week before the schedules stated below, to the GMS and GLMS Representatives for uploading and certification in the ICRS; (2) draft and prepare PCSO's semi-annual and annual report based on the quarterly performance reports, at least within one (1) week before the schedules stated below; (3) gather, collate and submit all documentary requirements for the agency's Performance Based Bonus (PBB) application; and (4) assist in the GMS and GLMS Representatives in the discharge of their duties under the ICRS. For timely submission of reports, the CPD may recommend the



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

designation of Sector and Department representatives to expedite the gathering of documents and information required under the ICRS.

5. Schedule of ICRS reports. —

1. **GMS schedules.**- PCSO shall submit quarterly reports using the web forms provided in the GMS. The reports must be completed and electronically confirmed on or before the following dates:

1. First Quarter Report (January 01 to March 31): Due on or before **April 30**
2. Second Quarter Report (April 1 to June 30): Due on or before **July 30**
3. Third Quarter Report (July 1 to September 30): Due on or before **October 30**
4. Fourth Quarter Report (October 1 to December 31): Due on or before **February 15**

Important note: *Monitoring reports on PCSO's performance evaluation system [i.e., balanced score card or Performance Agreement Negotiation (PAN) with the GCG] shall follow the afore-mentioned GMS schedules.*

2. **GLMS schedules.** - PCSO shall submit semi-annual report using the web forms provided in the GLMS. The report must be completed and electronically confirmed on or before the following dates:

1. First Semester Report (October 31 to April 30): Due on or before **April 30**
2. Second Semester Report (April 30 to October 30) Due on or before **October 30**
3. If there are changes to the information submitted between the above dates with respect to the incumbent members of the Board (e.g. resignation, expiration of terms, etc.) the report should be entered in the GLMS at the soonest possible time.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

6. **Automatic certification.** — All information submitted by the PCSO and classified by the GCG as public shall be immediately published online through the ICRS and Open Data Portals upon confirmation of PCSO's GMS and GLMS Representatives. The information uploaded/published therein shall be deemed automatically certified upon lapse of fifteen (15) days from the deadline prescribed above. Provided, that before any information is certified, PCSO may correct or adjust the data it has submitted. Provided further, that after certification, PCSO must request for authority from the GCG to correct its report and that the request must provide a justification, be in writing and signed by the General Manager. Provided furthermore, that in the event a report is submitted beyond the prescribed deadline, the same shall be deemed automatically certified upon its publication in the ICRS.
7. **Commission on Audit reports.** — Restated financials (e.g. annual audit report) based on reports of the Commission on Audit shall be submitted through the ICRS within thirty (30) calendar days from receipt of said report.
8. **Publication of ICRS reports in the agency's corporate governance seal.** — For transparency and full accountability in so far as PCSO's corporate activities are concerned, the quarterly accomplishment reports of the agency including quarterly financial statements (unaudited figures) shall be published in the agency's corporate governance seal at www.pcsso.gov.ph.
9. **Protection of information contained in the ICRS.** — All relevant information about PCSO that will be published in the ICRS of the GCG including corporate disclosures posted in the transparency seal of the agency (www.pcsso.gov.ph) shall be protected under the "Electronic Commerce Act of 2000" (R.A. No. 8792) and the "Cybercrime Prevention Act of 2012" (R.A. No. 10175). Any individual found guilty of committing any offense against PCSO's ICRS and transparency seal shall be prosecuted based on said laws.

Part VI. Cascading and training process of the MANUAL.—

1. **Cascading of the Manual and training process of the MANUAL.—**
The Corporate Planning Department (CPD) and/or Human Resource Department (HRD), in coordination with a duly recognized private or government institute, shall conduct orientation seminar on the MANUAL. Provided, that PCSO shall likewise include in its annual corporate operating



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

budget, the cascading of the agency's annual performance agreement (PAN) and other Board and/or Management initiatives, programs on corporate governance, if any. Provided further, that PCSO shall be authorized to cause the publication and mass distribution of the MANUAL to all its offices and employees, such as but not limited to the following:

1. Office of the Board of Directors (appointive or ex-officio members);
2. Office of the Board Secretary and Compliance Officer;
3. Office of the General Manager
4. Offices of Assistant General Manager
5. All Department Managers
6. All Branch Managers
7. Authorized and recognized PCSO bargaining agents:
 1. Sweepstakes Employees Union (for supervisors and rank and file)
 2. Guild of Executives and Managers in Sweepstakes (Managers and Executives or equivalent level)

The MANUAL shall also be published in the agency's transparency seal and corporate governance seal at www.pcsso.gov.ph and may be accessed by the public in the offices mentioned above during regular office hours.

2. **Annual PCSO-CPD Good Governance Seminar-Workshop Series.**— There shall be created a customized training program for the implementation of the policies and programs on corporate governance including attainment of the agency's performance agreement negotiation (PAN) with the GCG. This training program shall be referred to as "**PCSO-CPD Good Governance Seminar-Workshop Series**" which shall be managed, developed and implemented by the Corporate Planning Department (CPD) on a yearly basis, in coordination with Civil Service Commission (CSC) and/or Governance Commission for GOCCs (GCG) accredited learning providers. Towards the attainment of PCSO's mandate and key result areas (KRAs), the agency shall be authorized to allocate progressive and sufficient funds to sustain the "PCSO-CPD Good Governance Seminar-Workshop Series" on a yearly basis, subject to the usual accounting and auditing rules and regulation; and the training program shall engage the workplace with participation of rank and file in "bottom-up" operational assessment and planning activities such as, but not limited to, the following subjects:

3. Continuing professional development of the Board of Directors.— Efforts shall be had to encourage the professional development of the Board of Directors including the Board Secretary and compliance officer in so far as their professional development are concerned. As such, the PCSO training plan shall also include the officers of the Board in professional trainings in the field of law (Mandatory Continuing Legal Education), investment, finance, accounting, audit



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

and risk assessment, and the like on top of the PCSO-CPD Good Governance Seminar-Workshop Series.

- 4. Continuing leadership and competency development of Management and rank and file.**— The leadership competency of management shall be a priority of the Human Resource Department including competency development of rank and file personnel. For this purpose, an agency-wide competency development plan, consistent with applicable CSC rules and regulation shall be created, introduced and implemented within CY 2016.

The PCSO competency development plan shall provide for competency based training development, succession planning, compensation planning and job-leveiling plan comparable with Asia-Pacific lottery industry standards.

For this purpose, PCSO shall be authorized to provide funds for the engagement third (3rd) party provider/s and/or independent consultant/s engaged in competency development including compensation and job-leveiling development and planning, as may be required in the exigencies of the service, subject to the usual accounting and auditing laws, rules and regulation.

Part. VII. Penalties for non-compliance with the MANUAL. —

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

1. In case of **first violation**, the subject person shall be reprimanded;
2. Preventive suspension from office shall be imposed in case of **second violation**. Provided, that the duration of the suspension shall depend on the gravity of the violation but not to exceed three (3 months);
3. **Third violation** of the MANUAL may be considered as sufficient cause to remove any member of the Board, officers and employees from the service. Provided, that nothing herein shall prevent the Board from imposing fine as a penalty for 2nd or 3rd violations of the MANUAL. Provided further, that the fine shall range from P5,000.00 to P100,000.00 depending on the gravity of offense; and





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

11. All relevant and applicable issuances of other oversight bodies such as but not limited to the Commission on Audit, Department of Budget and Management, Department of Finance including Bureau of Internal Revenue;
12. Other applicable laws, rules, and regulation affecting GOCCs and GFIs.

Part X. Separability Clause. — Should any part or provision of this MANUAL be disapproved by the Governance Commission for GOCCs or declared unconstitutional, the same shall not affect the validity of other provisions of this MANUAL.

Part XI. Repealing Clause.—All PCSO Board resolutions, rules and regulations or parts thereof which are inconsistent with the provisions of this MANUAL 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 MANUAL.

Part XII. Revision/Amendments. — PCSO may revise, amend or modify any and all items in this MANUAL in the exigency of the service and to give full meaning and effect to the applicable provisions of RA 10149, its Implementing Rules and Regulations including but not limited to GCG Memorandum Circular Nos. 2012-07 and 2015-07.

Part XIII. Effectivity³². — The MANUAL shall take effect upon approval by the PCSO Board of Directors, subject to its confirmation by the Governance Commission for GOCCs (GCG) and its publication in the transparency seal and corporate governance seal, respectively, of the Philippine Charity Sweepstakes Office (www.pcsso.gov.ph).

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31. The December, 2014 Revised Edition of the MANUAL was updated/modified/amended to conform to the requirements of the Corporate Governance Scorecard including good governance programs and projects introduced by the PCSO Board of Directors like SPMS, Good Governance Seminar Workshop Series, etc. from January 1, 2015 up to March 2, 2016. Pursuant to PCSO Board Resolution No. 89, series of 2016, dated March 2, 2016, the amended/modified December, 2014 Revised Edition of the MANUAL shall henceforth be referred to as the “**2016 PCSO MANUAL OF CORPORATE GOVERNANCE**”.

Brief history of the MANUAL:

In compliance with GCG Memorandum Circular No. 2013-02 (re-issued), Memorandum Circular No. 2014-03 and other issuances, the PCSO Manual of Corporate Governance was again revised per Secretary's Certificate dated November 13, 2014 and finally, on December 16, 2014. The MANUAL underwent further revision on June 2014 pursuant to Board Resolution No. 220, s. 2014 per Secretary's Certificate dated June 18, 2014; The GCG provisionally accepted the original version of the Manual (approved under PCSO Board Resolution No. 072, s. 2014 per Secretary's Certificate dated March 13, 2014) as contained in GCG's letter of confirmation dated March 6, 2014 ;

The Manual was first uploaded at www.pcsso.gov.ph in December 2013.



Part XIV. APPENDICES.—

A. LAWS

1. Republic Act No. 1169, as amended (PCSO Charter)

H. NO. 1305
Third Congress

REPUBLIC ACT NO. 1169

(As amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157)

“AN ACT PROVIDING FOR CHARITY SWEEPSTAKES, HORSE RACES, AND LOTTERIES”

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The Philippine Charity Sweepstakes Office. — The Philippine Charity Sweepstakes Office, hereinafter designated the Office, shall be the principal government agency for raising and providing for funds for health programs, medical assistance and services, and charities of national character, and as such shall have the general powers conferred in section thirteen of Act Numbered One thousand four hundred fifty-nine, as amended, and shall have the authority:

A. To hold and conduct charity sweepstakes races, lotteries, and other similar activities, in such frequency and manner, as shall be determined, and subject to such rules and regulations as shall be promulgated by the Board of Directors.

B. Subject to the approval of the Minister of Human Settlements, to engage in health and welfare-related investments, programs, projects and activities which may be profit-oriented, by itself or in collaboration, association or joint venture with any person, association, company or entity, whether domestic or foreign, except for the activities mentioned in the preceding paragraph (A), for the purpose of providing for permanent and continuing sources of funds for health programs, including the expansion of existing ones, medical assistance and services, and/or charitable grants: Provided, That such investments will not compete with the private sector in areas where investments are adequate, as may be determined by the National Economic and Development Authority.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

C. To undertake any other activity that will enhance its funds generation operations and funds management capabilities, subject to the same limitations provided for in the preceding paragraph.

It shall have a Board of Directors, hereinafter designated the Board, composed of five members who shall be appointed, and whose compensation and term of office shall be fixed, by the President (Prime Minister). [Amended by Batas Pambansa Blg. 42 dated 24 September 1979]

SECTION 2. The general manager shall be appointed by the Board of Directors and he can be removed or suspended only for cause as provided by law. He shall have the direction and control of the Office in all matters which are not specifically reserved for action by the Board. Subject to the approval of the Board of Directors, he shall also appoint the personnel of the Office, except the Auditor and the personnel of the Office of the Auditor who shall be appointed by the Auditor General.

SECTION 3. Operating expenses. — The operating expenses of the Office shall be paid from its receipts.

SECTION 4. Holding of sweepstakes. — The Office shall hold charity horse race sweepstakes under such regulations as shall be promulgated by the Board in accordance with Republic Act No. 309: Provided, however, That when the holding of a sweepstakes race to determine prizes is impossible due to war, public calamity, or other unforeseen or fortuitous event, or when there is no sufficient number of horses to determine the major prizes, the Board of Directors may determine the procedure to be followed in the distribution of prizes in the most just, equitable, and expeditious manner. The horse races and the sale of tickets in the said sweepstakes shall be exempted from all taxes, except that each ticket shall bear a twelve-centavo internal revenue stamp and that from that from the total prize fund as provided herein from the proceeds of the sale of tickets there shall be deducted an amount equivalent to five per centum of such total prize fund, which shall be paid to the Bureau of Internal Revenue not later than ten days after each sweepstakes in lieu of the income tax heretofore collected from sweepstakes prize winners: Provided, however, That any prizes that may be paid out from the resulting prize fund, after said five per centum has been deducted, shall be exempted from income tax. The tickets shall be printed by the Government and shall be considered government securities for the purposes of penalizing forgery or alteration. [As amended by Presidential Decree No. 1157 dated 3 June 1977].

SECTION 5. The Board of Directors of the Philippine Charity Sweepstakes is hereby authorized to fix heights of race horses to run in each sweepstakes race as provided for in this Act.

Only horses born in the Philippines that have run for a prize previously in any race may participate in any sweepstakes race under this Act. The Board of Directors of the Philippine Charity Sweepstakes shall fix the dates of registration, measurement, and declaration of horses to



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

participate in any sweepstakes race. No horse owner shall be permitted to register more than one entry that may participate in any sweepstakes race.

SECTION 6. Allocation of Net Receipts. – From the gross receipts from the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or similar activities, shall be deducted the printing cost of such tickets, which in no case shall exceed two percent of such gross receipts to arrive at the net receipts. The net receipts shall be allocated as follows:

A. Fifty-five percent (55%) shall be set aside as a prize fund for the payment of prizes, including those for the owners, jockeys of running horses, and sellers of winning tickets.

Prizes not claimed by the public within one year from date of draw shall be considered forfeited, and shall form part of the charity fund for disposition as stated below.

B. Thirty percent (30%) shall be set aside as contributions to the charity fund from which the Board of Directors, in consultation with the Ministry of Human Settlement on identified priority programs, needs, and requirements in specific communities and with approval of the Office of the President (Prime Minister), shall make payments or grants for health programs, including the expansion of existing ones, medical assistance and services and/or charities of national character, such as the Philippine National Red Cross, under such policies and subject to such rules and regulations as the Board may from time establish and promulgate. The Board may apply part of the contributions to the charity fund to approved investments of the Office pursuant to Section 1 (B) hereof, but in no case shall such application to investments exceed ten percent (10%) of the net receipts from the sale of sweepstakes tickets in any given year.

Any property acquired by an institution or organization with funds given to it under this Act shall not be sold or otherwise disposed of without the approval of the Office of the President (Prime Minister), and that in the event of its dissolution all such property shall be transferred to and shall automatically become the property of the Philippine Government.

C. Fifteen (15%) percent shall be set aside as contributions to the operating expenses and capital expenditures of the Office.

D. All balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form part of the charity fund provided for in paragraph (B), and shall be subject to disposition as above stated.

The disbursements of the allocation herein authorized shall be subject to the usual auditing rules and regulations. [As amended by Batas Pambansa Blg. 42 dated 24 September 1979].



SECTION 7. Annual Report of the Board. – The Board shall submit, during the month of July of each year, a report to the President of the Philippines and to both House of Congress on the activities of the Office.

SECTION 8. Acts penalized. – The following shall be punished by imprisonment of not less than one month and not more than three years:

(a) Any person who, without being a duly authorized agent of the Office, sells tickets of the Office, or, being such agent, sells tickets, fractions or coupons thereof not issued by the Office, representing or tending to represent an interest in tickets issued by the Office.

(b) Any person who sells tickets issued by the Office at a price greater than the price stated on the ticket.

(c) Any officer or employee of a hospital or other charitable or hygienic institution or organization who uses funds obtained from the Office under this Act for purposes other than those herein authorized.

SECTION 9. Powers and Functions of the Board of Directors. — The Board of Directors of the Office shall have the following powers and functions:

A. To adopt or amend such rules and regulations to implement the provisions of this Act.

B. Consistent with the purposes of this Act, to determine and approve the most effective organizational framework for the Office and its staffing pattern; to fix the salaries and determine the reasonable allowances, bonuses, and other incentives of its officers and employees as may be recommended by the General Manager; and to prescribe the manner of hiring and compensating on a contractual basis such sales and other personnel as may be required for its operations, subject to pertinent civil service and compensation laws.

C. To contract loans, credits, and indebtedness, whether domestic or foreign, on such terms and conditions as it may deem appropriate for the accomplishment of its purposes, subject to applicable laws, rules, and regulations.

D. To promulgate rules and regulations for the operation of the Office and to do such act or acts as may be necessary for the attainment of its purposes and objectives.

SECTION 10. The Board of Directors of the Sweepstakes, with the approval of the President of the Philippines, shall promulgate rules and regulations for the holding of lotteries; shall fix the number and price of the tickets for the same and number of tickets usually given gratis to the ticket vendors; fix the number and amount of prizes; fix the date when the sale of tickets shall close; and designate the dates and place or places where such lotteries shall be held.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

SECTION 11. Laws affected. — Act No. 430, as amended by Commonwealth Act Nos. 301 and 546 and by Republic Acts Nos. 72 and 574, and all other Acts or parts thereof, except Commonwealth Act No. 595 and Republic Act No. 620, inconsistent with the provisions of this Act, are hereby repealed.

SECTION 12. Date of Effectivity. — This Act shall take effect upon its approval.

Approved, June 18, 1954.

2. Republic Act No. 10149 (GOCC Governance Act of 2011)

Republic of the Philippines
CONGRESS OF THE PHILIPPINES
Metro Manila

Fifteenth Congress
First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-sixth day of July, two thousand ten.

REPUBLIC ACT No. 10149

AN ACT TO PROMOTE FINANCIAL VIABILITY AND FISCAL DISCIPLINE IN GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS AND TO STRENGTHEN THE ROLE OF THE STATE IN ITS GOVERNANCE AND MANAGEMENT TO MAKE THEM MORE RESPONSIVE TO THE NEEDS OF PUBLIC INTEREST AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I GENERAL PROVISIONS

Section 1. Short Title. - This Act shall be known as the "GOCC Governance Act of 2011".

Section 2. Declaration of Policy. - The State recognizes the potential of government-owned or -controlled corporations (GOCCs) as significant tools for economic development. It is thus the policy of the State to actively exercise its ownership rights in GOCCs and to promote growth by ensuring that operations are consistent with national development policies and programs.

Towards this end, the State shall ensure that:

- Section 3. Definition of Terms. –

- DISCLAIMER:** This document reiterates the PCSO Manual of Corporate Governance [December 2014, Revised Edition]; and includes amendments to conform with all governance best practices under GCG Memorandum Circular No. 2015-07.



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2016 PCSO MANUAL OF CORPORATE GOVERNANCE

instruments or assets such as deposits, loans, bonds and equity including, but not limited to, the Government Service Insurance System and the Social Security System.

(n) Government Instrumentalities with Corporate Powers (GICP)/Government Corporate Entities (GCE) refer to instrumentalities or agencies of the government, which are neither corporations nor agencies integrated within the departmental framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter including, but not limited to, the following: the Manila International Airport Authority (MIAA), the Philippine Ports Authority (PPA), the Philippine Deposit Insurance Corporation (PDIC), the Metropolitan Waterworks and Sewerage System (MWSS), the Laguna Lake Development Authority (LLDA), the Philippine Fisheries Development Authority (PFDA), the Bases Conversion and Development Authority (DCDA), the Cebu Port Authority (CPA), the Cagayan de Oro Port Authority, the San Fernando Port Authority, the Local Water Utilities Administration (LWUA) and the Asian Productivity Organization (APO).

(o) Government-Owned or -Controlled Corporation (GOCC) refers to 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 of the Republic of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock: Provided, however, That for purposes of this Act, the term "GOCC" shall include GICP/GCE and GFI as defined herein.

(p) Non-chartered GOCC refers to a GOCC organized and operating under Batas Pambansa Bilang 68, or "The Corporation Code of the Philippines".

(q) Officers refer to the corporate officers of the GOCC as provided in its charter or bylaws, such as the CEO, Chief Financial Officer, Chief Investment Officer, President, Vice President, General Manager, Treasurer and Corporate Secretary.

(r) Ownership Manuals refer to guidelines and rules pertaining to the ownership by the State or corporations and enterprises or the exercise of such ownership governing the GOCCs or any classification thereof.

(s) Per Diems refer to the compensation granted to members of the Board of Directors or Trustees of a GOCC for actual attendance in meetings.

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

(u) Performance Scorecard refers to a governance and management tool forming part of the performance evaluation system which consists of a set of measures, targets and initiatives that



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of the GOCC.

(v) President refers to the President of the Republic of the Philippines.

(w) Related Corporation refers to a subsidiary or affiliate of a GOCC.

(x) Secretary refers to the person vested with the authority and responsibility for the exercise of the mandate of the Department, for the discharge of its powers and functions, and who shall have supervision and control of the Department.

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

(z) Subsidiary refers to a corporation where at least a majority of the outstanding capital stock is owned or controlled, directly or indirectly, through one or more intermediaries, by the GOCC.

Section 4. Coverage. - This Act shall be applicable to all GOCCs, GICPs/GCEs, and government financial institutions, including their subsidiaries, but excluding the Bangko Sentral ng Pilipinas, state universities and colleges, cooperatives, local water districts, economic zone authorities and research institutions: Provided, That in economic zone authorities and research institutions, the President shall appoint one-third (1/3) of the board members from the list submitted by the GCG.

CHAPTER II THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS (GCG)

Section 5. Creation of the Governance Commission for Government-Owned or -Controlled Corporations. - There is hereby created a central advisory, monitoring, and oversight body with authority to formulate, implement and coordinate policies to be known as the Governance Commission for Government-Owned or -Controlled Corporations, hereinafter referred to as the GCG, which shall be attached to the Office of the President. The GCG shall have the following powers and functions:

(a) Evaluate the performance and determine the relevance of the GOCC, to ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized, in consultation with the department or agency to which a GOCC is attached. For this purpose, the GCG shall be guided by any of the following standards:



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

- (1) The functions or purposes for which the GOCC was created are no longer relevant to the State or no longer consistent with the national development policy of the State;
- (2) The GOCC's functions or purposes duplicate or unnecessarily overlap with functions, programs, activities or projects already provided by a Government Agency;
- (3) The GOCC is not producing the desired outcomes, or no longer achieving the objectives and purposes for which it was originally designed and implemented, and/or not cost efficient and does not generate the level of social, physical and economic returns vis-a-vis the resource inputs;
- (4) The GOCC is in fact dormant or nonoperational;
- (5) The GOCC is involved in an activity best carried out by the private sector; and
- (6) The functions, purpose or nature of operations of any group of GOCCs require consolidation under a holding company.

Upon determination by the GCG that it is to the best interest of the State that a GOCC should be reorganized, merged, streamlined, abolished or privatized, it shall:

- (i) Implement the reorganization, merger or streamlining of the GOCC, unless otherwise directed by the President; or
 - (ii) Recommend to the President the abolition or privatization of the GOCC, and upon the approval of the President, implement such abolition or privatization, unless the President designates another agency to implement such abolition or privatization.
- (b) Classify GOCCs into: (1) Developmental/Social Corporations; (2) Proprietary Commercial Corporations; (3) Government Financial, Investment and Trust Institutions; (4) Corporations with Regulatory Functions; and (5) Others as may be classified by the GCG, without prejudice to further sub-classifications in each category and/or any other classification based on parameters as it may find relevant or material such as, but not limited to, industry type. The classification shall guide the GCG in exercising its powers and functions as provided herein;
- (c) In consultation with the relevant government agencies and stakeholders, adopt within one hundred eighty (180) days from its constitution, an ownership and operations manual and the government corporate standards governing GOCCs: Provided, That the government corporate governance standards applicable to GOCCs shall be no less rigorous than those required by the Philippine Stock Exchange or the Securities and Exchange Commission of listed companies, or those required by the Bangko Sentral ng Pilipinas or the Insurance Commission for banking institutions and insurance companies, as the case may be. The manual shall be consistent with



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

the Medium-Term Philippine Development Plan issued by the National Economic and Development Authority (NEDA) and shall include:

- (1) Objectives of State ownership;
 - (2) Role of national government in the governance of GOCCs;
 - (3) Modes of implementation of the ownership policy;
 - (4) Guidelines on the monitoring of the operations of all GOCCs including their related Corporations. These shall include Strategy Maps, Charter Statements, Performance Commitments and such other mechanisms;
 - (5) The roles, relationships and responsibilities of the State, the Government Agencies to which the GOCC is attached, and the GOCC;
 - (6) Disclosure and transparency requirements;
 - (7) Code of Ethics of Directors and Officers;
 - (8) Creation of board committees and similar oversight bodies;
 - (9) Integrated corporate reporting system;
 - (10) Statement of the social responsibilities of the GOCC; and
 - (11) Such other matters as the GCG may deem proper to include in the ownership policy.
- (d) Without prejudice to the filing of administrative and criminal charges, recommend to the Board of Directors or Trustees the suspension of any member of the Board of Directors or Trustees who participated by commission or omission in the approval of the act giving rise to the violation or noncompliance with the ownership manual for a period depending on the nature and extent of damage caused, during which period the director or trustee shall not be entitled to any emolument;
- (e) In addition to the qualifications required under the individual charter of the GOCCs and in the bylaws of GOCCs without original charters, the GCG shall identify necessary skills and qualifications required for Appointive Directors and recommend to the President a shortlist of suitable and qualified candidates for Appointive Directors;
- (f) Establish the performance evaluation systems including performance score cards which shall apply to all GOCCs in general and to the various GOCC classification;
- (g) Conduct periodic study, examination, evaluation and assessment of the performance of the GOCCs, receive, and in appropriate cases, require reports on the operations and management of the GOCCs including, but not limited to, the management of the assets and finances of the GOCCs;
- (h) Conduct compensation studies, develop and recommend to the President a competitive compensation and remuneration system which shall attract and retain talent, at the same time allowing the GOCC to be financially sound and sustainable;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

(i) Provide technical advice and assistance to the government agencies to which the GOCCs are attached in setting performance objectives and targets for the GOCCs and in monitoring GOCCs performance vis-a-vis established objectives and targets;

(j) Coordinate and monitor the operations of GOCCs, ensuring alignment and consistency with the national development policies and programs. It shall meet at least quarterly to:

- (1) Review Strategy Maps and Performance Scorecards of all GOCCs;
- (2) Review and assess existing performance-related policies including the compensation/remuneration of Board of Directors/ Trustees and Officers and recommend appropriate revisions and actions; and
- (3) Prepare performance reports of the GOCCs for submission to the President.

(k) Prepare a semi-annual progress report to be submitted to the President and the Congress. In its report, the GCG will provide its performance assessment of the GOCCs and recommend clear and specific actions. Within one hundred twenty (120) days from the close of the year, the GCG shall prepare an annual report on the performance of the GOCCs and submit it to the President and the Congress; and

(1) Review the functions of each of the GOCC and, upon determination that there is a conflict between the regulatory and commercial functions of a GOCC, recommend to the President in consultation with the Government Agency to which such GOCC is attached, the privatization of the GOCCs commercial operations, or the transfer of the regulatory functions to the appropriate government agency, or such other plan of action to ensure that the commercial functions of the GOCC do not conflict with such regulatory functions.

In the performance of its functions under subsections (a), (c), (e), (f), (g), (h) and (1) herein and in any other review or evaluation of a GOCC that the GCG may conduct, the GCG shall engage the participation of the Secretary or highest ranking official of the relevant agency or department, as the case may be.

Section 6. Composition of the GCG. - The GCG shall be composed of five (5) members. The Chairman with the rank of Cabinet Secretary and two (2) members with the rank of Undersecretary shall be appointed by the President. The Secretaries of the Department of Budget and Management and the Department of Finance shall sit as ex officio members.

Section 7. Powers and Functions of the Chairman. – The management of the GCG shall be vested in the Chairman who shall have the following powers and duties;

- (a) Preside over the meetings of the GCG;
- (b) Direct and manage the day -to-day affairs and business of the GCG;



- (c) With the approval of the GCG, determine the staffing pattern and the number of personnel of the GOG and define their duties and responsibilities;
- (d) With the approval of the GCG, to appoint, remove, suspend, or otherwise discipline for cause, any employee of the GCG; and
- (e) Perform such other duties as may be delegated or assigned to him by the GCG from time to time.

CHAPTER III COMPENSATION AND POSITION CLASSIFICATION SYSTEM FOR GOCCs

Section 8. Coverage of the Compensation and Position Classification System. - The GCG, after conducting a compensation study, shall develop a Compensation and Position Classification System which shall apply to all officers and employees of the GOCCs whether under the Salary Standardization Law or exempt therefrom and shall consist of classes of positions grouped into such categories as the GCG may determine, subject to the approval of the President.

Section 9. Position Titles and Salary Grades. - All positions in the Position Classification System, as determined by the GCG and as approved by the President, shall be, allocated to their proper position titles and salary grades in accordance with an Index of Occupational Services, Position Titles and Salary Grades of the Compensation and Position Classification System, which shall be prepared by the GCG and approved by the President.

The following principles shall govern the Compensation and Position Classification System:

- (a) All GOCC personnel shall be paid just and equitable wages in accordance with the principle of equal pay for work of equal value. Differences in pay shall be based on verifiable Compensation and Position Classification factors in due regard to the financial capability of the GOCC;
- (b) Basic compensation for all personnel in the GOCC shall generally be comparable with those in the private sector doing comparable work, and must be in accordance with prevailing laws on minimum wages. The total compensation provided for GOCC personnel shall be maintained at a reasonable level with due regard to the provisions of existing compensation and position classification laws including Joint Resolution No.4, Series of 2009, and the GOCCs operating budget; and
- (c) A review of the GOCC compensation rates, taking into account the performance of the GOCC, its overall contribution to the national economy and the possible erosion in purchasing power due to inflation and other factors, shall be conducted periodically.

Any law to the contrary notwithstanding, no GOCC shall be exempt from the coverage of the Compensation and Position Classification System developed by the GCG under this Act.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Section 10. Additional Incentives. - The GCG may recommend to the President, incentives for certain position titles in consideration of the good performance of the GOCC; Provided, That no incentives shall be granted unless the GOCC has fully paid all taxes for which it is liable, and the GOCC has declared and paid all the dividends required to be paid under its charter or any other laws.

Section 11. Non-diminution of Salaries. – The Compensation and Position Classification System to be developed and recommended by the GCG and as approved by the President shall apply to all positions, on full or part-time basis, now existing or hereafter created in the GOCC; Provided, That in no case shall there be any diminution in the authorized salaries as of December 31, 2010 of incumbent employees of GOCCs, including those exempt under Republic Act No. 6758, as amended, upon the implementation of the Compensation and Position Classification System for GOCCs.

CHAPTER IV BOARD OF DIRECTORS/TRUSTEES/OFFICERS OF GOVERNMENT OWNED OR CONTROLLED CORPORATIONS

Section 12. Coverage. - The duties, obligations, responsibilities and standards of care provided under this Chapter shall be applicable to all members of the Board of Directors/Trustees and Officers of GOCCs and subsidiaries now existing or hereafter created including government appointed directors in affiliate corporations. These duties, obligations and responsibilities shall be in addition to the powers and functions provided in the individual charters or articles of incorporation and bylaws of the respective GOCCs.

Section 13. Number of Directors/Trustees. - The present number of Directors/Trustees provided in the charter of the GOCCs shall be maintained.

Section 14. Ex Officio Alternates. - The ex officio members of the GOCC may designate their respective alternates who shall be the official next-in-rank to them, and whose acts shall be considered the acts of their principals.

Section 15. Appointment of the Board of Directors/Trustees of GOCCs. - An Appointive Director shall be appointed by the President of the Philippines from a shortlist prepared by the GCG.

The GCG shall formulate its rules and criteria in the selection and nomination of prospective appointees and shall cause the creation of search committees to achieve the same. All nominees included in the list submitted by the GCG to the President shall meet the Fit and Proper Rule as defined under this Act and such other qualifications which: the GCG may determine taking into consideration the unique requirements of each GOCC. The GCG shall ensure that the shortlist shall exceed by at least fifty percent (50%) of the number of directors/trustees to be appointed.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

In the event that the President does not see fit to appoint any of the nominees included in the shortlist, the President shall ask the GCG to submit additional nominees.

Section 16. Fit and Proper. - All members of the Board, the CEO and other officers of the GOCCs including appointive directors in subsidiaries and affiliate corporations shall be qualified by the Fit and Proper Rule to be determined by the GCG in consultation and coordination with the relevant government agencies to which the GOCC is attached and approved by the President.

To maintain the quality of management of the GOCCs, the GCG, in coordination with the relevant government agencies shall, subject to the approval of the President, prescribe, pass upon and review the qualifications and disqualifications of individuals appointed as officers, directors or elected CEO of the GOCC and shall disqualify those found unfit.

In determining whether an individual is fit and proper to hold the position of an officer, director or CEO of the GOCC, due regard shall be given to one's integrity, experience, education, training and competence.

Section 17. Term of Office. - Any provision in the charters of each GOCC to the contrary notwithstanding, the term of office of each Appointive Director shall be for one (1) year, unless sooner removed for cause: Provided, however, That the Appointive Director shall continue to hold office until the successor is appointed. An Appointive Director may be nominated by the GCG for reappointment by the President only if one obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as Appointive Director based on the performance criteria for Appointive Directors for the GOCC.

Appointment to any vacancy shall be only for the unexpired term of the predecessor. The appointment of a director to fill such vacancy shall be in accordance with the manner provided in Section 15 of this Act.

Any provision of law to the contrary notwithstanding, all incumbent CEOs and appointive members of the Board of GOCCs shall, upon approval of this Act, have a term of office until June 30, 2011, unless sooner replaced by the President: Provided, however, That the incumbent CEOs and appointive members of the Board shall continue in office until the successors have been appointed by the President.

Section 18. The Chief Executive Officer of the GOCC. - The CEO or the highest-ranking officer provided in the charters of the GOCCs, shall be elected annually by the members of the Board from among its ranks. The CEO shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Section 19. Fiduciary Duties of the Board and Officers. As fiduciaries of the State, members of the Board of Directors/Trustees and the Officers of GOCCs have the legal obligation and duty to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC.

The members of the Board and Officers of GOCCs shall:

- (a) Act with utmost and undivided loyalty to the GOCC;
- (b) Act with due care, extraordinary diligence, skill and good faith in the conduct of the business of the GOCC;
- (c) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board;
- (d) Apply sound business principles to ensure the financial soundness of the GOCC; and
- (e) 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.

Where a member of the Board or an Officer, by virtue of the office, acquires or receives for oneself a benefit or profit, of whatever kind or nature including, but not limited to, the acquisition of shares in corporations where the GOCC has an interest, using the properties of the GOCC for their own benefit, receiving commission on contracts from the GOCC's assets, or taking advantage of corporate opportunities of the GOCC, all such profits or benefits shall be subject to restitution under Section 24 of this Act, without prejudice to any administrative, civil or criminal action against members of the Board of Directors/Trustees or Officers. This provision shall be applicable notwithstanding the fact that such member of the Board or Officer risked one's own funds in the venture.

Section 20. Trustee Relation to the Properties, Interests and Monies of the GOCC. - Except for the per diem received for actual attendance in board meetings and the reimbursement for actual and reasonable expenses and incentives as authorized by the GCG, any and all realized and unrealized profits and/or benefits including, but not limited to, the share in the profits, incentives of members of the Board or Officers in excess of that authorized by the GCG, stock options, dividends and other similar offers or grants from corporations where the GOCC is a stockholder or investor, and any benefit from the performance of members of the Board or Officers of the Corporation acting for and in behalf of the GOCC in dealing with its properties, investments in other corporations, management of subsidiaries and other interest, are to be held in trust by such member of the Board or Officer for the exclusive benefit of the GOCC represented.

Section 21. Care, Diligence and Skill in the Conduct of the Business of the GOCC. - The members of the Board and the Officers must exercise extraordinary diligence in the conduct of the business and in dealing with the properties of the GOCC. Such degree of diligence requires using the utmost diligence of very cautious person with due regard for all the circumstances.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Section 22. Power of the Board of Directors/Trustees to Discipline, Remove Officers of GOCC. - Subject to existing civil service laws, rules and regulations, the Board shall have the authority to discipline the CEO, or order the removal from office, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

Section 23. Limits to Compensation, Per Diems, Allowances and Incentives. - The charters of each of the GOCCs to the contrary notwithstanding, the compensation, per diems, allowances and incentives of the members of the Board of Directors/Trustees of the GOCCs shall be determined by the GCG using as a reference, among others, Executive Order No. 24 dated February 10, 2011: Provided, however, That Directors/Trustees shall not be entitled to retirement benefits as such directors/trustees.

In case of GOCCs organized solely for the promotion of social welfare and the common good Without regard to profit, the total yearly per diems and incentives in the aggregate which the members of the Board of such GOCCs may receive shall be determined by the President upon the recommendation of the GCG based on the achievement by such GOCC of its performance targets.

Section 24. Restitution. - Upon the determination and report of the Commission on Audit (COA) that properties or monies belonging to the GOGG are in the possession of a member of the Board or Officer without authority, or that profits are earned by the member of the Board or Officer in violation of the fiduciary duty, or the aggregate per diems, allowances and incentives received in a particular year are in excess of the limits provided under this Act, the member of the Board or Officer receiving such properties or monies shall return the same to the GOCC.

Failure to make the restitution within thirty (30) days after a written demand has been served shall, after trial and final judgment, be punished by an imprisonment of one (1) year and a fine equivalent to twice the amount to be restituted, and in the discretion of the court of competent jurisdiction, disqualification to hold public office.

CHAPTER V DISCLOSURE REQUIREMENTS

Section 25. Full Disclosure. - All GOCCs shall maintain a website and post therein for unrestricted public access:

- (a) Their latest annual audited financial and performance report within thirty (30) days from receipt of such report;
- (b) Audited financial statements in the immediate past five (5) years;
- (c) Quarterly, annual reports and trial balance;
- (d) Current corporate operating budget;
- (e) Complete compensation package of all the board members and officers, including travel, representation, transportation and any other form of expenses or allowances;



- (f) Local and foreign borrowings;
- (g) Performance scorecards and strategy maps;
- (h) Government subsidies and net lending;
- (i) All borrowings guaranteed by the government; and
- (j) Such other information or report the GCG may require.

Section 26. Special Audit. –

(a) The thirty (30) GOCCs with the highest total assets shall be subject to periodic special audit by the COA. The periodic audit shall, at the minimum make a determination whether:

1. The accounting records of the GOCCs are complete and in accordance with generally accepted accounting practices and standards; and
2. The statements prepared from the accounts present fairly and comprehensively their GOCCs financial position and the results of its financial operations.

(b) As may be necessary or convenient in the performance by the GCG of its functions, the Chairman of the GCG may direct at any time a special COA audit of any other GOCC for any specific purpose or when authorized by law, direct an audit by independent auditors.

**CHAPTER VI
CREATION AND ACQUISITION OF A GOCC OR
RELATED CORPORATION**

Section 27. Requisites for the Creation of a New GOCC or Related Corporation under the Corporation Code. – A government agency seeking to establish a GOCC or Related Corporation under "The Corporation Code of the Philippines" shall submit its proposal to the GCG for review and recommendation to the President for approval before registering the same with the Securities and Exchange Commission (SEC). The SEC shall not register the articles of incorporation and bylaws of a proposed GOCC or Related Corporation, unless the application for registration is accompanied by an endorsement from the GCG stating that the President has approved the same.

Section 28. Requisites for the Acquisition of Controlling Interest in another Corporation. - Any government agency seeking to purchase a corporation or acquire controlling interest therein shall submit its proposal to the GCG for review and approval of the President.

**CHAPTER VII
MISCELLANEOUS PROVISIONS**

Section 29. Appropriations. - The amount of Ten million pesos (P10,000,000.00) for the initial operation of the GOG shall be sourced from the Contingent Fund of the President.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Subsequent funding requirements shall be included in the annual General Appropriations Act.

Section 30. Suppletory Application of the Corporation Code and Charters of the GOCCs. - The provisions of "The Corporation Code of the Philippines" and the provisions of the charters of the relevant GOCC, insofar as they are not inconsistent with the provisions of this Act, shall apply suppletorily to GOCCs.

Section 31. Transitory Provision. - The Privatization Council and the Privatization and Management Office created under Executive Order No. 323, Series of 2000, shall continue to implement and finish the privatization of GOCCs that have been identified by the said Privatization Council and approved for privatization by the President prior to the effectivity of this Act: Provided, however, That the privatization of said GOCCs that remain unfinished at the end of two (2) years after the effectivity of this Act shall be automatically transferred to the GCG which shall continue the privatization of the GOCCs.

Section 32. Repealing Clause. - The charters of the GOCCs under existing laws and all other laws, executive orders including Executive Order No. 323, Series of 2000, administrative orders, rules, regulations, decrees and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby revoked, repealed or modified accordingly.

Section 33. Separability Clause. - Should any provision of this Act be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

Section 34. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,

(Sgd.) FELICIANO BELMONTE JR.
Speaker of the House of Representatives

(Sgd.) JUAN PONCE ENRILE
President of the Senate

This Act which is a consolidation of Senate Bill No. 2640 and House Bill No. 4067 was finally passed by the Senate and the House of Representatives on May 30, 2011 and May 31, 2011, respectively.

(Sgd.) EMMA LIRIO-REYES
Secretary of Senate

(Sgd.) MARILYN B. BARUA-YAP
Secretary General
House of Representatives

Approved: June 6, 2011

(Sgd.) BENIGNO SIMION C. AQUINO III
President of the Philippines



3. Executive Order No 7, series of 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.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

- 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



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

- 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,



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



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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

By the President:

(SGD.) PAQUITO N. OCHOA, JR.
Executive Secretary

4. Executive Order No. 24, series of 2011

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;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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.



- 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.

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.

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;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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.

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



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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	20,000
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-chartered 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.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

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

By the President:

(SGD.) PAQUITO N. OCHOA, JR.
Executive Secretary



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

B. Diagrams/charts

1. Revised Corporate Vision, Mission, Core Values³³ and quality policy³⁴

GCG

PHILIPPINE CHARITY SWEEPSTAKES OFFICE
SUMMARY OF AGREEMENTS

Charter Statement	Remarks
Mission To generate funds for health programs and charities of national character through charity sweepstakes, races, lotteries, and other similar activities.	
Vision The PCSO, as the principal government agency for raising and providing funds for health programs, medical assistance and services, shall by 2020 have a timely and responsive presence in every province.	Annual Charity Fund to rise from P10 Billion in 2015 to P15 Billion by 2020 Delivery presence - available/offers charity services (health program, medical assistance and services) by having at least a PCSO branch in every province by 2020.
Core Values Professionalism Integrity Teamwork Creativity Service Orientation	

For GCG:

CESAR L. VILLANUEVA
Chairman

MAR ANGELO E. JONACIO
Commissioner

For PCSO:

FRANCISCO G. JOAQUIN
Member

JOSE FERDINAND M. ROJAS II
General Manager

BETTY B. NANTES
Member

RADEL V. MAMBA
Member

PHILIPPINE CHARITY SWEEPSTAKES OFFICE

81 years of
Charity
and
Service

MISSION*
To generate funds for health programs and charities of national character through charity sweepstakes races, lotteries, and other similar activities.

VISION*
The PCSO, as the principal government agency for raising and providing funds for health programs, medical assistance and services shall by 2020 have a timely and responsive presence in every province.

CORE VALUES*
PROFESSIONALISM
INTEGRITY
TEAMWORK
CREATIVITY
SERVICE ORIENTATION

QUALITY POLICY
The PCSO is committed to the pursuit of quality, excellence and continual improvement in the conduct and management of online lottery procedures and processing of prize claims to meet customer needs and satisfaction, as outlined in the scope of its QMS, in compliance with applicable laws, rules and regulations.

* Revised October 2014

³³ As provided for under the 2015 Performance Agreement Negotiation (PAN) between PCSO and GCG (October 2014)

³⁴ The PCSO Quality was adopted in connection with PCSO's application for ISO certification for its live lotto draws and prize claims of P5,000.00. PCSO successfully hurdled both first (November 2015) and second-stage audits (December 17-18, 2015). Consequently, PCSO was recommended for ISO: 9001: 2008 certification by third-party auditor TUV Rhineland Philippines.

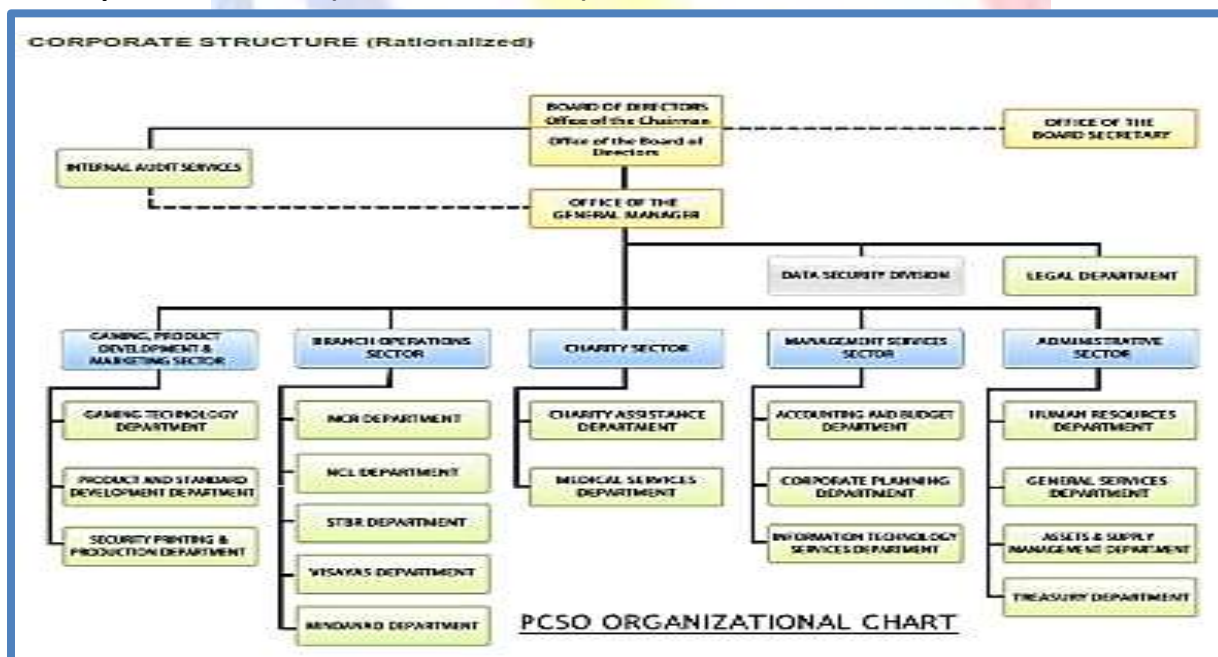


2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Governance cycle



3. Corporate Structure (Rationalized PCSO)³⁵



³⁵ Per GCG Memorandum Order 2013-21 (Approved PCSO Rationalization Plan)



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Board Committees



5. Management Committee (ManCom)





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

6. PCSO Strategy Map (as approved by GCG, November 2015)



7. Integrated Corporate Reporting System (ICRS) Structure





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

8. Hierarchy of Stakeholders



9. PCSO Risk Management Cycle and Plan³⁶



³⁶ As published in the PCSO transparency seal and corporate governance seal at www.pcsso.gov.ph



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

RISK MANAGEMENT PLAN*

RISK	NATIONAL RISK			THREAT	MITIGATING MEASURES	RISK OWNERS (Responsible PCSO Office for management of risk and monitoring)	MEASURE & CONTROL	DESIRED OUTCOME
	IMPACT OF RISK <small>Extreme Major Moderate Minor Negligible</small>	LIKELIHOOD <small>Almost certain (90-100%) Frequent (50-90%) Occasional (10-50%) Rare (1-10%)</small>	RISK LEVEL <small>Critical High Medium Low</small>					
<p>1. Natural and man-made disasters/ calamities resulting in prolonged power interruptions and broken communication lines for on-line games or those unforeseen incidents that prevent the betting public from patronizing PCSO games:</p> <p>a. Flooding b. Strong typhoons c. Earthquake d. Military stand-off/ war with rebels e. Others</p>	Major	Almost Certain (PHG visited by at least 20 typhoons on the average per year)	High	DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY	<ul style="list-style-type: none"> Provision for back-up generators/other energy source (solar power) including alternative communication source (3G, 4G, GPRS) compliant including back up data center; Introduction of Business Continuity Plan (BCP) for all critical gaming operations and data recovery management and provisions against power or communication interruptions during calamities and disasters 	<ul style="list-style-type: none"> Gaming Sector in coordination with Branch Operations Sector Gaming Sector and Branch Operations Sector 	<p>Provision for back up generators, other energy source:</p> <ul style="list-style-type: none"> Included in the equipment to be delivered to all agents (cost integrated in the cost of agency application and covered by insurance) <p>Business Continuity Plan; 3G/4G/GPRS communication source;</p> <ul style="list-style-type: none"> Require inclusion of a business continuity plan for the bidding of the PCSO Nationwide On-Line Lottery System (NOLS) 	<ul style="list-style-type: none"> ✓ Unhindered holding and conduct of gaming activities ✓ Sustained revenue generation ✓ Prevention and mitigation of damage to person and property

					<p>and unforeseen events with the following components;</p> <p>a. Resilience b. Recovery c. Contingency</p> <p>Close coordination with disaster mitigation and response officers of the National Government</p> <ul style="list-style-type: none"> Introduction of "Contingency Measures" during Calamities and Disasters to be observed in all PCSO offices and sales outlets 	<ul style="list-style-type: none"> Gaming Sector and Branch Operations Sector 	<p>In 2015:</p> <ul style="list-style-type: none"> Test run and regular upgrading of the BCP for on-line games and other gaming activity; The BCP shall be required for all new games. <p>Formulation/ implementation of policy including BOD approval of the Guidelines on Disaster and Calamity Plan for gaming activities.</p> <ul style="list-style-type: none"> Identification of hazards and disasters; Chain of Command Emergency Alerts; kits Priority of life Recovery Mechanism 	
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2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2	<p>Protracted legal battle with on-line lottery suppliers:</p> <p>DFNH: Hand held Betting Devices;</p> <p>TMA thermal roll/bet slips;</p> <p>PGMC and POSC- lottery equipment lease providers (i.e., additional betting terminals in Luzon).</p>	Major	Almost Certain	High	<p>DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY</p> <ul style="list-style-type: none"> Close coordination and collaboration of the PCSO Legal Department with the Office of the Government Corporate Counsel (OGCC) for litigation and case management; Exhaustion of all available legal remedies including possible resort to arbitration/ mediation under terms most advantageous to PCSO, where applicable. Inclusion of buffer stocks for thermal rolls and bet slips based on average consumption and its inclusion in the Business Continuity Plan for gaming activities; Bidding of the Nationwide On-line Lottery System (NOLS) 	<ul style="list-style-type: none"> Legal Department in coordination with: <ul style="list-style-type: none"> a. OGCC; b. Gaming Sector and Branch Operations Sector 	<ul style="list-style-type: none"> Favorable resolution of cases in the best interest of PCSO 	<ul style="list-style-type: none"> Unhindered holding and conduct of gaming activities ✓ Sustained revenue generation
3	<p>False and inaccurate information being spread by people regarding the Agency, officers and its gaming operations resulting in negative publicity</p>	Major	Almost Certain	High	<p>AFFECTS:</p> <p>a) Corporate Goodwill;</p> <p>b) Trust, credibility and integrity of gaming operations and products</p> <ul style="list-style-type: none"> Responsible, accurate, timely, prompt and clear communication of information concerning the agency, its programs, projects/advocacies, and overall gaming operation to its various publics; Sustained information campaign for all pro-poor programs and services; Maintaining harmonious relations with media, public relations groups, government offices and socio-civic organizations (to include NGOs). 	<ul style="list-style-type: none"> Corporate Planning Department (Public Relations & Corporate Communication Division); Product Standard, Development and Marketing Dept.; Charity Assistance Department In coordination with Gaming Sector, Branch Operations Sector and Charity Sector 	<p>Formulation and the implementation of policy including BOD approval of Public Relations Plan taking into account various stakeholders of PCSO and the over-all policy on transparency in all public dealings.</p>	<ul style="list-style-type: none"> Promotion and protection of PCSO's corporate goodwill; ✓ Promotion and protection of the trust, credibility, efficiency and integrity of all gaming products and charitable services.
4	<p>Thermal rolls and bet slips below stock level</p>	Moderate	Moderate	Medium	<p>DECLINE IN AND/OR LOSS OF REVENUE GENERATION</p> <ul style="list-style-type: none"> Maintain a manageable stock buffer; Closely monitor card 	<ul style="list-style-type: none"> Asset and Supply Management Department In 	<ul style="list-style-type: none"> Introduction of a Supply Chain and Inventory Management System 	<ul style="list-style-type: none"> Unhindered holding and conduct of gaming activities



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

					CRITICAL	<p>consumption and budget allocation;</p> <ul style="list-style-type: none">Early Procurement - take into consideration delays that may arise in the procurement process	<p>coordination with:</p> <ul style="list-style-type: none">a. Gaming Sector;b. End users (Branch Operations Sector);c. PCSO Bids and Awards Committee	✓ Sustained revenue generation	
5	Proliferation of illegal gambling activities (jueteng, masiao, lottereng, etc.) which compete with PCSO products.	Extreme	Almost Certain		DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY	<ul style="list-style-type: none">Introduction of alternative, more entertaining and competitively priced games with attractive prize structure:<ul style="list-style-type: none">a. Office of the President approval of Loterya ng Bayan (to replace STL);b. Expansion of market reach of PCSO products thru the opening of additional branch offices, sales retailers including	<ul style="list-style-type: none">Product Standard, Development and Marketing Dept. In coordination with:<ul style="list-style-type: none">a. Corporate Planning Dept. (Corporate Public Relations);	<ul style="list-style-type: none">Introduction of Expanded STL Program to replace "Loterya ng Bayan";Introduction of Strategic Sales and Marketing Plan including brand management;Conduct of regular and comprehensive market research and segmentation to align fast evolving market preference to the	✓ Sustained revenue generation thru: <ul style="list-style-type: none">a. Market penetration and development;b. New revenue source from the Expanded STL program;c. Satisfied players (more entertaining games that are competitively priced and with
						<p>partnership with merchant corporations;</p> <p>c. Aggressive and strategic brand management of all PCSO games as alternative to illegal games.</p> <p>d. Test run of alternative games and its introduction if found commercially viable.</p> <ul style="list-style-type: none">Close coordination/ collaboration with PNP/LGUs/ Military/ NBI against illegal games (i.e. crackdown, saturation drive, sustained monitoring of illegal games, etc.);	<ul style="list-style-type: none">b. Gaming Sector and Branch Operations Sector (sales and marketing of PCSO products)	agency's strategic sales and marketing plan.	attractive prize structure).
6	insufficient manpower for deployment to newly opened Branch Offices including effects of the GCG approved rationalization plan	Moderate	Moderate	Moderate	INSUFFICIENT NUMBER OF PERSONNEL WHO WILL ATTEND TO CLIENTS' NEEDS	<ul style="list-style-type: none">Continuous recruitment process / pooling of applicants;Conduct of capability building and/or re-tooling seminars, lectures and trainings to equip new hires and/or existing employees with new functions under the rationalized PCSO;	<ul style="list-style-type: none">Administrative Sector (Human Resource Dept.)	<ul style="list-style-type: none">Introduction of CSC approved Competency-Based Development and Promotion Program;Resort to "JOB ORDER" for urgently needed manpower requirement.	✓ Creation and development of a competent, productive and efficient workforce.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

7	Prize claims using tampered or fake lottery tickets including text messages scams.	Moderate	Medium	Lotto scams & get reach quick scams using the name of PCSO and any of its officers	<ul style="list-style-type: none"> Sustained Information campaign (i.e., announcement/advisories during daily live lotto draws for the betting public against unscrupulous lotto text messages and use of tampered and fake lottery tickets. Referral of holders of tampered PCSO tickets to the National Bureau of Investigation for investigation and if warranted, criminal prosecution. 	<ul style="list-style-type: none"> Legal Department in coordination with: <ul style="list-style-type: none"> a. NBI (Investigation); b. OGCC (Litigation); c. Prize Claim Division, Acctg. & Budget Department/IAS / Treasury Dept.; d. Branch Operations Sector 		
APPLICABLE TO ALL RISK		Activation of the PCSO Crisis Management Team (PCMT) including coordination with concerned agencies.				<ul style="list-style-type: none"> Office of the General Manager (as head of PCMT) with OAGMs as members 	<ul style="list-style-type: none"> Creation of the PCSO Crisis Management Team (PCMT) as an adjunct body to the Management Committee; Inclusion of the PCMT as one of the function of the Management 	<ul style="list-style-type: none"> ✓ Creation of Management Quick Response Team (MQRT) to address risks caused by disasters, calamities and other unforeseen events;
						<ul style="list-style-type: none"> Committee under the PCSO Manual of Corporate Governance; Conduct of regular Management Committee meetings/consultation to anticipate and address risks in PCSO's gaming activities and day to day operation. 	<ul style="list-style-type: none"> ✓ Pro-active and calibrated management response to risks as they unfold or before it happens. 	

** PCSO may revise, amend or modify any and all items in this PLAN in the exigency of the service and to the applicable provisions of RA 10149, its Implementing Rules and regulations including but not limited to GCG Memorandum Circular No. 2012-07.*

Note:

Please visit www.pcsso.gov.ph (transparency Seal and/or corporate governance seal) for a high resolution copy of the PCSO Risk Management Plan.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

B. Forms

1. Corporate Governance Scorecard questionnaire (per GCG Memorandum Circular No. 2015-07).—

ANNEX A: CORPORATE GOVERNANCE SCORECARD FOR GOCCS QUESTIONNAIRE					
#	Question	Guiding Reference	Weight	Y/N	
I. Stakeholder Relationships (15%)					
1	Does the GOCC disclose a policy that:		0.030		
a.	Stipulates the existence and scope of its effort to address customer's welfare?	GCG MC No. 2012-07 Chapter VII Sec. 35, Sec. 37	0.010		
b.	Elaborates its efforts to interact with the communities in which they operate?	GCG MC No. 2012-07 Chapter VII Sec. 34	0.010		
c.	Ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	GCG MC No. 2012-07 Chapter VII Sec. 40	0.010		
2	Does the GOCC disclose the activities that it has undertaken to implement the abovementioned policies?		0.030		
a.	Customer health and safety	GCG MC No. 2012-07 Chapter VII Sec. 35, Sec. 37	0.010		
b.	Interaction with the communities	GCG MC No. 2012-07 Chapter VII Sec. 34	0.010		
c.	Environmentally-friendly value chain	GCG MC No. 2012-07 Chapter VII Sec. 40	0.010		
3	Does the GOCC have a separate corporate social responsibility (CSR) report/section or sustainability report/section?	GCG MC No. 2012-07 Chapter VIII Sec. 41, Sec. 43.4.e	0.010		
4	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		0.010		
	Does the GOCC provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public, etc.) can use to voice their concerns and/or complaints for possible violation of their rights?		0.010		
5	Performance-enhancing mechanisms for employee participation should be permitted to develop.		0.040		
a.	Does the GOCC explicitly mention the health, safety and welfare policy for its employees?	GCG MC No. 2012-07 Chapter VII Sec. 39	0.010		
b.	Does the GOCC publish data relating to health, safety and welfare of its employees?		0.010		
c.	Does the GOCC have training and development programmes for its employees?	GCG MC No. 2012-07 Chapter VII Sec. 36	0.010		
d.	Does the GOCC publish data on training and development programs for its employees?		0.010		
6	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.		0.030		
a.	Does the GOCC have procedures for complaints by employees concerning illegal (including corruption) and unethical behavior?	GCG MC No. 2014-04	0.015		
b.	Does the GOCC have procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?		0.015		
Sub Total			0.150		
II. Disclosure and Transparency (35%)					
7	Quality of Annual Report Does the GOCC's annual report disclose the following items:	OECD Principle V (A) OECD Principle V (E) ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence ICGN 5.0 Remuneration	0.240		



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

#	Question	Guiding Reference	Weight	Y/N
a.	Corporate objectives	R.A. No. 10149 Chapter V Sec. 25, GCG MC No. 2012-07 Chapter VIII Sec. 41	0.040	
b.	Financial performance indicators		0.040	
c.	Non-financial performance indicators		0.040	
d.	Details of whistle-blowing policy		0.040	
e.	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners		0.040	
f.	Training and/or continuing education programme attended by each director/commissioner		0.040	
8	Are the Annual Reports downloadable from the GOCC's website?		0.020	
9	Corporate Governance Confirmation Statement		0.015	
	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	OECD PRINCIPLE V (A) (8)	0.015	
10	Timely filing/release of annual financial reports		0.075	
a.	Are the audited annual financial report/statement released within 60 days upon receipt from COA?	OECD Principle V, Transparency and Disclosure, A. OECD Principle II, The State Acting as an Owner, F. (3)	0.025	
b.	Is the annual report released within 90 days from release of audited financial report?		0.025	
c.	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	GCG MC No. 2012-07 Chapter VIII Sec. 42 (d)	0.025	
Sub Total			0.350	
III. Responsibilities of the Board (50%)				
11	Corporate Vision/Mission		0.030	
a.	Has the Board of Directors reviewed the vision and mission/ strategy in the last financial year?	GCG MC No. 2012-06 Chapter III Sec. 27.1 (a)	0.015	
b.	Does the Board of Directors monitor/oversee the implementation of the corporate strategy?	GCG MC No. 2012-06 Chapter III Sec. 27.1 (b)	0.015	
12	Did the GOCC achieve 90% in the PES?		0.040	
13	Code of ethics or conduct	GCG MC No. 2012-07 Chapter VIII Sec. 41	0.030	
a.	Are the details of the code of ethics or conduct disclosed?		0.010	
b.	Does the GOCC disclose that all Directors/Commissioners, senior management and employees are required to comply with the code?		0.010	
c.	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?		0.010	
14	Does the Board appoint a <u>Nomination and Compensation / Remuneration Committee</u> ?	GCG MC No. 2012-07 Chapter III Sec. 16.2.4. RA No. 10149 Chapter IV Sec.23 GCG MC No. 2012-07 Chapter VIII, Sec. 41	0.005	
15	Did the Nomination and Compensation/Remuneration Committee meet at least twice during the year?	OECD Principle II, The State Acting as an Owner, F. (2) ICGN Global Corporate Principles 5.0 Remuneration & 5.4 Transparency 2013 ASEAN Corporate Governance Scorecard E 2.10 & E.2.16 SEC MC No. 2, s. 2002 Sec. 9 (B)(b)	0.015	
16	If yes, is the report of the Nomination and Compensation/Remuneration Committee publicly disclosed?		0.015	



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

#	Question	Guiding Reference	Weight	Y/N																																			
28	Board Chairman		0.010																																				
	Do different persons assume the roles of Chairman and CEO?	OECD PRINCIPLE VI ICGN: 2.5 Role of the Chair	0.010																																				
29	Board of Directors Development		0.045																																				
a.	Does the GOCC have orientation programmes for new Directors?		0.015																																				
b.	Does the GOCC have a policy that encourages Directors/Commissioners to attend on-going or continuous professional education programmes?	R.A. No. 10149 Sec. 16. GCG MC No. 2012-05 Art. 5 (f)	0.015																																				
c.	Did all Appointive Directors attend at least 1 training for the calendar year?		0.015																																				
30	Board Appraisal		0.045																																				
a.	Is an annual performance assessment conducted of the Board of Directors?	OECD PRINCIPLE VI (D) (2) OECD Principle VI. The Responsibilities of the Boards of State-Owned Enterprises, F. 2013 ASEAN Corporate Governance Scorecard E 5.5 & E 5.6	0.015																																				
b.	Does the GOCC disclose the process followed in conducting the Board assessment?	GCG MC No. 2012-07 Chapter III	0.015																																				
c.	Does the GOCC disclose the criteria used in the Board assessment?		0.015																																				
31	Committee Appraisal		0.015																																				
	Is an annual performance assessment conducted of the Board of Directors Committees?	UK CODE (JUNE 2010)	0.015																																				
Sub Total			0.500																																				
BONUS																																							
Stakeholder Relationships																																							
1	Does the GOCC practice Global Reporting Index (GRI) on its annual reports?	International <IR> Framework - DRAFT JIRC Council Item 3b Meeting of	0.020																																				
Disclosure and Transparency																																							
2	Quality of Annual Report		0.020																																				
	Are the audited annual financial report/statement released within 30 days upon the receipt from COA?	OECD Principle V (C) OECD Principle V (E) ICGN 7.2 Timely disclosure ICGN 7.3 Attenuation of	0.020																																				
Sub Total			0.040																																				
PENALTY																																							
Responsibilities of the Board																																							
1	Are there members of the Board of Directors who hold more than five (5) positions in GOCCs and PLCs?		0.020																																				
2	Is there non-compliance with Good Governance Conditions?		0.020																																				
Sub Total			0.040																																				
<table> <tr> <th colspan="2">CORPORATE GOVERNANCE SCORECARD</th><th>SCORE</th><th>WEIGHT</th><th>AVERAGE</th></tr> <tr> <td>I</td><td>Stakeholder Relationships (15%)</td><td>15</td><td>15.00%</td><td>100.00%</td></tr> <tr> <td>II</td><td>Disclosure and Transparency (35%)</td><td>35</td><td>35.00%</td><td>100.00%</td></tr> <tr> <td>III</td><td>Responsibilities of the Board (50%)</td><td>50</td><td>50.00%</td><td>100.00%</td></tr> <tr> <td colspan="2">Bonus</td><td>4</td><td></td><td></td></tr> <tr> <td colspan="2">Penalty</td><td>4</td><td></td><td></td></tr> <tr> <td colspan="2"></td><td>100</td><td>100.00%</td><td>100%</td></tr> </table>					CORPORATE GOVERNANCE SCORECARD		SCORE	WEIGHT	AVERAGE	I	Stakeholder Relationships (15%)	15	15.00%	100.00%	II	Disclosure and Transparency (35%)	35	35.00%	100.00%	III	Responsibilities of the Board (50%)	50	50.00%	100.00%	Bonus		4			Penalty		4					100	100.00%	100%
CORPORATE GOVERNANCE SCORECARD		SCORE	WEIGHT	AVERAGE																																			
I	Stakeholder Relationships (15%)	15	15.00%	100.00%																																			
II	Disclosure and Transparency (35%)	35	35.00%	100.00%																																			
III	Responsibilities of the Board (50%)	50	50.00%	100.00%																																			
Bonus		4																																					
Penalty		4																																					
		100	100.00%	100%																																			








2016 PCSO MANUAL OF CORPORATE GOVERNANCE

4. Appointive and Ex-Officio Directors data sheet.—

 Office of the President of the Philippines GOVERNANCE COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS		Passport Size ID Picture Taken Within the Last Six (6) Months	
APPOINTIVE DIRECTOR DATA SHEET			
SURNAME			
GIVEN NAME			
MIDDLE NAME			
NAME EXTENSION			
DATE OF BIRTH (MM/DD/YYYY)		PLACE OF BIRTH	
CITIZENSHIP		CIVIL STATUS	
FATHER'S NAME		MOTHER'S MAIDEN NAME	
SURNAME		SURNAME	
GIVEN NAME		GIVEN NAME	
MIDDLE NAME		MIDDLE NAME	
SPOUSE'S NAME		NAME OF CHILDREN	
SURNAME			
GIVEN NAME			
MIDDLE NAME			
PERSONAL CONTACT DETAILS			
PRESENT ADDRESS		TEL. NO.	
PERMANENT ADDRESS		TEL. NO.	
EMAIL ADDRESS		CEL. NO.	
BUSINESS CONTACT DETAILS			
COMPANY NAME			
COMPANY ADDRESS			
EMAIL ADDRESS		TEL. NO.	
EDUCATIONAL BACKGROUND			
LEVEL	SCHOOL GRADUATED	YEAR GRADUATED	HONOR/S RECEIVED
Elementary			
High School			



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Tertiary			
Course			
Graduate			
Course			
Graduate			
Course			

TRAINING PROGRAMS (Start from the most recent)

INCLUSIVE DATES		TITLE OF SEMINAR/SHORT COURSES	SPONSORED BY
From	To		

CIVIL SERVICE ELIGIBILITY (Career Service/RA 1080/Under Special Laws/CES/CSEE)

INDUSTRY SECTOR PREFERENCE

1. _____	3. _____
2. _____	4. _____

GOCC PREFERENCE

1. _____	3. _____
2. _____	4. _____

FIELD OF EXPERTISE

WORK EXPERIENCE: PRESENT POSITION/S IN THE PUBLIC SECTOR, including Board Directorship

INCLUSIVE YEARS		POSITION TITLE	DEPARTMENT/COMPANY
From	To		

WORK EXPERIENCE: PRESENT POSITION/S IN THE PRIVATE SECTOR, including Board Directorship

INCLUSIVE YEARS		POSITION TITLE	DEPARTMENT/COMPANY
From	To		

WORK EXPERIENCE: PAST POSITION/S IN THE PUBLIC SECTOR, including Board Directorship

INCLUSIVE YEARS		POSITION TITLE	DEPARTMENT/COMPANY
From	To		



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

WORK EXPERIENCE: PAST POSITION/S IN THE PRIVATE SECTOR, including Board Directorship			
INCLUSIVE YEARS		POSITION TITLE	DEPARTMENT/COMPANY
From	To		
Are you related by consanguinity or affinity (within the fourth degree) to the appointing or recommending authority of your preferred GOCC?			<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you ever been criminally or administratively charged?			<input type="checkbox"/> Yes <input type="checkbox"/> No
If YES, give details:			
Have you ever been found guilty of any criminal or administrative offense?			<input type="checkbox"/> Yes <input type="checkbox"/> No
If YES, give details:			
<i>(In either case, please provide us with the ff: Executive Summary, Supplemental Complaint, Joint Answer/Counter Affidavit, Verified Position Paper, and other relevant documents that might be helpful for our evaluation)</i>			

I hereby certify that:

- The information contained in this Data Sheet are true and correct to the best of my knowledge;
- I have disclosed all information relevant to my possible appointment in a GOCC Board; and
- Neither I nor any person or organization that I am affiliated with is engaged in any transaction or activity that may represent a conflict with my possible appointment in a GOCC Board.

I HEREBY WAIVE THE CONFIDENTIALITY OF THE INFORMATION ON THIS DATA SHEET AND AUTHORIZE THE GCG TO THOROUGHLY INVESTIGATE THE SAME IN RELATION TO MY SUITABILITY FOR GOCC DIRECTORSHIP.

MM/DD/YYYY

SIGNATURE



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Performance Evaluation of Directors (PED) forms. —

GCG		Office of the Governor of the Philippines GOVERNANCE COMMISSION NATIONAL GOVERNMENT CORPORATE GOVERNANCE COORDINATORY		PED Form No. 1			
DIRECTOR PERFORMANCE REVIEW				STRICTLY CONFIDENTIAL			
Chairman of the Board SELF ASSESSMENT FORM							
NAME OF GOCC:			EVALUATION PERIOD: (MM/YYYY - MM/YYYY)				
NAME:							
Instructions:							
1. Please go over the statements carefully and check/mark each sub-criteria using the following scale:							
SCALE		CATEGORY					
1		Not Observed (Poor)					
2		Partly Observed (Needs Improvement)					
3		Generally Observed (Meets Expectations)					
4		Often Observed (Exceeds Expectations)					
5		Highly Observed (Outstanding)					
2. The objective of the evaluation is to assess your strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section.							
3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop.							
NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.							
CRITERIA		RATING					COMMENTS
		1	2	3	4	5	
1. Knowledge and Personal Development							
1.1	I understand the mission, vision, and values of the GOCC.						
1.2	I understand my duties and responsibilities as a director, including the distinction between board and management roles.						
1.3	I understand the general economic, social, and business industry issues that affect the GOCC.						
1.4	I willingly participate in director development activities. (e.g. seminars, trainings, etc.)						
1.5	I am open to feedback about my performance.						
2. Preparedness and Participation							
2.1	I devote sufficient time and attention to properly discharge and effectively perform my duties and responsibilities as a member of the Governing Board.						
2.2	I keep myself updated on developments regarding the GOCC, including its financial and operational performance.						
2.3	I have a working knowledge of the statutory and regulatory requirements affecting the GOCC, including the contents of its Charter/Articles of Incorporation and By-Laws, the requirements of the GCG, and where applicable, the requirements of other regulatory agencies.						
2.4	I actively participate in board discussions and deliberations.						
2.5	When absent from meetings, I acquire information from what had been discussed to stay informed.						
2.6	As the head of the Governing Board, I take the lead in contributing to strategy formulation by proposing policies and suggesting corresponding initiatives.						Please indicate specific policies/initiatives proposed
2.7	As the head of the Governing Board, I take the lead in the oversight of strategy execution with particular efforts in its monitoring and assessment.						Please indicate concrete efforts/actions in monitoring



DISCLAIMER: This document reiterates the PCSO Manual of Corporate Governance [December 2014, Revised Edition]; and includes amendments to conform with all governance best practices under GCG Memorandum Circular No. 2015-07.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

GOVERNANCE COMMISSION <small>FOR GOVERNMENT AND PUBLIC CORPORATIONS</small>		PCG Form No. 2 <u>STRICTLY CONFIDENTIAL</u>												
DIRECTOR PERFORMANCE REVIEW														
Members of the Governing Board SELF ASSESSMENT FORM														
NAME OF GOCC:		EVALUATION PERIOD: (MM/YYYY - MM/YYYY)												
NAME:														
Instructions: 1. Please go over the statements carefully and check/mark each sub-criteria using the following scale: <table style="margin-left: auto; margin-right: auto;"> <tr> <th>SCALE</th> <th>CATEGORY</th> </tr> <tr> <td>1</td> <td>Not Observed (Poor)</td> </tr> <tr> <td>2</td> <td>Partly Observed (Needs Improvement)</td> </tr> <tr> <td>3</td> <td>Generally Observed (Meets Expectations)</td> </tr> <tr> <td>4</td> <td>Often Observed (Exceeds Expectations)</td> </tr> <tr> <td>5</td> <td>Highly Observed (Outstanding)</td> </tr> </table>			SCALE	CATEGORY	1	Not Observed (Poor)	2	Partly Observed (Needs Improvement)	3	Generally Observed (Meets Expectations)	4	Often Observed (Exceeds Expectations)	5	Highly Observed (Outstanding)
SCALE	CATEGORY													
1	Not Observed (Poor)													
2	Partly Observed (Needs Improvement)													
3	Generally Observed (Meets Expectations)													
4	Often Observed (Exceeds Expectations)													
5	Highly Observed (Outstanding)													
2. The objective of the evaluation is to assess your strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section. 3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop. NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.														
CRITERIA	RATING	COMMENTS												
1. Knowledge and Personal Development	1 2 3 4 5													
1.1 I understand the mission, vision, and values of the GOCC.														
1.2 I understand my duties and responsibilities as a director, including the distinction between board and management roles.														
1.3 I understand the general economic, social, and business industry issues that affect the GOCC.														
1.4 I willingly participate in director development activities. (e.g. seminars, trainings, etc.)														
1.5 I am open to feedback about my performance.														
2. Preparedness and Participation														
2.1 I devote sufficient time and attention to properly discharge and effectively perform my duties and responsibilities as a member of the Governing Board.														
2.2 I keep myself updated on developments regarding the GOCC, including its financial and operational performance.														
2.3 I have a working knowledge of the statutory and regulatory requirements affecting the GOCC, including the contents of its Charter/Articles of Incorporation and By-Laws, the requirements of the GCG, and where applicable, the requirements of other regulatory agencies.														
2.4 I actively participate in board discussions and deliberations.														
2.5 When absent from meetings, I acquire information from what had been discussed to stay informed.														
2.6 I contribute to strategy formulation by proposing policies and suggesting corresponding initiatives.		Please indicate specific policies/initiatives proposed												
2.7 I am involved in the oversight of strategy execution with particular efforts in its monitoring and assessment.		Please indicate concrete efforts/actions in monitoring												



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

GOVERNANCE COMMISSION <small>OFFICE OF THE PRESIDENT OF THE Philippines</small> <small>FOR GOVERNMENT OWNED OR CONTROLLED ENTERPRISES</small>	PED Form No. 2 STRICTLY CONFIDENTIAL
DIRECTOR PERFORMANCE REVIEW	
Members of the Governing Board SELF ASSESSMENT FORM	
3. Teamwork and Communication	
3.1 I actively establish and maintain good personal relations with co-directors and management.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.2 I handle work conflict positively and constructively.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.3 I listen attentively to the contribution of others.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.4 I explore differences of opinion in a positive way.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.5 I maintain objectivity in the face of difficult decisions.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. Conduct/Behavior	
4.1 I act in a manner characterized by transparency, accountability, integrity and fairness fully aware that the office of a director is one of trust and confidence.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4.2 I ensure the confidentiality of business information acquired by reason of my position as a director and our board's deliberations.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4.3 I ensure that my personal interest do not conflict with the interest of the GOCC.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4.4 I treat others within the GOCC with courtesy and respect.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
OTHER COMMENTS/OBSERVATIONS TO FURTHER IMPROVE MY PERFORMANCE:	
EVALUATOR'S SIGNATURE:	




2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the President of the Philippines GOVERNANCE COMMISSION <small>FOR GOVERNANCE-RELATED MATTERS CONCERNING THE GOVERNANCE</small>		<small>PED Form No. 3</small> STRICTLY CONFIDENTIAL												
DIRECTOR PERFORMANCE REVIEW CEO/President SELF ASSESSMENT FORM														
NAME OF GOCC:		EVALUATION PERIOD: (MM/YYYY - MM/YYYY)												
NAME:														
Instructions: 1. Please go over the statements carefully and check/mark each sub-criteria using the following scale: <table style="margin-left: auto; margin-right: auto;"> <tr> <th style="text-align: center;">SCALE</th> <th style="text-align: center;">CATEGORY</th> </tr> <tr> <td style="text-align: center;">1</td> <td>Not Observed (Poor)</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Partly Observed (Needs Improvement)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Generally Observed (Meets Expectations)</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Often Observed (Exceeds Expectations)</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Highly Observed (Outstanding)</td> </tr> </table>			SCALE	CATEGORY	1	Not Observed (Poor)	2	Partly Observed (Needs Improvement)	3	Generally Observed (Meets Expectations)	4	Often Observed (Exceeds Expectations)	5	Highly Observed (Outstanding)
SCALE	CATEGORY													
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4	Often Observed (Exceeds Expectations)													
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2. The objective of the evaluation is to assess your strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section. 3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop. NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.														
CRITERIA	RATING	COMMENTS												
1. Leadership Competency	1 2 3 4 5													
1.1 I fully understand and communicate the GOCC's mission, vision, and values to its stakeholders.														
1.2 I translate the GOCC's vision and strategy into feasible business and operational plans to achieve organizational strategic success.														
1.3 I establish short-term and long-term goals and business plans.														
1.4 I set clear roles and responsibilities and establishes concrete priorities and milestones.														
1.5 I create new and imaginative approaches to work-related issues.														
2. Managerial Competency														
2.1 I am committed to building and maintaining the GOCC's achievement of its social mandate.														
2.2 I effectively align the company's resources and budgets to the implementation of the GOCC's strategic plan.														
2.3 I have timely and effectively executed strategies on priorities and measures set by the board.														
2.4 I plan and support the development of employee's skills and abilities in fulfilling current or future job roles effectively.														
2.5 I actively identify opportunities in building strategic relationships between one's area and other areas, divisions, departments or organizations to help achieve the GOCC's social mandate.														
2.6 I proactively build client relationships by making efforts to listen and understand the people being serviced by the GOCC.														
2.7 I cascade the demands of the corporate strategy down to the groups, departments, and support units which are required to formulate their own support strategies fully supportive of the priorities in the corporate strategy.														



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

 GOVERNANCE COMMISSION <small>GOVERNMENT OFFICE OF CONTROLLED ORGANIZATION</small>		<small>PCO Form No. 3</small> STRICTLY CONFIDENTIAL				
DIRECTOR PERFORMANCE REVIEW CEO/President SELF ASSESSMENT FORM						
2.8	I require all heads of groups, departments and support units which are required to specify measures, targets and initiative through scorecards that are reported regularly, at least quarterly basis.					
2.9	I ensure a clear delegation of authority to senior management and regularly review management effectiveness.					
3. Board Relationship						
3.1	I work closely with the Governing Board in developing the short, medium, and long-term strategic plans of the GOCC.					
3.2	I ensure the proper delineation of the work between the President/CEO and the Governing Board.					
3.3	I assist the setting and approval of the Governing Board meeting agenda.					
3.4	I provide to the Governing Board timely, accurate, and complete report of the operations of the GOCC for the preceding year.					
3.5	I create a sense of trustworthiness in Governing Board/CEO relations.					
3.6	I keep the Board fully informed of progress and problems arising from strategy execution.					
4. Financial Management						
4.1	I have a clear, concise, and timely understanding of the GOCC's financial statements and other pertinent information with regard to its business and financial situation.					
4.2	I exercise sound judgment in managing the financial affairs and budget of the GOCC.					
4.3	I lay out plans to effectively monitor and evaluate the financial planning, budget, and administrative operations of the GOCC.					
4.4	I ensure that the financial records of the GOCC are accurate and above board.					
5. Human Resource Management						
5.1	I maintain a culture that attracts, keeps, and motivates staff to carry out the GOCC's strategic goals and objectives.					
5.2	I foster support and stewardship for employee initiative and creativity within the organization.					
5.3	I recruit competent management team with skills commensurate with the position.					
6. Product/Service Competency						
6.1	I have a high understanding and knowledge of the GOCC's main products and services.					
6.2	I have a good understanding of the GOCC's business model as well as its business and industry environment.					
6.3	I regularly encourage and initiate creativeness in developing new products and services.					
7. External Relations						
7.1	I handle public relation issues in a manner that builds good will for the GOCC and lessens issues/concerns from the general public.					
7.2	I encourage corporate social responsibility to promote a positive image of the GOCC as well as create awareness of available products and services to the general public.					



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the President of the Philippines GOVERNANCE COMMISSION GOCC FOR GOVERNANCE AND PUBLIC SERVICE GCG		PED Form No. 3	
DIRECTOR PERFORMANCE REVIEW		STRICTLY CONFIDENTIAL	
CEO/President SELF ASSESSMENT FORM			
7.3	As a President/CEO, I serve as an effective GOCC representative in communicating the GOCC's products and services to all stakeholders, including the general public.		
8. Conduct/Behavior			
8.1	I act in a manner characterized by transparency, accountability, integrity and fairness fully aware that the position of a President/CEO is one of trust and confidence.		
8.2	I ensure the confidentiality of business information acquired by reason of my position as President/CEO and our board's deliberations.		
8.3	I ensure that my personal interest do not conflict with the interest of the GOCC.		
8.4	I treat others within the GOCC with courtesy and respect.		
OTHER COMMENTS/OBSERVATIONS TO FURTHER IMPROVE MY PERFORMANCE:			
EVALUATOR'S SIGNATURE:			



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the President of the Philippines GOVERNANCE COMMISSION <small>FOR PROMOTING AND ENHANCING THE QUALITY OF GOVERNANCE</small>		PED Form No. 4 STRICTLY CONFIDENTIAL												
DIRECTOR PERFORMANCE REVIEW														
PEER ASSESSMENT FORM (Chairperson Evaluation)														
NAME OF GOCC:		EVALUATION PERIOD: (MM/YYYY - MM/YYYY)												
DIRECTOR BEING EVALUATED:		EVALUATED BY:												
Instructions: 1. Please go over the statements carefully and check/mark each sub-criteria using the following scale: <table style="margin-left: auto; margin-right: auto;"> <tr> <th>SCALE</th> <th>CATEGORY</th> </tr> <tr> <td>1</td> <td>Not Observed (Poor)</td> </tr> <tr> <td>2</td> <td>Partly Observed (Needs Improvement)</td> </tr> <tr> <td>3</td> <td>Generally Observed (Meets Expectations)</td> </tr> <tr> <td>4</td> <td>Often Observed (Exceeds Expectations)</td> </tr> <tr> <td>5</td> <td>Highly Observed (Outstanding)</td> </tr> </table>			SCALE	CATEGORY	1	Not Observed (Poor)	2	Partly Observed (Needs Improvement)	3	Generally Observed (Meets Expectations)	4	Often Observed (Exceeds Expectations)	5	Highly Observed (Outstanding)
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2. The objective of the evaluation is to assess the evaluatee's strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section. 3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop. NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.														
CRITERIA	RATING	COMMENTS												
1. Knowledge and Personal Development	1 2 3 4 5													
1.1 Understands the mission, vision, and values of the GOCC.														
1.2 Understands the duties and responsibilities as a director, including the distinction between board and management roles.														
1.3 Understands the general economic, social, and business industry issues that affect the GOCC.														
1.4 Willingness to participate in director development activities. (e.g. seminars, trainings, etc.)														
1.5 Is open to feedback about his/her performance.														
2. Preparedness and Participation														
2.1 Devotes sufficient time and attention to properly discharge and effectively perform the duties and responsibilities as a member of the Governing Board.														
2.2 Is updated on developments regarding the GOCC, including its financial and operational performance.														
2.3 Has working knowledge of the statutory and regulatory requirements affecting the GOCC, including the contents of its Charter/Articles of Incorporation and By-Laws, the requirements of the GCG, and where														
2.4 Actively participates in board discussions and deliberations.														
2.5 When absent from meetings, acquires information from what had been discussed to stay informed.														
2.6 As the head of the Governing Board, the Chairman takes the lead in contributing to strategy formulation by proposing policies and suggesting corresponding initiatives.		Please indicate specific policies/initiatives proposed												
2.7 As the head of the Governing Board, the Chairman takes the lead in the oversight of strategy execution with particular efforts in its monitoring and assessment.		Please indicate concrete efforts/actions in monitoring												
3. Teamwork and Communication														
3.1 Actively establishes and maintains good personal relations with co-directors and management.														



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the President of the Philippines GOVERNANCE COMMISSION <small>THE GOVERNANCE LAW ENFORCEMENT CONTROLLING CORPORATION</small>		<small>PED Form No. 4</small> <u>STRICTLY CONFIDENTIAL</u>	
PEER ASSESSMENT FORM <small>(Chairperson Evaluation)</small>			
3.2	Handles work conflict positively and constructively.	<input type="checkbox"/>	<input type="checkbox"/>
3.3	Listens attentively to the contribution of others.	<input type="checkbox"/>	<input type="checkbox"/>
3.4	Explores differences of opinion in a positive way.	<input type="checkbox"/>	<input type="checkbox"/>
3.5	Maintains objectivity in the face of difficult decisions.	<input type="checkbox"/>	<input type="checkbox"/>
4. Conduct/Behavior			
4.1	Acts in a manner characterized by transparency, accountability, integrity and fairness fully aware that the office of a director is one of trust and confidence.	<input type="checkbox"/>	<input type="checkbox"/>
4.2	Ensures the confidentiality of business information acquired by reason of the position as a director and board's deliberations.	<input type="checkbox"/>	<input type="checkbox"/>
4.3	Ensures that personal interest do not conflict with the interest of the GOCC.	<input type="checkbox"/>	<input type="checkbox"/>
4.4	Treats others within the GOCC with courtesy and respect.	<input type="checkbox"/>	<input type="checkbox"/>
5. Board Management			
5.1	Manages board meetings effectively and promote/solicit participation among members of the Governing Board.	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Manages the agenda of the Board meetings taking into consideration the relevant and appropriate issues concerning the GOCC.	<input type="checkbox"/>	<input type="checkbox"/>
5.3	Establishes harmonious relationship with the members of the Governing Board including the CEO/President.	<input type="checkbox"/>	<input type="checkbox"/>
5.4	Ensures the quality, quantity, and timeliness of the information being disseminated between the Governing Board and management.	<input type="checkbox"/>	<input type="checkbox"/>
5.5	Engages the participation of all members of the Board, particularly in getting them to contribute to strategy formulation and oversight of strategy execution.	<input type="checkbox"/>	<input type="checkbox"/>
5.6	Ensures that the President and CEO has enough discretion so that management takes on the responsibility for executing strategy.	<input type="checkbox"/>	<input type="checkbox"/>
<u>OTHER COMMENTS/OBSERVATIONS TO FURTHER IMPROVE PERFORMANCE OF THE CHAIRPERSON/DIRECTOR:</u> <div style="height: 40px; border: 1px solid black; margin-top: 5px;"></div>			
EVALUATOR'S SIGNATURE:			



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the President of the Philippines GOVERNANCE COMMISSION <small>THE GOVERNMENT OWNED OR CONTROLLED CORPORATIONS</small>		PED Form No. 3 STRICTLY CONFIDENTIAL												
DIRECTOR PERFORMANCE REVIEW														
PEER ASSESSMENT FORM <small>(Members of the Governing Board Evaluation)</small>														
NAME OF GOCC:		EVALUATION PERIOD: (MM/YYYY - MM/YYYY)												
DIRECTOR BEING EVALUATED:		EVALUATED BY:												
Instructions: 1. Please go over the statements carefully and check/mark each sub-criteria using the following scale: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">SCALE</td> <td style="text-align: center;">CATEGORY</td> </tr> <tr> <td style="text-align: center;">1</td> <td>Not Observed (Poor)</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Partly Observed (Needs Improvement)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Generally Observed (Meets Expectations)</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Often Observed (Exceeds Expectations)</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Highly Observed (Outstanding)</td> </tr> </table>			SCALE	CATEGORY	1	Not Observed (Poor)	2	Partly Observed (Needs Improvement)	3	Generally Observed (Meets Expectations)	4	Often Observed (Exceeds Expectations)	5	Highly Observed (Outstanding)
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2. The objective of the evaluation is to assess the evaluatee's strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section. 3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop. NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.														
CRITERIA	RATING	COMMENTS												
1. Knowledge and Personal Development	1 2 3 4 5													
1.1 Understands the mission, vision, and values of the GOCC.														
1.2 Understands the duties and responsibilities as a director, including the distinction between board and management roles.														
1.3 Understands the general economic, social, and business industry issues that affect the GOCC.														
1.4 Willingness to participate in director development activities. (e.g seminars, trainings, etc.)														
1.5 Is open to feedback about his/her performance.														
2. Preparedness and Participation														
2.1 Devotes sufficient time and attention to properly discharge and effectively perform the duties and responsibilities as a member of the Governing Board.														
2.2 Is updated on developments regarding the GOCC, including its financial and operational performance.														
2.3 Has working knowledge of the statutory and regulatory requirements affecting the GOCC, including the contents of its Charter/Articles of Incorporation and By-Laws, the requirements of the GCG, and where applicable, the requirements of other regulatory agencies.														
2.4 Actively participates in board discussions and deliberations.														
2.5 When absent from meetings, acquires information from what had been discussed to stay informed.														
2.6 Contributes to strategy formulation by proposing policies and suggesting corresponding initiatives.		Please indicate specific policies/initiatives proposed												
2.7 Is involved in the oversight of strategy execution with particular efforts in its monitoring and assessment.		Please indicate concrete efforts/actions in monitoring												



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Office of the Director of the Philippine GOVERNANCE COMMISSION <small>FOR THE PHILIPPINE STOCK EXCHANGE</small>	PED Form No. 3 <u>STRICTLY CONFIDENTIAL</u>
DIRECTOR PERFORMANCE REVIEW	
PEER ASSESSMENT FORM (Members of the Governing Board Evaluation)	
3. Teamwork and Communication	
3.1 Actively establishes and maintains good personal relations with co-directors and management.	
3.2 Handles work conflict positively and constructively.	
3.3 Listens attentively to the contribution of others.	
3.4 Explores differences of opinion in a positive way.	
3.5 Maintains objectivity in the face of difficult decisions.	
4. Conduct/Behavior	
4.1 Acts in a manner characterized by transparency, accountability, integrity and fairness fully aware that the office of a director is one of trust and confidence.	
4.2 Ensures the confidentiality of business information acquired by reason of the position as a director and board's deliberations.	
4.3 Ensures that personal interest do not conflict with the interest of the GOCC.	
4.4 Treats others within the GOCC with courtesy and respect.	
OTHER COMMENTS/OBSERVATIONS TO FURTHER IMPROVE PERFORMANCE OF THE CHAIRPERSON/DIRECTOR: <div style="height: 40px;"></div>	
EVALUATOR'S SIGNATURE:	



2016 PCSO MANUAL OF CORPORATE GOVERNANCE


Office of the President of the Philippines GOVERNANCE COMMISSION <small>FOR GOOD GOVERNANCE, LEADERSHIP, AND CREDITED INSTITUTIONS</small>		<small>PEO Form No. 8</small> <u>STRICTLY CONFIDENTIAL</u>												
DIRECTOR PERFORMANCE REVIEW														
PEER ASSESSMENT FORM <small>(President/CEO Evaluation)</small>														
NAME OF GOCC:		EVALUATION PERIOD: (MM/YYYY - MM/YYYY)												
DIRECTOR BEING EVALUATED:		EVALUATED BY:												
Instructions: 1. Please go over the statements carefully and check/mark each sub-criteria using the following scale: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">SCALE</td> <td style="text-align: center;">CATEGORY</td> </tr> <tr> <td style="text-align: center;">1</td> <td>Not Observed (Poor)</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Partly Observed (Needs Improvement)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Generally Observed (Meets Expectations)</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Often Observed (Exceeds Expectations)</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Highly Observed (Outstanding)</td> </tr> </table>			SCALE	CATEGORY	1	Not Observed (Poor)	2	Partly Observed (Needs Improvement)	3	Generally Observed (Meets Expectations)	4	Often Observed (Exceeds Expectations)	5	Highly Observed (Outstanding)
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4	Often Observed (Exceeds Expectations)													
5	Highly Observed (Outstanding)													
2. The objective of the evaluation is to assess the CEO/President's strengths and weaknesses. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section. 3. After the ratings have been given, please submit this form to the Compliance Officer/Corporate Secretary enclosed in a sealed envelop. NOTE: Your ratings assessment is strictly confidential and is not to be discussed or shared with anyone.														

CRITERIA		RATING					COMMENTS
		1	2	3	4	5	
1. Leadership Competency							
1.1	Fully understands and communicates the GOCC's mission, vision, and values to its stakeholders.						
1.2	Translates the GOCC's vision and strategy into feasible business and operational plans to achieve organizational strategic success.						
1.3	Establishes short-term and long-term goals and business plans.						
1.4	Sets clear roles and responsibilities and establishes concrete priorities and milestones.						
1.5	Creates new and imaginative approaches to work-related issues.						
2. Managerial Competency							
2.1	Committed to building and maintaining the GOCC's achievement of its social mandate.						
2.2	Effectively aligns the company's resources and budgets to the implementation of the GOCC's strategic plan.						
2.3	Timely and effectively executed strategies on priorities and measures set by the board.						
2.4	Plans and supports the development of employee's skills and abilities in fulfilling current or future job roles effectively.						
2.5	Actively identifies opportunities in building strategic relationships between one's area and other areas, divisions, departments or organizations to help achieve the GOCC's social mandate.						
2.6	Proactively builds client relationships by making efforts to listen and understand the people being serviced by the GOCC.						
2.7	Cascades the demands of the corporate strategy down to the groups, departments, and support units which are required to formulate their own support strategies fully supportive of the priorities in the corporate strategy.						
2.8	Requires all heads of groups, departments and support units which are required to specify measures, targets and initiative through scorecards that are reported regularly, at least quarterly basis.						

Page 1 of 1



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

 Office of the President of the Philippines GOVERNANCE COMMISSION <small>GOVERNMENT TRANSFORMING GENERATIONS</small>		PED Form No. 6	
DIRECTOR PERFORMANCE REVIEW		STRICTLY CONFIDENTIAL	
PEER ASSESSMENT FORM (President/CEO Evaluation)			
2.9	Ensures a clear delegation of authority to senior management and regularly reviews management effectiveness		
3. Board Relationship			
3.1	Works closely with the Governing Board in developing the short, medium, and long-term strategic plans of the GOCC.		
3.2	Ensures the proper delineation of the work between the President/CEO and the Governing Board.		
3.3	Assists the setting and approval of the Governing Board meeting agenda.		
3.4	Provides the Governing Board timely, accurate, and complete report of the operations of the GOCC for the preceding year.		
3.5	Creates a sense of trustworthiness in Governing Board/CEO relations.		
3.6	Keeps the Board fully informed of progress and problems arising from strategy execution.		
4. Financial Management			
4.1	Has a clear, concise, and timely understanding of the GOCC's financial statements and other pertinent information with regard to its business and financial situation.		
4.2	Exercises sound judgment in managing the financial affairs and budget of the GOCC.		
4.3	Lays out plans to effectively monitor and evaluate the financial planning, budget, and administrative operations of the GOCC.		
4.4	Ensures that the financial records of the GOCC are accurate and above board.		
5. Human Resource Management/Relations			
5.1	Maintains a culture that attracts, keeps, and motivates staff to carry out the GOCC's strategic goals and objectives.		
5.2	Fosters support and stewardship for employee initiative and creativity within the organization.		
5.3	Recruits competent management team with skills commensurate with the position.		
6. Product/Service Competency			
6.1	Has a high understanding and knowledge of the GOCC's main products and services.		
6.2	Has a good understanding of the GOCC's business model as well as its business and industry environment.		
6.3	Shown to encourage and initiate creativeness in developing new products and services.		
7. External Relations			
7.1	Handles public relation issues in a manner that builds good will for the GOCC and lessens issues/concerns from the general public.		
7.2	Encourages corporate social responsibility to promote a positive image of the GOCC as well as creates awareness of available products and services to the general public.		
7.3	Serves as an effective GOCC representative in communicating the GOCC's products and services to all stakeholders, including the general public.		

Page 2 of 3



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

<p>Office of the President of the Philippines GOVERNANCE COMMISSION <small>Philippine Government Corporation (INCORPORATED) FOUNDATIONS</small></p> <p style="text-align: center;">DIRECTOR PERFORMANCE REVIEW</p>	<p><i>PED Form No. 6</i></p> <p><u>STRICTLY CONFIDENTIAL</u></p>																																				
<p>PEER ASSESSMENT FORM (President/CEO Evaluation)</p>																																					
<p>8. Conduct/Behavior</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">8.1</td> <td style="width: 45%;">Acts in a manner characterized by transparency, accountability, integrity and fairness fully aware that the position of a President/CEO is one of trust and confidence.</td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> </tr> <tr> <td>8.2</td> <td>Ensures the confidentiality of business information acquired by reason of my position as President/CEO and our board's deliberations.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>8.3</td> <td>Ensures that personal interest do not conflict with the interest of the GOCC.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>8.4</td> <td>Treats others within the GOCC with courtesy and respect.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p><u>OTHER COMMENTS/OBSERVATIONS TO FURTHER IMPROVE PERFORMANCE OF THE PRESIDENT/CEO:</u></p> <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>		8.1	Acts in a manner characterized by transparency, accountability, integrity and fairness fully aware that the position of a President/CEO is one of trust and confidence.								8.2	Ensures the confidentiality of business information acquired by reason of my position as President/CEO and our board's deliberations.								8.3	Ensures that personal interest do not conflict with the interest of the GOCC.								8.4	Treats others within the GOCC with courtesy and respect.							
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8.4	Treats others within the GOCC with courtesy and respect.																																				
<p>EVALUATOR'S SIGNATURE:</p> <div style="border: 1px solid black; height: 100px; margin-top: 10px;"></div>																																					



(GOCC Letterhead) PBI Form 1

BOARD RESOLUTION NO. _____

**ADOPTING THE PERFORMANCE-BASED INCENTIVE SYSTEM IN
ACCORDANCE WITH GCG MEMORANDUM CIRCULAR NO. 2013-05**

WHEREAS, the Governance Commission for GOCCs (GCG) issued GCG Memorandum Circular (M.C.) No. 2013-05 establishing, among others, the Performance-Based Incentive (PBI) System for Appointive Members of the Governing Board of GOCCs covered by GCG pursuant to Section 23 of the "GOCC Governance Act of 2011" (R.A. No. 10149);

WHEREAS, GCG MC No. 2013-05 provides that GOCCs that apply for the PBB for their Officers and Employees are deemed to have automatically applied for the PBI for the Appointive Directors;

WHEREAS, GCG approved the grant of the PBB for the Corporation's Officers and Employees;

WHEREAS, no other allowances, incentives and bonuses other than what is allowed under GCG MC No. 2013-05 have been given to the Appointive Members of the Governing Board, and there is sufficient corporate funds to grant the PBI in accordance with applicable laws, rules and regulations;

NOW, BE IT –

[Select one, delete the other]

[For GOCCs that have sufficient funds in their DBM-approved COB for 2013]
RESOLVED, the amount not exceeding P_____, chargeable against corporate funds exclusive of the prohibited sources in GCG MC No. 2013-05, is hereby allocated for the grant of the PBI for CY 2013 to eligible Appointive Members of the Governing Board, and shall be released upon approval of the GCG.

[For GOCCs that do not have enough funds in their DBM-approved COB for FY2012 (if Chartered) or Parent GOCC (if a subsidiary)]
RESOLVED, the amount not exceeding P_____, chargeable against corporate funds exclusive of the prohibited sources in GCG MC No. 2013-05, is hereby allocated for the grant of the PBI for CY 2013 to eligible Appointive Members of the Governing Board, and shall be released upon approval of the GCG.

The Corporate Secretary and all concerned executive officers shall issue the necessary certifications, attesting under oath the veracity of all information disclosed in the documents required by GCG.

DONE, this ____ day of _____, in _____, Philippines.

[To be signed by ALL Members of the Governing Board]



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

(GOCC Letterhead)

PBI Form 2

CERTIFICATION OF ELIGIBILITY OF APPOINTEE MEMBERS FOR CY ____

This is to certify that the following Appointive Members of the Governing Board of [name of the GOCC] are eligible to receive the Performance-Based Incentive pursuant to GCG MC No. 2013-06, and actually received the following per diems:

Name of Director/Trustee	Actual Annual Authorized Per Diems Received (P)			Incentive Factor (%)	Total (P)
	Board	Committee	Sub-Total		
1.					
2.					
3.					
Sub-Total					
Total PBI for All Eligible Members					

This certification has been issued to attest to the truth and accuracy of all the information contained herein based on available records and information that can be verified with the Corporation.

DONE, this ____ day of _____ 2013 at _____, Philippines.

Corporate Secretary

SUBSCRIBED AND SWORN to before me, this ____ day of _____, in _____, Philippines.

Doc No. _____
Page No. _____
Book No. _____
Series of _____

(Person Administering Oath)



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

GOCC Letterhead				PBI Form 3														
Table 1. Breakdown of Board and Committee Meetings per Appointive Member																		
[Name of Board Member]																		
Board Meetings																		
Date of Meeting 1	Date of Meeting 2	Date of Meeting 3	Date of Meeting 4	Date of Meeting 5	Date of Meeting 6	Date of Meeting 7												
Committee Meetings																		
Name of Committee 1	Date of Meeting 1	Date of Meeting 2	Date of Meeting 3	Date of Meeting 4	Date of Meeting 5	Date of Meeting 6												
Name of Committee 2	Date of Meeting 1	Date of Meeting 2	Date of Meeting 3	Date of Meeting 4	Date of Meeting 5	Date of Meeting 6												
<p>Add rows and columns as needed. Repeat table for each Appointive Member.</p> <p>Legend:</p> <p>✓ – Present OB – Official Business</p> <p>X – Absent</p> <p>Full Year Board Meetings: _____</p> <p>Full Year Committee A Meetings: _____</p> <p>Full Year Committee B Meetings: _____</p> <p>(Add additional items as applicable)</p> <p style="text-align: center;">Table 2. Schedule of Full Year Board and Committee Meetings</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 5px;">Board Meetings</th> <th style="padding: 5px;">Committee A*</th> <th style="padding: 5px;">Committee B*</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">1. (date)</td> <td style="padding: 5px;">1. (date)</td> <td style="padding: 5px;">1. (date)</td> </tr> <tr> <td style="padding: 5px;">2. (date)</td> <td style="padding: 5px;">2. (date)</td> <td style="padding: 5px;">2. (date)</td> </tr> <tr> <td style="padding: 5px;">3. (date)</td> <td style="padding: 5px;">3. (date)</td> <td style="padding: 5px;">3. (date)</td> </tr> </tbody> </table> <p style="text-align: center; font-size: small;">*Add columns for Committees and rows for date as applicable</p>							Board Meetings	Committee A*	Committee B*	1. (date)	1. (date)	1. (date)	2. (date)	2. (date)	2. (date)	3. (date)	3. (date)	3. (date)
Board Meetings	Committee A*	Committee B*																
1. (date)	1. (date)	1. (date)																
2. (date)	2. (date)	2. (date)																
3. (date)	3. (date)	3. (date)																



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

D. BOARD RESOLUTIONS

1. CY 2016

1. **2016 PCSO Manual of Corporate Governance** (Adoption and integration of GCG Memorandum Circular No. 2015-07 in the December 2014, Revised Edition of the PCSO Manual of Corporate Governance; re-defining the duties of all mandatory committees, among others)





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Frequency of meetings: At least four (4) times per year or as often as required by the exigency of the service; and
6. Public disclosure of Committee accomplishment report: Mandatory (required in the PCSO Governance webpage) every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter).

Risk Management Committee

1. Composition:
 - a. Head: Member of the Board of Directors
 - b. Composition: At least three (3) members of the Board of Directors
2. Declaration of Quorum: Presence of at least two (2) Directors in the meeting.
3. Special requirements:
 - a. One (1) member (regular and/or nominee) must have a background in finance and/or investment;
 - b. The PCSO Annual Report shall bear a statement from the Board or Risk Management Committee on the following:
 - i. Annual risk assessment and review of the risk management plan;
 - ii. Adequacy of controls and concerted efforts to address identified risks.
4. Frequency of meetings: At least two (2) times per year or as often as required in the exigency of the service;
5. Public disclosure of Committee accomplishment report: Mandatory (required in the PCSO Governance webpage) every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter)

Nomination and Remuneration/Compensation Committee

1. Composition:
 - a. Chairman: Head of Agency (concurrent Chairman, Personnel Selection Board for Managers and Executives)
 - b. Membership: At least three (3) members of the Board of Directors
2. Declaration of Quorum: Presence of at least two (2) Directors in the meeting.
3. Frequency of meetings: At least two (2) times per year or as often as required in the exigency of the service;
4. Function and duties (Nomination and Remuneration/Compensation Committee):
 - i. Review and provide:
 - a. Criteria for appointment, performance evaluation and removal of Directors, Senior Management and Key Managerial Personnel;
 - b. A policy on Board diversity;
 - c. A succession plan for the Senior Management and the Key Managerial Personnel; and
 - d. Criteria for determining reasonable and sufficient remuneration payable to the Directors, the Senior Management and the Key Managerial Personnel including rank and file personnel.
 - ii. The Committee shall ensure the following:

Page 2 of 5
Resolution No. 89 series 2016



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

1. Setting a formal and transparent procedure for selecting new General Manager for appointment and ex-officio membership in the Board of Directors;
 2. Review and update as necessary the existing minimum selection criteria with regards to education, work experience, or as may deemed suitable, of PCSO officials and executives including personnel;
 3. Ensure that the Chairman of the Board and the General Manager are two (2) separate persons for check and balance;
 4. Lay down criteria for performance evaluation of Managers and Executives of equivalent rank/function/position;
 5. The Chairman (Head of Agency and SPMS Champion) shall make final review of the performance of all officials (AGMs, DMs and Executives of equivalent rank/function/position) under the PCSO Strategic Performance Management System (SPMS);
 6. Conduct review and approve all benefits, incentives and competency development plan/programs for all officials and personnel;
 7. Conduct evaluation of potential causes/reasons for termination of service and make recommendations of change, if any;
 8. Review, resolve, mediate appeals on hiring and firing of management or intervene in resolving all issues of appointment, reappointments and/or exercise over-sight function over the Change Management Team in case of reorganization, rationalization or streamlining of the agency;
 9. Review, approve and recommend to the Governance Committee, the approval of any reorganization, restructuring and personnel planning in PCSO consistent with the applicable rules under GCG Memorandum Circular No. 2015-04.
5. Public disclosure of Committee accomplishment report. Mandatory (required in the PCSO Governance webpage) every July of each year in compliance with Section 7, RA 1169, as amended (PCSO Charter)

Quality of Annual Report of the agency (mandatory disclosures)

The PCSO Annual Report, whether containing audited or unaudited figures) shall bear the following disclosures:

Mandatory Disclosures in the Corporate Annual Report (pursuant to GCG M 2015-07)
Corporate Objectives (Vision/Mission/Values/ Mandate)
Balanced Scorecard Financial Performance Indicators per Performance Agreement with GCG
Balanced Scorecard Non-Financial Performance Indicators per Performance Agreement with GCG
Whistle Blowing Policy (Required per PCSO Manual of Corporate Governance-December 2014, Revised Edition)
Biographical details of Appointive and Ex-Officio Members, BOD
Trainings and/or Continuing Education of Directors
Statement of Compliance in Corporate Governance Scorecard
Statement on the conduct of review of internal controls including risk management
Statement from BOD or Audit Committee on the adequacy of PCSO internal controls/risk management system

Efforts shall be undertaken to have the PCSO Annual Report published in the Global Reporting Index (GRI) for transparency and consistent with international best practices in corporate governance including applicable issuances by the Governance Commission for GOCC's (GCG).

Page 3 of 5
Resolution No. 89 series 2016



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

Access to information (public disclosure of Board Materials in the PCSO Governance page)

1. Government Corporate Information Sheet (due every July of each year in compliance with Section 7, RA 1169, as amended [PCSO Charter]);
2. Report on Salaries and Allowances of the Board of Directors (due every July of each year in compliance with Section 7, RA 1169, as amended [PCSO Charter]);
3. Approved annual schedule of Board and/or Committee meetings
4. Report on attendance of the Board in regular/committee meetings issued and certified correct by the Board Secretary and Compliance Office (due every March of each year in compliance with GCG MC 2015-07)
5. Resolution/s approving and/or reconstitution of Board Committees
6. Resolution/s approving the PCSO Manual of Corporate Governance (Code of Ethics) including its revision/s, if any;
7. Disclosure in the PCSO governance webpage of biographical data of the Board (appointive/ex-officio) including the Board Secretary;
8. Disclosure in the PCSO governance webpage of customer (stakeholder plan) consisting of policies and activities to include environment-friendly activities and employees engagement plan.

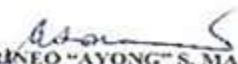
WHEREAS, the approval and integration of the Corporate Governance Scorecard (GCG Memorandum Circular No. 2015-07) in the PCSO Manual of Corporate Governance (henceforth to be referred to as the 2016 PCSO Manual of Corporate Governance) and for this purpose, revoking, amending or modifying all prior Board Resolutions or policies that are inconsistent with the applicable provisions of GCG MC 2015-07;

WHEREFORE, be it **RESOLVED**, AS IT IS HEREBY **RESOLVED**, to approve the amendments/modifications in the PCSO Manual of Corporate Governance (December 2014 Revised Edition) to comply with the requirements of GCG per Memorandum Circular No. 2015-07 (also known as the Corporate Governance Scorecard), subject to compliance with applicable laws, rules and regulations;

RESOLVED FURTHER, that all other provisions of the PCSO Manual of Corporate Governance (December 2014 Revised Edition) in so far as they are not inconsistent with GCG Memorandum Circular No. 2016-07 are hereby retained and in full force and effect;

RESOLVED FINALLY, that all prior resolutions or policies issued by the Board that are inconsistent with the object and letter of GCG Memorandum Circular No. 2015-07 are deemed repealed or modified accordingly.

Approved at the regular meeting of the Board of Directors of PCSO on 02 March 2016, at the PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd. corner Princeton St., Mandaluyong City.

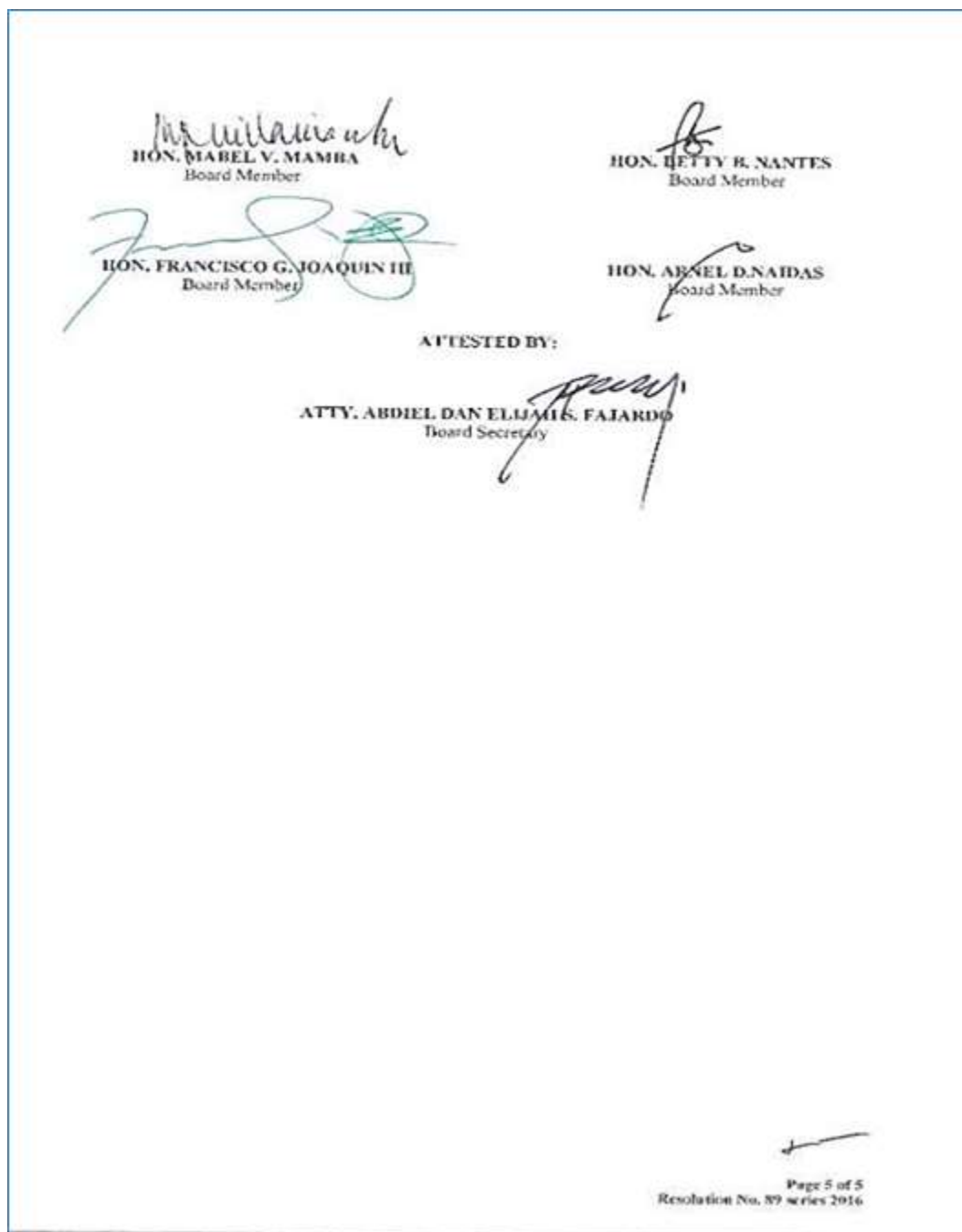

HON. ERINEO "AYONG" S. MALIKSI
Chairman


HON. JOSE FERDINAND M. ROJAS II
Vice-Chairman


Page 4 of 5
Resolution No. 89 series 2016



2016 PCSO MANUAL OF CORPORATE GOVERNANCE





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. Policy on timely submission for complete documents for inclusion in regular and/or committee meetings

REPUBLIC OF THE PHILIPPINES
Office of the President

PHILIPPINE CHARITY SWEEPSTAKES OFFICE
Sun Plaza Building, 150 Shaw Blvd. corner Princeton St., Mandaluyong City 1754
www.pcsogp.gov.ph

RESOLUTION NO. 88
Series 2016

WHEREAS, last February 29, 2016, the Office of the Board Secretary reiterated its Memorandum dated July 29, 2015 regarding deadline of submission of items for Agenda for the Regular Board Meetings and Governance Committee Meetings, a copy of which is attached and made an integral part hereof as Annex "A";

WHEREAS, the Memorandum requires the submission of items for Agenda to the Office of the Board Secretary by Friday of each week, or three working days prior to a scheduled Board meeting, whichever is applicable;

WHEREAS, the Board Secretary recommended the approval of said Memorandum to ensure proper review of the items for Agenda;

WHEREFORE, be it **RESOLVED**, AS IT IS HEREBY **RESOLVED**, to affirm the Memorandum of the Office of the Board Secretary dated July 29, 2015, which was reiterated in its Memorandum dated February 29, 2016, subject to compliance with applicable laws, rules and regulations:

Approved at the regular meeting of the Board of Directors of PCSO on 02 March 2016, at the PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd. corner Princeton St., Mandaluyong City.

HON. ERINEO "AYONG" S. MALIKSI
Chairman

HON. JOSE FERDINAND M. ROJAS II
Vice-Chairman

HON. MABEL V. MAMBA
Board Member

HON. BETTY B. NANTES
Board Member

HON. FRANCISCO G. JOAQUIN III
Board Member

HON. ARNEL D. NAIDAS
Board Member

ATTESTED BY:

ATTY. ABDIEL DAN ELJAH S. FAJARDO
Board Secretary

Page 1 of 1
Resolution No. 88 series 2016



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. Creation of Nomination and Remuneration/Compensation Committee (NRC)

REPUBLIC OF THE PHILIPPINES
Office of the President
PHILIPPINE CHARITY SWEEPSTAKES OFFICE
Sun Plaza Building, 1507 Shaw Boulevard, Mandaluyong City

SECRETARY'S CERTIFICATE

I, **ATTY. ABDIEL DAN ELIJAH S. FAJARDO**, of legal age, Filipino, married and with business and postal address at the Philippine Charity Sweepstakes Office, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton Street, Mandaluyong City after being duly sworn according to law, hereby certify:

1. That I am the Board Secretary VI of the Philippine Charity Sweepstakes Office (hereinafter referred to as "PCSO"), an agency of the national government engaged in the operation of sweepstakes and lotto;
2. That as such, I have custody of all records pertaining to the Board of Directors of the PCSO including all Board Resolutions;
3. Per the records of the Office of the Corporate Secretary of the PCSO, the Board of Directors thereof, during its **6th Regular Board Meeting held on February 24, 2016** at PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton St., Mandaluyong City passed the following Resolution:

**RESOLUTION NO. 76
Series 2016**

"WHEREAS, the Governance Commission for Government- Owned or Controlled Corporations (GCG) under Section 16 of Memorandum Circular No. 2012- 07 of the Code of Corporate Governance for GOCCs requires the PCSO to create a Compensation and Remuneration Committee;

WHEREFORE, be it **RESOLVED**, **AS IT IS HEREBY RESOLVED**, to approve the creation of the Compensation and Remuneration Committee with the following composition:

Chairman - Hon. Erineo Maliksi

Members -

Hon. Jose Ferdinand Rojas II
Hon. Mabel Mamba
Hon. Betty Nantes
Hon. Francisco Joaquín III
Hon. Arnel Naidas

subject to compliance with applicable laws, rules and regulations."

4. For the records of the Office of the Board Secretary, the foregoing Board Resolution has not been replaced, amended or repealed.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. This Secretary's Certificate is issued for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have affixed my signature on this 26th day of February 2016, at Mandalayog City.

ATTY. ABDIEL DANIEL JAH S. FAJARDO
Board Secretary VI

SUBSCRIBED AND SWORN to before me on this 26 FEB 2016 day of February 2016, affiant exhibiting to me his T.I.N 154-459-782.

ATTY. AGOSTIN B. CABREDO

Notary Public for Manila
Notarial Commission No. 2015-030
Exp'd December 31, 2018
PTR No. 4205717 / 1-4-10 / Manila
IBP Life Member 02097
MCLE No. V-0003128 / 7-28-14

Doc. No. 389
Page No. 39
Book No. 18
Series of 2016



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. CY 2014

1. December 2014 Revision of the Manual of Corporate Governance

REPUBLIC OF THE PHILIPPINES
Office of the President

PHILIPPINE CHARITY SWEEPSTAKES OFFICE
Sun Plaza Building, 1507 Shaw Boulevard, Mandaluyong City

SECRETARY'S CERTIFICATE

I, **RAMON RODRIGO**, of legal age, Filipino, married and with business and postal address at the Philippine Charity Sweepstakes Office, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton Street, Mandaluyong City after being duly sworn according to law, hereby certify:

1. That I am the Board Secretary of the Philippine Charity Sweepstakes Office (hereinafter referred to as "PCSO"), an agency of the national government engaged in the operation of sweepstakes and lotto;
2. That as such, I have custody of all records pertaining to the Board of Directors of the PCSO including all Board Resolutions;
3. Per the records of the Office of the Corporate Secretary of the PCSO, the Board of Directors thereof, during its **44th Regular Board Meeting held on December 16, 2014** at PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton St., Mandaluyong City passed the following Resolution:

**RESOLUTION NO. 505
Series 2014**

"WHEREAS, the Assistant General Manager Management Services Sector recommended the approval of the December 2014 Revised Manual of Corporate Governance pursuant to the GCG Letter dated November 27, 2014;

"WHEREAS, the aforementioned December 2014 Manual of Corporate Governance includes the adoption of Section 42 of GCG MC No. 2012-07 with the following items:

- a. Detailed responsibilities of the members of the Board, which shall be available to all stakeholders and to the public as defined under Section III (Plan of Compliance) and Section IV (Common Duties of the Board and Management);
- b. Formal Charter of expectations that each PCSO Director shall sign and be committed to, using the form described under Item B(1), Section XIV (Appendices);
- c. List of Disclosures to be made by PCSO Directors using the form (Appointive Director Data Sheet) described under Item B(2), Section XIV (Appendices);
- d. Statement by the PCSO Directors confirming the truth and fairness of the GOCC's financial statements described under Item B(3), Section XIV (Appendices);
- e. The list of fines and other consequences when PCSO Directors violate, or omit to carry out their duties under applicable laws;

"WHEREFORE, per recommendation of the Assistant General Manager Management Services Sector upon motion made and duly seconded, the Board **RESOLVED AS IT HEREBY RESOLVES** to approve December 2014 Revised Manual of Corporate Governance, Annex "A", subject to the confirmation of the GCG and compliance with applicable laws, rules and regulations.

4. Per the records of the Office of the Board Secretary, the foregoing Board Resolution has not been replaced, amended or repealed.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. This Secretary's Certificate is issued for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have affixed my signature on this 22 DEC 2014 of December 2014, at Mandaluyong City.

[Signature]
ATTY. RAMON E. RODRIGO
Board Secretary

22 DEC 2014

SUBSCRIBED AND SWORN to before me on this ____ day of December 2014, affiant exhibiting to me his SSS No. 03-27523102-4.

[Signature]
ATTY. RONALD SEGUNDINO C. CHING
NOTARY PUBLIC
ADMIN. NO. 2011-006-UNTIL DEC. 31, 2014
ROLL NO. 54553
NO. 948 BENAVIDEZ ST. BUNYON
PTR NO. M.A. 34387185-1/2/14
IBP NO. M.A. 625492-12/10/13
MCLE COMPLIANCE NO. 111-6019200

Doc. No. 10
Page No. 10
Book No. 10
Series of 2014



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2. October 2014 Revision of the Manual of Corporate Governance

REPUBLIC OF THE PHILIPPINES
Office of the President

PHILIPPINE CHARITY SWEEPSTAKES OFFICE
Sun Plaza Building, 1507 Shaw Boulevard, Mandaluyong City

SECRETARY'S CERTIFICATE

I, **Atty. Neil B. Tabbu**, of legal age, Filipino, married and with business and postal address at the Philippine Charity Sweepstakes Office, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton Street, Mandaluyong City after being duly sworn according to law, hereby certify:

1. That I am the Assistant Board Secretary of the Philippine Charity Sweepstakes Office (hereinafter referred to as "PCSO"), an agency of the national government engaged in the operation of sweepstakes and lotto;
2. That as such, I have custody of all records pertaining to the Board of Directors of the PCSO including all Board Resolutions;
3. Per the records of the Office of the Corporate Secretary of the PCSO, the Board of Directors thereof, during its **39th Regular Board Meeting held on November 12, 2014** at PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton St., Mandaluyong City passed the following Resolution:

RESOLUTION NO. 460
Series of 2014

"WHEREAS, the Corporate Planning Department (CPD), Management Services Sector recommended revisions to the June 2014 provisionally approved PCSO Manual of Corporate Governance (MANUAL) by the Governance Commission for GOCCs (GCG);

"WHEREAS, the CPD, among others, recommended the inclusion of the following items in the MANUAL, as follows:

1. Compliance with: (1) GCG Memorandum Circular No. 2014-04 (Whistle Blowing Policy); (2) GCG Memorandum Circular No. 2014-03 (Performance Evaluation for Directors); and (3) GCG Memorandum Circular No. 2013-02 (re-issued) re: Performance Evaluation for the GOCC Sector;
2. A detailed stakeholders relation and communication plan for stakeholders following the World Lottery Association (WLA) standards and observance of PCSO's mandate under Section 1, RA 1169, as amended;
3. Adoption of the salient terms and conditions for the Annual Performance Evaluation of PCSO appointive Directors under GCG Memorandum Circular No. 2014-03;
4. A system to account on how PCSO fulfilled its mandate and legitimate purposes (i.e., Integrated Corporate reporting system under GCG MC No. 2014-02) including designation of the agency's GOCC Monitoring System (GMS) Representative and GOCC Leadership Monitoring System (GLMS) Representative and their support group;
5. Provision for continuous improvement of products and services: (1) regular conduct of customer satisfaction surveys; (2) Authority to engage 3rd party providers to conduct independent surveys including product, sales and market research; and (3) Other customer feedback mechanisms;



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

6. Adoption and integration of the PCSO Risk Management Plan in the MANUAL and creation of a Crisis Management Team (CMT), under the Board's Risk Management Committee, which shall serve as the agency's first responder team to ensure the proper management of all operational risks of the PCSO including the efficient and effective conduct of PCSO's gaming operations and delivery of health and social services to the public; and
7. Common duties of the Board and Management;
8. Other good governance policies which were not included in the June 2014 Revision of the Manual of Corporate Governance but separately approved by the PCSO Board such as: (1) "No Gift Policy"; and (2) Strategic Performance Management System (SPMS) pursuant to Civil Service Commission Memorandum Circular No. 6, series of 2012 for the purpose of aligning individual performance of all PCSO personnel towards the attainment of the agency's annual performance targets; and
9. Inclusion of the following: (1) applicable laws affecting the governance of PCSO as a GOCC; (2) charts and diagrams relating to salient provisions of the October 2014 proposed revisions for the MANUAL; and (3) Forms to be accomplished by appointive directors.

"WHEREAS, the PCSO Board, after due consideration and deliberation, found the proposed revisions for the MANUAL in order and consistent with its over-all policy on good governance and in conformity with applicable issuances of the GCG;

"WHEREFORE, the Board resolved as it hereby **RESOLVES** to **APPROVE** the Revised PCSO Manual of Corporate Governance dated October 29, 2014, a copy of which is hereto attached as "Annex A" which shall henceforth be referred to as the "Philippine Charity Sweepstakes Office (PCSO) Manual of Corporate Governance (October 2014 Revised Edition)", subject to the MANUAL's confirmation by the Governance Commission for GOCCs and compliance with applicable laws, rules and regulations."

4. Per the records of the Office of the Board Secretary, the foregoing Board Resolution has not been replaced, amended or repealed.
5. This Secretary's Certificate is issued for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have affixed my signature on this 14 day of November 2014, at Mandaluyong City.

[Signature]
ATTY. NEIL B. TABBU
Assistant Board Secretary

SUBSCRIBED AND SWORN to before me on this 14 day of November 2014, affiant exhibiting to me his Driver's License No. N25-09-016009.

[Signature]
ATTY. RONALD SEGUNDINO C. CHANG
NOTARY PUBLIC
ADMIN. NO. 2011-009-UNITED, DEC. 31, 2014
ROLL NO. 54839
NO. 945 BENAVIDEZ ST. BINONDO
PTR NO. MLA. 34267166-1/2/14
IBP NO. MLA. 928492-12/10/13
MCLE COMPLIANCE NO. 111-0016300

Doc. No. 213
Page No. 24
Book No. X
Series of 2014



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

3. June 2014 Revision of the Manual of Corporate Governance

REPUBLIC OF THE PHILIPPINES
Office of the President

PHILIPPINE CHARITY SWEEPSTAKES OFFICE

Sun Plaza Building, 1501 Shaw Boulevard, Mandaluyong City

RECEIVED
JUN 19 2014
TIME: 9:47 BY: JHC

SECRETARY'S CERTIFICATE

I, **RAMON RODRIGO**, of legal age, Filipino, married and with business and postal address at the Philippine Charity Sweepstakes Office, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton Street, Mandaluyong City after being duly sworn according to law, hereby certify:

1. That I am the Board Secretary of the Philippine Charity Sweepstakes Office (hereinafter referred to as "PCSO"), an agency of the national government engaged in the operation of sweepstakes and lotto;
2. That as such, I have custody of all records pertaining to the Board of Directors of the PCSO including all Board Resolutions;
3. Per the records of the Office of the Corporate Secretary of the PCSO, the Board of Directors thereof, during its **21st Regular Board Meeting held on June 18, 2014** held at 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton St., Mandaluyong City passed the following Resolution:

**RESOLUTION NO. 220
Series 2014**

"WHEREAS, per Resolution No. 072 series 2014 dated February 19, 2014, the Board approved the Manual of Corporate Governance pursuant to the requirement of the Governance Commission for GOCCs (GCG) under Section 42, GCG Memorandum Circular No. 2012-07 (Code of Corporate Governance for GOCCs) and Section 3, GCG Memorandum Circular No. 2013-05 (Interim 2013 Performance-Based Bonus for Officers and Employees);

"WHEREAS, the GCG provisionally accepted the submitted Manual on Corporate Governance with the condition that further revision of the Manual shall be made and submitted to allow the Agency to be eligible for the grant of the 2013 Performance-Based Bonus;

"WHEREAS, the Assistant General Manager for the Management Services Sector recommended the revised Manual on Corporate Governance incorporating the revisions and additions mandated by the GCG;

"WHEREFORE, per recommendation of the Management Services Sector, the Board **RESOLVED AS IT HEREBY RESOLVES** to approve the revised Manual on Corporate Governance, hereto attached as Annex "A", in compliance with the requirement mandated by the Governance Commission for GOCCs (GCG) for the grant of 2013 Performance-Based Bonus, subject to compliance with applicable laws, rules and regulations.

"RESOLVED FINALLY, that any Resolutions, memoranda and issuances inconsistent herewith shall be considered revoked and rendered ineffective."

4. Per the records of the Office of the Board Secretary, the foregoing Board Resolution has not been replaced, amended or repealed.


Certified True / Xerox Copy
OFFICE OF THE BOARD SECRETARY
[Signature]
DATE



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. This Secretary's Certificate is issued for whatever legal purpose it may serve.


IN WITNESS WHEREOF, I have affixed my signature on this JUN 18 2014 day of June 2014, at Pasay City.



ATTY. RAMON E. RODRIGO
Board Secretary

SUBSCRIBED AND SWORN to before me on this JUN 18 2014 day of June 2014, affiant exhibiting to me his SSS No. 03-27523102-4.

NOTARY PUBLIC

Doc. No. 391
Page No. 60
Book No. VII
Series of 2014


RUDALYN D. CAMPANANG-CORTES
NOTARY PUBLIC
VALID UNTIL DECEMBER 31, 2014
ISP OR NO. 515532 PASAY CITY 01-02-2013
PTR OR NO. 520376 PASAY CITY 01-01-2014
MCLE No. 00-0011582 January 8, 2012

Certified True / Xerox Copy
OFFICE OF THE BOARD SECRETARY

6.19.14
DATE





2016 PCSO MANUAL OF CORPORATE GOVERNANCE

5. Designation of PCSO GMS and GLMS Representatives

REPUBLIC OF THE PHILIPPINES
Office of the President
PHILIPPINE CHARITY SWEEPSTAKES OFFICE
Sun Plaza Building, 1507 Shaw Boulevard, Mandaluyong City

SECRETARY'S CERTIFICATE

I, **Atty. Neil B. Tabbu**, of legal age, Filipino, married and with business and postal address at the Philippine Charity Sweepstakes Office, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton Street, Mandaluyong City after being duly sworn according to law, hereby certify:

1. That I am the Assistant Board Secretary of the Philippine Charity Sweepstakes Office (hereinafter referred to as "PCSO"), an agency of the national government engaged in the operation of sweepstakes and lotto;
2. That as such, I have custody of all records pertaining to the Board of Directors of the PCSO including all Board Resolutions;
3. Per the records of the Office of the Corporate Secretary of the PCSO, the Board of Directors thereof, during its **39th Regular Board Meeting held on November 12, 2014** at PCSO Board Room, 4th Floor, Sun Plaza Building, Shaw Blvd., corner Princeton St., Mandaluyong City passed the following Resolution:

RESOLUTION NO. 461
Series of 2014

"WHEREAS, the PCSO shall adopt the Integrated Corporate Reporting System (ICRS) under Governance Commission for GOCCs(GCG) Memorandum Circular No. 2014-02. [Policies and Guidelines on the Integrated Corporate Reporting System (ICRS) for the GOCC Sector] to provide a system for proper and timely rendition and accounting on how PCSO has served its mandate under RA1169, as amended and its legitimate purposes;

"WHEREAS, the ICRS has two components, 1) GOCC Monitoring System (GMS), pertaining to the financial information of PCSO, such as but not limited to financial statements and corporate operating budgets, and 2) GOCC Leadership Management System (GLMS), which pertains to non-financial information regarding PCSO's profile, such as but not limited to the latest version of the charter, performance score cards, strategy maps, organizational structures and related information;

"WHEREAS, the Corporate Planning Department (CPD), Management Services Sector recommended to the Board the designation of the agency's GMS and GLMS Representatives including their support group with duties and responsibilities as specified in the "Philippine Charity Sweepstakes Office (PCSO) Manual of Corporate Governance (October 2014 Revised Edition)";

"WHEREFORE, as part of PCSO's compliance with the Integrated Corporate Reporting System (ICRS) for the GOCC Sector pursuant to GCG Memorandum Circular No. 2014-02 including the "Philippine Charity Sweepstakes Office (PCSO) Manual of Corporate Governance (October 2014 Revised Edition)", the Board resolved as it hereby **RESOLVEs to APPROVE** the designation of the following

1. **GOCC Monitoring System (GMS) Representative--AGM for Management Services;**
2. **GOCC Leadership Management System (GLMS) Representative -- Board Secretary/ Compliance Officer;**
3. **Support Group:**
 - a. Accounting and Budget Department
 - b. Corporate Planning Department
 - c. Information Technology Services Department

Doc. No. 24
Page No. 1
Book No. 1
Series of 2014



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

E. Other communications from the Governance Commission for GOCCs (GCG)

1. January 27, 2015 (Re: Approval of the December 2014, Revised Edition, PCSO Manual of Corporate Governance)

GOVERNANCE COMMISSION
OFFICE OF THE PRESIDENT OF THE PHILIPPINES
1001 GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
30F, Citibank Center, 8741 Pasay De Rosa, Makati City, 1209 Philippines 1226

GCG

27 January 2015

HON. JOSE FERDINAND M. ROJAS II
Vice Chairman and General Manager
PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO)
PICC Secretariat Bldg., CCP Complex

RE : PCSO REVISED MANUAL OF CORPORATE GOVERNANCE

Dear GM Rojas,

Formally contained in this letter is the Governance Commission's evaluation of the **REVISED MANUAL OF CORPORATE GOVERNANCE OF THE PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO)**, submitted to the GCG in the letter dated 16 December 2014¹ which according thereto, was duly approved by the PCSO Board of Directors during a Regular Board Meeting held last 16 December 2014.

We note that in the Revised Manual of Corporate Governance, PCSO adopted the following directives from the Governance Commission as contained in our letter dated 27 November 2014 to:

1. Comply with the requirements of Section 42 of GCG Memorandum Circular (M.C.) No. 2012-07 by providing the listed items therein in the Revised Manual.

The Governance Commission hereby accepts the submitted Revised Manual of Corporate Governance as full compliance with the Good Governance Conditions under GCG Memorandum Circular No. 2013-05 (Re-Issued) (2013 Interim Performance-Based Bonus [PBB]) and GCG Memorandum Circular No. 2013-06 (Re-Issued) (Interim Performance-Based Incentives [PBI]).

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,
BY AUTHORITY OF THE COMMISSION

CESAR L. VILLANUEVA
Chairman

MA ANGELA E. IGNACIO
Commissioner

RAINIER B. BUTALID
Commissioner

¹Formally received by the Commission on 23 December 2014.



2016 PCSO MANUAL OF CORPORATE GOVERNANCE

2016 PCSO MANUAL OF CORPORATE GOVERNANCE

(All rights reserved, March 2, 2016)
Planning & Policy Formulation Division
Corporate Planning Department
Philippine Charity Sweepstakes Office
3/F Conservatory Building Shaw Boulevard
Mandaluyong City, Metro Manila, Philippines

“Bawa’t taya, para sa kawanggawa”

www.pcsso.gov.ph