



24 November 2014

HON. ROSALINDA D. BALDOZ

DOLE Secretary and Chairperson

MS. STELLA ZIPAGAN BANAWIS

Executive Director

EMPLOYEES' COMPENSATION COMMISSION

4th & 5th Flr., ECC Bldg. 355 Sen. Gil J.

Puyat Avenue, Makati City



RE : REVISED MANUAL OF CORPORATE GOVERNANCE

Dear Sec. Baldoz and Exec. Dir. Banawis,

This is in reference to the letter dated 16 October 2014¹ of your Ms. Aurora I. Quilandrino, Chief PPSMD, submitting to the Governance Commission a copy of the ECC Revised Manual of Corporate Governance as *adopted* and *approved* by its Commission on 15 October 2014. We previously evaluated the revised Manual of Corporate Governance in our letter dated 18 August 2014.

The Governance Commission finds the same in order, and 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

¹ Officially received by the Governance Commission on 16 October 2014.



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYEES' COMPENSATION COMMISSION

4th & 5th Floor, ECC Bldg., 355 Sen. Gil J. Puyat Avenue, Makati City

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8 August 2014

Mr. RUSSEL STANLEY Q. GERONIMO

Corporate Governance Officer V
Governance Commission for GOCCs (GCG)
Citibank Center, Makati City

Dear Mr. Geronimo:



In compliance with the requirements of the GCG, we are submitting the revised ECC Manual of Corporate Governance for your appropriate action.

Thank you.

Very truly yours,


JONATHAN T. VILLASOTO
OIC, Deputy Executive Director



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MANUAL OF CORPORATE GOVERNANCE FOR THE EMPLOYEES' COMPENSATION COMMISSION

WHEREAS, Art. 176 (d) of P.D. No. 626, as amended, provides that this Commission shall have the status and category of a government corporation;

WHEREAS, this Commission faithfully adheres to the State Policy that the governance of government-owned or-controlled corporations (GOCCs) is carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness¹;

WHEREAS, Sec. 42 of Governance Commission for GOCCs (GCG) Memorandum Circular No. 2012-07 (Code of Corporate Governance for GOCCs) provides that every GOCC shall promulgate and adopt its corporate governance rules and principles in accordance with the said Code;

NOW, THEREFORE, this Commission, in recognition of the State's principle that transparency is the essence of corporate governance², hereby adopts and promulgates this Manual of Corporate Governance as follows:

DEFINITION OF TERMS

Section 1. Definition of Terms³ – As used in this Manual, the following terms shall have the following meanings:

Appointive Commissioner

- a member of the Commission who is not an ex officio member.

¹ Sec. 2 (c), R.A. No. 10149,

² Sec. 41, GCG Memorandum Circular No. 2012-07

³ Adopted from R.A. No. 10149; GCG Memorandum Circular No. 2012-07; P.D. No. 626, as amended

Commission	- refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all properties of ECC under P.D. No. 626, as amended
Commissioner	- refers to a member of the Commission
Employees' Compensation Law/Charter	- refers to P.D. No. 626, as amended
Employees Compensation Program	- program whereby employees and their dependents, in the event of work-connected sickness, injury or death, may promptly secure adequate income benefit, and medical or related benefits.
Executive Director	- refers to the highest ranking corporate executive who heads the Management of ECC
Ex-Officio Member	- refers to any individual who sits or acts as a member of the Commission by virtue of one's title to another office, and without further warrant or appointment.
Fit and Proper Rule	- refers to the standard for determining whether a member of the Commission is qualified to hold the position which shall include, but not be limited to, standards on integrity, experience, education, training and competence as provided under GCG Memorandum Circular No. 2012-05.
GCG	- refers to Governance Commission for GOCCs
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. The term includes Government Instrumentalities with corporate Powers ("GICP"), Government Corporate Entities ("GCE") and Government Financial Institutions ("GFI").

ICRS

- refers to the Integrated Corporate Reporting System of the National Government, through the GCG, to provide an extensive database and comprehensive information on GOCCs.

Management

- refers to the body given the authority to implement the policies determined by the Commission in directing its course.

Per Diems

- refers to the compensation granted to appointive members of the Commission for actual attendance in its meetings

Performance Evaluation System ("PES")

- refers to the process of appraising the accomplishments of the Commission in a given fiscal year based on set performance criteria, targets and weights

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

Persons with Work-Related Disabilities (PWRDs) or Occupationally Disabled Workers (ODWs);

- refers to any individual or entity for whose the Commission has been constituted, or whose life, occupation, business or well-being is directly affected, whether favorably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which the

Commission has been constituted, and which would include a worker, an employee, or the community in which the Commission operates.

Supervising Agency

- refers to the Department of Labor and Employment to which a GOCC is attached for purposes of policy and program coordination and for general supervision

EMPLOYEES' COMPENSATION COMMISSION

Section 2. *Mission*– The ECC champions the welfare of the Filipino worker. Its mission is to:

- Build and sustain among employees and employers a culture of safety and healthful environment in the workplace;
- Ensure at all times that workers are informed of their rights, benefits and privileges under the Employees' Compensation Program;
- Develop and implement innovative policies, programs and projects that meet the needs of workers with work-connected contingencies;
- Promptly and fairly resolve all cases brought before it;
- Restore dignity and self-esteem among occupationally disabled workers; and
- Safeguard the integrity of the State Insurance Fund.

Section 3. *Vision* – a nationally-acclaimed institution in social security promotion that is in full control of the Employees' Compensation Program, managing a sound, strong, and wisely invested State Insurance Fund and delivering promptly, effectively and efficiently to the Filipino worker a comprehensive package of services and benefits for work-connected contingencies through pro-active, humane and dynamic policies, programs and activities.

POWERS AND DUTIES

Section 4. Powers and Duties. – The Commission shall have the following powers and duties:

1. To assess and fix a rate of contribution from all employers;

2. To determine the rate of contribution payable by an employer whose records show a high frequency of work accidents or occupational disease due to failure by the said employer to observe adequate safety measures;
3. To approve rules and regulations governing the processing of claims and the settlement of disputes arising therefrom as prescribed by the System;
4. To initiate policies and programs toward adequate occupational health and safety and accident prevention in the working environment, rehabilitation other than those provided for under Art. 190 hereof, and other related programs and activities, and to appropriate funds therefor;
5. To make the necessary actuarial studies and calculations concerning the grant of constant help and income benefits for permanent disability and death under the Title with benefits payable by the System for similar contingencies; Provided; That the Commission may upgrade benefits and add new ones subject to approval of the President; and Provided, Further, That the actuarial stability of the State Insurance Fund shall be guaranteed; Provided, Finally, that such increases in benefits shall not require any increases in contribution, except as provided for in paragraph (b) hereof.
6. To appoint the personnel of its staff, subject to civil service law and rules, but exempt from WAPCO law and regulations;
7. To adopt annually a budget of expenditures of the Commission and its staff chargeable against the State Insurance Fund: Provided, that the SSS and GSIS shall advance on a quarterly basis the remittances of allotment of the loading fund for this Commission's operational expenses based on its annual budget as duly approved by the Ministry of Budget and Management.
8. To have the power to administer oath and affirmation, and to issue subpoena and subpoena *duces tecum* in connection with any question or issue arising from appealed cases under this Title.
9. To sue and be sued in court;
10. To acquire property, real or personnel, which may be necessary or expedient for the attainment of the purposes of this Title;
11. To enter into agreement or contracts for such services or aid as may be needed for the proper, efficient and stable administration of the program;

12. To perform such other acts as it may deem appropriate for the attainment of the purposes of the Commission and proper enforcement of the provisions of this Title.

Section 5. *Mandate and Responsibility for the Performance of the Commission*

⁴– The mandated functions and responsibilities of the Commission include the following:

1. Provide the corporate leadership of the Commission subject to the rule of law and the objectives set by the National Government through the Department of Labor and Employment (DOLE) and the GCG;
2. Establish its vision and mission, strategic objectives, policies and procedures as well as defining its values and standards through:
 - Charter Statement;
 - Strategy Maps; and
 - Other control mechanism mandated by best business practices.
3. Determine important policies that bear on the character of the Commission 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 Commission, defining the duties and responsibilities of its officers and employees and adopting a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System (CPCS) 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 in pursuit of the applicable laws, rules and regulations;
6. Provide sound written policies and strategic guidelines on the Commission operating budget and major capital expenditures and prepare the annual and supplemental budget of the Commission;
7. Comply with all reportorial requirements, as required in the Employees' Compensation Law, implementing rules and regulations as well as applicable laws, rules and regulations;

⁴ Section 7, GCG Memorandum Circular No. 2012-07

8. Formally adopt and conduct annually the mandated Performance Evaluation System (PES) and the Performance Scorecard and timely and accurately report the results to the GCG; and
9. Ensure the fair and equitable treatment of all stakeholders and enhancing the GOCC's relations with its stakeholders.

Section 6. *Specific functions of the Commission*⁵– In addition to those specified under the Employees' Compensation Law, the Commission shall perform the following functions:

1. Meets regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented;
2. Determines the GOCC's purpose and value, as well as adopt strategies and policies including risk management policies and programs;
3. Monitors and evaluates on a regular basis the implementation of corporate strategies and policies, business plans and operations and operating budgets as well as Management's over-all performance to ensure optimum results;
4. Adopts a competitive selection and promotion process, a professional development program, as well as a succession plan, to ensure that the Officers of the Commission have the necessary motivation, integrity, competence and professionalism;
5. Monitors and manages potential conflicts of interest of its members, management and shareholders, including misuse of corporate assets and abuse in related party transactions;
6. Implements a system of internal checks and balances, which may be applied in the first instance to the Commission; and ensure that such systems are reviewed and updated on a regular basis;
7. Ensures the integrity of the accounting and financial reporting systems of the Commission, including independent audit, and that appropriate systems of control are in place, in particular systems for risk management, financial and operational control and compliance with the law and relevant standards;
8. Identifies, monitors and provides appropriate technology and systems for the identification and monitoring of key risks and performance areas;
9. Adopts, implements and oversees the process of disclosure and communications;

⁵Section 8, GCG Memorandum Circular No. 2012-07

10. Constitutes an Audit Committee and such other specialized committees as may be necessary or required by applicable regulations, to assist the Commission in discharging its functions; and
11. Conducts and maintains the affairs of the Commission within the scope of its authority, as prescribed in its Charter and applicable laws, rules and regulations.

Section 7. Composition of the Commission – The Commission is composed of five ex-officio members, namely: the Secretary of Labor and Employment as Chairman, the GSIS President and General Manager, the SSS President and CEO, the Chairman of the Medicare (now PhilHealth), and the Chairman of the Civil Service Commission and three appointive members, the Executive Director of the ECC Secretariat, the representative from the employees' sector, and the representative from the employers' sector, to be appointed by the President of the Philippines for a term of one year. The Vice Chairman of the Commission shall be alternated each year between the GSIS President General Manager and the SSS President and CEO.⁶

Section 8. Ex Officio Alternates – In his/her absence, any member of the Commission may designate an official, next-in-rank to him/her, of the institution he/she serves on full-time basis as his/her representative to act in his behalf and whose acts shall be considered the acts of his/her principal.⁷

Section 9. Multiple Board Seats – No appointed member of the ECC may hold more than two (2) other Board seats in other GOCCs, subsidiaries and/or affiliates.⁸

All Appointive Directors of the ECC and its subsidiaries shall be appointed by the President of the Philippines from a shortlist prepared by the GCG.

Section 10. Fit and Proper – All members of the Board, the Executive Director and other Officers of the ECC shall be qualified by the Fit and Proper Rule adopted by the GCG in consultation and coordination with the relevant government agencies to which the ECC is attached, and approved by the President⁹, and shall include by reference the qualifications expressly provided for under P.D. 626, as amended, in reference to the qualifications provided under the GOCC Act of 2011.¹⁰

In determining whether an individual is fit and proper to hold the position of an appointive member the Commission, due regard shall be given to one's integrity, experience, education, training and competence.

Section 11. Term of Office – Any provision of P.D. No. 626, as amended, to the contrary notwithstanding, the term of office of each appointive member shall be for

⁶ Article 176, pars. (a) and (b), P.D. No. 626, as amended; Sec. 17, R.A. No. 10149; E.O. No. 864, Feb. 22, 2010; GCG Opinion stating that the ECC Exec. Dir. is an appointive member by virtue of R.A. No. 101049

⁷ Article 176(b), P.D. No. 626, as amended; Section 10, GCG Memorandum Circular No. 2012-07; Section 14, R.A. No. 10149

⁸ Section 11, GCG Memorandum Circular No. 2012-07

⁹ Section 16, R.A. No. 10149

¹⁰ Section 13, GCG Memorandum Circular No. 2012-07

one (1) year, unless sooner removed for cause. Provided, however, that each appointive member shall continue to hold office until the successor is appointed.¹¹

All appointive members of the Commission shall have a term of office beginning on 01 July of the year of appointment and ending on 30 June of the following year.

An appointive director may be nominated for re-appointment only if he or she obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as appointive director, based on performance criteria for appointive directors adopted for the GOCC Sector.

Appointment to any vacancy shall only be of the unexpired term of the predecessor. The appointment of a Director to fill such vacancy shall be in accordance with the manner for regular nomination, short-listing and appointment of appointive directors.

Section 12. Officers of the Commission– The Officers of the Commission are the Chairman, the Vice-Chairman, the Board Secretary, and the Compliance Officer who must all be Filipino Citizens.¹²

12.1. Chairman of the Commission –

The Chairman shall, when present, preside at all meetings of the Commission. The Chairman's responsibilities may include:

- a) Calling meetings to enable the Commission to perform its duties and responsibilities;
- b) Approving meeting agenda in consultation with the Executive Director and the Commission Secretary;
- c) Exercising control over quality, quantity and timeliness of the flow of information between the Commission Proper and the Secretariat; and
- d) Assisting in ensuring compliance with the GOCC's guidelines on corporate governance.

The responsibilities set out above, may pertain only to the Chairman's role in respect to the Commission proceedings, and shall not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.¹³

12.2. Vice-Chairman – In the absence of the Chairman of the Board, the Vice-Chairman shall preside at the meetings of the Board.¹⁴

¹¹Section 17, R.A. No. 10149; Section 14, GCG Memorandum Circular No. 2012-07

¹²Section 15, GCG Memorandum Circular No. 2012-07

¹³Id

¹⁴Sec. 15.2, Id

12.3. Commission Secretary¹⁵ – The Commission Secretary need not be a member of the Commission. Ideally, the Commission Secretary must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. The Commission Secretary shall have the following functions:

- 1) Serves as an adviser to the members on their responsibilities and obligations;
- 2) Keeps the minutes of meetings of the Commission in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the Executive Director and other members of the Commission as appropriate;
- 3) Keeps in safe custody the seal of the ECC and affix it to any instrument requiring the same;
- 4) Attends to the giving and serving of notices of Commission meetings;
- 5) Be fully informed and be part of the scheduling process of other activities of the Commission;
- 6) Receives instructions from the Chairman on the preparation of an annual schedule, the calling of Commission meetings, the preparation of regular agenda for meetings, and notifying of such agenda at every meeting;
- 7) Oversees the adequate flow of information to the Commission prior to meetings; and
- 8) Ensures fulfillment of disclosure requirements to regulatory bodies.

The Commission Secretary shall have such other responsibilities as the Commission may impose upon him. The Commission shall have separate and independent access to the Commission Secretary.

12.4. Compliance Officer¹⁶ – The Commission shall appoint a Compliance Officer who shall report directly to the Chairman. In the absence of such office or appointment, the Commission Secretary, who is preferably a lawyer, shall act as Compliance Officer. The Compliance Officer shall perform the following duties:

- a) Monitors compliance by the ECC of the requirements under the GOCC Governance Act, the Code of Corporate Governance for the GOCCs, the rules and regulations of the appropriate Government Agencies and, if any violations, are

¹⁵Sec. 15.3, Id

¹⁶Sec.15 (15.4), GCG Memorandum Circular No. 2012-07

found, report the matter to the Commission and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

- b) Appears before the GCG when summoned in relation to compliance with the Code of Corporate Governance for the GOCCs or other compliance issues; and;
- c) Issues a certification every 30 May of the year on the extent of the ECC's compliance with the government corporate standards governing GOCCs for the period beginning 01 July of the immediately preceding calendar year, if there are any deviations, explain the reason for such deviation.

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

Section 13. Annual Performance Evaluation of the Board¹⁷ - A systematic evaluation process of the Commission shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for members to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the Commission.

ECC SECRETARIAT

Section 14. The ECC Secretariat¹⁸ - The ECC Secretariat stands as the center of decision-making for its day-to-day affairs. It determines the ECC's activities by putting the targets set by the Commission in concrete terms and by implementing the basic strategies for achieving those targets.

The ECC Secretariat is responsible to the Commission for implementing the infrastructure for the GOCC's success through the following mechanisms in its organization as set by the Commission: organizational structures that work effectively and efficiently in attaining the goals of the ECC; useful planning, control and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of the ECC; and a plan of succession that formalizes the process identifying, training and selection of successors in key positions in the ECC.

¹⁷ Sec.17, GCG Memorandum Circular No. 2012-07

¹⁸ Sec. 18, GCG Memorandum Circular No. 2012-07

Section 15. *Secretariat Primarily Accountable to the Commission*¹⁹– The Secretariat is primarily accountable to the Commission for the operations of the ECC. As part of its accountability, the Secretariat shall provide all members with a balanced and understandable account of the GOCC's performance, position and prospects on a monthly basis.

Section 16. *Chief Executive Officer (CEO) or the Executive Director*²⁰– the CEO or the Executive Director, as the highest-ranking Executive Officer provided for in the Charter of the ECC, shall be elected annually by the members from among its ranks. The Executive Director shall be subject to the disciplinary powers of the Commission and may be removed for cause. In addition to the duties imposed on him by the Commission, the CEO or the Executive Director:

- a) Exercises general supervision and authority over the regular course of business, affairs and property of the ECC and over its employees and officers;
- b) Ensures to it that all orders and resolutions of the Board are carried into effect;
- c) Submits to the Board as soon as possible after the close of each fiscal year, a complete report of the operations of the ECC for the preceding year and the state of its affairs;
- d) Reports to the Board from time to time all matter which the interest of the ECC may require to be brought to its notice; and
- e) Performs such other duties and responsibilities as the Commission may impose.

Section 17. *Power of the Commission to Discipline/Remove Officers of the Secretariat*²¹– Subject to existing civil service laws, rules and regulations, and in ensuring compliance with the requirements of due process, the Commission shall have the authority to discipline, or remove from office the CEO or the Executive Director, or any other Officer, upon a majority vote of the members of the Commission who actually took part in the investigation and deliberation.

DUTIES AND OBLIGATIONS OF THE COMMISSIONERS AND THE OFFICERS OF THE ECC SECRETARIAT

Section 18. *Fiduciaries of the State*²²– The Commissioners and the Officers of the Secretariat are fiduciaries of the state such that they have the obligation and duty to always act in the best interest of the ECC, with utmost good faith in all dealings with

¹⁹ Sec. 19, Id

²⁰ Sec. 20, Id

²¹ Sec. 22, Id

²² Sec. 23, GCG Memorandum Circular No. 2012-07

the properties, and financial interests of the ECC; and as duly constituted trustees in relation to the properties, and financial interests of the ECC.

Section 19. Duties as Public Officials – The Commissioners and the Officers of the Secretariat are also public officials as defined by, and are therefore covered by the provisions of the “Code of Conduct and Ethical Standards for Public Officials and Employees. As such they are covered by its provisions, with its declared policies: (a) to promote a high standard of ethics in public service; and (b) Public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives and uphold public interest over personal interest.²³

Section 20. Respect for and Obedience to the Constitution and the Law²⁴ – As Public Officials, the Commissioners and the Officers of the Secretariat shall respect and obey the Constitution, and shall comply, and cause the ECC to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the ECC and to act within the bounds of its Charter.

Section 21. Duty of Diligence – The fiduciary duty of diligence of the Commissioners and the Officers of the Secretariat to always act in the best interest of the ECC, with utmost good faith in all its dealings with the property of the ECC, includes the obligation to:

- a) Exercise Extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the ECC, using the utmost diligence of a very cautious person with due regard to all the circumstances;²⁵
- b) Apply sound business principles to ensure the financial soundness of the ECC²⁶; and
- c) Elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.²⁷

Every Commissioner or Officer of the Secretariat, by the act of assuming or accepting such position in the ECC, affirms and agrees:

- i. To have a working knowledge of the statutory and regulatory requirements affecting the ECC which he/she serves, including the contents of its Charter, the requirements of the GCG and where applicable the requirements of other Supervising Agencies; and

²³ Adopted from Sec. 24, Id

²⁴ Sec. 25, GCG Memorandum Circular No. 2012-07

²⁵ Sec. 21, R.A.10149; Sec. 26 (a), GCG Memorandum Circular No. 2012-07

²⁶ Section 19(d), R.A.10149; Sec. 26(b), GCG Memorandum Circular No. 2012-07

²⁷ Section 19(e), R.A.10149; Sec. 26(c), GCG Memorandum Circular No. 2012-07

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

Section 22. Duty of Loyalty – The fiduciary duty of loyalty of the Commissioners and the Officers of the Secretariat to always act in the best interest of the ECC, with utmost good faith in all its dealings with the property and monies of the ECC, includes the obligation to²⁸:

- a) Act with utmost and undivided loyalty to the ECC;²⁹
- b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board;³⁰ and
- c) Avoid (1) taking for themselves opportunities related to the ECC's business; (2) using the GOCC's property, information or position for personal gain; or (3) competing with GOCC's business opportunities.³¹

22.1. Conflict of Interest – The Commissioners and the Officers of the Secretariat shall at all times avoid any actual or potential conflict of interest with the ECC. Each Commissioner and Officer of the Secretariat shall also avoid any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.³²

Section 23. No Gift Policy– A Commissioner, Chief Executive Officer/Executive Director or other Officer of the Secretariat shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entrapment, loan or anything of monetary value ("Gift") from any person where such Gift:

- a) Would be illegal or in violation of law;
- b) Part of an attempt or agreement to do anything in return;
- c) Has a value beyond what is normal and customary in the ECC business;
- d) Is being made to influence the member of Commission or the Officer's actions as such; or
- e) Could create the appearance of a conflict of interest.³³

The Commission formally adopts a "No Gift Policy" within the ECC and ensures its full advertisement to the general public dealing with the ECC and guarantees its strict implementation by particular set of rules.

²⁸ Section 19, R.A.10149; Sec. 27, GCG Memorandum Circular No. 2012-07

²⁹ Section 19(a), R.A.10149; Sec. 27(a), GCG Memorandum Circular No. 2012-07

³⁰ Section 19(c), R.A.10149; Sec. 27(b), GCG Memorandum Circular No. 2012-07

³¹ Sec. 27(c), GCG Memorandum Circular No. 2012-07

³² Sec. 27.1, GCG Memorandum Circular No. 2012-07

³³ Sec. 29, GCG Memorandum Circular No. 2012-07

Section 24. *Duty of Confidentiality* – Pursuant to their duties of diligence and loyalty, a member of the Commission or an Officer of the Secretariat shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.³⁴

CORPORATE SOCIAL RESPONSIBILITY AND RELATIONS WITH STAKEHOLDERS

Section 25. *Duty to be Responsive to Stakeholders*– Every Commissioner and Officer assumes or accepts the positions fully aware that he/she assumes certain responsibilities not only to the ECC but also with different constituencies or Stakeholders, who have the right to expect that the ECC is being run in a prudent manner and with due regard to the interests of all Stakeholders. Consequently, members of the Commission and Officers of the ECC Secretariat shall deal fairly with the ECC's employees, clients, suppliers and other Stakeholders. No such Member of the Commission or Officer may take unfair advantage of the ECC's employees, clients, suppliers and other Stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practice.³⁵

Section 26. *Corporate Social Responsibility*–As an integral part of the National Government, the ECC is inherently mandated to be socially responsible, to act and operate as a good corporate citizen. The Commission recognizes and performs its obligations towards the National Government, its employees, clients, suppliers and other Stakeholders, and the communities in which it operates.³⁶

The Commissioners, the Officers, and all ECC employees are required to abide by ethical policies as mandated by the GCG. The protection of the reputation and goodwill of the ECC is of fundamental importance and its Commissioners, Officers and employees should be aware of the disciplinary implications of breaches of policy.

Every member of the ECC is encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. The ECC should endeavor to create an environment that will enable its people to raise genuine and legitimate concerns internally. However, in the event that the reporting to management may result in harassment, or undue distress, an employee or any stakeholder may contact the GCG support to report such matters. The GCG provides for an opportunity for concerns to be investigated and ensures appropriate action is taken to resolve the matter effectively.

³⁴Sec. 30, Id

³⁵Sec. 31, Id

³⁶Sec. 34, Id

Section 27. Responsibility of Commissioners, Officers and Employees- Every Commissioner, officer and employee of the ECC is encouraged to observe the following:

- a) Remember that the biggest stakeholder is the Government;
- b) Share the vision of the ECC;
- c) Be accountable to the public;
- d) Listen and learn from his/her co-employees;
- e) Think and act as a team;
- f) Focus on the customers and strive for customer satisfaction;
- g) Respect others;
- h) Communicate with clients;
- i) Deliver results and celebrate success; and
- j) Protect the reputation of the ECC.³⁷

Section 28. Dealings with Stakeholders- Integrity and honesty in dealings with stakeholders is necessary for a successful and sustained business relationship. The ECC should operate a highly effective and efficient organization, focused on meeting stakeholders' objectives with the aim of providing services which give fair value and consistent quality, reliability and safety. The ECC should provide policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its clients' interest. The ECC should have clear and strong lines of communication which allow them to respond quickly and efficiently to its client's concerns and requirements, as well as the public needs, and for the clients to receive consistent and effective service in order to successfully and consistently deliver the mandated duty of ECC.³⁸

Section 29. Partnership with Stakeholders- The ECC should aim to offer, through partnership with its stakeholders, the best combination of state-of-the-art technology and world class service, strong client relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on time and within budget.³⁹

³⁷ Sec. 36, GCG Memorandum Circular No. 2012-07

³⁸ Section 37, Id

³⁹ Sec. 38, Id

Section 30. *Recognition of the Stakeholders*– The following are the stakeholders of the ECC:

- a) Registered employees in the public and private sector and their beneficiaries and other beneficiaries of the Employees' Compensation Program;
- b) Supervising government agencies and other partner government institutions;
- c) Private partner institutions to include non-government organizations, training institutions and hospitals;
- d) Persons with Work-Related Disabilities (PWRDs) or Occupationally Disabled Workers (ODWs);
- e) Media

Section 31. *Hierarchy of Stakeholder's Interest*– universal and equitable coverage and protection through a viable Employees' Compensation Program should be designed to increase stakeholders' value through the following:

- a) Intensification of campaign and information on safety and health in the workplace;
- b) Innovative policies, programs and projects that meets the needs of the employees and their beneficiaries in the event of work-connected contingencies;
- c) Continuous education of workers of their rights and benefits under the Employees' Compensation program;
- d) Timely, adequate and meaningful benefits; and
- e) Safeguarding the integrity of the State Insurance Fund

Section 32. *Policy on Communicating or Relating with Stakeholders*– As fiduciary of the State, the ECC ensures accurate, effective, sufficient and transparent communication with its stakeholders of its goals programs and projects and the actual implementation of the same.

Section 33. *Accountability on Providing or Rendering Stakeholder's Legitimate Interest*–As one the agencies in the implementation of the Employees' Compensation Program, the ECC endeavors to continuously assess its policies, programs and projects to effectively align the same to its legal mandate and more importantly to the changes in the working environment.

Towards this end, the Commission, as the one primarily accountable to the stakeholders, should provide them with a balanced and comprehensible assessment of the Commission's performance, position and prospects on a quarterly basis,

including interim and other reports that could adversely affect its operation, as well as reports to regulators that are required by law. Thus, it is essential that the Secretariat provide all members of the Commission with accurate and timely information that would enable the Commission to comply with its responsibilities to the stakeholders.⁴⁰

DISCLOSURE AND TRANSPARENCY REQUIREMENTS

Section 34. *Transparency as the Essence of Corporate Governance*—the essence of corporate governance is transparency. The more transparent the internal workings of the ECC are, the more difficult it will be for the Commission and/or the Secretariat to mismanage the ECC or to misappropriate its assets.⁴¹

Section 35. *Disclosure Requirements* - In compliance to the State's policy that the governance of GOCCs must be carried out in a transparent, responsible and accountable manner, the ECC undertakes to disclose to the National Government and the public in a timely and accurate manner at all times, through but not limited to unrestricted public web access, the following information:

- a) The latest version of the ECC Charter;
- b) Government Corporate Information Sheet;
- c) Complete listing of the Commissioners and Officers with attached resume;
- d) Complete Compensation Package of all the Commissioners and Officers, including travel, representation, transportation and any other form of expenses or allowances;
- e) Attendance record of Commissioners in Commission Meetings;
- f) Latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
- g) Audited Financial Statements in the immediate past three (3) years;
- h) Quarterly , and Annual Reports and Trial Balance;
- i) Current Corporate Operating Budget (COB);

⁴⁰ Article 5-A, SEC Revised Code of Corporate Governance, SEC MC No. 6 Series of 2009

⁴¹ Sec.41, GCG Memorandum Circular No. 2012-07

- j) All borrowings guaranteed by the Government, if any;
- k) Any material risk factors and measures taken to manage such risks;
- l) Performance Evaluation System (PES);
- m) Charter Statement/Mission-Vision Statements;
- n) Performance scorecards and Strategy Map;
- o) Organizational Chart;
- p) Manual of Corporate Governance;
- q) CSR Statement;
- r) Balance Scorecard;
- s) Such other information or report that the GCG may require.⁴²

35.1. List of Disclosures to be made by Commissioners –

- a) Statement of Assets, Liabilities and Net Worth;
- b) The extent of their business interest or any Material Information required by the GCG, or by any other relevant provision of law, as well as when required by a circular, memorandum, rule or regulation, applicable to the ECC;⁴³
- c) Prior to assuming the position to which he/she was appointed, an Appointive Commissioner shall submit to the Compliance Officer, or Commission Secretary, if no Compliance Officer has been appointed, a sworn certification that he/she possesses all the qualifications and none of the disqualifications pertaining to the position as found in the ECC Charter, the provisions of laws, rules and regulations applicable to ECC, and as provided for under the Fit and Proper Rule For Appointive Directors And CEOs of GOCCs.⁴⁴
- d) Any question about a Commissioner's or Officer's actual or potential conflict of interest with the ECC shall be brought promptly to the attention of the Chairman who will review the question and determine an appropriate course of action.⁴⁵

⁴²Sec. 43, GCG Memorandum Circular No. 2012-07

⁴³6.2(a), GCG Memorandum Circular No. 2012-05

⁴⁴9.1, GCG Memorandum Circular No. 2012-05

⁴⁵27.1, GCG Memorandum Circular No. 2012-07

Section 36. *Mandatory Website.* – The ECC shall maintain a website and post therein for unrestricted public access the information enumerated under Sec. 35 of this Manual.⁴⁶

Section 37. *Active Participation in the Integrated Corporate Reporting System (ICRS)* – The ECC shall ensure that it becomes an active and responsible member and contributor to the ICRS.⁴⁷

Section 38. *Mandatory Reports*⁴⁸ – The Commission shall regularly submit, as may be required by the GCG and other Government Agencies, the following:

- a) Performance Scorecards;
- b) Implementation of the audit recommendations of COA; and
- c) Compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government, if any.

Section 39. *Other Reportorial Requirements*⁴⁹ - The ECC shall also submit to GCG periodically and in electronic form the following:

- a) Common Form financial statements based on annual audited financial statements within thirty (30) days from receipt of the report;
- b) Dividend computations and payments in accordance with Republic Act No. 7656, also known as "The Dividends Law", if applicable;
- c) Cash and investment balances;
- d) Actual and projected Statement of Cash Surplus/Deficit;
- e) Capital expenditure program;
- f) Statement of Financial Operations;
- g) Acquisition or disposition of assets;
- h) Off Balance sheet transactions; and
- i) Reports for the annual corporate budget call such as but not limited to the following:
 - 1) Physical and Financial Performance reports (the immediately preceding three (3) years); and

⁴⁶ Sec. 43, GCG Memorandum Circular No. 2012-07

⁴⁷ Sec. 44, GCG Memorandum Circular No. 2012-07

⁴⁸ Sec. 45, GCG Memorandum Circular No. 2012-07

⁴⁹ Sec. 46, GCG Memorandum Circular No. 2012-07

- 2) Sources and Uses of Funds (the immediately preceding three (3) years) and the proposal for the coming year.

HIGHEST STANDARDS PRINCIPLE⁵⁰

Section 40. *Public service being a public trust, nothing in this Code shall be construed as:*

- 1) *Corporate Government Standards:* Relieving or excusing the ECC, its Commissioners and Officers, from complying with more rigorous standards of corporate governance as those required by regulatory agencies having jurisdiction over it.
- 2) *Reportorial Requirements:* A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over the ECC and its operations.
- 3) *Administrative and Criminal Liabilities:* A waiver of the administrative or criminal liabilities imposed by existing laws, rules and regulations, such as the Anti-Graft and Corrupt practices Act, and the Code of Conduct and Ethical standards for Public Officials and Employees for Government Officials, for offenses or breach of Ethical standards committed by Commissioners, Officers and employees of ECC.

Section 41. Restitution of Disallowed Benefits and Penalty for Failure to Conduct the Same⁵¹

- a. Upon the determination and report of the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, that properties or monies belonging to the ECC are in the possession of a Commissioner or Officer of the ECC without authority, or that profits are earned by the Commissioner or Officer in violation of his/her fiduciary duty or the aggregate per diems, allowances and incentives received in a particular year are in excess of the limits provided under the Act, the Commissioner or Officer receiving such properties or monies shall immediately return the same to the ECC.
- b. Failure by a Commissioner or Officer to make the restitution within thirty (30) days after a written demand has been served shall, after trial and final judgment, subject such Commissioner or Officer to the punishment of imprisonment for 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.

⁵⁰ Sec. 48, GCG Memorandum Circular No. 2012-07

⁵¹ Sec. 27.4, GCG Memorandum Circular No. 2012-07

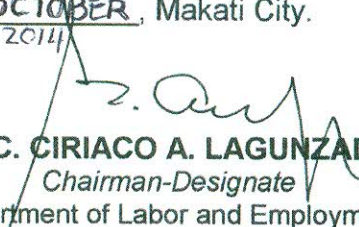
Nothing in this Manual shall be construed as waiving or limit in any administrative or criminal liabilities that may be imposed by existing laws, rules and regulations, such as the Anti-Graft and Corrupt practices Act, and the Code of Conduct and Ethical standards for Public Officials and Employees for Government Officials, for offenses or breach of Ethical standards committed by such Commissioners and Officers of the ECC.


MISCELLANEOUS PROVISIONS

Section 48. Amendments – This Manual may be amended by the ECC subject to the approval of the GCG through the issuance of a Board Resolution duly published in the ECC website.

Section 49. Effectivity – This Manual shall be effective upon its approval by the GCG.


ADOPTED and APPROVED by the Commission through Board Resolution No. _____ issued on 15 OCTOBER, Makati City.

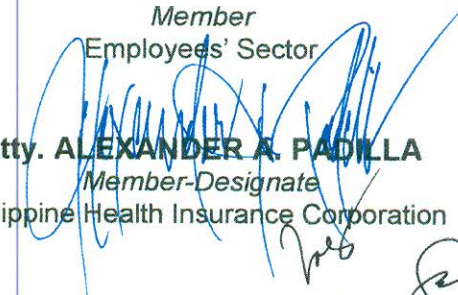

USEC. CIRIACO A. LAGUNZAD III
Chairman-Designate
Department of Labor and Employment


AGNES E. SAN JOSE
Member- Designate
Social Security System


Atty. DIONISIO C. EBDANE, JR.
Member-Designate
Government Service Insurance System


CARLITO P. ROBLE
Member
Employees' Sector


Atty. MIGUEL B. VARELA
Member
Employer's Sector


Atty. ALEXANDER A. PADILLA
Member-Designate
Philippine Health Insurance Corporation


Atty. ROBERT S. MARTINEZ
Member-Designate
Civil Service Commission


STELLA Z. BANAWIS
Member
ECC Executive Director

APPROVED/DISAPPROVED

GOVERNANCE COMMISSION FOR GOCCS