



MANUAL OF CORPORATE GOVERNANCE

(Revised as approved by the Board of Directors on
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Manual of Corporate Governance

It is the policy of PhilEXIM to actively promote and pursue corporate governance reforms and to continuously observe the principles of fairness, accountability and transparency. The Board of Directors of PhilEXIM hereby adopts this Code of Corporate Governance as a conscious attempt to significantly enhance PhilEXIM's corporate organization to make it a valuable partner of the government in national development and to make it a corporation that is competitive both locally and globally.

I. COMMITMENT

PhilEXIM is committed to institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors, Management and Staff of PhilEXIM hereby commit themselves to the principles and best practices contained in this Code and acknowledge that this will serve as a guide in the attainment of corporate goals and the programs of reform for the government corporate sector as encapsulized in the acronym FIESTA: fair sharing/contribution in the fiscal consolidation efforts of the National Government, integrity and enhanced corporate governance, efficient and effective delivery of public services, sustainability, transparency and accountability.

The Board of Directors, Management and Staff believe that corporate governance is an integral component of sound strategic business management and of transparency and accountability in public corporate governance and will therefore undertake every effort necessary to create awareness within the organization.



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II. GOVERNANCE / COMPLIANCE SYSTEM

A. BOARD OF DIRECTORS

The Board of Directors, hereinafter referred to as the “Board,” having been vested directly by law with legal capacity and authority to exercise all corporate powers, conduct all the business, and to hold all properties of PhilEXIM, is primarily responsible for the governance of the Corporation. Compliance with the principles of good corporate governance shall start with the Board. The main responsibility of the Chairman of the Board shall be focused on the proper governance of the Corporation through the Board. Consequently, it is the Board and not Management, that is primarily accountable to the State for the operations and performance of PhilEXIM.

Composition of the Board

Pursuant to Section 10 of Presidential Decree No. 1080 as amended (the PhilEXIM Charter), the powers and functions of PhilEXIM shall be exercised by a Board which shall be composed of nine (9) members, as follows:

1. The Secretary of Finance who shall be the Chairman of the Board. Whenever the Secretary of Finance is unable to attend a meeting of the Board, he/she shall designate his/her alternate to attend the meeting, who shall act as Chairman;
2. The President of the Corporation, who is the CEO or the highest ranking officer and an Appointive Director, shall be elected annually by the members of the Board from among its ranks, shall be the Vice-Chairman of the Board, shall assist the Chairman in case of absence or incapacity;
3. The Secretary of Trade and Industry. Whenever the Secretary of Trade and Industry is unable to attend a meeting of the Board, he/she shall designate his/her alternate to attend the meeting;
4. The Governor of the Bangko Sentral ng Pilipinas (BSP). Whenever the BSP Governor is unable to attend a meeting of the Board, he/shall shall designate his/her alternate to attend the meeting;

5. The Director-General of the National Economic and Development Authority (NEDA). Whenever the NEDA Director-General is unable to attend a meeting of the Board, he/she shall designate his/her alternate to attend the meeting;
6. The Chairman of the Philippine Overseas Construction Board (POCB). Whenever the POCB Chairman is unable to attend a meeting of the Board, he/she shall designate his/her alternate to attend the meeting; and
7. Three (3) representatives from the private sector, at least one of which shall come from the export community, who shall be of known probity in the sector he represents, are Appointive Directors.

Ex Officio Alternates and Appointment of Appointive Directors

Ex Officio Directors may designate their respective alternates, who ideally should be the officials next-in-rank to them, and whose acts shall be considered the acts of their principals.

The CEO or the highest-ranking officer shall be elected annually by the members of the Board from among its ranks. All appointment of Appointive Directors of PhilEXIM shall be appointed by the President of the Philippines from a shortlist prepared by the Governance Commission for GOCCs (GCG). The selection and nomination, and short-listing of prospective Appointive Directors shall be pursued in accordance with the rules and criteria formulated by the GCG.

Mandate and Responsibility for the Corporation's Performance

In addition to the Powers of the Board pursuant to Section 11 of Presidential Decree No. 1080 as amended, the Board shall have the following mandate and responsibility:

1. Provide corporate leadership subject to the rule of law, and the objectives set by the National Government through the Department of Finance, its supervising agency and the GCG;
2. Establish the Corporation's vision and mission, strategic objectives, policies and procedures, as well as defining PhilEXIM's values and standards through



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Charter statements, strategy maps and other control mechanisms mandated by best business practices;

3. Determine important policies that bear on the character of PhilEXIM to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
4. Determine the organizational structure of PhilEXIM, 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 be in pursuit of the applicable laws, rules and regulations;
6. Provide sound written policies and strategic guidelines on the Corporation's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of PhilEXIM;
7. Comply with all reportorial requirements, as required in the PhilEXIM Charter as well as applicable laws, rules and regulations;
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 Corporation's relations with Stakeholders.

Meetings of the Board

Pursuant to Section 12 of Presidential Decree No. 1080 as amended, the Board shall convene as frequently as is necessary to discharge its responsibilities properly, but shall meet at least once a month. The Board may be convoked either by the Secretary of Finance or by the President of PhilEXIM.

Board Duty to Select and Provide Independent Check on Management

It is the duty of the Board to ensure that they elect and/or employ only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience and integrity. The Board is therefore obliged to provide an independent check on Management.

Specific Functions of the Board

To ensure a high standard of best practice for PhilEXIM and its stakeholders, and in addition to those specified in its Charter, the Board shall:

1. Meet regularly, ideally at least once a 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 or minuted;
2. Determine PhilEXIM's purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that PhilEXIM survives and thrives despite financial crises and that its assets and reputation are adequately protected;
3. Monitor and evaluate on a regularly basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's overall performance to ensure optimum results;
4. Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan, to ensure that the Officers of PhilEXIM have the necessary motivation, integrity, competence and professionalism;
5. Monitor and manage the potential conflicts of interest of Directors, Management, and shareholders, including misuse of corporate assets and abuse in related party transactions;
6. Implement a system of internal checks and balances, which may be applied in the first instance to the Board, and ensure that such systems are reviewed and updated on a regular basis;



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7. Ensure the integrity of PhilEXIM's accounting and financial reporting systems, 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. Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
9. Adopt, implement and oversee the process of disclosure and communications;
10. Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and
11. Conduct and maintain the affairs of PhilEXIM within the scope of its authority, as prescribed in its Charter and applicable laws and regulation.

Fit and Proper

All members of the Board and other Officers of PhilEXIM including Appointive Directors shall be qualified by the Fit and Proper Rule adopted by the GCG in consultation and coordination with the Department of Finance to which PhilEXIM is attached, and approved by the President, and shall include by reference the qualifications expressly provided for in the Charter.

To maintain the quality of management of the Corporation, the GCG, in coordination with Supervising Agencies shall, subject to the approval of the President, prescribe, pass upon and review the qualifications and disqualifications of individuals appointed as Directors, CEO and other Executive Officers and shall disqualify those found unfit.

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

Term of Office of Appointive Directors

The term of office of each Appointive Director shall be for one (1) year, unless sooner removed for cause; Provided, however, that each Appointive Director shall continue to hold office until the successor is appointed and qualified. The one (1) year Term of Office of all Appointive Directors covered by the GOCC Act of 2011 shall begin on 01 July of the year of appointment and ending on 30 June of the following year.

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 adopted for GOCC.

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

B. BOARD OFFICERS

The Board Officers of PhilEXIM are the Chairman of the Board (who is the highest ranking of the Board officers), the Vice Chairman, the Corporate Secretary, and the Compliance Officer, who are all Filipino citizens.

The Chairman of the Board

The Chairman shall, when present, preside at all meetings of the Board. The Chairman's responsibilities may include, among others, the following:

1. Calling on meetings to enable the Board to perform its duties and responsibilities;
2. Approving meeting agenda in consultation with the CEO and the Corporate Secretary;



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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 Corporation's guidelines on corporate governance.

The Vice-Chairman of the Board

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

The Corporate Secretary

The Corporate Secretary need not be a member of the Governing Board. The Corporate Secretary shall be a resident and citizen of the Philippines. He must possess organizational, interpersonal, and legal skills of a Chief Legal Officer.

The Corporate Secretary shall have the following functions:

1. Serve as an adviser to the Board Members on their responsibilities and obligations;
2. Keep the minutes of meetings of the shareholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President/CEO and other members of the Board as appropriate;
3. Keep in safe custody the seal of the corporation and affix it to any instrument requiring the same;
4. Attend to the giving and serving of notices of Board and shareholder 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 Chairman 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;

7. Oversee the adequate flow of information to the Board prior to meetings; and
8. Ensure fulfillment of disclosure requirements to regulatory bodies.

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

The Compliance Officer

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

1. Monitor compliance by the Corporation of the requirements under the GOCC Act of 2011, this Code, the rules and regulations of the appropriate government 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 and the adoption of measures to prevent a repetition of the violation;
2. Appear before the GCG when summoned in relation to compliance with this Code or other compliance issues; and
3. Issue a certification every 30 May of the year on the extent of PhilEXIM's compliance with the government corporate standards governing GOCCs for the period beginning 01 July of the immediately preceding calendar year and, if there are any deviations, explain the reason for such deviation.

The appointment of Compliance Officer shall not relieve the Board 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.



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C. BOARD COMMITTEES

The creation of Board Committees and other such oversight bodies enables the members of the Board to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting PhilEXIM and the proper handling of all concerns, and allows the Board to effectively utilize the expertise of the Directors.

The Board therefore shall constitute the proper Board-level committees to assist them in performing their duties and responsibilities, providing each of the committees with written terms of reference defining the duties, authorities and the composition of the committees constituted. The committees shall report to the entire Board as a collegial body and the minutes of their meetings shall be circulated to all members of the board. The existence of the committees shall not excuse the Board of Directors of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

i) Corporate Governance Committee (CGC)

The CGC shall be composed of at least three (3) members of the Board, and chaired by the Chairman of the Board. The Chairman and the members shall hold office for a period of one (1) year. In case of permanent incapacity, resignation, removal or death, the vacancy shall be filled-up by appointing/designating one from among the members of the Board of Directors, who shall serve for the unexpired portion of the term.

The CGC shall be responsible for the following:

1. Overseeing the periodic performance evaluation of the Board and its committees and Management, and also conducting an annual self-evaluation of their performance;
2. Deciding whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards;

3. Recommending to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance;
4. Recommending the manner by which the Board's performance may be evaluated and proposing an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.
5. Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
6. Reviewing and evaluating the qualifications of all persons nominated to positions in the Corporation which require appointment by the Board;
7. Recommending to the GCG nominees for the shortlist in line with PhilEXIM's Board composition and succession plan; and
8. Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the Corporation's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

A systematic evaluation process of the Board shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for Board members to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate instruction and training programs for new and existing members of the Board.

PhilEXIM may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual Directors, if any, and other officers. No Director shall be involved in deciding his own remuneration.

The compliance functions of the CGC shall cover non-financial matters while financial audit, including non-financial items which are directly relevant to the financial audit work, is assigned to the Audit Committee. Whenever necessary, the CGC shall jointly work with the Audit Committee to make sure that



governance and compliance aspects of a particular issue are thoroughly and adequately addressed.

ii) Risk Oversight Committee (ROC)

The ROC shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Chairman and members shall hold office for a period of one (1) year. In case of permanent incapacity, resignation, removal or death, the vacancy shall be filled up by appointing/designating one from among the members of the Board of Directors, who shall serve for the unexpired portion of the term.

The ROC shall be responsible for the following:

1. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the Corporation, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
2. Developing the Risk Management policy of the Corporation, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of PhilEXIM, especially at the Board and management level; and
3. Providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

The ROC shall meet as often as necessary or as it deems appropriate. It shall periodically meet with the Chief Legal Counsel and other senior officers of the Corporation. The Chairman shall be responsible for scheduling and presiding over the meetings as well as for preparing the agenda. As needed, he may request any officer or employee of the Corporation, resource persons or consultant, if there is any, to attend the meeting of the Committee.

The Office of the Corporate Secretary shall serve as the Secretariat which shall assist the Committee in carrying out its functions effectively and efficiently. All Committee meetings shall be recorded and the minutes of the meeting shall be sent to the members at a reasonable period of time after every meeting.



Powers and Authority of the ROC

For the effective and efficient discharge of its duties, the ROC shall have the following authority and/or prerogatives:

1. Recommend to the Board, upon endorsement of the President/Chief Executive Officer, the appointment of a Chief Risk Officer (CRO) who shall have the rank of at least a Vice President. He shall be administratively under the Office of the President and Chief Executive Officer but shall report functionally to the ROC;
2. Review and approve the qualification standards, job description and responsibilities of the CRO; and
3. Together with the President and CEO, assess the performance of the CRO and recommend any appropriate action relative thereto.

In the performance of its duties, the ROC, subject to the approval of the Board, may hire or retain risk management consultants or other experts.

The Chief Risk Officer (CRO)

The Board of PhilEXIM Directors shall, upon recommendation of the ROC and the President and CEO, appoint a Chief Risk Officer, with the rank of at least a Vice President or as may be determined by the Board. He shall be directly under the administrative supervision of the President and CEO and shall report to the Board of Directors through the ROC on the implementation and ongoing activities of the Risk Management Plan.

Duties and Responsibilities of the Chief Risk Officer (CRO)

1. Integrate risk management into the business activities of the Corporation;
2. Ensure that the Corporation manages adequately credit, market, liquidity, legal, operational and other risks:
 - a. Review compliance with existing risk asset management policies, regulations, plans and procedures;



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- b. Provide feedback to Management and/or marketing units on potential losses or gains in risk asset management operations based on periodic financial analysis to gauge the credit health of the Corporation and identify sound credit alternatives; and
3. Advise the Board of Directors in areas of risk exposures and risk management activities of the Corporation.

The CRO and Compliance Officer shall have such other responsibilities as the Board may impose upon him. They may call on any of PhilEXIM Management and employees to seek assistance or elicit information necessary for the effective implementation of the Corporate Compliance Program. With the permission of the President or the CGC (in case the President is involved), the CRO and Compliance Officer shall have access to all documents and information relevant to compliance activities. The CRO shall seek advice of the Chief Legal Counsel and other lawyers of PhilEXIM whenever necessary. The CRO and Compliance Officer may likewise avail of the services of consultants or experts on relevant issues, subject to the approval of the CGC which shall recommend to the Board of Directors for final approval. The CRO and Compliance Officer shall be provided with the resources necessary to discharge the duties and responsibilities of the position.

iii) Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial reporting process, internal controls, audit process, and TIDCORP's compliance with legal and regulatory requirements.

The Audit Committee shall consist of at least three (3) Directors, whose Chairman should have audit, accounting or finance background.

The Committee members shall be appointed (or elected) annually by the Board. All members shall meet the following qualifications: a) knowledge of the export-import industry; or b) ability to read, understand and analyze fundamental financial statements, including TIDCORP's balance sheet, income statement, statement of cash flow and key performance indicators; and c) ability to understand key business and financial risks and related controls and control processes.

Each member of the Committee shall be independent and shall avoid any situation that may result in conflict of an interest in the performance of his official duties. Independence is measured by the Member's ability to exercise and express objective judgment on any material issue before the Committee, and by the absence of close blood or business relation with anyone from the top level Management of the Corporation.

Unless sooner removed for just cause, the Chairman of the Committee shall serve for a period of one (1) year renewable at the discretion of the Board. In case of vacancy resulting from a Member's permanent incapacity, resignation, removal or death, the replacement shall serve only for the unexpired portion of the term.

Duties and Responsibilities of the Audit Committee

1. Overseeing, monitoring and evaluating the adequacy and effectiveness of PhilEXIM's internal control system, engage and provide oversight of the Corporation's internal and external auditors, and coordinate with the Commission on Audit (COA);
2. Reviewing and approving audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
3. Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
4. Ensuring that internal auditors have free and full access to all the Corporation'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; and



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5. Ensuring the development by Management of a transparent financial management system that will ensure the integrity of internal control activities throughout the organization through a procedures and policies handbook that will be used by the entire organization.

The Corporate Secretary shall serve as the secretary of the Committee. He shall assist the Committee in carrying out its functions effectively and efficiently.

The Audit Committee shall meet regularly every month with authority to convene special meetings as circumstances so require. Attendance of at least three (3) members shall constitute a quorum.

As and when appropriate, the Committee is authorized to call upon members of Management, internal auditors, external auditors or other persons to attend meetings and provide pertinent information and extend such other assistance, as it may deem necessary to accomplish its functions.

The Audit Committee shall keep the Chairman of the Board fully informed of its activities, recommendations and issues decided by it for final disposition of the Board, unless it is the Chairman who is the subject of the audit investigation. It shall also work closely with the other Board Committees and maintain harmonious working relationship with the Risk Oversight Committee.

Every effort shall be made to keep a mutually supportive but professionally arms-length relationship with the Chief Executive Officer and other key members of senior management. The Board shall include in its performance evaluation, the relationship of the CEO with the Audit Committee.

The Audit Committee shall regard the Internal Auditor as a key partner who can help ensure its ability to fulfill its functions. The Internal Auditor shall be encouraged to maintain an open, frank and wholly professional relationship with the Committee, with which the Internal Auditor shall meet privately, confidentially and regularly.

To ensure effectiveness in the work of the Audit Committee, it shall maintain a more frequent and open line of communication with the COA Auditor.



In the performance of its duties, the Audit Committee, upon approval of the Board, may hire or retain consultants which shall be paid by PhilEXIM.

PhilEXIM shall have in place an independent Internal Audit Office, through which the Board and Senior Management shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

To establish functional independence, ensure transparency and prevent conflict of interests, the Internal Audit Office (IAO) shall directly report to the Audit Committee. It shall, however, be under the administrative supervision of the executive Management through the President and CEO.

Functions of the Internal Audit Office

1. Examine and evaluate the adequacy and effectiveness of the internal control systems at various levels of operations and activities of the Corporation;
2. Review compliance with legal and regulatory requirements and approved Corporation's policies and procedures;
3. Examine the quality of credit portfolio and periodically updates Management on the status thereof;
4. Appraise performance and economical and efficient use of corporate resources;
5. Recommend measures to safeguard the assets of the Corporation;
6. Review the accuracy and reliability of the Corporation's accounting records and financial reports, including that of other entities where the Corporation has financial interest or where it may have review and monitoring authority through contractual agreements or covenants; and
7. Suggest/recommend to Management measures to address the inherent flaws/defects in the systems and operations of the different organizational units of the Corporation.



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Pursuant to Section 19 of Presidential Decree No. 1080 as amended, the Chairman of the Commission on Audit shall act as the ex-officio External Auditor of PhilEXIM and, as such, he is empowered and authorized to appoint a representative who shall be the External Auditor.

iv) Credit Committee (CRECOM)

The CRECOM shall be composed of five (5) members, including the President and CEO who shall act as the Chairman of the Committee. All other members of the Committee shall be appointed or designated by the Board.

Duties and Responsibilities of the CRECOM

1. Ensure that the credit policies set by the Board are implemented;
2. Review, assess the adequacy of, and recommend changes or amendments to TIDCORP's existing credit policies and its overall credit administration/implementation, such as but not limited to the general compliance with existing credit policies, guidelines and procedures;
3. Review the quality of TIDCORP's guarantees and direct lending portfolios assuring adherence to policies and guidelines and monitoring progress toward achieving corporate objectives without prejudice to the review to be conducted by an independent body/regulator;
4. Review and approve or deny all applications for direct lending and/or guarantee involving amounts that fall within the amount limitations set by the Board for the Committee;
5. Review and recommend/endorse to the Board all applications for direct lending and guarantee involving amounts that exceeds the amount limitations set by the Board for the Committee;
6. Advise on any matter of significance in coordination/consultation with the Finance and Business Development Committee relating to credit including recommendations to the Board of changes in guarantee and direct lending policies or directions;

7. Review and assess this Charter periodically and recommend any proposed changes to the Board for approval and shall conduct annual assessment of its own performance; and
8. Perform such other functions that the Board may delegate from time to time or as may be required by law.

The members of the Committee shall hold office for a period of one (1) year. In case of death, permanent incapacity, resignation or removal, the vacancy shall be filled up by appointing or designating from among the members of the Board, who shall serve for the unexpired portion of the term.

The Committee shall meet regularly at least once a month or as often as required. The presence of three (3) of the Committee shall constitute a quorum. The Chairman shall preside over the meeting of the Committee. In the absence of the Chairman at a duly convened meeting, the Committee members present shall select from among themselves the member who shall preside the meeting.

v.) Finance and Business Development Committee (FBDC)

Just like the other Board Committees, FBDC is an extension arm of the Board which shall make preliminary study/evaluation and recommendations on major matters referred by Management to the Board for appropriate action. For this reason, the FBDC shall consist of at least four (4) members, with at least one member having a solid background in business and finance. The Chairman and members shall hold office for a period of one (1) year. In case of permanent incapacity, resignation, removal or death of a member, the vacancy shall be filled up by appointing, designating one from among the members of the Board of Directors who shall serve for the unexpired portion of the term.

The FBDC shall have the following functions:

1. Review TIDCORP's business plans and business strategies ensuring consistency with TIDCORP's strategic direction as approved by the Board of Directors and in accordance with the PhilEXIM's Charter;
2. Review TIDCORP's annual budget and subsequent amendments thereto, if any, as prepared by the Management prior to submission to the Board for final review and approval;



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3. Evaluate PhilEXIM's financial condition and operating performance in the light of the FBDC's main responsibility of overlooking the Finance and Business Development concerns of the institution. Specific areas to look at include a) current financial picture and projections in the short, medium and long term scenarios; b) causes of variances between the approved Corporate Operating Budget (COB) and the latest actual performance; and c) potential problems and recommended solutions. FBDC will therefore reinforce the role of Audit Committee which is responsible in reviewing the reliability of the financial statements submitted by Management before elevating to the Board for confirmation;
4. Provide guidance to Management particularly to the Business Revenue Group in formulating specific marketing and business development activities consistent with TIDCORP's approved business plans and strategic direction;
5. Provide necessary support to the Management in formulating strategies and/or specific action plans to improve/strengthen TIDCORP's capital structure and overall financial condition;
6. Assist the Board oversee TIDCORP's borrowing, investing and related financing activities and accordingly, provide guidance in formulating policies, rules and regulations as may be necessary and appropriate to ensure that said activities are undertaken consistent with the approved business plans and strategies of TIDCORP and its mandate as provided for in its Charter;
7. Review the objectives of Asian Exim Banks Forum (AEBF) as an association of Exim Banks/ Agencies in Asia and determine how PhilEXIM can benefit from its membership by initiating more purposive directions that will strengthen its capacity through multilateral and bilateral agreements among member countries.
8. Provide guidance to Management in formulating specific strategies and action plans to recover exposures/liquefy acquired assets and/or properly dispose non-performing assets of TIDCORP; and
9. Regularly check the status and availability of Program Funds to ensure adequate and appropriate allocation of resources to back up the funding



requirements of credit and guarantee proposals in the pipeline. Thus, for any identified deficiency of funds, FBDC shall recommend to the Board alternative sources of funds to support the operations and programs of PhilEXIM.

An Executive Committee may be constituted by the Board for support. It may compose of not less than three (3) members of the Board, with the Chairman of the Board being the Committee Chairman.

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the executive Committee in accordance with PhilEXIM's Charter, except with respect to the following:

1. Approval of any action for which shareholders' approval is also required;
2. Filing of vacancies on the Board or in the Executive Committee;
3. Amendment or repeal of the Charter or the adoption of new law;
4. Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
5. Distribution of cash dividends; and
6. Exercise of powers delegated by the Board exclusively to other committees.

D. MANAGEMENT

Management stands at the center of decision-making for the day-to-day affairs of the Corporation. It determines PhilEXIM's activities by putting the targets set by the Board in concrete terms and implementing basic strategies for achieving those targets.

Management is responsible to the Board for implementing the infrastructure for PhilEXIM's success through the following mechanisms in the organization as set by



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the Board: organizational structures that work effectively and efficiently in attaining the goals of PhilEXIM; 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 PhilEXIM; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the organization.

Management is primarily accountable to the Board for the operations of PhilEXIM. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of PhilEXIM's performance, position and prospects on a monthly basis. This responsibility shall extend to interim and other price sensitive public reports and reports to regulators.

i) Chief Executive Officer (CEO)

Pursuant to Section 14 of Presidential Decree No. 1080 as amended, the CEO shall be the President of PhilEXIM.

Powers and Duties of the CEO

In addition to the powers and duties of the CEO pursuant to Section 15 of Presidential Decree No. 1080 as amended, the President and CEO shall:

1. Exercise general supervision and authority over the regular course of business, affairs, and property of the Corporation, and over its employees and officers;
2. See to it that all orders and resolutions of the Board are carried into effect;
3. Submit to the Board as soon as possible after the close of each fiscal year, and to the shareholders at the annual meeting, if applicable, a complete report of the operations of PhilEXIM for the preceding year, and the state of its affairs;
4. Report to the Board from time to time all matters which the interest of PhilEXIM may require to be brought to its notice; and
5. Perform such other duties and responsibilities as the Board may impose upon him.



ii) Other Executive Officers

Subject to the provisions of the PhilEXIM Charter, the Executive Officers shall be appointed by the Board.

Corporate Treasurer

The Treasurer shall have charge of the funds, securities, receipts and disbursements of the Corporation. Unless otherwise provided in the Charter, the treasurer shall also have the following functions:

1. Deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in compliance with applicable laws, rules and regulations;
2. Regularly and at least quarterly render to the CEO or to the Board an account of the fund condition of funds of the Corporation and all of his transactions as such;
3. Ensure fund availability on a timely basis and at the most economical means;
4. Optimize yields in temporary excess funds, but at the same time ensure the implementation of appropriate risk management measures over its resources;
5. Provide relevant and timely financial market information; and
6. Perform such other responsibilities as the Board may impose.

Chief Finance Officer (CFO)

The CFO shall be responsible for the following:

1. Providing management with accurate, relevant, and timely operating and financial reports and analysis necessary for financial planning and strategy formulation, and monitoring actual implementation of budgets, plans and programs towards the achievement of corporate goals;



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2. Maintaining the integrity of accounting records as the basis of the financial statements and reports provided to Management for decision making and to government regulatory bodies in compliance with statutory requirements;
3. Promoting investor and public confidence in the organization by addressing the various information requirements of the investing public and ensuring that all other legal reportorial obligations to the concerned agencies are complied with;
4. Strengthening internal controls by monitoring compliance with policies and recommending to Management appropriate actions and changes in systems and procedures in the exigencies of the service;
5. Compiling, in coordination with the President and CEO, Business Revenue Group, Operations Support Group and Corporate Planning, TIDCORP's budget for review by the President and CEO and approval by the Board; and
6. Performing such other responsibilities as the Board may impose.

Subject to existing civil service laws, rules and regulations, and in ensuring compliance with the requirements of due process, the Board shall have the authority to discipline, or remove from office, the CEO, or any other Officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

III. DUTIES AND OBLIGATIONS OF DIRECTORS AND OFFICERS

1. Fiduciaries of the State – Directors and Officers are fiduciaries of the State in that: (a) they have the legal obligation and duty to always act in the best interest of the Corporation, with utmost good faith in all dealings with the properties, interests and monies of the Corporation; and (b) they are constituted as trustees in relation to the properties, interests and monies of the Corporation.

2. Directors and Officers as Public Officials – Directors and Officers 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,” 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.
3. Respect for and Obedience to the Constitution and the Law – As Public Officials, a Director or Officer shall respect and obey the Constitution, and shall comply, and cause PhilEXIM to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the organization in which they serve, and to act within the bounds of the Corporation’s Charter.
4. Duty of Diligence – The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the Corporation, with utmost good faith in all its dealings with the property and monies of PhilEXIM, 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 PhilEXIM, using the utmost diligence of a very cautious person with due regard to all the circumstances; (b) apply sound business principles to ensure the financial soundness of PhilEXIM; 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.

Every Director or Officer, by the act of accepting such position, affirms and agrees: (1) to have a working knowledge of the statutory and regulatory requirements affecting PhilEXIM, including the contents of its Charter, the requirements of the GCG, and where applicable, the requirements of other Supervising Agencies; and (2) to always keep himself informed of industry developments and business trends in order to safeguard PhilEXIM’s interests and preserve its competitiveness.

5. Duty of Loyalty – The fiduciary duty of loyalty of Directors and Officers to always act in the best interest of the Corporation, with utmost good faith in all its dealings with the property and monies of PhilEXIM, includes the obligation to: (a) act with utmost and undivided loyalty to the Corporation; (b) avoid



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conflicts of interest and declare any interest they may have in any particular matter before the Board; and (c) avoid taking for themselves opportunities related to the PhilEXIM's business, using PhilEXIM's property, information or position for personal gain, or competing with PhilEXIM's business opportunities.

6. Limits to Compensation, Per Diems, Allowances and Incentives – Pursuant to Section 23 of the GOCC Act, (a) the Charter of PhilEXIM to the contrary notwithstanding, the compensation, per diems, allowances and incentives of the Appointive Directors shall be determined by the GCG, using as a reference, among others, Executive Order No. 24 dated February 10, 2011; and (b) Directors shall not be entitled to retirement benefits acting as such director.
7. Duty of Confidentiality – Pursuant to their duties of diligence and loyalty, a member of the Board or an officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.

IV. OBLIGATIONS OF PHILEXIM TO DIRECTORS AND OFFICERS

1. Providing for Staff Support to Directors - PhilEXIM shall provide the members of its Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.
2. Obtaining of Directors and Officers Liability Insurance (DOLI) – Having imposed the highest level of responsibility and accountability on the members of the Board and Officers, i.e. that of extraordinary diligence, it is equitable that when the Corporation itself and/or the members of the Board and Management are sued before tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed. It is prudent measure therefore for PhilEXIM to obtain "Directors and Officers Liability Insurance" (DOLI) coverage for itself and the members of the Board and Officers against contingent claims

and liabilities that may arise from, as well as the expenses that may be incurred in prosecuting, the actions that may be filed against PhilEXIM arising from the actions of the Board and/or Management, that may cause loss or damage to third parties.

Nothing in this section shall be construed as to authorize the reimbursement or the incurring of costs, such as the payment of premiums on DOLI coverage, by the Corporation on the litigation expenses incurred and the judgment liability decreed against a Director or officer for breach of any of his fiduciary duties or for fraud committed in the performance of his/her duties to PhilEXIM and/or its stakeholders.

V. CSR AND RELATIONS WITH STAKEHOLDERS

1. **Formal Recognition and Relations with Stakeholders.** As mandated by the GCG, this Manual shall incorporate and formally recognize the stakeholders of PhilEXIM thus:
 - a) **Customers/Clients/Borrowers:** Individuals, groups or entities seeking financial assistance from PhilEXIM through its various guarantee, lending and credit insurance facilities, in support of development efforts and resulting towards the creation of multiplier effect.
 - b) **Department of Finance:** A government institution that formulates fiscal policy. Carrying out its basic function of revenue generation to ensure adequate financing for the needs of the country of which PhilEXIM is one of its agencies that performs among others, a mandate of generating revenues for the government;
 - c) **PhilEXIM Governing Board:** The powers and functions of PhilEXIM's mandate are exercised and ensured by a board composed of heads of DOF, BSP, NEDA, DTI, POCB including three (3) appointees from the private sector;
 - d) **Officers and Employees:** Serving as internal players of PhilEXIM, for which its mandate and responsibilities are dutifully carried out with adequate skills, knowledge and professionalism;



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- e) **Financial Institutions/Creditors/Funders:** Entities for which the credit intermediation function of PhilEXIM is applied, to benefit them in terms of economic returns.
- f) **Peer agencies:** Entities which benefit in the course of conducting business and/or of sharing information with PhilEXIM such as the OGCC, other NGAs and GOCCs.
- g) **Oversight agencies;** Entities which supervise critical activities of the Corporation such as the COA, BSP, DBM, CSC and the GCG. Whenever applicable, oversight agencies must help ensure at all times, the continued viability, well-being and support towards PhilEXIM and its internal players in order that its mandate may be pursued with the best interest at hand.
- h) **Suppliers/Vendors:** Provide goods and services to the Agency in the course of carrying out its business.

2. Hierarchy of Stakeholders' Interests System on Conflicts of Interest

In the general sense, conflicts of interest arise between PhilEXIM and its stakeholders or among the stakeholders as a result of diverse principles. Hence, any board member or executive officer of the Agency shall steer clear of any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.

Specifically, conflict of interest exists when any of the following is initiated/endorsed by a board member or executive officer:

- A. Supplies, attempts to apply, provide information, goods and/or services:
 - To the Agency endorsed by relatives and friends; and
 - To an entity in competition with the Agency
- B. Acquires or is attempting to acquire for himself/herself a business opportunity which should belong to the Agency

- C. Any question about any director or officer's conflict of interest with the Agency shall be brought promptly to the attention of the President and CEO and the Corporate Governance Committee, for which as may be required, such may be escalated to the Chairman of the Board, who will review the conflict-in-question and accordingly determine the course of action.

3. Communicating/Relating to the Stakeholders

The Agency, as a corporate entity, recognizes and observes the following duties and obligations to its stakeholders:

To SME/Exporter/Large Account Clients: Provide service and sustain a viable relationship with the utmost professional standards through an efficient, reliable and timely process, balancing all risks involved.

To the Department of Finance (DOF): Fulfill the special obligations that the Agency has contracted with the national government through the DOF and the irrefutable support to the government's goal towards inclusive growth consistent with its development objectives.

To the PhilEXIM Governing Board: Provide timely and necessary reporting in the conduct of operations and affairs of the organization;

To the Officers and Employees: Enhance the quality of life of its officers and employees by providing a competitive compensation package consistent with the GOCC Compensation and Position Classification System and provide opportunities for career professionalism through training and values formation, thereby cultivating their social awareness as well as sense of national pride;

To Financial Institutions/Creditors/Funders: Ensure a professional and value-creating relationship based on trust, reliability and commitment.

To Peer Agencies: Disclose all relevant information, especially to regulatory bodies as required by law.

To Oversight Agencies; Ensure professionalism, cooperation and reliable coordination as instrumentalities of good governance and risk management.



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To Suppliers/Vendors: Provide procurement opportunities while adhering to the procurement laws as created by the Government Procurement Policy Board (GPPB).

4. Responsibility towards Health, Safety and Environment Concerns

In the course of its mandate fulfillment, PhilEXIM shall ensure its commitment to addressing the overall welfare and conditions of its internal and external stakeholders, who are responsible in the dynamic interplay of transactions and achieved goals and objectives of the Agency.

HEALTH AND SAFETY: As every employee and external public regards his role in PhilEXIM as critical to its success as a relevant GOCC, the Corporation shall always endeavor to protect its employees by providing office space and working conditions that are conducive to high productivity and results. This is to include observing policies on no-smoking, banning liquor and other forms of vices within the organization's premises. The Agency shall also continue to promote wellness efforts participated-in by the employees to observe work-life balance.

As part of its health awareness campaign, employees shall be periodically immersed with briefings and information regarding quality life and healthy disposition, stress management and proper physical regimen. Likewise, employees are assured of undergoing physical examination and health coverage on an annual basis.

Furthermore, the Agency shall be consistent with safety regulations and policies in order to insulate and protect the employees and its visitors from harmful and destructive elements. Entry to the premises is observed with proper biometrics access and security guidance.

ENVIRONMENT: PhilEXIM is continuously implementing the 3Rs (re-use, recycle, reduce) as a matter of internal policy – its Green Program, which seeks to observe sustainable campaign via the 3Rs.

The societal contribution of PhilEXIM to the environment is shown through proper waste segregation and disposal, conservation of power and the

continued adoption of austerity measures to rationalize on use of resources such as paper.

VI. DISCLOSURE AND TRANSPARENCY REQUIREMENTS

1. Transparency as the Essence of Corporate Governance – In as much as transparency is the essence of corporate governance, it is imperative for PhilEXIM to disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times.
2. PhilEXIM Code of Corporate Governance – PhilEXIM, acting through its Board, shall promulgate and adopt its corporate governance rules and principles in accordance with the GCG Code of Corporate Governance, and which it shall contain the items stated thereto.

The PhilEXIM Code shall be submitted to the GCG and shall be available for inspection by any of the identified Stakeholders of PhilEXIM at reasonable hours on business days.

3. Mandatory Website – In accordance with Section 25 of the GOCC Act and of the GCG Code of Corporate Governance, PhilEXIM shall maintain a website and post therein for unrestricted public access the following: (a) institutional matters; (b) board and officers; (c) financial and operational matters; (d) governance matters; and (e) such other information or report that the GCG may require.
4. PhilEXIM shall be an Active Participant in the Integrated Corporate Reporting System (ICRS) – PhilEXIM, acting through its Board and Management, shall ensure that it becomes an active and responsible member and contributor to the ICRS project of GCG, in pursuit of national development and providing service to the public, by creating an extensive database and comprehensive information on GOCCs.
5. Mandatory Reports – The Board 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



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- (c) compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government.
6. Other Reportorial Requirements – PhilEXIM shall submit to the GCG periodically in electronic form the reports as stated by GCG in its Code of Corporate Governance.
 7. The format and schedule of submission for the various reports shall be provided by the GCG in consultation with the Department of Finance (DOF), Department of budget and Management (DBM), Commission on Audit (COA) and other related Government Agencies as may be proper.

VII. COMMUNICATION PROCESS

All Directors, Officers and Supervisors of PhilEXIM shall ensure the thorough dissemination of this Code to all employees and related third parties, and to likewise enjoin compliance in the process.

VIII. TRAINING PROCESS

Funds shall be allocated for the conduct of an orientation program or workshop to operationalize this Code, and for the continued education and training of all employees to ensure compliance with this Code.

Each Director is enjoined to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

IX. MONITORING AND ASSESSMENT

Each Committee shall report regularly to the Board.

The CGC with the assistance of the Compliance Officer shall establish an evaluation system to determine and measure compliance with this Code. The adoption of such performance evaluation system shall be approved by the Board.



This Code shall be subject to periodic review as determined by the Board.

X. PENALTIES FOR NON-COMPLIANCE WITH THE CODE

Any violation of this Code shall be dealt with accordingly.

The CGC shall, upon recommendation of the Compliance Officer, be responsible for determining violations and recommend the probable imposable penalty for violations or non-compliance to the Board. The Board shall make the final decision on the imposable penalty for all violations.