



development academy of the philippines

**MANUAL OF CORPORATE GOVERNANCE
OF THE
DAP BOARD OF TRUSTEES**

WHEREAS, the Development Academy of the Philippines (DAP) subscribes to the State declared policy of treating Government- Owned or -Controlled Corporations (GOCCs) as significant tools for economic development and the statutorily-mandated obligation of the State to ensure that the governance of GOCCs is carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness, under governing boards which are competent to carry out their functions, fully accountable to the State as its fiduciaries and always acting for the best interests of the State;

WHEREAS, it is the policy of the State to require every GOCC, through its Governing Board, to promulgate and adopt its corporate governance rules and principles;

WHEREAS, the DAP, through its Board of Trustees, drafted this Manual of Corporate Governance in line with the foregoing policies;

NOW, THEREFORE, the DAP Board of Trustees, in its meeting on _____ approved this Manual of Corporate Governance for implementation as follows:

I.

DEFINITION OF TERMS

Section 1. Definition of Terms. – For purposes of this Code, the following terms shall have the following meanings:

“Development Academy of the Philippines (DAP)” a government-owned and controlled corporation, duly organized and existing under and by virtue of Presidential Decree No. 205, as amended,

“Board Officers” refer to Officers whose primary task is to serve the Board or to pursue the immediate functions of the Board, such as the Chairman, Vice-Chairman and the Corporate Secretary.

“Board of Trustees” (“*BOT*”) refers to the body that exercises the corporate powers, conducts all business and controls or holds all properties of DAP.

“Charter” refers to the law creating the Development Academy of the Philippines (DAP) and defining its purposes, nature, powers, and structure.

“Charter Statement” refers to a statement of DAP’s vision, mission and core values.

“President of DAP” refers to the chief executive officer appointed by the Board of Trustees.

“Confidential Information” refers to all non-public information entrusted to or obtained by a member of the Board or Officer by reason of his/her position as such with the DAP. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to DAP or its customers/stakeholders if disclosed, such as: (1) non-public information about DAP’s financial condition, prospects or plans, its marketing and sales programs and research and development information; (2) non-public information concerning possible transactions or projects with other companies, or information about suppliers, project partners, or any information that the DAP is under obligation to keep confidential; and (3) non-public information about internal discussions, deliberations and decisions, between and among Trustees and Officers.

“Chartered GOCC” refers to a GOCC, including a Government Financial Institution (GFI), created and vested with functions by a special law.

“Ex Officio Board Member” (“*Ex Officio Trustee*”) refers to any individual who sits or acts as a member of the Board of Trustees by virtue of one’s title to another office, and without further warrant or appointment.

“Chief Executive Officer” (“*CEO*”) refers to the highest ranking corporate officer who heads the Management.

“Extraordinary Diligence” refers to the measure of care and diligence that must be exercised by Trustees and Officers in discharging their functions, in conducting the business and dealing with the properties and monies of DAP, which is deemed met when Trustees and Officers act using the utmost diligence of a very cautious person taking into serious consideration all the prevailing circumstances and material facts, giving due regard to the legitimate interests of all affected Stakeholders.

“Government Agency” refers to any of the various units of the Government of the Republic of the Philippines, including a department, bureau, office, instrumentality, or GOCC, or a local government or a district unit therein.

“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.

“Executive Committee” refers to the body given the authority to implement the policies determined by the Board in directing the course and business activities of DAP.

“Non-Stock GOCC” refers to a Chartered or Non-chartered GOCC which has no equity represented by shares of stock.

“Officers” refer to both Board Officers and Executive Officers.

“Performance Evaluation System” (“PES”) refers to the process of appraising the accomplishments of DAP in a given fiscal year based on set performance criteria, target 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 DAP.

“Public Officials” or **“Public Officers”** refer to elective and appointive officials and employees, whether permanent or temporary, whether in the career or non-career service, whether or not they receive compensation, regardless of amount, who are in the National Government, and all other instrumentalities, agencies or branches of the Republic of the Philippines, including government-owned-or-controlled corporations, and their subsidiaries.

“Stakeholder” refers to any individual or entity for whose benefit the DAP 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 DAP has been constituted, and which would include management, employees, supply creditors, or the community in which DAP operates.

“Strategy Map” refers to an integrated set of strategic choices or objectives drawn by the governing body, the successful execution of which results in the achievement of the DAP’s vision in relation to its mission or purpose for having been created.

“Subsidiary” refers to any corporate entity where at least a majority of the outstanding capital stock is owned and/or controlled, directly or indirectly, through one or more intermediaries by DAP.

“**Supervising Agency**” refers to the Office of the President of the Philippines to which DAP is attached to for purposes of general supervision.

II.

Role of DAP in National Development

Section 2. Under its Charter, the Academy was created for the purpose of promoting and supporting the developmental efforts of the country’s human resource development programs designed to instill development perspectives and advance management capability in the leadership of key sectors of the government and the economy, as well as research, analysis, and publications programs of depth and quality to service the requirement of development planning, management, and implementation at both the macro and project levels.

In the fulfillment of its mandate, the DAP Board of Trustees and the DAP Management subscribe to the following principles:

- a. Operations of DAP are rationalized and properly monitored in order that government assets and resources are used efficiently and government exposure to all forms of liabilities and subsidies is warranted and incurred through prudent means;
- b. Governance of DAP is carried out in a transparent, responsible and accountable manner and with utmost degree of professionalism and effectiveness; and
- c. The DAP Board of Trustees is competent to carry out its functions, fully accountable to the State as its fiduciary, and always acting in the best interest of the State.

III.

The DAP Board of Trustees

Section 3. Board Directly Vested with Corporate Powers. – Having been vested directly by law with the legal capacity and authority to exercise all corporate powers, conduct all the business, and to hold all the properties of DAP, the BOT is primarily responsible for the governance of DAP. Consequently, it is the BOT and not the Management, that is primarily accountable to the State for the operations and performance of DAP.

Section 4. Board Duty to Properly Select and Provide Independent Checks on Management – Concomitant with the power to appoint the President/CEO and Vice-Presidents, as provided in the DAP Charter, it is the duty of the BOT to ensure that it

appoints and employs only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience, and integrity. The BOT, therefore, is obliged to provide independent check on the Management.

Section 5. *Mandate and Responsibility for DAP's Performance.* – The BOT is responsible for providing policy directions, monitoring and overseeing Management actions, as provided in its Charter and other relevant laws, rules and regulations. These mandated functions and responsibilities include the following:

- a. Provide the corporate leadership of the DAP subject to applicable law, and the objectives set by the National Government through the Supervising Agencies.
- b. Establish the DAP's vision and mission, strategic objectives, policies and procedures, as well as values and standards through:
 - Charter Statements;
 - Strategy Maps; and
 - Other control mechanisms mandated by best business practices
- c. Determine important policies that bear on the character of DAP to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
- d. Determine the organizational structure of DAP, defining the duties and responsibilities of its Officers and employees and adopting a compensation and benefit scheme that is consistent with standards set by the concerned Executive, Legislative and/or Constitutional bodies, applicable laws, rules and regulations.
- e. 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;
- f. Provide sound written policies and strategic guidelines on DAP's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of the Academy;
- g. Comply with all reportorial requirements, as required in the Charter, as well as applicable laws, rules and regulations;
- h. Formally adopt and conduct annually the Performance Evaluation System (PES) and the Performance Scorecard and provide timely and accurate report of the results to the concerned supervising agencies and/or oversight agencies; and

- i. Ensure the fair and equitable treatment of all Stakeholders and enhance the DAP's relations with its Stakeholders.

Section 6. *Specific Functions of the Board.* – The Board shall, in addition to those enumerated in the DAP Charter, perform the following functions:

- a. Meet regularly to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and ensure that all such meetings are properly documented or recorded;
- b. Determine the DAP's purpose and value, and adopt strategies and policies, including risk management policies and programs, in order to ensure that the Academy survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- c. Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
- d. Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan to ensure that the Officers of DAP have the necessary motivation, integrity, competence and professionalism;
- e. Monitor and manage potential conflicts of interest of Trustees and Management, including misuse of corporate assets and abuse in related party transactions;
- f. 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;
- g. Ensure the integrity of DAP'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;
- h. Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
- i. Adopt, implement and oversee the process of disclosure and communications;
- j. 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

- k. Conduct and maintain the affairs of DAP within the scope of its authority, as prescribed in its Charter and applicable laws, rules and regulation.

Section 7. Composition of the Governing Board. – The composition of the Board of Trustees (the Governing Board) of the Development Academy of the Philippines is provided for in its Charter, i.e. Section 4 of Presidential Decree (PD) No. 205, dated 07 June 1973; as amended by Section 4 of PD 1061, dated 09 December 1976; and further amended by Section 1 of Executive Order 288 (issued under the Freedom Constitution), dated 25 July 1987.

Board of Trustees. The governance and policy direction of the Academy shall be vested in, and its powers exercised by, a Board of Trustees, which shall be composed of eleven members representing the following:

- (a) Office of the President;
- (b) Department of Finance;
- (c) Department of Education, Culture and Sports;
- (d) Department of Budget and Management;
- (e) Department of Agriculture;
- (f) Department of Environment and Natural Resources;
- (g) Department of Health;
- (h) Department of Agrarian Reform;
- (i) National Economic and Development Authority;
- (j) Civil Service Commission;
- (k) The Academy.

The Trustees shall elect from among themselves the Chairman and Vice-Chairman of the Board.

Section 8. Limits to Compensation, Per Diems, Allowances and Incentives. – The compensation of members of the Board of Directors/Trustees shall be in accordance with Executive Order No. 24 series of 2011, “Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in Government-Owned or-Controlled Corporations including Government Financial Institutions”.Section 7 (a) thereof provides that :Department Secretaries, Undersecretaries, Assistant Secretaries and other government officials, who are Ex-Officio Board Members, including their Authorized Alternates/Representatives, shall not be entitled to any additional compensation for their services as such.

Section 9. *Ex-Officio Alternates.* – The Heads of Agencies (the principal Trustees) of government institutions named in the DAP Charter may designate their respective ex-officio alternates, who, ideally, should be the officials next-in-rank to them, and whose acts shall be considered the acts of their principals.

Section 10. *Norms of Conduct.* – All members of the Board of Trustees, the President and other Officers shall observe the highest standards of personal conduct in the discharge and execution of their official duties. They shall perform and discharge their duties with the highest degree of excellence, professionalism, intelligence and skill.

Section 11. *Board Officers.* – The Board Officers of DAP are the Chairman of the Board, the Vice-Chairman, the Corporate Secretary, and the Compliance Officer, who must all be Filipino citizens.

11.1. ***Chairman of the Board.*** – The Chairman shall perform the following functions:

- a. Call meetings to enable the Board to perform its duties and responsibilities;
- b. Approve meeting agenda in consultation with the President and the Corporate Secretary;
- c. Preside at all meetings of the Board whenever present;
- d. Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- e. Assist in ensuring compliance with DAP's guidelines on corporate governance.

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

11.3. ***Board/Corporate Secretary*** – The Corporate Secretary, who is preferably a lawyer, shall have the following functions:

- a. Serve as an adviser to the Board Members on their responsibilities and obligations;
- b. Keep the minutes of meetings of the Board, Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- c. Keep in safe custody the seal of the Academy and affix it to any instrument requiring the same;

- d. Attend to the giving and serving of notices of Board meetings, if applicable;
- e. Be fully informed and be part of the scheduling process of other activities of the Board;
- f. 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;
- g. Oversee the adequate flow of information to the Board prior to meetings; and
- h. Ensure fulfillment of disclosure requirements to regulatory bodies.

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

11.4 Compliance Officer. – The BOT shall appoint a Compliance Officer who shall report directly to the Chairman. The Compliance Officer shall perform the following duties:

- a. Monitor compliance by DAP of the requirements under existing laws, rules and regulations and, if any violation is found, report the matter to the BOT 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. Appear before appropriate government agencies when summoned in relation to compliance issues; and
- c. Issue a certification every 30 May of the year on the extent of the DAP'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 Compliance Officer shall coordinate with the Corporate Secretary where necessary.

The appointment of a Compliance Officer shall not relieve the BOT of its primary responsibility vis-a-vis the State, to ensure that the DAP has complied with all its reportorial, monitoring and compliance obligations.

Section 12. Board Committees. – The Board shall be supported by the following specialized committees:

12.1. The Executive Committee (Execom). – Pursuant to Section 6 of the DAP Charter, the Executive Committee shall be composed of the President of the Academy and not less than three nor more than five other members to be elected by the Board from its members. Members of the Execom, other than the DAP President, shall hold office for terms of two years, unless at the time of election a shorter term is specified and shall be eligible for re-election.

Section 7 of the DAP Charter specifies that the functions of the Execom shall be to administer the affairs of DAP in accordance with such functions, powers, and responsibilities as may be delegated by the Board. In the exercise of such delegated functions, powers and responsibilities, the Execom shall have all the powers of the Board, except the power to fill a vacancy on the Board and to amend the rules and regulations of the Academy.

The Execom, in accordance with the authority granted to it by the BOT, 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 its competence as may be delegated by the BOT in accordance with its Charter.

12.2. Audit Committee. – The Audit Committee shall consist of at least three (3) members of the Board, whose Chairman should have audit, accounting or finance background. The Committee shall have the following duties and responsibilities:

- a. Oversee, monitor and evaluate the adequacy and effectiveness of DAP's internal control system, engage and provide oversight of DAP's internal and external auditors, and coordinate with the Commission on Audit (COA);
- b. Review and approve the following before submission to the Board: 1) audit scope and frequency, 2) annual internal audit plan, and 3) quarterly, semi-annual and annual financial statements. The Audit Committee shall endeavor to keep abreast of 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;
- c. Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- d. Ensure that internal auditors have free and full access to the Academy'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

- e. Develop the financial management system to ensure the integrity of internal control activities through a procedures and policies handbook.

The Internal Audit Service (IAS) shall provide technical and administrative secretariat support to the Audit Committee.

12.3 Governance Committee. - The Governance Committee shall assist the BOT in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of BOT, and chaired by the Chairman of the BOT. The Committee shall be responsible for the following:

- a. Oversee the periodic performance evaluation of the BOT and its committees and Management; and also conducting an annual self-evaluation of their performance;
- b. Decide whether or not a Trustee is able to and has been adequately carrying out his/her duties as trustee, bearing in mind the trustee's contribution and performance (e.g., competence, candor, attendance preparedness and participation). Internal guidelines shall be adopted that address the competing time and commitments that are faced when trustees serve on multiple boards;
- c. Recommend to the BOT regarding the continuing education of Trustees, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance; and
- d. Recommend the manner by which the BOT's performance may be evaluated and propose an objective performance criteria to be approved by the Board. Such performance indicators shall address how the BOT will enhance long-term shareholder value.

12.4. Nomination Committee. – The Nomination Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

- a. Adopt and implement control measures to ensure that Officers to be nominated or appointed have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
- b. Review and evaluate the qualifications of all persons nominated to positions which require appointment by the Board;

12.5. Risk Management Committee – The Risk Management Committee shall consist of at least three (3) members, with at least one member having

finance or investment background. The Risk Management Committee shall perform the following duties and responsibilities:

- a. Perform oversight risk management functions, specifically in the following risk areas: credit management, market, liquidity, operational, legal, reputational, and other risks.
- b. Oversee crisis management, which shall include providing Management periodic information on risk exposures and risk management activities; and
- c. Develop the Risk Management Policy of DAP and ensure compliance with the same and ensure that the risk management and compliance process are embedded throughout the operations of DAP, especially at the BOT and Management level.

12.6. The Academic Council. - The Council is a Board creation and consists of a Chairperson and Members who shall be designated by the Board and/or the Executive Committee upon recommendation of the DAP President.

The Council shall perform and exercise the following powers and functions and exercise the following powers:

- a. Serve as the policy-making and quality assurance body of the DAP Board of Management for its educational graduate degree programs as well as training programs leading to graduate degree(s);
- b. Formulate, review and approve policies and guidelines for DAP's educational graduate degree programs and training programs leading to graduate degree(s);
- c. Prescribe the academic programs of DAP, including their institution, revision, abolition, and merger, subject to the approval of the DAP Board of Trustees and/or its Executive Committee;
- d. Review and approve the curricula of DAP's educational graduate degree programs leading to graduate degree(s);
- e. Set standards for faculty qualifications and performance which DAP Management shall use for faculty selection and performance review;
- f. Set qualification standards for selection of students/participants to educational graduate degree programs and training programs leading to graduate degree(s);
- g. Approve the recommendations of the head(s) of the DAP's academic programs on the graduation of students/participants and the grant of degrees and/or honors to students/participants before the DAP President confers the appropriate degree(s) and/or honors;

- h. Exercise disciplinary power over students of the DAP's academic programs through the heads of the academic programs subject to the review by the DAP President according to the policies, rules, and regulations formulated by the Academic Council and approved by the Board of Trustees;
- i. Undertake the periodic review of academic courses, programs, standards, thrusts, and policies; and
- j. Adopt internal rules of procedures it finds necessary for the effective and efficient discharge of its powers and performance of its functions.

IV.

Management

Section 13. Role of Management. – The DAP Management shall be responsible in running the day-to-day affairs of the Academy. It shall develop and implement the following systems and processes to achieve the objectives set by the Board: a) organizational structures that work effectively and efficiently in attaining the goals of DAP; b) useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; c) information systems that are defined and aligned with an information technology strategy and the business goals of DAP; and d) a plan of succession that formalizes the process of identifying, training and selecting successors in key positions in DAP.

Management shall likewise act in accordance with its Quality Manual (Annex __) and shall abide by its Citizen Charter (Annex __).

Section 14. Management Primarily Accountable to the Board of Trustees. – Management is primarily accountable to the BOT for the operations of the DAP. As part of its accountability, Management shall regularly provide all members of the Board with a balanced and understandable account of the Academy's performance, position and prospects on a monthly basis.

Section 15. Chief Executive Officer (CEO). – Pursuant to Section 8 of the DAP Charter, the President is the CEO of the Academy. The President/CEO shall be responsible to and shall be supervised by the BOT. In addition to these responsibilities under Section 8 of DAP Charter, the President shall:

- a. Exercise general supervision and authority over the regular course of business, affairs, and property of the DAP, and over its employees and officers;
- b. Oversee compliance with all orders and resolutions of the Board;

- c. Submit to the Board after the close of each fiscal year, a complete report of the operations of DAP for the preceding year, and the state of its affairs;
- d. Report to the Board from time to time all relevant matters which the interest of the DAP may require to be brought to its notice; and
- e. Perform such other duties and responsibilities as the Board may impose.

The term of office of the President/CEO shall be for one (1) year, unless sooner removed for cause: Provided, however, that the President/CEO shall continue to hold office until the successor is appointed and qualified.

Section 16. Vice-President. – In accordance with Section 5 of the DAP Charter, the BOT shall appoint one or more Vice-Presidents to assist the President in the administration of the affairs of the Academy.

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

V.

Duties and Obligations of Trustees and Officers

Section 18. Fiduciaries of the State. – Trustees 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 Academy with utmost good faith in all dealings with the properties, interests and monies of DAP; and (b) they are constituted as trustees in relation to the properties, interests and monies of the Academy.

Section 19. Directors and Officers as Public Officials. – Trustees and Officers are 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.

Section 20. Respect for and Obedience to the Constitution and the Law. – As Public Officials, a Trustee or Officer shall respect and obey the Constitution, and shall comply, and cause DAP to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to act within the bounds of the DAP’s Charter.

Section 21. *Duty of Diligence.* – The fiduciary duty of diligence of Trustees and Officers to always act in the best interest of DAP, with utmost good faith in all its dealings with the property and monies of the DAP, 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 DAP, 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 DAP; and
- c. Elect and/or employ only Officers who are fit and proper to hold such office with due regard to their qualifications, competence, experience and integrity.

Every Trustee or Officer by the act of accepting such position in DAP, affirms and agrees to: (1) have a working knowledge of the statutory and regulatory requirements affecting the DAP including the contents of its Charter and the requirements of the concerned supervising and government oversight agencies; and (2) always keeping himself updated of industry developments and business trends in order to safeguard DAP's interests and preserve its competitiveness.

Section 22. *Duty of Confidentiality.* – The fiduciary duty of confidentiality of the Trustees and Officers to always act in the best interest of DAP, with utmost good faith in all its dealings with the property and monies of DAP includes the obligation to respect and keep confidential all non-public and material information entrusted to or obtained by a member of the Board or Officer by reason of his/her position.

Section 23. *Duty of Loyalty.* – The fiduciary duty of loyalty of Trustees and Officers to always act in the best interest of DAP, with utmost good faith in all its dealings with the property and monies of DAP, includes the obligation to:

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

23.1. *Avoid Conflict of Interest.* – Trustees and Officers shall at all times avoid any actual or potential conflict of interest with the DAP. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.

Any question about a Trustee's or Officer's actual or potential conflict of interest with the DAP shall be brought promptly to the attention of the Chairman of the Board and the President, who shall review the issue and determine an appropriate course of action.

23.2. Trustee Relation to DAP Properties, Interests and Monies. – Except for duly authorized reimbursement for actual and reasonable expenses and incentives, any and all realized and unrealized profits, and/or benefits including, but not limited to, the share in the profits, incentives of Officers in excess of what is authorized, and any benefit from the performance of Officers acting for and in behalf of DAP in dealing with its properties and other interest, are to be held in trust by such Officer for the exclusive benefit of DAP.

23.3. Taking of Corporate Opportunities. – Where a Trustee or an Officer, by reason of his being a member of the Board or an Officer of DAP, acquires or receives for himself/herself a benefit or profit of whatever kind or nature, including but not limited to, the use of the properties of the DAP for his/her own benefit, the receipt of commission(s) on contract(s) with the DAP or its assets, or the taking advantage of corporate opportunities of the DAP, all such profits or benefits shall be subject to restitution pursuant to Section 24 of R.A. 10149, without prejudice to any administrative, civil or criminal action against such Trustee or Officer. The remedy of restitution shall apply notwithstanding the fact that such Trustee or Officer risked his/her own funds in the venture.

23.4. Restitution. – Pursuant to Section 24 of RA 10149, 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 DAP are in the possession of a Trustee or Officer of DAP without authority, or that profits are earned by the Trustee or Officer in violation of his/her fiduciary duty, or the aggregate per diems, allowances and incentives received in a particular year by an Officer are in excess of the limits provided under existing laws, rules and regulations, the Trustee or Officer receiving such properties or monies shall immediately return the same to the DAP.

Failure by a Trustee or Officer to make the restitution within thirty (30) days after a written demand has been served shall subject such Trustee or Officer to criminal and administrative liability under pertinent laws.

Section 24. No Gift Policy. – A Trustee or Officer shall not solicit, nor accept, directly or indirectly any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift:

- a. Would be illegal or in violation of law;
- b. Is part of an attempt or agreement to do anything in return;
- c. Has a value beyond what is normal and customary in the DAP's business;

- d. Is being made to influence the member of Board's, or Officer's actions as such; or
- e. Could create the appearance of a conflict of interest.

The DAP Board of Trustees shall formally adopt a "No Gift Policy" and shall ensure its full advertisement to the community and its strict implementation by particular set of rules.

VI.

Obligations of the DAP to Trustees and Officers

Section 25. Providing for Staff Support to Trustees. – DAP shall provide its Board of Trustees with reasonable support staff through the Board Secretariat, headed by the Board/Corporate Secretary, as well as office facilities to allow them to properly discharge their duties and responsibilities.

Section 26. 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 DAP itself and/or the member 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 costs of litigation and the judgment liability imposed. To this end, the DAP BOT shall consider obtaining "Directors and Officers Liability Insurance" (DOLI) coverage for itself and the members of the Governing 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 the DAP arising from the actions of the Governing 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 DAP on the litigation expenses incurred and the judgment liability decreed against a Trustee or Officer for breach of any of his fiduciary duties or for fraud committed in the performance of his or her duties to the DAP and/or its stakeholders.

VII.

Corporate Social Responsibility (CSR) and Relations with Stakeholders

Section 27. Duty to Be Responsive to Stakeholders – Every Trustee and Officer accepts the position fully aware that he assumes certain responsibilities not only to DAP, but also with different constituencies or Stakeholders, who have the right to

expect that the DAP is being run in a prudent manner and with due regard to the interests of all Stakeholders. Consequently, members of the Board and Officers shall deal fairly with the DAP's employees, customers, suppliers and other Stakeholders. No member of the Board or Officer shall take unfair advantage of the DAP's employees, customers, suppliers and other Stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Section 28. CSR Principles – As an integral part of the National Government, GOCCs, like DAP, are inherently mandated to be socially responsible, to act and operate as good corporate citizens. The Board of Trustees shall thus recognize and perform the obligations the DAP has towards the National Government, as well as to its employees, suppliers, customers and other Stakeholders, and the communities in which it operates.

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

Every member of DAP is encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they may become aware of at their workplace or in connection with their work. DAP shall have an environment that enables its people to raise genuine and legitimate concerns internally. However, in the event that the people of DAP believe their reporting to management may result in harassment, or undue distress, they may contact the Supervising Agency of DAP or the concerned oversight government agencies, as the case may be, to report such matters.

Section 29. Formal Recognition of the Stakeholders – The DAP BOT shall, as an integral part of its Charter Statement and embodied in its Manual of Corporate Governance, identify and formally recognize its major and other Stakeholders, identify the nature of their interests, provide a hierarchy system of their conflicting interest in DAP, and provide a clear policy on communicating or relating with Stakeholders accurately, effectively and sufficiently, together with a system to properly render an accounting on how DAP has served their legitimate interests.

DAP's key stakeholders include its customers, oversight agencies, external suppliers, tenants and guests, participants/students/scholars and trainees, faculty and resource persons, the Asian Productivity Organization (APO), the DAP Board of Trustees, and DAP employees. Following is a brief and general description of each of these stakeholders.

- a. **Customers** – Customers include National Line Agencies (NLAS), Local Government Units (LGUs), constitutional bodies, legislature, judiciary, and government corporations.

Other customers include international organizations and funding institutions, private firms including small and medium enterprises, Non-Government Organizations (NGOs), and the academe.

Customers require the Academy to provide quality project and program interventions in a timely manner and at a competitive cost.

Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationship. DAP shall operate a highly effective and efficient organization, focused on meeting customer objectives with the aim of providing services which give fair value and consistent quality, reliability and safety. DAP shall endeavor to continuously improve its processes and the skills of its staff in order to ensure that it continues to add value to its customers' needs and interests.

DAP shall have clear and strong lines of communication which allow it to respond quickly and efficiently to customer and market requirements, as well as the public needs, and for the customers to receive consistent service in order to successfully and consistently deliver what DAP is mandated to do.

- b. Oversight Agencies** – Oversight agencies include the Office of the President (OP) to which the DAP is attached, the Governance Commission for GOCC (GCG), the Department of Budget and Management (DBM), the Commission on Audit (COA), and the Civil Service Commission (CSC), as well as the National Economic Development Authority (NEDA), which oversees the Academy's function as the National Productivity Organization (NPO) of the country.

Oversight agencies have a variety of reporting requirements and they expect that accurate reports are submitted on schedule.

Agencies Providing Statutory Benefits to Employees – This category of government agencies include the Government Service Insurance System (GSIS), the Home Development Mutual Fund/Pag-IBIG Fund (HDMF), and the Philippine Health Insurance Corporation (Philhealth).

The Academy pays the monthly premium or contribution for each of its regular employees to these agencies to enable its employees to enjoy their benefits. For this purpose, these provident and insurance agencies require and expect the Academy to inform employees of said benefits, the requirements for application and access to those benefits and the timely payment of premiums and contributions.

- c. Suppliers** – As with other relationships with the Stakeholders, DAP shall aim to develop relationships and improve networking with business partners and suppliers based on mutual trust. DAP shall aim to offer, through partnership

with its suppliers, the best combination of state-of-the-art technology and world class service, strong customer relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on a timely and cost-effective manner. Suppliers expect clear requirement specifications and terms of reference and efficient processing of payments after delivery.

External Suppliers – External suppliers include suppliers of goods and services needed for the efficient management of the Academy facilities and operations.

- d. Tenants and Guests** – Tenants and guests include corporate and individual entities who make use of DAP facilities in Pasig and Tagaytay, whether for the long or short term.

All tenants and guests of the Academy require timely release of their contracts of use and compliance with the terms of the contract. In addition, tenants and guests expect prompt delivery of service, courteous, professional and approachable staff, as well as maintained facilities.

- e. Training Participants, Students and Scholars** – Training participants, students and scholars include all individuals or groups of individuals who participate in the training and Academic interventions of the Academy.

Training participants, students and scholars require quality program interventions that are timely and relevant to their organization's needs.

- f. Faculty** - Faculty are those individuals engaged by the Academy for involvement in capacity building, whether for academic or non-academic programs/projects of the Academy. They may be involved in module development, lectures, and other related activities in delivering the training intervention.

The DAP faculty require clear terms of reference prior to engagement and the timely processing of their contracts. For the delivery of their services, they expect the Academy to provide competitive rates and timely processing of payments upon delivery or completion of expected outputs.

Consultants and Resource Persons – Consultants and resource persons include individuals engaged by the Academy to deliver a lecture, module or an identified pre-agreed output, which contributes to the completion of a project or program intervention of the Academy.

Said individuals require clear terms of reference and the timely processing of their contracts. For the delivery of their services, they expect the Academy to provide competitive rates and timely processing of payments upon delivery or completion of expected outputs.

- g. The Asian Productivity Organization (APO)** – The APO is a regional, inter-governmental organization composed of 20 economies in the Asia Pacific region. Its mission is to “contribute to the sustainable socioeconomic development of Asia and the Pacific through enhancing productivity” (APO website).

As a member of this organization, the APO expects the Philippines and the DAP, as the country’s National Productivity Organization (NPO) to collaborate with it and other NPOs in promoting productivity through the implementation of various programs on productivity.

Academic oversight bodies – This refers to the Commission on Higher Education (CHED) and the Professional Regulation Commission (PRC). The DAP is classified as special higher education, with academic autonomy in accordance with its legal mandate. Academic oversight bodies require reportorial compliance on the submission of programs description, list of graduates, and other relevant academic records.

- h. Employees.** – Every employee in DAP is encouraged to:
- a. Remember that the biggest stakeholder is the Government;
 - b. Share the vision of DAP;
 - 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 stakeholders and customers;
 - i. Deliver results and celebrate success; and
 - j. Protect the reputation of DAP.

There shall be employee development discussions and structured training programs for continuing personal and professional development for employees.

Section 30. Health and Safety. – DAP shall aim to ensure a safe and healthy working environment for all its employees, and guests. DAP shall comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities, and shall regularly inform its personnel about its health and safety policies.

Section 31. Environment. – DAP acknowledges that there are inevitable environmental impacts associated with daily operations. It shall be the goal of DAP to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such, DAP shall adopt the policy of: "Reduce", "Reuse" and "Recycle".

In the course of its operations, DAP shall implement policies to reduce consumption of energy, water and other natural resources. It shall also strive to re-use and recycle where possible, and dispose of non-recyclable items responsibly. By adopting simple, environmentally friendly initiatives, the DAP strives to set an example for the community it serves.

VIII.

Disclosure and Transparency Requirements

Section 32. Transparency as the Essence of Corporate Governance. – In line with its belief that the essence of corporate governance is transparency, the DAP shall endeavor to disclose all material information to the National Government and the public in a timely and accurate manner.

Section 33. Mandatory Website. – DAP shall maintain a website and post therein for unrestricted public access:

33.1. *On Institutional Matters:*

- a. The latest version of its Charter;
- b. List of Subsidiaries and Affiliates; and
- c. Government Corporate Information Sheet (GCIS)

33.2. *On the Board and Officers:*

- a. Complete listing of the Trustees and Officers with relevant profile, and their membership in Board Committees;
- b. Complete compensation package of all the board members and officers, including travel, representation, transportation and any other form of expenses or allowances;
- c. Information on Board Committees and their activities; and
- d. Attendance record of Directors in Board and Committee meetings.

33.3. *On Financial and Operational Matters:*

- a. Their latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
- b. Audited Financial Statements in the past three (3) years;
- c. Quarterly, and Annual Reports and Trial Balance;
- d. Current Corporate Operating Budget (COB);
- e. Local and foreign borrowings;
- f. All borrowings guaranteed by the Government;
- g. Any material risk factors and measures taken to manage such risks; and
- h. Performance Evaluation System (PES).

33.4. *On Governance Matters:*

- a. Charter Statement/Mission-Vision Statements;
- b. Performance Scorecards and Strategy Map;
- c. Organizational Chart;
- d. Manual of Corporate Governance;
- e. CSR Statement; and
- f. Balance Scorecard.

33.5. Such other information or report that the GCG may require.

Section 34. 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
- c. Compliance with commitments on serving loans to, and borrowings guaranteed by the National Government.

Section 35. Other Reportorial Requirements. – The DAP shall also submit to the GCG periodically 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”;
- c. Cash and investment balances;
- d. Capital expenditure program;
- e. Statement of Financial Operations;
- f. Acquisition or disposition of assets;
- g. Off Balance Sheet transactions; and
- h. 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
 - (2) Sources and Uses of Funds (the immediately preceding three (3) years) and the proposal for the coming year.

IX.

Highest Standards Principle

Section 36. Public service being a public trust, nothing in this Manual shall be construed as:

36.1. *Corporate Government Standards:* Relieving or excusing DAP, its Trustees and Officers, from complying with more rigorous standards of corporate governance as those required by regulatory agencies having jurisdiction over their operations.

36.2. *Reportorial Requirements:* A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over DAP and its operations.

36.3. *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 Trustees, Officers and employees of DAP.

X.

MISCELLANEOUS PROVISIONS

Section 37. *Amendments.* – This DAP Manual of Corporate Governance may be amended by the DAP Board of Trustees with a simple majority of its members.

Section 38. *Effectivity.* – This Manual shall be effective fifteen (15) days after it has been published in the DAP website from the date that the DAP Board of Trustees has approved the same.