

Section 20. Annual Performance Evaluation of the SRA Board. The annual performance of all members of the Board shall be monitored and evaluated regularly. Members of the Board shall submit themselves for evaluation by the Governance Commission during its annual Performance Evaluation for Directors (PED), which criteria and mechanics shall be in accordance with the pertinent GCG Memorandum Circular.

Section 21. Fines and Other Consequences for Violations and Liabilities of Board Members. The members of the Board shall be collectively and/or individually liable and shall be subjected to the following fines and/or penalties including but not limited to:

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

F. MANAGEMENT

Section 22. Role of Management of SRA. Management shall be the primary implementer, enabler, mover and front-runner for the day-to-day affairs and operations of SRA. It shall determine the activities by putting the targets set by the Board in concrete terms and by implementing basic strategies for achieving those targets. Management is responsible to the Board for implementing the infrastructure for the success through the following mechanisms in its organization as set by the Board; organizational structures that work effectively and efficiently in attaining the goals of SRA; useful planning, control, and risk management systems that assess risks on an integrated cross-functional approaching information systems that are defined and aligned with an information technology strategy and the business goals of SRA; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions.²¹

Section 23. Accountability of Management to the Board. Management shall be primarily accountable to the Board for the operations of SRA. As part of its accountability, management shall provide all members of the Board with a balanced and understandable account of SRA'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.²²

- a. **Powers and Duties of the Administrator as Chief Executive Officer (CEO).** He or she shall execute and administer the policies and resolutions approved by the Board and direct and supervise the administration and operations of SRA. The Administrator shall appoint and promote the personnel of SRA, remove, suspend or otherwise discipline them for a cause, in accordance with the existing Civil Service rules and regulations, and prescribe their duties and qualifications to the end that only qualified and competent persons may be employed. In addition, the Administrator shall have the following inherent or mandated duties and responsibilities:

²¹Section 18, GCG Memorandum Circular No. 2012-07, Code of Corporate Governance for GOCCs

²²Section 19, GCG Memorandum Circular No. 2012-07, Code of Corporate Governance for GOCCs

1. Exercise general supervision and authority over the regular course of business, affairs, and property of SRA, 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 SRA 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 SRA may require to be brought to its notice; and
 5. Perform such other duties and responsibilities as the Board may impose upon him/her.
- b. **Other Executive Officers.** The Board shall appoint, subject to the provisions of SRA Charter, other executive officers who shall assist the Administrator in carrying out management duties and responsibilities.
- c. **Power of the Governing Board to Discipline or Remove Officers.** 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.

Section 24. Specific Duties of Management. The SRA management shall perform the following functions:

Requiring Board Approval:

1. Evaluate and propose changes to corporate priorities, programs, policies, rules and regulations for approval of the Board;
2. Develop corporate plans and budgets in support of established goals and objectives;
3. Formulate Policy and Procedural Guidelines, Manuals and other policy documents for approval of the Board; and,
4. Perform a clearing house function for matters that should be elevated to the Board.

Not Requiring Board Approval:

1. Formulate Office Orders to implement a uniform interpretation of existing processes or to streamline procedures;
 2. Monitor implementation of plans, programs and special projects and institute remedial measures to correct deviations, if necessary;
 3. Resolve operational problems and issues; and
 4. Perform a clearing house function for matters that need not be elevated to the Board.
- a. **Secretariat in Executive Committee Meetings.** The Policy and Planning Department shall serve as the Secretariat of the ExeCom during its meetings and shall perform the following strategic functions:
1. Assist in the preparation of agenda and prepare notices of meetings;

2. Consolidate reviewed presentation materials of the presenting groups;
3. Record all deliberations and agreements and prepare minutes of meetings ensuring completeness and accuracy of each discussion;
4. Properly document all proceedings, particularly directives and resolutions for implementation, and make available all materials for ExeCom members or any authorized requesting party;
5. Monitor and follow-up implementation of ExeCom directives and resolutions; and
6. Provide other technical, logistical, and/or administrative assistance to ExeCom.

G. DUTIES AND OBLIGATIONS OF BOARD MEMBERS, OFFICERS AND EMPLOYEES²³

Section 25. The Administrator, appointive Board Members, Officers and Employees shall have the following duties and obligations to SRA as:

1. Fiduciaries and Trustees

The legal obligation and duty to always act in the best interest of SRA, with utmost good faith in all dealings with the properties, interests and monies such as but not limited to:

- i. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties using the utmost diligence of a very cautious person with due regard to all the circumstances;
- ii. Apply sound business principles to ensure the financial soundness of the SRA;
- iii. 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 Board Member and officer or employee, by the act of accepting such position in SRA, affirms and covenants: (1) to have a working knowledge of the statutory and regulatory requirements affecting SRA he/she is to serve, 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 SRA's interests and preserve its competitiveness.
- iv. Act with utmost and undivided loyalty to SRA;
- v. Avoid conflicts of interest and declare any interest they may have, and any questions on the actual or potential conflict of interest shall be brought before the Chairman of the Board, who shall review the questions and determine the appropriate course of action;
- vi. Avoid: (1) taking for themselves the corporate opportunities related to SRA's operational business prospects and ventures; (2) using the SRA property, information or position for personal gain; and (3) competing with SRA's business opportunities.

a. Public Officials and Employees

- i. Duties and obligations to observe and follow the provisions of the Republic Act No. 6713, or the "Code of Conduct and Ethical Standards for Public Officials and Employees" with its declared policies: (1) to promote a high standard of ethics in public service; and (2) to be accountable to the people and shall discharge their duties with utmost responsibility,

²³ Article V, Duties and Obligations of Directors and Officers, Code of Corporate Governance for GOCCs, GCG Memorandum Circular No. 2012-07.

integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest at all times.

- ii. Respect and obey the Constitution, and cause SRA to faithfully and timely comply with all its legal provisions, rules and regulations, and other applicable corporate governance standards, and to act within the bounds of its Charter.

Section 26. Restitution. The actions and performances of the Administrator, Board Members, Officers and Employees shall be covered by, and be exercised in pursuance to the provisions of Section 24 of the Restitution Law, but not limited to the following circumstances:

- a. Upon the determination and report of the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, that properties or monies belonging to SRA in the possession of an officer or employee without authority, or that profits are earned by the officer or employee in violation of his/her fiduciary duty, or the aggregate per diems, salaries, allowances and incentives received in a particular year are in excess of the limits provided under the Act, the Administrator, Board Members, officer or employee receiving such properties or monies shall immediately return the same amount to SRA. Failure to make the restitution within thirty (30) days after a written demand has been served shall, after trial and final judgment, Administrator, Board Members, officers or employees shall be subject to the punishment of imprisonment for one (1) year and a fine equivalent to twice the amount to be restituted and, in the discretion of the court of competent jurisdiction, disqualification to hold public office.
- b. Except for the per diem received for actual attendance in board meetings and the reimbursement for actual and reasonable expenses and incentives as authorized by the GCG, any and all realized and unrealized profits and/or benefits including, but not limited to, the share in the profits, incentives of the Administrator, Board Members, Officers and Employees in excess of that authorized by the GCG, stock options, dividends and other similar offers or grants from corporations where the SRA is a stockholder or investor, and any benefit from the performance of the Administrator, Board Members, Officers and Employees acting for and in behalf of SRA in dealing with its properties, investments in other corporations, management of Subsidiaries and other interest, are to be held in trust by the Administrator, Board Members, Officers and Employees for the exclusive benefit of the GOCC represented.
- c. Where the Administrator, or Board Member, or Officer or Employee 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 SRA for his/her own benefit, the receipt of commission(s) on contract(s) with SRA or its assets, or the taking advantage of corporate opportunities of SRA, all such profits or benefits shall be subject to restitution pursuant to Section 24 of the Act, without prejudice to any administrative, civil or criminal action against members of the such officers and employees. The remedy of restitution shall apply notwithstanding the fact that such Officer or Employee risked his/her own funds in the venture.

Section 27. The appointed Board members are entitled to receive the allowable per diems, allowances and incentives to be determined by the GCG, using as a reference, among others, Executive Order No. 24, dated February 10, 2011 and other existing government budgeting, accounting and auditing rules and regulations. However, they shall not be entitled to retirement benefits.

Section 28. No Gift Policy. Administrator, Board members, officers and employees 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; and
- b. Is part of an attempt or agreement to do anything in return.

H. OBLIGATIONS OF SRA TO BOARD MEMBERS AND OFFICERS

Section 29. Provision of Support Staff. SRA shall provide its Board members with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

Section 30. Directors and Officers Liability Insurance (DOLI). Board members and officers shall be provided with reasonable DOLI coverage against contingent claims and liabilities, and prosecutorial expenses that may be incurred from the cases or lawsuits filed against SRA arising from their actions as 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 the SRA on the litigation expenses incurred and the judgment liability decreed against a Board member or Officer for breach of any of his/her fiduciary duties or for fraud committed in the performance of his or her duties to SRA and/or its stakeholders.

I. GOVERNANCE POLICY ON CONFLICT OF INTEREST

Section 31. Conflict of Interest. Public policy dictates that the personal interest of the Board members and executive officers should never prevail over the interest of SRA.

- a. **Determination of Conflict of Interest.** A conflict of interest exists when a Board member or executive officer of SRA:
 1. Attempts to supply goods or services to SRA, or endorses those supplied by their relatives or friends;
 2. Supplies goods, services or information/data to the entities in completion with SRA;
 3. By virtue of his or her office, acquires for himself or herself a business opportunity which should belong to SRA;
 4. Accepts an offer or receives a favor for delivering the business of SRA to a third party; and
 5. Engages in business activities which compete with or works contrary to the best interests of SRA.
- b. **Disclosure of Conflict of Interest.** If an actual or potential conflict of interest should arise on the part of the Board members or executive officer, it shall be fully disclosed before the Board²⁴ and the concerned Board member or executive officer shall not participate in the decision-making. A Board member or executive officer who has

²⁴ Section 19 (c), RA 10149, GOCC Governance Act of 2011