
Manual of Corporate Governance

Laguna Lake
Development
Authority

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I. DEFINITION OF TERMS

Sec. 1. Definition of Terms. For purposes of this Manual, the following terms shall have the following meanings:

“Act” refers to Republic Act No. 10149, and officially named the "GOCC Governance Act of 2011."

“Appointive Directors” refer to all members of its Board of Directors/Trustees who are not ex-officio members thereof;

“Authority” (“LLDA”) refers to the Laguna Lake Development Authority.

“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.

“Corporate Board of Directors” or **“Corporate Board”** or **“Corporate Governing Board” (“Corporate Board”)** refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all properties of the Laguna Lake Development Authority

“Charter” refers to Republic Act 4850, as amended, or the “Laguna Lake Development Authority Act of 1966”

“Charter Statement” refers to the statements of the Authority’s vision, mission and core values.

“Chief Executive Officer” (“CEO”) refers to the highest ranking corporate executive who heads the Management, designated in the LLDA Charter as the General Manager;¹

“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 Authority. It includes, but is not limited to, non-public information that might be harmful to the Authority or its customers/stakeholders if disclosed, such as: (1) non-public information about the Authority’s financial condition, prospects or plans; (2) non-public information concerning possible transactions or ventures with other

¹ Sec. 26, R.A. No.4850, as amended.

companies, or information about suppliers, joint venture partners, or any information that the Authority is under obligation to keep confidential; and (3) non-public information about internal discussions, deliberations and decisions, between and among Directors and Officers.

“Department” (DENR) refers to the Department of Environment and Natural Resources.

“Director” refers to any member of the Governing Board of the Authority, [whether it be] formally referred to as the "Board of Directors".

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

“Executive Officer” (“Officer”) refers to the CEO or whoever is the highest ranking officer in the Authority, and such other corporate officer of the Authority as expressly provided for in its Charter.

“Extraordinary Diligence” refers to the measure of care and diligence that must be exercised by Directors and Officers in discharging their functions, in conducting the business and dealing with the properties and monies of the Authority, which is deemed met when Directors 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.

“Fit and Proper Rule” refers to a set of standards for determining whether a member of the Board of Directors or the CEO is qualified to hold a position in the Authority which shall include, but not be limited to, standards on integrity, experience, education, training and competence, as such standards are set forth under GCG Memorandum Circular No. 2012-05.

“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 distinct unit therein.

“Government Instrumentalities with Corporate Powers” (“GICP”)/“Government Corporate Entity” (“GCE”) refer to an instrumentality or agency of the government, which is neither a corporation nor an agency integrated within the departmental framework, but vested by law with special functions or jurisdictions, endowed with some if not all

corporate powers, administering special funds and enjoying operational autonomy, usually through a Charter.

“Government-Owned and/or -Controlled Corporation” (“GOCC”) refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs, whether governmental or proprietary in nature and owned by the Government of the Republic of the Philippines, directly or through its instrumentalities, either wholly or, where applicable, as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock. The term includes Government Instrumentalities with Corporate Powers (“GICP”)/ Government Corporate Entities (“GCE”) and Government Financial Institutions (“GFI”).

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

“Material Information” (“Material Fact”) refers to information which a reasonable investor, stakeholder or Supervising Agency would consider important in determining whether: (1) to buy, sell, hold or otherwise transact with the securities issued by the Authority; or (2) to the exercise with reasonable prudence voting rights related to securities held with the Authority, or relating to corporate acts, contracts and transactions which would adversely affect the operations of the Authority.

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

“Per Diems” refer to the compensation granted to members of the Governing Board of the Authority for actual attendance in meetings.

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

“Performance Scorecard” refers to a governance and management tool forming part of the performance evaluation system which consists of a set of measures, targets and initiatives that facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of the Authority.

“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 Authority has been constituted, or whose life, occupation, business or well-being is directly affected, whether favorably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which the Authority has been constituted, and which would include a stockholder, member, or other investor of the Authority, management, employees, suppliers, creditors, or the community in which the Authority operates.

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

“Supervising Agency” refers to the Department of Environment and Natural Resources to which the Authority is attached to for purposes of policy and program coordination and/or administrative supervision.²

“Water Quality Management Area Governing Board” (“WQMA Board”) refers to the collegial body whose jurisdiction, powers, and functions are limited to the provisions of Implementing Rules and Regulations (IRR) of R.A. No. 9275 or Philippine Clean Water Act of 2004 and LLDA Board Resolution No. 347, Series of 2008³

Sec. 2. Singular Term Include the Plural. - Unless otherwise indicated in this Manual, any reference to a singular shall apply as well to the plural, and vice versa.

II. CORPORATE AND WATER QUALITY MANAGEMENT AREA GOVERNING BOARDS

Sec. 3. Corporate Board of Directors. - Having been vested directly by law with the legal capacity and authority to exercise all corporate

² Sec. 3, OP EO 149, “Streamlining of the Office of the President”.

³ LLDA Board Resolution No. 347, series of 2008, “Declaring the Formal Establishment of the Laguna de Bay Region Water Quality Management Area Governing Board Pursuant to Board resolution No. 304, Series of 2006, defining Their Powers and Functions and for Other Purposes”

powers, conduct all the business, and to hold all the properties of the Authority, the Corporate Board of Directors shall be primarily responsible for the corporate governance of the Authority. Consequently, it is the Board and not the Management that is primarily accountable to the State for the operations and performance of the Authority.

Sec. 4. Duty to Properly Select and Provide Independent Check on Management. - Concomitant with the power to elect the CEO from among their ranks and to appoint other Officers of the Authority, it is the duty of Corporate Board of Directors 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.

Sec. 5. Statement of Expectations of the Corporate Board of Directors. - the Corporate Board of Directors shall be responsible for providing policy directions, monitoring and overseeing Management actions as articulated in R.A. No. 4850, as amended; thus, the Board of Directors is expected, also, to ensure and undertake the following:

- (a) Provide the corporate leadership of the Authority subject to the rule of law and the objectives set by the National Government through the Department of Environment and Natural Resources and the GCG;
- (b) Establish the Authority's vision and mission, strategic objectives, policies and procedures, as well as defining its values and standards through:
 - Charter statements;
 - Strategy maps; and
 - Other control mechanism mandated by best business practices;
- (c) Determine important policies that bear on the character of LLDA to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
- (d) Determine the organizational structure of the Authority, 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;

- (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 the Authority's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of the same;
- (g) Comply with all reportorial requirements, as required in its Charter, as well as applicable laws, rules and regulations;
- (h) Formally adopt and conduct annually the mandated Performance Evaluation System (PES) and the Performance Scorecard and timely and accurate report the results to the GCG; and
- (i) Ensure the fair and equitable treatment of all Stakeholders and enhancing the Authority's relations with its Stakeholders.

Sec. 6. Specific Functions of the Corporate and WQMA Boards -

In addition to those specified in R.A. No. 4850, as amended, the Corporate Board shall perform the following functions:

- (a) Meet regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented or minuted;
- (b) Determine the Authority's purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that LLDA 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 the Authority have the necessary motivation, integrity, competence and professionalism;

- (e) Monitor and manage potential conflicts of interest of Directors, Management, and shareholders, 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 LLDA'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 LLDA within the scope of its authority, as prescribed in its Charter applicable laws, rules and regulation.

The specific functions of WQMA Board⁴ is as follows:

- (a) Formulate strategies to coordinate policies necessary for effective implementation of the Clean Water Act in the Laguna de Bay Region Water Quality Management Area (WQMA);

⁴ LLDA Board Resolution No. 347, s. 2008, "Declaring the Formal Establishment of the Laguna de Bay Region Water Quality Management Area Governing Board Pursuant to Board Resolution No. 304, Series of 2006, Defining Their Powers and Functions and for Other Purposes"

- (b) Prepare and publish on a regular basis a Water Quality Status Report for the WQMA and submit a copy to the DENR for consolidation into the National Water Quality Status report;
- (c) Formulate strategies to coordinate policies/regulations/local legislation necessary for the effective implementation of Philippine Clean Water Act of 2004 and its IRR, in accordance with those established in the Integrated Water Quality Management Framework;
- (d) Review the initial WQMA Action Plan for succeeding periods for submission to DENR;
- (e) Monitor and facilitate the compliance of local government with the WQMA Action Plan;
- (f) Coordinate relevant activities among its members and member-agencies and facilitate resolution of conflicts; and
- (g) Undertake complementary interventions for non-point sources, considering their greater contribution to pollution.

Sec. 7. Composition of the Corporate⁵ and WQMA Board of Directors⁶. - The composition of Corporate Board shall be as provided for in LLDA's Charter (R.A. No. 4850, as amended) and in conformity with R.A. No. 10149.

- (a) Representative of the Office of the President;
- (b) Secretary of Department of Environment and Natural Resources;
- (c) Secretary of Department of Trade and Industry;
- (d) Director-General of National Economic and Development Authority;
- (e) Representative of Laguna Province, who shall be designated by the Provincial Board of Laguna;
- (f) Representative of Rizal Province to be designated by its Provincial Board;

⁵ Sec. 16, R.A. No.4850, as amended; Sec. 5, EO 927 dtd 16 December 1983

⁶ LLDA Board Resolution No. 304, s. 2006, "Establishing the Laguna de Bay Region Water Quality Management Area Governing Board"

- (g) Chairman of Metropolitan Manila Development Authority;
- (h) Representative of Private Investors to be appointed by the President of the Philippines; and
- (i) Director appointed by the President of the Philippines⁷.
- (j) Representative of the Laguna Lake Federation of Mayors, Inc.⁸

The composition of WQMA Board shall be as follows:

- (a) All members of the Corporate Board of Directors;
- (b) Representative of Federation of River Basin Councils, Inc; and
- (c) Representative of Water Utility Sector.

Sec. 8. Ex Officio Alternates. - 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.

Sec. 9. Multiple Board Seats. - The capacity of Appointive Directors to serve with diligence shall not be compromised. As such, no Appointive Director may hold more than two (2) other Board seats in other GOCCs, subsidiaries and/or affiliates.

Sec. 10. Appointment of Appointive Directors.-

10.1. All Appointive Directors shall be appointed by the President of the Philippines from a shortlist prepared by the GCG.

10.2. The selection and nomination, and shortlisting of prospective Appointive Directors shall be pursued in accordance with the rules and criteria formulated by the GCG, which shall include the following statutorily-mandated conditions, thus:

- (a) The GCG shall cause the creation of the Search Committee to pursue the process of selection, nomination and shortlisting of prospective appointees;

⁷ Originally, "General Manager of the Laguna Lake Development Authority to be appointed by the President of the Philippines", Sec. 16, Chapter III, R.A. No.4850, as amended; Changed to Appointive Director in compliance to the letter instruction of GCG dated 23 June 2014, "Manual of Corporate Governance"

⁸ Originally, "President of Laguna Lake Foundation of Mayors, Inc.", Sec. 16, Chapter III, R.A. No. 4850, as amended; Changed the word "President" to "Representative" in compliance to the letter instruction of GCG dated 23 June 2014, "Manual of Corporate Governance"

- (b) All nominees included in the list submitted by the GCG to the President shall meet the Fit and Proper Rule, and such other qualifications which the GCG may determine taking into consideration the unique requirements of each GOCC;
- (c) The GCG shall ensure that the shortlist shall exceed by at least fifty percent (50%) of the number of Directors to be appointed; and
- (d) In the event that the President does not see fit to appoint any of the nominees included in the shortlist, the President shall ask the GCG to submit additional nominees.

Sec. 11. Fit and Proper. -All members of the Board, the CEO and other Officers of the Authority, including Appointive Directors shall be qualified by the Fit and Proper Rule adopted by the GCG in consultation and coordination with the Department to which the Authority is attached, and approved by the President and shall include by reference the qualifications expressly provided for in the Charters of the Authority.

To maintain the quality of management of LLDA, the GCG, in coordination with the Department 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 of the Authority, due regard shall be given to one's integrity, experience, education, training and competence.

Sec. 12. Term of Office of Appointive Directors. - Pursuant to Section 17 of the Act, any provision in R.A. No. 4850, as amended, to the contrary notwithstanding, the term of office of each Appointive Director shall be for one (1) year, unless sooner removed for cause: Provided, however, That each Appointive Director shall continue to hold office until the successor is appointed and qualified.

12.1. By virtue of the provisions of Section 17 of the Act providing that "Any provision of law to the contrary notwithstanding, all incumbent CEOs and appointive members of the Board of GOCCs shall, upon approval of this Act have a term of office until June 30, 2011, unless sooner replaced by the President," and notwithstanding any provision in the Charter to the contrary, the one (1) year Term of Office of all

Appointive Directors in LLDA shall begin on 01 July of the year of appointment and ending on 30 June of the following year.

12.2. An Appointive Director may be nominated by the GCG for re-appointment 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 by LLDA.

12.3. 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, shortlisting and appointment of Appointive Directors.

Sec. 13. Board Officers. -The Board Officers of LLDA 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 must all be Filipino citizens.

13.1. Chairman of the Board. – The Chairman of the Board shall be elected annually by the Board of Directors from their members.⁹

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

- (a) Calling meetings to enable the Board to perform its duties and responsibilities;
- (b) Approving meeting agenda in consultation with the CEO and the Corporate Secretary;
- (c) Exercising control over quality, quantity, and timeliness of the flow of information between Management and the Board; and
- (d) Assisting in ensuring compliance with LLDA's guidelines on corporate governance.

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

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

⁹ Sec. 16, R.A. No. 4850, as amended; Sec. 5, EO 927

13.3. Corporate Secretary. - The Corporate Secretary need not be a member of the Governing Board. Ideally, the Corporate Secretary must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. The Corporate Secretary 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 shareholders, the Board the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the CEO and other members of the Board as appropriate;
- (c) Keep in safe custody the seal of LLDA and affix it to any instrument requiring the same;
- (d) Have charge of the stock certificate book and such other books and papers as the Board may direct;
- (e) Attend to the giving and serving of notices of Board and shareholder meetings, if applicable;
- (f) Be fully informed and be part of the scheduling process of other activities of the Board;
- (g) 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;
- (h) Oversee the adequate flow of information to the Board prior to meetings; and
- (i) 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 separate and independent access to the Corporate Secretary.

13.4. 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:

- (a) Monitor compliance by LLDA of the requirements under the Act, this Manual, 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;
- (b) Appear before the GCG when summoned in relation to compliance with this Manual or other compliance issues; and
- (c) Issue a certification every 30 May of the year on the extent of LLDA'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 a Compliance Officer shall not relieve the Governing Board of its primary responsibility vis-a-vis the State, acting through the GCG, to ensure that LLDA has complied with all its reportorial, monitoring and compliance obligations.

Sec. 14. Board Committees. - Board Committees and other such oversight bodies shall be created by Board of Directors to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting LLDA .

14.1. The Board of Directors shall therefore constitute the proper 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/Trustees of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

14.2. As a minimum, the Board shall be supported by the following specialized committees:

14.2.1. Executive Committee. - Depending on the size of the Governing Board, it may constitute an Executive Committee composed 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 the LLDA's Charter except with respect to:

- (a) Approval of any action for which shareholders' approval is also required;
- (b) Filling of vacancies on the Board or in the Executive Committee;
- (c) Amendment or repeal of By-Laws or the adoption of new By-Laws;
- (d) Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
- (e) Distribution of cash dividends; and
- (f) Exercise of powers delegated by the Board exclusively to other committees.

14.2.2. Audit Committee. - The Audit Committee shall consist of at least three (3) Directors. whose Chairman should have audit, accounting or finance background. The Committee shall be responsible for the following:

- (a) Overseeing, monitoring and evaluating the adequacy and effectiveness of LLDA's internal control system, engage and provide oversight of LLDA's internal and external auditors, and coordinate with the Commission on Audit (COA);
- (b) 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;
- (c) 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;

- (d) Ensuring that internal auditors have free and full access to all LLDA'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) Developing a transparent financial management system that will ensure the integrity of internal control activities throughout LLDA through a procedures and policies handbook that will be used by the entire organization.

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

- (a) Overseeing the periodic performance evaluation of the Board and its committees and Management; and also conducting an annual self-evaluation of their performance;
- (b) 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;
- (c) 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; and
- (d) Recommending the manner by which the Board's performance may be evaluated and proposing objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.

14.2.4. Nomination and Remunerations Committee. - The Nomination and Remunerations Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

- (a) 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;
- (b) Reviewing and evaluating the qualifications of all persons nominated to positions in LLDA which require appointment by the Board;
- (c) Recommending to the GCG nominees for the shortlist in line with LLDA's Board composition and succession plan; and
- (d) Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with LLDA's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

14.2.5. Risk Management Committee. - The Risk Management Committee shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:

- (a) Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of LLDA, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- (b) Developing the Risk Management Policy of LLDA, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of LLDA, especially at the Board and Management level; and
- (c) Providing quarterly reporting and updating the Board on key risk management issues as well as adhoc reporting and evaluation on investment proposals;

14.3. Combining the Mandatory Committees. - Nothing herein shall preclude the Board of Directors from formally combining the functions of

the committees into such combinations that will best serve the interest of the Authority.

14.4. Other Committees Required by Law, Rules and Regulations. - In addition to the committees required in this Manual, LLDA, when so covered, shall also establish the committees required under the corresponding and applicable rules and regulations issued by other government agencies.

Sec. 15. Annual Performance Evaluation of the Board. – The Authority shall adopt Performance Evaluation for Directors developed by GCG¹⁰.

III. MANAGEMENT

Sec. 16. Role of Management. - The Management stands as the center of decision-making for the day-to-day affairs of the Authority. It determines LLDA's 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 LLDA's 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 the Authority; 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 LLDA; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in LLDA.

Sec. 17. Management Primarily Accountable to the Board. - Management is primarily accountable to the Board for the operations of LLDA. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of the Authority's performance, position and prospects on a monthly basis.

Sec. 18. Chief Executive Officer (CEO). - The CEO or the highest-ranking Executive Officer provided for in R.A. No.4850, as amended, shall be

¹⁰ GCG Memorandum Circular 2014-03, dtd 07 April 2014, "Performance Evaluation for Directors (PED) in the GOCC Sector"

elected annually by the members of the Board from among its ranks. The CEO shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause. In addition to the duties imposed on him by the Board, the CEO shall:

- (a) Exercise general supervision and authority over the regular course of business, affairs, and property of the Authority, and over its employees and officers;
- (b) See to it that all orders and resolutions of the Board are carried into effect;
- (c) 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 the Authority for the preceding year, and the state of its affairs;
- (d) Report to the Board from time to time all matters which the interest of LLDA may require to be brought to its notice: and
- (e) Perform such other duties and responsibilities as the Board may impose upon him.

Sec. 19. Other Executive Officers. - Subject to the provisions of R.A. No.4850, as amended, the Executive Officers shall be appointed by the Board.

19.1. Corporate Treasurer. - The Treasurer shall have charge of the funds, securities, receipts and disbursements of the Authority. The Treasurer shall also have the following functions:

- (a) Deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Authority in compliance with applicable laws, rules and regulations;
- (b) Regularly and at least quarterly render to the CEO or to the Board an account of the fund condition of funds of LLDA and all of his transactions as such;
- (c) Ensure fund availability on a timely basis and at the most economical means;
- (d) Optimize yields in temporary excess funds. but at the same time ensure the implementation of appropriate risk management measures over its resources;
- (e) Provide relevant and timely financial market information; and

- (f) Perform such other responsibilities as the Board may impose.

19.2 Chief Finance Officer (CFO). - The CFO, who may also be the Treasurer, and shall be responsible for the following:

- (a) 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;
- (b) 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;
- (c) Promoting investor and public confidence in the Authority 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;
- (d) 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; and
- (e) Performing such other responsibilities as the Board may impose.

Sec. 20. Power of the Governing 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 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.

IV. DUTIES AND OBLIGATIONS OF DIRECTORS AND OFFICERS

Sec. 21. 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 LLDA, with utmost good faith in all dealings with the properties, interests and monies of the Authority; and (b) they are constituted as trustees in relation to the properties, interests and monies of LLDA.

Sec. 22. 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.

Sec. 23. 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 LLDA to faithfully and timely comply, with all legal provisions, rules and regulations. and corporate governance standards, applicable to them and to LLDA in which they serve, and to act within the bounds of its Charter.

Sec. 24. Duty of Diligence. -The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the Authority, with utmost good faith in all its dealings with the property and monies of LLDA, includes the obligation to:

- (a) Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the Authority, 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 LLDA; 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 in the Authority, affirms and agrees: (1) to have a working knowledge of the statutory and regulatory requirements affecting LLDA, including the contents of R.A. No.4850, as amended and other related laws, the requirements of the GCG, and where applicable, the requirements of the Department; and (2) to always keep himself informed of industry developments and business trends in order to safeguard the LLDA's interests and preserve its competitiveness.

Sec. 25. Duty of Loyalty. - The fiduciary duty of loyalty of Directors and Officers to always act in the best interest of LLDA with utmost good faith

in all its dealings with the property and monies of the Authority, includes the obligation to:

- (a) Act with utmost and undivided loyalty to LLDA;
- (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 LLDA's business; (2) using LLDA's property, information or position for personal gain; or (3) competing with LLDA's business opportunities, if any.

25.1. Avoid Conflict of Interest.- Directors and Officers shall at all times avoid any actual or potential conflict of interest with the Authority. 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 Director's or Officer's actual or potential conflict of interest with LLDA shall be brought promptly to the attention of the Chairman of the Board, who will review the question and determine an appropriate course of action.

25.2. Trustee Relation to LLDA's Properties, Interests and Monies.- 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 Directors or Officers in excess of that authorized by the GCG, stock options, dividends and other similar offers or grants from corporations where LLDA is a stockholder or investor, and any benefit from the performance of Directors or Officers acting for and in behalf of LLDA in dealing with its properties, investments in other corporations, management of Subsidiaries and other interest are to be held in trust by such Director or Officer for the exclusive benefit of the Authority.

25.3. Taking of Corporate Opportunities. - Where a Director or an Officer, by reason of his being a member of the Board or an Officer of LLDA, acquires or receives for himself/herself a benefit or profit of whatever kind or nature, including but not limited to, the acquisition of shares in corporations where LLDA has an interest, the use of the properties of the LLDA for his/her own benefit, the receipt of commission(s) on contract(s) with LLDA or its assets, or the taking advantage of corporate opportunities of LLDA, 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 Director or Officer. The remedy of restitution shall apply notwithstanding the fact that such Director or Officer risked his/her own funds in the venture.

25.4. Restitution. - Pursuant to Section 24 of the Act, 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 LLDA are in the possession of a Director or Officer without authority, or that profits are earned by the Director or Officer in violation of his/her fiduciary duty, or the aggregate per diems, allowances and incentives received in a particular year are in excess of the limits provided under the Act, the Director or Officer receiving such properties or monies shall immediately return the same to LLDA.

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

Sec. 26. Limits to Compensation, Per Diems, Allowances and Incentives. -

Pursuant to Section 23 of the Act:

- (a) The Charter of LLDA 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 directors;

Sec. 27. No Gift Policy. - A Director 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 GOCCs 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 Board of Directors shall formally adopt a "No Gift Policy" and ensure its full advertisement to the community and its strict implementation by particular set of rules.

Sec. 28. 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.

V. OBLIGATIONS OF LLDA TO DIRECTORS AND OFFICERS

Sec. 29. Providing for Staff Support to Directors. - LLDA shall provide the members of its Board of Directors with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

Sec. 30. Obtaining of Directors and Officers Liability Fund (DOLF). - 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 LLDA 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 that LLDA to obtain "Directors and Officers Liability Fund" (DOLF) 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 LLDA arising from the actions of the Board of Directors 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 by LLDA 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 or her duties to LLDA and/or its stakeholders.

VI. CSR AND RELATIONS WITH STAKEHOLDERS

Sec. 31. Duty to Be Responsive to Stakeholders. - Every Director and Officer accepts the position fully aware that he assumes certain responsibilities not only to LLDA and its stockholders, but also with different constituencies or Stakeholders who have the right to expect that LLDA 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 LLDA's employees, customers, suppliers and other Stakeholders. No member of the Board or Officer may take unfair advantage of the LLDA'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.

Sec. 32. CSR Principles. -As an integral part of the National Government, LLDA shall be inherently mandated to be socially responsible, to act and operate as good corporate citizens. The Board of Directors shall recognize and perform the obligations the LLDA has towards the National Government, its majority stockholder, as well as the minority stockholders when existing, together with the employees, suppliers, customers and other Stakeholders, and the communities in which it operates.

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

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

Sec. 33. Formal Recognition of the Stakeholders.

Sec. 33.1. LLDA's Stakeholders. - The Authority recognizes that its major stakeholder is the Government. It also recognizes other stakeholders that are involved in policy-making and/or regional planning (e.g. NEDA, DBM, BFAR, DA, and MMDA,), resource regulation (e.g DENR, NWRB, and HLURB), infrastructure developers (e.g. DPWH, PRA, MWSS, and LWUA), research and development institutions, non-government organizations, local government units, and resource users communities (e.g. industries, businesses, fisherfolks, community representatives, households, farmers, and aquaculture operators).¹¹

Sec. 33.2. Nature of Interests. – The nature of interests of stakeholders, in order of priority, in the Laguna de Bay Region are as follows:

- a. **Policy Planning and/or Regional Planning.** These are agencies that their mandates center on policy setting, planning, and coordination. This lead to a number of agencies involved in the management of a single resource in a specific area (such as Laguna de Bay Region).

Among the range of central government departments, quasi-government institutions, and presidential task force, the followings have significant complementary responsibilities with respect to LLDA in the Laguna de Bay Region.

National Economic and Development Authority (NEDA). NEDA formulates and supervises implementation of economic development plans at both the national and sectoral levels. These plans are expected to integrate to concept of sustainable development. NEDA's role as the central government agency for development planning is stated in the 1987 Philippine Constitution and is reiterated in EO 230 (1987). NEDA serves as the Secretariat for the Investment Coordinating Committee (ICC) that reviews and evaluates major capital projects prior to implementation by the government.

Department of Budget and Management (DBM). DBM is responsible for the formulation and implementation of the national budget with the goal of attaining the national socio-economic policy objectives; and efficient and sound utilization of government funds and revenues to effectively achieve the country's development objectives.

¹¹ Adopted from Laguna Lake Development Authority. (2000). Stakeholders' Analysis and Institutional Arrangement Report. Pasig City.

Although at this time, LLDA does not receive budget from the central government, there are several areas of complimentary relationship between the two. This includes staffing and staff salaries of LLDA still follow the central government's limitation.

Department of Trade and Industry (DTI) and the Board of Investment (BOI). DTI regional office and BOI both play a critical role in policy setting for existing and future businesses and industries located in the Laguna de Bay region. As the lead agency in investment promotions, BOI facilitates creating a supportive business climate with a package of investment-friendly policies and incentives. Policies set by BOI and DTI directly impact the environment in the region.

Metro Manila Development Authority (MMDA). MMDA is responsible for coordinating urban planning, urban renewal transport and traffic management, solid waste management, flood control, health and sanitation, and public safety. MMDA is expected to perform those functions without diminution of the autonomy of LGUs.

Large part of Metro Manila is included in the jurisdiction of LLDA. These are the cities of Manila Pasay, Quezon, Caloocan, Pasig, Taguig, Marikina, and Muntinlupa and the town of Pateros.

Bureau of Fisheries and Aquatic Resources (BFAR) /DA. Under PD 704, (Fisheries Decree of 1975), BFAR's jurisdiction and responsibilities expanded to formulation, administration, and implementation of fisheries policies; taking regulatory measures; researching; and statistical information gathering on all the aquatic resources of the country except in municipal water that remains under the jurisdiction of the respective municipal governments.

The Philippine Fisheries Code (R.A. No.8550) has affirmed the mandate of BFAR on fishery matters but it tasks LLDA to implement some of the Code's provisions in the Laguna de Bay and the smaller lakes in Laguna.

Pasig River Rehabilitation Commission (PRRC) . The Pasig River System is a strategic waterway that runs through the most densely populated areas in the country's National Capital Region and connects the Lake to the Manila Bay. The River links Manila Bay in the west with Laguna de Bay in the East.

EO 5 (1999) created PRRC under the Office of the President. PRRC's mission is to improve the quality of the quality of the Pasig River through meaningful urban planning, environmental protection, and efficient river transportation. The objectives of the mandate of PRRC cannot be separated from the objectives of the mandate of LLDA since the Pasig River plays a vital

role in the environmental quality of the Lake, its aquatic resources, and the Lake water system behavior.

- b. **Resource Regulation.** The complementary regulatory functions between LLDA and other agencies center around the following mandates: (1) coordination, development, monitoring, and enforcement of land use plans; (2) issuance of permits and clearances; (3) standard and requirement setting; and (4) development of policies related to resource pricing and allocation, and market-based instruments (MBIs).

Department of Environment and Natural Resources (DENR). DENR, through EMB, FMB, MGB, EMPAS, PAB, and its regional offices (Region IV and the National Capital Region) implements the national standards and requirements related to pollution control and natural resources protection. In addition, DENR has the primary responsibility for establishing standards (National level), reviewing environment impact statements (EIS) and issuance of environmental compliance certificates (ECC), and Cease and Desist Orders (CDO). With such dominant regulatory presence, DENR has a considerable influence over the policies and programs implemented in the region.

National Water Resources Board (NWRB). The Board is expected to coordinate activities of water resources agencies. The Board is mandated to formulate and implement regulations related to conservation, utilization, and management of surface water and groundwater. The Water Code (1976) mandates NWRB to regulate the allocation and uses of water through a water usage permit system.

Housing and Land Use Regulatory Board (HLURB). HLURB was created by PD 1396 and reorganized by EO 648. It enforces, coordinates, streamlines, and improves land use policies and regulations.

- c. **Infrastructure Developers.** It includes all the agencies that have a key role in the development activities in the Laguna de Bay Region.

Department of Public Works and Highways (DPWH). DPWH is primarily responsible for the development of infrastructure (especially national highways), flood control and water resources development systems, and other public works.

Metropolitan Waterworks and Sewerage System (MWSS). Under R.A. No.6234, the mandate of MWSS is the development of water and sanitary services. It issues regulations necessary for sanitary sewers and for water and sewer services within its jurisdiction.

National Housing Authority (NHA). PD 704 mandates NHA to develop housing projects. The overlapping responsibilities between NHA and LLDA center around coordinating role with LGUs, meeting land use and zoning requirements of LLDA, and conflicting policy objectives of the development projects in the region, especially with respect to the shoreland.

Philippine Reclamation Authority (PRA). PRA's primary mandate is land reclamation of foreshore and submerged areas.

- d. **Research and Development Institutions.** Research and development (R&D) organizations and academe are active in research Laguna de Bay Region. These are (i) Bureau of Soils and Water Management (BSWM), a bureau of DA; National Institute of Geological Science (NIGS); Philippine Council for Agriculture and Resources Research and Development (PCARRD); Philippine Council for Aquatic and Marine Research and Development (PCAMARD); and the University of the Philippines (UP) at Diliman and Los Baños.
- e. **Resource User Communities.** This covers the key users of the natural resources of the Lake and its watershed. They include, among others, the local residents in the watershed, aquaculture operators, farmers and fisherfolfs striving on the shoreland and Lake water, and industries.

Sec. 33.3 Conflict Resolution. In case of conflict, LLDA shall continue to adopt partnership building and development as a core strategy in resolving conflicts with stakeholders and management of the Laguna de Bay watershed. It shall pursue community-based environmental enhancement initiatives for a healthier lake and sustainable watershed.¹²

Sec. 33.4. Communication Policy. - It shall accurately, effectively, and sufficiently communicate with stakeholders regarding policy issues, its programs and projects, and how it has served their interests. LLDA shall ensure the continuous flow of and easy access to information for the use its stakeholders¹³

¹² LLDA Board Resolution 285, s. 2006, "The Laguna de Bay Declaration 2006 Adopting Partnership Building and Development as a Core Strategy in the Management of Laguna de Bay and its Watershed"

¹³ Ibid; Laguna Lake Development Authority. (2006) IEC Medium Term Plan. Pasig City

It shall continue to use traditional and technology-based communication medium in communicating with its stakeholders, which include, but not limited to the following:

- (a) Corporate Annual Report.
- (b) Corporate website.
- (c) Social media accounts.

on how LLDA has implemented its programs, projects, and activities

Sec. 34. Employees.- Every employee of LLDA is encouraged to-

- (a) Remember that the biggest stakeholder is the Government;
- (b) Share the vision of the Authority;
- (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 stockholders and customers;
- (i) Deliver results and celebrate success; and
- (j) Protect the reputation of the LLDA.

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

Sec. 35. Customers. - Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationship. LLDA 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 in return for the price paid for the same. LLDA shall operate policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customers' businesses.

The Authority shall have clear and strong lines of communication which allow them 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 LLDA is mandated to do.

Sec. 36. Suppliers. - As with other relationships with the Stakeholders, the Authority shall aim to develop relationships and improve networking with business partners and suppliers based on mutual trust. LLDA 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 time and within budget.

Sec. 37. Health and Safety. – LLDA shall aim to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. The Authority shall comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The staff shall be informed regarding the policies and practices of LLDA in order to maintain a healthy, safe and enjoyable environment.

Sec. 38. Environment. –It shall be the goal of the Authority to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance.

In the course of the operations of the Authority, it shall identify opportunities to reduce consumption of energy, water and other natural resources. LLDA shall also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing its impact on the environment.

VII. DISCLOSURE AND TRANSPARENCY REQUIREMENTS

Sec. 39. Transparency as the Essence of Corporate Governance. - LLDA shall disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times.

Sec. 40. Mandatory Website. - In accordance with Section 25 of the Act, LLDA shall maintain its corporate website and post therein for unrestricted public access:

40.1. Institutional Matters:

40.2. Information on the Board of Directors and Officers:

40.3. Financial and Operational Matters:

40.4. Governance Matters:

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

Sec. 41. LLDA Shall Be Active Participant in the Integrated Corporate Reporting System. - the Authority, through its Board of Directors and Management, shall ensure that it becomes an active and responsible member and contributor to the Integrated Corporate Reporting System (ICRS), developed by the National Government through GCG.

Sec. 42. Mandatory Reports.- The Authority shall regularly submit, as may be required by the GCG and other Government Agencies, the following:

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

Sec. 43. Other Reportorial Requirements. –The Authority 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.

VIII. SANCTIONS AND PENALTIES

Sec. 44. Violation(s). - Any violation of the provisions of this Manual shall be dealt with in accordance with the Fit and Proper Rule¹⁴, Anti-Graft and Corrupt Practices Act¹⁵, Code of Ethical Standards for Government Employees¹⁶ and other applicable laws, rules and regulations.

IX. MISCELLANEOUS PROVISIONS

Sec. 45. Amendments. - This Manual may be amended by the Authority through the issuance of a memorandum circular duly published in the LLDA's website and copy formally submitted to the GCG.

Sec. 46. Effectivity. - This Manual shall take effect fifteen (15) days after publication in a newspaper of general publication and registration in the Office of the National Administrative Register (ONAR), UP Law Center, University of the Philippines, Quezon City.

¹⁴ GCG MC No. 2012-05, "Fit and Proper Rule for Appointive Directors and CEOs of GOCCs"

¹⁵ R.A. No. 3019

¹⁶ R.A. No. 6713