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REVISED PPA MANUAL OF CORPORATE GOVERNANCE

Pursuant to its mandate under Presidential Decree No. 857, as amended, and in concurrence with Section 42 of GCG Memorandum Circular No. 2012-07 directing every GOCC through its Governing Board to promulgate and adopt its corporate rules and governance principles in accordance with the Code of Corporate Governance for GOCCs adopted by the Governance Commission for Government Owned and/or Controlled Corporations (GCG) and approved by the President of the Republic of the Philippines, the PPA Board hereby promulgate and implement the PPA Code of Corporate Governance, as follows:

I. DEFINITION OF TERMS

Section 1. Definition of Terms. - For purposes of this Code, 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 Director” refers to all members of the Board who are not ex-officio members thereof.

“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 Corporate Secretary.

“Board of Directors” (“Board”) refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all properties of PPA.

“Charter” refers to Presidential Decree (PD) No. 857, as amended

“Charter Statement” refers to a statement of the PPA's vision, mission and core values.

“General Manager” (“GM”) refers to the highest ranking officer of PPA.

“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 PPA. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the PPA or its customers/stakeholders if disclosed, such as: (1) non-public information about the PPA's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers, acquisitions, divestitures, stock splits and similar transactions; (2) non-public information

VISION

By 2030, PPA shall have provided globally competitive port service in the Philippines characterized by increased productivity, efficiency, connectivity, comfort, safety, security and environmental sustainability.

MISSION

1. Provide reliable and responsive services in ports, sustain development of community and the environment, and be a model corporate agency of the government.
2. Establish mutually beneficial, equitable and fair relationship with partners and service providers.
3. Provide meaningful and gainful employment while creating a nurturing environment that promotes continuous learning and improvement.
4. Establish a world class port operation that is globally competitive adding values to the country's image and reputation.

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

"Director" refers to any member of 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 GM and other corporate officer of the PPA as expressly provided for in its Charter such as the Assistant General Managers, as distinguished from Board Officers. Executive Officers primarily form part of the Management of the PPA.

"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 PPA, 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 Executive Officer qualified to hold a position in a PPA 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 and PD No. 857, as amended.

"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 PPA.

"Material Information" (*"Material Fact"*) refers to information which is considered important relating to corporate acts, contracts and transactions the disclosure or non-disclosure of which, would adversely affect the operations of the PPA.

"Officers" refer to both Board Officers and Executive Officers.

"Per Diems" refer to the compensation granted to members of PPA Board for actual attendance in meetings.

"Performance Evaluation System" (*"PES"*) refers to the process of appraising the accomplishments of PPA 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 PPA.

"*Public Officials*" or "*Public Officers*" refer to 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 PPA.

"*Stakeholder*" refers to any individual or entity for whose benefit the PPA has been constituted, or whose life, occupation, business or wellbeing is directly affected, whether favourably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which the PPA has been instituted; and which would include management, employees, supply creditors, or the community in which the PPA 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 PPA's vision in relation to its mission or purpose for having been created.

"*Supervising Agency*" refers to the Department of Transportation and Communications (DOTC) to which the PPA is attached to for purposes of policy and program coordination.

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

Sec. 3. *Coverage.* - This Code shall be observed by all concerned.

II. ROLE OF PPA IN NATIONAL DEVELOPMENT

Sec. 4. *PPA as a State's Economic Tool for Development.* – The State recognizes the potential of PPA as significant tools to pursue economic development, and as a means to promote growth by ensuring that its operations are consistent with national development policies and programs.

III. GOVERNING BOARD

Sec. 5. *Board Directly Vested with Corporate Powers.* – The corporate powers of PPA shall be vested in a Board of Directors pursuant to Section 7(a) of its Charter. Having been vested directly by law with the legal capacity and authority to exercise all corporate powers, the Governing Board is primarily responsible for the governance of the PPA. Consequently, it is the Board and not Management that is primarily accountable to the State for the operations and performance of the PPA.

