



Cultural Center of the Philippines

# **MANUAL OF CORPORATE GOVERNANCE**

The CCP Manual of Corporate Governance was approved by the CCP-Board of Trustees in its Regular Meeting on September 23, 2020.

Further amendments were approved during the Regular BOT Meeting on January 19, 2022, by the following CCP-Board of Trustees, namely, Chairperson Maria Margarita Moran-Floirendo, Vice-Chair Lorna Patajo-Kapunan, Trustee/President Arsenio Lizaso, Trustee Jaime Laya, Trustee Marivic Del Pilar, Trustee Nikki Junia, Trustee Stanley Seludo, and Trustee Benedict Carandang.

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## I. OBJECTIVE

The Charter of the Cultural Center of the Philippines (P.D. No. 15, 1972) assigns it the following purposes and objectives: (a) To construct, establish and maintain in a single site, a national theatre, a national music hall, an art gallery and such other buildings and facilities as are necessary or desirable for the holding of conferences, seminars, concerts and the like; (b) To awaken the consciousness of our people to our cultural heritage, and to encourage them to assist in its preservation, promotion, enhancement and development; (c) To cultivate and enhance public interests in and appreciation of, distinctive Philippine arts in various fields; (d) To discover, assist and develop talents, connected with Philippine cultural pursuits and create greater opportunities for individual and national self-expression in cultural affairs; and (e) To encourage the organization of cultural groups, associations or societies and the holding or staging of cultural exhibitions, performances, and similar activities.

For these reasons, the CCP Board of Trustees, Management and employees hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of the Center's corporate goals.

This Manual shall supplement and complement the Cultural Center of the Philippines (CCP) Rules and Regulations (2006) as provided for in the CCP Charter (P.D. 15 as amended by P.D.s 179, 1444, 1815, 1825 and E.O. 1058) and shall institutionalize the principles of good corporate governance in the entire organization.

## II. CORPORATE VISION, MISSION AND PERFORMANCE PLEDGE

In furtherance of these purposes and objectives, the CCP Board of Trustees has formulated the following guidelines and specific thrusts:

**Sec. 1. *Vision.*** – Art matters to the life of every Filipino.

**Sec. 2. *Mission.*** – To be the leading institution for arts and culture in the Philippines by promoting artistic excellence and nurturing the broadest publics to participate in art making and appreciation.

**Sec. 3. *Objectives.*** – The Center's objectives are:

3.1. *Artistic Excellence.* Create, produce and present excellent and engaging artistic and cultural experiences from the Philippines and all over the world.

Sec. 3.2. *Arts for Transformation.* Nurture the next generation of artists and audiences who appreciate and support artistic and cultural work.

Sec.3.3. *Sustainability and Viability.* Achieve organizational and financial stability for the CCP to ensure the continuity of its artistic and cultural program and contribute to the flourishing creative industry in the Philippines.

Sec. 3.4. *Human Resource Development.* Develop a loyal. Competent and efficient workforce towards fulfilling a vital role in the cultural institution.

**Sec. 4. *Performance Pledge.*** – We, the officials and employees of the Cultural Center of the Philippines, wholeheartedly commit to:

4.1. Always serve the public diligently and efficiently, with utmost courtesy and the highest degree of integrity, whenever our expertise and services are needed;

4.2. Respond promptly to all inquiries and complaints about our services from arts and culture enthusiasts and the general public; and

4.3. Take pride in the continued promotion of artistic excellence, cultural values, Filipino aesthetics and national identity towards and humanistic global society.

### **III. 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 Trustees* refer to all members of the CCP Board of Trustees who are appointed by the President of the Philippines and who are not *Ex Officio* members thereof.

*Board of Trustees* or *Board* or *Governing Board* refers to

the collegial body that formulates corporate policies related to business and property of CCP, whether it be formally referred to as the “Board of Trustees” or some other term in its Charter or By- Laws;

*By-laws* refers to the basic instrument adopted by the CCP Board for its internal government for the purpose of regulating the conduct and prescribing the rights and duties of its members towards itself and among themselves in reference to the management of its affairs.

*Charter* refers to Presidential Decree No. 15, as amended, creating the CCP and defining its franchise.

*Charter Statement* refers to the statement of the CCP vision, mission and core values.

*Chief Executive Officer (CEO)* refers to the highest ranking Corporate executive who is the President of CCP.

*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 CCP. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the CCP or its customers/stakeholders if disclosed, such as: (a) non-public information about the CCP’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; (b) non-public information concerning possible transactions or ventures with other companies, or information about suppliers, joint venture partners, or any information that the CCP is under obligation to keep confidential; and (c) non-public information about internal discussions, deliberations and decisions, between and among Directors and Officers.

*Executive Officer* refers to the President or whoever is the highest ranking officer in CCP, and such other corporate officers, such as the Vice Presidents or duly designated Department Managers.

*Fit and Proper Rule* refers to a set of standards for determining the qualification of a member of the Board of Trustees or the CEO, which shall include, but not be limited to, standards on integrity, experience, education, training and competence, as 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.

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

*Officers* refer to both the Board Trustees and Executive Officers of CCP.

*Per Diem* refers to the allowance granted to members of the Board of Trustees for actual attendance in meetings.

*Performance Evaluation System (PES)* refers to the process of appraising the individual and/or collective accomplishments of the agency or institution in a given fiscal year based on set performance criteria, targets and weights.

*Trustee* refers to any member of the CCP Board of Trustees;

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

**Sec. 3.** *Coverage.* – This Manual shall be observed by all incumbent Board Members, Officers and Employees of CCP.

#### **IV. GOVERNING BOARD**

**Sec. 1.** *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 CCP, the Governing Board is primarily responsible for the governance of CCP. Consequently, it is the Board and not Management, that is primarily accountable to the State for the operations and performance of CCP.

**Sec. 2.** *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 CCP, it is the duty of the Board to ensure that they elect and/or employ only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience and integrity. The Board is therefore obliged to provide an independent check on Management.

**Sec. 3.** *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 Board shall have authority to discipline, or remove from office any officer, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

**Sec. 4.** *Composition.* – The governing powers of CCP shall be vested in and exercised by the Board of Trustees composed of eleven (11) members, who shall serve without compensation.

4.1. All Appointive Trustees in CCP shall be appointed by the President of the Philippines from a shortlist prepared by the GCG. The selection, nomination, and shortlisting of prospective Appointive Trustees shall be pursued in accordance with the rules and criteria formulated by the GCG, which shall include the following statutorily-mandated conditions, as follows:

4.1.1. The GCG shall cause the creation of search committees to pursue the process of selection, nomination and shortlisting of prospective appointees;

4.1.2. 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 CCP;

4.1.3. The GCG shall ensure that the shortlist shall exceed by at least fifty percent (50%) of the number of Trustees to be appointed; and

4.1.4. The President of the Republic of the Philippines may ask the GCG to submit additional nominees if he finds the list insufficient.

**Sec. 5.** *Term of Office of Appointive Trustees.* – The term of office of each Appointive Trustee shall be for one (1) year, unless sooner removed for cause: *Provided, however,* that each Appointive Trustee shall continue to hold office until the successor is appointed and qualified.

5.1. The one (1) year Term of Office of all Appointive Trustees shall begin on 01 July of the year of appointment and ending on 30 June of the following year.

An Appointive Trustee may be nominated by the GCG for re-appointment by the President only if one obtains a performance score of above average or higher in the immediately preceding year, based on the performance criteria for Appointive Trustees adopted for the CCP.

5.2 Only Filipino citizens with good moral standing, at least 25 years of age and a resident of the Philippines can be appointed to the CCP Board of Trustees.

**Sec. 6. Disqualification of Trustees.** – The following shall be grounds for the disqualification of a Trustee:

6.1. Having conflicting interests with the business of the CCP;

6.2. Having used his position as a Member of the Board to make profit or acquire benefit or advantage for himself and/or his related interests;

6.3. Having violated the provisions of the CCP Charter, its rules and regulations, as well as provisions under the GCG Code of Governance;

6.4. Having been absent for four (4) consecutive regular meetings of the Board or Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Trustees for any twelve (12) month period during his term;

6.5. Having been finally convicted by a competent judicial or administrative body of any crime involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury, or other fraudulent acts or transgressions, gross negligence, or gross misconduct; or conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years; or

6.6. Having been disqualified as prescribed by law.

No Appointive Trustee in CCP may hold more than two (2) other Board seats in other GOCCs, subsidiaries and/or affiliates.

Appointment to any vacancy in the Board of Trustees shall only be for the unexpired term of the predecessor and shall be in accordance with the manner provided for regular nomination, shortlisting and appointment of Appointive Trustees.



**Sec. 7. Mandate and Responsibility for the CCP's Performance.** – Although the day-to-day management of the affairs of CCP is with Management, the Board is, however, responsible for providing policy directions, monitoring and overseeing Management actions, as articulated in this Manual, and other relevant legislation, rules and regulations. These mandated functions and responsibilities include the following:

7.1. Provide the corporate leadership of CCP subject to the rule of law, and the objectives set by the National Government through the Supervising Agencies and the GCG;

7.2. Establish the CCP's vision and mission, strategic objectives, policies and procedures, as well as defining CCP's values and standards through:

4.2.1. Charter Statements;

4.2.2. Strategy Maps; and

4.2.3. Other control mechanism mandated by best business practices;

7.3. Determine important policies that bear on the character of CCP to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;

7.4. Determine the organizational structure of CCP, 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;

7.5. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;

7.6. Provide sound written policies and strategic guidelines on CCP's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of CCP;

7.7. Comply with all reportorial requirements, as required in the Charter and By-laws, as well as applicable laws, rules and regulations;

7.8. Formally adopt and conduct annually the mandated Performance Evaluation System and the Performance Scorecard and timely and accurate report the results to the GCG; and

7.9. Ensure the fair and equitable treatment of all Stakeholders and enhancing CCP's relations with its Stakeholders.

**Section 8.** *Specific Functions of the Board.* – In addition to those specified in its Charter and/or By-laws, the Board shall perform the following functions:

8.1. 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 recorded in minutes; and may call upon any officer or employee to attend its meeting when it deems necessary.

8.2. Determine CCP's purpose and value, as well as adopting strategies and policies, including risk management policies and programs, in order to ensure that CCP survives and thrives despite financial crises and that its assets and reputation are adequately protected;

8.3. 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;

8.4. Adopt a competitive selection and promotion process, a professional development program, as well as succession plan, to ensure that the Officers of CCP have the necessary motivation, integrity, competence and professionalism;

8.5. Monitor and manage potential conflicts of interest of Trustees, Management, and stakeholders including misuse of corporate assets and abuse in related party transactions;

8.6. Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;

8.7. Ensure the integrity of CCP's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems

for risk management, financial and operational control, and compliance with the law and relevant standards;

8.8. Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of, key risks and key performance areas;

8.9. Adopt, implement and oversee the process of disclosure and communications;

8.10. Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and

8.11. Conduct and maintain the affairs of CCP within the scope of its authority, as prescribed in its Charter or By-laws, and applicable laws, rules and regulation.

**Section 9.** Without prejudice to such powers as may be granted by applicable laws and issuances, the Board of Trustees shall also have the following powers:

9.1. To make and change rules and regulations not inconsistent with the CCP Rules and Regulations of 2006 for the management of the CCP's business and affairs, as needed;

9.2. To enter into contracts as it may deem necessary to carry out or accomplish the purpose and objectives of CCP;

9.3. To purchase, receive, take or otherwise acquire for and in the name of CCP, any and all properties, rights, privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;

9.4. To solicit donations and funds in the form of contribution, whether in cash in property, from both the public and private sectors;

9.5. To invest the funds or other assets whether movable or immovable, of CCP in such undertakings as it may deem wise or necessary to carry out its purpose and objectives;

9.6. To open such accounts in and with banks and other financial institutions and disburse such funds or invest the same as it may deem necessary to accomplish or advance the purpose of the Center;

9.7. To incur any indebtedness as the Board may deem necessary and issue its evidence thereof, including notes, deeds of trust, bonds, debentures, or securities, subject to limitations imposed by law;

9.8. To approve the annual budget and any supplemental budget that may be submitted to it by the President of CCP;

9.9. To approve the pension, retirement, bonus, or other types of incentives or compensation plans for employees, including officers and members of the Board of Trustees, which shall be covered by the Compensation and Position Classification System (CPCS) for GOCCs under R.A. No. 10149 as approved by the President of the Philippines, and provided further that prior approval from the GCG shall be obtained therefor, in accordance with the law;

9.10. To file, maintain, defend or compromise any lawsuit in which CCP or its officers are either plaintiffs or defendants in connection with the business of CCP; and

9.11. To delegate from time to time any of the powers of the Board to any standing or special committee, officer or agent with such powers and upon such terms as may be deemed fit.

**Section 10.** *Officers of the Board.* – The Officers of the Board of CCP are the Chairman, Vice Chairman, the Corporate Secretary and the Compliance Officer, who must all be Filipino citizens.

10.1 *Chairman of the Board.* – The Chairman of the Board is the Head of CCP.

The Board of Trustees shall elect a Chairman who must be one of its members, who shall act as such until such time as the Board of Trustees, by a majority vote, shall elect another Chairman. The Chairman shall, when present, preside at all meetings of the Board. The Chairman's responsibilities may include:

10.1.1. Calling meetings to enable the Board to perform its duties and responsibilities;

10.1.2. Approving meeting agenda in consultation with the CEO and the Corporate Secretary;

10.1.3. Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board;

10.1.4. Assisting in ensuring compliance with the GOCC's guidelines on corporate governance; and

10.1.5. Performing other acts and exercising other powers within its mandate as may be determined by the Board or as provided by law.

10.2. *Vice Chairman.* -- In the absence of the Chairman of the Board, the Vice Chairman shall preside at the meetings of the Board, and shall perform such other functions as may be designated by the Board.

10.2. *Corporate Secretary.* – The Corporate Secretary who must be a resident of the Philippines shall be selected by the Board of Trustees. He shall have the following functions:

10.3.1. Serve as an adviser to the Board Members on their responsibilities and obligations;

10.3.2. Keep the minutes of meetings of 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 President and other members of the Board as appropriate;

10.3.3. Keep in safe custody the seal of CCP and affix it to any instrument requiring the same;

10.3.4. Attend to the giving and serving of notices of Board meetings;

10.3.5. Be fully informed and be part of the scheduling process of other activities of the Board;

10.3.6. Receive instructions from the Chairman on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;

10.3.7. Oversee the adequate flow of information to the Board prior to meetings; and

10.3.8. Ensure fulfillment of disclosure requirements to regulatory bodies.

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

10.4. *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:

10.4.1. Monitor compliance by the GOCC of the requirements under the Act, this Code, the rules and regulations of the appropriate Government Agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

10.4.2. Appear before the GCG when summoned in relation to compliance with this Code or other compliance issues; and

10.4.3. Issue a certification every 30 May of the year on the extent of the GOCC'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 the GOCC has complied with all its reportorial, monitoring and compliance obligations.

## **Sec. 11.** *Board Meetings.*

11.1. The meetings of the Board of Trustees shall be held at the principal office of the CCP at the Tanghalang Pambansa, CCP Complex, Roxas Boulevard, Pasay City, unless otherwise designated by the Board, and shall be presided over by the Chairman or in the latter's absence the Vice-Chairman.

11.2. Regular Meetings of the Board shall be held in an agreed upon frequency and schedule after due notice.

11.3. Special meetings of the Board may also be called any time upon the request of any two (2) trustees which must be communicated to the Chairman.

11.4. Except as otherwise provided, notice of any meeting of the Board of Trustees shall be given to each trustee by the Corporate Secretary or by the persons calling the meeting, in writing or by electronic means, advising him by word of mouth, addressed to him at his residence or usual place of business as it appears in the records of CCP.

11.5. Non-receipt of any such notice shall not invalidate any business done at any meeting in which a quorum is present.

11.6. Any action taken at a meeting where majority of the trustees are present shall be legal and valid.

**Sec. 12.** *Quorum.* – A majority of trustees shall constitute a quorum for the transaction of business of CCP, and any decision by the majority of those present shall constitute a valid and binding act of CCP.

**Sec. 13.** *Limits to Compensation, Per Diems, Allowances and Incentives Pursuant to Sec. 23 of the GOCC Act.*

13.1. The Charters or By-laws of CCP to the contrary notwithstanding, the compensation, *per diems*, allowances and incentives of the Appointive Trustees shall be determined by the GCG, using as a reference among others, Executive Order No. 24, dated February 10, 2011;

13.2. Trustees shall not be entitled to retirement benefits as trustees; and

13.3. Having been organized solely for the promotion of social welfare and the common good, without regard to profit, the total yearly *per diems* and incentives in the aggregate which the Trustees may receive shall be determined by the President of the Philippines upon the recommendation of the GCG based on the achievement by CCP of its performance target(s).

**Sec. 14.** *Annual Performance Evaluation of the Board.* – A

systematic evaluation process of the Board shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for Board Members to devote sufficient time and effort to their duties. The performance of the members of the Board shall be evaluated based on the criteria set forth under GCG Memorandum Circular No. 2014-03 and subsequent amendments thereto, if any. The results of the performance evaluation shall serve as bases for the GCG in determining the Board members' eligibility for reappointment.

## **V. BOARD COMMITTEES**

**Sec. 1. Board Committees.** \_ The Board shall create such Board Committees as it deems necessary for the effective performance of its duties and responsibilities.

Committees shall assist the Board: (a) gain a full understanding of matters presented by Management for its consideration; (b) identify issues affecting the CCP and develop options for their resolution; (c) formulate strategies policies, programs, and activities essential for the attainment of the CCP's objectives; and (d) monitor the implementation and as necessary determine the measures for more effective and timely implementation of the Board decisions.

Committees are created to enable the Board to work more efficiently. Ordinarily, an Agenda item would be presented to the Board and general discussion would ensue. With a Committee structure, Agenda items are spread out among Committees where detailed discussion takes place. At Board meetings, potential questions are likely to be covered in Committees reports, making Board meetings more productive.

As a general rule, therefore, the Board shall discuss and consider proposals coming from Management and other sources after study and recommendation by the appropriate Committee. In considering Management proposals for Board action and in developing its recommendations for Board action, Committees may call upon appropriate Management officers and personnel to assist in its work.

Committees may take the initiative in developing projects and activities that may enhance those that are ongoing or have otherwise been approved. These shall be done with the participation of Management officers and staff concerned and incorporated in the Committee's recommendations for Board action.



Committee discussions and recommendations shall be recorded in Minutes of Committee Meetings that shall be presented for Board confirmation and approval at Regular Board Meetings.

The Board shall exercise its duties and responsibilities with the assistance of the following Committees.

1.1. *Executive Committee.* - The Executive Committee shall be composed of not less than three (3) members of the Board, with the Chairman of the Board serving as Committee Chairman.

The Executive Committee is authorized to decide through a two-thirds vote on any and all matters that require a Board decision but which have to be urgently resolved in between Regular Board Meetings except on matters having to do with: (a) action for which Board members' approval is specifically 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; and, (d) amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal.

1.2. *Governance Committee.* - The Governance Committee shall assist the Board 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:

1.2.1. Overseeing the periodic performance evaluation of the Board and its committees and of Management; and also conducting an annual self-evaluation of their performance;

1.2.2. Deciding 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 commitments that are faced when trustees serve on multiple boards;

1.2.3. Recommending to the Board on the continuing education of Trustees, assignment to Board Committees, succession plan for Executive Officers, and their remuneration commensurate with corporate and individual performance; and

1.2.4. Recommending the manner by which the Board's performance may be evaluated and proposing objective

performance criteria addressing how the Board can enhance long-term value.

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

1.3.1. Overseeing, monitoring and evaluating the adequacy and effectiveness of CCP's internal control system, engage and provide oversight of CCP's internal and external auditors, and coordinate with the Commission on Audit (COA);

1.3.2. Reviewing and approving audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;

1.3.3. Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;

1.3.4. Ensuring that internal auditors have free and full access to all CCP'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

1.3.5. Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the GOCC through a procedures and policies handbook that will be used by the entire organization.

1.3.6. Reviewing CCP financial reports and budget proposals for inclusion in the General Appropriations Act and presenting these to the Board for consideration and approval prior to transmission to the Department of Budget and

Management. This shall be done with the assistance of the CCP Chief Financial Officer.

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

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

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

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

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

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

CCP shall have an independent internal audit office, through which the Board and senior management shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

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

1.4. *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:

1.4.1. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of CCP, and crisis management, which shall include receiving from Senior Management periodic Information on risk exposures and risk management activities:

1.4.2. Developing the Risk Management Policy of the CCP, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of CCP, especially at the Board and Management level: and

1.4.3. Providing quarterly reporting and updating the Board on key risk management issues.

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

1.5.1. 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;

1.5.2. Reviewing and evaluating the qualifications of all persons nominated to positions in CCP which require appointment by the Board;

1.5.3. Recommending to the GCG nominees for the shortlist in line with CCP Board composition and succession plan; and

1.5.4. Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the CCP's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

1.6 *Committee on Artistic Matters.* – The Committee on Artistic Matters (CAM) shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

1.6.1. Assisting the Board in the conceptualization and design of the Center's artistic strategy and objectives, in the context of the CCP's Vision, Mission, and Objectives; the National Socio-Economic Development Plan; and the activities and plans of the National Commission for Culture and the Arts, CCP Resident Companies, and of other public and private sector organizations;

1.6.2. Reviewing and recommending on Management's ongoing and planned programs, projects and activities having to do with artistic matters, including but not limited to the performing, visual and literary arts, architecture and design, arts of the cultural communities, cultural heritage whether tangible or intangible, and related fields;

1.6.3. Monitoring, evaluating and recommending on Management's implementation of the strategy, plans, programs, projects, and activities having to do with artistic matters that have been previously approved by the Board;

1.6.4. In coordination with Management, recommending to the Board the design and development of improvements in existing artistic programs, projects and activities in light of approved strategy and priorities and changing conditions; and

1.6.5. Performing such other functions as may be assigned to it by the Board.

1.7. *Complex Development Committee.* – The Complex Development Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

1.7.1. Optimizing the use of CCP assets through an Asset Development Program in partnership with private and/or public sectors organizations;

1.7.2. Facilitating the construction of new facilities that will assist in the propagation of culture and arts; and

1.7.3. Attaining CCP's self-sufficiency towards gradually minimizing financial subsidy from the national government.

1.8. ICT Committee. - The ICT Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

1.8.1. Taking the lead in digitizing content or performances of CCP resident companies and other performers;

1.8.2. Coordinating with the concerned departments and divisions in archiving for access or digitalization of performances;

1.8.3. Coordinating closely with concerned departments and divisions for data privacy and cyber risk management; and

1.8.4. Facilitating CCP's digital ethical branding.

1.9. *Investments Committee.* - The Investments Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

1.9.1. Overseeing and monitoring the investment portfolio of the CCP;

1.9.2. Coordinating with and reviewing the performance of the Landbank of the Philippines, as investment adviser of CCP; and

1.9.3. Providing the Board quarterly report and updates on investments, as well as ad hoc reporting and evaluating of investment proposals.

**Sec 2. Additional Committees.** - In addition to the committees created in this Manual, the Board may create other committees it may deem necessary to carry out its responsibilities and to realize its mission and vision.

**Sec. 3. *Combining the Mandatory Committees.*** – The Board may dissolve Committees created in this Manual and/or combine the functions of the Committees as may best serve the interests of the CCP.

**Sec. 4.** The composition and membership of the Board Committees may be changed by the Board at any time.

**Sec. 5.** Except as otherwise provided in this Manual, Board Committees shall act by vote of a majority of the members thereof and keep Minutes their meetings, which shall be presented at the next succeeding meeting of the Board of Trustees.

## **VI. MANAGEMENT**

**Sec. 1. *Accountability to the Board.*** – Management is primarily accountable to the Board for the operations of CCP. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of the CCP’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.

**Sec. 2. *Role of Management.*** – The Management stands as the center of decision-making for the day-to-day affairs of CCP. It determines the CCP’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 CCP’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 CCP; 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 CCP; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in CCP.

**Sec. 3. *Officers.*** – CCP shall have the following executive officers:

3.1. ***President.*** – The President or the highest-ranking executive officer of the CCP, shall be elected annually by the members of the Board from among its ranks. The President shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause. The President shall:

3.1.1. Exercise general supervision and authority over the regular course of business, affairs, and property of CCP, and over its employees and officers;

3.1.2. See to it that all orders and resolutions of the Board are carried into effect;

3.1.3. Submit to the Board as soon as possible after the close of each fiscal year, a complete report of the operations of CCP for the preceding year, and the state of its affairs;

3.1.4. Report to the Board from time to time all matters which the interest of CCP may require to be brought to its notice; and

3.1.5. Perform such other duties and responsibilities as the Board may impose upon him.

The President shall also exercise the following functions:

3.1.6. To initiate, formulate and develop programs, plans, and projects of CCP for the approval of the Board of Trustees;

3.1.7. To supervise and manage the business affairs of CCP;

3.1.8. To implement the administrative and operational policies of CCP under his supervision and control;

3.1.9. To appoint, remove, suspend, or discipline employees of CCP and prescribe their duties and responsibilities, in accordance with the law;

3.1.10. To oversee the preparation of the budgets and statements of accounts of CCP;

3.1.11. To represent CCP at all official functions or appoint his representative during his absence or unavailability;

3.1.12. To execute on behalf of CCP all contracts, agreements, and other instruments affecting CCP, subject to the approval of the Board of Trustees; and

3.1.13. To make reports to the Board and the applicable government agencies.



3.2. *Vice-President for Finance and Administration.* – The Vice President for Finance and Administration shall assist the President in the administrative and financial operations of CCP, exercising such powers and functions as may be assigned by the President or the Board, and if qualified and so designated, act as President in the absence or incapacity of the latter. In particular, he shall also have the following functions:

3.2.1. Deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of CCP in compliance with applicable laws, rules and regulations;

3.2.2. Regularly and at least quarterly render to the Board an account of the fund condition of funds of CCP and all of his transactions as such;

3.2.3. Ensure fund availability on a timely basis and at the most economical means;

3.2.4. Optimize yields in temporary excess funds;

3.2.5. Provide relevant and timely financial market information;

3.2.6. Ensure appropriate coverage and management risk to resources;

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

3.2.8. Maintain the integrity of accounting records as the basis of the financial statements and reports provided to Management for decision making and to government regulatory bodies in compliance with statutory requirements;

3.2.9. Promote investor and public confidence in CCP 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;

3.2.10. Strengthen 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;

3.2.11. Oversee the implementation of plans and programs in the areas of finance, human resources, administrative services, and marketing services;

3.2.12. Provide logistical support to ensure the successful implementation of artistic programs of the center;

3.2.13. Plan, direct, and oversee the revenue generating activities of the Center, not only to augment the financial subsidy that it gets from the National Government, but eventually to achieve financial viability;

3.2.14. Prepare annual budget proposal to be submitted to the Audit Committee of the Board for review and approval by the Board prior to submission to the Department of Budget and Management, Congress and Senate for approval;

3.2.15. Provide management with accurate, relevant, and timely financial reports necessary for planning and strategy formulation, and monitor actual utilization of budgets, plans and programs toward the achievement of corporate goals;

3.2.16. Maintain the integrity of accounting records as the basis of the financial statements and reports provided to management for decision making, and to regulatory bodies in compliance with statutory requirements;

3.2.17. Ensure that financial obligations of the center are legal and properly substantiated before disbursements are made, and that obligations are paid promptly; and

3.2.18. Perform such other duties as the Board may impose.

3.3. *Vice-President for the Arts.* – The Vice-President for Artistic Sector, who may also be called as Artistic Director, shall take charge of the planning, direction, and coordination of all artistic activities of CCP and shall exercise such other functions that may be assigned by the President or the Board.

He shall exercise the following specific functions:

3.3.1. Assists the President in the overall strategic direction, planning, and program management;

3.3.2. Assumes full responsibility in technical coordination of the Artistic Sector: cultural content development, production and exhibition, arts education and cultural exchange;

3.3.3. Provides technical advice and assists the President in major decision-making activities regarding the artistic and cultural pursuits of the Center;

3.3.4. Implements policies and orders as approved by the Board necessary to carry out the Center's thrusts and objectives;

3.3.5. Acts as Chairman of the Artistic Programs Committee (APC); and monitors and evaluates all artistic programs of the Center.

3.3.6. Oversees the implementation of the artistic programs of the CCP Resident Companies;

3.3.7. Evaluates the Resident Company programs based on the mandate and the given strategic artistic directions of the Center.

3.3.8. Collaborates with the Resident Companies and maintains productive partnership for the achievement of the CCP's goals and objectives.

3.3.9. Fosters harmonious working relationship and establishes network with various cultural organizations or institutions and entities through sharing of expertise for institution and nation building or inter-agency linkages both locally and internationally.

3.3.10. Represents CCP in local and international festivals, conferences, meetings and events when designated/delegated by the President;

3.3.11. Implements the National Artist Award, *Gawad CCP Para sa Sining*, and *Pagdadalamhati ng Bayan* (necrological service for the departed National Artist) programs;

3.3.12. Prepares and submits the CCP's artistic plans and programs to the Committee on Artistic Matters of the Board of Trustees through the Office of the President prior to submission to the Department of Budget and Management for budget request and approval; and

13.3.13. Performs other functions incidental to the functional

mandate of the Office of the Artistic Director or as entrusted by the Office of the President or Board of Trustees.

3.4. *Other Officers.* – The President shall appoint such other officers as may be necessary to achieve the CCP’s purposes and objectives, subject to the approval of the Board and in accordance with law.

3.5. *Internal Auditor.* – The Center shall have in place an independent internal audit system which shall be implemented by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stakeholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

3.5.1. The Internal Auditor shall report to the Board or its designated officer;

3.5.2. The minimum internal control mechanisms for management’s operational responsibility shall center on the President, being ultimately accountable for CCP’s organizational and procedural controls;

3.5.3. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3.6. *Concurrent Positions.* – Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as Chairman and President, or President and Corporate Secretary, or as President and Vice President at the same time, subject to applicable laws and regulations.

## **VII. DUTIES AND OBLIGATIONS OF TRUSTEES AND OFFICERS**

**Sec. 1.** *As Fiduciaries of the State.* – CCP 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 CCP, with utmost good

faith in all dealings with the properties, interests and monies of CCP; and (b) they are constituted as trustees in relation to the properties, interests and monies of the CCP.

**Sec. 2. *As Public Officials.*** – CCP Trustees 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:

2.1. To promote a high standard of ethics in public service; and

2.2. 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. 3. *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 CCP to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to CCP in which they serve, and to act within the bounds of their Charter, Articles of Incorporation and By-laws.

**Sec. 4. *Duty of Diligence.*** – The fiduciary duty of diligence of Trustees and Officers to always act in the best interest of CCP, with utmost good faith in all its dealings with the property and monies of CCP, includes the obligation to:

4.1. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of CCP, using the utmost diligence of a very cautious person with due regard to all the circumstances;

4.2. Apply sound business principles to ensure the financial soundness of CCP; and

4.3. 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 Trustee or Officer, by the act of accepting such position in CCP, affirms and covenants: (a) to have a working knowledge of the statutory and regulatory requirements affecting CCP he is to serve, including the contents of its Charter, or Articles of Incorporation and By-laws, the requirements of the GCG, and where

applicable, the requirements of other Supervising Agencies; and (b) to always keep himself informed of industry developments and business trends in order to safeguard CCP's interests and preserve its competitiveness.

**Sec. 5. *Duty of Loyalty.*** – The fiduciary duty of loyalty of Trustees and Officers to always act in the best interest of CCP, with utmost good faith in all its dealings with property and monies of the CCP, includes the obligation to (a) Act with utmost and undivided loyalty to CCP; (b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and (c) Avoid taking for themselves opportunities related to CCP's business; using the CCP's property, information or position for personal gain; or competing with CCP's business opportunities.

5.1. *Duty to Avoid Conflict of Interest.* – Trustees and Officers shall at all times avoid any actual or potential conflict of interest with CCP. 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 CCP 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.

5.2. *Trustee Relation to CCP 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 Trustees or Officers in excess of that authorized by the GCG, *stock options*, and other similar offers or grants from corporations where the CCP is a *stockholder or investor*, and any benefit from the performance of Trustees or Officers acting for and in behalf of CCP in dealing with its properties, investments in other corporations, management of subsidiaries and other interest, are to be held in trust by such Trustee or Officer for the exclusive benefit of CCP.

5.3. *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 CCP which are in the possession of a Trustee or Officer

without authority, or that profits which 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 are in excess of the limits provided under the Act, the Trustee or Officer receiving such properties or monies shall immediately return the same to CCP.

Failure by a Trustee or Officer to make the restitution within thirty (30) days after a written demand from COA or management has been served, subject such Trustee or Officer with corresponding penalty upon trial and final judgment.

**Sec. 6. *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:

6.1. to further their private interests, or give undue advantage to anyone; or

6.2. which may prejudice the public interest.

## **VIII. LIABILITY**

**Sec. 1. *Providing Staff Support to Trustees.*** – CCP shall provide the members of its Governing Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

**Sec. 2. *Obtaining of Trustees and Officers' Liability Insurance (TOLI).*** – 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 CCP itself and/or the members of the Board and Management are hailed before tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed. It is prudent measure therefore for CCP to obtain “Trustees and Officers Liability Insurance” (TOLI) 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 CCP 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 TOLI coverage, by CCP 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 CCP and/or its stakeholders.

## **IX. CORPORATE SOCIAL RESPONSIBILITY AND RELATIONS WITH STAKEHOLDERS**

**Sec. 1. *Duty to Be Responsive to Stakeholders.*** – Every Trustee/Officer who *accepts* the position must be fully aware that he assumes certain responsibilities not only to CCP and its stakeholders, but also with different constituencies or Stakeholders, who have the right to expect that CCP 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 CCP employees, customers, suppliers and other Stakeholders. No member of the Board or Officer may take unfair advantage of CCP'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. 2. *CSR Principles.*** – As an integral part of the National Government, CCP is inherently mandated to be socially responsible, to act and operate as good corporate citizen. The Governing Board shall recognize and perform the obligations CCP 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 Trustees, 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 CCP is of fundamental importance, and Trustees, Officers and employees should be aware of the disciplinary implications of breaches of policy.

Every member of CCP 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. It will put an environment that enables its people to raise genuine and legitimate concerns internally. However, in the event that the people of CCP, and/or the stakeholders 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. 3. *Formal Recognition of the Stakeholders.*** – Every member of the CCP Board shall, as an integral part of its Charter Statement and embodied in its Manual of Corporate Governance, identify and formally recognize CCP’s major and other Stakeholders, identify the nature of their interests, provide a hierarchy system of their conflicting interest in CCP, and provide a clear policy on communicating or relating with Stakeholders accurately, effectively and sufficiently, together with a system of properly rendering an accounting on how CCP has served its legitimate interests.

3.1. *Customers/Clients/Sponsors:* Individuals, groups, artists, agencies, or entities seeking assistance from CCP through its productions, programs, venues and facilities, in support of their cultural and other artistic endeavours.

3.2. *Officers and Employees:* Serving as staff members of CCP for which its mandate and responsibilities are dutifully carried out with adequate skills, job knowledge and professionalism;

3.3. *Cultural organizations, schools, embassies and other government agencies:* Institutions that deal with the programs and projects of CCP for cooperation and exchange of artistic programs.

3.4. *Peer agencies:* Entities which benefit in the course of conducting artistic and cultural events with CCP such as the National Commission for Culture and the Arts (NCCA), Department of Education (DepEd), Commission on Higher Education (CHED), other national government agencies and GOCCs.

3.5. *Oversight agencies:* Organizations which supervise legal and crucial actions of the Center such as the COA, DBM, CSC, OGCC, and the GCG. Whenever applicable, oversight agencies must help ensure at all times, the continued viability, well-being and support towards CCP and its employees in order that its mandate may be pursued with the best interest at hand.

3.6. *Suppliers/Vendors:* Provide goods and services to CCP in the course of carrying out its business.

**Sec. 4.** *Hierarchy of Stakeholders' Interests System on Conflicts of Interest.* – In the general sense, conflicts of interest arise between CCP and its stakeholders or among the stakeholders as a result of diverse principles. Hence, any board member or executive officer of CCP shall steer clear of any conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.

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

4.1. Supplies, attempts to apply, provide information, goods and/or services:

4.1.1. To CCP endorsed by relatives and friends; and

4.1.2. To an entity in competition with CCP.

4.2. Acquires or is attempting to acquire for himself/herself a business opportunity which should belong to the Center.

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

**Sec. 5.** *Communicating/Relating to the Stakeholders.* – CCP, as a corporate entity, recognizes and observes the following duties and obligations to its stakeholders:

5.1. *To Customer/Clients/Sponsors:* Provide excellent service, courtesy and utmost professionalism through an efficient, effective, reliable and timely disposition of processes for the interest of the CCP and its stakeholders.

5.2. *To the Officers and Employees:* Enhance the quality of life of its officers and employees by providing a competitive compensation package consistent with the GOCC Compensation and Position Classification System and provide opportunities for career development as well as succession plans, through trainings and values formation, to ensure the necessary motivation, integrity, competence and professionalism of CCP officers and employees.

5.3. *To Cultural organizations, schools, embassies and other government agencies:* Ensure the successful implementation of CCP projects and programs for intended beneficiaries as well as the institutions and agencies which CCP promotes and assists.

5.4. *To Peer Agencies:* Provide assistance and support through CCP's artistic products and programs and expertise.

5.5. *To Oversight Agencies:* Provide accurate and useful information with utmost courtesy, professionalism, and cooperation as an institution of providing artistic excellence, as well as public good governance.

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

**Sec. 6. *Employees.*** – Every employee at CCP is encouraged to: (a) Remember that the biggest stakeholder is the Government; (b) Share the vision of CCP; (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 CCP.

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

**Sec. 7. *Suppliers.*** – As with other relationships with the Stakeholders, should aim to develop relationships and improve networking with business partners and suppliers based on mutual trust. CCP should 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. 8. *Health and Safety.*** – CCP aims to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. It should comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The staff should be informed regarding the policies and practices of CCP in order to maintain a healthy, safe and enjoyable environment.

**Sec. 9. *Environment.*** – CCP considers that there are inevitable environmental impacts associated with daily operations. It shall be the goal of CCP to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such, the CCP strongly encourages the 3 R's: “*Reduce*”, “*Re-use*”, and “*Recycle*”.

CCP will issue policies to reduce consumption of energy, water and other natural resources. It will also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing our impact on the environment. In doing so, by adopting simple, environmentally friendly initiatives, CCP will raise awareness among the members of the communities and its clients.

## **X. COMMUNICATION PROCESS**

**Sec. 1.** This Manual shall be available for inspection by any stakeholder of the Center at reasonable hours on business days. All trustees and officers are tasked to ensure the thorough dissemination of this Manual to all employees and to likewise enjoin compliance in the process.

**Sec. 2.** An adequate number of printed copies of this Manual must be reproduced under the supervision of Human Resource Management Department, with a minimum of at least one (1) hard copy of the Manual per department.

## **XI. TRAINING PROCESS**

**Sec. 1.** If necessary, funds shall be allocated by the President or its equivalent officer for the purpose of conducting an orientation program or workshop to keep this Manual in operation.

**Sec. 2.** A trustee shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

## **XII. DISCLOSURE AND TRANSPARENCY REQUIREMENTS**

**Sec.1. *Transparency as the Essence of Corporate Governance.*** – As transparency is the essence of corporate governance, the CCP 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. 2.** *CCP Manual of Corporate Governance.* – The CCP Acting Board shall promulgate and adopt its corporate governance rules and principles in accordance with the GCG Code of Corporate Governance, and which it shall contain the items stated thereto.

The CCP Manual of Corporate Governance shall be submitted to the GCG and shall be available for inspection by any of the identified Stakeholders of CCP at reasonable hours on business days.

**Sec. 3.** *Mandatory Website.* – In accordance with Section 25 of the GOCC Act and of the GCG Code of Corporate Governance, CCP shall maintain a website and post therein for unrestricted public access the following: (a) institutional matters; (b) board and officers; (c) financial and operational matters; (d) governance matters; and (e) such other information or report that the GCG may require.

**Sec. 4.** *CCP shall be an Active Participant in the Integrated Corporate Reporting System (ICRS).* – In pursuit of national development and providing better service to the public and ensure CCP's faithful performance of its mandate using standards of good governance, transparency, accountability and responsibility, the CCP Board and its Management, shall become an active and responsible member and contributor to the ICRS project of GCG, by creating an extensive database and comprehensive information on CCP.

**Sec. 5.** *Mandatory Reports.* – The Board shall regularly submit, as may be required by the GCG and other Government Agencies the following:

5.1. Performance Scorecards;

5.2. Implementation of the audit recommendations of COA; and

5.3. Compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government.

**Sec. 6.** *Other Reportorial Requirements.* – CCP shall submit to the GCG periodically in electronic form the reports as stated by GCG in its Code of Governance for GOCCs.

**Sec. 7.** The format and schedule of submission for the various reports shall be provided by the GCG in consultation with the Department of Finance (DOF), Department of Budget and

Management (DBM), Commission on Audit (COA) and other related Government Agencies as may be proper.

**Sec. 8.** The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Center’s Compliance Officer or duly-designated official.

**Sec. 9.** All material information, i.e., anything that could potentially affect CCP shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, and other related party transactions.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

**Sec. 10.** *Formal Charter of Expectations of Each Trustee.* – The CCP Board of Trustees has established the following Charter of Expectations for each Trustee that each shall sign and be committed to:

10.1. Conduct fair, honest and competent transactions with its stakeholders and avoid conflict of interest at all times. He/she shall not directly or indirectly participate in any disagreements or conflicts that may affect the interests of CCP and its stakeholders;

10.2. Uphold the highest standards of integrity in his/her personal and professional dealings with CCP Management, employees and its stakeholders and willing to act upon and remain accountable for his/her board room decisions;

10.3. Exercise independent judgment and view each problem and situation objectively. When a disagreement occurs, he/she should evaluate the situation carefully and state his/her position;

10.4. Devote time and attention necessary to properly discharge his/her official duties as a trustee;

10.5. Always act honestly, efficiently, effectively in good faith, with loyalty and pursue the best interest of CCP as well as give due regard to the rights and interests of the stakeholders;

10.6. Not solicit, nor accept directly or indirectly, any gift, gratuity, favour, entertainment, loan or anything of monetary value from any person where such gift:

- 10.6.1. Would be illegal or in violation of a law;
- 10.6.2. Is part of an attempt or agreement to do anything in return;
- 10.6.3. Has a value beyond what is normal and customary in CCP's business;
- 10.6.4. Is being made to influence the member of the Board's or Officer's actions as such; or
- 10.6.5. Could create the appearance of a conflict of interest;
- 10.7. Provide the Chairperson or CEO of important and significant information for the interest of CCP;
- 10.8. Maintain an excellent board attendance which is not less than 90% without extenuating circumstances;
- 10.9. Assess objectively and constructively the performance of each Board member as well as the various committees he/she is involved in; and
- 10.10. Be a positive force in the Board decisions and resolutions.

**Sec. 11.** *Statement of Trustees Confirming the Truth and Fairness of CCP Financial Statements.* – Each Board member shall issue annually a Sworn Statement confirming to the truth and fairness of CCP's financial statements for submission to GCG pursuant to its requirements.

### **XIII. EXECUTION OF INSTRUMENTS**

**Sec. 1.** Upon proper Board authority, the President shall execute contracts for and in behalf of CCP. However, he may delegate the signing authority to any other officer, including approval or requisitions, vouchers, payrolls, and other documents, in accordance with the law.

**Sec. 2.** All checks and other orders for the payment of money, drafts, notes, bonds, acceptances and all other instruments, shall be signed by any two (2) of the President, Vice President for Finance and Administration, Vice President for the Arts, or any senior officer designated by the President, except as may otherwise be provided by, or pursuant to the resolution by the Board.

#### **XIV. AMENDMENTS**

**Sec. 1.** This CCP Manual of Corporate Governance may be altered, amended, added to or repealed at any meeting of the Board of Trustees by a majority vote, and no notice of such proposed change in this Manual shall be necessary prior to such meeting, and any such changes shall become operative immediately upon the same being made.

#### **XV. PENALTIES FOR NON-COMPLIANCE**

**Sec. 1.** Any violation of this Manual shall be dealt with accordingly.

**Sec. 2.** The Governance Committee shall, upon recommendation of the Compliance Officer, be responsible for determining violations and recommend the probable impossible penalty for violations or non-compliance to the Board. The Board shall make the final decision on the impossible penalty for all violations.

#### **XVI. EFFECTIVITY**

**Sec. 1.** This Manual shall take effect upon approval of the Governance Commission for GOCCs (GCG).

*Amended on January 19, 2022*