

SEC ROUNDTABLE DISCUSSION WITH PLCs

18 May 2017, Meeting Room 7, PICC, Manila

Code of Corporate Governance For Publicly-listed Companies



**Securities and
Exchange
Commission**
P H I L I P P I N E S

DISCLOSURE AND TRANSPARENCY



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**PRINCIPLE 8.
ENHANCING COMPANY
DISCLOSURE POLICIES AND
PROCEDURES**



PRINCIPLE 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

Recommendation 8.1

- establish corporate disclosure policies and procedures

Recommendation 8.2

- establish a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three (3) business days

Recommendation 8.3

- disclose all relevant and material information on individual board members and key executives



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PRINCIPLE 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

Recommendation 8.4

- provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the ACGR
- disclose the remuneration on an individual basis, including termination and retirement provisions

Recommendation 8.5

- disclose the policies governing Related Party Transactions (RPTs) in the Manual on Corporate Governance
- Disclosed material or significant RPTs reviewed and approved during the year in the ACGR.



PRINCIPLE 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

Recommendation 8.6

- make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets
- offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

Recommendation 8.7

- The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website.



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**PRINCIPLE 9.
STRENGTHENING THE
EXTERNAL AUDITOR'S
INDEPENDENCE AND
IMPROVING AUDIT QUALITY**



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PRINCIPLE 9.

STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

Recommendation 9.1

- The Audit Committee should have a **robust process** for approving and recommending the appointment, reappointment, removal, as well as the fees of the external auditor.
- The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders.
- For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.



PRINCIPLE 9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

Recommendation 9.2

The Audit Committee Charter should include the Audit Committee's responsibility:

- on assessing the integrity and independence of external auditors
- on exercising effective oversight to review and monitor the external auditor's independence and objectivity
- on the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements
- on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis



PRINCIPLE 9. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

Recommendation 9.3

- disclose the nature of non-audit services performed by its external auditor in the Annual Report



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**PRINCIPLE 10.
INCREASING FOCUS ON NON-
FINANCIAL AND SUSTAINABILITY
REPORTING**



PRINCIPLE 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

Recommendation 10.1

- establish a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.
- adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.



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**PRINCIPLE 11.
PROMOTING A COMPREHENSIVE
AND COST-EFFICIENT ACCESS TO
RELEVANT INFORMATION**



PRINCIPLE 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

Recommendation 11.1

- maintain a comprehensive and cost-efficient communication channel for disseminating relevant information
- include media and analysts' briefings as channels of communication



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INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK



INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

Principle 12

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.



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PRINCIPLE 12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

Recommendation 12.1

- have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.



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PRINCIPLE 12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

Recommendation 12.2

- have in place an independent internal audit function

Recommendation 12.3

- have a qualified Chief Audit Executive (CAE) appointed by the Board
- in case of a fully outsourced internal audit activity, a **qualified independent executive or senior management personnel** should be assigned the responsibility for managing the fully outsourced internal audit activity.



PRINCIPLE 12. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

Recommendation 12.4

- have in place a **separate risk management function**

Recommendation 12.5

- have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM)



Thank you!



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