

# **CHARTER OF EXPECTATIONS FROM THE BOARD AND INDIVIDUAL DIRECTORS**

## **STATEMENT OF PRINCIPLES**

- A. No person shall be appointed as BCDA Director unless he/she is a natural-born Filipino citizen, of good moral character, of unquestionable integrity and of recognized competence in relevant field including, but not limited to, economics, management, international relations, law or engineering. He/she must have qualified under the Fit and Proper Rule, as defined by Republic Act 10149 or the Governance Commission for GOCCs' (GCG) Law.
  
- B. The Board recognizes its duties and has adopted this Charter of Expectations as a general statement of its expectations as to how it will discharge its duties. The Board also believes that this Charter will be of assistance to them in assessing their performance and that of individual Directors.
  
- C. In managing the business and affairs of the Corporation, the Directors must exercise extraordinary diligence in the conduct of BCDA's business.
  
- D. The commitment expected of individual Directors includes preparation for, regular attendance at, and meaningful participation in, Board and Committee meetings. A Director is expected to provide wise and thoughtful counsel to the Board and Management, to bring independent judgment on a wide variety of issues, and to be positive ambassadors for the Corporation locally and internationally.
  
- E. One way in which the Board will discharge its duty to manage the business and affairs of the Corporation is by delegation of Management authority to the President and Chief Executive Officer (the "PCEO"), who is entrusted by the Board with the day-to-day leadership and management of the Corporation.

## **EXPECTATIONS FROM THE BOARD**

The Board is expected to perform the following functions:

- 1. Provide corporate leadership to BCDA subject to the rule of law, and the objectives set by the State and BCDA.
  
- 2. Carry out the mandate of BCDA, except as otherwise excluded by

the Governance Commission for GOCCs (GCG) law and other relevant laws.

3. Establish BCDA's vision and mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
4. Define BCDA's values and standards.
5. Foster the long-term success of BCDA and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of the State.
6. Determine the organizational structure of BCDA and define the duties and responsibilities of its officials and employees, subject to the approval of existing appropriate approving authorities such as the GCG, the Civil Service Commission (CSC), etc.
7. Appoint all officials down to the third level and authorize the BCDA President to appoint all others: Provided, that all appointments shall be based on merit and fitness in pursuance of Civil Service Laws, rules and regulations.<sup>1</sup>
8. Establish a competitive selection process to ensure that the key executives of BCDA have the necessary motivation, integrity, competence and professionalism.
9. Provide sound strategic policies and guidelines on BCDA operating budget and major capital expenditures and prepare the annual and supplemental budgets of BCDA and attest to the truth and fairness of its financial statements.<sup>2</sup>
10. 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;
11. Identify key risk areas and performance indicators and monitor these factors to enable BCDA to anticipate and prepare for possible threats to its operational and financial viability.
12. Establish and maintain an investor and stakeholder relations program that will keep them informed of important developments in the corporation.
13. Act as an effective and independent check on Management.

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<sup>1</sup> Sec. 10 (b), R.A. 7227

<sup>2</sup> Sec. 10 (c), R.A. 7227

14. Oversee the process of disclosure and communications.
15. Comply with the reportorial requirements, as required in the BCDA Charter, as well as applicable laws, rules and regulations.
16. Constitute Board Committees as may be necessary to assist the Board in the performance of its functions.

## **EXPECTATIONS FROM INDIVIDUAL DIRECTORS**

Individual Directors are expected to demonstrate certain characteristics and traits. The Board has established the following expectations for the Corporation's Directors.

### **A. Board of Directors' Activity**

As a member of the Board, each Director shall:

1. Demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act upon and remain accountable for their boardroom decisions;
2. Provide wise, thoughtful counsel to the Board and Management on a broad range of issues and depth of knowledge upon which the strategic and business plans are based;
3. Demonstrate reasonable level of financial literacy for evaluating company performance;
4. Respect confidentiality;
5. Be available as a resource person to Management and the Board;
6. Demonstrate a willingness and availability for individual consultation with the Chairman or PCEO;
7. Be a positive force, using abilities and influence constructively; and
8. Participate in BCDA corporate activities.

### **B. Preparation and Attendance**

To enhance the effectiveness of Board and committee meetings, each Director is expected to:

1. Prepare for each Board and its Committees by reading the reports and background materials provided for the meeting;
2. Maintain an excellent Board and Committee meeting attendance record which should not be less than 90% of all duly called for Board and Committee meetings; and
3. Obtain additional information if necessary for decision-making.

### **C. Communication**

Subject to the need for independence on the part of individual Directors, the Board values Directors who consider Board and team performance to be important, in addition to strong individual performance. Directors are expected to demonstrate respect for others and to facilitate superior performance by the Board as a whole. The Board believes that good communication is fundamental to Board effectiveness and therefore each Director is expected to:

1. Participate fully and frankly in the deliberations and discussions of the Board;
2. Demonstrate a willingness to listen to others' opinions and an openness to consider them and to appreciate that this quality ranks as highly as the ability to communicate one's own point of view persuasively;
3. Approach others assertively, responsibly and supportively, and raise tough questions in a manner that encourages open discussion;
4. Establish an effective, independent and respected presence on the Board and a collegial relationship with the other Directors;
5. Focus inquiries on issues related to strategy, policy, and results rather than issues relating to the day-to-day management of the Corporation; and
6. Respect the policy that individual Directors should not be involved in official external communications except at the request of or with the approval of the Chairman or PCEO.

### **D. Independence**

Independence is a critical quality of an effective Director. During Board and Committee Meetings, each Director is expected to:

1. Think, speak and act independently with confidence and courage;
2. Be critical and responsive to change; and
3. When necessary, be willing to risk rapport with the Chairman and other Directors and/or the PCEO in taking a reasoned, independent position.

**E. Committee Work**

In order to assist Board committees in being effective and productive, each Director is expected to:

1. Participate in Committees as Chairman and/or Member and become knowledgeable about the duties, purpose and goals of each Committee; and
2. Understand the process of Committee work and the role of Management and of the staff supporting the Committee.

**F. Industry and Corporate Knowledge**

The Board recognizes the value of well-informed Directors. Each Director is expected to:

1. Become generally knowledgeable of the business of the Corporation and its industry;
2. Participate in Director orientation and relevant training programs for the advancement of the Directors; and
3. Maintain a current understanding of the regulatory, legislative, business, social and political environments within which BCDA operates.