



ROLES, RESPONSIBILITIES AND LIABILITIES OF CORPORATE DIRECTORS **AN SEC-ACCREDITED CORPORATE GOVERNANCE TRAINING**

**Based on SEC MC 24, Series of 2019, SEC MC 19, Series of 2016
Republic Act No. 11232 or the Revised Corporation Code and
Republic Act No. 8799 or the Securities Regulation Code**

Friday, November 8, 2024 * 2:00pm to 4:00pm via ZOOM

COURSE OUTLINE

I. Role of the Board of Directors, Composition, Number of Directorships, Term

The Board makes decisions as a fiduciary on behalf of stockholders. It is responsible for helping a corporation set broad goals, exercising oversight function over management, and ensuring that the company has adequate, well-managed resources at its disposal. It ensures the company's prosperity by collectively directing its affairs, while meeting the appropriate interests of its shareholders and relevant stakeholders.

Under the Revised Corporation Code of the Philippines, the Board exercises the corporate powers, conduct all business, and control all properties of the corporation.

Composition

Per RCCP

2/3/4/ at least 5 but not more than 15

At least 20% of the Board are independent directors

No. of Directorships

Non-Executive Directors - up to 5 PLCs

up to 10 registered issuers or public companies
if he sits in at least 3 PLCs, only 5 of the 10

Term

For ordinary stock corporations - 1 year

For non-stock corporations - 3 years

For independent directors - 9 years reckoned from 2012



II. Board Governance Responsibilities

- Establishing a Competent Board
- Establishing Clear Roles and Responsibilities of the Board
- Establishing Board Committees
- Fostering Commitment
- Reinforcing Independence
- Assessing Board Performance
- Strengthening Board Ethics

III. Fiduciary Obligations

- Duty of Care
- Duty of Loyalty
- Disloyalty of Directors
- Dealings of Directors
- Conflict of Interest

IV. Illegal activities of directors/ officers

- Insider trading
- Short Swing Transactions
- Per RCCP Provisions

V. Disclosure and Transparency

- Enhancing Company Disclosure Policies and Procedures
- Strengthening External Auditor's Independence and Improving Audit Quality
- Increasing Focus on Non-financial and Sustainability Reporting
- Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

VI. Internal Control System and Risk Management Framework

- Strengthening Internal Control and Risk Management Systems

VII. Cultivating a Synergistic Relationship with Shareholders

- Promoting Shareholder/Member Rights

VIII. Duties to Shareholders

- Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights



- Encouraging Employees' Participation
- Encouraging Sustainability and Social Responsibility

IX. Duties to Stakeholders

- Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights
- Encouraging Employees' Participation
 - Establish a suitable framework for whistleblowing
- Encouraging Sustainability and Social Responsibility
 - Voluntarily employ value chain processes that take into account ESG (environmental, social and governance) issues and concerns.

X. Related Party Transactions (RPTs)

- Definition
- Material RPTs
- Thresholds
- Related Parties

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