

CODE OF ETHICS AND CONDUCT FOR THE JHMC BOARD OF DIRECTORS

1.0 INTRODUCTION

Public office is a public trust. 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 (Section 1, Article XI of the 1987 Constitution).

The governing boards of every Government-Owned or –Controlled Corporation (GOCC) and its subsidiaries are competent to carry out their functions, are fully accountable to the State as its fiduciary, and act in the best interest of the State. As fiduciaries of the State, members of the Board of Directors and the Officers of GOCCs have the legal obligation and duty to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC (Republic Act No. 10149).

It is the policy of the John Hay Management Corporation (JHMC) to actively promote and pursue corporate governance reforms and to consciously observe principles of accountability and transparency with the utmost degree of professionalism and effectiveness (JHMC Manual of Corporate Governance).

The JHMC Board of Directors is committed to act in the best interest of the Corporation, adheres to the highest degree of ethical standards, and promotes transparency, accountability, responsibility, and fairness in all its business transactions (JHMC Manual of Corporate Governance).

2.0 PURPOSE

This Code aims to guide the Members of the JHMC Board of Directors in dealing with the properties, interests, and monies of the Corporation, in fostering a culture of trust and accountability and, thereby, promoting trust and confidence in the JHMC Board of Directors in their policy decisions and actions. The Code of Ethics and Conduct of JHMC Board Members is embedded in the JHMC Manual of Corporate Governance and guided by the principles of Republic Act No. 6713 or the “Code of Conduct and Ethical Standards for Public Officials and Employees”.

3.0 REFERENCE DOCUMENTS

This Code is anchored on the following legal bases:

- a. Section 1, Article XI of the 1987 Constitution
- b. Republic Act No. 10149 – GOCC Governance Act of 2011
- c. Republic Act No. 6713 – Code of Conduct and Ethical Standards for Public Officials and Employees
- d. Republic Act No. 3019 – Anti-Graft and Corrupt Practices Act
- e. JHMC Manual of Corporate Governance
- f. JHMC No Gift Policy
- g. JHMC Policy on Whistleblowing
- h. BCDA Code of Conduct

4.0 COVERAGE

This Code shall apply to all Members of the JHMC Board of Directors.

5.0 POLICIES

5.1 Norms of Conduct of Public Officials and Employees¹

5.1.1 Commitment to Public Interest

JHMC Board Members shall always uphold the public interest over and above personal interest. All government resources and powers of their offices must be employed and used efficiently, effectively, honestly, and economically, particularly to avoid wastage in public funds and revenues.

5.1.2 Professionalism

JHMC Board Members shall perform and discharge their duties with the highest degree of excellence, professionalism, intelligence, and skill. They shall enter public service with utmost devotion and dedication to duty. They shall endeavor to discourage wrong perceptions of their roles as dispensers or peddlers of undue patronage.

¹ Republic Act No. 6713

5.1.3 *Justness and Sincerity*

JHMC Board Members shall remain true to the people at all times. They must act with justness and sincerity and shall not discriminate against anyone, especially the poor and the underprivileged. They shall at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety, and public interest. They shall not dispense or extend undue favors on account of their office to their relatives whether by consanguinity or affinity except with respect to appointments of such relatives to positions considered strictly confidential or as members of their personal staff whose terms are coterminous with theirs.

5.1.4 *Political Neutrality*

JHMC Board Members shall provide service to everyone without unfair discrimination and regardless of party affiliation or preference.

5.1.5 *Responsiveness to the Public*

JHMC Board Members shall extend prompt, courteous, and adequate service to the public. Unless otherwise provided by law or when required by the public interest, they shall provide information of their policies and procedures in clear and understandable language, ensure openness of information, public consultations, and hearings whenever appropriate, encourage suggestions, simplify and systematize policy, rules, and procedures, avoid red tape and develop an understanding and appreciation of the socio-economic conditions prevailing in the country, especially in the depressed rural and urban areas.

5.1.6 *Nationalism and Patriotism*

JHMC Board Members shall at all times be loyal to the Republic and to the Filipino people, promote the use of locally produced goods, resources, and technology and encourage appreciation and pride of country and people. They shall endeavor to maintain and defend Philippine sovereignty against foreign intrusion.

5.1.7 *Commitment to Democracy*

JHMC Board Members shall commit themselves to the democratic way of life and values, maintain the principle of public accountability, and manifest by deeds the supremacy of civilian authority over the military. They shall at all times uphold the Constitution and put loyalty to the country above loyalty to persons or parties.

5.1.8 *Simple living*

JHMC Board Members and their families shall lead modest lives appropriate to their positions and income. They shall not indulge in an extravagant or ostentatious display of wealth in any form.

5.2 **Duties of Public Officials and Employees²**

In the performance of their duties, JHMC Board Members are under obligation to:

- 5.2.1 Act promptly on letters and requests
- 5.2.2 Submit annual reports
- 5.2.3 Process documents and papers expeditiously
- 5.2.4 Act immediately on the public's personal transactions
- 5.2.5 Make documents accessible to the public.

5.3 **Fiduciary Duties of JHMC Board Members³**

As fiduciaries of the State, JHMC Board Members and Officers have the legal obligation and duty to always act in the best interest of the Corporation, with utmost good faith in all its dealings with the property and monies of the Corporation.

JHMC Board Members and Officers shall:

- 5.3.1 Act with utmost and undivided loyalty to the Corporation;
- 5.3.2 Act with due care, extraordinary diligence, skill, and good faith in the conduct of the business of the Corporation;
- 5.3.3 Avoid conflicts of interest and declare an interest they may have in any particular matter before the Board;
- 5.3.4 Apply sound business principles to ensure the financial soundness of the Corporation; and
- 5.3.5 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.

² Republic Act No. 6713

³ Republic Act No. 10149

5.4. Care, Diligence, and Skill in the Conduct of the Business of the GOCC⁴

JHMC Board Members and the Officers must exercise extraordinary diligence in the conduct of the business and in dealing with the properties of the Corporation. Such a degree of diligence requires using the utmost diligence of every cautious person with due regard for all circumstances.

5.5 Avoid Conflict of Interest⁵

Public policy dictates that the personal interest of JHMC Board Members should never prevail over the interest of JHMC. As such, JHMC Board Members may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation.

5.5.1 JHMC Board Members shall avoid conflict of interest in performing official duties. They are required to exercise utmost diligence in being aware of conflicts of interest, disclosing conflicts of interest to the designated authority, and terminating them as they arise.

5.5.2 Determination of Conflict of Interest.

A conflict of interest exists when:

- a. The objective ability or independence of judgment by a JHMC Board Member in performing official duties is impaired or may reasonably appear to be impaired;
- b. A JHMC Board Member, his/her relatives, or his/her business or financial interest would directly or indirectly derive financial gain because of his/her official act.
- c. A JHMC Board Member supplies or is attempting or applying to supply goods or services to the BCDA Group;
- d. A JHMC Board Member supplies or is attempting to supply goods, services or information to an entity in competition with the BCDA Group;
- e. A JHMC Board Member, by virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the BCDA Group;
- f. A JHMC Board Member is offered or received consideration for delivering the BCDA Group's business to a third party; and

⁴ Republic Act No. 10149

⁵ JHMC Manual of Corporate Governance

- g. A JHMC Board Member is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the BCDA Group.

5.5.3 *Disclosure of Conflict of Interest.*

If an actual or potential conflict of interest should arise on the part of JHMC Board Members, it should be fully disclosed and the concerned Board Member should not participate in the decision-making. A JHMC Board Member who has a continuing conflict of interest of a material nature should either resign or, if the JHMC Board deems appropriate, be removed from the Board.

- 5.5.4 All JHMC Board Members shall file under oath their Statement of Assets, Liabilities and Net Worth and a Disclosure of Business Interests and Financial Connections with JHMC within thirty (30) days after assumption of office, on or before April 30 of every year thereafter, and within thirty (30) days after separation from the service.

5.6 No Gift Policy

JHMC shall adhere to the highest form of ethical standards. The JHMC Board Members shall demonstrate fairness, professionalism, and deliver quality services without expectations of any undue favor or reward.

JHMC Board Members shall comply with the provisions of the JHMC No Gift Policy, a copy of which is hereto attached as “Annex A” and made an integral part hereof.

6.0 ENFORCEMENT

JHMC Board Members should communicate any suspected violations of this Code to the Chairperson of the Board or the Chairperson of the Nominations, Remunerations and Organizational Development Committee for deliberation of non-compliance with this Code for sanctions and penalties.

JHMC Board Members may always communicate with the Corporate Secretary or Compliance Officer for any clarification of this Code.

JHMC Board Members are subject to the JHMC Policy on Whistleblowing which provides an enabling mechanism that allows any concerned individual to report and provide information, anonymously if he/she wishes, and even testify on matters

involving the actions or omissions of the JHMC Board of Directors, Officers and Employees, that are considered illegal, unethical, violates good governance principles, against public policy and morals, promote unsound and unhealthy business practices and grossly disadvantageous to the JHMC and the Government. A copy of the JHMC Policy on Whistleblowing is hereto attached as “Annex B” and made an integral part hereof.

7.0 EFFECTIVITY

This Code shall take effect upon approval by the JHMC Board of Directors.