

Duties to Stakeholders

Code of Corporate Governance for Publicly-Listed Companies



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

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RECOGNITION OF THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

- SEC Memorandum Circular No. 2, Series of 2002
- OECD Principles
- ASEAN Corporate Governance Scorecard (ACGS)
- SEC Memorandum Circular No. 9, Series of 2014
- SEC Memorandum Circular No. 19, Series of 2016



14. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights

Principle

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

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RECOMMENDATIONS

14.1 - The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

14.2 - The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

14.3 - The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.



15. Encouraging Employees' Participation

Principle

A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.



RECOMMENDATIONS

15.1 - The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

15.2 - The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.

15.3 - The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.



16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Principle

The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.



RECOMMENDATION

16.1 - The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.



In general, the CG Code's Duties to Stakeholders promotes-

- ❖ Responsiveness of the companies to stakeholders' concerns and rights;
- ❖ Encouragement from companies to employees in taking part in realizing the companies' goals and its governance; and
- ❖ Innovation in the companies' conduct of its business that would be mutually beneficial to the company, its society and environment.



Thank You!



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