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# Development of the new Philippine Code of Corporate Governance for Publicly-listed Companies



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

**Rosario Carmela B. Gonzalez-Austria**  
Assistant Director, Corporate Governance Division  
Corporate Governance and Finance Department

# Comply or Explain Approach

Voluntary compliance with mandatory disclosure

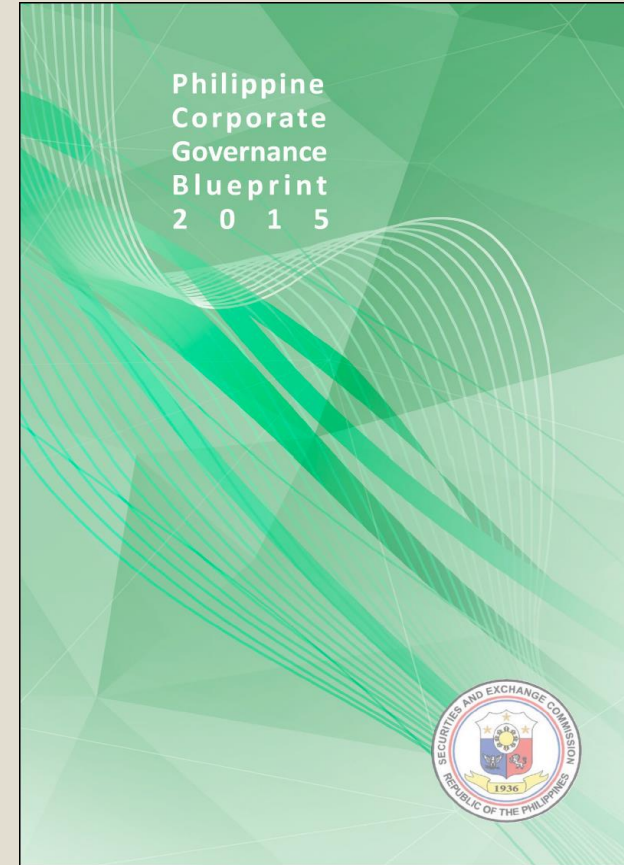
Companies provide explanations for non-compliance, including an alternative practice that is consistent with over-all Principles provided in the Code

Recognizes that there is no “one size fits all” in corporate governance

Companies can determine own corporate governance arrangements

Penalty for poor Corporate Governance is market-driven rather than regulator imposed

# Philippine Code of Corporate Governance for PLCs



# Process Followed in the Development of the Code

1. Review of the Old CG Code to Determine Gaps

2. Formation of a Technical Working Group

3. Use of Internationally Recognized Best Practices as Key Reference Materials

4. Benefitting from the expertise and input of CG Experts

5. Public Exposure and Consultation



# Challenges Encountered

1. Push back from certain stakeholder, who felt that the recommended best practices encroached on their rights
1. The belief that the CG Principles were geared towards Western countries and are not applicable to Philippine corporations
2. Perception that the SEC is overregulating when it comes to Corporate Governance



# Implementation of the Code

Proper  
Education and  
Awareness  
Campaign



1. Roundtable Discussion to orient PLCs on recommended practices and the comply or explain approach
2. Education Campaign for investors

Monitoring of  
Compliance  
with the  
Recommended  
Practices



1. Manual on Corporate Governance (MCG)
2. Integrated Annual Corporate Governance Report (I-ACGR)





# Complementing the Code

- Proposed Amendments to the Corporation Code of the Philippines and the Securities Regulation Code
- Grant SEC the power to formulate corporate governance rules and policies without going through the legislative process





# Thank You!



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