

[ADMINISTRATIVE ORDER NO. 156, January 17, 1969]

PROVIDING GUIDELINES FOR THE BOARDS AND MANAGEMENT OF GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS IN THE PERFORMANCE OF THEIR FUNCTIONS

WHEREAS, government-owned or controlled corporations have been organized to effectively contribute to the economic development of the country, particularly in those areas where the Government, by itself, has been found rather inadequate;

WHEREAS, the functions of the Board of Directors of government-owned or controlled corporations are primarily to formulate and determine corporate policies;

WHEREAS, the performance of government-owned or controlled corporations have, in some cases, been discovered as being hampered by the active participation of members of the Board of Directors in the day-to-day operations and activities of their respective corporations;

WHEREAS, such acts encroach upon the proper functions of Management and tend to create confusion and friction between Board and Management;

WHEREAS, a harmonious relationship between Board and Management would be most conducive to the implementation and achievement of the respective pre-determined goals of government-owned or controlled corporations;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby promulgate the following guidelines, for the proper observance of Board of Directors and Managements of all government-owned or controlled corporations:

1. The Board is a policy-determining body and shall provide only major guidelines for Management to carry out administrative responsibility for the corporation. As such, it should limit itself to policy matters and major corporate decisions along the following areas of responsibility, in addition to the functions enumerated in, and provided that these do not contravene, the respective corporate charters.

a. To draw up broad policies of the corporation which shall serve as guideposts for the operation of Management;

b. To appoint, remove for cause, and fix the compensation of the General Manager, Assistant General Manager and departments heads, and to assess their performance, as may be allowed by applicable law;

c. To safeguard corporation assets, and approve issues of securities, pledge of assets and conveyance of properties ;