

Corporate Strategic Plans and Annual Financial Reports

Under Section 3.1(d) of *PSALM's Manual for Corporate Governance*, the PSALM Board, as the governing body of the Corporation, has the responsibility to “establish, or update as may be necessary, the Corporation’s vision and mission, strategic objectives, policies and procedures, as well as defining or redefining the Corporation’s values and standards through: Mission Statements; Road Maps; and Other control mechanism mandated by best business practices.” As such, the Board is responsible for the review and approval of the Corporate Strategic Plan which includes the Corporate Performance Scorecard (CPS), as well as the accomplishments and performance rating.

In the implementation of the said policy, PSALM Management adopts a corporate strategy map and corporate priorities anchored on its twin mandates of privatization and liability management under Republic Act No. 9136 or the *Electric Power Industry Reform Act of 2001* (EPIRA). During the Corporation’s annual corporate strategic planning workshop, PSALM Management determines the corporate strategic plans and initiatives to achieve its mandate.

Initially, the Board Review Committee (BRC) evaluates, assesses, reviews, and endorses the CPS to the PSALM Board for approval. Thereafter, the PSALM Board exercises its oversight power over the implementation of the corporate plans and initiatives by approving the CPS and its submission to the Governance Commission for GOCCs (GCG).

The PSALM Board through **Board Resolution No. 2020-0722-04** entitled *PSALM's Proposed CY 2021 Performance Scorecard* approved and confirmed the following:

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that as recommended by the PSALM Management and endorsed by the Board Review Committee (BRC), the Board of Directors approves and confirms the following documents and their submission to the Government Commission for GOCCs (GCG) in compliance with the GCG’s Performance Evaluation System (PES):

1. PES Forms and Documentary Requirements
 - a. Charter Statement and Strategy Map for 2021 (PES Form 1);
 - b. Proposed 2021 Corporate Performance Scorecard (PES Form 2) including:
 - c. Strategic Initiative Profile (PES Form 3);

- d. Briefers on the following:
 - Highlights of FY 2021 COB submitted to the Department of Budget and Management (DBM);
 - Actions to be undertaken by the State in order for the Performance Targets of PSALM to be realizable; and
 - PSALM's official representatives for its PES submission
 - e. FY 2021 Proposed Corporate Budget as submitted to the DBM; and
 - f. Indicative Privatization/Disposal Schedule for PSALM's Assets;
2. Restated 2020 target on the EBITDA Margin of 5.84% from the original 10% target approved by the GCG under the 2020 Performance Scorecard.
 3. Submission of this Board Resolution to the GCG in accordance with Section 3 of the GCG MC No. 2017-02.

On 22 September 2021, the PSALM Board through **Board Resolution 2021-0922-01** approved and confirmed the recalibration of certain CPS targets:

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that as recommended by the PSALM Management and endorsed by the Board Review Committee (BRC), the Board of Directors approves and confirms the following:

1. Proposed Recalibration of the following targets:
 - a. SM 2: Collection Efficiency (CE) for Current Power Sales: from original target of 93% CE to revised target of **90% CE (Option 1) or 99% CE (Option 2)**;
 - b. SM 3: Number of Delinquent/Overdue Accounts Collected: from original target of PHP951 Million to revised target of **PHP737 Million**;
 - c. SM 8: No. of Power Assets Successfully Privatized: from original target of any of the following power assets: 796.95 MW CBK HEPPs or 228 GWh Casecan HEPP to revised target of **650 MW Malaya TPP**; and
2. Revised Performance Evaluation System (PES) Forms reflecting the recalibrated targets:
 - a. Performance Scorecard for CY 2021 (Form 2); and
 - b. Measure Profiles (Form 2b).

Under Sec. 3.1(r) of the *PSALM's Manual of Corporate Governance*, it is also the responsibility of the PSALM Board “to ensure the integrity of the Corporation’s accounting and financial reporting systems, including independent audit, and that appropriate systems are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.” Moreover, as part of its responsibility on the Financial Statements, Sec. 3.4 requires the PSALM Board to “issue a statement confirming the truth and fairness of the Corporation’s financial statements and/or annual reports upon completion of audit and issuance of the corresponding financial reports by COA.”

On 8 February 2022, the PSALM Board approved and confirmed **Board Resolution No. 2022-0208-01** entitled *PSALM's CY 2021 Financial Statements*. The operative clause of the Board Resolution states:

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that as recommended by the PSALM Management and endorsed by the Board Review Committee (BRC), the Board of Directors approves and confirms the following:

1. PSALM Financial Statements for the year ended 2021 consisting of the following:
 - i. Statement of Financial Performance
 - ii. Statement of Financial Position
 - iii. Statement of Cash Flows
 - iv. Statement of Changes in Net Assets/Equity
 - v. Statement of Comparison of Budget and Actual Amounts
 - vi. Notes to Financial Statements;
2. Statement of Management’s Responsibility for CY 2021 Financial Statements;
3. Issuance of the CY 2021 Financial Statements and Statement of Management’s Responsibility to the Commission on Audit (COA); and
4. Execution of the Statement Confirming the Truth and Fairness of the CY 2021 Financial Statements.