

# Senate probe looms over decision to reverse open-pit mining ban

A SENATOR on Sunday said she will seek an inquiry into the government's decision to lift a four-year ban on open-pit mining, citing the threat to the communities near mines as well as to the environment.

"There is a need to conduct a thorough review of this policy decision as this can potentially open up the country once more to irresponsible mining practices which could further compromise the environment and pose health and safety risks to people and their communities," Senator Leila M. de Lima said in a statement on Sunday.

The government needs to "exert all efforts to explore other avenues before resorting to possibly catastrophic means of generating wealth for our country at the cost

of sustainability and the welfare of present and future Filipinos," she added.

The Department of Environment and Natural Resources (DENR) on Dec. 23 issued Department Administrative Order 2021-40, which lifted the ban on the open-pit method of mining for copper, gold, silver, and complex ores. The order took effect on Jan. 9.

While the government considers the move a means of revitalizing the economy, Ms. De Lima said environmental groups have criticized the decision as a "short-sighted and misplaced development priority."

Ms. De Lima called for an evaluation of the DENR's capacity to regulate the industry "to ensure that the present safeguards can be

implemented and that our regulators will not be overwhelmed by the operations of the mining companies."

Citing the 1996 Marcopper mining disaster in Marinduque, the senator noted the risk to human life and adverse environmental impacts of unregulated open-pit mining. A fracture in the drainage tunnel of a large pit containing mine tailings led to a discharge of toxic waste into the Makulapnit-Boac river system and caused flash floods along the riverside.

There had been at least five more such incidents, she added.

"It is evident from the numerous mining disasters that have occurred in the country that we have still yet to figure out how to consistently extract our mineral

resources in a safe and efficient manner and reduce or altogether prevent such accidents from occurring," she said.

Ms. De Lima called for caution when communities are subjected to such risks. "The State must first ask whether it would be prudent to think of only short-term benefits even when confronted with proof that open-pit mining results in the stripping of vegetation which leaves the surface of every dig site completely barren."

"It must also first be determined whether policies on replanting and restoring the ecosystem have been put in place before lifting the moratorium given that open-pit mining sites take decades to recover," she added. — **Alyssa Nicole O. Tan**

## GOCCs expected to tap internal resources for salary hikes

FUNDING for increased salaries designed to make hiring more competitive at government-owned and -controlled corporations (GOCCs) will be sourced from the companies' operating budgets, the Secretary of Finance said.

The Governance Commission for GOCCs on Friday issued the guidelines of the Compensation and Position Classification system, which implements an executive order making salaries at GOCCs comparable to those offered by the private sector.

Finance Secretary Carlos G. Dominguez III said salary adjustments will be handed out based in part on the financial health of each GOCC.

"This will definitely be sourced from their COB (corporate operating budget) and in no way should be a reason for additional National Government subsidy," he told reporters in a Viber message on Friday.

Executive Order No. 150, signed by President Rodrigo R. Duterte in October, said the commission is in charge of recommending competitive compensation that can attract and retain talent while keeping GOCCs financially sound.

The implementing guidelines show what is covered and excluded in the compensation system, the benefits and incentives, and procedures.

GOCCs must use the new system once they receive authorization from the commission.

This authorization will prescribe an appropriate compensation system to be used by the GOCC, based on the nature of its operations and its finances.

"Upon receipt of its authorization, the GOCC Governing Board shall approve the appropriate salary schedule under the CPCS with due consideration of the GOCC's capability to afford and sustain its implementation," the commission said.

The implementing guidelines cover all regular, casual, and contractual positions of GOCCs and their subsidiaries.

The Bangko Sentral ng Pilipinas, state universities and colleges, cooperatives, local water districts, and economic zone authorities are not included.

Subsidies extended to GOCCs fell by 46% year on year to P12.33 billion in November, the Bureau of the Treasury said.

Despite the year-on-year decline, the Treasury said GOCC subsidies in November 2021 more than doubled the P5.2 billion seen in October.

Subsidies are granted to GOCCs to cover operational expenses not supported by their revenue. — **Jenina P. Ibañez**

## DoE sees possible yellow alerts on Visayas grid

YELLOW ALERTS on the Visayas grid are possible due to thinning reserves, the Department of Energy (DoE) said in a power outlook briefing on Friday.

It cited the need to put the Luzon grid's reserves on standby in the event reserves in the Visayas fall below advisable levels. Should more power be needed, the Visayas can draw power from Luzon via high-voltage direct current (HVDC) transmission links, though Luzon reserves may also be thin at times.

"HVDC should always be available to provide support, as outages outside of the provided

maintenance schedule may result (in) the thinning of reserves in Visayas or Luzon, since both grids support each other at peak times of the day," the DoE said in a statement.

Grids maintain a reserve in the event of power plant outages, with the typical level of reserves deemed prudent set at the capacity of the largest generating unit. Yellow alerts are triggered when that reserve level is breached. The system moves to red alert when power demand exceeds the level of power generated, making the rationing of electricity necessary.

Meanwhile, the DoE said it does not expect yellow alerts in Luzon and Mindanao, even after allowing for power plant maintenance.

"The availability of stable and reliable power supply is of grave importance. There should be no surprises this year, especially given our continuous battle against the COVID-19 pandemic, regions that have been affected by Typhoon Odette are rebuilding themselves, and of course, because we are in an election year," Energy Secretary Alfonso G. Cusi said.

During the briefing, officials said that according to the Grid

Operating and Maintenance Program (GOMP), generation companies must submit their proposed maintenance schedules in advance in aid of power supply-demand forecasting. Advance notice for maintenance activity required under GOMP is three years.

"In addition, sound forward planning would allow the energy family to identify potential issues and formulate appropriate contingency measures to prevent potential power interruptions," the National Grid Corp. of the Philippines said. — **Luisa Maria Jacinta C. Jojson**



## DENR to establish training center for solid waste management

THE Department of Environment and Natural Resources (DENR) said it plans to establish a National Ecology Center (NEC) to serve as a training hub for solid waste management.

In a statement, the DENR said the center will be run in conjunction with the National Solid Waste Management Commission (NSWMC).

The commission, which is chaired by the DENR, derives its authority from Republic Act (RA) 9003 or the Ecological Solid Waste Management Act of 2000.

"With the eventual establishment of the NEC as the prime organiza-

tion for information dissemination, consultation, education, and training, solid waste management in the country will certainly progress. Local government units and industries will be further capacitated, solid waste management systems will improve, and the public will be educated and contribute to the overall goal of environmental protection for the country," Undersecretary and NSWMC Alternate Chair Benny D. Antiporda said in a statement.

In coordination with the Department of Trade and Industry, the NEC

will establish a solid waste management database and consolidate best practices for solid waste management, including practices observed in other countries.

The NEC is tasked with developing a model for waste minimization and reduction auditing procedures, and establish a "national recycling network" that will build the market for recycling materials.

It will also develop an accreditation and certification system for solid waste management programs of various training institutions.

The NEC will be headed by the director of the DENR's Environmental Management Bureau and will be staffed by solid waste management experts, including academics, inventors, and scientists.

"I'm elated that another achievement under solid waste management will finally soon come to fruition. It's been 20 years since the enactment of RA 9003 which mandated the establishment of NEC," Environment Secretary and NSWMC Chair Roy A. Cimatu said. — **Luisa Maria Jacinta C. Jojson**

### OPINION

## Accelerating the integrity agenda

(First of two parts)

Placed out against a landscape of evolving social expectations from businesses under current conditions, corporate integrity is foundational to fostering trust among the various stakeholders in an organization. The importance of corporate integrity has also grown in the immediate aftermath of the pandemic, as revealed by the EY Global Integrity Report 2022.

Conducted between June and September 2021 by global market research agency Ipsos MORI, the EY Global Integrity Report 2022 surveyed 4,762 board members, managers and employees from large organizations in a wide spectrum of industries, including financial services, government and public sector, consumer products, manufacturing, life sciences, professional services and others from 54 countries in North and South America, the Far East, Western and Eastern Europe, and the Middle East, India and Africa. The report shows that 97% of the respondents indicated that they value corporate integrity. Companies are also intensifying their reinforcement of integrity through training and communication; 37% of respondent companies now have a statement of organizational values in place, 46% are investing in integrity training, and 53% have a code of conduct in place.

While the report did not include respondents from the Philippines, we believe that the insights from the report offer much food for thought for local business leaders who place great

emphasis on corporate governance and integrity.

Respondents are placing greater responsibilities on their corporate leaders, with as much as 68% expecting CEOs to tackle societal problems unaddressed by government and 65% saying that CEOs should be accountable to both the public and shareholders. These rising expectations have led to organizations being asked to more formally report on the non-financial aspects of their operations. These include not just philanthropic or corporate social responsibility (CSR) programs that fall outside their core businesses, but also environmental, social and governance (ESG) measures that determine how the core business impacts the community and the planet.

The report also shows that organizations are struggling to close the gap between what they say and what they do. As organizations start taking steps to rebuild the economy, rewriting processes for digital transformation and recalibrating how and where work is performed, an opportunity to close the gap between reality and rhetoric presents itself. Integrity in business does not merely refer to ticking boxes in compliance and risk management; it is about securing the organization, its reputation, and its assets — all of which drive sustainable, long-term value.

The EY Global Integrity Report 2022 provides insights on accelerating the integrity agenda, and in the first part of this article, we detail how companies

must define and embed integrity into their culture.

### EMBEDDING INTEGRITY INTO THE CULTURE

Because ethical dilemmas are different for various organizations and situations, no two companies will have the same definition of integrity, nor will they utilize the same mechanisms to instill integrity into their organizations. It then becomes imperative for integrity to be a fundamental component of corporate strategy in any organization.

The report reveals that only 33% of its respondents believe that integrity means behaving with ethical standards. Meanwhile, 50% define it as complying with codes of conduct, laws and regulations. Somewhat alarmingly, the results also show that of the 442 board members, 15% were more likely to falsify financial records as their employees, and 17% were more likely to ignore unethical conduct by third parties. This makes it unsurprising for 58% board members to be fairly or very concerned if their decisions were to come under public scrutiny, compared to only 37% of employees.

Though it should be noted that this is only a single snapshot of board behavior, which can vary considerably by country, region and industry, the data showed a significant change in emerging markets: the propensity of board members to act unethically increased from 34% to 41% between 2020 and 2022. There are also differences in how management and staff see integrity values within their organization: 77% of board members

and senior managers are confident that employees within their organizations can report wrongful acts without fearing negative consequences, yet 20% of employees disagree with this. This year's report even revealed a drop in survey respondents who reported misconduct, from 23% in 2020 to 19% in 2022.

A large majority of surveyed companies at 93% also have codes of conduct, with a mix of training and whistleblowing policies in place. However, even though 59% of the respondents say that they do have "training for employees," 15% of those employees are either unaware that these measures exist or claim that they do not exist. This shows that although organizations are investing in more training and communication programs to instill integrity, the messaging may not be effective. Though 60% of board members say that their organization frequently communicated about the importance of integrity within the past 18 months, only 30% of employees remember these communications.

These findings reveal the danger that organizations are relegating their integrity agenda to box-ticking without giving real attention to deepening their integrity culture, which rests on actual behavior and organizational intent.

The pandemic has only increased the challenge as well, with 54% of board members saying that the pandemic is making it more difficult to conduct business with integrity. Disruptions have added to the challenge of corporate survival, while increased digitization, which moved more of a company's operations to the cloud, has further tested risk man-

agement processes. The risk landscape itself has become more disrupted, with another report, the EY Global Board Risk Survey 2021, saying that 87% of more than 500 board directors around the world think that market disruptions are now more frequent, while 83% say they are more impactful. The 2021 EY Global Information Security Survey also found that many businesses have sidestepped cybersecurity processes to facilitate flexible and remote working in the wake of COVID-19.

Because of an increased focus on surviving the disruptions and uncertainty caused by the pandemic, companies have let go of non-essential activities — possibly including integrity agenda. Leaders will have to rethink of procedures for a post-pandemic era with a pivot to full digitization and a distributed workforce.

In the second part of this two-part article, we will discuss how companies can create an optimal environment that encourages integrity, and how the integrity agenda can be innovated and transformed to minimize external threats while protecting value.

*This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.*

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