

(GCG) DISCLOSURE REQUIREMENT

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The National Food Authority recognizes its social responsibility of maintaining the optimal level of national rice buffer stock sourced solely from local farmers, helping increase the Filipino farmers' income by giving them a reasonable return on their investment, and ensuring the supply of rice in times of emergencies to DSWD, local government units and other relief agencies.

It shall commit to implement a sustainable mechanism to ensure the supply of rice in times of emergencies.

The NFA supports the welfare of its stakeholders through provision of quality services which will give them fair value for their purchases, open lines of communication for a good feedback mechanism and which will allow NFA to respond quickly and efficiently to their rice requirements.

The NFA provides for the continuing personal and professional development of its employees, encourages them to deliver excellent services to the public with accountability, raise awareness and commitment to the community it serves, and most importantly, to think and act as a team.

MATERIAL RISK FACTORS & MEASURES TO MANAGE RISKS

The Financial risks of the National Food Authority centers on the losses incurred in carrying out its mandate of buying at a set price the farm level and distributing at a subsidized price. To minimize losses, action plans being proposed under the NFA Reform Agenda include the adoption of a new pricing policy, where the possibility of selling NFA rice at full costs or near market rates, are being considered. Ultimately, the NFA will push for the transfer of all its debts to the National Government through legislation.

Operational risks involve prioritizing the procurement of domestically produced palay for its buffer stocking/food security stocks. There is no move yet from the government to increase the present government support price considering that at its present level, the farmers are still receiving reasonable returns on their investment. The prevailing high farm prices are favorable to the Filipino farmers. Operational reforms consider procuring in top surplus/producing areas, including far-flung areas, where private traders have limited operational activity. This will, accordingly, augment the deficiency in buffer stocks.

Risks on stocks inventory maintained by NFA are addressed through regular quality monitoring to maintain its good and consumable condition, applying sound inventory management, monitoring and control through adoption of an I.T. System, and construction of Climate Change resilient warehouses, far from flood prone areas. NFA also conducts semi-annual audit of stocks, adherence to documentation requirements, and accountabilities of warehouse officers, so that proper liquidations can be made.