



**GSIS** Government Service Insurance System  
Financial Center, Pasay City, Metro Manila 1308

## **THE REVISED GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) MANUAL OF CORPORATE GOVERNANCE, AS AMENDED**

It is the policy of the GSIS to actively promote and pursue corporate governance reforms and to consciously observe principles of accountability and transparency. The Board of Trustees (BOT) and Management of the GSIS hereby promulgate and adopt this Manual of Corporate Governance to significantly enhance the corporate organization of the GSIS by making it a valuable partner of the government in national development, at par with the private sector and globally competitive.

### **A. DEFINITION OF TERMS AND COVERAGE**

**Section 1.** *Definition of Terms.* Unless the context otherwise indicates, the following terms shall mean:

- a. Board of Trustees – the collegial body that exercises the corporate powers of the GSIS as specified in Section 41 of Republic Act (RA) 8291, which shall hereinafter be referred to as the “Board.” It is primarily responsible for the governance of the GSIS and, hence, in charge of setting policy direction and monitoring implementation of strategic and long-term goals.
- b. Conflict of Interest – arises when a member of the Board or an executive officer has a substantial interest in a business, and the interest of such corporation or business, or his or her rights or duties therein, may be opposed to or affected by the faithful performance of his or her official duties in the GSIS.<sup>1</sup>
- c. Corporate Governance – the framework of rules, systems and processes in the GSIS that governs the performance by the Board and Management of their respective duties and responsibilities to the stakeholders.<sup>2</sup>
- d. Executive Officers - refer to the President and General Manager as Chief Executive Officer, the Senior Vice Presidents and Vice Presidents of the GSIS. As distinguished from Board Officers, Executive Officers form part of the Management of the GSIS.<sup>3</sup>

<sup>1</sup> Adopted from RA 6713, *Code of Conduct and Ethical Standards for Public Officials and Employees.*

<sup>2</sup> Adopted from SEC Memorandum Circular No. 6 Series of 2009, *Revised Code of Corporate Governance.*

<sup>3</sup> Based on Section 1, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

**Section 11.** *Compensation Rules and Structure of Members of the Board.* The rules and structure on compensation entitlements of members of the Board shall be governed by Executive Order (EO) No. 24 and GCG Memorandum Circular No. 2012-02, Revised Interim Rules on *Per Diems* and other Compensation Entitlements of Members of the Governing Boards of GOCCs Covered by R.A. 10149.

**Section 12.** *Delineation of Roles of the Chairperson of the Board and the President and General Manager.* Good corporate practice necessitates the separation of the positions of the Chairperson of the Board and the President and General Manager of the GSIS. A clear-cut delineation of their functions shall ensure balance of power, increased accountability and greater capacity of the Board for independent decision-making.<sup>34</sup>

**Section 13.** *Annual Performance Evaluation of the GSIS Board.* The performance of the members of the Board shall be evaluated based on the criteria set forth under GCG Memorandum Circular No. 2014-03 [Performance Evaluation for Directors (PED) in the GOCC Sector] and subsequent amendments thereto, if any. The results of the PED shall serve as bases for the GCG in determining the Board members' eligibility for reappointment.

**Section 14.** *Fines and Other Consequences for Violations and Liabilities of Board Members.* The members of the Board shall be collectively and/or individually liable and shall be subjected to the following fines and/or penalties including but not limited to:

- a. Section 52 (g) and (j) on Penalty under RA 8291 (The Government Service Insurance System Act of 1997);
- b. Section 24 on Restitution under RA 10149 (GOCC Governance Act of 2011);
- c. Section 11 on Penalties under RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- d. Section 3 on Corrupt Practices of Public Officers and Section 9 on Penalties for Violations under RA 3019 (Anti-Graft and Corrupt Practices Act); and
- e. Other rules and regulations prescribed by the GCG and GSIS.

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<sup>34</sup> Adopted from Article 3, SEC Memorandum Circular No. 6 series of 2009, *Revised Code of Corporate Governance*.