



**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 20. As Public Officials.** The GSIS Board and Management are also public officials as defined by, and are therefore covered by the provisions of the "Code of Conduct and Ethical Standards for Public Officials and Employees," with its declared policies: (a) to promote a high standard of ethics in public service; and (b) to be accountable to the people at all times and discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.<sup>42</sup>

**Section 21. Respect for and Obedience to the Constitution.** As public officials, the members of the Board and Management shall respect and obey the Constitution, and shall comply, and cause the GSIS to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the GSIS, and to act within the bounds of its Charter.<sup>43</sup>

**Section 22. Duty of Diligence.** The fiduciary duty of diligence of the Board and Management to always act in the best interest of the GSIS, with utmost good faith in all its dealings with the property and monies of the GSIS, includes the obligation to:

- a. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the GSIS, using the utmost diligence of a very cautious person with due regard to all the circumstances;
- b. Apply sound business principles to ensure the financial soundness of the GSIS; and
- c. Elect and/or employ only executive officers who are fit and proper to hold such office with due regard to their qualifications, competence, experience and integrity.

Every member of the Board and Management, by the act of accepting such position in the GSIS, affirms and agrees: (1) to have a working knowledge of the statutory and regulatory requirements affecting the GSIS, including the contents of the GSIS Charter, the requirements of the GCG, and where applicable, the requirements of other supervising agencies; and (2) to always keep himself or herself informed of industry developments and business trends in order to safeguard the interests of the GSIS and preserve its competitiveness.<sup>44</sup>

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<sup>42</sup> Section 24, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

<sup>43</sup> Section 25, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

<sup>44</sup> Section 26, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.