



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.¹
- 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.²
- 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.³

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

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

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

- e. GSIS – the Government Service Insurance System, which is a social insurance institution created under Commonwealth Act No. 186 and amended under RA 660, RA 1616, Presidential Decree (PD) 1146, and subsequently, RA 8291.
- f. Internal Audit - the evaluation of management controls and operations performance, and the determination of the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards and contractual obligations. It involves the appraisal of the plan of organization and all the coordinated methods and measures, in order to recommend courses of action on matters relating to operations and management control.⁴
- g. Internal Control – plan of organization and all the coordinated methods and measures adopted within the GSIS to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies.⁵
- h. Management – the executive body tasked to implement the policies and resolutions approved by the Board, and direct and supervise the administration and operations of the GSIS. It is composed of executive officers as defined herein.
- i. *Per Diems* – the compensation granted to members of the Board for actual attendance in Board and Committee meetings.⁶
- j. Stakeholder – a person, group, or organization that has direct or indirect interest or stake in the GSIS because they can affect or be affected by the actions of the GSIS, its objectives, or its policies. The key stakeholders in the GSIS are GSIS members and pensioners, GSIS employees, government agencies and external parties that transact with the GSIS in the course of their business.

Section 2. Coverage. The provisions of this Manual shall apply to the members of the Board and Management being the frontrunners of corporate governance in the GSIS.

⁴Adopted from the Philippine Government Internal Audit Manual.

⁵ Adopted from the National Guidelines on Internal Control System issued by the Department of Budget and Management on 23 October 2008 through Circular Letter No. 2008-8.

⁶ Adopted from Section 3(s), RA 10149, *GOCC Governance Act of 2011*.

B. CORPORATE GOVERNANCE STATEMENT

Section 3. *Corporate Governance Statement.* The GSIS hereby adopts a Corporate Governance Statement which shall guide the Board and Management in applying the principles of corporate governance in the GSIS. Aiming to inspire their actions and decisions, the Board and Management shall espouse the following Corporate Governance Statement:

“The GSIS shall be a transparent, independent, accountable, upright and professional institution that is beyond public reproach. It shall be governed by an ethical and responsible Board and Management who shall promote participatory governance, a culture of public service, social responsibility and continual service improvement, and ensure that the interests and rights of its stakeholders are safeguarded and protected.”

C. COMMITMENT TO PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Section 4. *Commitment to Principles of Good Corporate Governance.* The Board and Management shall be committed to the principles of good corporate governance and shall adhere to these standards in undertaking policy and operational decisions. Hence, any confusion resulting from the interpretation of these provisions shall be settled as to uphold such principles.

- a. *The GSIS as an Active Partner of the Government in National Development.* Government agencies, particularly those having corporate character, serve as instruments of the government in contributing to the country’s economic and social development. For its part, the GSIS, having that corporate identity, recognizes its importance as an active partner of the government in national development through the performance of its functions. Such functions include the provision of pension, retirement, separation and disability benefits, loan privileges, life and non-life insurance policies, and other forms of assistance and services intended to improve the lives of its members, pensioners and their dependents.
- b. *Governing Principles of Good Governance of the GSIS.* Taking into account corporate governance reforms in the public and private sector, governance standards espoused by pertinent laws, particularly anti-corruption and anti-red tape laws, as well as international guidelines on corporate governance, the corporate governance framework for the GSIS shall be anchored on the following principles:

1. The GSIS shall promote transparency, accountability, integrity and fairness with utmost degree of professionalism, effectiveness, and efficiency, and its business shall be conducted strictly in accordance with the rule of law and shall be supportive of the primary goals and objectives of the government.
 2. Timely and accurate disclosure shall be made on all material aspects and development regarding the GSIS, including its financial condition, performance, and governance. To this end, the GSIS shall enforce a reporting and evaluation system requiring periodic disclosure and inspection of its operations and management.
 3. The stakeholders' rights shall be upheld and protected at all times. The GSIS shall ensure the equitable treatment of all stakeholders.
 4. Active cooperation between the GSIS and its stakeholders shall be pursued in promoting a better quality of life through its various programs.
- c. *Commitment to Institutionalize the Principles of Corporate Governance.* The GSIS shall be committed to institutionalizing the principles of good corporate governance in the entire organization. The Board and Management of the GSIS shall abide by the principles contained in this Manual and acknowledge that this shall serve as guide in the achievement of corporate goals.
- d. *Promotion of Corporate Governance.* The Board and Management shall promote good corporate governance as an integral component of sound strategic business management and of transparency and accountability in all its dealings. They shall therefore undertake every effort necessary to create awareness and instill a culture of good corporate governance within the GSIS.

D. THE GSIS GOVERNING BOARD

Section 5. *The GSIS Governing Board.* The Board shall mainly be responsible for ensuring good corporate governance in the GSIS as it is predominantly accountable to the State, its members and pensioners for the GSIS' operations and performance. As such, it shall act in the interest of the GSIS and its stakeholders and effectively monitor Management without undue political interference from the government. To this end, it shall be necessary to ensure the competency of the Board members, enhance their independence and improve the manner by which they carry out their functions.

- a. *Powers and Functions of the Board.* The powers and functions of the Board as provided under applicable governing laws shall be as follows:

RA 8291:⁷

1. Formulate the policies, guidelines and programs to effectively carry out the purposes of RA 8291;
2. Promulgate such rules and regulations as may be necessary or proper for the effective exercise of the powers and functions as well as the discharge of the duties and responsibilities of the GSIS, its officers and employees;
3. Upon the recommendation of the President and General Manager, approve the annual and supplemental budget of receipts and expenditures of the GSIS, and to authorize such operating and capital expenditures and disbursements of the GSIS as may be necessary or proper for the effective management, operation and administration of the GSIS;
4. Upon the recommendation of the President and General Manager, approve the GSIS' organizational and administrative structures and staffing pattern, and establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the GSIS with reasonable allowances, incentives, bonuses, privileges and other benefits as may be necessary or proper for the effective management, operation and administration of the GSIS, which shall be exempt from RA No. 6758, otherwise known as the Salary Standardization Law;
5. Fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to its members or other persons, whether natural or juridical;
6. The provision of any law to the contrary notwithstanding, compromise or release, in whole or in part, any claim or settle liability to the GSIS, regardless of the amount involved, under such terms and conditions as it may impose for the best interest of the GSIS;
7. Approve and adopt guidelines affecting investments, insurance coverage of government properties, settlement of claims, disposition of acquired assets, development of housing projects, increased benefit and loan packages to members, and the enforcement of the provisions of RA 8291;

⁷Section 43 of RA 8291, *Government Service Insurance System Act of 1997*.

8. Determine, fix and impose interest upon unpaid or unremitted premiums and/or contributions;
9. Do and perform any and all acts necessary, proper or incidental to the attainment of the purposes and objectives of RA 8291;

RA 10149:

10. Elect annually from among its ranks the President and General Manager;⁸ and
 11. Subject to existing civil service laws, rules and regulations, exercise disciplinary powers over, or order the removal from office of the President and General Manager or any other executive officer upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.⁹
- b. *Mandate and Responsibility of the Board for GSIS' Performance.*¹⁰ The Board shall be responsible for providing policy direction, monitoring and overseeing Management actions. These mandated functions and responsibilities shall include the following:
1. Provide the corporate leadership to the GSIS subject to the rule of law, and the objectives set by the National Government through the supervising agencies and the Governance Commission for GOCCs (GCG);
 2. Establish the GSIS vision and mission, strategic objectives, policies and procedures, as well as define the GSIS values and standards through:
 - a) Charter Statements;
 - b) Strategy Maps; and
 - c) Other control mechanism mandated by best business practices;
 3. Determine important policies that bear on the character of the GSIS to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
 4. Determine the organizational structure of the GSIS, define the duties and responsibilities of its officers and employees and adopt a

⁸ Based on Section 18, RA 10149, *GOCC Governance Act of 2011*.

⁹ Section 22, RA 10149, *GOCC Governance Act of 2011*.

¹⁰ Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs* approved by the President of the Philippines on 28 November 2012.

compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System (CPCS) developed by the GCG and formally approved by the President of the Philippines;

5. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in consonance with applicable laws, rules and regulations;
 6. Provide sound written policies and strategic guidelines on the GSIS' operating budget and major capital expenditures, and approve the annual and supplemental budgets of the GSIS;
 7. Comply with all requirements under the GSIS Charter as well as applicable laws, rules and regulations; and
 8. Ensure the fair and equitable treatment of all its Stakeholders and enhance GSIS' relations with its Stakeholders.
- c. *Specific Functions of the Board.*¹¹ In addition to those specified under RA 8291 and RA 10149, the Board shall also perform the following functions:
1. Meet regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, with all such meetings properly documented or minuted;
 2. Determine the GSIS' purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that the GSIS survives and thrives despite financial crises and that its assets and reputation are adequately protected;
 3. Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's overall performance to ensure optimum results;
 4. Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan, to ensure that the Officers of the GSIS have the necessary motivation, integrity, competence and professionalism;
 5. Monitor and manage potential conflicts of interest of Trustees, Management, and stakeholders, including the issuance of measures to prevent misuse of corporate assets and abuse in related party transactions;

¹¹ Ibid.

6. Implement a system of internal checks and balances, which may be applied in the first instance to the Board and ensure that such systems are reviewed and updated on a regular basis;
 7. Ensure the integrity of the GSIS' accounting and financial reporting systems, including the conduct of independent audit, and the establishment of appropriate systems of control, particularly systems for risk management, financial and operational control, and compliance with the law and relevant standards;
 8. Identify, monitor and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
 9. Adopt, implement and oversee the process of disclosure and communications;
 10. Constitute an Audit Committee and such other committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and
 11. Conduct and maintain the affairs of the GSIS within the scope of its authority, as prescribed in its Charter and applicable laws, rules and regulations.
- d. *Composition of the GSIS Board.* The GSIS shall have a Board composed of nine (9) members consisting of a Chairperson and eight (8) members to be appointed by the President of the Philippines from a shortlist prepared by the GCG in accordance with the provisions of RA 10149, whose representation shall be in accordance with GSIS' Charter. The Trustees shall elect from among themselves the Chairperson and the President and General Manager of the GSIS who shall automatically be the Vice-Chairperson.
- e. *Term of Office.*¹² The term of office of each member of the Board shall be for one (1) year, unless sooner removed for cause: *Provided, however,* that the member of the Board shall continue to hold office until the successor is appointed. A member of the Board may be nominated by the GCG for reappointment by the President based on the conditions set forth by the GCG.

Appointment to any vacancy shall only be for the unexpired term of the predecessor. The appointment of a member of the Board to fill such vacancy shall be in accordance with Section 15 of RA 10149.

¹²Section 17, Chapter IV, RA 10149, *GOCC Governance Act of 2011*.

- f. *Multiple Board Seats.* The capacity of Appointive Board members to serve with diligence shall not be compromised. As such, an Appointive Board member in the GSIS may hold and receive compensation from not more than two (2) other Boards in other GOCCs, Subsidiaries and/or Affiliates.¹³

Section 6. Board Officers. The Board Officers of the GSIS are the Chairperson of the Board, the Vice-Chairperson, the Corporate Secretary, and the Compliance Officer who must all be Filipino citizens.¹⁴ They shall be vested with powers and functions, to wit:

- a. *Chairperson of the Board.*¹⁵ The Chairperson of the Board shall, when present and available:
1. Preside over all Board meetings;
 2. Act as the Chairperson of the Executive Committee and the Corporate Governance Committee;
 3. Call meetings (through the Corporate Secretary) to enable the Board to perform its duties and responsibilities;
 4. Approve agenda for Board meetings in consultation with the President and General Manager and the Corporate Secretary, and additional matters for inclusion in the agenda;
 5. Exercise control over quality, quantity and timeliness of the information between Management and the Board;
 6. Take the lead in ensuring compliance with the GSIS guidelines on corporate governance;
 7. Approve scholarships, travels and similar benefits granted to GSIS personnel by other government agencies, private institutions, or local/international organizations;¹⁶ and
 8. Approve trainings and travels provided to GSIS personnel in relation to the effective use of an equipment or system supplied by a contractor/supplier as part of its contract with GSIS.¹⁷

¹³ Section 11, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

¹⁴ Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

¹⁵ *Ibid.*

¹⁶ Based on Section V.B.2.b, Policy and Procedural Guidelines (PPG) No. 257-14, *Amended GSIS "No Gift" Policy.*

¹⁷ Based on Section V.B.2.c, PPG No. 257-14, *Amended GSIS "No Gift" Policy.*

- b. *Vice-Chairperson of the Board.*¹⁸ The Vice-Chairperson of the Board, who is also the President and General Manager, shall preside over Board meetings in the absence of the Chairperson.
- c. *Corporate Secretary.* The Corporate Secretary shall be selected and appointed by the Board and his or her term shall be coterminous with the Board.

The Corporate Secretary must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer.¹⁹ The Corporate Secretary shall have the following functions:

1. Ensure that the Board has the proper advice and resources for discharging its fiduciary duty under the GSIS Charter, and to ensure that the Board's actions are accurately recorded;²⁰
2. Plan, organize, control and set into operation the activities pertinent or related to the preparation of the minutes, resolutions or directives ensuring the accurate and faithful compliance of the intentions of the Board;
3. Undertake research into past Board resolutions, policies and decisions, directives and other Board action, and relate these to present matters under Board consideration;²¹
4. Analyze and evaluate the impact, effects and relevance of matters under Board consideration on existing Board policies and provide the individual Board members with these information so as to guide or enlighten them in their Board decision;
5. Record, document and reproduce in sufficient number all proceedings of Board meetings and disseminate relevant Board decisions or information to those units concerned;
6. Coordinate, through the Office of the President and General Manager, with all functional areas and units concerned and monitor the manner of implementation of approved Board resolutions, policies and directives;

¹⁸ Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

¹⁹ *Ibid.*

²⁰ Items 1 and 2 were lifted from the CMC-approved Organizational Chart of the Office of the Corporate Secretary dated 11 October 2012.

²¹ Items 3 to 12 were lifted from the Position Description of the Corporate Secretary as confirmed by Chair Daniel Lacson, Jr.

7. Maintain a permanent, complete, systematic and secure compilation of all previous minutes of Board meetings, together with all their supporting documents;
8. Attend, testify and produce in Court or in administrative bodies duly certified copies of Board resolutions, whenever required;
9. Undertake the necessary physical preparations for scheduled Board meetings;
10. Pay *per diems* and Committee allowances of the members of the Board who actually attend Board or Committee meetings;
11. Take custody of the corporate seal and safeguard the same against unauthorized use;
12. Act as Clerk of the GSIS arising from the implementation of RA 8291 and other laws affecting the GSIS. As Clerk of the GSIS, he or she shall have the following powers and duties:²²
 - a) Issue under the seal of the GSIS all ordinary writs and processes incident to pending cases, the issuance of which does not involve the exercise of functions appertaining to the Board, or Hearing Officer or Board Officer, and make out and sign all writs and processes issuing from the GSIS;
 - b) Perform, in the absence of the Board or the Hearing Officer, all the duties of the Board or the Hearing Officer receiving applications, petitions, inventories, reports, and the issuance of all orders and notices that follow as a matter of course under the Rule;
 - c) Safely keep all records, papers, files, exhibits and public property committed to his or her charge, and the seal of the GSIS;
 - d) Keep a general docket, each page of which shall be numbered and prepared for receiving all the entries in a single case; and to enter therein all cases, numbered consecutively in the order in which they were received; and, under the heading of each case and a complete title thereof, the date of each paper filed or issued, of each order of judgment entered, and of each step taken in the case;
 - e) Keep a judgment book containing a copy of each judgment rendered by the Board in the order of the date; and a book of entries of judgment or orders of the Board;

²²Section 29, Implementing Rules and Regulations of RA 8291, *The Government Service Insurance System Act of 1997*.

- f) Keep an execution book in which he or she, or his or her deputy shall record at length in chronological order each execution, and the officer's return thereon, by virtue of which real property has been sold;
 - g) Prepare, for any person demanding the same, a copy certified if proper under the seal of the GSIS of any paper, record, order, judgment, or entry in this office, for the fees prescribed by the Implementing Rules and Regulations of RA 8291;
 - h) Compile the decisions of the Board and cause their publication in a series to be known as GSIS Reports; and
 - i) Keep such other books and perform such other duties as the Board may direct.
13. Be responsible for the scheduling process of other activities of the Board;²³
 14. Receive instructions from the Board and Committee Chairpersons on the preparation of an annual schedule, the calling of Board and Committee meetings, the preparation of regular agenda for meetings, and notification for the Board or Committees of such agenda at every meeting;
 15. Oversee the adequate flow of information to the Board prior to meetings;
 16. Ensure fulfillment of disclosure requirements to regulatory bodies;
 17. Ensure the timely publication of Board-approved policies that affect members and pensioners;
 18. Prepare the budget for *per diem* and Committee allowances of the Board;²⁴
 19. Act as Compliance Officer until such time that the Board appoints one,²⁵ and
 20. Perform such other functions as the Board may direct and/or require.

²³ Items 13 to 16 were lifted from Paragraph 15.3, Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

²⁴ Current function of the Corporate Secretary as confirmed by the Office of the Corporate Secretary.

²⁵ Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

The Board shall have separate and independent access to the Corporate Secretary.²⁶

- d. *Compliance Officer.* The Board may appoint a Compliance Officer who shall report directly to the Chairperson. Prior to the appointment of a Compliance Officer, the Corporate Secretary, who is preferably a lawyer, shall act as Compliance Officer. The appointment of a Compliance Officer shall not relieve the Board of its primary responsibility vis-à-vis the State, acting through the GCG, to ensure that the GSIS has complied with all its reportorial, monitoring and compliance obligations.

The Compliance Officer shall have the following duties and responsibilities:

1. Submit to GCG within thirty (30) days from the start of each calendar year a certificate stating and attesting to the qualifications and disqualifications rules applicable to the members of the Board;²⁷
2. Provide the GCG the sworn certifications submitted by each member of the Board that he or she possesses all the qualifications and none of the disqualifications pertaining to their positions within thirty (30) days after the assumption into office of the members of the Board for each new term of office;²⁸
3. Monitor compliance by the GSIS of requirements under RA 10149, the GCG Code of Corporate Governance for GOCCs, other applicable rules and regulations and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.²⁹ This, however, shall not relieve the Board of its primary responsibility to ensure that the GSIS has complied with all reportorial, monitoring and compliance obligations;³⁰
4. Appear before the GCG when summoned in relation to compliance with the GCG Code of Corporate Governance or other compliance issues;
5. Issue a certification every 30 May of the year on the extent of the GSIS' compliance with the government corporate standards governing GSIS for the period beginning 01 July of the immediately preceding calendar

²⁶ Ibid.

²⁷ Article 4, GCG Memorandum Circular No. 2012-05, *Fit and Proper Rule for Appointive Directors and CEOs of GOCCs.*

²⁸ Article 10, GCG Memorandum Circular No. 2012-05, *Fit and Proper Rule for Appointive Directors and CEOs of GOCCs.*

²⁹ Paragraph 15.4, Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

³⁰ Items 3 to 5 were lifted from Paragraph 15.4, Section 15, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

year and, if there are any deviations, explain the reason for such deviation; and

6. Monitor the implementation of the GSIS Policy on Gifts and submit a consolidated report on the same to the Board.

Section 7. *Minimum Qualifications of Members of the Board.* Every member of the Board must be able to meet the minimum qualifications set forth under Article 5 of GCG Memorandum Circular No. 2012-05, Fit and Proper Rule for Appointive Directors and CEOs of GOCCs.

Section 8. *Disqualification of Members of the Board.* The members of the Board during their tenure must, at all times, endeavor to observe the rules on disqualification set forth under Article 6 of GCG Memorandum Circular No. 2012-05, Fit and Proper Rule for Appointive Directors and CEOs of GOCCs.

Section 9. *Formal Charter of Expectations.* There shall hereby be declared a Formal Charter of Expectations³¹ to which the Board and Management shall be committed in pursuance of good corporate governance in the GSIS. Along this line, every member of the Board and Management shall be expected to:

- a. Conduct fair business transactions with the GSIS and ensure that personal interest does not compromise Board or Management decisions. The basic principle to be observed is that a Board member or executive officer shall not use his or her position to gain profit or to acquire benefit or advantage for himself or herself or his or her related interests. He or she shall avoid situations that may compromise his or her impartiality;
- b. Devote time and attention necessary to the proper discharge of his or her duties and responsibilities. A Board member or executive officer shall offer sufficient time and effort to familiarize himself or herself with the business of the GSIS and shall be constantly aware of the System's condition and be knowledgeable enough to contribute meaningfully to the Board's or Management's work. He or she shall attend and actively participate in Board or Management meetings, request and review meeting materials, ask questions, and request explanations, if necessary;
- c. Act judiciously before deciding on any matter brought before the Board or Management. A Board member or executive officer shall thoroughly evaluate the issues, make inquiries and seek clarifications when necessary;
- d. Exercise independent judgment. A Board member or executive officer shall view each problem or situation objectively. When a disagreement with other Board members or executive officers occurs, he or she shall carefully

³¹ Adopted from the norms of conduct specified under SEC Memorandum Circular No. 6 series of 2009, *Revised Code of Corporate Governance*.

evaluate the situation and state his or her position. He or she shall not be afraid to take an unpopular position. Corollarily, he or she shall support plans and ideas that he or she thinks are beneficial to the System;

- e. Gain a working knowledge of the statutory and regulatory requirements affecting the GSIS, including the contents of RA 8291, applicable laws, rules and regulations, requirements of the GCG and pertinent Court decisions. A Board member or executive officer shall also keep himself or herself informed of industry developments and business trends in order to safeguard the interests of the GSIS and its stakeholders;
- f. Observe confidentiality as needed. A Board member or executive officer shall observe the confidentiality of material/non-public information acquired by reason of his or her position as trustee or executive officer. He or she shall not disclose any confidential information to unauthorized persons without the authority of the Board or Management; and
- g. Ensure the presence and adequacy of internal control mechanisms for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:
 - 1. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
 - 2. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
 - 3. Reviewing and approving proposed key executive appointments;
 - 4. Ensuring the selection, appointment and retention of qualified and competent Management; and
 - 5. Ensuring the development and review of personnel and human resource policies of the GSIS, compensation plan and the management succession plan, among others, as may be provided.

Section 10. Board Committees. When necessary, the Board shall set up committees to support itself in the performance of its functions. While the creation of committees is not mandated by law, the Board may do so to efficiently manage their time and ensure proper understanding and resolution of all issues affecting the GSIS. However, the existence of these committees shall not excuse the Board from its collective responsibility for all matters that are within their primary responsibility and accountability. The Committees shall have written by-laws or charters that define their duties, authorities and composition, which composition shall be determined by the current Board. The

Committees shall report to the Board as a collegial body and the minutes of their meetings shall be circulated to all members of the Board.³²

In line with its policy-making and oversight functions, the Committees shall have the authority to conduct an investigation into any matter within the scope of its responsibility. They shall likewise be vested with the authority to retain or obtain assistance from special legal, accounting, or other consultants to assist them in carrying out their duties as defined by their respective Charters. The Committees may ask any executive or employee of the GSIS to attend their meetings and to provide pertinent information and/or assistance as may be necessary. They shall likewise perform other duties as may be directed by the Board.

Further, Committee members may participate in meetings via teleconference or videoconference. Meanwhile, the Committees shall review and assess the adequacy of their respective Committee Charters annually and propose changes as may be necessary, subject to the approval of the Board. The current Committee Charters of the GSIS Board are attached hereto and made an integral part of this Manual as annexes.

- a. *Executive Committee.* There shall be an Executive Committee composed of the Chairperson of the Board and Corporate Governance Committee as the Chairperson, the President and General Manager and Board Committee Chairpersons as members.
- b. *Functions of the Executive Committee.*³³ The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the GSIS Charter, except with respect to:
 1. Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
 2. Distribution of cash dividends; and
 3. Exercise of powers delegated by the Board exclusively to other committees.

³² Adopted from Section 16 of GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

³³ Paragraph 16.2.1, Section 16, 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.³⁴

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.

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

E. MANAGEMENT

Section 15. *The Role of Management of the GSIS.* The Management shall stand as the center of decision-making for the day-to-day affairs of the GSIS. It shall determine the activities of the GSIS by putting the targets set by the Board in concrete terms and by implementing basic strategies for achieving those targets.

Management shall be responsible to the Board for implementing the infrastructure for the success of GSIS through the following mechanisms in its organization as set by the Board: organizational structures that work effectively and efficiently in attaining the goals of GSIS; useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of GSIS; and a plan of succession that formalizes the process of identifying, training and selection of successors in key positions.³⁵

Section 16. *Accountability of Management to the Board.* Management shall be primarily accountable to the Board for the operations of the GSIS. As part of its accountability, Management shall provide all members of the Board with a balanced and understandable account of the performance, position and prospects of GSIS on a monthly basis.³⁶

- a. *Powers and Duties of the President and General Manager.* He or she shall, among others, execute and administer the policies and resolutions approved by the Board and direct and supervise the administration and operations of the GSIS. The President and General Manager, subject to the approval of the Board, shall appoint the personnel of the GSIS, remove, suspend or otherwise discipline them for cause, in accordance with the existing Civil Service rules and regulations, and prescribe their duties and qualifications to the end that only competent persons may be employed.³⁷

In addition to his or her powers and duties stated, the President and General Manager shall:³⁸

1. Submit to the Board as soon as possible after the close of each fiscal year, a complete report of the operations of the GSIS for the preceding year, and the state of its affairs; and
2. Report to the Board from time to time all matters which the interest of the GSIS may reasonably require to be brought to its notice.

³⁵ Section 18, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

³⁶ Section 19, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

³⁷ Section 45, RA 8291, *Government Service Insurance System Act of 1997.*

³⁸ Section 45, RA 8291, *Government Service Insurance System Act of 1997.*

The President and General Manager shall have such other responsibilities as the Board may impose on him or her.

- b. *Appointment and Qualifications of the President and General Manager.* He or she shall be the Chief Executive Officer of the GSIS and shall be elected annually by the members of the Board from among its ranks.³⁹ He or she shall be a person with management and investments expertise necessary for the effective performance of his or her duties and functions under RA 8291 and RA 10149.
- c. *Other Executive Officers.* The Board shall appoint, subject to the provisions of the GSIS Charter, other executive officers who shall assist the President and General Manager in carrying out Management duties.

Section 17. Specific Duties of Management. The GSIS Management shall perform the following functions:

Requiring Board Approval:

- a. Evaluate and propose changes to corporate policies and priorities for approval of the Board;
- b. Develop corporate plans and budgets in support of established goals and objectives;
- c. Formulate Policy and Procedural Guidelines (PPGs), Manuals and other policy documents for approval of the Board;
- d. Perform a clearing house function for matters that should be elevated to the Board;

Not Requiring Board Approval:

- e. Formulate Office Orders to implement a uniform interpretation of existing processes or to streamline procedures;
- f. Monitor implementation of plans, programs and special projects and institute remedial measures to correct deviations, if necessary;
- g. Resolve operational problems and issues; and
- h. Perform a clearing house function for matters that need not be elevated to the Board.

³⁹ Section 18 of RA 10149, *GOCC Governance Act of 2011*.

Section 18. *Secretariat in Management Committee (ManCom) Meetings.* The Corporate Planning Office shall serve as the Secretariat of the ManCom during its meetings and shall perform the following strategic functions:

- a. Assist in the preparation of agenda and prepare notices of meetings;
- b. Consolidate reviewed presentation materials of the presenting groups;
- c. Record all deliberations and agreements and prepare minutes of meetings ensuring completeness and accuracy of each discussion;
- d. Properly document all proceedings, particularly directives and resolutions for implementation, and make available all materials for ManCom members or any authorized requesting party;
- e. Monitor and follow-up implementation of ManCom directives and resolutions; and
- f. Provide other technical, logistical and/or administrative assistance to ManCom.

F. DUTIES AND OBLIGATIONS OF THE GSIS BOARD AND MANAGEMENT

Section 19. *As Fiduciaries of the State.* The GSIS Board and Management are fiduciaries of the State in that: (a) they have the legal obligation and duty to always act in the best interest of the GSIS, with utmost good faith in all dealings with the properties, interests and monies of the System; and (b) they are constituted as trustees in relation to the properties, interests and monies of the GSIS.⁴⁰

Trustee Relation to GSIS Properties, Interests and Monies. Except for the *per diem* received for actual attendance in Board meetings and the reimbursement for actual and reasonable expenses and incentives as authorized by the GCG, any and all realized and unrealized profits and/or benefits including, but not limited to, incentives of the Board and Management in excess of that authorized by the GCG, dividends and other similar offers or grants from corporations where the GSIS is an investor, and any benefit from the performance of the Board or Management acting for and in behalf of the GSIS in dealing with its properties, investments in other corporations, management of subsidiaries and other interest, are to be held in trust by such member of the Board or Management for the exclusive benefit of the GSIS.⁴¹

⁴⁰ Section 23, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

⁴¹ Section 27.2, 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.⁴²

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.⁴³

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.⁴⁴

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

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

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

Section 23. *Duty of Loyalty.* The fiduciary duty of loyalty 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 System, includes the obligation to:

- a. Act with utmost and undivided loyalty to the GSIS;
- b. Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and
- c. Avoid (1) taking for themselves opportunities related to the business of the GSIS; (2) using GSIS property, information or position for personal gain; or (3) competing with the business opportunities of the GSIS.⁴⁵

Section 24. *Duty of Confidentiality.* Pursuant to their duties of diligence and loyalty, a member of the Board or Management shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (a) to further their private interests, or give undue advantage to anyone; or (b) which may prejudice the public interest.⁴⁶

G. OBLIGATIONS OF THE GSIS TO THE BOARD AND MANAGEMENT

Section 25. *Providing Staff Support to the Board.* The GSIS shall provide the members of the Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.⁴⁷

Section 26. *Obtaining of Directors and Officers Liability Insurance (DOLI).* Having imposed the highest level of responsibility and accountability on the members of the Board and Management, i.e., that of extraordinary diligence, it is equitable that when the GSIS itself and/or the members of the Board and Management are sued before tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed. It is prudent measure therefore for the GSIS to obtain DOLI coverage for itself and the members of the Board and Management against contingent claims and liabilities that may arise from, as well as the expenses that may be incurred in prosecuting, the actions that may be filed against the GSIS arising from the actions of the Board and/or Management that may cause loss or damage to third parties.

⁴⁵ Section 27, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

⁴⁶ Section 30, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

⁴⁷ Section 31, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

Nothing in this section shall be construed as to authorize the reimbursement or the incurring of costs, such as the payment of premiums on DOLI coverage, by the GSIS on the litigation expenses incurred and the judgment liability decreed against a member of the Board or Management for breach of any of his or her fiduciary duties or for fraud committed in the performance of his or her duties to the GSIS and/or its stakeholders.⁴⁸

H. GOVERNANCE POLICY ON CONFLICT OF INTEREST

Section 27. *Conflict of Interest.* Public policy dictates that the personal interest of Board members and executive officers should never prevail over the interest of the GSIS.

- a. *Determination of Conflict of Interest.* A conflict of interest exists when a Board member or executive officer of the GSIS:
 1. Supplies or is attempting or applying to supply goods or services to the System or endorsing those supplied by their relatives or friends;
 2. Supplies or is attempting to supply goods, services or information to an entity in competition with the GSIS;
 3. By virtue of his or her office, acquires or is attempting to acquire for himself or herself a business opportunity which should belong to the GSIS;
 4. Accepts an offer or receives a favor or consideration for delivering the business of GSIS to a third party; and
 5. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the GSIS.
- b. *Disclosure of Conflict of Interest.* If an actual or potential conflict of interest should arise on the part of the Board members or executive officer, it shall be fully disclosed before the Board⁴⁹ and the concerned Board member or executive officer shall not participate in the decision-making. A Board member or executive officer who has a continuing conflict of interest shall either divest or resign subject to existing administrative laws, rules and regulations.

Any question about a Board member's or executive officer's actual or potential conflict of interest with the GSIS shall be brought promptly to the attention of the Chairperson of the Board, who together with the Board shall

⁴⁸ Section 32, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

⁴⁹ Section 19(c), RA 10149, *GOCC Governance Act of 2011*.

review the question and determine an appropriate course of action.⁵⁰ If the Chairperson of the Board is the trustee in question, he or she shall voluntarily inhibit and the Vice-Chairperson together with the Board shall take over in reviewing the question and deciding on the action to be taken.

I. FORMAL RECOGNITION AND RELATIONS WITH STAKEHOLDERS

Section 28. *Formal Recognition of GSIS Stakeholders.* As mandated by the GCG, this Manual shall incorporate and formally recognize the stakeholders of the GSIS,⁵¹ thus:

- a. GSIS pensioners;
- b. Active GSIS members including Agency Authorized Officers, Liaison Officers and GSIS employees;
- c. Public Sector Unions (PSUs);
- d. Oversight agencies;
- e. Partner government agencies and other external agencies;
- f. Inactive members;
- g. Media;
- h. Private corporations having similar nature of business as the GSIS; and
- i. General public.

Section 29. *Nature of Stakeholders’ Interests.* To be able to effectively establish good relations with the GSIS stakeholders, it is important to understand the nature of their legitimate interests in the operations and programs of the GSIS.

Shown below is a table indicating the nature of interests of the GSIS stakeholders.

Stakeholders	Nature of Interest
GSIS pensioners	Pension and Pension Loan
	GSIS programs that benefit their children and organizations, and other

⁵⁰ Paragraph 27.1, Section 27, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

⁵¹ Section 35, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs.*

Stakeholders	Nature of Interest
	Corporate Social Responsibility (CSR) activities
Active GSIS members including Agency Authorized Officers, Liaison Officers and GSIS employees	Claim benefits and loan privileges
	Insurance coverage or claim of government employees who availed of such insurance product
	GSIS programs that benefit their children and organizations, CSR projects and, for GSIS employees, activities that deal with their individual development
PSUs	Addressing concerns of their individual members regarding policies of the GSIS
Oversight agencies	Compliance with regulatory issuances
Partner government agencies and other external agencies	Cooperation in accomplishing joint programs and activities
	Insurance coverage or claim of government corporations which availed of GSIS insurance products
	Surety bond coverage of private corporations required to secure the same from GSIS
Inactive members	Pension and claim benefits
Media	Articles on GSIS (GSIS investments, statements of the PGM, financial status, transactions with private sector and other government agencies, loans and claims disbursement, and CSR projects, among others)
Private corporations having similar nature of business as the GSIS	GSIS as benchmark on good industry practices and techniques
General public	Fulfillment of the mandate of the GSIS and the judicious utilization of its resources, the GSIS being a government corporation and, hence, a subject of public scrutiny
	Surety bond coverage of private individuals who were required to secure the same from GSIS
	GSIS programs on cultural involvement, environmental awareness, disaster response and other CSR activities

Section 30. *Hierarchy System of Resolution of Conflict of Interests between Stakeholders.* Taking into account the varied nature of the legitimate interests of its stakeholders, the GSIS sees no instance that a conflict of interest between and among them may arise. However, in the event that such conflicts of interest occur in the future, the GSIS shall ensure resolution thereof based on the following order of priority:

- a. Those concerning direct clients of the GSIS, i.e., pensioners, active members, beneficiaries of deceased pensioners or active members, government/private corporations and government employees/private individuals who have insurance or bond coverage with GSIS or have existing housing accounts;
- b. Those concerning PSUs, oversight agencies, partner government agencies and other external agencies;
- c. Those concerning inactive members; and
- d. Those concerning the media, private corporations having similar nature of business as the GSIS and the general public.

Section 31. *Relations with Stakeholders.* The GSIS shall recognize the rights of stakeholders, established by law or through mutual agreements, and shall encourage active cooperation with its stakeholders in the provision of adequate social security benefits and ensuring the sustainability of the actuarial life of the fund for the next generation of members and pensioners. For its part, the GSIS shall remain steadfast in its commitment to be equally transparent and consultative to all its stakeholders as embodied in its Vision and Mission Statements.

- a. *Recognition and Respect of Stakeholders' Rights Established by Law or Through Mutual Agreements.* The GSIS shall establish mechanisms and procedures to protect stakeholders' rights. Recognizing the vital contribution of its stakeholders, the GSIS shall ensure that stakeholders have access to relevant, sufficient and reliable information on a timely and regular basis to be able to exercise their rights. Stakeholders shall have access to legal redress in the event that their rights are violated.
- b. *Duty to be Responsive to Stakeholders.* The stakeholders of the GSIS have the right to expect that the System is being managed in a prudent manner and with due regard to their interests. As such, the members of the Board and Management shall have the duty to deal fairly with GSIS' employees, active members and pensioners, suppliers and other stakeholders. No member of the Board or Management shall take unfair advantage of these stakeholders through manipulation, concealment,

abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practice.⁵²

- c. *Communication with Stakeholders.* The GSIS shall ensure good relations with its stakeholders and empower them through effective communication. It shall create a consultative environment to promote transparency in all its transactions. Along this line, the GSIS shall come up with information materials to convey its new policies and programs to its clientele, engage its stakeholders through dialogues and seminars, and institutionalize communication tools by utilizing multimedia.

Likewise, the GSIS, as a large pension institution pursuing important public policy objective, shall report on stakeholder relations. The GSIS shall communicate with stakeholders and the public at large on their stakeholder policies and provide relevant information on their effective implementation. The GSIS shall allow its stakeholder reports to be independently scrutinized in order to strengthen their credibility.

1. *Dissemination of GSIS Policies and Programs Affecting Stakeholders.* The GSIS through its Corporate Communications Office (CCO) shall prepare information materials to disseminate every new policy or program being implemented for its stakeholders.
2. *Regular Dialogues and Seminars.* To ensure an effective feedback mechanism, the GSIS shall implement regular information dissemination campaigns through dialogues and seminars. Regional dialogues and pre-retirement seminars shall continuously be conducted to provide stakeholders with a venue for active interaction and exchanges to address their queries and concerns.
3. *Communication with Stakeholders through Multimedia.* The GSIS shall likewise utilize multimedia as a communication tool. It shall take advantage of technological innovations in communicative media to further its relationship with its stakeholders and maintain the implementation of its current activities utilizing print, radio, TV, social network/internet, SMS and the like.

In order to fully achieve reciprocity and mutual growth, the GSIS shall endeavor to devise more ways to strengthen its relationship with its stakeholders.

- d. *The GSIS CSR Statement.* The GSIS shall anchor its programs towards improved stakeholder relations on the following GSIS CSR Statement:

⁵² Section 33, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

“Beyond our primary mandate of managing the pension fund for public servants, the GSIS recognizes its bigger responsibility towards the society as a whole.

For our members and pensioners, we will support activities that benefit their children and the organizations that they are part of.

For our society and the environment, we will endeavor to promote undertakings in cultural involvement, environmental awareness and disaster response.

For our employees, we will encourage and carry out programs that primarily target their development as well-rounded individuals with varied interests and involvement in worthwhile causes.”

Given this, the GSIS shall pursue various CSR programs and activities for its members and pensioners, the society and environment in general, and the GSIS workforce.

- e. *Monitoring of Stakeholder Satisfaction.* To ensure that it has sufficiently addressed the legitimate interests of its stakeholders, the GSIS shall develop and utilize a customer feedback survey system. This shall reflect whether the GSIS has adequately served their interests and determine areas for improvement.

J. DISCLOSURE AND TRANSPARENCY

Section 32. Disclosure and Transparency. The GSIS shall continue to enhance disclosure and transparency, and instill a sense of loyalty in its Board members and executive officers, as well as protect the interests of stakeholders. Timely and accurate disclosure shall be made on all material matters regarding the GSIS, including its financial condition, performance, ownership, and governance.

- a. *Disclosure in the GSIS Website.* The GSIS shall maintain a website and post therein for unrestricted public access the following, as applicable:⁵³

1. *On Institutional Matters:*

- a) Latest version of the GSIS Charter; and

⁵³Section 43, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs* except for item 3(b) which was based on Section 25(b) of RA 10149, *GOCC Governance Act of 2011*.

b) Government Corporate Information Sheet.

2. On the Board and Officers:

- a) Complete listing of the members of the Board and executive officers with attached resumé, and their membership in Board Committees;
- b) Complete compensation package of all the Board members and executive officers, including travel, representation, transportation and any other form of expenses or allowances;
- c) Information on Board Committees and their activities; and
- d) Attendance record of Board members in Board and Committee meetings.

3. On Financial and Operational Matters:

- a) Latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
- b) Audited Financial Statements in the immediate past five (5) years;
- c) Quarterly and Annual Reports and Short Version of the Trial Balance;
- d) Current Corporate Operating Budget;
- e) Local and foreign borrowings;
- f) Government subsidies and net lending;
- g) All borrowings guaranteed by the government;
- h) Any material risk factors and measures taken to manage such risks as stated above; and
- i) Performance Evaluation System.

4. On Governance Matters:

- a) Charter Statement/Mission-Vision Statements;
- b) Performance Scorecards and Strategy Map;
- c) Organizational Chart;

- d) Manual of Corporate Governance;
- e) CSR Statement; and
- f) Balanced Scorecard.

K. RESPONSIBILITY FOR THE TRUTHFULNESS AND FAIRNESS OF THE GSIS FINANCIAL STATEMENTS

Section 33. *Responsibility for Truthfulness and Fairness of Financial Statements.* As part of its accountability for the day-to-day operations of the GSIS, Management is primarily responsible for the preparation and presentation of the GSIS financial statements, as well as the truthfulness and correctness thereof.

The financial statements shall be prepared in conformity to the generally accepted accounting principles and shall reflect amounts that are based on informed judgment of Management with an appropriate consideration to materiality.⁵⁴

The Board shall oversee the maintenance of a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. In the exercise of its oversight function, the Board shall ensure the fairness of the information and representations contained in the financial statements.

L. COMMUNICATION

Section 34. *Communication within the Organization, with Stakeholders, and Continuing Education of GSIS Board, Executive Officers, and Employees on this Manual of Corporate Governance.* The following shall be pursued by the Board and Management toward an effective communication of this Manual:

- a. *Communication within the Organization.* The Board and Management shall ensure the full dissemination of this Manual to all employees and shall enjoin the development of organizational policies and processes consistent with this Manual.
- b. *Education on the Manual of Corporate Governance.* Funds shall be allocated for the conduct of an orientation program to institutionalize this Manual and for the continued education and training of all officers and employees to ensure compliance herewith.

⁵⁴ Based on COA Template on Statement of Management's Responsibility for Financial Statements.

- c. *Communication with Stakeholders.* The Board and Management shall ensure the full dissemination of this Manual to all stakeholders through, though not limited to, the conduct of public information dissemination campaigns and members' dialogues so as to render the GSIS accountable to its stakeholders for any violations committed against this Manual.

This Manual shall be made available for inspection by any of the GSIS stakeholders at reasonable hours on business days.⁵⁵

M. MISCELLANEOUS PROVISIONS

Section 35. *Revision and Updating.* The depository of the Manual rests with the GSIS Corporate Governance Committee and shall be reviewed, updated, and/or revised periodically.

Section 36. *Effectivity.* This Manual shall take effect upon approval of the Board.

⁵⁵ Section 42, GCG Memorandum Circular No. 2012-07, *Code of Corporate Governance for GOCCs*.

Approved by:

(Original signed)

RENATO T. DE GUZMAN
Chairperson

(Original signed)

ROBERT G. VERGARA
Vice-Chairperson/President and General
Manager

(Original signed)

KARINA CONSTANTINO-DAVID
Trustee

(Original signed)

GREGORIO T. YU
Trustee

(Original signed)

ROMAN FELIPE S. REYES
Trustee

(Original signed)

**GERALDINE MARIE BERBERABE-
MARTINEZ**
Trustee

(Original signed)

MARIO J. AGUJA
Trustee

(Original signed)

ROMEO M. ALIP
Trustee

(Original signed)

ELISEA G. GOZUN
Trustee