



Republic of the Philippines  
**SOCIAL SECURITY COMMISSION**  
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**MANUAL OF CORPORATE GOVERNANCE  
FOR THE SOCIAL SECURITY SYSTEM  
(This Manual is subject to the approval of the  
Governance Commission for GOCCs)**

**WHEREAS**, the Social Security System (SSS) and its Governing Board, the Social Security Commission (SSC) faithfully adhere to the declared policy of the State to enhance, rationalize and centrally monitor the operations of Government-Owned and Controlled Corporations (GOCCs) primarily through the Governance Commission for GOCCs (GCG)<sup>1</sup> pursuant to the State's role as a guardian to promote the best interest of the SSS members/contributors and as a guarantor for SSS contingent liabilities<sup>2</sup>.

**WHEREAS**, there is a need to constantly upgrade the role of the SSS as a large government financial institution in view of the evolving challenges faced by the business environment, its stakeholders, technology and the demands of professionalism in order to keep up with its mandate and excel in public service;

**WHEREAS**, aware of the trust bestowed upon it by the State, its members and stakeholders, the SSS and the SSC undertake to carry out the SSS mission in a transparent, responsible and accountable manner, with utmost degree of professionalism, effectiveness, fairness and with extraordinary diligence in the care of its monies and properties;

**WHEREAS**, the SSC's effectiveness is the hallmark of good governance, and as a fiduciary of the State, its members, employer and labor sectors and the general public, it is the duty of the SSC to protect the interest of the SSS in a manner that is consistent with prudent management of its assets and finances;

**WHEREAS**, in recognition of the good governance reforms being implemented by the National Government, the SSC hereby **ADOPTS AND PROMULGATES** this Manual of Corporate Governance for the SSS, embodying its corporate governance rules and principles in accordance with GCG Memorandum Circular Nos. 2012-05, 2012-06 and 2012-07.

**NOW, THEREFORE**, the Social Security Commission hereby adopts, promulgates and implements this Manual set forth below:

**DEFINITION OF TERMS**

**Section I. Definition of Terms<sup>3</sup>** - As used in this Manual, the following terms shall have the following meanings:

**Affiliate** -- refers to an investee corporation of the SSS fifty percent (50%) or less of the outstanding capital stock of which is owned or controlled, directly or indirectly, by the SSS.

<sup>1</sup> Adopted from Articles 4.5 and 4.6, GCG-MC No. 2012-06.

<sup>2</sup> Adopted from Article 6, *Id.*

<sup>3</sup> Adopted from R.A. No. 10149; Sec. 1, GCG-MC No. 2012-07 (with references from SEC Revised Code of Corporate Governance/SEC Memorandum Circular No. 06, S. 2009; SRC Rule 3, Implementing Rules and Regulations of the Securities Regulation Code; Revised Administrative Code of 1987 (Executive Order No. 292, 25 July 1987); Social Security Act of 1997 (R.A. No. 8282).

<b>Appointive Director</b>	-- refers to members of the Board of Directors in affiliates whom SSS is entitled to nominate to the extent of its percentage shareholdings in such affiliate.
<b>Appointive Member</b>	-- refers to members of the SSC who are not <i>ex-officio</i> members.
<b>Board Officers</b>	-- refer to Officers whose primary task is to serve the SSC or to pursue the immediate functions of the SSC, such as the Chairman, Vice-Chairman, Commission Secretary and Compliance Officer.
<b>Charter or SS Act</b>	-- refers to R.A. No. 1161 (The Social Security Law) as amended by R.A. No. 8282 (Social Security Act of 1997).
<b>Charter Statement</b>	-- refers to a statement of SSS vision, mission and core values.
<b>Chief Executive Officer</b>	-- refers to the President and Chief Executive Officer, the highest-ranking Executive Officer of the SSS.
<b>Commissioner, Member or Director</b>	-- The term refers to the Members of the SSC, including the SSS President and CEO.
<b>Confidential Information</b>	-- refers to all non-public information entrusted to or obtained by a member of the Board, Officer or employee by reason of his/her position as such with the SSS/SSC. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the SSS/SSC or its members/stakeholders if disclosed, such as: (1) non-public information about the SSS or its affiliates financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers, acquisitions, divestitures, stock splits and similar transactions as the case may be; (2) non-public information concerning possible transactions or ventures with other companies, or information about suppliers, joint venture partners, or any information that SSS is under obligation to keep -confidential; and (3) non-public information about internal discussions, deliberations and decisions, between and among Directors and Officers.
<b>Ex-Officio Member</b>	-- refers to the Secretary of Labor and Employment who sits or acts as a member of the SSC by virtue of his/her title, and without further warrant or appointment.
<b>Executive Officers</b>	-- refer to the President and CEO and other corporate officers of the SSS, such as Executive Vice-President, Senior Vice-President and Vice-President, who primarily form part of the Management of SSS.
<b>Extraordinary Diligence</b>	-- refers to the measure of care and diligence that must be exercised by Commissioners and Officers in discharging their functions, in conducting the business and in dealing with the properties and monies of the SSS, which is deemed met when Commissioners and Officers act using the utmost diligence of a very cautious person taking into serious consideration all the prevailing circumstances and Material Facts, giving due regard to the legitimate interests of all affected Stakeholders.
<b>Fit and Proper Rule</b>	-- refers to the set of standards for determining whether a member of the SSC or the President and CEO is fit and proper to hold a position in the SSS which shall include, but not limited to, standards on integrity, experience, education, training and competence set by the GCG.
<b>GCG</b>	-- refers to the Governance Commission for GOCCs.

<b>GOCC Act</b>	-- refers to R.A. No. 10149, otherwise known as the "GOCC Governance Act of 2011".
<b>Governing Board, Board or SSC</b>	-- refers to the Social Security Commission.
<b>Government Financial Institution (GFI)</b>	-- refers to any financial institution or corporation in which the government directly or indirectly owns majority of the capital stock and which is either (1) registered with or directly supervised by the Bangko Sentral ng Pilipinas (BSP); or (2) collecting or transacting funds or contributions from the public and placing them in financial instruments or assets, such as deposits, loans, bonds and equity, including, but not limited to, the Government Service Insurance System (GSIS) and the SSS.
<b>ICRS</b>	-- refers to the Integrated Corporate Reporting System, the extensive database and comprehensive information on GOCCs developed by the National Government through the GCG.
<b>Internal Audit Service (IAS)</b>	-- refers to an independent unit in the SSS which is responsible for reviewing and evaluating the effectiveness of the risk management, control and governance processes of the organization and making recommendations for improvement to help achieve organizational objectives. The IAS is headed by a Chief Audit Executive (CAE), the functions of which include, among others, the review and evaluation of the adequacy, efficiency and effectiveness of internal controls, policies and procedures in all areas of SSS operations and in branch operations, respectively.
<b>Management</b>	-- refers to the body given the authority to implement the policies determined by the SSC in directing the course and business of the SSS.
<b>Material Information</b>	-- refers to information which a reasonable investor, stakeholder or Supervising Agency would consider important in determining whether: (1) to buy, sell, hold or otherwise transact with the securities held by the SSS; or (2) to the exercise with reasonable prudence voting rights related to securities held with the SSS, or relating to corporate acts, contracts and transactions which would adversely affect the operations of the SSS.
<b>Officers</b>	-- refer to both Board Officers and Executive Officers.
<b>Per diems</b>	-- refer to the compensation granted to members of the SSC for actual attendance in meetings.
<b>Performance Evaluation System (PES)</b>	-- refers to the process of appraising the accomplishments of SSS and other GOCCs in a given fiscal year based on set performance criteria, targets and weights.
<b>Performance Scorecard</b>	-- refers to a governance and management tool forming part of the performance evaluation system which consists of a set of measures, targets and initiatives that facilitate the achievement of breakthrough results and performance through effective and efficient monitoring and coordination of the strategic objectives of the SSS and other GOCCs.
<b>President and CEO</b>	-- refers to the highest ranking Executive Officer of the SSS who heads Management.
<b>Public Officials or Public Officers</b>	-- refer to elective and appointive officials and employees, whether classified as permanent or temporary status, whether in the career or non-career service, whether or not they receive compensation, regardless of amount, who are

<b>Stakeholder</b>	<p>in the National Government, or in other instrumentalities, agencies or branches of the Republic of the Philippines, including the SSS and other government-owned or controlled corporations, and their subsidiaries.</p> <p>-- refers to any individual or entity for whose benefit SSS has been constituted, or whose life, occupation, business or well-being are directly affected, whether favorably or adversely, by the regular transactions, operations, or pursuit of the business or social enterprise for which SSS has been constituted, and which would include its members, employer groups, labor groups, investment partners, the general public, management, employees, suppliers and service providers, or the community in which the SSS operates.</p>
<b>Strategy Map</b>	<p>-- refers to an integrated set of strategic choices or objectives drawn by the SSC, the successful execution of which results in the achievement of the SSS vision in relation to its mission or purpose.</p>
<b>Supervising Agency</b>	<p>-- refers to the government agencies, such as the Department of Finance and the GCG to which SSS is attached for the purpose of policy and program coordination and for general supervision.</p>

### **SOCIAL SECURITY SYSTEM**

#### **Section 2. *Mission and Charter Statement* –**

To manage a sound and viable social security system which shall promote social justice and provide meaningful protection to members and their families against the hazards of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden.<sup>4</sup>

#### **Section 3. *Vision* –**

The SSS aims to develop and promote a viable social security institution providing universal and equitable social protection through world-class service.

### **SOCIAL SECURITY COMMISSION**

**Section 4. *The Social Security Commission (SSC)*** - The SSC is the governing board of the SSS directly vested by law with the legal capacity and authority to exercise all corporate powers, conduct all businesses and to hold all the properties of the SSS.<sup>5</sup>

**Section 5. *Accountability of the SSC*** – The SSC is primarily accountable to the State for the operations and performance of SSS.<sup>6</sup>

**Section 6. *Duty to Properly Select Officers and Provide Independent Check on Management*** - Concomitant with the power to elect the President and CEO from among its ranks<sup>7</sup> and to appoint Officers of SSS from the rank of Vice-President and higher<sup>8</sup>, and to confirm other officers appointed by the President and CEO, the SSC assumes the duty to ensure that

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<sup>4</sup> Section 2, R.A. 8282, and as agreed upon with the Governance Commission for GOCCs.

<sup>5</sup> Adopted from Section 5, GCG-MC No. 2012-07.

<sup>6</sup> Adopted from Section 5, *Id.*

<sup>7</sup> Section 18, R.A. No. 10149.

<sup>8</sup> Section 3 (c), R.A. No. 8282.

they elect, appoint and/or employ only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience and integrity.<sup>9</sup>

The SSC is obliged to provide an independent check on management.

**Section 7. Responsibilities of the Social Security Commission<sup>10</sup>** - The SSC is primarily responsible for the governance of the SSS in terms of providing policy directions, monitoring and overseeing SSS Management actions, with the following powers and duties under its Charter and regulations issued by the GCG:

1. To adopt, amend and rescind, subject to the approval of the President of the Philippines, such rules and regulations as may be necessary to carry out the provisions and purposes of the SS Law;
2. To establish a Provident Fund for the members which will consist of voluntary contributions of employers and/or employees, self-employed and voluntary members and their earnings, for the payment of benefits to such members or their beneficiaries, subject to such rules and regulations as may be promulgated and approved by the President of the Philippines;
3. To maintain a Provident Fund which consists of contributions made by both the SSS officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;
4. To approve restructuring proposals for the payment of due but unremitted contributions and unpaid loan amortizations under such terms and conditions as it may prescribe;
5. To authorize cooperatives registered with the cooperative development authority or associations registered with the appropriate government agency to act as collecting agents of the SSS with respect to their members: Provided, That the SSS shall accredit the cooperative or association: Provided, further, That the persons authorized to collect are bonded;
6. To compromise or release, in whole or in part, any interest, penalty or any civil liability to SSS in connection with the investments authorized under Section 26 of the SS Act, under such terms and conditions as it may prescribe and approved by the President of the Philippines;
7. To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties;
8. To appoint, upon the recommendation of the President and CEO, an actuary and such other personnel as may be deemed necessary; prescribe their duties and establish such methods and procedures as may be necessary to ensure the efficient, honest and economical administration of the provisions and purposes of the SS Act.
9. To manage and invest the Investment Reserve Fund with extraordinary diligence, in line with the basic principles of safety, good yield and liquidity, investing the funds to earn an annual income not less than the average rates of treasury bills or any other acceptable market yield indicator in any or all of the asset classes enumerated under Section 26 of the SS Act in specified issuers of bonds, securities, promissory notes or other evidence of indebtedness.
10. To be primarily accountable to the State for the operations and performance of the SSS.
11. To faithfully act as collegial body performing *quasi-judicial* function taking cognizance of any dispute arising under the SS Law with respect to coverage, benefits, contributions and penalties thereon, or any other matters related thereto.

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<sup>9</sup> Section 19 (e), R.A. No. 10149; Section 6, GCG-MC No. 2012-07.

<sup>10</sup> Section 4, R.A No. 8282; GCG-MC No. 2012-07.

**Section 8. *Mandate and Responsibility for the SSS Performance***<sup>11</sup> - The mandated functions of the SSC include the following:

1. Provide the corporate leadership of the SSS subject to the rule of law, and the objectives set by the National Government through the Department of Finance (DOF) and the GCG;
2. Establish the SSS' vision and mission, strategic objectives, policies and procedures, as well as defining the SSS values and standards through:
  - Charter Statements
  - Strategy Maps
  - Other control mechanisms mandated by best business practices;
3. Determine important policies that bear on the character of the SSS 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 SSS, defining the duties and responsibilities of its Officers and employees and adopting a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System;
5. Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of applicable laws, rules and regulations;
6. Provide sound written policies and strategic guidelines on the SSS operating budget and major capital expenditures, and prepare the annual and supplemental budgets of the SSS;
7. Comply with all reportorial requirements, as required in the SS Act as well as applicable laws, rules and regulations;
8. Formally adopt and implement the mandated Performance Evaluation System (PES) annually and ensure the timely and accurate posting of the results on the Performance Scorecard Sheet/Form for submission to the GCG; and,
9. Ensure the fair and equitable treatment of all Stakeholders to enhance and build professional and strong SSS relations with them.

**Section 9. *Specific Functions of the SSC***<sup>12</sup> - The SSC shall perform the following functions:

1. Meet regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed by each member during such meetings being given due consideration, and that all such meetings shall be properly documented or minuted;

For this purpose, all board papers for agenda in Regular Meetings must be provided to the Board at least three (3) working days in advance of the meeting. The Regular Meeting shall be generally held on the second Wednesday of the month, and on the fourth Wednesday if another meeting is needed during the month;

2. Determine SSS purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that SSS 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 over-all 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 SSS have the necessary motivation, integrity, competence and professionalism;

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<sup>11</sup> Section 7, GCG-MC No. 2012-07.

<sup>12</sup> Section 8, GCG-MC No. 2012-07.

5. Monitor and manage potential conflicts of interest of the SSC and the Management, including misuse of corporate assets and abuse in related party transactions;
6. Implement a system of internal checks and balances which may be applied in the first instance to the SSC; and ensure that such systems are reviewed and updated on a regular basis;
7. Ensure the integrity of SSS accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards;
8. Identify and 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 specialized committees as may be necessary, or required by applicable regulations, to assist the SSC in discharging its functions.
11. Conduct and maintain the affairs of the SSS within the scope of its authority, as prescribed in its Charter, applicable laws, rules and regulations.

**Section 10. *Composition of the SSC*** - The SSC is the governing board that directs and controls the SSS and referred to as "Commission" is composed of the Secretary of Labor and Employment or his duly designated undersecretary, the SSS President and CEO and seven (7) appointive members, three (3) of whom shall represent the workers' group, at least one (1) of whom shall be a woman; three (3) employers' group, at least one (1) of whom shall be a woman; and one (1) general public whose representative shall have adequate knowledge and experience regarding social security, to be appointed by the President of the Philippines from the shortlist prepared by the GCG. The six (6) members representing workers and employers shall be chosen from among the nominees of workers' and employers' organizations, respectively. The Chairman of the Commission shall be designated by the President of the Philippines from among its members.<sup>13</sup>

**Section 11. *Ex-Officio Alternates*** - The Secretary of the Department of Labor and Employment (DOLE) may designate his/her Undersecretary as alternate and whose acts shall be considered the acts of his/her principal.<sup>14</sup>

**Section 12. *Multiple Board Seats*** - No appointed Commissioner of the SSC may hold more than two (2) other Board seats in other GOCCs, Subsidiaries and/or Affiliates.<sup>15</sup>

**Section 13. *Fit and Proper*** - All members of the SSC, the President and CEO and other officers of SSS, including Appointive Directors in Subsidiaries and Affiliates shall be qualified by the Fit and Proper Rule adopted by the GCG and approved by the President<sup>16</sup> of the Philippines and shall include by reference the qualifications expressly provided in the SS Act.<sup>17</sup>

In determining whether an individual is fit and proper to hold the position of a Commissioner, President and CEO, Appointive Director or officer of SSS, due regard shall be given to one's integrity, competence, experience, education, and training.

**Section 14. *Term of Office*** - The term of each Appointive Commissioner shall be for one (1) year, unless sooner removed for cause: Provided, however, that each Appointive Commissioner shall continue to hold office until the successor is appointed and qualified.<sup>18</sup>

<sup>13</sup> Section 3 (a), R.A. No. 8282 and Section 15, R.A. No. 10149.

<sup>14</sup> Section 3 (a), R.A. No. 8282; Section 14, R.A. No. 10149; Section 10, GCG-MC No. 2012-07.

<sup>15</sup> Section 11, GCG-MC No. 2012-07.

<sup>16</sup> Section 16, R.A. No. 10149; Section 14, GCG-MC No. 2012-05.

<sup>17</sup> Section 16, R.A. No. 10149; Section 13, GCG-MC No. 2012-07.

<sup>18</sup> Section 17, R.A. No. 10149; Section 14, GCG-MC No. 2012-07.

**Section 15. Commission Officers** - The Commission Officers of the SSS are the Chairman (who is the highest ranking of the Commission Officers), the Vice-Chairman who shall concurrently be held by the President and CEO, the Commission Secretary and the Compliance Officer, who must all be Filipino citizens.<sup>19</sup>

15.1 **CHAIRMAN OF THE SSC** - The Chairman is considered, for legal purposes, the Head of Agency of the SSS and is designated by the President of the Philippines from among the appointive members of the SSC.<sup>20</sup>

The Chairman shall provide leadership and shall ensure effective functioning of the Commission, including maintaining a relationship of trust with members of the board. He shall ensure a sound decision-making process and, encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process.<sup>21</sup>

The Chairman's responsibilities may include:

1. Calling meetings to enable the SSC to perform its duties and responsibilities;
2. Approving meeting agenda in consultation with the President and CEO and the Commission Secretary;
3. Exercising control over quality, quantity and timeliness of the flow of information between SSS Management and the SSC; and
4. Assisting in ensuring compliance with the SSC's guidelines on corporate governance.

The responsibilities set out above may pertain only to the Chairman's role in respect to the Commission proceedings, and shall not be taken as a comprehensive list of all the duties and responsibilities of the Chairman.<sup>22</sup>

15.2. **VICE-CHAIRMAN** - In the absence of the Chairman, the Vice-Chairman shall preside over meetings of the SSC.<sup>23</sup>

15.3. **COMMISSION SECRETARY**<sup>24</sup> - The Commission Secretary must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. The Commission Secretary shall have the following functions:

1. Assist the Commission in the performance of its policy-making, quasi-judicial and administrative functions;
2. Serve as an adviser to the members of the Commission on their responsibilities and obligations;
3. Keep the minutes of meetings of the Commission and all other committees in books kept for that purpose, and furnish copies thereof to the Chairman, the President and CEO and other members of the Commission, as appropriate;
4. Keep in safe custody the seal of the SSC and affix it to any instrument requiring the same;
5. Attend to the giving and serving of notices of Commission and committee meetings;
6. Be fully informed and be part of the scheduling process of other activities of the SSC;

<sup>19</sup> Section 15, GCG–MC No. 2012-07.

<sup>20</sup> Section 15, *Id.*

<sup>21</sup> Adopted from BSP Circular No. 749, series of 2012 (Subsection X141.3e.).

<sup>22</sup> Section 15, GCG–MC No. 2012-07.

<sup>23</sup> Section 15.2, GCG–MC No. 2012-07.

<sup>24</sup> Section 15.3, GCG–MC No. 2012-17; Section 1, 1997 Revised Rules of Procedure of the Social Security Commission.



7. Receive instructions from the Chairman in preparing an annual schedule, calling of the Commission meetings, preparing the regular agenda for meetings, and notifying the SSC of such agenda at every meeting;
8. Oversee the adequate flow of information to the SSC prior to meetings; and,
9. Ensure fulfillment of disclosure requirements to regulatory bodies.

The Commission Secretary shall have such other responsibilities as the SSC may impose upon him/her. The SSC shall have separate and independent access to the Commission Secretary.

The Commission Secretary shall likewise serve as the Commission Clerk with the following powers and duties:

1. to receive all papers authorized or required to be filed with the SSC in connection with any question or controversy raised before it and to stamp the date and hour of the filing thereof;
2. to issue summons and notices to the parties in cases pending with the SSC;
3. to keep such book or books as may be necessary for recording all the proceedings before the SSC and its awards or decisions;
4. to compile for the purpose of publication in a series of volumes to be designated "Reports of the Social Security Commission of the Philippines", such orders, resolutions and decisions of the SSC certified to by the Clerk as being, in the judgment of the SSC, of general public interest;
5. to administer oaths in all matters pending before the SSC; and
6. to perform such other duties as may be assigned to her/him by the SSC from time to time.

15.4. **COMPLIANCE OFFICER**<sup>25</sup> - The SSC shall appoint a Compliance Officer who shall report directly to the Chairman. In the absence of such office or appointment, the Commission Secretary, who is preferably a lawyer, shall act as Compliance Officer. The Compliance Officer shall perform the following duties:

1. Monitor compliance by the SSS with the requirements under the GOCC Governance Act, the Code of Corporate Governance for the GOCC Sector, rules and regulations of the appropriate Government Agencies and, if any violations are found, report the matter to the SSC and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
2. Appear before the GCG when summoned in relation to compliance with the Code or other compliance issues; and
3. Issue a certification every 30 May of the year on the extent of SSS compliance with the government corporate standards governing GOCCs for the period beginning 01 July of the immediately preceding calendar year and, if there are any deviations, explain the reason for such deviation.

The appointment of a Compliance Officer shall not relieve the SSC of its primary responsibility vis-à-vis the State, acting through the GCG, to ensure that SSS has complied with all its reportorial, monitoring and compliance obligations.

The SSS, through the Compliance Officer, or the Commission Secretary if there is no Compliance Officer appointed, shall submit to the 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 their Appointive Commissioners and the President and CEO, as found in the SSS Charter and other provisions of laws, rules and regulations applicable to the SSS.

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<sup>25</sup> Section 15.4, GCG-MC No. 2012-07.

In addition to the foregoing, SSS, through the Compliance Officer, or the Commission Secretary if there is no Compliance Officer appointed, shall also provide the GCG the sworn certifications submitted by each of the Appointive Commissioners and the President and CEO that he/she possesses all the qualifications and none of the disqualifications pertaining to their positions as found in the SSS Charter, provisions of laws, rules and regulations applicable to the SSS, and provided for in the Fit and Proper Rule within thirty (30) days after the assumption into office of the Appointive Members and the President and CEO for each new Term of Office.

**Section 16. Committees/Oversight Bodies<sup>26</sup>** - The SSC shall create and maintain such committees and other oversight bodies to enable the members of the SSC to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting the SSS and the proper handling of all other concerns and to allow the SSC to effectively utilize the expertise of its Commissioners. The existence of the committees shall not excuse the SSC of its collective responsibility for all matters that are within its primary responsibilities and accountabilities.

The following committees are hereby constituted to assist the SSC in performing its duties and responsibilities, each with its particular charter containing written terms of reference defining the duties, authorities and its composition. The committees shall report to the SSC as a collegial body and its minutes circulated to all members of the SSC. Each committee shall adopt in their respective Charters such responsibilities prescribed by the GCG in reference to their specialized functions.

1. **AUDIT COMMITTEE** - The Audit Committee (AC)<sup>27</sup> shall consist of at least three (3) members to be appointed by the SSC from among its members and who shall serve for a term of one (1) year. The Chairman of the AC shall be designated from among its members by the SSC. The SSC may designate a non-voting member who shall be a Certified Public Accountant from among the officials of the SSS upon recommendation of the President and CEO, and whose term shall be co-terminus with the regular members of the AC.

Duties and responsibilities of the Committee:

- a. Promote transparency and public accountability of the SSS and strengthen corporate governance by evaluating and improving processes through which goals are established, communicated, accomplished and monitored where stakeholders' support is guaranteed and values preserved;
- b. Ensure efficiency, effectiveness and relevance in the implementation of all SSS programs<sup>28</sup> through measures and remedial actions, if required, that can be implemented immediately resulting in the efficient, effective and economical use of resources;
- c. Assist the Commission in its oversight of the integrity of the SSS' financial statements, compliance with legal and regulatory requirements, the qualifications and independence of the external auditors and the performance of the SSS' internal audit staff and external auditors as well as coordination with the Commission on Audit (COA);
- d. Review and approve audit plans with regard to adequacy and completeness, scope and frequency, the quarterly, semi-annual and annual financial statements before submission to the Commission, focusing on changes in the accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, inputs from Management, key performance indicators (KPIs) and compliance with tax, legal, regulatory and COA requirements;

<sup>26</sup> Section 16, GCG-MC No. 2012-07.

<sup>27</sup> Section 16.2.2, *Id.*

<sup>28</sup> 3.1.1, 3.1.2, 3.1.3, SSS Internal Audit Charter.

- e. Review the organizational structure and scope of functions of the Internal Audit Service (IAS) including its performance, and recommend to the Commission for approval changes/revisions as regards the Internal Audit Charter, structure and scope of the IAS including internal auditing policies and procedure in order to improve the quality of the internal audit function;
- f. Oversee, monitor and evaluate the adequacy and effectiveness of the SSS internal control system that will ensure the integrity of internal control activities throughout the SSS through a procedures and policies handbook that will be used by the entire organization;
- g. Ensure that internal auditors have free and full access to all SSS records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
- h. Recommend measures and remedial actions, if necessary, to ensure that the audit plans are carried out completely and effectively;
- i. Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management takes appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- j. Review management actions or commitment on audit findings and recommendations. The AC may invite Management to provide pertinent information as may be necessary; and
- k. Evaluate the effectiveness of the risk management processes on the risk exposure of SSS operations including the categories of risk the SSS faces, risk concentrations and risk interrelationships as well as the likelihood of occurrence and the potential impact of those risks and mitigating measures, based on the risk assessment report conducted by the IAS.

2. **COMMITTEE ON COVERAGE, COLLECTION AND OTHER RELATED MATTERS** - The Committee on Coverage, Collection and Other Related Matters is tasked to review and evaluate Management's policy recommendations on contribution and member loan payments, coverage and membership, member service delivery, to include Overseas Filipino Workers, and other matters related thereto, and to set the direction in the formulation of effective and efficient programs and strategies thereon.

The Committee shall consist of at least three (3) members to be appointed by the SSC from among its members and who shall serve for a term of one (1) year. The Chairman of the committee shall be designated from among its members by the SSC.

3. **COMMITTEE ON GOVERNANCE, ORGANIZATION AND APPOINTMENTS** - The Committee on Governance, Organization and Appointments<sup>29</sup> shall assist the SSC in fulfilling its corporate governance responsibilities and SSS officers appointment process and qualification standards.

This Committee shall be composed of at least three (3) members of the SSC. The Chairman shall be designated from among its members by the SSC.

Duties and responsibilities of the Committee:

- a. Overseeing the periodic performance evaluation of SSC and its committees and Management; and also conducting an annual self-evaluation of their performance;
- b. Deciding whether or not a Commissioner is able to and has been adequately carrying out his/her duties as director bearing in mind the Commissioner's contribution and performance (e.g., competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when Commissioners serve on multiple board seats;

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<sup>29</sup> Sections 16.2.3 and 16.2.4, GCG–MC No. 2012-07.

- c. Recommending to the SSC the continuing education of the Commissioners, assignment to SSC Committees, succession plan for the Executive Officers, and the commensurability of their remunerations with corporate and individual performance;
- d. Recommending the matter by which the SSC performance may be evaluated and proposing objective performance criteria to be approved by the SSC. Such performance indicators shall address how the SSC will enhance long-term stakeholder value;
- e. Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
- f. Reviewing and evaluating the qualifications of all persons nominated to positions in SSS which require appointment by the SSC;
- g. Recommending to the GCG nominees for the shortlist in line with SSS and its subsidiaries' Board composition and succession plan; and
- h. Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the SSS culture, strategy, control environment, as well as with the pertinent laws, rules and regulations.

4. **INVESTMENT OVERSIGHT COMMITTEE (IOC)** - The IOC is tasked to oversee SSS' investment activities and to set policy directions thereon, as well as to review and evaluate Management's recommendations on any investment matter prior to its endorsement to the SSC for its consideration and/or approval.

This Committee shall consist of at least three (3) members to be appointed by the SSC from among its members and who shall serve for a term of one (1) year. The Chairman of the committee shall be designated from among its members by the SSC.

5. **INFORMATION TECHNOLOGY (IT) COMMITTEE** - The IT Committee is tasked to review IT-related programs and projects as recommended by Management.

This IT Committee shall consist of at least three (3) members to be appointed by the SSC from among its members and who shall serve for a term of one (1) year. The Chairman of the committee shall be designated from among its members by the SSC.

Duties and responsibilities of the Committee:

- a. Serves as an oversight on matters regarding Information Technology and the information technology strategic directions of the SSS;
- b. Recommends information technology policies, procedures and standards;
- c. Reviews and recommends priorities for the development of programs and application systems including its corresponding budget allocations; and
- d. Serves as advisor to the Commission with policy recommendations and technology plans recommended to Management for consideration.

6. **RISK MANAGEMENT COMMITTEE (RMC)** - The RMC<sup>30</sup> is an oversight body responsible for the adoption and oversight of the risk management program of the SSS.

This Committee shall be composed of at least three (3) members of the SSC, the Chairman to be designated by the SSC.

It shall be composed of SSC members who shall have at least an adequate understanding of, or competence in, SSS operations and that at least one member shall have a background in finance and investments.

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<sup>30</sup> Section 16.2.5, GCG–MC No. 2012-07.

Duties and responsibilities of the Committee:

- a. Performs oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of SSS, and crisis management;
- b. Adopts the Risk Management Policy of SSS, as recommended by Management, ensuring compliance with the same and that the risk management process and compliance are embedded throughout the operations of SSS, especially at the Commission and Management levels;
- c. Reviews periodically the effectiveness and degree of compliance with the Risk Management Policy of SSS through, among others, a Risk Reporting Questionnaire to ensure adherence to risk policies and relevant operating guidelines;
- d. Provides the SSC with quarterly reporting and updating on key risk management issues and other matters required by the Commission;
- e. Conducts an annual review of the RMC Charter for adequacy and effectiveness; and
- f. Performs such other duties and responsibilities that may be assigned by the SSC.

**Section 17. Annual Performance Evaluation and Review of Committees and their Composition** - The SSC shall conduct an annual performance evaluation and review of the number and composition of committees to determine whether there is a need to add, combine or reorganize such committees that best serve the interest of SSS, or to comply with the rules and regulations prescribed by its Supervising Agencies.

**Section 18. Annual Performance Evaluation of the Board** - The SSC shall comply with systematic evaluation process of the board formulated by the GCG as a necessary tool in enhancing its professionalism and as a useful incentive for the Commissioners for them to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the SSC.<sup>31</sup>

The performance evaluation shall cover all Appointive Members of the SSC as basis for the determination of whether they shall be recommended for reappointment. It shall also cover the *Ex-Officio* Member or his/her Alternate for purposes of being able to report to the President of the Republic of the Philippines the performance of such *Ex-Officio* Member, as well as to allow the GCG to develop and evolve a good governance system for *Ex-Officio* Members/Directors in the GOCC Sector.<sup>32</sup>

The SSC shall also represent the SSS in entering into Performance Agreements with the State, through the GCG, for each fiscal year.<sup>33</sup>

### **SSS MANAGEMENT AND ITS RESPONSIBILITIES**

**Section 19. The SSS Management** - The SSS Management is the body given the authority to implement the policies determined by the SSC<sup>34</sup> and is tasked with directing the day-to-day activities of the SSS by translating the targets approved by the SSC into concrete plans, programs and strategies.<sup>35</sup> This is headed by the President and Chief Executive Officer.

The SSS Management is responsible to the SSC for the success of the implementation of the SSS infrastructure through the following mechanisms in its organization as set by the SSC: organizational structures that work effectively and efficiently in attaining the goals of SSS; useful planning, control, and risk management systems that assess risks on an integrated cross-

<sup>31</sup> Section 17, GCG-MC No. 2012-07.

<sup>32</sup> Section 2, GCG-MC No. 2014-03.

<sup>33</sup> Article 27.1, GCG-MC No. 2012-06.

<sup>34</sup> Adopted from SEC Memorandum Circular No. 2.

<sup>35</sup> Adopted from Section 18, GCG-MC No. 2012-07.

functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of SSS; and a plan of succession that formalizes the process of identifying, training, and selecting successors in key positions in SSS.<sup>36</sup>

**Section 20. *Management Primarily Accountable to the Commission*** - The SSS Management is primarily accountable to the SSC for the operations of the SSS. As part of its accountability, the SSS Management shall provide all SSC Members with a balanced and understandable account of the SSS performance, positions and prospects on a monthly basis. This responsibility shall extend to financial updates on the market and reports to regulators.<sup>37</sup>

**Section 21. *President and Chief Executive Officer*** - The general conduct of the operations and management functions of the SSS shall be vested in the SSS President and Chief Executive Officer who is immediately responsible for carrying out the SSS' programs and the SSC's policies.<sup>38</sup>

The President and CEO, the highest-ranking Executive Officer in the SSS, shall be elected annually by the members of the SSC from among its ranks. He/she shall be subject to the disciplinary powers of the SSC and may be removed by the SSC for cause. He/she shall:

1. Exercise general supervision and authority over the regular course of business, affairs and property of the SSS, and over its employees and officers;
2. See to it that all Orders and Resolutions of the SSC are carried out into effect;
3. Submit to the SSC as soon as possible after the close of each fiscal year, a complete report of the SSS' operations for the preceding year, and the state of its affairs;
4. Report to the SSC from time to time all matters which the interest of the SSS may require to be brought to its notice; and
5. Perform such other duties and responsibilities as the SSC may impose upon him.

**Section 22. *Duty of the PCEO to Properly Select Officers*** - Concomitant with the power of the President and CEO to appoint Officers of the SSS below the rank of Vice-President<sup>39</sup>, he assumes the duty to ensure that he elects and/or employs only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience and integrity. The personnel appointed by the PCEO, except those below the rank of assistant manager, shall be subject to the confirmation of the SSC.

### **SOCIAL SECURITY COMMISSION AND SSS MANAGEMENT**

**Section 23. *Power of the SSC to Discipline/Remove Officers*** - Subject to existing civil service laws, rules and regulations, and in ensuring compliance with the requirements of due process, the SSC shall have the authority to discipline, or remove from office, the President and CEO, or any other Officers with rank of Vice President and above, upon a majority vote of the members of the SSC who actually took part in the investigation and deliberation.<sup>40</sup>

The following are the duties and obligations of the SSC Members and the SSS Officers:

**Section 24. *Fiduciary Duty*** - The SSC Members and the SSS Officers are fiduciaries of the State such that they have the legal obligation and duty<sup>41</sup> to always act in the best interest of the SSS, with utmost good faith in all their dealings with its properties, interests and monies; and are constituted trustees in relation to its properties, interest and monies.<sup>42</sup>

<sup>36</sup> Section 18, GCG-MC No. 2012-07.

<sup>37</sup> Section 19, GCG-MC No. 2012-07.

<sup>38</sup> Section 3 (b), R.A. No. 8282.

<sup>39</sup> Section 3 (c), R.A. No. 8282.

<sup>40</sup> Sections 18 and 22, R.A. No. 10149; Sections 20 and 22, GCG-MC No. 2012-07.

<sup>41</sup> Section 23, GCG-MC No. 2012-07.

<sup>42</sup> Section 23, GCG-MC No. 2012-07.

**Section 25. Public Officials** - The SSC Members and the SSS Officers perform their roles as public officials in accordance with the Code of Conduct and Ethical Standards for Public Officers and Employees<sup>43</sup> and the SSS Code of Conduct with its declared policies: (a) to promote a high standard of ethics in public service; and (b) Public Officials and employees shall at all times be accountable to the people and shall 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.

**Section 26. Respect and Obedience to Constitution and Law** - The SSC Members and the SSS Officers shall respect and obey the Constitution, and shall comply, and cause the SSS to faithfully and timely comply, with all legal provisions, rules and regulations and corporate governance standards, applicable to them and to the SSS in which they serve, and to act within the bounds of the SSS Charter.

**Section 27. Duty of Diligence** - The fiduciary duty of the SSC Members and the SSS Officers to always act in the best interest of the SSS, with utmost good faith<sup>44</sup> in all its dealing with its properties and monies, includes the obligation to:

1. Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of SSS, using the utmost diligence of a very cautious person with due regard to all circumstances;<sup>45</sup>
2. Apply sound business principles to ensure the financial soundness of the SSS;<sup>46</sup> and
3. Elect, appoint and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.<sup>47</sup>

Every Commissioner or Officer, by the act of accepting such position in the SSS, affirms and agrees:

- a. To have a working knowledge of the statutory and regulatory requirements affecting the SSS which he serves, including the contents of its Charter, rules and regulations and where applicable, the requirements of other Supervising Agencies; and
- b. To always keep himself informed of industry developments and business trends in order to safeguard SSS interests and preserve its competitiveness.

Every Commissioner or Officer, by the act of accepting such position in the SSS, affirms and agrees:

- a. To have a working knowledge of the statutory and regulatory requirements affecting the SSS which he serves, including the contents of its Charter, rules and regulations and where applicable, the requirements of other Supervising Agencies; and
- b. In this regard, the SSC shall provide for ongoing or continuous professional education and training programs for the SSC Members and Commission officers.

**Section 28. Loyalty** - The fiduciary duty of loyalty<sup>48</sup> of the Commissioners and Officers to always act in the best interest of the SSS, with utmost good faith in all its dealing with its properties and monies, includes the obligation to:

- a. Act with utmost and undivided loyalty to the SSS;
- b. Avoid conflicts of interest and declare any interest they may have in any particular matter before the SSC; and

<sup>43</sup> Section 24, GCG–MC No. 2012-07.

<sup>44</sup> Section 19, R.A. No. 10149; Section 26, GCG–MC No. 2012-07.

<sup>45</sup> Section 21, R.A. No. 10149.

<sup>46</sup> Section 19 (d), R.A. No. 10149; Section 26 (b). GCG–MC No. 2012-07.

<sup>47</sup> Section 19 (e), R.A. No. 10149; Section 26 (c). GCG–MC No. 2012-07.

<sup>48</sup> Section 19 (a), R.A. No. 10149; Section 27, GCG–MC No. 2012-07 and Section 19, R.A. No. 10149.

- c. Avoid (1) taking for themselves opportunities related to SSS business; (2) using SSS property, information or position for personal gain; or (3) competing with SSS business opportunities.<sup>49</sup>

28.1. **Conflict of Interest** - The Commissioners and Officers shall at all times avoid any actual or potential conflict of interest with the SSS. Each shall also avoid conduct, or situation, which could reasonably be construed as creating an appearance of a conflict of interest.<sup>50</sup>

Any question about a Commissioner's or Officer's actual or potential conflict of interest with the SSS shall be brought promptly to the attention of the SSC Chairman who will review the question and determine an appropriate course of action.

28.2. **Trustee Relation to GOCC 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, the share in the profits, incentives of Commissioners, Appointive Directors or Officers in excess of that authorized by the GCG, stock options, dividends and other similar offers or grants from corporations where SSS is a stockholder or investor, and any benefit from the performance of Commissioners, Appointive Directors and Officers acting for and on behalf of the SSS in dealing with its properties, investments in other corporations, management of Subsidiaries and nomination in Affiliates and other interests, are to be held in trust by such Commissioner, or Officer for the exclusive benefit of the SSS he represents.<sup>51</sup>

**Section 29. SSS No Gift Policy** - A Commissioner, Officer or Employee shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift:

1. Would be illegal or in violation of law;
2. Is part of an attempt or agreement to do anything in return;
3. Has a value beyond what is normal and customary in the SSS business;
4. Is being made to influence the member of the Board's, or Officer's actions as such; or
5. Could create the appearance of a conflict of interest.<sup>52</sup>

The SSC formally adopts the "SSS No Gift Policy", with instructions for Management to fully advertise such fact to all SSS Officials and employees, SSS members and all other stakeholders, and to the general public for strict implementation, the SSS No Gift Policy to form part of this Manual.

**Section 30. Duty of Confidentiality** - Pursuant to their duties of diligence and loyalty, a Commissioner, Appointive Director or Officer 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: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.<sup>53</sup>

<sup>49</sup> Section 27 (c), GCG-MC No. 2012-07.

<sup>50</sup> Section 19 (c), R.A. No. 10149; Section 27.1, GCG-MC No. 2012-07.

<sup>51</sup> Section 20, R.A. No. 10149; Section 27.2, GCG-MC No. 2012-07.

<sup>52</sup> Section 29, GCG-MC No. 2012-07.

<sup>53</sup> Section 30, GCG-MC No. 2012-07.



**CORPORATE SOCIAL RESPONSIBILITY AND  
RELATIONS WITH STAKEHOLDERS**

**Section 31. *Relationship with SSS Members and Stakeholders*** - All Commissioners and Officers accept their positions fully aware that they assume certain responsibilities not only to the SSS and its members, but also to the different constituencies or Stakeholders, who have the right to expect that the SSS is being run in a prudent manner and with due regard to the interests of all Stakeholders. Consequently, Commissioners and Officers shall deal fairly with SSS employees, members, suppliers and other Stakeholders. No Commissioner or Officer may take unfair advantage of SSS employees, members, suppliers and other Stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practices.<sup>54</sup>

**Section 32. *Corporate Social Responsibility*** - As an integral part of the National Government, the SSS is inherently mandated to be socially responsible, to act and operate as a good corporate citizen. The SSC recognizes and performs the obligations the SSS has towards the National Government, its members, suppliers and other Stakeholders and the communities in which it operates.<sup>55</sup>

The protection of the reputation and goodwill of the SSS is of fundamental importance such that the Commissioners, Officers and SSS employees should be aware of the disciplinary implications of breaches of ethical policies mandated by the GCG.

The SSC shall create an environment that enables its people to raise genuine and legitimate concerns internally. In addition, the SSC shall enact policies providing for a regular employee development discussions and the creation of structured training programs for continuing personal and professional development of employees.<sup>56</sup>

In line with its commitment and dedication to serve the community in which it operates, the SSC shall expand its Corporate Social Responsibility to social welfare programs and policies that address the basic needs of Filipinos especially the poor and vulnerable, and such activities that aid needy victims in times of man-made and natural disasters and initiatives that encourage volunteerism among individual SSS employees and employee organizations.

Further, the SSC shall establish an environmentally friendly value chain to safeguard the environment such as the management and implementation of a paperless environment at SSS.

**Section 33. *Responsibility of Commissioners, Officers and Employees*** - Reciprocally, every Commissioner, Officer or employee shall:

1. Remember that the biggest stakeholder is the Government;
2. Share the vision of the SSS;
3. Be accountable to the public;
4. Listen and learn from his/her co-employees;
5. Think and act as a team;
6. Focus on SSS members and strive for SSS members satisfaction;
7. Respect others;
8. Communicate with members and stakeholders;
9. Deliver results and celebrate success; and
10. Protect the reputation of the SSS.<sup>57</sup>

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<sup>54</sup> Section 33, GCG-MC No. 2012-07.

<sup>55</sup> Section 34, GCG-MC No. 2012-07.

<sup>56</sup> Section 34, *Id.*

<sup>57</sup> Adopted from Section 36, GCG-MC No. 2012-07.

As public officers, all Commissioners, Officers and Employees must exemplify the behavior and professional demeanor consistent with laws, rules, regulations, policies and procedures of the highest standard.<sup>58</sup> As such, a “Whistleblowing System” is institutionalized to encourage and empower all SSS employees to report any potentially illegal, improper and unethical conduct that he or she may become aware of at the workplace or in connection with work.

Said reports, including the identity of the whistleblower and the person who is the subject of a report, will be kept confidential, unless compelled by law or by the Courts to be revealed, or unless the whistleblower authorized the disclosure of his/her identity.<sup>59</sup>

The SSS shall establish a Whistleblowing System, duly approved by the SSC, which adheres to the whistleblowing policy and purpose enumerated under GCG Memorandum Circular No. 2016 – 02.

**Section 34. *Dealing with SSS Members*** - Every employee shall practice integrity and honesty in dealing with SSS members as a necessary part of success and sustainability of the SSS, providing effective and efficient service which give fair value and consistent quality, reliability and safeguard the SS Fund. SSS shall operate policies of continuous improvement, of both processes and skill of the staff, to take advantage of advances in all aspects of society, in order to ensure that it continues to add value to SSS member benefits.<sup>60</sup>

**Section 35. *Non-Commercial Activities*** - When it becomes necessary in specific cases that a Non-commercial program be pursued by the SSS, it shall adopt the prescribed procedure of the GCG found in the GCG Memorandum Circular 2012-06, ensuring that it is based on well-thought feasibility studies, with Program Funds separately accounted for and monitored as approved by the GCG.

**Section 36. *Alternative Dispute Resolution (ADR)*** - The SSS adopts the ADR Policy as the primary means of settling or adjudicating conflicting rights and claims between Government Agencies and other GOCCs.

**Section 37. *Formal Recognition of Stakeholders*** - The following are the stakeholders of the SSS:

1. The State
2. SSS pensioners and beneficiaries
3. Registered Private Sector Employees, Self-Employed and Voluntary Members
4. Registered Employers
5. Supervising government agencies and other partner government institutions
6. Private partner institutions, to include private corporations, third-party collecting agents, various suppliers and service providers, etc.
7. Media
8. The General Public

**Section 38. *Hierarchy of Stakeholders’ Interests*** - Universal and equitable coverage and protection through a viable Social Security Program should be designed to increase stakeholders’ value through the following:

1. Provision of social safety nets
2. Safe, efficient and convenient payment channels
3. Integrity of benefit payments and delivery system
4. Post-employment security and well-being

<sup>58</sup> Adopted from paragraph 1 of GCG Memorandum Circular No. 2016 – 02.

<sup>59</sup> Adopted from paragraph 7, *ibid*.

<sup>60</sup> Adopted from Section 37, GCG-MC No. 2012-07.

5. Timely, adequate and meaningful benefits
6. Prudent investment management

**Section 39. *Policy in Communicating with Stakeholders*** - A dominant theme in all issues related to corporate governance is the vital importance of disclosure. The more transparent the internal workings of the organization, the more difficult it will be for management to misappropriate assets or mismanage funds.

The most basic and all-encompassing disclosure requirement is that all material information, anything that could potentially affect financial viability, should be publicly disclosed. Such information would include contribution collections, benefit payouts, investment earnings, acquisition or disposal of assets, board changes and other related transactions.

All disclosed information should be released through the approved procedure for corporate affairs and media announcements as well as through the annual reports.

**Section 40. *System of Accountability and Relationship with Stockholders Legitimate Interests*** - The SSS always acts in good faith in its dealing with all its stakeholders.

The SSC is primarily accountable to the stakeholders, and Management, in turn, to the SSC. The SSC provides the stakeholders with a balanced and understandable assessment of SSS performance, position and prospects on a regular basis. Management, on the other hand, does the same for all the members of the SSC.

This responsibility extends to interim and other price-sensitive public reports to regulators as well as to information required to be presented by statutory requirement. The SSC is also responsible for maintaining a sound system of internal control to safeguard stakeholders' investments and SSS assets.

Pension reform policies and other measures should continuously be crafted, disseminated and implemented to address the interest of its various stakeholders that would guarantee adequate and sustainable pension benefits. Also the continued viability of the pension fund should be maintained/improved towards its perpetuity.

### **DISCLOSURE AND TRANSPARENCY REQUIREMENTS**

**Section 41. *Requirements on Disclosure*** - SSS undertakes to fully disclose all material information to the National Government and to the public, its ultimate stakeholder, in a timely and accurate manner at all times, including but not limited to unrestricted public web access to:

1. The latest version of the SSS Charter;
2. List of subsidiaries and affiliates;
3. Complete listing of SSC Commissioners and Officers with attached résumé and their membership in SSC Committee;
4. Complete compensation package of all SSC Commissioners and SSS Officers, including travel, representation, transportation and any other form of expenses or allowances;
5. Information on SSC Committees and its activities;
6. Attendance record of SSC members in Board and Committee meetings;
7. SSS latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
8. Audited Financial Statements in the immediate past three (3) years;
9. Quarterly, and Annual Reports and Trial Balance;
10. Current Corporate Operating Budget (COB);
11. Government subsidies and net lending;
12. All borrowings guaranteed by the Government;
13. Any material risk factors and measures taken to manage such risks;

14. Performance Evaluation System;
15. Charter Statement/Mission-Vision Statements;
16. Performance Scorecards and Strategy Map;
17. Organizational Chart;
18. Manual of Corporate Governance;
19. CSR Statement;
20. Balance Scorecard; and
21. Such other information or report that the GCG may require.<sup>61</sup>

SSS shall be an active and responsible member and contributor to the Integrated Corporate Reporting System (ICRS).

**1. List of Disclosures to be made by Commissioners -**

- a. Statement of Assets, Liabilities and Net Worth
- b. Extent of their business interest or material information required by the GCG, the appropriate Government Agency or to the SSS, when required pursuant to the requirements of the Securities Regulation Code, the Corporation Code of the Philippines, or any other relevant provision of law, as well as circulars, memorandum, rule or regulation applicable to the SSS.<sup>62</sup>
- c. Prior to assuming the position to which he/she was appointed, an Appointive Director shall submit to the Compliance Officer, or Commission Secretary, if no Compliance Officer has been appointed, a sworn certification that he/she possesses all the qualifications and none of the disqualifications pertaining to the position as found in the SSS Law, provisions of laws, rules and regulations applicable to the SSS, and as provided for in the Fit and Proper Rule of the GCG.<sup>63</sup>
- d. Any question about an actual or potential conflict of interest by a Commissioner shall be disclosed and brought promptly to the attention of the Chairman who will review the question and determine an appropriate course of action.<sup>64</sup>

**2. Statement by the SSC Confirming the Truth and Fairness of the SSS Financial Statements -**

Each Annual Consolidated Financial Statements of the SSS and Employees' Compensation Fund shall contain the following Statement:

"The Social Security Commission (SSC) confirms the truth and fair presentation of the financial statements in accordance with generally accepted accounting principles in the Philippines. It conducts a review of the consolidated financial statements before such statements are approved and submitted to the President of the Philippines and to the Congress of the Philippines."

**Section 42. Mandatory Website -** The SSS shall maintain and update its website and post the following for unrestricted public access.

1. On Institutional Matters:
  - a. The latest version of the SSS Charter.
  - b. List of Subsidiaries and Affiliates, if any.
  - c. Government Corporate Information Sheet.

<sup>61</sup> Adopted from Section 43, GCG-MC No. 2012-07.

<sup>62</sup> 6.2 (a), GCG-MC No. 2012-05.

<sup>63</sup> Section 9.1, GCG-MC No. 2012-05.

<sup>64</sup> Section 27.1, GCG-MC No. 2012-07.

2. On the SSC and Officers:
  - a. Complete listing of Commissioners and Officers with attached resume, and membership in Board Committees;
  - b. Complete compensation package of all the Commissioners and officers, including travel, representation, transportation and any other form of expenses and allowances;
  - c. Information on SSC Committees and their activities;
  - d. Attendance record of Commissioners in Board and Committee meetings.
3. On Financial and Operational Matters.
  - a. The latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report;
  - b. Audited Financial Statements in the immediate past three (3) years;
  - c. Quarterly, and Annual Reports and Trial Balance;
  - d. Current Corporate Operating Budget (COB);
  - e. Local and Foreign borrowings, if any.
  - f. Government subsidies and net lending, if any;
  - g. All borrowings guaranteed by the Government;
  - h. Any material risk factors and measures taken to manage such risks;
  - i. Performance Evaluation System (PES).
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. Balance Scorecard.
5. Such other information or report that the GCG may require.<sup>65</sup>

**Section 43. *SSS to be an Active Participant in the ICRS*** - The SSS, through the SSC and Management, shall ensure that it becomes an active and responsible member and contributor to the ICRS.

**Section 44. *Mandatory Reports*** - The SSC shall regularly submit, as may be required by the GCG and other Government Agencies, the following:

1. Performance Scorecards;
2. Implementation of the audit recommendations of COA;
3. Compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government, if any.

**Section 45. *Other Reportorial Requirements*** - The SSS shall also submit to the GCG the following periodically in electronic form:

1. Common Form financial statements based on annual audited financial statements within thirty (30) days from receipt of the report;
2. Dividend computations and payments in accordance with R.A. No. 7656, also known as "The Dividends Law", if any;
3. Cash and Investment balances;
4. Actual and projected Statement of Cash Surplus/Deficit;
5. Capital Expenditure program;
6. Statement of Financial Operations;
7. Acquisition and disposition of assets;
8. Off Balance Sheet transactions; and
9. Reports for the annual corporate budget call such as but not limited to the following:

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<sup>65</sup> Adopted from Section 43, GCG-MC No. 2012-07.

- a. Physical and Financial Performance reports (the immediately preceding three (3) years); and
- b. Sources and uses of Funds (the immediately preceding three (3) years) and the proposal for the coming year.

### **HIGHEST STANDARDS PRINCIPLE**

**Section 46.** Public service being a public trust, nothing in this Manual shall be construed as:

1. **Corporate Governance Standards:** Relieving or excusing the SSS, its Commissioners and Officers, from complying with more rigorous standards of corporate governance as those required by regulatory agencies having jurisdiction over it.
2. **Reportorial Requirements:** A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over SSS and its business operations.
3. **Administrative and Criminal Liabilities:** A waiver of the administrative or criminal liabilities imposed by existing laws, rules and regulations such as the Anti-Graft and Corrupt Practices Act and the Code of Conduct and Ethical Standards for Public Officials and Employees for Government Officials, for offenses or breach of ethical standards committed by Commissioners, Officers and Employees of the SSS.

**Section 47. Fines and Consequences for Violation or Omission of Duties Under This Manual -**

- a. **TAKING OF CORPORATE OPPORTUNITIES** - Where a Commissioner, Officer or Appointive Director, by reason of his being a member of the SSC or an officer of SSS, or Appointive Director to the Board of an SSS-affiliate private corporation, acquires or receives for himself/herself a benefit or profit of whatever kind or nature, including but not limited to, the acquisition of shares in corporations where SSS has an interest, the use of the properties of SSS for his/her own benefit, the receipt of commission(s) on contract(s) with SSS or its assets, or the taking advantage of corporate opportunities of SSS, and such profits or benefits shall be subject to restitution pursuant of Section 24 of R.A. No. 10149, without prejudice to any administrative, civil or criminal action against such Commissioner, Appointive Director or Officer. The remedy of restitution shall apply notwithstanding the fact that such Commissioner, Appointive Director or Officer risked his/her own funds in the venture.<sup>66</sup>
- b. **RESTITUTION** - Pursuant to Section 24 of the GOCC Governance Act, upon the determination an report of the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, that properties or monies belonging to SSS are in the possession of a Commissioner, Appointive Director or Officer of SSS without authority, or that profits are earned by the Commissioner, Appointive Director or Officer of SSS in violation of his/her fiduciary duty, or the aggregate per diems, allowances and incentives received in a particular year are in excess of the limits provided under the Act, the Commissioner, Appointive Director or Officer receiving such properties or monies shall immediately return the same to SSS.<sup>67</sup>

Failure by a Commissioner, Appointive Director or Officer to make the restitution within thirty (30) days after written demand has been served shall, after trial and final judgment, subject such Commissioner, Appointive Director or Officer to the punishment of imprisonment for one (1) year and a fine equivalent to twice the

<sup>66</sup> Section 27.3, GCG-MC No. 2012-07.

<sup>67</sup> Section 27.4 (e), GCG-MC No. 2012-07.

amount to be restituted and in the discretion of the court of competent jurisdiction, disqualification to hold public office.<sup>68</sup>

Nothing in this Manual shall be construed as waiving or limiting any civil, criminal, or administrative responsibility the said Commissioner, Appointive Director or Officer may incur in addition to the foregoing for acts and/or omissions proscribed under the 1987 Constitution, Republic Act No. 6713, Republic Act No 3019, SSS Manual on Personnel Policies, Rules and Regulations, Code of Ethical Standards for Social Security System Officials and Employees and other existing laws, rules and regulations.

### **MISCELLANEOUS PROVISIONS**

**Section 48.** Amendments – This Manual may be amended by the Social Security Commission subject to the approval of the Governance Commission for GOCCs through the issuance of a Resolution duly published in the SSS website.

**Section 49.** Effectivity – This Manual shall be effective upon its approval by the Governance Commission for GOCCs.

**ADOPTED AND APPROVED** by the Social Security Commission under Resolution No. 898 issued on 27 November 2013, as amended under Resolutions Nos. 597, 339, 138, and 322 issued on 2 July 2014, 29 April 2015, 24 February 2016, and 18 May 2016, respectively.

**APPROVED/DISAPPROVED:**

**GOVERNANCE COMMISSION FOR GOCCs**

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<sup>68</sup> Section 27.4, GCG-MC No. 2012-07.