



## **GCG MEMORANDUM CIRCULAR NO. 2014 – 06**

**SUBJECT : 2014 INTERIM PERFORMANCE-BASED INCENTIVE (PBI)  
■SYSTEM FOR APPOINTIVE DIRECTORS/TRUSTEES OF  
GOCCs COVERED BY R.A. No. 10149**

**DATE : 27 October 2014**

1. **BACKGROUND AND PURPOSE.** – This Circular has been issued to provide for an Interim Performance-Based Incentive for Appointive Members of the Governing Boards of GOCCs covered by the “GOCC Governance Act of 2011” (R.A. No. 10149) pursuant to Section 23 thereof, and using as reference, among others, Executive Order No. 24, s. 2011 (E.O. No. 24).<sup>1</sup>
  
2. **CONDITIONS PRECEDENT TO ENTITLEMENT TO PBI.** – In order for an Appointive Director to be entitled to PBI, the following conditions must be fulfilled for the applicable calendar year:
  - 2.1. ***GOCC Level.*** – The GOCC where the Appointive Director serves was eligible and granted the Performance-Based Bonus (PBB) to Officers and Employees pursuant to the “Performance Evaluation System for the GOCC Sector” [GCG MC No. 2013-02 (Re-Issued)], namely:
    - (a) The GOCC achieved a weighted-average score of at least 90% on its 2014 Performance Scorecard; and
    - (b) The GOCC satisfactorily complied with the Good Governance Conditions provided in GCG MC No. 2014-05.
  
  - 2.2. ***Additional Good Governance Condition for Individual Appointive Directors.***
    - 2.2.1. ***Attendance to Board and Committee Meetings.*** – No Appointive Director shall be entitled to the PBI unless he/she shall have attended at least 90% of all authorized and duly called for Board and Committee meetings (to which he/she is officially designated). In determining the total number of authorized and duly called for Board and Committee meetings that an Appointive Director was supposed to attend, the following parameters shall be observed:
      - (a) Attendance through teleconferencing or video conferencing in accordance with Securities and Exchange Commission (SEC) Memorandum Circular No. 15, 2001, is allowed.

<sup>1</sup> Entitled “Prescribing Rules to Govern the Compensation of Members of the Board of Directors/ Trustees in Government Owned or –Controlled Corporations including Government Financial Institutions.

- (b) Absences arising from the actual conduct of official business for the GOCC, its Subsidiary, Affiliate, or for the National Government, are considered excused absences and thus counted as attendance on the part of the Appointive Director. *Provided*, the GOCC or the Appointive Director shall provide official documentation of such official business, such as, but not limited to, a travel authority;
- (c) Absences arising from filial obligations shall not be considered excused, even if approved by the Governing Board; and
- (d) Vacation leaves shall not be considered as excused, even if approved.

2.2.2. ***Length of Service.*** – No Appointive Director shall be entitled to the PBI unless he/she has rendered at least nine (9) months of aggregate service as Appointive Director in any GOCC for the year ending 31 December 2014, subject further to the following guidelines:

- (a) Should an Appointive Director be separated from service as such after having satisfied the 9-month service requirement; *Provided* it was not for cause, he/she shall nonetheless be entitled to the PBI.
- (b) Should an Appointive Director be subsequently appointed to another GOCC, he/she shall be entitled to the PBI from both GOCCs in accordance with the entitlement in paragraph 3 hereof, *provided that* the amount to be actually paid out by the second GOCC shall in no case result in the aggregate amount of PBI exceeding the cap of either GOCC, whichever is higher.

2.2.3. ***DPR Submission.*** – No Appointive Director shall be entitled to the PBI unless he/she has submitted all the required forms for the Director Performance Review (DPR) pursuant to Section 3.2 of GCG MC No. 2014-03<sup>2</sup> and implementing issuances issued pursuant thereto.

2.2.4. ***Submission of Corporate Operating Budgets (COBs).*** –

- (a) For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 120 on "Budget Call for FY 2015";
- (b) For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 120.

<sup>2</sup> Performance Evaluation for Directors (PED) in the GOCC Sector.