



GCG MEMORANDUM CIRCULAR NO. 2014 – 03 (RE-ISSUED)

**SUBJECT : PERFORMANCE EVALUATION FOR DIRECTORS (PED)
IN THE GOCC SECTOR**

DATE : 30 January 2015

1. **BACKGROUND AND PURPOSE.** – Section 2 of the “*GOCC Governance Act of 2011*” (R.A. No. 10149) declared the policy of the State to ensure that the governance of GOCCs is carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness, through Governing Boards who are competent to carry out their functions, fully accountable to the State as its fiduciaries and always acting for the best interests of the State.

Section 17 of R.A. No. 10149 states that an Appointive Director “may be nominated by the GCG for reappointment by the President only if one obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure based on the performance criteria for Appointive Directors for the GOCC.” In the exercise of the Governance Commission’s mandate under Section 5(c) of R.A. No. 10149, the Code of Corporate Governance for GOCCs (GCG MC No. 2012-07) was issued providing for the development of an Annual Performance Evaluation of the Board¹ that would further strengthen the competence and character of the Members of the GOCC Governing Boards.

This Circular has been accordingly issued to establish the **PERFORMANCE EVALUATION FOR DIRECTORS (PED)** in the GOCC Sector.

2. **COVERAGE.** – The PED shall cover all Appointive Directors as the basis for the determination of whether they shall be recommended for reappointment; provided, however, that the Appointive Director has served no less than six (6) months within one (1) calendar year. It shall also cover a Director who was appointed for less than 6 months, but has served as Officer-in-Charge (OIC) or Acting Chairman or President/CEO during the PED Period [one (1) calendar year].

The PED shall also cover the *Ex Officio* Directors or their Alternates for purposes of being able to report to the President the performance of such *Ex Officio* Directors, as well as to allow the GCG to develop and evolve a good governance system for *Ex Officio* Directors in the GOCC Sector.

¹ See Section 17, GCG MC No. 2012-07.

3. **COMPONENTS OF THE PED.** – The PED measures the overall performance of both *Ex Officio* and Appointive Directors within the PED Period based on the weighted-average of the following components:

3.1. **GOCC Performance based on application of the Performance Evaluation System (PES) for GOCCs under GCG Memorandum Circular No. 2013-02: 60%**

3.2. **Director Performance Review (DPR): 30%** – The individual contribution of a Director shall be measured based on the following:

(a) Self Appraisal Rating = 5%

(b) Peer Appraisal Rating = 12.5%

(c) Chairman’s Appraisal Rating for each Member = 12.5%

3.2.1. For the Chairman, the following shall be used to measure his/her DPR score:

(a) Self Appraisal Rating = 9%

(b) Peer Appraisal Rating = 21%

3.2.2. Guidelines on the DPR

(a) Appraisal Forms

(i) **Self Appraisal Form (SAF).** – Each member of the Governing Board shall accomplish a SAF as follows:

Evaluators	Forms to be used
<u>Chairman</u>	SAF 1: Self-Appraisal as Chairman
<u>Members of the Governing Board</u>	SAF 2: Self-Appraisal as Board Member
<u>President/CEO/ Administrator/ General Manager</u>	SAF 3: Self-Appraisal as CEO

(ii) **Peer Appraisal Form (PAF).** – Each member of the Governing Board shall likewise accomplish a PAF for each of his/her co-member. All the members of the Governing Board shall evaluate one another as follows: