



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

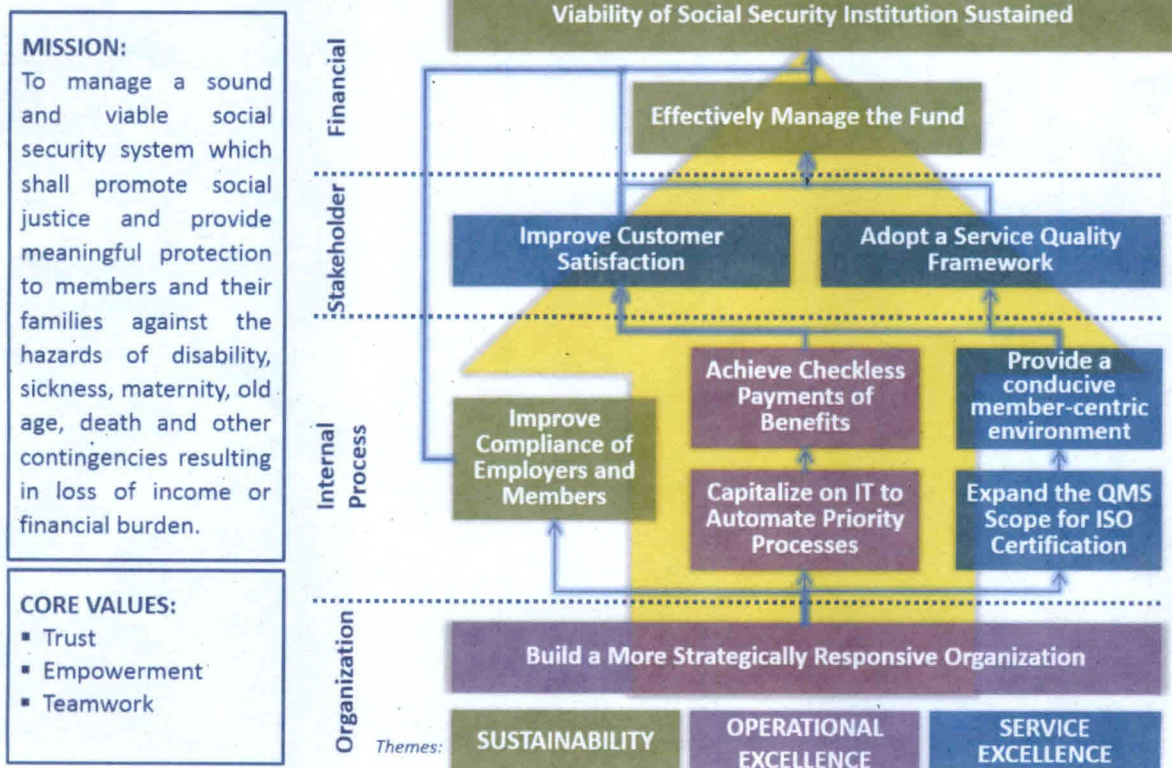
SOCIAL SECURITY SYSTEM (SSS)

WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective beginning from the execution of this Agreement and ending upon the determination by the Governance Commission of the eligibility of SSS for the FY 2015 PBB and PBI.
2. **Charter Statement and Strategy Map.** – SSS's Charter Statement and Strategy Map for the Period specified in Section 1 hereof, shall be as follows:

VISION: A viable social security institution providing universal and equitable social protection through world-class service.



3. **Measurement of Performance.** – Based on the Performance Scorecard 2015 attached hereto as **Annex A**, the SSS's Performance for 2015 shall be based on the following Measures/Performance Indicators and Annual Targets, to wit:

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| COMPONENT | | | WEIGHT | RATING SYSTEM | 2015 TARGET |
|------------------|--------|--|--------|---------------|--|
| FINANCIAL | SO 1 | Viability of Social Security Institution Sustained | | | |
| | SM 1 | Amount of Contribution Collections | 10% | | 128.5 Billion |
| | SM 2 | Net Revenue | 10% | | 38 Billion |
| | SO 2 | Effectively Manage the Fund | | | |
| | SM 3 | Return On Investments | 10% | | 6% |
| | SM 4 | % of Operating Expenses to Charter Limit | 5% | | ≤ 70% |
| | | Sub-total | 35% | | |
| STAKEHOLDERS | SO 3 | Improve Customer Satisfaction | | | |
| | SM 5 | ARTA Rating | 5% | | 90% |
| | SM 6 | 3rd Party Customer Satisfaction Survey Rating | 5% | | Establish Baseline (Satisfactory) |
| | SO 4 | Adopt a Service Quality Framework | | | |
| | SM 7 | Initial Implementation Date of ISSA Service Quality Framework | 5% | | November 2015 (following the ISSA Guidelines on Service Quality) |
| | | Sub-total | 15% | | |
| INTERNAL PROCESS | SO 5 | Improve Compliance by Employers and Members | | | |
| | SM 8 | % of the Number of Referred Delinquent Employer Accounts Filed in Court, Collected, and Settled | 5% | | 90% |
| | SM 9 | % of Paying Members Over Labor Force (Employed Less Workers in Government/Government Corporations) | 5% | | 35% |
| | SO 6 | Provide a Conducive Member-Centric Environment | | | |
| | SM 10 | Total Number of PE Centers (Cumulative) | 5% | | 75 |
| | SM 11 | Number of Branches Created/Relocated | 5% | | 60 |
| | SM 12 | Number of New Service Offices | 5% | | 5 |
| | SM 13 | Transaction Volumes | 5% | | 38.04 Million |
| | SO 7 | Capitalize on IT to Automate Priority Processes | | | |
| | SM 13 | Redesigned Registration and Contribution System | 2% | | Pilot implementation in September 2015 |
| | SM 14a | Redesigned Accounts Monitoring System | 0% | | Pilot implementation in September 2015 |
| | SM 14b | Turnaround Time from Collection List Submission to Posting | 2% | | Establish Baseline |
| | SM 15 | Additional Functionalities of the Web Services | 1% | | September 2015 |
| | SO 8 | Achieve Checkless Payments of Benefits | | | |
| | SM 16 | % of All Initial Pension and Short-Term Benefit Payments Through Banks Instead of Checks | 5% | | 65% |

| COMPONENT | | | WEIGHT | RATING SYSTEM | 2015 TARGET |
|--------------|-------|--|--------|---------------|---|
| | SO 9 | Expand the QMS Scope for ISO Certification | | | |
| | SM 17 | Number of Branches for ISO-Certification (Registration Process) | 2.5% | | 4 |
| | SM 18 | Manualization of Core Processes in Main Office | 2.5% | | 5 (Sickness, Maternity, Funeral, Registration and Contribution) |
| | | Sub-total | 45% | | |
| ORGANIZATION | SO 10 | Build a More Strategically Responsive Organization | | | |
| | SM 19 | Approval Date of the Competency-based HR Framework by the Social Security Commission | 5% | | December 2015 |
| | | Sub-total | 5% | | |
| | | TOTAL | 100% | | |

It is understood that the GOCC must achieve a weighted-average of at least 90% to be eligible to grant any Performance-Based Bonus.

4. **Quarterly Submission of Performance Monitoring.** – SSS shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex B**.

5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 namely:

5.1. *Conditions Common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent; and
- (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);

5.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable. Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.

- (c) Adoption of a "*Manual of Corporate Governance*" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
 - (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
 - (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
 - (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
 - (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
 - (h) Submission of Corporate Operating Budgets (COBs):
 - i. 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;"
 - ii. 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.
6. SSS hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. SSS shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in SSS's Performance Scorecard, and shall be used solely as a reference by GCG and SSS during Performance Agreement Negotiations/Renegotiations.
7. SSS shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, SSS shall copy furnish the Governance Commission copies of all written communications between SSS and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for



the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.

8. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 15th day of July 2015, in the City of Makati, Philippines.


**GOVERNANCE COMMISSION FOR
GOCCs**

BY AUTHORITY OF THE COMMISSION:


CESAR L. VILLANUEVA
Chairman



JUAN B. SANTOS
Chairman


MA. ANGELA E. IGNACIO
Commissioner


EMILIO S. DE QUIROS JR.
President and CEO



RAINIER B. BUTALID
Commissioner


DIANA B. PARDO-AGUILAR
Commissioner

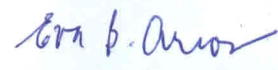

ROSALINDA D. BALDOZ
DOLE Secretary and SSS Commissioner


DANIEL L. EDRALIN
Commissioner


BIENVENIDO E. LAGUESMA
Commissioner



IBARRA A. MALONZO
Commissioner



ÉVA B. ARCOS
Commissioner



SOCIAL SECURITY SYSTEM

| Component | | | | | | Baseline Data (if applicable) | | Target |
|-----------|-------------------|--|--|---------------|---------------|----------------------------------|------------|---------------|
| | Objective/Measure | Formula | Weight | Rating System | Data Provider | 2013 | 2014 (3Q) | 2015 |
| FINANCIAL | SO 1 | Viability of Social Security Institution Sustained | | | | | | |
| | SM 1 | Amount of Contribution Collections | Total Contribution collection = Contribution collection [Employed + Self-employed + Voluntary paying members + OFWs] | 10% | | 103 Billion | 89 Billion | 128.5 Billion |
| | SM 2 | Net Revenue | Net Revenue = Revenues - Expenditures | 10% | | 38.4 Billion | 34 Billion | 38 Billion |
| | SO 2 | Effectively Manage the Fund | | | | | | |
| | SM 3 | Return Investments On | $\text{Annualized ROI} = \left[1 + \frac{I_1 + I_2 + \dots + I_m}{A_0 + A_1 + A_2 + \dots + A_{m-1} + A_m} \right]^{12-1}$ $\text{Simple ROI} = \left[\frac{2 i}{(a + b) - i} \right] 100\%$ | 10% | | 9.2% | 6.7% | 6% |
| | SM 4 | % of Operating Expenses to Charter Limit | $\frac{\text{Operating expenses}}{(12\% \text{ of Contrib. coll'n} + 3\% \text{ of Investment and other income})}$ | 5% | | 57% | 47.8% | ≤ 70% |
| | Sub-total | | | 35% | | | | |

| Component | | | | | | Baseline Data (if applicable) | | Target |
|------------------|-------------------|---|--|---------------|---------------|----------------------------------|-----------|--|
| | Objective/Measure | Formula | Weight | Rating System | Data Provider | 2013 | 2014 (3Q) | 2015 |
| STAKEHOLDERS | SO 3 | Improve Customer Satisfaction | | | | | | |
| | SM 5 | ARTA Rating | $\frac{[\text{ARTA Rating Branch 1} + \text{ARTA Rating Branch 2} + \dots + \text{ARTA Rating Branch x}]}{\text{Number of SSS branches audited}}$ | 5% | | 82.7% | n.a. | 90% |
| | SM 6 | 3rd Party Customer Satisfaction Survey Rating | $\frac{[\text{NSR 1} + \text{NSR 2} + \dots + \text{NSR 11}]}{11}$ | 5% | | n.a. | n.a. | Establish Baseline (Satisfactory) |
| | SO 4 | Adopt a Service Quality Framework | | | | | | |
| | SM 7 | Initial Implementation Date of ISSA Service Quality Framework | | 5% | | n.a. | n.a. | November 2015 (following the ISSA Guidelines on Service Quality) |
| | | Sub-total | | 15% | | | | |
| INTERNAL PROCESS | SO 5 | Improve Compliance by Employers and Members | | | | | | |
| | SM 8 | % of the Number of Referred Delinquent Employer Accounts Filed in Court, Collected, and Settled | $\frac{\text{Number of delinquent ER accounts referred filed, collected or settled during the period}}{\text{Total number of delinquent ER accounts referred for legal action as of December 2014}}$ | 5% | | n.a. | n.a. | 90% |

| Component | | | | | | Baseline Data (if applicable) | | Target |
|-----------|--|--|--------|---------------|---------------|----------------------------------|-----------------|--|
| | Objective/Measure | Formula | Weight | Rating System | Data Provider | 2013 | 2014 (3Q) | 2015 |
| | SM 9 % of Paying Members Over Labor Force (Employed Less Workers in Government/Government Corporations) | $\frac{\text{SSS paying members}}{\text{Employed persons - Workers in Govt./Govt. Corp.}}$ | 5% | | | 33% | 31.0% | 35% |
| | SO 6 | Provide a Conducive Member-Centric Environment | | | | | | |
| | SM 10 Total Number of PE Centers (Cumulative) | Absolute figure (cumulative) | 5% | | | 55 | 65 | 75 |
| | SM 11 Number of Branches Created/Relocated | Absolute figure | 5% | | | 12 ¹ | 25 ² | 60 ³ |
| | SM 12 Number of New Service Offices | Absolute figure | 5% | | | 18 | 10 | 5 |
| | SM 13 Transaction Volumes | Absolute figure | 5% | | | 35.98 Million | 28.22 Million | 38.04 Million |
| | SO 7 | Capitalize on IT to Automate Priority Processes | | | | | | |
| | SM 13 Redesigned Registration and Contribution System | | 2% | | | n.a. | n.a. | Pilot implementation in September 2015 |

| Component | | | | | | Baseline Data (if applicable) | | Target |
|-----------|-------------------|--|--|---------------|---------------|----------------------------------|-----------|--|
| | Objective/Measure | Formula | Weight | Rating System | Data Provider | 2013 | 2014 (3Q) | 2015 |
| | SM 14a | Redesigned Accounts Monitoring System | 0% | | | n.a. | n.a. | Pilot implementation in September 2015 |
| | SM 14b | Turnaround Time from Collection List Submission to Posting | $\frac{PT_1 + PT_2 + \dots + PT_x}{T_1 + T_2 + \dots + T_x}$ | 2% | | n.a. | n.a. | Establish Baseline |
| | SM 15 | Additional Functionalities of the Web Services | 1% | | | n.a. | n.a. | September 2015 |
| | SO 8 | Achieve Checkless Payments of Benefits | | | | | | |
| | SM 16 | % of All Initial Pension and Short-Term Benefit Payments Through Banks Instead of Checks | $\frac{\text{Number of initial pension and short-term benefit payments through banks}}{\text{Number of initial pension and short-term benefit payments through banks and checks}}$ | 5% | | 21.3% | 60.4% | 65% |
| | SO 9 | Expand the QMS Scope for ISO Certification | | | | | | |
| | SM 17 | Number of Branches for ISO-Certification (Registration Process) | Absolute figure | 2.5% | | n.a. | 4 | 4 |
| | | | | | | | | |

| Component | | | | | | | Baseline Data | | Target |
|--------------|-------------------|--|---------|--------|---------------|---------------|-----------------|-----------|----------------|
| | | | | | | | (if applicable) | | |
| | Objective/Measure | | Formula | Weight | Rating System | Data Provider | 2013 | 2014 (3Q) | 2015 |
| | SM 18 | Manualization of Core Processes in Main Office | | 2.5% | | | n.a. | n.a. | 5 ⁵ |
| | | Sub-total | | 45% | | | | | |
| ORGANIZATION | SO 10 | Build a More Strategically Responsive Organization | | | | | | | |
| | SM 19 | Approval Date of the Competency-based HR Framework by the Social Security Commission | | 5% | | | n.a. | n.a. | December 2015 |
| | | Sub-total | | 5% | | | | | |
| | | TOTAL | | 100% | | | | | |

¹ FY2013 actual

² Cumulative FY2013 and Jan-Sep2014 actuals

³ Cumulative FY2013-2014 actual and FY2015 target (15 branches)

⁴ Including online transactions

⁵ Core processes: Sickness, Maternity, Funeral, Registration and Contribution

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