

AGILITY TOWARDS RECOVERY AND A MORE ROBUST SSS



2021
ANNUAL REPORT



SOCIAL SECURITY SYSTEM

MISSION

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.

VISION

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

“AGILITY TOWARDS RECOVERY AND A MORE ROBUST SSS”

Despite the quarantine lockdowns and challenges that the COVID pandemic continued to sow in 2021, the SSS provided several measures of relief for members and employers to help them cope and recover from the economic shocks. Working as an agile organization, the SSS quickly and decisively implemented new programs for the institution to become more stable and more viable. Being more robust means enhanced service delivery through electronic/online means, responsive benefits payout, and positive financial health of the institution.

About the Cover: Lines moving upwards denote the changes/decisions/enhancements that SSS made to recover and move the organization forward. Soft curved lines show their flexibility to adapt to changing situations, while online icons and network connections in the background emphasize the agile digital transformation of SSS.



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2021 PERFORMANCE HIGHLIGHTS



INVESTMENT LEVEL (IN MILLION PESOS)	
Asset Class	as of Dec 2021
Bank Deposits	16,612.07
Capital Market	460,617.82
Government Securities	298,565.86
Corporate Notes and Bonds	26,478.37
Equities	127,872.62
Mutual Funds	3,149.47
Externally Managed Funds	4,551.50
Loans	113,402.12
Salary Loans	102,833.88
Housing Loans	7,041.86
Pension Loans	3,526.38
Development Loans	0.00001
Real Estate Properties	80,172.65
Total	₱670,804.66



PENSION DISBURSEMENTS	
Type of Pension and Number of Pensioners	As of Dec 2021 (In Million Pesos)
Social Security	169,928.76
Retirement 1,827,695 Pensioners	110,093.66
Death 1,086,830 Pensioners	55,168.58
Disability 72,448 Pensioners	4,666.52
Employees' Compensation	1,571.71
Death 16,376 Pensioners	1,378.83
Disability 1,523 Pensioners	192.87
Total	₱171,500.47
2,986,973 Pensioners	



NUMBER OF BENEFICIARIES	
Type of Benefit	Jan-Dec 2021
Social Security	4,342,301
Retirement*	1,939,365
Death*	1,167,278
Disability*	118,154
Maternity	363,074
Sickness	445,485
Funeral	227,992
Unemployment	80,953
Employees' Compensation	74,799
Death*	16,740
Disability*	2,603
Sickness	54,072
Medical Services	1,071
Funeral	313

Total **4,417,100**

*INCLUDES REGULAR PENSIONERS AT THE BEGINNING OF THE YEAR.



LOAN DISBURSEMENTS (IN MILLION PESOS)	
Type of Loan	Jan-Dec 2021
Salary	32,698.26
Educational	236.53
Calamity	747.82
Housing	2.98
Total	₱33,685.59

COMPARATIVE HIGHLIGHTS (AMOUNTS IN MILLION PESOS)

CONSOLIDATED				
	For the Year		Increase/(Decrease)	
	2021	2020 (Restated)	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	262,620.58	241,157.65	21,462.92	8.9
Members' Contribution	226,122.98	206,138.09	19,984.89	9.7
Investment and Other Income	36,497.60	35,019.56	1,478.03	4.2
Expenditures	1,106,534.39	665,523.61	441,010.78	66.3
Benefit Payments	223,981.99	194,870.86	29,111.13	14.9
Operating Expenses	10,192.90	8,904.63	1,288.27	14.5
Net changes in policy reserves	872,359.50	461,748.12	410,611.38	88.9
Net Revenue/(Loss)	(843,913.81)	(424,365.96)	(419,547.86)	(98.9)
B. ASSETS & RESERVES				
Assets	702,402.13	642,489.44	59,912.69	9.3
Investments	654,192.59	589,227.19	64,965.41	11.0
Property and Equipment	9,597.38	7,266.86	2,330.51	32.1
Others	38,612.16	45,995.39	(7,383.23)	(16.1)
Liabilities	7,639,270.51	6,767,251.36	872,019.14	12.9
Reserves	(6,936,868.37)	(6,124,761.92)	(812,106.45)	(13.3)
SOCIAL SECURITY FUND ¹				
	For the Year		Increase/(Decrease)	
	2021	2020 (Restated)	Amount	%
Revenues	258,534.57	237,404.05	21,130.53	8.9
Members' Contribution	224,003.23	204,127.26	19,875.97	9.7
Investment and Other Income	34,531.34	33,276.78	1,254.56	3.8
Expenditures	1,089,142.32	663,446.67	425,695.66	64.2
Benefit Payments	221,839.81	193,421.46	28,418.35	14.7
Operating Expenses	10,095.05	8,838.74	1,256.31	14.2
Net changes in policy reserves	857,207.46	461,186.47	396,021.00	85.9
Net Revenue/(Loss)	(830,607.75)	(426,042.62)	(404,565.13)	(95.0)
B. ASSETS & RESERVES				
Assets	657,486.43	600,333.96	57,152.47	9.5
Investments	611,628.62	549,535.28	62,093.35	11.3
Property and Equipment	9,597.38	7,266.86	2,330.51	32.1
Others	36,260.43	43,531.82	(7,271.39)	(16.7)
Liabilities	7,600,981.38	6,744,112.53	856,868.84	12.7
Reserves	(6,943,494.95)	(6,143,778.57)	(799,716.37)	(13.0)
EMPLOYEES' COMPENSATION AND STATE INSURANCE FUND				
	For the Year		Increase/(Decrease)	
	2021	2020 (Restated)	Amount	%
Revenues	4,086.00	3,753.60	332.40	8.9
Members' Contribution	2,119.74	2,010.82	108.92	5.4
Investment and Other Income	1,966.26	1,742.78	223.48	12.8
Expenditures	17,392.07	2,076.94	15,315.13	737.4
Benefit Payments	2,142.18	1,449.40	692.78	47.8
Operating Expenses	97.85	65.89	31.96	48.5
Net changes in policy reserves	15,152.04	561.65	14,590.39	2,597.8
Net Revenue/(Loss)	(13,306.06)	1,676.66	(14,982.73)	(893.6)
B. ASSETS & RESERVES				
Assets	44,915.70	42,155.48	2,760.22	6.5
Investments	42,563.97	39,691.91	2,872.06	7.2
Property and Equipment	-	-	-	-
Others	2,351.73	2,463.57	(111.84)	(4.5)
Liabilities	38,289.13	23,138.83	15,150.30	65.5
Reserves	6,626.57	19,016.65	(12,390.08)	(65.2)

¹ Includes Flexi Fund, PESO Fund, Mortgagor's Insurance Account, Mandatory Provident Fund

MESSAGE OF THE PRESIDENT



My warmest greetings to the Social Security System (SSS) as you release your 2021 Annual Report.

The year 2021 marked the start of the slow but certain recovery of the Philippines from the grip of the COVID-19 pandemic. During this period of transition, the Social Security System was a vital institution that assisted Filipinos as the whole nation adapted to the new normal.

With its Pandemic Relief and Recovery Program, the SSS was able to give financial relief to members and employers in settling their outstanding social security obligations.

To ensure its financial health and its members' financial protection, the SSS was also able to launch the Workers' Investment and Savings Program to allow members who are earning more to save more in a provident fund that provides better financial protection in the future. This was coupled with the contribution rate increase that the SSS also implemented in 2021.

It is my hope that these accomplishments, chronicled in the pages of your annual report, will further inspire the men and women of the SSS to always put the welfare of the Filipino people on top of its priorities. May you continue to innovate, foster the culture of excellence, and strengthen your commitment in rendering outstanding service to every working Filipino, here and abroad.

Mabuhay ang SSS!

RODRIGO ROA DUTERTE
PRESIDENT OF THE PHILIPPINES

MESSAGE OF THE SSC CHAIRMAN



In 2021, the pandemic has continued to challenge the nation amid the prolonged mobility constraints. Our institutions, however, withstood the difficulties and adapted to the new situation by rapidly innovating their internal processes.

The Social Security System (SSS) stands out among the public institutions that quickly transitioned to the new normal. The SSS fast-tracked its digital transformation to improve stakeholder access to its various services. Online transactions became the norm with the enhancement of My.SSS portal and the SSS Mobile App. Security upgrades enabled the Disbursement Account Enrollment Module to fully function as a safe and more convenient payment system for benefit claims and loan grants.

During a time of economic difficulty for many, the SSS proved ready to provide its members with financial relief. The SSS Pandemic Relief and Restructuring Program (PRRP) condoned penalties, enabled stakeholders to restructure their housing and member loans, and allowed installment payments of unpaid contributions by employers.

The SSS, during this period, managed to ensure its financial health as well. The institution exercised greater prudence in managing its funds to further extend its actuarial life. The financial strength of the SSS is a source of comfort for our members.

I thank my colleagues at the SSS for their unwavering commitment and the work they put in to attain the objectives of expanding coverage, improving contribution collections, delivering better and uninterrupted service, realizing investment goals, and ensuring good corporate governance.

It was an honor and a pleasure working with all of you over the past six years of the Duterte administration.

A handwritten signature in black ink, appearing to read "Carlos Dominguez".

CARLOS DOMINGUEZ
SECRETARY OF FINANCE
CHAIRMAN, SOCIAL SECURITY COMMISSION



MESSAGE OF THE SSS PRESIDENT AND CEO



The COVID-19 pandemic will continue to greatly impact our lives in the years ahead. With successive surges peaking in the first half of 2021, lives and livelihoods were still somehow at a halt. The unexpected early successes of COVID-19 vaccines, however, offered a ray of hope. For our operations, it presented a new set of opportunities.

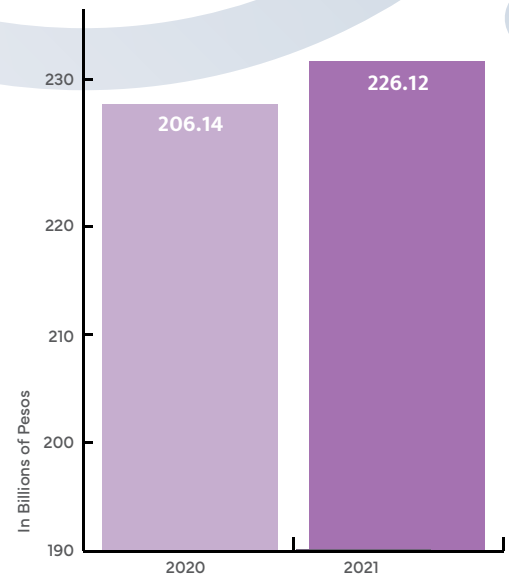
EXECUTING A FULL AGENDA WITH FOCUS AND FINANCIAL DISCIPLINE

We started the year with the implementation of key provisions in Republic Act No. 11199 (Social Security Act of 2018).

In January, we effected the new contribution rate of 13%, and the increase in the minimum and maximum monthly salary credits (MSC) to ₱3,000 and ₱25,000, respectively, as scheduled in RA 11199. The hikes, coupled with our efficient management of our delinquent employers account, resulted in our year-end contribution collection of ₱226.12 Billion, a significant increase of 9.7% or ₱19.98 Billion from the preceding year's ₱206.14 Billion.

Corollary to this was the successful launch of the **Workers' Investment Savings Program (WISP)**, a new mandatory direct contribution or provident fund scheme that gives our members a second layer of pension income on top of the regular Social Security program. WISP emphasizes the value of "Work, Save, Invest and Prosper," thus instilling a culture of sustained savings and investment among Filipino workers. At the end of the year, our actual WISP contributors reached 3.70 million, which is 22% over target, with a value of ₱15.49 Billion.

Our investment activities for the year were still focused on servicing the members' and pensioners' needs, given the lingering pandemic



CONTRIBUTIONS COLLECTION



situation. We continued to implement the **Calamity Loan Assistance Program (CLAP)** to members within the duration of the state of calamity nationwide. We released ₱747.82 Million worth of calamity loans to 52,769 members in 2021, as well as ₱3.08 Billion worth of pension loans to 69,040 pensioners for their immediate financial needs.

The investment focus did not affect the results of our investing activities, as we earned ₱35.44 Billion in investment income by year-end 2021. This is 3.07% or ₱1.06 Billion higher than the ₱34.38 Billion restated income of the previous year. The increase is mainly due to the ₱3.4 Billion income from equities, wherein the SSS registered a fair value gain of ₱2.55 Billion from the fair value through profit or loss (FVPTL) portfolio, which is a reversal from the fair value loss of ₱542 Million in 2020. This resulted in a slight increase of our 2021 ROI at 5.78% that outperformed benchmark yields once again.

Another key ingredient of our better financial position is our Treasury operations, which harnesses electronic channels for 100% of our current collections and disbursements.

For collections, we introduced faster, safer, and more convenient electronic payment options through our partners' online facilities or through the SSS Mobile App. Meanwhile, for disbursements, we shifted from check payments to faster electronic payment of benefits and loans through PESONET, e-wallets, and remittance transfer agents.

Benefit payments recorded an increase in the year-on-year releases in almost all types of benefits, except for disability, unemployment, and medical services, totaling ₱223.98 Billion for over million members.

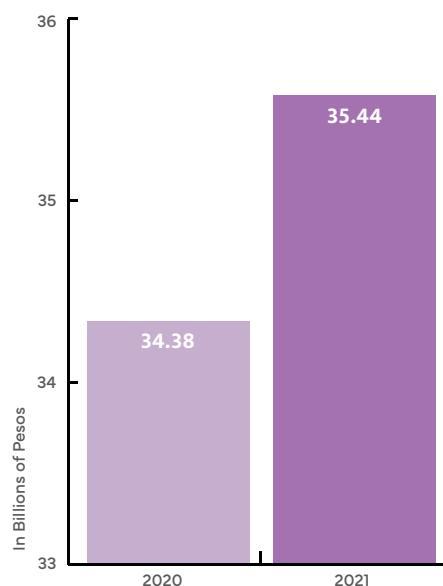
The 37.4% decrease in the Unemployment Benefit payout was expected given that a covered employee who is involuntarily separated can only claim the benefit once every three (3) years, starting from the date of involuntary separation. The bulk of Unemployment Benefit releases was in 2020 when the country was first hit hard by the COVID-19 pandemic.

Meanwhile, the 101% increase in the Sickness Benefit payouts is attributed to the continuing COVID-19 virus infections and related illnesses. The digitalization efforts of SSS, which started in 2019, have also seen the enhancement of online services on various platforms, allowing for faster and more efficient claims application, even in the safety of members' homes.

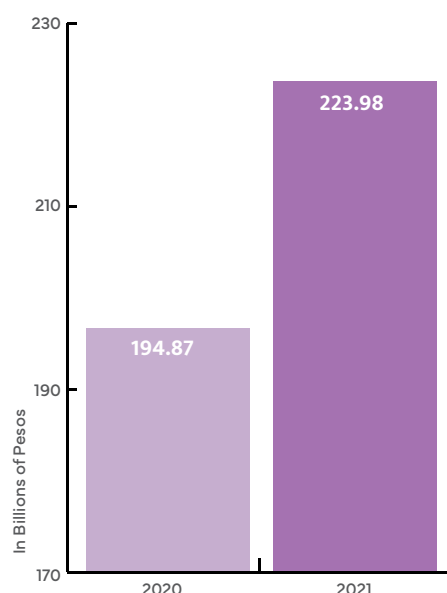
It is also worth noting that these enhancements resulted in a 57% reduction on the average in the processing time, such as for Death Benefit, from 42 to 15 working days, and for Retirement Benefit, from 16 to only 8 days.

NEW AND CONTINUING PROGRAMS

To provide financial relief to members and employers and help them recover from economic effects of the COVID-19 pandemic on their



INVESTMENT INCOME



BENEFIT PAYMENTS



livelihoods, the SSS implemented five (5) programs under the brand name of **Pandemic Relief and Recovery Programs (PRRP)**, as follows:

- PRRP 1 – extended deadline of remittance of contributions for the applicable month of July 2021 from 31 August 2021 to 30 September 2021;
- PRRP 2 – condoned penalties on Social Security contributions from March 2020 onwards;
- PRRP 3 – enhanced installment payment program for employers with unremitted contributions and unpaid loan amortization;
- PRRP 4 – restructured housing loan and condoned penalties; and
- PRRP 5 – condoned short-term loan penalty.

Further, in solidarity with the country’s efforts to mitigate the economic effects of the pandemic, we re-implemented the following policy changes, which were first effected in 2020:

1. The filing of the Sickness Notification for employed members and their employers and the filing of Sickness Benefit applications for individual members was extended by 60 days;
2. The filing of Unemployment Benefits for qualified employed members, including house helpers and OFWs, was also extended to within 60 days from the end of the community quarantine period.
3. The Annual Confirmation of Pensioners (ACOP) Program whereby all pensioners, except retirement pensioners residing in the Philippines, are required to comply, was resumed in October 2021. Even with the

resumption of ACOP, the suspension of pensions for those who have not yet complied was still put on hold throughout 2021.

We continued to adopt our **Transformative Digitalization** thrust by continually enhancing our processes and systems end-to-end. In 2021, we added the following electronic functionalities in the SSS Website:

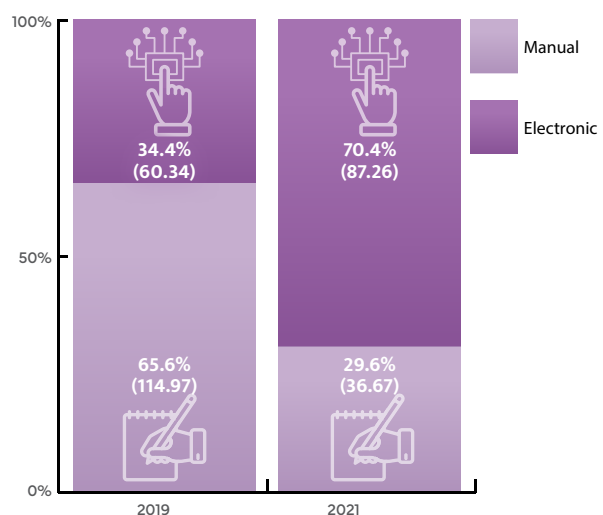
1. Submission of:
 - a. Maternity Benefit application and reimbursement; and
 - b. Sickness Benefit notification and application.
2. Enhanced the following:
 - a. Funeral claim application;
 - b. Online branch appointment system;
 - c. Submission of Sickness Benefit reimbursement;
 - d. Retirement Benefit application; and
 - e. Unemployment Benefit application.

We launched the **uSSSapTayo Portal** in the SSS Website. The unique features of this portal provide our stakeholders and the public with easier, simpler and faster access to their information, and complement other SSS electronic service channels as the My.SSS portal in our website, SSS Mobile App, Text-SSS and Self-Service Express Terminals.

We also enhanced the SSS Mobile App’s look, feel, and usability. The App is now among the Top Five most downloaded apps, reaching over 22 million as of December 2021, a seven-fold increase from only 3 million in 2019.



MEMBER TRANSACTIONS



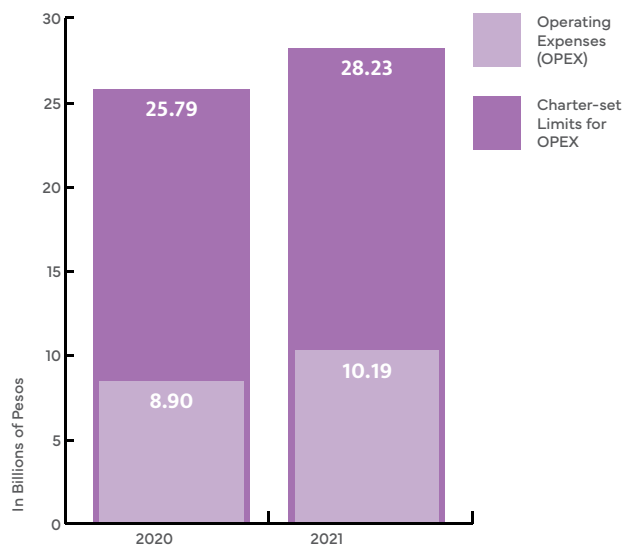
With the new and enhanced systems, 70% of our total transactions are now done electronically. This is a 36 % point-increase from the 34% in 2019. Electronic transactions are already at 90% for contributions, loans, and registration. This shows that members and employers are now more adept at using our electronic facilities.

The overwhelming response of our stakeholders to our digitalization initiatives was made possible by our intensified Member Education programs through webinars and our massive and direct information campaign, especially through social media.

ENSURING GOOD GOVERNANCE IN OPERATIONS

As administrators of the SS Fund, we take very seriously the obligations reposed upon us, and this means ensuring that we keep our operating expenses within Charter-set limits.

We disbursed ₱10.19 Billion in operating expenses (OpEx), which is 14.5% or ₱1.29 Billion higher than the ₱8.90 Billion OpEx recorded the previous year. This increase is attributed to the recognition of the retroactive implementation of the Compensation and Position Classification System (CPCS) from its date of approval in October 2021. The CPCS aims at putting in place a competitive compensation and remuneration scheme to attract and retain talent while keeping GOCCs financially sound and sustainable.



OPEX VS. CHARTER-SET LIMITS FOR OPEX

The OpEx represents 36.1% of the allowable ₱28.23 Billion, representing the Charter Limit of 12% of the contribution and 3% of investment income under the SS Act. The 2020 ratio was lower at 34.5%. Meanwhile, the OpEx to benefit payments ratio in 2021 is only at 4.55% lower than the 4.57% in 2020.

In compliance with our Chairperson’s directive, we adopted the **Philippine Financial Reporting Standard**, or PFRS 4. PFRS 4 is the current and interim accounting standard imposed on insurance entities in the Philippines. It is based on International Financial Reporting Standards (IFRS). Under this standard, when an insurance entity receives money from its clients and enters a contract with them to provide benefits when certain events occur, it must set aside a reserve to cover its liabilities.

Our computation shows the need to source it from reserves or retained earnings. We named it “Net Policy Reserves” to differentiate it from our existing account named “Reserves,” which is our accumulated income.

Our adoption of PFRS 4 supports the government’s resolve for financial discipline and transparency, and resulted in the granting of an “Unmodified Opinion” by the Commission on Audit for two (2) consecutive years. Internally, it aligns with our Performance Governance System (PGS) framework in strategy management.

AWARDS AND RECOGNITION RECEIVED

We were recognized by the ASEAN Social Security Association (ASSA) in November 2021 for **Innovation Excellence** as reflected through our Mobile App, with its user-friendly functionalities, flexible mobility, and secured convenience. The ASSA cited the SSS Mobile App as a noteworthy innovation in adapting to the changing technological landscape and members' demographic profile to better serve their needs. The ASSA noted the nearly 60 million Mobile App transactions for the entire of 2020, downloads of about 7.38 million in the same year, and the App's top ranking in various app stores.

We are one of the institutions honored by Globe with its **GCash Digital Excellence Award for 2021**. The award is a recognition given to government units and agencies that pioneered the use of digital financial products to help ensure safe and efficient access to services and to uplift the lives of their constituents



and clients. This award affirms our successful efforts in providing our members the convenient and secure access to remitting contributions and loan payments and claiming benefits.

We were awarded the **Silver Trailblazer Award** by the Institute for Solidarity in Asia, following our successful *revalida* presentation on our adoption of the Performance Governance System (PGS). The PGS is a performance management and measurement tool that aims to translate organizational goals into breakthrough results guided by a set of performance indicators and metrics.

We also received additional awards for adopting best practices and continuous improvement for operational efficiency, such as the **Bronze Award** (Maturity Level 2) from Civil Service Commission's Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM); the ISO Certification of the SSS Pension Loan Program; and more importantly, an "Unmodified Opinion" from the Commission on Audit.





PERSONAL APPRECIATION

We would not have achieved such remarkable performance in 2021 without the hardworking men and women of SSS who helped bring the plans and instructions of management to fruition. I sincerely thank them for their contributions, big or small, to our sustained operations and financial performance.

I am heartened by the incredible adaptability and resilience of our Management Committee. They did not let up on our core responsibilities amidst the pandemic. I salute them.

I am grateful to our Chairperson, Secretary Carlos G. Dominguez III, for his support and guidance in all our initiatives.

I thank my fellow Commissioners for their continuing commitment to SSS, especially in such challenging times. I deeply value their counsel and the perspectives they bring, as we safeguard the governance and fulfill the mandate of SSS. We have evolved and transformed over the years, seeking always to remain responsive and relevant.

Finally, I commend everyone for successfully taking the ride with me for the last three years and surmounting the challenges during the most difficult time in SSS.

I will cherish the personal relationships I have built with the wonderful people in this institution, but I will cherish more the wonderful work we did together to make our products and services respond to the needs of our members.

The SSS is well-positioned to move forward into a world of vast opportunities provided by technological change and driven by an urgent need to meet our members' needs.

I know that with a strong team of diverse skills and competencies, and a deep sense of purpose, you can and will act with courage and conviction, to deliver better and more sustainable social protection for all at all times.

Aurora C. Ignacio
PRESIDENT AND CHIEF EXECUTIVE OFFICER



MID-TERM ACCOMPLISHMENT REPORT

PRE- AND POST-PANDEMIC EFFORTS

2019 – 2021

The enactment of Republic Act No. 11199, or the Social Security Act of 2018, was one of the key thrusts of the Social Security System under the administration of President and Chief Executive Officer Aurora C. Ignacio, along with the three (3) corporate objectives: (a) increase fund life to year 2046 by year 2022; (b) improve service quality, and (c) establish accountability and improve corporate culture.

The execution of these major corporate thrusts is anchored on the implementation of transformative digitalization, which involves operational changes to simplify existing processes and systems and improve their accessibility.

The real challenge for the past two (2) years was ensuring that the people, at all levels of the SSS organization, were on board to the change brought about and amidst the COVID-19 pandemic. Fortunately, the various operational groups worked adaptively and evolved quickly so that diversity of experiences are valued, guided by clear and focused leadership direction.

The consolidation of resources further provided the System with its strategic position: Ensuring higher levels of social protection of which the sources are the SSS programs implemented for the members, and the accessibility of its services by its members and other stakeholders.

Afterall, the SSS members have, and will, always come first.

Improving Coverage and Collection

SSS implemented the increases in the contribution rates and the minimum and maximum monthly salary credits (MSC) in 2019 and 2021. The increases are one of the key



YEAR	CONTRIBUTION RATE	MONTHLY SALARY CREDITS	
		MINIMUM	MAXIMUM
2019	12%	2,000.00	20,000.00
2020	12%	2,000.00	20,000.00
2021	13%	3,000.00	25,000.00

COLLECTION FROM DELINQUENT ACCOUNTS DUE PREVIOUS YEARS, PAID WITHIN CURRENT YEAR (IN BILLION PESOS)



provisions of RA 11199 and deemed necessary to improve member benefits and ensure a more viable SSS for future generations.

In 2021, SSS created various task forces to improve collections, particularly contribution payments and delinquent accounts. Among the activities undertaken were the sending out of billing statements and the reconciliation of accounts. These resulted in a ₱7.28 Billion collection from delinquent accounts due since previous years but only paid in 2021. This is 12.5% increase from the 2019 baseline financial figures.

For coverage, initial efforts were undertaken to cover gig-economy workers or the economic frontliners, such as delivery and courier drivers, among others.

Offering Pandemic Relief

Cognizant of the crippling effect of the COVID-19 Pandemic on its members, SSS offered in 2021 the multi-faceted **Pandemic Relief and Restructuring Program (PRRP)**, composed of the following initiatives and results:

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	Extension of Payment Deadline	The deadline for the remittance of contributions for the applicable month of July 2021 was extended from August 31, 2021 to September 30, 2021.		
2	2021 Contribution Penalty Condonation Program	Qualified to avail of the program are employers who are delinquent in the payment of contributions and whose financial positions show a clear inability to pay their assessed delinquency charges due to economic crisis, serious business losses or financial reverses, natural calamity or man-made disaster without fault on their part.	7	
3	2021 Enhanced Installment Payment Scheme	Employers not qualified for condonation (PRRP 2) may avail of this facility, allowing them to pay their SSS obligations under more convenient payment terms.	28	
4	2021 Housing Loan Restructuring and Penalty Condonation Program	For SSS Housing Loan borrowers who are delinquent in their payments. Penalties for unpaid amortizations will be condoned upon approval of the application by the borrower.	Collection of ₱1.54 Million for 107 Accounts	
5	2021 Short-Term Member Loan Restructuring and Penalty Condonation Program	The outstanding short-term loan principal and interest may be settled either through one-time full payment or installment term while the accumulated penalties will be waived upon full payment of the restructured loan.	Collection of ₱640.37 Million for 62,563 accounts	

Enhancing accessibility

The SSS accelerated its digital transformation to ensure members' convenience and safety, especially during the pandemic. Branded as "**ExpresSSS**" with the tagline "*Mas Pinadali, Mas Pinasimple, Mas Pinabilis,*" among the online transactions made available through the My.SSS Portal in the SSS Website and SSS Mobile App were:

- a. Online filing of
 - Retirement Benefit claims;
 - Sickness Benefit reimbursement applications
 - SS and EC Sickness Benefit claims
 - Maternity Benefit claims

- b. Enhanced online filing of
 - Funeral Benefit claim
 - Unemployment Benefit claim (including application for electronic certification of involuntary separation by the Department of Labor and Employment)
- c. Real-Time Processing of Contribution (RTPC) for the instantaneous validation, acknowledgment, and transmission of SSS contribution data between the payment facility and the SSS for immediate posting under the member's account.
- d. Real-Time Processing of Loans (RTPL) for the instantaneous validation, acknowledgment, and transmission of loan payment data between the payment facility and the SSS for immediate posting.
- e. Benefit releases through DBP Facility via PESONet-member banks, e-wallets, and Remittance Transfer Companies/Cash Payout Outlets, thus eliminating disbursements through checks.



Complementing these services was the launching of the “USSSap Tayo” Portal to manage customer relationships, and empower members through a self-service knowledge-based portal.

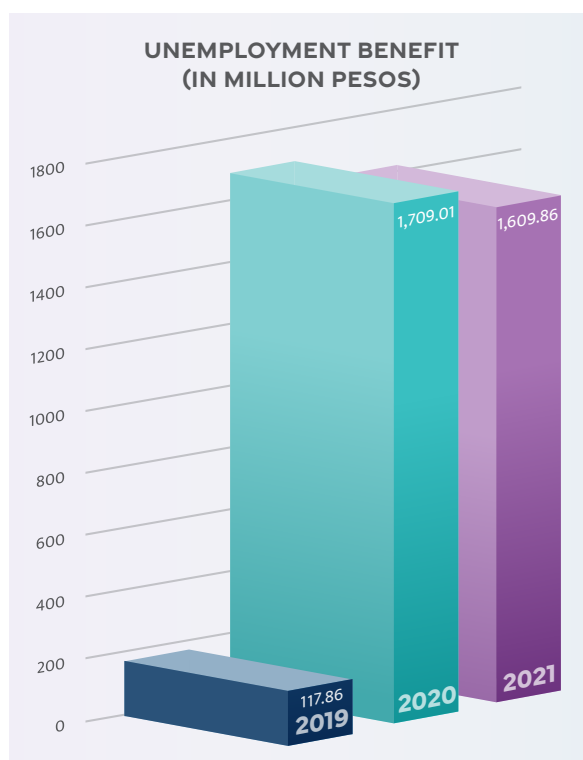
Implementing new programs

The Unemployment Benefit, one of the landmark provisions of RA 11199, intends to provide a temporary cash benefit to members who are in the process of finding new employment after an involuntary separation from work. Qualified applicants are granted a cash benefit equivalent to half of their average monthly salary credit (AMSC) for a maximum of two (2) months. As of December 2021, there were 222,692 members who benefited from this program valued at ₱2.96 Billion.

Also in 2021, the SSS launched the Workers’ Investment and Savings Program (WISP), a mandatory provident fund program provided for under RA 11199. Through WISP, SSS members are provided another layer of social security protection through a tax-free, defined contribution/individual account savings scheme. This is automatic for all private sector employees, self-employed individuals, OFWs, and voluntary members who have no final claim in the regular SSS program and who are paying based on MSCs above ₱20,000 up to the prevailing maximum (at ₱25,000.00 for 2021).

The Expanded Maternity Leave Law (EMLL) complemented the SSS Maternity Benefit, so that qualified female members are given more compensable days of maternity leave, which also gives them ample time to recuperate and care for their newborn children. SSS disbursed a total of ₱29.96 Billion for 825,155 claims.

The SSS administered the Small Business Wage Subsidy (SBWS) program, which sought to alleviate the plight of SSS members who lost their jobs due to lockdowns during the onset of the pandemic in 2020. The program, as approved by the President of the Philippines and funded by the national government,



was jointly-implemented by the Department of Finance (DOF), Bureau of Internal Revenue (BIR), and SSS. It complemented the social amelioration programs under the “Bayanihan to Heal as One Act.” SSS, with its experience and capacity in managing big data, provided the online system for qualified employers to identify their employee-beneficiaries of SBWS. The distribution of said subsidy was done electronically and directly through the SSS member’s nominated bank, PayMaya, or MLhuillier account. The SBWS was the first automated and digitally-enabled transfer of emergency subsidies made on a nationwide scale.

Adopting good governance and best practices

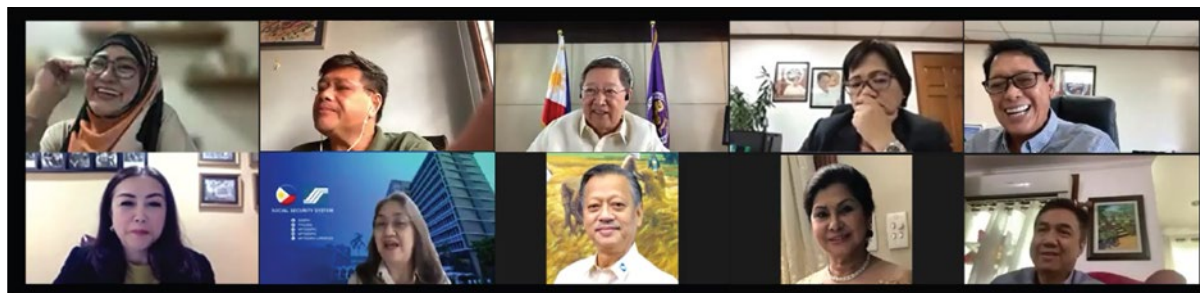
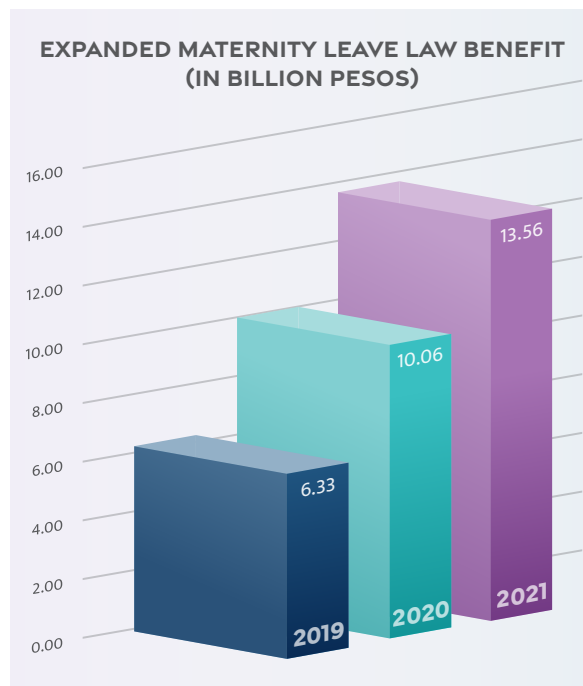
SSS’ engagement is based on the twin pillars of good governance and best practices.

First is consistency with the provisions on SSC membership. The SSS supported the formation of high caliber, experienced, and diverse Commission to guide and complement management leadership.

Second is adherence to the goals of the SSS governance model, one of which is the strengthening of its balance sheet. Thus, the past three (3) years focused on efficient financial management that resulted in the following:

1. Collection of ₱518.6 Million covering a universal bank’s unremitted and delayed remittances of contributions;
2. Execution of the terms of a contract of lease where the lessee was obliged to turn over to SSS a building with a fair market value of ₱4.0 Billion;
3. Negotiation of the settlement of a long-standing collectible from another government agency amounting to ₱4.8 Billion, with ₱1.6 Billion paid in cash as initial settlement; and
4. Generation of an average of ₱4.6 Billion in realized and unrealized gains from its income on investments, with returns ranging from 3.63 percent to 8.20 percent despite the global pandemic.

Finally, continued collaboration creating new opportunities to shore up the capacities of people and units in SSS. In doing so, SSS can continue to secure its members in times of unwanted shock situations and contingencies in their lives, through a responsive lifeline that members’ themselves created and maintained through their hard-earned contributions.



ACCOMPLISHMENTS OF THE SOCIAL SECURITY COMMISSION (SSC)

For 2021, the SSC continued to build on the digitization groundwork of the prior years, giving attention to implementing more online services to improve service delivery, and to achieving the corporate targets of fund sustainability, universal coverage, collection efficiency, and enhanced member benefits.

SSS Thrust Towards Digitalization. The SSC worked with SSS Management to bring about the institution's digital metamorphosis by approving the following enhancements in the My.SSS Portal in the SSS Website:

- Online filing of applications for Maternity Benefit and Maternity Benefit Reimbursement
- Online filing of Funeral Benefit claim
- Online filing of Unemployment Benefit claim and application for Electronic Certification of Involuntary Separation by the Department of Labor and Employment (DOLE)
- Online filing of Social Security and Employees' Compensation (EC) Sickness Notification, and applications for Sickness Benefit and Sickness Benefit Reimbursement
- Online filing of Retirement Benefit claim

Pandemic Relief and Restructuring Program/ Corporate Social Responsibility. To help SSS stakeholders cope with the economic and social difficulties during the pandemic, the SSC approved the following Pandemic Relief and Restructuring Programs (PRRP) and other measures to provide financial relief:

- PRRP 1 - Nationwide Implementation of the Extension of Deadline of Remittance of Contributions for the Applicable Month of July 2021 from 31 August 2021 to 30 September 2021
- PRRP 2 - Condonation of Penalties on Social Security Contributions
- PRRP 3 - Enhanced Installment Payment Program
- PRRP 4 - Housing Loan Restructuring and Penalty Condonation Program
- PRRP 5 - Short-Term Member Loan Penalty Condonation Program
- Proposal to allow member-borrowers with

cancelled Calamity Loan Assistance Program applications for Typhoons Quinta, Rolly, and Ulysses to complete their submissions by re-filing their applications with correct bank details

- Extensions of deadline for remittance of employee contributions by regular employees affected by the Enhanced Community Quarantine (ECQ) in Iloilo Province, Iloilo City, Cagayan de Oro City, and Gingoog City

Investment activities aligned with the overall aspiration of SSS. The SSC, upon the recommendation of the Investment Sector, approved various investments and investment activities, such as:

- investment in Bureau of Treasury Ten-Year Retail Onshore Dollar Bonds due 2031 in the amount of US\$10 Million
- engagement of Land Bank of the Philippines and Development Bank of the Philippines as External Fund Managers via an Agency-to-Agency Agreement
- participation in fixed rate bonds issuances, corporate bonds and notes, commercial paper issuances, real estate investment trust, and initial public offerings
- sale of a number of acquired housing assets
- lease transactions of SSS real properties
- hiring of Local Fund Managers through public bidding
- divestment of underperforming equity investments
- accreditation of stocks under the SSS middle capitalization stock portfolio

The SSC also approved policy changes and policy-related actions to minimize risk and maximize return on investments:

- revised existing guidelines for SSS investment in corporate fixed income securities
- amendments of the SSS policies and guidelines on stockbroker accreditation

- revised terms of reference for the disposal of SSS-owned lots
- reconstitution of the composition of the Acquired Assets Disposal Committee for the disposal through public bidding of Real and Other Properties Acquired and Investment Properties
- policy guidelines and procedures on the write-off of SSS collectibles/receivables from delinquent accounts under various investments and loan programs
- recommendation for extension of the Memorandum of Agreement with Etiqa Life and General Assurance Philippines, Inc. as insurer of Pension Loan Program (PLP) borrowers
- reduction of management fee of local fund managers

The SSC also pursued and supported other investment-related activities such as special project for the conversion of non-performing housing loan assets, highest and best-use studies on SSS prime properties, negotiations with institutional debtors, and transfer deposit pick-up arrangements for various SSS branches to government banks.

Constant improvement in member service delivery/programs. The SSC approved the following measures to improve further the delivery of service and programs for members and employers:

- revised guidelines of the existing Installment Payment Schemes for delinquent employers and the Circular on reporting of separated employees using the Payment Reference Number (PRN) facility
- acquisition of biometric data capture services for one year through Agency-to-Agency Agreement
- recommendation for the full implementation of the use of PRN under Real-Time Processing of Loans (RTPL) Program
- extension of deadline for the disbursement of pensions through the non-Philippine Electronic Fund Transfer System (PESONet) participating banks and checks
- recommendation for the issuance of co-branded Unified Multi-Purpose Identification (UMID) Europay, Mastercard and Visa (EMV) - Automated Teller Machine (ATM) Card with partner financial institutions (PFIs) and re-carding of 12 Million UMID cardholders

- revision of implementation date of Housing Loan Restructuring and Penalty Condonation Program and Short-Term Member Loan Penalty Condonation Program
- issuance of Circular on the resumption of the Annual Confirmation of Pensioners (ACOP) Program
- issuance of confidentiality and non-disclosure agreement with PFI for the UMID Pay Card Program
- issuance of Circular on the online facility for SS number issuance, My.SSS registration, UMID Card application, and disbursement account enrollment
- resumption of UMID Card application service

Harmonizing SSS' programs with those of other

government units. The SSC approved the following: (1) Memorandum of Understanding on Cybersecurity among GFIs; (2) Joint Memorandum Circular on the Guidelines on the Use and Governance of the Central Business Portal; and (3) Recommendations and Revised Memorandum of Agreement on the Shared Cyber Defense Solution of the Insurance Cluster (consortium of GFIs and agencies under the Department of Finance).

Complying with Good Governance Directions.

In line with good governance practices, the SSC approved the following: (1) Proposed Annual Performance Evaluation Process of the SSC; (2) Adoption of PFRS 9 Expected Credit Loss Model in Measuring Credit Impairment; (3) Baseline Assessment of SSS Internal Control System; (4) Results of 2020 Board Assessment; (5) Revised Philippine Government Internal Audit Manual (RPGIAM) on Non-Internal Functions being performed by the SSS Internal Audit Service Group; (6) Accounting Policy on Accrual of Revenues for Member Contributions and Expenses for Member Benefits; (7) compliance with Office of the Government Corporate Counsel Opinion No. 280 Series of 2021 per its Letter dated 3 August 2021 on the Use of the 5th Edition Philippine Bidding Documents (PBDs) for SSS' ten (10) projects; (8) SSS' 2022 Strategy Map and Performance Scorecard; (9) Risk Management Documents in the Transparency Seal of the SSS Website; (10) Proposed amendments to the Manual of Corporate Governance for the SSS; (11) Composition of the SSC Committees for 2022; (12) Reconstitution of the designated Approving Authorities to act on award for all procurement projects and authority to sign reportorial requirements and other documents

relative to procurement; (13) New rules on the handling of amendments to procurement contract/order, issuance/approval of change order and variation order, and contract termination; (14) Amendment on the delegated approving authorities to act on award, renewal and extension of procurement contracts; (15) 2022 SSS Plans and Programs; and (16) Results of the SSC Committees' performance assessment for 2020.

As part of its oversight function over SSS Management, the SSC approved the following: (1) Business Review Report; (2) 2020 Report on SSS Operations, for submission to the Office of the President of the Philippines and Congress; (3) adoption of the PFRS 4 in the computation of Insurance Contract Liability (ICL) for the 2020 Financial Statements and onwards, and use of discount rate of 6% for the computation of the ICL in the 2020 Financial Statements; (4) Report to Congress on 2019 SSS Consolidated Investments; and (5) 2020 Accomplishments Report – Implementation of Social Security Act 2018, for submission to the President of the Philippines and Congress; (6) Agency Procurement Compliance and Performance Indicators for 2020, for submission to the Government Procurement Policy Board; (7) possible administrative offenses and liabilities in instances of payments through *Quantum Meruit* and applicable rules and general procedures in the conduct of administrative investigations; and (8) policy on mandatory administrative investigation in all instances of requests for payments on the basis of *Quantum Meruit*.

Increasing SSS Membership. Laying down the priority areas and strategies in the expansion of SSS membership, the SSC approved the following: 1) Memorandum of Agreement between SSS and the National Confederation of Cooperatives; and 2) redefinition of Large Accounts coverage for Employers and reintegration of Large Accounts Management into the Large Branch Organization. The SSC also approved the following coverage and collection-related activities: 1) accreditation and re-accreditation of companies as SSS collecting agents; 2) amendments to SSS Circular No. 2020-017 on the Number Coding System and Branch Servicing Guidelines; and 3) SSS Circular on the Definition of “Earnings Declared” for Self-Employed Members.

SSS Employee Welfare/Program. The SSC approved the following: (1) amendments to the SSS Employees

Provident Fund Rules; (2) grant of COVID-19 hazard pay to all regular and casual employees and Job Order Workers who physically reported for work during the implementation of the ECQ and Modified ECQ; (3) revised administrative disciplinary rules on Sexual Harassment Cases in the SSS; (4) recommendations pertaining the contract of services for locally-hired personnel – (i) Adoption of the draft contract for local hire services and use of the blank contract template for similar and future service contracts with locally-hired personnel in the foreign offices, as recommended by the Office of the Government Corporate Counsel per its Contract Review No. 1069 s. 2021; and (ii) Addendum to Part III.C of the general guidelines for overseas assignment on the engagement of Local Hires, incorporating the approving and signing authorities on service contracts for locally-hired personnel under Item No. 4; and (5) granting of SSS Loyalty Tokens (for 30 Years in Service and up).

As the SSS undergoes a restructuring plan, the SSC approved the following: (1) the amendment to the composition of the Change Management Team (CMT) for the restructuring of SSS; (2) CMT report on the status of the SSS restructuring plan as of 15 April 2021; (3) recommended criteria for shortlisting of consultants and weight allocation for Quality-Cost Based Evaluation of the organizational assessment; and (4) shortlisted consultants for the Organizational Assessment [Human Resource – Organizational Development Consultancy Firm for the Restructuring Plan of the Social Security System].

Judicious Disposition of SSC Cases. Complementing the actions taken during the pandemic in 2020 whereby the SSC zeroed in on problem areas such as filing and service of petitions, pleadings, motions and other submissions, and approved guidelines on electronic filing and service, the SSC undertook the continuous fast-tracking and improvement of commitments in the disposition of cases by promulgating 80 Resolutions on the merits and 73 Final Orders on closed and terminated cases, motions for reconsideration of SSC resolutions, and motions for issuance of writ of executions as well as issuing 197 interlocutory orders. Through the Office of the Commission Secretary and Executive Commission Clerk, the Commission released 1,470 issuances on the handling and disposition of cases.

SSC COMMITTEE ACCOMPLISHMENTS



AUDIT COMMITTEE

1. Approved the Strategic Plan 2021-2023, the 2021 Audit Plan and the 2022 Audit Plan of the Internal Audit Service Group (IASG).
2. Oversaw the completion of the following audit activities by the IASG:
 - *Audit of Online Processes:*
 - Issuance of SS Number
 - Member Data Change Request – Simple Correction
 - Salary / Calamity / Pension Loans
 - Online Registration of Member and Employer through My.SSS
 - Enrollment of Disbursement Account thru DAEM
 - Sickness/ Maternity/ Unemployment/ Retirement/ Funeral Benefits
 - *Operations and Compliance Audit and Assessment of Internal Control System of the following processes of select branches, Medical Evaluation Centers, and Processing Centers:*
 - Coverage and Registration (Employer/ Employee Registration, Member/ Employer Data Change Request)
 - Contributions (Accounts Monitoring/ Management System, Automated Telling System)
 - Medical Benefits (Sickness, Maternity, Disability)
 - Non-Medical Benefits (Retirement, Unemployment, Funeral, Death)
 - Loans Granting and Repayment (Salary, Calamity, Pension Loans)
 - Administrative Support Service (Attendance and Leave Administration, Supplies, Furniture and Equipment Inventory Management, Local Procurement, Contract Management for Support Services)
 - *Audit of Human Resource Management System*
 - *Audit of Management of Investment Properties*
 - *Audit of Three Foreign Offices*
 - *Procurement Management Review (Bidding Documents, Recommendation for Award)*
 - *Internal Quality Audit for ISO Certification (10 branches, 44 branch support units, and 72 management support units)*
3. Endorsed to the Social Security Commission (SSC) for approval/notation (a) the Report on the Evaluation of the SSS Internal Control System and accompanying recommendations and (b) the contract management reports.
4. Vetted and approved the 2020 SSS Financial Statements, using the SSS format and adopting the PFRS 4 for the Insurance Contract Liability.
5. Took major responsibility in addressing the findings/recommendations (by recommending directions/corrective measures to be undertaken and enjoining/monitoring management compliance) with regard to the Commission on Audit (COA) Audit Observation Memoranda and Notice of Disallowances and the audit by the IASG such as the audit of the Asset Management System for Membership Record, Asset Management System for Housing Acquired Assets – NCR Accounts, SSS Housing Loan Program under the Housing and Acquired Assets Management Department (HAAMD), Cash Collection System, Procurement Management System, and Online Systems – (i) Registration and Creation of My.SSS Member Account and (ii) Enrollment of Disbursement Account Thru Disbursement Account Enrollment Module
6. Considered other related reports such as the computation of Expected Credit Loss, the Revised Philippine Government Internal Audit Manual (RPGIAM) Rules on Non-Internal Audit Functions, the structural safety of the SSS Makati Building, and the Bureau of Internal Revenue tax assessments.

EXECUTIVE COMMITTEE

1. Vetted the recommendations of the Human Resource Merit, Promotion and Selection Board for Executive/Managerial Positions (HRMPSB-EMP) for the appointment and filling up of executive positions and endorsed to the SSC the appointment of qualified applicants.
2. Endorsed to the SSC the deferment of appointment and filling up of certain executive positions, as recommended by the HRMPSB-EMP, and urged Management to address the succession concerns of SSS.
3. Directed Management to submit quarterly updates, particularly on investment properties and recruitment, and other relevant developments.

INFORMATION TECHNOLOGY AND COLLECTION COMMITTEE

1. Continued working with Management on the digitalization of SSS processes, such as Real Time Processing of Loan Payments (RTPL), Payment Reference Number generation for RTPL, maternity notification and reimbursement, Sickness notification and reimbursement, disbursement account enrollment, Unemployment Benefit, and Retirement Benefit.
2. Worked with the Task Force on Contribution Payment and Contribution Delinquency and the Task Force on Loan Payment and Loan Delinquency to improve contribution and loan collection efficiencies, to clean up the database, and to identify areas for improvement in the collection systems, policies, and procedures. Among the actions and measures taken by the Task Forces are:
 - establishment of baseline data on contribution delinquency,
 - intensified billing and reconciliation of accounts,
 - enhancements of the Accounts Management System (AMaS), and
 - correction of unbalanced loan collection lists, re-circulating files and unpostables.
3. Endorsed for consideration and/or approval of the SSC the following:
 - accreditation of collecting agents of SSS such as Queen City Development Bank, Inc., Zambales Rural Bank, Inc., G-Xchange, Inc., Togetech, Inc., AllBank (A Thrift Bank), Inc., Bank of China (Hong Kong) Limited, Squid

- Pay Technologies, Inc., Gateway Rural Bank, Universal Storefront Service Corporation, Philippine Veterans Bank;
- renewal of the Memorandum of Agreement between SSS and Robinson Land Corporation for the SSS branch and service offices in selected Robinsons Malls;
- Proposed General Policy on the Approval of Compromise or Release, in Whole or in Part, any Interest, Penalty or Civil Liability to SSS in connection with SSS Investments – Short Term Loans;
- Policy Guidelines and Procedures on the Write-off of SSS Collectibles/ Receivables from Delinquent Accounts under Various Investments and Loan Programs;
- Policy Guidelines for Housing Loans and Condonation and Restructuring; and
- Guidelines and Standards on the Establishment and Closure of SSS Service Offices.

4. As part of its oversight function, required Management to report regularly on IT metrics, implementation of IT projects, social media updates, OpEx-contribution collection ratio of branches, large account departments, and foreign representative offices, and various coverage and collection programs of the SSS.
5. Vetted and endorsed for SSC approval various IT projects for the procurement of IT resources needed for continuing improvement of the SSS IT infrastructure such as web application firewall, cybersecurity assessment and solution, subscription to internet lines, domain name servers, file transfer protocol solution, and software licenses.
6. Directed Management to undertake the following studies and research:
 - study the pros and cons of moving to the cloud;
 - review the classification of employer accounts into RP, IP, NP, and NR; and
 - special program for the coverage of workers in the informal sector, and
 - reconciliation of data on contribution delinquency.
7. Met with the National Anti-Poverty Commission (NAPC) and workers in the Informal Sector on 6 September 2021 with the theme “Developing Road Maps Towards a Master Plan for Enterprise Formalization (Functions and Responsibilities).”

RISK MANAGEMENT AND INVESTMENTS COMMITTEE

1. Endorsed to the SSC for approval the investment asset allocation and investment strategies for 2021, including the investment framework and philosophy for the Mandatory Provident Fund/Workers' Investment and Savings Program and recommendations on the SSS small cap equity portfolio.
2. Endorsed for SSC consideration and/or approval the following:
 - adoption of PFRS 9 Expected Credit Loss Model in measuring credit impairment;
 - Report to Congress on SSS Consolidated Investments;
 - Sale thru public bidding of SSS-owned lots in Villa Josefina Town Center, SSS-owned units and parking lots in Bella Villa One Condominium, and various residential lots in Luzon;
 - Participation in the land titling computerization project of the Land Registration Authority;
 - Revised SSS Policies and Guidelines on Stockbroker Accreditation;
 - List of authorized signatories on documents used or prepared to administer the disposal of Housing Acquired Assets;
 - Policy adoption of ISSA Guidelines on Investment on Social Security Funds;
 - Criteria for shortlisting and weight allocation for the hiring of local fund managers;
 - Proposed changes on policies and guidelines in determining and managing exposure limits on debt and equity;
 - Revised Guidelines on Accreditation of Arrangers/Dealers of Fixed Income Instrument; and
 - Memorandum of Agreement between SSS and Philippine Guarantee Corporation re settlement of SSS claims.
3. As part of its oversight function, required Management to report regularly on the performance of the various investment asset classes (government securities, equities, corporate bonds and notes/CBN, domestic mutual funds, externally managed funds, short-term loans, housing loans, real properties, etc.), pipeline report on upcoming equity and CBN issuances, SSS top stocks, yellow flag stocks, SSS prime properties, receivables against other government agencies, and implementation of the SSS Risk Management System.
4. Vetted and endorsed for SSC approval various accreditations in relation to SSS investment activities and participation of SSS in various investment instruments:
 - Participation in fixed rate bonds issuances (Century Properties Group, Inc., Ayala Corporation, Energy Development Corporation, San Miguel Corporation, Phinma Corporation, D&L Industries, Inc., Ayala Land, Inc., Aboitiz Power Corporation, Therma South, Inc.);
 - Accreditation of domestic mutual funds and external fund managers;
 - Accreditation/renewal of accreditation of more than 60 stocks and preferred shares; and
 - Participation in Initial Public Offering and accreditation of newly listed shares in PSE (Monde Nissin Corporation, Filinvest REIT Corp., Preferred shares - Series D of Arthaland Corp.).
5. Directed Management to undertake the following studies and research:
 - Impact of deferment of the contribution rate increase under Republic Act No. 11199;
 - Viability study on HK Sun Plaza property;
 - Possibility of investing in corporate bonds and notes issued for purpose of refinancing;
 - Computation of Expected Credit Loss (ECL);
 - Revisions in the Personal Equity Investment Rules of SSS;
 - Opportunities to get better returns in the present low interest environment;
 - Philippine laws providing for the application of the concept of "halal" in relation to SSS investment activities;
 - Mining industry and its prospects; and
 - Foreign investment opportunities.

2021 PERFORMANCE ASSESSMENT OF SSC COMMITTEES

The 2021 Performance Assessment of the Social Security Commission (SSC) Committees was carried out in March 2022. Below is the summary of the results of the 2021 Performance Assessment, compared with the results of the 2020 Performance Assessment. The figures represent the average of the scores obtained by the Chairperson and all members of the Committee by category:

Audit Committee

CATEGORIES	2021	2020
1. Knowledge and Personal Development	4.90	4.85
2. Preparedness and Participation	4.90	4.80
3. Teamwork and Communication	4.98	4.96
4. Conduct/Behavior	5.00	4.98
5. Committee Management	4.95	4.95

IT and Collection Committee

CATEGORIES	2021	2020
1. Knowledge and Personal Development	4.94	4.77
2. Preparedness and Participation	4.79	4.64
3. Teamwork and Communication	5.00	4.76
4. Conduct/Behavior	5.00	4.94
5. Committee Management	4.90	4.75

Risk Management and Investment Committee

CATEGORIES	2021	2020
1. Knowledge and Personal Development	4.83	4.69
2. Preparedness and Participation	4.70	4.57
3. Teamwork and Communication	4.92	4.83
4. Conduct/Behavior	4.95	4.94
5. Committee Management	4.92	4.85

RATING SCALE: 1 – NOT OBSERVED; 2 – PARTLY OBSERVED; 3 – GENERALLY OBSERVED; 4 – OFTEN OBSERVED; 5 – HIGHLY OBSERVED

The ratings of the three SSC Committees improved in all categories. All Committees obtained the highest rating in Category 4: Conduct/Behavior and the lowest rating in Category 2: Preparedness and Participation. ITCC also obtained the highest rating in Category 3: Teamwork and Communications while sharing the lowest rating for the Audit Committee is Category 1: Knowledge and Personal Development.

The ratings of the Committees are not comparable to each other because each Committee is composed of different sets of Chair and members.

Composition of 2021 SSC Committees

EXECUTIVE COMMITTEE	
SSC Chairperson and DOF Secretary Carlos G. Dominguez III	Chairperson
PCEO/Vice Chairperson Aurora Cruz Ignacio	Member
Secretary Silvestre H. Bello III	Member
Comm. Ricardo L. Moldez	Member
Comm. Bai Norhata Macatbar Alonto	Member
AUDIT COMMITTEE	
Comm. Anita Bumpus Quitain	Chairperson
Comm. Diana Pardo Aguilar	Member
Comm. Ricardo L. Moldez	Member
Comm. Manuel L. Argel, Jr.	Member
RISK MANAGEMENT AND INVESTMENTS COMMITTEE	
Comm. Diana Pardo Aguilar	Chairperson
PCEO/Vice Chairperson Aurora Cruz Ignacio	Member
Comm. Michael G. Regino	Member
Comm. Manuel L. Argel, Jr.	Member
Comm. Bai Norhata Macatbar Alonto	Member
INFORMATION TECHNOLOGY AND COLLECTION COMMITTEE	
Comm. Michael G. Regino	Chairperson
Comm. Anita Bumpus Quitain	Member
Comm. Ricardo L. Moldez	Member
Comm. Bai Norhata Macatbar Alonto	Member

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Social Security System is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2021 and December 31, 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Social Security System's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Social Security System or to cease operations, or has no realistic alternative to do so.

The Social Security Commission is responsible for overseeing the Social Security System's financial reporting process.

The Social Security Commission reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

SEC. CARLOS G. DOMÍNGUEZ III
CHAIRPERSON, SOCIAL SECURITY COMMISSION



MICHAEL G. REGINO
PRESIDENT AND CEO, SOCIAL SECURITY SYSTEM

May 16, 2022



INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

The **SOCIAL SECURITY COMMISSION**
Social Security System
East Avenue, Diliman, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Social Security System (SSS), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SSS as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the SSS in accordance with the Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 20 to the financial statements in relation to Note 22. In compliance with the policy directive of the National Government requiring government insurance institutions to adopt the PFRS 4 Insurance Contracts in CY 2020, Management recognized Insurance Contract Liability in the SSS' financial statements, which is the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. There is a significant increase in liability as the SSS recognized the social benefit liability to its members. Management acknowledges that uncertainty remains over the ability of SSS to meet its funding requirements to pay its members' benefits and operational expenses. However, Management has a reasonable expectation that the SSS has adequate resources to continue in operational existence for the foreseeable future. Furthermore, under Republic Act (RA) No. 11199, otherwise known as the Social Security Act of 2018, the Philippine Government guarantees that all the benefits prescribed in the RA shall not be diminished and it accepts general responsibility for the solvency of the System. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the SSS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SSS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SSS' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SSS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SSS' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SSS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 39 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management of SSS and have been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT



ANGELITA R. MANGABAT

OIC-SUPERVISING AUDITOR

May 25, 2022

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

(In Philippine Peso)

	NOTE	2021	2020 (As Restated)
ASSETS			
Current assets			
Cash and cash equivalents	3	22,075,249,008	21,514,274,598
Financial assets	4.1	78,429,985,389	65,177,190,895
Receivables, net	5	67,661,138,887	81,090,413,914
Inventories	6	69,167,527	85,318,643
Non-current assets held for sale	7	188,660,672	167,063,160
Other current assets	8	5,702,265,741	4,684,312,210
		174,126,467,224	172,718,573,420
Non-current assets			
Financial assets	4.2	382,187,833,823	327,742,312,466
Receivables	5	57,069,783,288	59,821,985,630
Investment property	9	79,076,648,180	74,621,527,922
Property and equipment, net	10	8,740,850,841	6,315,447,464
Intangible assets	11	119,993,813	138,878,299
Right of use assets	12	736,532,439	812,536,732
Other non-current assets	13	344,023,935	318,180,461
		528,275,666,319	469,770,868,974
TOTAL ASSETS		702,402,133,543	642,489,442,394
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	14	4,240,405,468	4,475,331,211
Lease payable	15	232,114,952	156,254,268
Inter-agency payables	16	203,764,400	188,515,012
Trust liabilities	17	1,089,073,312	1,201,667,210
Deferred credits/Unearned income	18	88,787,679	76,721,000
Other payables	21	757,360,817	882,539,662
		6,611,506,628	6,981,028,363
Non-current liabilities			
Financial liabilities	14	0	1,422,339
Lease payable	15	592,436,627	727,679,432
Deferred credits/Unearned income	18	302,210,840	329,061,510
Provisions	19	2,134,002,987	1,941,881,916
Insurance contract liability	20	7,629,580,348,453	6,757,220,290,677
Other payables	21	50,000,000	50,000,000
		7,632,658,998,907	6,760,270,335,874
TOTAL LIABILITIES		7,639,270,505,535	6,767,251,364,237
EQUITY/(DEFICIT)			
Reserve fund	22.1	(6,951,136,953,816)	(6,106,279,980,864)
Revaluation surplus	22.2	6,572,652,754	4,046,242,799
Members' equity	22.3	16,863,603,589	1,281,698,533
Cumulative changes in fair value	22.4	(9,167,674,519)	(23,809,882,311)
TOTAL EQUITY/(DEFICIT)		(6,936,868,371,992)	(6,124,761,921,843)
TOTAL LIABILITIES AND EQUITY		702,402,133,543	642,489,442,394

THE NOTES ON PAGES 30 TO 52 FORM PART OF THESE FINANCIAL STATEMENTS.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2021 and 2020

(In Philippine Peso)

	NOTE	2021	2020 (As Restated)
INCOME			
Service and business income	23	255,314,086,030	236,406,973,077
Gains	24	18,876,825,990	18,194,086,778
Other non-operating income	25	2,138,184,794	2,643,354,322
		276,329,096,814	257,244,414,177
EXPENSES			
Benefit payments	26	223,981,986,472	194,870,857,224
Change in policy reserves	27	872,359,500,057	461,748,116,997
Personnel services	28	7,727,034,576	6,768,825,122
Maintenance and other operating expenses	29	1,685,100,957	1,502,086,598
Financial expenses	30	214,094,554	218,744,669
Non-cash expenses	31	14,275,192,866	16,501,739,107
		1,120,242,909,482	681,610,369,717
NET INCOME/(LOSS)		(843,913,812,668)	(424,365,955,540)
OTHER COMPREHENSIVE INCOME			
Gain/(loss) on sale of FA at FVTOCI		(204,050,992)	80,013,113
Changes in fair value of FA at FVTOCI		14,642,207,792	7,691,803,748
Revaluation surplus		2,526,409,955	0
		16,964,566,755	7,771,816,861
TOTAL COMPREHENSIVE LOSS		(826,949,245,913)	(416,594,138,679)

THE NOTES ON PAGES 30 TO 52 FORM PART OF THESE FINANCIAL STATEMENTS.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2021 and 2020
(In Philippine Peso)

	Reserve fund (Note 22.1)	Revaluation Surplus (Note 22.2)	Members' Equity (Note 22.3)	Cumulative Changes in Fair Value (Note 22.4)	TOTAL
BALANCE AT JANUARY 1, 2021	(6,106,279,980,864)	4,046,242,799	1,281,698,533	(23,809,882,311)	(6,124,761,921,843)
Adjustments:					
Benefit payment accrual	(99,116,050)	0	0	0	(99,116,050)
Premium contribution accrual	(291,212,013)	0	0	0	(291,212,013)
MIA valuation of policy reserves	(1,418,613)	0	0	0	(1,418,613)
RESTATED BALANCE AT JANUARY 1, 2021	(6,106,671,727,540)	4,046,242,799	1,281,698,533	(23,809,882,311)	(6,125,153,668,519)
CHANGES IN EQUITY FOR 2021					
Add/(Deduct):					
Members' contributions	0	0	15,628,512,456	0	15,628,512,456
Comprehensive income/(loss) for the year	(844,117,863,660)	2,526,409,955	0	14,642,207,792	(826,949,245,913)
SSS' share in ECC & OSHC corporate operating budget	(332,667,772)	0	0	0	(332,667,772)
Withdrawal/Management cost	0	0	(68,669,837)	0	(68,669,837)
Guaranteed income/Annual incentive benefit	(14,694,844)	0	22,062,437	0	7,367,593
BALANCE AT DECEMBER 31, 2021	(6,951,136,953,816)	6,572,652,754	16,863,603,589	(9,167,674,519)	(6,936,868,371,992)
BALANCE AT JANUARY 1, 2020	(5,681,272,001,318)	4,046,242,799	1,038,891,527	(31,501,686,059)	(5,707,688,553,051)
CHANGES IN EQUITY FOR 2020					
Add/(Deduct):					
Members' contributions	0	0	271,421,251	0	271,421,251
Comprehensive income/(loss) for the year	(424,285,942,427)	0	0	7,691,803,748	(416,594,138,679)
SSS' share in ECC & OSHC corporate operating budget	(292,617,921)	0	0	0	(292,617,921)
Withdrawal/Management cost	0	0	(47,953,998)	0	(47,953,998)
Guaranteed income/Annual incentive benefit	(551,806)	0	19,339,753	0	18,787,947
Adjustment on prepaid benefits payable	(428,867,392)	0	0	0	(428,867,392)
RESTATED BALANCE AT DECEMBER 31, 2020	(6,106,279,980,864)	4,046,242,799	1,281,698,533	(23,809,882,311)	(6,124,761,921,843)

THE NOTES ON PAGES 30 TO 52 FORM PART OF THESE FINANCIAL STATEMENTS.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(In Philippine Peso)

	NOTE	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' contribution		235,585,266,359	208,959,277,135
Investment and other income		14,833,670,926	22,549,725,256
Payments to members and beneficiaries, net		(225,246,593,862)	(197,872,788,741)
Payments for operations, net		(9,543,417,322)	(7,646,880,488)
Net cash provided by operating activities		15,628,926,101	25,989,333,162
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan releases and other investment purchases, net		(30,058,314,548)	(26,483,852,613)
Acquisition of property and equipment, net		(247,759,096)	(356,705,736)
Acquisition of intangible assets, net	11	(21,433,292)	(541,000)
Net cash used in investing activities		(30,327,506,936)	(26,841,099,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Corporate operating budget of:			
Employees' Compensation Commission		(176,068,900)	(118,958,924)
Occupational Safety and Health Center		(156,598,872)	(173,658,997)
Flexi-fund equity:			
Contribution		124,764,191	250,564,915
Withdrawal		(65,801,457)	(47,603,998)
Guaranteed income		8,904,319	18,839,674
Annual incentive benefit		0	(55,180)
PESO fund equity:			
Contribution		18,683,518	20,856,336
Withdrawal		(2,868,380)	(350,000)
Guaranteed income		0	3,453
Annual incentive benefit		(1,469,754)	0
Mandatory provident fund contribution	22.3	15,484,997,775	0
Net cash provided by/(used in) financing activities		15,234,542,440	(50,362,721)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		535,961,605	(902,128,908)
Effect of exchange rate changes on cash and cash equivalents		25,012,805	(789,604)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	21,514,274,598	22,417,193,110
CASH AND CASH EQUIVALENTS AT END OF YEAR		22,075,249,008	21,514,274,598

THE NOTES ON PAGES 30 TO 52 FORM PART OF THESE FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

(Amounts in Philippine Peso)

I. GENERAL INFORMATION

The Social Security System (SSS) is an independent and accountable government-owned and controlled corporation that administers social security protection to Filipino workers, local and overseas and their beneficiaries. Social security provides replacement income for workers in times of death, disability, sickness, maternity, old age, unemployment or involuntary separation and other contingencies.

On September 1, 1957, Republic Act (RA) No. 1161 or the "Social Security Act of 1954" was implemented. Thereafter, the coverage and benefits given by SSS have been expanded and enhanced through the enactment of various laws. On May 1, 1997, RA No. 8282, otherwise known as the "Social Security Act of 1997", was enacted to further strengthen the SSS. Under this Act, the government accepts general responsibility for the solvency of the SSS and guarantees that prescribed benefits shall not be diminished. Section 16 of RA No. 1161, as amended by RA No. 8282, exempts the SSS and all its benefit payments from all kinds of taxes, fees or charges, customs or import duty.

On February 7, 2019, RA No. 11199 or the "Social Security Act of 2018", was enacted to rationalize and expand the powers and duties of the Social Security Commission (SSC) to ensure the long-term viability of the Social Security System, repealing for the purpose RA No. 1161, as amended by RA No. 8282, otherwise known as the Social Security Act of 1997. Among the landmark provisions of the RA No. 11199 are the grant of unemployment or involuntary separation benefits for the first time in the country, the mandatory coverage of Overseas Filipino Workers (OFWs), the establishment of a Provident Fund exclusive to SSS members, the condonation of penalties on delinquent contributions, and the legislated adjustments in membership premium and monthly salary credits. In pursuit of its policy, a social security program shall be developed emphasizing the value of "work, save, invest and prosper" for a more responsive SSS. The maximum profitability of investible funds and resources of the program shall be ensured through a culture of excellence in management grounded upon sound and efficient policies employing internationally recognized best practices.

Pursuant to Sections 9 to 11 of RA No. 11199, coverage in the SSS shall be compulsory upon all private employees including domestic workers not over 60 years of age and their employers, self-employed persons, regardless of trade, business or occupation and sea-based and land-based OFWs. Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment, while coverage of self-employed person shall take effect upon his registration with the SSS. Non-working spouses of SSS members and Filipino permanent migrants, including Filipino immigrants, permanent residents and naturalized citizens of their host countries may be covered by the SSS on a voluntary basis. Likewise, SSS members separated from employment including OFWs may continue to pay contributions on a voluntary basis to maintain their rights to full benefits.

Under Section 26-B of RA No. 11199, the SSS as part of its investment operations, acts as insurer of all or part of its interest on SSS properties mortgaged to the SSS, or lives of mortgagors whose properties are mortgaged to the SSS. For this purpose, a separate account known as the "Mortgagors' Insurance Account" was established wherein all amounts received by the SSS in connection with the aforesaid insurance operations are placed.

Under Section 4 of RA No. 11199, a Provident Fund for the members which will consist of contributions of employers and employees, self-employed, OFW and voluntary members shall be established based on (i) the SSS contribution rate in excess of 12 per cent, or (ii) monthly salary credit in excess of ₱20,000.00 up to the prescribed maximum monthly salary credit and their earnings, for the payment of benefits to such members or their beneficiaries in addition to the benefits provided for under this Act. A member may contribute voluntarily in excess of the prescribed SSS contribution rate and/or the maximum monthly salary credit, subject to such rules and regulations as the SSC may promulgate. The rate of contributions as well as the minimum and maximum monthly salary credits shall be in accordance with the schedule defined under Section 4.a.9 of the law. The rate of penalty on unpaid loan amortizations shall be determined and fixed by the SSC from time to time through rules and regulations based on applicable actuarial studies, rate of benefits, inflation, and other relevant socioeconomic data.

Under Section 4 of RA No. 8282, voluntary provident funds known as the Flexi-Fund and the Personal Equity and Savings Option (PESO) Fund were established and approved in September 2001 and June 2011, respectively. Membership to the Flexi-Fund is on a voluntary basis for OFW members with at least ₱16,000 monthly earnings either covered under the existing program or new entrant with the requirement of initial contributions to the SSS program. The PESO Fund is offered exclusively to SSS members in addition to the regular SSS Program. It aims to provide SSS members with the opportunity to receive additional benefits in their capacity to contribute more. Each member of the PESO Fund shall be allowed a maximum contribution of ₱500,000 per annum and a minimum of ₱1,000 per contribution. These two funds shall cease upon implementation of the new provident fund provided under Section 4 of RA No. 11199.

The SSS also administers Employees' Compensation and State Insurance Fund as provided in Presidential Decree (PD) No. 626, as amended. The Employees' Compensation Commission (ECC), a government corporation, is attached to the Department of Labor

and Employment for policy coordination and guidance. It was created on November 1, 1974, by virtue of PD No. 442 or the Labor Code of the Philippines. It, however, became fully operational with the issuance of PD No. 626 which took effect on January 1, 1975.

The ECC is a quasi-judicial corporate entity created to implement the Employees' Compensation Program (ECP). The ECP provides a package of benefits for public and private sector employees and their dependents in the event of work-connected contingencies such as sickness, injury, disability or death.

The State Insurance Fund (SIF) was established to provide funding support to the ECP. It is generated from the employers' contributions collected by both the Government Service Insurance System (GSIS) and SSS from public and private sector employers, respectively.

Coverage in the SIF shall be compulsory upon all employers and their employees not over 60 years of age, provided, that an employee who is over 60 years of age and paying contributions to qualify for the retirement of life insurance benefit administered by the System shall be subject to compulsory coverage. On March 6, 2019, the ECC in its Board Resolution No. 19-03-05 approved the policy on expanding the coverage of the ECP to the self-employed compulsory members of the SSS.

The summary of the financial performance and result of operations of the funds as at December 31, 2021, are as follows. All inter-fund accounts have been eliminated.

	SSS*	EC-SIF	Total
Total Assets	657,486,431,459	44,915,702,084	702,402,133,543
Liabilities	7,600,981,378,159	38,289,127,376	7,639,270,505,535
Reserve Fund**/Equity	(6,943,494,946,700)	6,626,574,708	(6,936,868,371,992)
Total Liabilities and Equity	657,486,431,459	44,915,702,084	702,402,133,543

**Includes Insurance Contract Liability (ICL)

	SSS*	EC-SIF	TOTAL
Income	271,851,724,926	4,477,371,888	276,329,096,814
Expenses	245,252,009,532	2,631,399,893	247,883,409,425
Net change in policy reserves	857,207,463,317	15,152,036,740	872,359,500,057
Total expenses	1,102,459,472,849	17,783,436,633	1,120,242,909,482
Profit/(Loss)	(830,607,747,923)	(13,306,064,745)	(843,913,812,668)
Other comprehensive income for the year	15,782,259,272	1,182,307,483	16,964,566,755
Total comprehensive income	(814,825,488,651)	(12,123,757,262)	(826,949,245,913)

*SSS includes Flexi-Fund, PESO Fund, Mortgagors' Insurance Account and Mandatory Provident Fund

The principal office of SSS is located at East Avenue, Diliman, Quezon City. It has 167 local branches and 115 service and representative offices located in various cities and municipalities of the country, and 28 foreign branch offices situated in Asia and Pacific, Europe, Middle East and North America.

The accompanying financial statements as at and for the year ended December 31, 2021 (including the comparative financial statements as at for the year ended December 31, 2021) were approved and authorized under SSC Resolution No. 203-s.2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

- Statement of Compliance with Philippine Financial Reporting Standards (PFRS) and Commission on Audit (COA) Circular No. 2017-004

The accompanying financial statements were prepared in accordance with PFRS and Philippine Accounting Standards (PAS) issued by the Philippine Financial Reporting Standards Council (PFRSC). PFRS are adopted by the PFRSC from the pronouncements issued by the International Accounting Standard Board and approved by the Philippine Board of Accountancy. As a Commercial Public Sector Entity (CPSE), SSS is required to adopt the PFRS as its applicable financial reporting framework pursuant to COA Circular No. 2015-003 dated April 16, 2015, as amended.

b. Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1, Presentation of Financial Statements. The System presents all items of income and expenses in a single Statement of Comprehensive Income (SCI).

For this purpose, SSS adopts the guidelines laid down under COA Circular No. 2017-004 dated December 13, 2017, on the preparation of financial statements and other financial reports and implementation of PFRS by government corporations classified as CPSE, unless Management believes that a different classification and presentation of the accounts provides information that is reliable and more relevant to users of the financial statements.

c. Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

- Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- Financial assets at fair value through other comprehensive income (FVTOCI) are measured at fair value;
- Investment properties are measured at fair value;
- Non-current assets held for sale are measured at the lower of carrying amount or fair value less cost to sell; and
- Land under property and equipment are measured at revalued amount.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a non-financial asset is measured to its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The SSS classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- *Level 1* - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. FVTPL and FVTOCI investments fall under this level.
- *Level 2* - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter derivative contracts.
- *Level 3* - inputs for the asset or liability that are not based on observable market data (*unobservable inputs*). This level includes investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market prices in its valuations where possible. Investment properties and non-current assets held for sale are within this level.

d. Accrual Accounting

In accordance with PAS 1, the financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

e. Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the System's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise stated.

f. Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Adoption of New and Amended PFRS and Interpretations

a. Effective in 2021 that are relevant to the System

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations which the SSS adopted effective for annual periods beginning on or after January 1, 2021:

- Amendments to PAS 37 - Provisions, contingent liabilities and contingent assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Amendments to PFRS 9, Financial Instruments, PAS 39 Financial Instrument. Recognition and Measurement and PFRS 7 Financial Instruments Disclosures. PFRS 4, Insurance Contracts and PFRS 16, Leases - Interest Rate Benchmark Reform-Phase 2. The amendments relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying PFRS 7 to accompany the amendments regarding modifications and hedge accounting.
- Amendments to PFRS 16, Leases - COVID-19 related rent concessions extension of the practical expedient. On March 31, 2021, the IASB

published an additional amendment to extend the date of the practical expedient from June 30, 2021 to June 30, 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b. New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2021

Issued but not yet effective are listed below. Unless otherwise stated, the SSS does not expect that the future adoption of said pronouncements will have a significant impact on its financial statements:

(i) Effective for annual period beginning on or after January 1, 2022

- Amendments to PFRS 3, Business Combinations update a reference in PFRS 3 to the Conceptual Framework of Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to PFRS 3, *Reference to the Conceptual Framework*. The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.
- Amendments to PAS 1, Presentation of Financial Statements, on classification of liabilities - These narrow-scope amendments to PAS 1, Presentation of financial statements, clarify that liabilities are classified as either current or non-current, depending on rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what PAS 1 means when it refers to the settlement of a liability.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(ii) Annual Improvements PFRS Standards 2018-2020 (effective January 1, 2022)

- PFRS 1, First-time Adoption of PFRS - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16 (a) of PFRS 1 to measure cumulative transition differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.
- PFRS 9, Financial Instrument - Fees in the "10 per cent" test for derecognition of financial liabilities. The amendment clarifies which fees should be included in the "10 per cent" test for the derecognition of a financial liability. An entity includes only fees paid to or received directly by the entity (the borrower) and the lender, including fees directly attributable to third-party fees.
- PFRS 16, Leases - Lease incentives. Any payments made to or on behalf of a lessee within the context of the lease contract shall be considered as an integral part of the net consideration of the lease and therefore be accounted for as an incentive.
- Amendment to PFRS 16, COVID-19 Related Rent Concessions. The amendment provides relief for leases in accounting for rent concessions granted because of COVID-19. It therefore provides an option to lessees from assessing whether a rent concession related to COVID-19 is a lease modification or just a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.
- Amendments to PFRS 7, Financial Instruments - Disclosures. It requires entities to provide disclosures in the financial statements that will enable users to evaluate the following:

- o The significance of financial instruments for the entity's financial position and performance;
- o The nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period; and
- o How the entity manages those risks.

(iii) Effective for annual period beginning on or after January 1, 2023 (globally); January 1, 2025 (local-Philippines)

- PFRS 17, *Insurance Contracts* - PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts, which currently permits a wide variety of practices in accounting for insurance contracts. The new standard applies to all types of insurance

contracts (i.e., life, non-life, direct insurance, and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The code model of PFRS 17 is the general model, supplemented by (a) a specific adaptation for contracts with direct participation features (the variable fee approach) mainly for short-duration contracts. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*. The amendments aim to promote consistency in applying requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
- Amendments to PAS 8, *Definition of Accounting Estimates*. The amendments replace the definition of change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimates that result from new information or new developments is not the correction of error.
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

(iv) Effectivity deferred indefinitely

- PFRS 10 (Amendments), *Consolidated Financial Statements and PAS 28 (Amendments), Investment in Associates and Joint Venture*. The amendments to PFRS 10 require full recognition in the investor's financial statements of gain or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that were sold or contributed to a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.2.1 Current versus non-current Classification

The SSS presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Due to be settled within 12 months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for 12 months after the reporting period.

All other liabilities are non-current.

Net deferred tax assets (liabilities) are classified as non-current.

2.3 Financial instruments

a. Financial assets

a.1 Date of recognition

The SSS initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the SSS becomes a party to the contractual provisions of the instrument.

a.2 Initial recognition

The SSS initially recognizes a financial asset at fair value. Transaction costs are included in the initial measurement, except for financial assets measured at FVTPL.

a.3 Determination of fair value

The SSS determines fair value based on the nature of the financial assets classified according to the intention of the management following the fair value hierarchy of PFRS 13. This seeks to increase consistency and comparability in fair value measurements and related disclosures. Based on the hierarchy category which considers the inputs used in valuation techniques into three levels. SSS financial assets fall under Levels 1 and 3 only.

a.4 Classification and subsequent measurement

The SSS classifies its financial assets as subsequently measured at FVTPL or FVTOCI or at amortized cost based on the business model for managing the financial assets and their contractual cash flow characteristics. The business model determines whether cash flows will result from collecting the contractual cash flows, selling the financial assets, or both.

• Financial assets at FVTPL

Financial assets at FVTPL consist of held-for-trading financial assets, financial assets designated at FVTPL upon initial recognition, or financial assets mandatorily required to be measured at fair value. Held-for-trading financial assets are financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking.

Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value as at reporting period and the corresponding unrealized gain or losses on fair value changes are recognized in profit or loss.

SSS financial assets at FVTPL include investment in government securities, equity securities, corporate bonds, externally managed fund and investment in mutual fund.

• Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met: (1) the asset is held within the System's business model, the objective of which is to hold the assets in order to collect contractual cash flows; and (2) the contractual terms of the instrument give rise on specific dates to cash flows that are solely payments of principals and interest (SPPI) on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets at amortized cost are derecognized or impaired, as well as through the amortization process.

Loans and receivables are financial assets carried at cost or amortized cost less impairment in value. Such assets are with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortized cost also include investments in government bonds/notes, corporate bonds/notes and debenture bonds.

• Financial assets at FVTOCI

Financial assets are measured at FVTOCI if both of the following conditions are met: (1) the asset is held within the business model, the objective of which is achieved both by collecting contractual cash flows and selling financial assets; and (2) the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Subsequent to initial recognition, FVTOCI financial assets are carried at fair value in the statement of financial position. Changes in the fair value of such assets are recognized in other comprehensive income and presented within reserves in the unrealized gain or loss on FVTOCI financial assets portion. When equity instruments measured at FVTOCI is derecognized, the cumulative gains or losses are not recognized to profit or loss, instead, it will remain part of the statement of comprehensive income. Dividends on FVTOCI equity instruments are recognized in profit or loss when the right to receive payments is established.

SSS financial assets at FVTOCI consist of investments in equity securities, government and corporate notes and bonds.

a.5 Impairment of financial assets

The SSS in its Resolution No. 41-s.2021 approved the policy/guidelines in recognizing and measuring credit impairment. The SSS adopts the Expected Credit Loss (ECL) in accordance with the provisions of PFRS 9 Financial Instruments - Impairment.

The ECL Model is applied on credit exposures covered by PFRS 9, which include the following:

1. Loans and receivables that are measured at amortized cost.
2. Investments in debt instruments that are measured at amortized cost.
3. Credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss.

SSS adopts the rebuttable presumption in PFRS 9 that a default does not occur later than when a financial asset is 90 days past due.

Credit exposures are classified into three different stages at each reporting date, based on the significance of the increase in credit risk since initial recognition, as follows:

- Stage 1 - Performing - credit exposure that fall under this category are those that are not yet amortizing, current and whose credit risk has not appreciated significantly from initial recognition, i.e., credit exposures with days-past-due (DPD) not more than 30 days.
- Stage 2 - Under-performing - credit exposures classified under this category are those whose credit risk increased significantly since initial recognition, i.e., past due credit exposures with DPD greater than 30 days but less than or equal to 90 days.
- Stage 3 - Non-performing - credit exposures that have clear evidence of impairment at the reporting date, i.e., past due credit exposures with DPD greater than 90 days.

In assessing significant increases in credit risk, the risk of a default occurring on the credit exposure at the reporting date is compared to the risk of a default occurring on the credit exposure at the date of initial recognition.

As soon as the loan is granted to the member-borrower, it is classified under Stage 1. For all credit exposure already in the books, the following rules shall apply:

- Exposures with significantly increased credit risk since initial recognition shall be classified under Stage 2.
- Non-performing exposures shall be classified under Stage 3.

Transfer from Stage 1 to Stage 2 is made under the following conditions:

- Exposures with missed payment for more than thirty (30) days
- Exposures with risk ratings downgraded by at least two grades for rating agencies with below 15 rating grades and three grades for rating agencies with more than 15 rating grades

Transfer from Stage 3 to Stage 1 is made under the following conditions:

- There is sufficient evidence to support full collection.
- Full collection is probable when payments of principal and interest due are received for at least six months.
- Non-performing restructured exposures that have exhibited improvement in credit worthiness of the counterparty after a total one-year probation period, i.e.,
 - Six (6) months in Stage 3 before transferring to Stage 2, and another 6 months in Stage 2 before transferring to Stage 1; or
 - Directly from Stage 3 to Stage 1 without passing through Stage 2 after 12 months.

Restructured exposures classified as “performing” prior to restructuring shall be initially classified under Stage 2. The transfer from Stage 2 to Stage 1 shall follow the six-month rule as mentioned in item “b” above.

The ECLs are revalued every year.

a.6 Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the SSS either has transferred substantially all risks and rewards of ownership or has neither transferred nor retained substantially all the risks and rewards of ownership but has transferred control of the asset.

b. Financial liabilities

Financial liabilities are initially measured at fair value, and when applicable, adjusted for transaction costs unless the Fund designated a financial liability at FVTPL.

The Fund’s financial liabilities include accounts payable, accrued operating payable, accrued benefit payable, claims pay-out payable, and lease liabilities which are subsequently measured at amortized cost.

Financial Liabilities are derecognized in the statement of financial position only when the obligation is extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.4 Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are deposit on call and highly liquid investments with original maturity of three months or less, which are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

2.5 Inventories

Supplies and materials inventories are valued at cost. Cost is determined using the weighted average method. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operation of the SSS.

Inventories include semi-expendable property, or those tangible items with cost below the capitalization threshold for property and equipment (see Note 2.8). These items are recognized as expense in full upon issuance to end users but are recorded in the Report on the Physical Count of Inventories for monitoring purposes.

2.6 Non-current assets held for sale

Non-current assets are classified as held for sale (NCAHFS) if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, and the asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Any excess of carrying amount over fair value less costs to sell is an impairment loss. No depreciation is recognized for these assets while

classified as held for sale.

NCAHFS includes real and other properties acquired (ROPA) in settlement of contribution and member/housing/other loan delinquencies through foreclosure or dation in payment. They are initially booked at the carrying amount of the contribution/loan delinquency plus transaction costs incurred upon acquisition. When the booked amount of ROPA exceeds the appraised value of the acquired property, an allowance for impairment loss equivalent to the excess of the amount booked over the appraised value is set up.

Upon in-depth assessment that properties classified as NCAHFS ceases to meet the conditions set under PFRS 5, such assets will be reclassified to other asset classification following the guidelines in the Classification, Reclassification and Recording of SSS Real Estate Properties.

2.7 Investment property

Investment property account consists of land or building held to earn rentals and/or for capital appreciation. This account also includes real properties that were previously subject of mortgage loans, individual real estate loan, commercial and industrial loan which were foreclosed or acquired through *Dacion en Pago*, cancelled or relinquished by former owners in favor of SSS due to non-payment.

An investment property is initially measured at cost, including transaction costs. Such costs should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy. After initial recognition, it is measured at fair value with any change therein recognized in profit or loss except for properties carried at cost due to inability to determine the fair value reliably.

The fair values of investment properties are determined annually at the reporting date by an independent professionally qualified valuer and internal appraiser using the Market Data Approach, Cost Approach, and Income Approach. The market value is estimated using gathered available local market conditions giving considerations to the following: (a) extent, character and utility of the properties, (b) comparable properties which have been sold recently, plus current asking prices; (c) zoning and current land usage in the locality, and (d) highest and best use of the property.

The generally accepted Market Data or Comparative Approach is used to measure land under the investment property based on sales and listings of comparable property registered within the vicinity. Comparisons are premised on the factors of location, land use, physical characteristics of the land and time element. For the value of the land with improvements, the appraisers use the Cost Approach taking into account the current cost of reproduction, if new, of the replaceable property in accordance with the prevailing market prices for materials, labor, contractor’s overhead, and profit and fees. In arriving at the value of the improvements, the modified quantity survey method is used by analyzing the various construction elements of the property (foundations, columns and beams, flooring walls, roof, etc.). In the Income Approach, the value of the property is determined using the interest rates and yields as well as the records of rental income and operating expenses. However, in some cases when there are no comparable listings in the open market, the Value Opinion from other appraisers or the BIR Zonal Valuation are used which are considered as Level 3 valuation.

Transfers to or from investment property are made when and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation; (b) end of owner-occupation; (c) commencement of an operating lease to another party, or (d) commencement of development with a view to sale.

2.8 Property and equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is carried at revalued amount. Increase in value as a result of revaluation is recognized in OCI and accumulated in Revaluation Surplus. However, if there is a decrease in the value of asset due to revaluation, this shall be recognized in OCI to the extent of recorded Revaluation Surplus in SCE, any excess shall be recognized in profit and loss.

Valuations are done by an external independent appraiser every three years or as the need arises. The value of land is arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator with the subject. This is done by adjusting the differences between the value of the subject property and those actual sales and listings regarded as comparable. Comparisons are premised on the factors of location, land use, physical characteristics of the land, time element, quality, and prospective use. On improvement and building, the Cost Approach is adopted in arriving at the market value of the building. This approach considers the cost to reproduce or replace in new conditions the assets appraised in accordance with current prices for similar assets including costs of labor, transport, installation, commissioning, and consultant’s fees. Adjustment is then made for accrued depreciation which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

Construction in progress (CIP) represents building and building/leasehold improvements under construction and is stated at cost. CIP is not depreciated until such time as the relevant assets are completed and put into operational use.

The initial cost of property and equipment consists of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable cost necessary in bringing the asset to its working condition and location for its intended use. Cost also includes an initial estimate for dismantling and removing the item or restoring the site on which it is located, the obligation for which an entity incurs when the item is acquired. The capitalization threshold for an item to be recognized as property and equipment is ₱15,000 while items whose amounts are below the capitalization threshold are accounted as semi-expendable properties (see Note 2.5).

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the SSS, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses on the retirement and disposal of an item of property and equipment are recognized in the SCI in the period of retirement or disposal.

Expenditure incurred after the item has been put into operations, such as repairs and maintenance, are normally recognized as expenses in the period such cost is incurred.

Depreciation is calculated over the depreciable amount less its residual value. It is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment.

Consistent with COA Circular No. 2017-004, the estimated useful life of property and equipment are as follows:

Assets	Useful Life
Building and other structures	10-30 years
Furniture and equipment/computer hardware	5-10 years
Land improvements	10 years
Transportation equipment	7 years
Leasehold improvements	10-30 years or the term of lease whichever is shorter

Property and equipment except land and construction in progress have residual value equivalent to five per cent of the acquisition cost for assets recorded in 2021. The property and equipment acquired in prior years are presented at ten per cent residual value. A system enhancement will be developed to compute the correct depreciation expense recognized for the property and equipment acquired in prior years using the five per cent residual value.

Leasehold improvements are amortized over the shorter of the terms of the covering leases or the estimated useful life of the improvements.

Fully depreciated assets are retained in the accounts until they are no longer in use.

2.9 Right-of-use assets

The System recognizes the right-of-use (ROU) asset for the right to use the underlying asset over the lease term. ROU asset is initially measured at costs, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on which it is located, less any lease incentives received.

Right-of-use assets are amortized on a straight-line basis over the term of the lease.

2.10 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. They comprise software and licenses. Acquired computer software/licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software/licenses with finite lives are amortized on a straight-line basis over their estimated useful life while those with indefinite useful life or those used perpetually or for as long as there are computers compatible with them are carried at cost and tested annually for impairment or whenever there is an indication that the assets may be impaired.

Intangible assets are derecognized once the computer where it was installed is disposed.

2.11 Impairment of non-financial assets

The carrying amount of non-financial assets are assessed to determine whether there is any indication of impairment, or an impairment previously recognized may no longer exist or may have decreased. If any such indication exists or when annual impairment testing is required, then the asset's recoverable amount is estimated. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in profit or loss unless it relates to a revalued asset where the value changes are recognized in other comprehensive income/loss and presented within reserves in the property valuation reserve portion. Depreciation and amortization charge for future periods is adjusted.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

2.12 Insurance contract liability

In CY 2020, SSS adopted PFRS 4 and recognized contingent liability for the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount. The change in accounting treatment from PAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* is in compliance with the government's directive of treating government insurance institutions as self-sustaining insurance institutions.

Insurance contract liability (ICL) is a social benefit liability recognized in compliance with DOF's policy directive requiring government insurance institutions (GIs)

falling under its supervision to adopt PFRS 4. It is computed based on six per cent discount rate considering SSS' past investment performance, which considered the following: (a) past performance of SSS' investment assets; (b) collectability of its loan receivables; and (c) forward-looking view of the portfolio performance or outlook on SSS' investments and market conditions.

2.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the SSS and the amount of revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

a. Members' contribution

Revenue is recognized from member contributions when it falls due or when earned, not necessarily when collected or when cash is received with the following criteria: (a) collectability is reasonably assured (e.g., the employer can be reliably expected to pay the contribution); (b) sufficient documentation exists; and (c) the contribution due is determinable.

The SSC under its Resolution No. 161-s.2021 dated April 8, 2020, approved the Accounting Policy on Accrual of Revenues from Member Contributions and Expenses for Member Benefits. The accrual of member contributions procedural guidelines includes the following:

- Employers shall be assessed for collectability.
 - In the initial phase (Phase 1), accrual shall be applied to large accounts employers starting CY 2020. Phase 2 covering all active employers will be implemented in CY 2022.
 - The employer must be paying for at least three years and with continuous payment for the last six months which shall be recomputed by semester.
 - Accrual shall stop if the employer has no payment for three consecutive months prior to applicable month.
- Contribution collection from active regular employers who pass the collectability assessment shall be accrued every month using as basis the electronic Collection System (e-CS) which automates the generation of Payment Reference Number (PRN).
- Analysis of the accrual report:
 - The generated PRN shall be recorded as receivable and revenue based on the applicable month.
 - If the employer paid, the accrual entries will be reversed or will be adjusted accordingly if with error.
 - If the employer did not pay or make advance payment for the contributions due, different balance sheet entries are required depending on when employer/member pays the amount due: accounts receivable asset or unearned revenue liability.
 - Provision for impairment shall be recorded in accordance with existing ECL policy.

Contributions from other employers that are not yet included in the accrual process, self-employed and voluntary members' contribution shall be recorded on a cash basis.

Contributions from Flexi-Fund, PESO Fund and Mandatory Provident Fund (MPF) members are directly credited to equity upon collection.

b. Interest and penalty income

Revenue is recognized as the interest and penalty accrues, taking into account the effective yield on the asset and computed based on the following approved policy:

- Accrual of interest and penalty earned on loans shall only be allowed if the loans and other credit accommodations are current and performing.
- Loans are current and performing if any principal and/or interest are paid for at least 90 days from the contractual due date.
- No accrual of interest and penalty is allowed if a loan has become non-performing. Interest and penalty on non-performing loans shall be taken up as income only when actual payments are received.
- Loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal, interest and penalty is unlikely without foreclosure of collateral, if any.
- All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest and/or penalty are unpaid for more than 90 days from contractual due dates or accrued interest for more than 90 days have been capitalized, refinanced, or delayed by agreement.

c. Dividend income

Dividend income is recognized at the time the right to receive the payment is established.

d. Rental income

Rental income is recognized on a straight-line basis over the lease term.

2.14 Expense recognition

Expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date they are incurred for operational and benefit expenses.

The accrual of benefit expense is recognized when the transaction occurs or when the expenses are incurred, not necessarily when they are paid or disbursed with the following criteria being met: (a) there is an obligating event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation; and (b) the amount of expense is determinable or can be reliably estimated in the case of accrued expense.

The procedural guidelines for the accrual of benefit expenses include the following:

- Phase 1 - Retirement benefits and Phase 2 - Disability benefits, both for pensions only
 - Benefit filed and encoded in the Benefit System but not yet settled (i.e., in-process claims) or incurred benefits but not yet paid (IBNP);
 - Benefits entitlements but not yet filed (i.e., compulsory retirement), or incurred benefits but not yet reported (IBNR); and
 - Adjustments of the portion of initial pension benefits (i.e., advance 18 months) paid but applicable after the financial statement reporting period.
- Phase 3 shall cover lumpsum and all other benefits, including monthly pension for death. The program development will be in place before December 2023 in time for the computation of the accrued benefits.
- The Benefit Systems shall compute the amount of accrued benefits for set-up of payables, including the generation of aging report.
 - The Benefit Administration Division (BenAD) and Information Technology Management Group (ITMG) shall certify the generation of the following reports:
 - Summary of Yearly Benefit Accruals per Type; and
 - Yearly Aging Report of Accrued Benefits.
 - Year-end reports shall be provided to the Branch Accounting Department in January of the following year for proper recording.

2.15 Leases

a. SSS as lessee

At inception of the contract, the SSS has assessed that the contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The System assessed whether:

- The contract involves the use of an identified asset - which the asset is physically distinct or represents substantially all the capacity of a physically distinct asset;
- The System has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The System has the right to direct the use of the asset and that it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

As a lessee, the SSS classified leases as an operating lease based on its assessment of non-transferability of the risks and rewards of ownership. The right-of-use asset is recognized for lease contracts that have a term of more than twelve months at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using applicable Bloomberg's PHP BVAL rates. The BVAL rate used in 2021 is based on the term specified in the contract.

In applying PFRS 16 for the first time, SSS has used the following practical expedients permitted by the Standard:

- The use of applicable BVAL rate to a portfolio of leases depending on the term on the lease of contract;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2021 as short-term leases on a straight-line basis;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

SSS has also elected not to reassess existing lease contracts at the date of initial application. Instead, for contracts entered into before the transition date, SSS relied on its assessment made applying PAS 17. Accrued rent payable is also adjusted accordingly.

The SSS leases various offices nationwide. Rental contracts are typically made for fixed periods of three to eight years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

b. SSS as lessor

Leases, where the SSS does not transfer to the lessee substantially all the risk and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term.

In any case, SSS does not enter into a finance lease agreement.

2.16 Related party disclosures

PAS 24 ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may be affected by the existence of related parties and by transactions and outstanding balances with such parties. Related party transactions are transfer of resources, services or obligations between SSS and its related parties, regardless of whether a price is charged.

2.17 Provisions and contingencies

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle obligation where the time value of money is material.

A provision is recognized when, as a result of a past event, the SSS has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation. However, it requires the approval of the SSC and the setup of a budget for the actual expenditure required to settle the obligation.

ICL is the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. Actuarial valuation methodology and assumptions are discussed in *Note 22*.

2.18 Prepayments

Prepayments are the usual advances to suppliers and creditors including the cash deposit to the Procurement Service of the Department of Budget and Management (DBM). The advances to suppliers and creditors are expensed monthly. Also included is the benefit expense for the first 18 monthly retirement pension to members who opted to avail of the advance retirement benefits.

2.19 Income taxes

Based on Section 16, RA No. 11199, as amended, the SSS and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom as well as all supplies, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or import duty. Thus, SSS is exempt from paying income taxes to the government.

2.20 Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in Peso using the BSP exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the prevailing functional currency rate at the reporting date. Exchange rate differences arising from the restatement or settlement of monetary items are recognized in profit or loss in the year in which they arise.

2.21 Events after the reporting date

Post year-end events that provide additional information about the System's financial position at the end of reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2021	2020
Cash on hand	796,322,123	1,086,399,922
Cash in bank	4,666,857,995	3,919,743,759
Cash equivalents	16,612,068,890	16,508,130,917
	22,075,249,008	21,514,274,598

Cash in banks earn interest at the respective bank deposit rates. Time and special savings deposits (TD/SSD) are made for varying periods of up to 90 days depending on the immediate cash requirements of SSS and earn interest at the prevailing time and special savings deposit rates.

Interest rates per annum range from 0.12 per cent to two per cent for time and special savings deposits which is dependent on the tenor with overnight (one day) placement at the minimum. Savings and current accounts interest rates are 0.001 per cent to 0.40 per cent per annum.

In consideration of the banks' making their deposit pick up facility available to the SSS, the latter agreed to maintain an average daily balance of ₱1 million and ₱10 million with DBP and LBP/UBP, respectively, in a non-drawing interest bearing current account/savings account (CASA) with each of the banks' servicing branches. As at December 31, 2021, the amount of ₱374 million is being maintained in said banks for such purpose.

Interest income earned from cash in banks and term deposits amounted to ₱420.258 million and ₱607.557 million as at December 31, 2021 and 2020, respectively (see *Note 23*).

4. FINANCIAL ASSETS

This account consists of the following:

4.1 Current Financial Assets

	2021	2020
Financial assets - at FVTPL		
Government securities	32,736,514,630	24,131,015,975
Equity securities	27,241,636,732	14,018,329,535
Externally managed fund	4,551,501,502	9,716,702,606

	2021	2020
Investment in mutual fund	3,149,466,800	3,075,426,202
Corporate bonds	254,985,154	0
	67,934,104,818	50,941,474,318

	2021	2020
Financial assets - at amortized cost		
Investment in bonds - local		
Government bonds	5,113,223,347	4,247,307,625
Debenture bonds	400,000,000	0
Corporate bonds	2,665,790,000	8,996,720,000
Corporate notes	2,324,638,628	500,000,000
Government notes	0	510,000,000
	10,503,651,975	14,254,027,625
Allowance for impairment loss	(7,771,404)	(18,311,048)
	10,495,880,571	14,235,716,577
	78,429,985,389	65,177,190,895

The fair value of financial assets through profit or loss are measured using active quoted market prices, recurring and Level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market.

Pursuant to Section 26-A of the RA No. 11199, the engagement of seven local fund managers was approved by SSC under its Resolution No. 1035-A dated December 12, 2018 to manage portion of SSS Investment Reserve Fund with total original deployed investment of P9 billion under the following mandates: pure equity fund mandate; pure fixed income mandate and balanced fund mandate. As at December 31, 2021, the managed fund is reduced to P4.552 billion due to redemption of investment from four local fund managers.

Mutual fund investment is an investment vehicle made up of a pool of money collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and other assets managed by professional fund managers. Investment in domestic mutual fund was approved by SSC under Resolution Nos. 351 and 509 dated April 25 and June 20, 2018 respectively, with a P3 billion allotment. The said amount is invested and distributed at P1 billion each to the three accredited mutual fund companies, namely: Philequity Fund, Inc., Philippine Stock Index Fund Corp. and Sun Life of Canada Prosperity Balanced Fund, Inc. As at December 31, 2021 and 2020, the value of invested funds amounted to P3.149 billion and P3.075 billion, respectively.

The costs of the financial assets at FVTPL are as follows:

	2021	2020
Government securities	32,358,009,181	23,127,931,058
Equity securities	24,430,834,603	16,736,458,662
Externally managed fund	4,180,000,000	9,000,000,000
Investment in mutual fund	3,113,255,421	3,092,680,466
Corporate bonds	254,584,966	0
	64,336,684,171	51,957,070,186

4.2 Non-Current Financial Assets

	2021	2020 As restated
Financial assets at amortized cost		
Investment in bonds - local		
Government bonds	215,349,842,889	168,233,181,505
Debenture bonds	2,813,170,775	3,213,170,775
Corporate bonds	19,084,974,765	17,830,937,354
Corporate notes	1,680,000,000	4,148,000,000
Government notes	510,000,000	0
	239,437,388,429	193,425,289,634
Allowance for impairment - corporate bonds and notes	(32,312,253)	(92,021,615)
	239,405,076,176	193,333,268,019
Financial assets at FVTOCI		
Equity securities	100,630,984,665	84,511,644,717
Government bonds	41,643,707,946	49,373,547,174
Corporate notes	1	1
Corporate bonds	508,065,035	523,852,555
	142,782,757,647	134,409,044,447
	382,187,833,823	327,742,312,466

The fair value of the FVTOCI financial asset is measured using active quoted market prices, recurring and level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market. Realized fair value gains/losses of equity securities are recognized in the other comprehensive income. The cost of the financial assets as at December 31, 2021 and 2020 is P151.948 billion and P158.219 billion, respectively.

Notes and bonds earn interest at 1.25 to 18.25 per cent depending on the amount and terms of the investment. Interest income earned from investments in notes and bonds - local as at December 31, 2021 and restated 2020 is P11.543 billion and P13.601 billion, respectively (see Note 23).

5. RECEIVABLES - NET

This account consists of the following:

	2021	2020 As restated
Current		
Loans and receivable	70,941,148,563	84,074,068,205
Lease receivable	290,208,363	183,534,338
Other receivables	1,656,587,010	330,677,012
	72,887,943,936	84,588,279,555
Allowance for impairment	(5,226,805,049)	(3,497,865,641)

	2021	2020 As restated
Non-Current		
Loans and receivable	77,751,189,984	79,703,537,953
Lease receivable	15,779,981	16,023,813
Other receivables	1,197,736,311	2,550,751,052
	78,964,706,276	82,270,312,818
Allowance for impairment	(21,894,922,988)	(22,448,327,188)
	57,069,783,288	59,821,985,630
	124,730,922,175	140,912,399,544

Loans and receivable account is composed of receivables from short-term member loans, and housing loans due within twelve months. It also includes contribution and premium receivable, interest, dividend, and sales contract receivables. The account receivable collecting bank/agent is now presented under the Loans and receivable account from previous classification under Other receivables per COA Circular No. 2021-005. These are measured at amortized cost with provision of impairment loss pursuant to PFRS 9 and the policy guidelines on the recognition of ECL.

The composition of the current and non-current portion is as follows:

	2021	2020 As restated
Current		
Loans receivable	63,280,761,778	67,459,910,980
Interest receivable	4,603,851,918	3,963,890,903
Contribution and premium receivable	1,959,701,040	11,325,257,363
Receivable collecting banks/agents (CB/CA)	820,740,439	667,306,566
Dividend receivable	275,625,079	657,238,087
Sales contract receivable	468,309	464,306
	70,941,148,563	84,074,068,205

	2021	2020 As restated
Non-Current		
Loans receivable	54,046,445,031	55,875,227,915
Interest receivable	12,593,356,283	12,593,356,283
Sales contract receivable	1,211,762,935	1,232,324,560
Loan to other government corporation	9,566,230,283	9,686,181,975
Receivables collecting banks/collecting agents	333,395,452	316,447,220
	77,751,189,984	79,703,537,953

Loans receivable is recognized at amortized cost and composed of the following:

	2021	2020
Member loans	112,294,712,372	118,172,934,616
Housing loans	1,412,321,606	1,560,520,509
Pension loans	3,533,444,328	3,514,955,267
Commercial and industrial loans	69,509,283	69,509,283
Program member assistance for development entrepreneurship (MADE)	17,219,220	17,219,220
	117,327,206,809	123,335,138,895
Allowance for impairment	(10,304,030,997)	(8,839,735,132)
	107,023,175,812	114,495,403,763

The Loan Restructuring Program (LRP) which ended on April 1, 2019, has covered the member-borrowers affected by previous calamities/disasters with past due calamity loans and other short-term member loans. The total principal and accrued interest of all past due short-term loans of the member-borrower were consolidated into one Restructured Loan (RL1). Penalties were condoned after full payment of outstanding principal and interest of RL1 within the approved term. However, if the balance of RL1 is not zeroed at the end of the term, the unpaid principal of RL1 and the proportionate balance of condonable penalty become part of a new principal under Restructured Loan 2 (RL2). The balance of the restructured member loan as at December 31, 2021 amounted to P8.711 billion with accumulated impairment provision of P794.941 million.

The Educational Assistance Loan Program which is part of Member loans amounted to ₱5.256 billion consisting of the 50:50 SSS and NG (National Government) shares, has been extended as loans to member beneficiaries as at December 31, 2021. The loans for degree course shall be payable in five years to start 18 months for semestral courses, 15 months for trimestral courses, or 14 months and 15 days for quarter-term courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent releases. For technical/vocational courses, the loan shall be payable in three years to start 18 months for semestral courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent release. Interest and penalty on overdue amortization as at December 31, 2021 and 2020 are ₱43.325 million and ₱68.580 million, respectively.

The Pension Loan Program (PLP) which was launched on September 3, 2018, aims to provide financial aid to qualified SSS retiree pensioners by way of providing low-interest loans. The program was approved by the SSC under Resolution No. 341 dated April 25, 2018 and its implementing guidelines were issued under Office Order No. 2018-033 dated May 8, 2018. After 10 months of implementation, the SSC under its Resolution No. 429-s.2019 dated July 5, 2019 approved the enhancement of the program in terms and conditions of the PLP. Among the highlights of the enhancements are as follows: (1) the maximum loan limit increased from ₱32,000 to ₱200,000; (2) the age of the retiree pensioner at end of the month of loan term changed from 80 years of age or below to 85 years of age and below; and (3) longer loan repayment terms from 12 months to 24 months. The monthly amortization of the pension loan shall be deducted from the monthly pension of the pension loan borrower in which the first monthly amortization shall become due on the second month after the loan was granted. Interest rate remains at 10 per cent per annum until fully paid computed on a diminishing principal balance, which shall become part of the monthly amortization. Loan releases for CY 2021 to 69,111 retiree pensioners amounted to ₱3.088 billion and interest income recognized is ₱297.559 million.

Commercial and industrial loans are loan programs through conduit arrangement with the accredited participating financial institutions (PFIs)/banks and covered by the Omnibus Credit Line (OCL). The SSS made available the funds of the program to the PFIs which will on-lend the fund to eligible borrowers/end-users. The programs are being implemented in accordance with the guidelines, and terms and conditions in the PFIs OCL.

Program MADE are loans released/restructured between CYs 1991 to 1994 to cooperatives, which was approved under SSC Resolution No. 502 on September 7, 1989 to encourage the promotion of livelihood enterprises through community-based organizations to create and sustain local employment opportunities.

Contribution and premium receivable represents accrued receivables due for the next month which is the next calendar year following the policy approved by the SSC (see Note 2.12 a). However, for 2021, accruals were not effected due to non-separability of the MPF from the SSS Contribution which requires IT enhancements. Due to the volume of transactions, computation can only be done electronically.

The *interest receivable* account represents the accrued interest from various SSS investments such as cash equivalents, notes and bonds, and loans and receivables which are still uncollected as at reporting period. Likewise, the penalty receivable represents the accrual of penalty income from various delinquent loans. These accounts are credited whenever cash is collected, either monthly, quarterly, semi-annually or annually depending on the interest/penalty payment dates of the investment.

As at December 31, 2021 and 2020, the accrued interests consist of the following:

	2021	2020 As restated
Government notes and bonds	3,899,114,076	3,229,414,776
Member loans	363,515,098	451,773,038
Corporate notes and bonds	173,428,395	231,836,397
Debenture bonds	103,089,229	14,727,032
Receivable from PhilGuarantee	43,295,000	6,185,000
Cash equivalent and Short-term Money Placement	7,759,974	18,644,603
Sales contract receivable	7,641,210	6,175,424
Housing loans	6,008,936	5,134,633
	4,603,851,918	3,963,890,903
Allowance for impairment	(34,031,405)	(20,634,510)
	4,569,820,513	3,943,256,393

Loans and receivables earn interest at their respective rates, as follows:

	Interest Rate (Per Annum)
Loans receivable	
Member loans	3.0 to 10.0
Housing loans	3.0 to 12.0
Pension loans	10.0
Commercial and industrial loans (CIL)	2.5 to 14.0
Loan to other government corporation - NHMFC	4.0
Sales contract receivable	6.0 to 9.0

Non-current interest receivable includes those originated from Home Guaranty Corporation (HGC) guaranteed corporate notes and loan to National Home Mortgage Finance Corporation (NHMFC) amounting to ₱6.162 million and ₱12.575 billion, respectively.

The SSC approved SSS' participation and invested in various HGC (now Philippine Guaranty Corporation or PGC) guaranteed Asset Participation Certificates (APC) from CY 1995 to CY 2000. However, the Asset Pools failed to service the regular interest due to the APCs. In view of this, the SSS decided to call on the guaranty of HGC from November 2000 to July 2001. HGC was unable to pay in full guaranteed

obligations and partially settled it through the issuance of debenture bonds and transfer of 19 lots through *Dacion en Pago*. From CY 2005 to CY 2013, correspondence and meetings were sent and conducted, respectively between and among SSS, HGC and the Department of Finance (DOF). Upon approval of the SSC under Resolution No. 899 dated November 27, 2013, SSS formally filed with Office of the Government Corporate Counsel (OGCC) the Petition for Arbitration and Adjudication versus HGC (Arbitration Case No. 2013-004). The amount subject of arbitration was ₱5.24 billion covering principal, HGC-guaranteed interest, and compound interest. Thereafter, negotiations continued between PGC and SSS until an agreement has been reached with SSS condoning 4.972 per cent of the guaranteed interest resulting to a settlement value of ₱4,813,170,775.22. The Memorandum of Agreement (MOA) was executed on August 26, 2021 to settle all disputes and to put an end to the arbitration case. Upon approval of the MOA by the Department of Justice (DOJ) on December 23, 2021, PGC shall pay SSS with the following terms and conditions:

Cash Payment:	
> Upon approval of the Department of Justice/Secretary of Justice (DOJ/SOJ) of the MOA with fixed interest rate of 2.01% p.a. from October 31, 2020 to actual payment date	1,100,000,000.00
Deferred Cash Payment	
> Year 2 to 4 (₱100 million per year)	300,000,000.00
> Year 5	200,000,000.00
With fixed interest rate of 3.0% p.a., payable semi-annually, to be computed based on actual number of days	

Effective October 31, 2020

PGC Debenture Bond - Backed by Sovereign Guaranty	
> Year 1 to 4 redemption (₱200 million per year)	800,000,000.00
> Year 5 (Balloon payment of balance) With fixed interest rate of 3.0% p.a., payable semi-annually, to be computed based on actual number of days	2,413,170,775.22

Effective October 31, 2020

Settlement value as of October 31, 2020	4,813,170,775.22
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Receivables - CB/CA account represents premium contributions and loan payments collected by accredited banks and agents but not yet remitted to SSS amounting to ₱820.740 million and ₱667.307 million as at December 31, 2021 and 2020, respectively. This account is debited upon receipt of collection/remittance data/reports that are electronically transmitted by the CBs/CAs, which are uploaded by the SSS Data Center Operations Department from different CBs/CAs servers and credited for the total remittances appearing in the bank statements. The balances of the account were presented net of negative balances totaling ₱572.152 million and ₱720.633 million as at December 31, 2021 and 2020, respectively, which are mostly prior years' transactions due to unsubmitted valid collection/remittance data/reports.

Dividend receivables are cash dividends earned but not yet received on shares of stocks that are held as FA at FVTPL and FA at FVTOCI.

Sales contract receivables are contracts arising from deed of conditional sale executed by the SSS with properties under NCAHFS to various buyers of the said properties.

Loan to other government corporation refers to loans to NHMFC as mandated under Executive Order (EO) No. 90 to be the major government home mortgage institution whose initial main function was to operate a viable home mortgage market, utilizing long-term funds principally provided by the SSS, the GSIS, and Home Development Mutual Fund (HDMF), to purchase mortgages originated by both the private and public institutions within the Unified Home Loan Program (UHLP) guidelines. In accordance with the mandates of EO No. 90, the SSC in its Resolution No. 509 dated August 4, 1988 approved the long-term loans to NHMFC for low-income SSS members. Total loan releases from CY 1988 to CY 1995 amounted to ₱30.075 billion with total housing loan borrowers/beneficiaries of 135,229. In CY 1996, a substantial number of UHLP Portfolio borrowers defaulted in the payment of their loans to NHMFC, thereby causing NHMFC also to default in its payments to SSS. To address the deterioration of NHMFC's financial position, a Memorandum of Agreement dated June 5, 1996 was executed by the parties. On December 17, 2003, the SSC under Resolution No. 684 approved the restructuring of NHMFC's total obligations of ₱40.515 billion broken down into: Principal (Low, Mod & High Del) - ₱27.940 billion, Accrued Interest - ₱11.961 billion and Penalty - ₱0.614 billion. The interest and penalty were not capitalized during the restructuring and are to be paid after full satisfaction of restructured principal obligation per Restructuring Agreement.

As at December 31, 2021, the total outstanding obligation of NHMFC is ₱22.145 billion, broken down as follows:

Principal	9,566,230,283
Interest	11,964,663,228
Penalty	614,104,940
	22,144,998,451

The DOF in its letter dated October 19, 2020 informed SSS that ₱10 billion shall be considered in the CYs 2022 to 2024 budget allocation for the Net Lending Program to NHMFC in view of the tight fiscal space of the National Government for CY 2020 and CY 2021.

Lease receivable consists of operating lease receivables from contract of lease executed with the lessees. It represents accrual of rental income from tenants of SSS which are collectible within a year. Rent/lease income is derived from investment properties, ROPA and operating assets, and recognized a total income of ₱1.205 billion and ₱1.137 billion as at December 31, 2021 and 2020, respectively (see Note 33).

	2021	2020
Current		
Operating lease receivable	290,208,363	183,534,338
Allowance for impairment	(159,464,944)	(146,852,323)
	130,743,419	36,682,015

	2021	2020
Non-Current		
Operating lease receivable	15,779,981	16,023,813
Allowance for impairment	(15,779,978)	(16,023,812)
	3	1

Other receivables consist of the following:

	2021	2020 As restated
Current		
Penalty receivable	265,472,682	247,600,218
Receivables - disallowances/charges	28,117,072	20,933,878
Insurance claims receivable	1,001,940	2,262,791
Due from officers and employees	623,001	592,984
Other receivables	61,372,315	59,287,141
	356,587,010	330,677,012
Allowance for impairment	(27,103,843)	(11,236,732)
	329,483,167	319,440,280

	2021	2020 As restated
Non-Current		
Due from officers and employees	141,725,318	195,301,933
Others	2,356,010,993	2,355,449,119
	2,497,736,311	2,550,751,052
Allowance for impairment	(460,638,855)	(460,662,985)
	2,037,097,456	2,090,088,067

Penalty receivable is broken down as follows:

	2021	2020
Penalty Receivable		
Member loans	264,753,864	245,330,149
Housing loans	32,722	635,239
Rental receivable	430,348	535,349
Sales contract receivable	255,748	1,099,481
	265,472,682	247,600,218
Allowance for impairment	(27,103,843)	(11,236,732)
	238,368,839	236,363,486

Receivable - disallowances/charges are disallowances in audit due from SSS officials and employees which have become final and executory.

Insurance claims receivables pertain to the amounts due from insurance companies for the unpaid pension loan and housing loan balances due to death of pensioner-borrower and member-borrower, respectively.

Other receivables consist of accounts such as:

	2021	2020 As restated
Sale of financial assets	42,942,733	30,104,208
Supplier's creditable tax	14,210,973	25,896,955
Mutual fund management fee rebate	3,379,731	3,285,978
Others	838,878	0
	61,372,315	59,287,141

Other Receivables arising from sale of financial assets pertain to equity securities which have been sold, but remain unpaid as of reporting period.

The account Receivable-Supplier's creditable tax is debited to recognize the amount of creditable withholding taxes on year-end accrued expenses not yet deducted from the payment to supplier but remittance to BIR in the following month will be advanced by SSS. This account is credited upon payment to supplier.

Rebate on management fees from mutual fund companies represent refunds not yet converted into additional shares as of reporting period.

Allowance for impairment on expected credit losses for current and non-current receivables are measured depending on the credit exposures and credit risks. Loan accounts that are current or only up to 30 days past due are classified in Stage 1. Those that are more than 30 days but less than 90 days past due are classified at Stage 2, while those that are already past due for more than 90 days are classified at Stage 3.

	2021	2020
Current		
Loans receivable	4,909,472,652	3,319,142,076
Contributions and premiums receivable	96,732,205	0
Interest receivable	34,031,405	20,634,510
Operating lease receivable	159,464,944	146,852,323
Other receivables	27,103,843	11,236,732
	5,226,805,049	3,497,865,641

	2021	2020 As Restated
Non-current		
Loans receivable	5,394,558,345	5,520,593,056
Interest receivable	12,593,356,282	12,593,356,282
Loans receivable-other government corporation	3,187,284,803	3,329,164,616
Sales contract receivable	116,226,107	399,055,337
Receivable - collecting bank/agent	127,078,618	129,471,100
Operating lease receivable	15,779,978	16,023,812
Other receivables	460,638,855	460,662,985
	21,894,922,988	22,448,327,188

Movements in Allowance for Impairment Loss of current and non-current receivables for CY 2021 are as follows:

	Restated Balance, January 1	Additional Provision	Recovery/ Reversal	Balance, December 31
Loans and receivable	25,311,416,977	2,189,263,171	(1,041,939,731)	26,458,740,417
Lease receivable	162,876,135	13,690,710	(1,321,923)	175,244,922
Other receivable	471,899,717	16,220,518	(377,537)	487,742,698
	25,946,192,829	2,219,174,399	(1,043,639,191)	27,121,728,037

The impairment provisions as at December 31, 2021 and 2020 amounted to ₱2.219 billion and ₱1.888 billion, respectively, and are recognized in the books using the guidelines in recognizing and measuring credit impairment set forth in Note 2.3a.5 based on the approval of the SSC in its Resolution No. 41-s.2021.

As part of the corporate social responsibilities of the System, the SSS supports the government during the time of pandemic to assist the NG in its COVID-19 response and in accelerating the recovery and bolster the resiliency of the Philippine economy. SSS implemented the following moratorium on loan and lease payments in response to RA No. 11469 or Bayanihan to Heal as One Act (Bayanihan 1) and RA No. 11494 or Bayanihan to Recover as One Act (Bayanihan 2):

1. SSC Resolution No. 205-s.2020 dated May 19, 2020 and 423-s.2020 dated August 26, 2020 - Moratorium on Short-Term Loan Payments of SSS Members Affected by the Corona Virus Disease 2019 (COVID-19) Situation
2. SSC Resolution No. 233-s.2020 dated May 19, 2020 - Moratorium and Extension of Payment for Buyers of SSS Owned Real and Other Properties Acquired and Housing Acquired Assets
3. SSC Resolution No. 234-s.2020 dated May 19, 2020 - Deferment of Rental Payments of Lessees of SSS Investment Properties, Real and Other Properties Acquired and Housing Acquired Assets
4. SSC Resolution No. 258-s.2020 dated May 19, 2020 - Moratorium on Housing Loan Payments of SSS Members Affected by Corona Virus Disease 2019 (COVID-19) Situation
5. SSC Resolution No. 551-s.2020 dated October 21, 2020 - Moratorium on Short-Term Loan Payments Under RA No. 11494 "Bayanihan to Recover as One Act" (Bayanihan Act 2)
6. SSC Resolution No. 552-s.2020 dated October 21, 2020 - Moratorium on Housing Loan Payments Under RA No. 11494 or "Bayanihan to Recover as One Act"
7. SSC Resolution No. 609-s.2020 dated November 16, 2020 - Deferment of Rental Payments of Lessees of SSS Investment Properties, Real and Other Properties Acquired and Housing Acquired Assets
8. SSC Resolution No. 610-s.2020 dated November 16, 2020 - Moratorium and Extension of Payment for Buyers of SSS Owned Real and Other Properties Acquired and Housing Acquired Assets
9. SSC Resolution No. 456 s.2021 dated September 15, 2021 - SSS Housing Loan Restructuring and Penalty Condonation under Program 4 of the Pandemic Relief and Restructuring Program.
10. SSC Resolution No. 498 s.2021 dated September 29, 2021- Short-Term Member Loan Penalty Condonation Program under Program 5 of the Pandemic Relief and Restructuring Program.

The moratorium on loan repayments generally covered the repayment period of April to May 2020 (applicable period of March to April 2020) and November to December 2020 (applicable period of October to November 2020). The loan payment term is extended based on the borrower's number of month's moratorium. Loan repayment shall resume on the month immediately after the borrower's moratorium period. The accrued interest during moratorium period shall be paid on the last month of loan payment term (short-term member loans and housing loans) or equally divided and paid

over the remaining installment payment term of the buyer (sales contract receivables).

The moratorium on lease payments covered the payment period of April to May 2020 and November to December 2020. The lease payment shall resume one month after lifting of Enhanced Community Quarantine (ECQ) while accrued interest during moratorium shall be equally amortized up to a maximum of six monthly installments which shall be added to the regular rent due on the succeeding months.

The Pandemic Relief and Restructuring Program can be availed by member-borrowers with past due loans for at least six months as of the day of condonation period for housing loans and short-term member loans. The availment period for the condonation program is up to three months commencing from November 2021 to February 2022.

6. INVENTORIES

This account is composed of the following:

	2021	2020
Office supplies inventory	73,376,923	89,241,312
Accountable forms inventory	4,317,239	3,786,308
Drugs and medicines	949,348	842,224
Medical, dental and laboratory supplies inventory	1,196,536	2,121,318
	79,840,046	95,991,162
Allowance for impairment	(10,672,519)	(10,672,519)
	69,167,527	85,318,643

Supplies and materials issued and recognized as expense during Cy 2021 and 2020 amounted to P54.746 million and P84.415 million, respectively (see Note 29).

The amount of allowance is the same for 2021 and 2020 because there was no write-down of inventories that have become obsolete, details as follows:

	2021	2020
Office Supplies Inventory	9,871,378	9,871,378
Accountable Forms Inventory	801,141	801,141
	10,672,519	10,672,519

7. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

	Land	Building	Acquired assets/ Registered	Total
Net carrying amount, January 1, 2021	0	0	167,063,160	167,063,160
Transfer	0	0	31,074,670	31,074,670
Cancellation/adjustments	0	0	39,364,297	39,364,297
Disposals	0	0	(48,446,925)	(48,446,925)
Impairment, net (loss)/recovery	0	0	(394,530)	(394,530)
Net carrying amount, December 31, 2021	0	0	188,660,672	188,660,672

	Land	Building	Acquired assets/ Registered	Total
Net carrying amount, January 1, 2020	0	582,660	238,796,707	239,379,367
Transfer	0	(582,660)	(26,109,608)	(26,692,268)
Cancellation/adjustments	0	0	30,335,302	30,335,302
Disposals	0	0	(76,603,603)	(76,603,603)
Impairment, net (loss)/recovery	0	0	644,362	644,362
Net carrying amount, December 31, 2020	0	0	167,063,160	167,063,160

The non-current asset held for sale is measured at the lower of carrying amount or fair value less cost to sell. The fair value is measured based on the assessment of internal/external expert, non-recurring and is level 2 and 3 based on the level of fair value hierarchy. As at December 31, 2021, the impairment loss of P3.883 million and recoveries/reversals of impairment of P3.489 million are recognized in profit or loss.

Had there been no impairment, the carrying amount of the NCAHFS - Acquired assets/Registered is P192.660 million and P173.586 million as at December 31, 2021 and 2020, respectively.

As for the internally appraised properties classified as NCAHFS, the value of land was established using the Market Data Approach. The initial value of the land is based on the sales and listings of comparable properties. Adjustments were then applied to the gathered value of land by comparing the physical and locational characteristics of the subject property and the comparable properties.

The value of the improvements was arrived at using the Cost Approach. The current

reproduction cost of the improvement or structure is first established in accordance with the prevailing market prices of construction materials, labor, contractors' overhead, profits and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence.

NCAHFS includes real and other properties acquired which are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. As at December 31, 2021, SSS has sold 117 properties through cash and installment bases generating gain on sale of P75.416 million, which forms part of the P1.128 billion gains generated for CY 2021 (see Note 24).

NCAHFS properties that were unsold for more than one year with carrying value of P71.226 million were reclassified to Investment Property, while IP registered accounts with P102.300 million carrying value were consolidated and transferred to NCAHFS based on the Guidelines on the Classification, Reclassification and Recording of SSS Real Estate Properties approved by the SSC on June 10, 2020 under Resolution No. 292-s.2020. There were no transfer or sale of NCAHFS to government and non-profit organizations. All properties were sold to private individuals (see Note 9).

8. OTHER CURRENT ASSETS

This account is composed of the following prepayments:

	2021	2020
Prepayments		
Prepaid benefit expense	5,641,305,656	4,658,265,084
Advances to contractors/suppliers	3,000,000	11,500,000
Prepaid rent	6,029,722	8,314,948
Prepaid insurance	93,142	540,984
Other prepayments	51,837,221	5,691,194
	5,702,265,741	4,684,312,210

Prepaid benefit expense refers to the first 18 monthly retirement pension in lump sum paid to SSS members who opted to avail the advance retirement benefits. This was approved per SSC Resolution No. 161.s-2021 (see Note 2.13) and retrospectively applied in the prior year.

Advances to contractors/suppliers represents the P3.000 million cash deposit to Procurement Service (PS)-Philippine Government Electronic Procurement System (PhilGEPS) intended for the Government Fares Agreement (GFA). This is an initiative of the DBM and the PS-PhilGEPS that will ensure fast, efficient, flexible and savings in time, energy and money when processing the air transportation needs of all government officers and personnel of their domestic trips.

Other prepayments consist of subscriptions to Microsoft Office 365 applications amounting to P48.388 million and creditable withholding tax at source from rental or other services deducted by other government agencies designated by BIR as authorized agent.

9. INVESTMENT PROPERTY

This account is composed of the following:

	Land	Building	Total
Fair value, January 1, 2021	66,222,015,091	8,399,512,831	74,621,527,922
Transfer	(31,074,670)	0	(31,074,670)
Additions	52,088,008	0	52,088,008
Disposal	(91,429,465)	0	(91,429,465)
Fair value gain (loss)	4,263,520,130	262,016,255	4,525,536,385
Fair value, December 31, 2021	70,415,119,094	8,661,529,086	79,076,648,180

	Land	Building	Total
Fair value, January 1, 2020	62,660,563,480	8,964,571,517	71,625,134,997
Transfer	(67,441,140)	0	(67,441,140)
Additions	202,844,073	582,661	203,426,734
Disposal	(44,620,971)	0	(44,620,971)
Fair value gain (loss)	3,470,669,649	(565,641,347)	2,905,028,302
Fair value, December 31, 2020	66,222,015,091	8,399,512,831	74,621,527,922

The costs of investment properties as at December 31, 2021 and 2020 are P13.445 billion and P13.309 billion, respectively. There was an adjustment in the reported cost of investment properties in CY 2020 due to the correction of the cost of leased building in Pasay City from P2.635 billion to P1.997 billion. It was initially recognized based on the available appraisal report pending receipt of cost of building from Lessee Corporation.

The increase in the cost of IP in 2021 was due to the additional IP-registered accounts transferred from Housing Loan and IP-Acquired Asset transferred from NCAHFS. The transfer of IP registered accounts with book value of P102.300 million were consolidated and reclassified to NCAHFS, wherein the Transfer Certificates of Title (TCT) were already transferred in the name of SSS, while NCAHFS amounting to P71.226 million which remained unsold for more than one year were transferred to IP (see Note 7).

The fair value of investment property is determined based on the Cost and Market Approach methods performed by independent appraisers and in-house appraisers, non-recurring and is Level 2 and 3 based on the level of fair value hierarchy. Market values were based on the evidence of reliable transactions like recent land sales and sales offerings of comparable properties within the vicinity and the application of land

capitalization rate. Data gathered from interviews with brokers and other real estate practitioners who are knowledgeable about the property market were also used as bases. Adjustment factors were likewise considered such as the date of appraisal, size, location, corner/road influence, and conditions of sale.

The SSS Policy in the Classification, Reclassification and Recording of Real Estate Properties identifies the following guidelines when properties are transferred to investment property:

- NCAHFS remained unsold for more than one year
- PPEs which are no longer used for operational purposes
- Mortgage properties that have been registered in the name of SSS

On the other hand, investment property is transferred to NCAHFS or PPE:

- Upon consolidation of the registered property (Transfer Certificate of Title (TCT) in the name of SSS) ready for sale
- Upon approval from approving authority to utilize the property for SSS operational use.

The following amounts are recognized in the Statement of Comprehensive Income:

	2021	2020
Net gain on fair value adjustment	4,527,743,785	2,905,028,302
Rental income	1,183,610,613	1,111,175,653

	2021	2020
Penalty on rentals	4,148,619	2,550,257
Gain/loss on sale/disposal	18,619,683	6,932,900
Investment expenses	(34,734,246)	(52,753,429)
Impairment loss - rental and penalty receivable	(12,989,350)	(82,641,770)
	5,686,399,104	3,890,291,913

As at December 31, 2021, there were 109 investment properties sold which generated a net gain of ₱18.620 million.

The impairment loss - rental and penalty receivable decreased from ₱82.642 million in 2020 to ₱12.989 million in 2021 primarily due to the reclassification of rental NCAHFS to Rental IP in 2020. Provision for impairment of the reclassified asset was already provided in 2020, thus minimal impairment loss is recorded in 2021.

Part of the direct operating expenses incurred were for the investment properties generating revenue through lease as at December 31, 2021 and 2020 amounting to ₱25.843 million and ₱47.454 million, respectively.

10. PROPERTY AND EQUIPMENT - NET

This account is composed of the following:

	Land	Land improvement	Buildings and building/leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	Total
Cost						
January 1, 2021	4,543,368,645	19,340,319	1,474,744,980	3,715,142,715	61,744,594	9,814,341,253
Additions	0	0	0	247,978,175	0	247,978,175
Transfers	0	1,373,913	0	0	(1,373,913)	0
Net revaluation increase	2,526,409,955	0	0	0	0	2,526,409,955
Retirement/cancellations/ disposal adjustments	0	0	(15,935,924)	(215,558,386)	0	(231,494,310)
Balance, December 31, 2021	7,069,778,600	20,714,232	1,458,809,056	3,747,562,504	60,370,681	12,357,235,073
Accumulated depreciation,						
January 1, 2021	0	12,745,085	897,745,495	2,478,332,040	0	3,388,822,620
Depreciation Expense	0	1,208,507	31,275,165	317,570,713	0	350,054,385
Retirement/cancellations/disposal/adjustments	0	0	(14,927,476)	(197,311,766)	0	(212,239,242)
Balance, December 31, 2021	0	13,953,592	914,093,184	2,598,590,987	0	3,526,637,763
Accumulated impairment loss,						
January 1, 2021	0	1,137,050	108,934,119	0	0	110,071,169
Impairment loss/(recovery)	0	(791,206)	(19,533,494)	0	0	(20,324,700)
Accumulated impairment loss, December 31, 2021	0	345,844	89,400,625	0	0	89,746,469
Carrying amount, December 31, 2021	7,069,778,600	6,414,796	455,315,247	1,148,971,517	60,370,681	8,740,850,841

	Land	Land improvement	Buildings and building/leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	Total
Cost						
January 1, 2020	4,543,368,645	19,340,319	1,511,736,808	3,519,858,077	58,260,148	9,652,563,997
Additions	0	0	0	355,854,418	12,808,539	368,662,957
Transfers	0	0	9,254,546	0	(9,254,546)	0
Retirement/cancellations/disposal/adjustments	0	0	(46,246,374)	(160,569,780)	(69,547)	(206,885,701)
Balance, December 31, 2020	4,543,368,645	19,340,319	1,474,744,980	3,715,142,715	61,744,594	9,814,341,253
Accumulated depreciation,						
January 1, 2020	0	11,691,205	911,782,262	2,395,600,560	0	3,319,074,027
Depreciation Expense	0	1,053,880	32,209,607	233,225,969	0	266,489,456
Retirement/cancellations/disposal/adjustments	0	0	(46,246,374)	(150,494,489)	0	(196,740,863)
Balance, December 31, 2020	0	12,745,085	897,745,495	2,478,332,040	0	3,388,822,620
Accumulated impairment loss,						
December 31, 2020	0	1,137,050	108,934,119	0	0	110,071,169
Carrying amount, December 31, 2020	4,543,368,645	5,458,184	468,065,366	1,236,810,675	61,744,594	6,315,447,464

Among the Property and Equipment, only land is subject to revaluation. Revaluation was performed by an independent appraiser as at December 31, 2021. Any increase in the value of the land as a result of revaluation is recorded under other comprehensive income and property revaluation reserves under equity, while a decrease is recognized in profit or loss to the extent that it exceeds any amount previously credited to property valuation reserve. The balance of the property revaluation reserves as at December 31, 2021 and 2020 is ₱6.573 billion and ₱4.046 billion, respectively, and is not subject to any appropriations as at end of the reporting period.

If land were stated on the historical cost basis, its carrying amount as at December 31, 2021 and 2020 is ₱534.062 million.

Rental income from a portion of five property and equipment under a cancellable lease agreement as at December 31, 2021 and December 31, 2020, which amounted to ₱7.776 million and ₱9.514 million, respectively, were included in the Statement of Comprehensive Income. The portion under lease cannot be sold separately and is insignificant, thus, remains as Property and Equipment.

As at December 31, 2021 and 2020, the total carrying amount of fully depreciated property and equipment that are still in use are ₱96.605 million and ₱92.102 million, respectively.

II. INTANGIBLE ASSETS - NET

This account is composed of the following:

	2021	2020
Cost		
Balances at beginning of year	774,589,060	791,568,029
Additions	21,433,293	541,000
Retirement/disposals/cancellation	(414,076)	(17,519,969)
Balances at end of year	795,608,277	774,589,060
Accumulated amortization		
Balance at beginning of year	585,814,761	546,045,214
Amortization charge for the period	40,317,779	45,454,897
Retirement/disposals/cancellation	(414,076)	(5,685,350)
Balances at end of year	625,718,464	585,814,761

	2021	2020
Accumulated impairment loss		
Balances at beginning of year	49,896,000	49,896,000
Retirement/disposals/cancellation	0	0
Balances at end of year	49,896,000	49,896,000
Net book value at end of year	119,993,813	138,878,299

Intangible assets with definite and indefinite life include both computer software and licenses. The carrying amount of intangible assets with indefinite life as at December 31, 2021 and 2020 is ₱60.699 million. All intangibles with definite life are amortized either over a period of five years or with 20 per cent annual amortization rate. As at December 31, 2021 and 2020, the total cost amount of fully amortized intangible assets that are still in use are ₱608.105 million and ₱481.518 million, respectively.

12. RIGHT-OF-USE ASSETS

This account is composed of the following:

	2021	2020
Cost		
Balances at beginning of year	1,274,408,489	1,130,362,431
Additions	194,445,097	149,950,447
Retirement/cancellations/disposal/adjustments	(84,972,072)	(5,904,389)
Balances at end of year	1,383,881,514	1,274,408,489
Accumulated depreciation		
Balances at beginning of year	461,871,757	219,478,261
Depreciation Expense	264,612,273	245,041,597
Retirement/cancellations/disposal/adjustments	(79,134,955)	(2,648,101)
Balances at end of year	647,349,075	461,871,757
Carrying amount at end of year	736,532,439	812,536,732

The SSS recognizes the ROU Assets for the right to use the underlying leased assets. ROU assets are depreciated each year on a straight-line basis over the term of the lease (see Note 15).

13. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2021	2020
Deposits	99,462,696	97,766,937
Other assets	316,437,275	292,791,091
	415,899,971	390,558,028
Allowance for impairment - other assets	(71,876,036)	(72,377,567)
	344,023,935	318,180,461

Deposits account is recognized for the amount of deposits for telephone lines, water connection services, meter deposits, and office rental deposits.

Other assets account consists of fire insurance premium (FIP) and mortgage redemption insurance (MRI) advanced by SSS for properties mortgaged to the SSS. The decrease in the allowance for impairment is due to full payment of housing loan accounts.

14. FINANCIAL LIABILITIES

This account consists of the following:

	2021	2020 As restated
Current financial liabilities		
Accounts payable	1,307,017,190	1,799,398,466
Accrued operating expenses	2,479,334,937	1,759,689,684
Accrued benefit payable	450,844,145	912,533,570
Claims pay-out payable	3,209,196	3,709,491
	4,240,405,468	4,475,331,211
Non-current financial liabilities		
Operating lease payable	0	1,422,339
	4,240,405,468	4,476,753,550

Accounts payable and *accrued operating expenses* comprise of SSS' obligations payable to members, suppliers, employees and officials and loan overpayments for refund to member-borrowers.

Accrued benefit payable represents the SSS obligation to members for retirement pension benefit claims which is recognized using accrual basis of accounting. This includes the accrual of benefit expenses for retirement and disability pension benefits based on the policy approved under SSC Resolution No. 161-s.2021 dated April 8, 2021.

Claims pay-out payable pertains to unpaid insurance claims of policyholders composed of Premium Liability, Fire/earthquake claims IBNP and incurred but not yet reported (see Note 27).

15. LEASE PAYABLE

This account represents the lease liability for the right to use the underlying lease asset up to the end of the lease contract in accordance with PFRS 16, details follow:

	2021	2020
Beginning Balance, January 1	883,933,700	960,672,692
Set-up/Additions	194,445,097	149,950,447
Lease payments	(242,863,342)	(221,093,466)
Retirement/Cancellation/Adjustments	(10,963,876)	(5,595,973)
Ending balance, December 31	824,551,579	883,933,700
Current lease liabilities	232,114,952	156,254,268
Non-current lease liabilities	592,436,627	727,679,432

The associated right-of-use assets are measured at the amount equal to the lease liability at initial set-up, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	2021	2020
ROU Assets		
Beginning balance, January 1	812,536,732	910,884,170
Set-up/Additions	194,445,097	149,950,447
Retirement/Cancellation/Adjustments	(5,837,117)	(3,256,288)
Depreciation	(264,612,273)	(245,041,597)
Net carrying amount, December 31	736,532,439	812,536,732

SSS as a lessee maintains 138 lease contracts with variable terms ranging from more than one year to 10 years that are recognized as assets and liability, while two contracts with terms of less than one year are recognized as operating lease.

RA No. 11469 or Bayanihan 1 and RA No. 11494 or Bayanihan 2 were enacted granting the President of the Philippines additional authority to combat the COVID-19 pandemic. Recognizing that jobs and operations are disrupted as a consequence of the community quarantine, one of the economic reliefs provided is the concession of residential and commercial rental fees. SSS as a lessee was given rent reprieves and discounts by the lessors of Angeles and Lemery Branch Offices. Angeles Branch Office's lessor granted SSS free rent from March 17 to May 17, 2020, while Lemery Branch Office's lessor granted free rent from March 16 to April 30, 2021, 75 per cent discount in May 2020 and 50 per cent discount from June to August 2020. No more discounts were given in CY 2021.

16. INTER-AGENCY PAYABLES

This account is composed of the following:

	2021	2020
Due to BIR	83,442,363	102,811,404
Due to GSIS	98,370,770	64,895,851
Due to PhilHealth	8,949,775	11,124,275
Due to Pag-IBIG	9,139,913	9,600,302
Due to SSS	3,861,510	83,180
Due to LGU	69	0
	203,764,400	188,515,012

This account includes withholding taxes, contributions to GSIS, Philippine Health Insurance Corporation (PHIC), HDMF and loan amortization due to SSS which were deducted from the payroll of SSS employees.

Due to BIR includes among others, value-added tax (VAT) payable, other taxes withheld for remittance and over remittance in CY 2021 for offsetting in the January 2022 remittance. The VAT exemption of SSS was repealed by Section 86 of RA No. 10963, also known as the Tax Reform for Acceleration and Inclusion (TRAIN) effective January 1, 2018.

17. TRUST LIABILITIES

This account is composed of the following:

	2021	2020
Trust liabilities	596,949,682	712,530,850
Guaranty/security deposits payable	243,238,506	242,842,670
Customers' deposits payable	248,885,124	246,293,690
	1,089,073,312	1,201,667,210

Trust liabilities consist of the following:

	2021	2020
Funds held in trust		
Officials and employees	538,050,990	469,675,201
Borrowers and other payors	39,373,849	23,878,611
Suppliers and creditors	2,550,433	3,092,090
Small business wage subsidy (SBWS) related	566,897	199,124,435
Flexi-fund	11,793,332	10,323,877

	2021	2020
SSS provident fund and medical insurance	3,877,332	5,699,787
Dividends - stock investment loan program	649,767	649,767
Educational loan fund - DECS	87,082	87,082
	596,949,682	712,530,850

Funds held in trust (FHT) from officials and employees include amounts deducted from employees' payroll other than mandatory deductions such as provident fund contributions, loan amortization repayments, association dues, etc. and are remitted the following month to private entities. It also includes, among others, the amounts deducted from their separation/retirement claims for the benefits received but subsequently disallowed in audit which as at December 31, 2021 and 2020, amounted to ₱507,830 million and ₱435,647 million, respectively. This is done to ensure collection once the pending appeal in court or with the Commission on Audit (COA) will result in an unfavorable decision and disallowances become final and executory. However, in the event that the Supreme Court or COA decision is in favor of SSS and its employees, the amount withheld from these retired employees will be returned in full. The total amount of ₱25,050 million have been returned to retired/separated employees from NCR branches in view of the final decision of the Supreme Court En Banc under G.R. No. 243278 promulgated on November 3, 2020 and received by SSS on May 7, 2021 for the Notice of Disallowance (ND) No. 2012-07 dated June 13, 2012.

FHT from borrowers and other payors are rental deposits received from tenants, and surety bonds from collecting agents and are refunded after expiration of the contract.

FHT from suppliers and creditors are payments of liquidated damages from suppliers and contractors with protest and sale of bid deposits to bidders. Amounts are utilized or refunded to suppliers if the protest is reconsidered and approved. Collections on sale of bid deposits are utilized for payment of expenses of the Bids and Awards Committee (BAC) such as the payment of honoraria to BAC members. Unutilized amounts are recorded as miscellaneous income.

SSS provident fund and medical insurance represents the SSS' share in the premium contribution and medical insurance of employees and officials and foreign representatives, respectively.

The SBWS fund represents a joint program of the DOF, SSS and BIR. The SBWS aims to provide a monthly wage subsidy of ₱5,000 to ₱8,000 each for two months to around 3.4 million eligible employees of small businesses affected by the economic standstill after separate quarantine measures were imposed nationwide in March 2020 to stop the further spread of the COVID-19, with DBM approved budget of ₱51 billion. A total of 3,101,685 members became beneficiaries of the SBWS program. As at December 31, 2021, unutilized funds amounting ₱5.666 billion including interest earned were returned to the Bureau of Treasury.

Guaranty/security deposits payable are composed of bidder's deposits, performance or cash bonds and retention money from collecting agents and/or winning bidders in the procurement of goods and services, infrastructure and consultancy services.

Customers' deposits payable are rental deposits made by tenants leasing SSS properties.

18. DEFERRED CREDITS/UNEARNED INCOME

This account consists of the following:

	2021	2020
Current		
Deferred credits - Output tax	799,975	0
Unearned rental income	87,987,704	76,721,000
	88,787,679	76,721,000
Non-current		
Unearned income - Unrealized gain-bond	302,210,840	329,061,510
	390,998,519	405,782,510

The output tax is the VAT of SSS for its properties under lease while unearned rental income represents advance rental payments from tenants of SSS properties.

The non-current unearned income represents profit recognized from SSS participation in the Republic of the Philippines Domestic Debt Consolidation Program (Bond Exchange) 2011 and 2014, and Liability Management Program (Bond Exchange) 2015 amortized over the term of the new Benchmark Bonds.

19. PROVISIONS

This account consists of the following:

	2021	2020
Pension benefits payable	759,077,316	478,496,400
Leave benefits payable	1,123,994,445	1,169,992,326
Retirement gratuity payable	28,691,057	28,691,057
Other provisions	222,240,169	264,702,133
	2,134,002,987	1,941,881,916

Pension benefits payable represent the accrual of compulsory retirement benefit pension already entitled but not yet filed or IBNR based on the policy guidelines set forth in Note 2.13.

Leave benefits payable represents the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized once a year and the balance payable upon resignation/retirement. As at December 31, 2021, there were 2,681

employees who availed of the monetization of leave credits with a total amount of ₱128,576 million.

Retirement gratuity payable is available to qualified employees under any one of RA No. 1616, RA No. 660 and RA No. 8291. Under RA No. 1616, SSS, as the last employer of the qualified employees, pays the gratuity benefit of those who opt to retire under the said law. Benefits under RA No. 660 and RA No. 8291 are paid by GSIS. Thus, the liability only pertains to RA No. 1616.

Other provisions include Retirement Incentive Award (RIA) given to employees with at least 20 years of creditable service and are entitled to ₱5,000 for every year of service upon retirement. As at December 31, 2021, 273 employees were given RIA in the total amount of ₱47,184 million.

The provision of the SSS' defined benefit obligation is prepared in accordance with the PAS 19. The defined benefit obligations represent the SSS' liabilities for the post-employment benefits of its employees. It is calculated using the Projected Unit Credit (PUC) Method, the valuation method prescribed under PAS 19. Using this method, the present value of SSS' defined benefit obligations and related current service costs were calculated with the assumption that each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation.

Aside from financial assumptions, demographic assumptions were also used in the calculations. These include the assumptions on mortality, disability, and turnover/separation of the employees. The mortality assumptions refer to the probability of death of an employee while the disability assumptions refer to the probability of an employee being disabled. The employee turnover assumptions take into account the probability of an employee leaving employment due to causes other than death (e.g., resignation, retirement, etc.).

Other provisions also include liability for mortgage redemption insurance for housing and real estate loans amounting to ₱1.361 million and ₱1.419 million CY 2021 and CY 2020, respectively (see Note 27).

20. INSURANCE CONTRACT LIABILITY

	2021	2020
Social Security Fund (SSF)	7,591,297,256,633	6,734,089,235,597
Employee's Compensation (EC) Fund	38,283,091,820	23,131,055,080
	7,629,580,348,453	6,757,220,290,677

Insurance contract liability (ICL) is a social benefit liability (SBL) recognized in compliance with DOF's policy directive requiring government insurance institutions (GIIs) falling under its supervision to adopt PFRS 4, the adoption of which was approved by the SSC under Resolution No. 123-s.2021 dated March 10, 2021. It is computed based on six per cent discount rate considering SSS' past investment performance, which considered the following: (a) past performance of SSS' investment assets; (b) collectability of its loan receivables; and (c) forward-looking view of the portfolio performance or outlook on SSS' investments and market conditions.

ICL is the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. Actuarial valuation methodology and assumptions are discussed in Note 22.

21. OTHER PAYABLES

This account is composed of undistributed collections as follows:

	2021	2020
Current		
Member loans collection	615,584,146	671,036,222
Sales Contract Receivable (SCR) collections	94,359,462	56,046,853
OFW collections	45,764,809	89,068,802
Undistributed collections	1,373,898	51,746,331
Real estate loans collection	143,308	14,560,934
Rental collection	135,194	0
Employees' housing loan program	0	80,520
	757,360,817	882,539,662
Non-current		
Other payables	50,000,000	50,000,000
	807,360,817	932,539,662

On member loans collection, the balance of unposted collections for CY 2021 amounting to ₱615,584 million was lower than CY 2020 unposted collections by ₱55,452 million or 8.26 per cent because the SSS has undertaken various efforts to address the posting issues and expedited the reconciliation process through (1) enhancing computer programs and systems, (2) continuous sending and monitoring of No Collection List and Unbalance Transactions to branches, (3) regular clean-up of unpostables and reconciliation and (4) improved frequency of generating the Actual Distribution of payments in the enhanced Loan Management System on a semi-monthly basis.

Undistributed collections for SCR are collections for the sale of acquired assets that have not yet been posted to individual buyers' account pending receipt of documents of approved sale. These consist of down payments and monthly amortizations.

OFW collections are remittances from OFWs which are unidentified as of the date of remittance and are reclassified after validation. The decrease in OFW collections amounting to ₱43,304 million of foreign deposits which are already validated and identified were reclassified to proper accounts.

The *Undistributed collections* accounts always carry respective balances at the end of any given period. These are collections of loan amortizations and contributions that have not yet been posted to individual members or borrowers and other accounts pending receipt of collecting agencies'/employers' documents and actual distribution of collections and payments whose nature are not indicated by payors.

Since November 2020, SSS has been sending loan billing notices to member-borrowers and employers. This loan billing statement or notice contains a corresponding PRN as part of the Real-Time Processing of Loans (RTPL) program. Individual members and employers must present the PRN when paying at SSS branches with Automated Telling System or any RTPL-compliant partner. The PRN helps facilitate the immediate and correct posting of loan payments matched to their loan accounts.

The non-current portion of *Other Payables* represents the ₱50.0 million seed money to fund the initial investment activities of the PESO fund. The SSC in its Resolution No. 140-s.2021 dated March 24, 2021, approved the extension of the use of the money until the liquidation of the SSS PESO Fund upon the implementation of the new Voluntary Provident Fund Program.

22. EQUITY

The SSS' Equity consists of the following:

	2021	2020 As restated
Reserve fund	(6,951,136,953,816)	(6,106,279,980,864)
Cumulative changes in fair value	(9,167,674,519)	(23,809,882,311)
Revaluation surplus	6,572,652,754	4,046,242,799
Members' equity	16,863,603,589	1,281,698,533
	(6,936,868,371,992)	(6,124,761,921,843)

22.1 Reserve fund

The reserve fund consists of the following:

	2021	2020 AS RESTATED
Reserve fund/Retained earnings	678,447,913,254	650,943,967,536
Reserved fund - policy reserves	(7,629,584,867,070)	(6,757,223,948,400)
	(6,951,136,953,816)	(6,106,279,980,864)

The SSS has recognized a net profit of ₱28.446 billion for the year ended December 31, 2021, before the recognition of net change in policy reserves of ₱872.360 billion, due to adoption of PFRS 4 and as at that date, total assets amounted to ₱702.402 billion. However, as described in *Note 20*, there is a significant increase in liability as the SSS recognized the social benefit liability to its members.

Management believes that the payment of benefits will remain as usual and is confident that it will operate until 2054 as projected by Actuarial experts. The implementation of the new contribution rates and the increase in the Monthly Salary Credit to ₱25,000 effective January 01, 2021 helped sustain its operations and that will be sufficient to meet operational requirements. Furthermore, under RA No. 11199, otherwise known as the Social Security Act of 2018, Section 21, the Philippine Government guarantees that all the benefits prescribed in the RA shall not be diminished and it accepts general responsibility for the solvency of the System.

Management acknowledges that uncertainty remains over the ability of SSS to meet its funding requirements to pay its members' benefits and operational expenses. However, as described above, Management has a reasonable expectation that the SSS has adequate resources to continue in operational existence for the foreseeable future.

Investment Reserve Fund (IRF)

All revenues of SSS that are not needed to meet the current administrative and operational expenses are accumulated in the reserve fund. Such portion of the reserve fund that is not needed to meet the current benefit obligations is known as the IRF which the SSC manages and invests with the skill, care, prudence and diligence necessary to earn an annual income not less than the average rate of treasury bills or any other acceptable market yield indicator in any or in all of the undertaking, under such rules and regulations as may be prescribed by the SSC.

No portion of the IRF or income thereof shall accrue to the general fund of the NG or to any of its agencies or instrumentalities, including government-owned or controlled corporations, except as may be allowed under the SS Act of 2018. It also provides that no portion of the IRF shall be invested for any purpose or in any instrument, institution or industry over and above the prescribed cumulative ceilings as follows: 60 per cent in private securities, 5 per cent in housing, 30 per cent in real estate related investments, 25 per cent in short and medium-term member loans, 30 per cent in government financial institutions and corporations, 15 per cent in any particular industry, 7.5 per cent in foreign-currency denominated investments, 5 per cent in private-sponsored infrastructure projects without guarantee, 5 per cent in private and government-sponsored infrastructure projects with guarantee, and 5 per cent in private and government-sponsored infrastructure projects.

As at December 31, 2021, all investment categories are within the SSS charter limits of RA No. 11199.

Actuarial Valuation of the reserve fund of the SSS

The SS Act of 2018 requires the SSS Actuary to submit a valuation report every three years or more frequently as may be necessary, to determine the actuarial soundness of the reserve fund of the SSS and to recommend measures on how to improve its viability.

The reserve fund is affected by (a) changes in demographic factors (such as increased life expectancy, ageing of population, declining fertility level and delay

in retirement) and (b) the economic conditions of the country. Economic factors on which assumptions are made include interest rates, inflation rates and salary wage increases. With these and other assumptions, and taking into account the uncertainty of future events, the liability and life of the fund are projected.

The latest 2019 Actuarial Valuation of the Social Security Fund (SSF) adheres to the International Standard of Actuarial Practice 2 - Financial Analysis of Social Security Programs as issued by the International Actuarial Association (IAA). This standard has been supported within the International Social Security Association (ISSA) and the International Labour Organization (ILO). It provides actuaries performing the valuation of social security programs the guidance to give intended users confidence that actuarial services are carried out professionally and with due care; the results are relevant to their needs and are presented clearly and understandably; and the assumptions and methodology used are disclosed appropriately. It also promotes the development of consistent actuarial practice for social security programs throughout the world.

The Actuarial Valuation estimates the SSF life and liabilities using an **open group projection method**, where members who will join the System in the future are considered in the projection of revenues and expenditures. The SSS program, as with other social security schemes, was designed such that the contributions of the current paying members fund the benefits of the current pensioners; hence, there is income transfer across generations. With the continuous membership of future generations into the System, the benefits of the current and future pensioners are continuously funded by the contributions of the former; hence, the open-group projection method is appropriate in assessing the sustainability of the SSS program.

SSS has transitioned to PFRS 4 on the reporting of its financial condition, starting with the 2020 Financial Statements. Valuation standards set by the Insurance Commission are to be applied, where the life insurance policy reserve shall be valued, where appropriate, using gross premium valuation. Unlike the open group projection method used in the Actuarial Valuations, the gross premium valuation applies a **closed group projection method**, which only considers the existing members up to end of reporting date while continuing their contribution up to a certain date. The liability computed with this approach is highly theoretical, as it is only truly meaningful for a program that is intended to be fully funded. Nevertheless, it provides an insight as to the magnitude of the liability of a program that is designed to be partially funded, such as the SSS program.

In the gross premium valuation used under the closed group projection method, the **Social Benefit Liability (SBL)** is computed as the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. In contrast, under the open group projection method, assets are deducted from the SBL to estimate the unfunded liability.

The Valuation using the closed group projection method was conducted for the reporting date of December 31, 2019, December 31, 2020, and December 31, 2021. The cut-off date for actual membership and demographic data is December 31, 2018. These existing members together with new entrants up to the end of reporting date, who continue their contribution up to a certain date, were considered in the projections.

As shown in the following table, the computed social benefit liabilities at a discount rate of 6 per cent are computed at ₱6.273 trillion as of December 31, 2019, ₱6.734 trillion as at December 31, 2020 and ₱7.591 as at December 31, 2021.

Social Security Fund Summary of Social Benefit Liability (Amount in Trillion Pesos)			
	As at December 31, 2019	As at December 31, 2020	As at December 31, 2021
Social Benefit Liability at 6% discount rate	6.273	6.734	7.591

Meanwhile, the comparison of the liabilities computed under the open and closed group projection methods is presented in the following table.

2019 Actuarial Valuation Social Security Fund Comparison of Key Projection Results Open Group versus Closed Group (Amount in Trillion Pesos)		
Key Projection Results	Open Group	Closed Group
Year of Reserve Exhaustion	2054	
Year Net Revenue Becomes Negative	2045	
Liability Computation		
(Discount rate = 6 per cent)	(As at Dec. 31, 2021)	(As at Dec. 31, 2021)
Social Benefit Liability	6.874	7.591
Reserves	0.626	
Unfunded Liability	6.248	

The valuation of a social security scheme, which is usually made using the open-group method, has financial indicators as outputs that provide information on the future evolution of costs and on the capacity of the scheme to support them in the long term. One such financial indicator is the year of reserve exhaustion, which presents the number of years the scheme may continue to operate without any changes being made to the legislated contribution rate.¹ For the SSF, this year is projected to be in 2054.

¹ Pierre Plamondon, et al., *Actuarial Practice in Social Security* (Geneva: International Labor Organization, 2002).

The SBL as of December 31, 2021 is at ₱7.591 trillion, computed using the closed group method. Meanwhile, using the open group method, the liability is at ₱6.874 trillion. As expected of a partially funded program, the liability under the closed group method is larger than that from the open group method.

Instead of a seriatim approach, these projections apply a portfolio approach, which works to the advantage of SSS considering the magnitude of its membership data. Lapse assumptions are implicitly considered as well, in the form of density assumptions, probability of contribution payment in a given year, and movement among contributing and non-contributing groups. Margin for Adverse Deviation (MfAD) was applied, as the conservative scenario of the Valuation was used as basis in the liability computations. Meanwhile, these projections already incorporated the scheduled contribution increases up to 15 per cent in 2025 as mandated by RA No. 11199 (Social Security Law of 2018). Note that the projections do not reflect yet the potential impact of the COVID-19 pandemic on the SSS social security program.

The magnitude of the liabilities was caused in part by a structural imbalance, brought about by the mismatch of the increases in pension, monthly salary credit (MSC) ceiling and contribution rate. During the period from 1980 to 2016, pensions were increased through across-the-board pension increases of up to 20 per cent (22 times) and increases in minimum pension amount through RA No. 8282; MSC ceiling was also increased 12 times. The contribution rate, on the other hand, only increased 4 times during the same period, from 8 per cent to 8.4 per cent in 1980, 8.4 per cent to 9.4 per cent in 2003, then to 10.4 per cent in 2007, and finally to 11 per cent in 2014.

The effect of demographic change on the fund should also be recognized, as there may not be enough contributors remitting to pay all the expenses and benefits of the growing number of pensioners due to declining population growth rate and lengthening life spans.

To address these and other issues on the viability of the reserve fund, actuarial valuations and other studies are conducted regularly, the results of which serve as basis of recommendations for policy reforms. The recommendations mentioned in the valuations include raising the contribution rate, improving the contribution collection, increasing the minimum and maximum MSC, revisiting the pension formula, reviewing the qualifications for eligibility for long-term benefits, raising the retirement age, and exploring other means to improve the adequacy of benefits. Further, reform packages and other measures shall be formulated, which simultaneously address the interest of the stakeholders of SSS: benefit adequacy for current pensioners, and financial sustainability for future pensioners, who are now active contributors of the SSS.

Actuarial Valuation of the Reserve Fund of Employees' Compensation (EC)

SSS manages the Employees' Compensation Program (ECP), which provides social protection against work-related sickness, injury or death, for private sector workers and household helpers who are compulsory members of SSS. Starting 2019, self-employed members were added to the coverage of the program. With the ECP providing coverage to the same members covered under the SS Law, the Actuarial Valuation of the Social Security (SS) Fund then serves as basis for the conduct of the EC Actuarial Valuation. The data, actuarial bases and assumptions, as well as methodology used in the EC Actuarial Valuation are similar to that used in the SS Actuarial Valuation.

The 2019 EC Actuarial Valuation is the latest conducted valuation, which was used as basis for the computation of liabilities. This 2019 EC Actuarial Valuation was based on the 2019 SS Actuarial Valuation.

Similar to the SS Actuarial Valuation, the EC Actuarial Valuation applies the **open group projection method**, where members who will join the System in the future are considered in the projection of revenues and expenditures.

In the transition of the reporting of the financial condition to PFRS 4, the liability for the EC Fund is computed using the same methodology that was applied to that of the SS Fund. In particular, the closed group projection approach of gross premium valuation was applied, where the members that were considered are only those existing members up to the end of reporting date while continuing their contribution up to a certain date. The reporting dates considered were December 31, 2019, December 31, 2020, and December 31, 2021.

The 2018 data on SSS employed members and household helpers was used for the EC Valuation. To apply the closed group methodology in this EC Valuation, new entrants who enter up to year 2019, 2020 or 2021 were included, as applicable to the reporting date. Starting 2019, self-employed members were included in the projections.

The following table presents the computed liability of ₱22.569 billion as of December 31, 2019, ₱23.131 billion as of December 31, 2020, and ₱38.283 billion as of December 31, 2021, at a discount rate of 6 per cent.

Employees' Compensation Fund Summary of Social Benefit Liability (Amount in Billion Pesos)

	As at December 31, 2019	As at December 31, 2020	As at December 31, 2021
Insurance Contract Liability at 6% discount rate	22.569	23.131	38.283

The comparison of the liabilities computed under the open and closed group projection methods is presented in the following table.

2019 EC Actuarial Valuation Comparison of Key Projection Results Open Group Versus Closed Group (Amount in Billion Pesos)

Key Projection Results	Open Group	Closed Group
Year of Reserve Exhaustion	Beyond 2080	

2019 EC Actuarial Valuation Comparison of Key Projection Results Open Group Versus Closed Group (Amount in Billion Pesos)		
Key Projection Results	Open Group	Closed Group
Year Net Revenue Becomes Negative	Beyond 2080	
Liability Computation		
(Discount rate = 6 per cent)	(As at Dec. 31, 2021)	(As at Dec. 31, 2021)
Social Benefit Liability	10.676	38.283
Reserves	24.295	
Unfunded Liability	(13.619)	

For the EC Fund, the year of reserve exhaustion is projected to be beyond 2080.

The SBL as of December 31, 2021 is at ₱38.283 billion, computed using the closed group method. Meanwhile, using the open group method, the liability is at ₱10.676 billion. As expected of a partially funded program, the liability under the closed group method is larger than that from the open group method.

Instead of a seriatim approach, these projections apply a portfolio approach, which works to the advantage of SSS considering the magnitude of EC membership data. Lapse assumptions are implicitly considered as well, in the form of density assumptions, probability of contribution payment in a given year, and movement among contributing and non-contributing groups. Margin for Adverse Deviation (MfAD) was applied, as the conservative scenario of the Valuation was used as basis in the liability computations. Meanwhile, these projections already incorporated the impact of SS Act of 2018, coverage of the self-employed, EO No. 33 and EO No. 54.

22.2 Revaluation surplus

Revaluation surplus is the result of revaluation of land under property and equipment. The balance represents the excess of revaluation/appraisal value over the book value of the revalued asset. The revaluation surplus amounted to ₱6.573 billion and ₱4.046 billion as at December 31, 2021 and 2020, respectively.

22.3 Members' equity

This account consists of the following:

	2021	2020
Mandatory provident fund	15,484,997,775	0
Flexi fund	1,245,784,042	1,164,691,900
PESO fund	132,821,772	117,006,633
	16,863,603,589	1,281,698,533

The SSS, in pursuit of its mission under RA No. 11199, otherwise known as the SS Act of 2018, to promote social justice through savings and advance the value of "work, save, invest and prosper" and SSC Resolution No. 458-s. 2020 dated September 09, 2020 approved the implementation of the Mandatory Provident Fund (MPF) Program for SSS members effective January 01, 2021. The program which is known as the Workers' Investment and Savings Program (WISP) consists of contributions of employers and employees, self-employed, OFW and voluntary members, based on monthly salary credit (MSC) in excess of ₱20,000 up to the prescribed maximum MSC, and their earnings. The program aims to provide SSS members with a convenient and tax-free savings scheme for payment of benefits to such members or their beneficiaries in addition to the benefits provided under RA No. 11199.

Members' equity is also composed of the contributions and guaranteed earnings of Flexi Fund and PESO Fund members. Guaranteed earnings are computed based on SSS' short term peso placement rate or 91-day Treasury Bill rate, whichever is higher for Flexi Fund, and for PESO Fund, based on the 5-year Treasury Bond rate and 364-day Treasury Bill rate.

22.4 Cumulative changes in fair value

	2021	2020 As restated
Balance, January 1	(23,809,882,311)	(31,501,686,059)
Net gain (loss) arising on revaluation of financial assets at FVTOCI	14,642,207,792	7,691,803,748
Balance, December 31	(9,167,674,519)	(23,809,882,311)

The unrealized gain/(loss) from changes in fair value represents the investments revaluation reserves arising on the revaluation of financial assets that have been recognized in other comprehensive income.

23. SERVICE AND BUSINESS INCOME

This account is composed of the following:

	2021	2020 As restated
Members' contributions	225,648,375,466	205,697,219,568
Interest income	21,164,523,170	21,410,227,409
Dividend income	3,730,308,666	4,005,185,841
Fines and penalties - business income	3,177,763,026	3,549,293,191
Rent/lease income - investment properties	1,183,610,613	1,111,175,653
Income from acquired/foreclosed assets	14,383,180	16,662,136

	2021	2020 As restated
Management fees	11,647,182	11,016,493
Other business income	383,474,727	606,192,786
	255,314,086,030	236,406,973,077

The service and business income for CY 2021 amounting to ₱255.314 billion was higher than CY 2020 revenue by ₱18.907 billion or 8 per cent mainly due to the increase in contribution rates.

Starting January 1, 2021, the contribution rate increased by one per cent, from the current 12 per cent to 13 per cent. For employed members, including OFW members in countries with Bilateral Labor Agreements with the Philippines, and sea-based OFW members, the additional one per cent is divided equally between them and their employers.

Likewise, the minimum MSC was adjusted to ₱3,000 from ₱2,000, except for Kasambahay and OFW members whose minimum MSC will remain at ₱1,000 and ₱8,000, respectively, while the maximum MSC was raised to ₱25,000 from ₱20,000. The MSC to be considered for the computation of benefits under the regular social security program is capped at ₱20,000.

The SSS, as part of its corporate social responsibility, provided the Pandemic Relief and Restructuring Programs for the benefit of SSS members and employers affected by the COVID-19 pandemic.

- SSC Resolution No. 444-s.2021 dated September 1, 2021 and pursuant to Section(4)(a)(1) in relation to Section 22(a) of the Social Security Act of 1918 approved the Pandemic Relief and Restructuring Program 1 - Nationwide implementation of the extension of deadline of Contributions for applicable month of July from August 31, 2021 to September 30, 2021.
- SSC Resolution No. 524-s.2021 dated October 13, 2021 and 557-s.2021 dated November 3, 2021, approved the Pandemic Relief and Restructuring Program 2 - Condonation of Penalties on Social Security Contributions. Availment period is from November 2021 to April 2022.
- SSC Resolution No. 466-s.2021 dated September 15, 2021, approved the ECC and SSS Joint Circular on the Pandemic Relief and Restructuring Program 3 - Enhanced Installment Payment Program. Availment period is from November 2021 to October 2022.

Interest income is derived from the following SSS investments:

	2021	2020 As restated
Bonds investments		
FA at FVTPL	1,164,239,309	994,894,400
FA at FVTOCI	2,471,764,720	2,632,154,029
FA at amortized cost	11,543,473,341	13,601,052,759
	15,179,477,370	17,228,101,188
Loans and receivables	5,490,060,149	3,489,195,439
Current/savings/term deposits	420,257,963	607,557,372
Time deposits/treasury bills	0	5,645,958
Others	37,617,688	73,542,452
	21,127,413,170	21,404,042,409

Other business income includes the following:

	2021	2020 restated
Rental/Penalty Income-Operating Assets	8,088,550	10,913,250
Inspection Fees-REL	1,000	0
Pre-Termination Fee-Flexi-Fund	5,209	11,483
Income from ID Replacement	9,571,767	20,142,209
Fire Insurance Premium	4,397,598	5,078,142
Service Fee-Salary Loan	323,487,630	534,887,345
Rebate of management fees	37,922,973	35,160,357
	383,474,727	606,192,786

24. GAINS

This account consists of the following:

	2021	2020 As restated
Gain from changes in fair value of financial instruments	10,001,098,877	9,958,501,994
Gain from changes in fair value of investment properties	7,693,934,051	6,651,334,489
Gain on sale/redemption/transfer of investment	1,127,664,127	1,575,788,085
Gain on sale of investment properties	19,150,928	7,447,765
Gain on sale/disposal of property and equipment	3,181,451	716,809
Gain on foreign exchange (FOREX)	31,796,556	297,636
	18,876,825,990	18,194,086,778

Fair value adjustment of financial instruments for CY 2021 at ₱10.001 billion is higher than the CY 2020 gain by ₱42.597 million, mostly due to stock market appreciation of equity securities.

Investment properties are remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of the investment properties are included in profit or loss for the period in which they arise.

Gain on sale/redemption/transfer of investments includes realized gain on sale of equity securities, government securities and NCAHFS.

25. OTHER NON-OPERATING INCOME

This account consists of the following:

	2021	2020 As restated
Reversal of impairment loss	1,173,348,799	2,202,817,871
Miscellaneous income	964,835,995	440,536,451
	2,138,184,794	2,643,354,322

The SSS considers certain financial assets to have recovered from impairment losses amounting to ₱1.173 billion due to the enhanced loan collection efforts and digitalization initiatives implemented by SSS. Recoveries/reversal of impairment loss are from the principal, interest and penalties of the following financial assets:

	2021	2020 As restated
Member loans	552,365,551	2,021,770,269
Sales contract receivable	285,857,998	859,534
Loan to NHMFC	141,879,813	0
Corporate notes and bonds	72,714,748	114,735,098
Housing loans	57,668,594	47,994,224
Property and equipment	51,837,287	0
ROPA acquired assets	3,488,532	3,969,481
Collecting banks/agents	3,798,110	10,593,497
Advances - FIP and MRI	2,214,452	1,658,651
Rental receivables	1,323,604	845,304
Other receivables (pension loan, officials & employees)	200,110	391,813
	1,173,348,799	2,202,817,871

Miscellaneous income includes income from car insurance, director's fees, income from SSS dormitory and others, with the following details:

	2021	2020
Director's fee	110,973,108	107,181,568
Income from car insurance	2,503	4,287
Income from SSS dormitory	7,500	35,459
Current/Prior Years' adjustments	853,852,884	333,315,137
	964,835,995	440,536,451

The increase in Current/Prior Years' adjustments amounting to ₱520.538 million is mainly due to the reconciliation of previous year's collection of premium contributions from various collecting partners amounting to ₱399.467 million but only recognized in CY 2021.

26. BENEFIT PAYMENTS

This account represents payments to members and their beneficiaries in the event of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden. Total benefit payments amounted to ₱223.982 billion and ₱194.871 billion, with total number of beneficiaries of 36,898,812 and 33,518,048, for CYs 2021 and 2020, respectively, as follows:

	2021	2020
Retirement	129,938,540,139	115,440,395,522
Death	63,443,066,863	55,704,638,322
Maternity	13,897,985,503	10,494,277,060
Disability	6,289,747,376	6,430,682,592
Funeral grant	5,294,125,744	3,073,451,260
Sickness	4,042,820,078	2,010,912,997
Unemployment	1,069,857,440	1,709,010,067
Medical services	5,843,329	7,489,404
	223,981,986,472	194,870,857,224

Benefit payments of ₱223.982 billion in CY 2021 is higher than last year's benefit payments by ₱29.111 billion or 14.94 per cent due to an increase in the number of claims and grants of ₱20,000 one-time financial assistance to EC pensioners. The COVID-19 pandemic in the country which started in the first quarter of 2020 has prevented most SSS members in filling out benefit claims in the branches. However, on the latter part of the same year, the implementation of online applications and transactions through the MySSS facilitated the timely processing of benefit claims payout.

Administrative Order No. 39-s.2021 dated April 19, 2021, SSC Resolution No. 285-s.2021 dated May 26, 2021, and ECC Board Resolution No. 21-05-19 approved the grant of one-time financial assistance of ₱20,000 to EC pensioners in the private sector with at least

one-month permanent partial disability, permanent total disability or survivorship pension from January 1, 2020 to May 31, 2021.

27. NET CHANGE IN POLICY RESERVES

SSC Resolution No. 123-s. 2021 dated March 10, 2021 approved the adoption of the PFRS 4 in the computation of the ICL for the CY 2020 financial statements and onwards and the use of the discount rate of six per cent.

Net change in policy reserves for CY 2021 is ₱872.360 billion representing 77.88 per cent of the total expenses for the year. This is ₱410.612 billion or 88.93 per cent more than the CY 2020 provision of ₱461.748 billion.

Policy Reserves	2021	2020 As restated
Insurance Contract Liability		
SSF	7,591,297,256,633	6,734,089,235,597
EC-SIF	38,283,091,820	23,131,055,080
Mortgagors' Insurance Account (MIA)	4,570,385	5,128,104
	7,629,584,918,838	6,757,225,418,781
Net Change		
SSF	857,208,021,037	461,186,416,321
EC-SIF	15,152,036,740	561,648,909
MIA	(557,720)	51,767
	872,359,500,057	461,748,116,997

28. PERSONNEL SERVICES

This account is composed of the following:

	2021	2020
Salaries and wages	3,493,641,133	2,876,292,103
Other compensation	1,967,953,966	1,599,734,421
Personnel benefit contribution	1,587,516,717	1,552,674,762
Other personnel benefits	677,922,760	740,123,836
	7,727,034,576	6,768,825,122

Pursuant to RA No. 10149 which mandates the Governance Commission of GOCCs (GCG) to develop a Compensation and Position Classification System (CPCS) for GOCCs, and by virtue of the powers vested in the President of the Philippines, EO No. 150, series of 2021, was signed and approved by the President on October 1, 2021.

Personnel services accounts include the projected amount of ₱1.06 billion representing the differentials in basic salaries, mandatory government contributions and year-end pay for the period October to December 2021 of qualified regular and casual employees in view of the approval of the CPCS which took effect on October 5, 2021 and on the CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022 which came out on January 14, 2022.

Personnel benefit contribution includes Provident Fund which consists of contributions made by both the SSS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs as provided under Section 4.a.3 of the RA No. 11199. The affairs and business of the fund are directed, managed and administered by a Board of Trustees. Upon retirement, death or resignation, the employee or his heirs will receive from the fund payments equivalent to his contributions, his proportionate share of the SSS' contributions and investment earnings thereon.

As at December 31, 2021, SSS has a total of 6,780 regular and casual personnel of which 90 are new employees but net of 292 retired/separated employees.

29. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

This account is composed of the following:

	2021	2020
General services	415,706,451	298,040,563
Repairs and maintenance	258,895,606	154,298,555
Utility expenses	196,339,897	185,458,788
Labor and wages	173,605,631	271,609,882
Communication expense	134,310,843	119,794,829
Professional expenses	91,317,388	73,451,327
Supplies and materials expenses	54,745,595	84,414,882
Taxes, insurance premiums and other fees	27,214,051	23,044,233
Travelling expenses	23,072,189	34,737,165
Training and scholarship expenses	7,998,374	5,919,432
Awards/Rewards, prizes, and indemnities	2,348,245	58,890
Confidential, intelligence and extraordinary expenses	1,119,974	1,133,330
Other MOOEs	298,426,713	250,124,722
	1,685,100,957	1,502,086,598

Other maintenance and operating expenses consist of the following:

	2021	2020
Fees and commission expenses	94,683,581	77,391,199
Subscription expenses	68,193,996	60,371,215
Printing and publication expenses	48,967,906	42,592,396

	2021	2020
Transportation and delivery expenses	33,798,606	6,626,774
Advertising, promotional and marketing expenses	19,473,097	29,546,938
Directors and committee members' fees	15,732,412	14,124,861
Membership dues and contributions to organizations	6,176,691	5,966,986
Rent/lease expenses	5,992,079	7,457,832
Donations	117,575	0
Other maintenance and operating expenses	5,290,770	6,046,521
	298,426,713	250,124,722

30. FINANCIAL EXPENSES

This account is composed of the following:

	2021	2020
Interest expenses - lease liability	55,992,142	63,740,243
Bank charges	36,825,091	12,481,326
Other financial charges	121,277,321	142,523,100
	214,094,554	218,744,669

The SSS recognizes interest expense on the lease liability calculated using the effective interest method in view of the new accounting standard on leases (see Note 2.14).

Other financial charges represent investment related expenses incurred in connection with managing the investment properties, broker's commissions on trading financial assets and other depository maintenance and off-exchange trade fees. It also includes Flexi Fund and PSEO Fund management fees amounting to ₱11.647 million and ₱11.012 million for CY 2021 and CY 2020, respectively.

31. NON-CASH EXPENSES

This account is composed of the following:

	2021	2020
Losses	11,362,768,311	14,053,746,815
Impairment loss	2,257,440,118	1,891,006,342
Depreciation	614,666,658	511,531,053
Amortization	40,317,779	45,454,897
	14,275,192,866	16,501,739,107

The SSS recognizes losses from the following:

	2021	2020
Changes in fair value of financial instruments	7,731,406,906	9,732,922,304
Changes in fair value of investment properties	3,166,190,266	3,746,306,187
Sale/Redemption/Transfer of investments	456,332,314	573,056,351
Foreign exchange	6,783,751	1,087,240
Sale/Disposal of PE and other assets	2,055,074	374,733
	11,362,768,311	14,053,746,815

32. ASSISTANCE AND SUBSIDY

The Educational Assistance Loan Program (EALP) is funded on a 50:50 basis from the NG and SSS. There were no subsidies for EALP received for CYs 2021 and 2020.

The NG counterpart of ₱3.5 billion was released under Special Allotment Release Order No. BMB-F-12-0031251 dated December 14, 2012. The total cash allocations released to SSS from CY 2012 to CY 2018 amounted to ₱2.828 billion, as follows:

NCA No.	Date	Amount
2012		
BMB-F-12-0023901	December 14, 2012	45,279,995
2013		
BMB-F-13-0017483	September 23, 2013	480,771,648
BMB-F-13-0020336	November 11, 2013	278,800,497
		759,572,145
2014		
BMB-F-14-0005474	May 2, 2014	260,637,040
BMB-F-14-0012071	August 27, 2014	178,052,884
BMB-F-14-0016332	November 10, 2014	332,923,150
		771,613,074
2015		
BMB-F-15-0005560	April 29, 2015	32,207,250
BMB-F-15-0016231	October 26, 2015	374,662,670
		406,869,920
2016		
BMB-C-16-0006531	April 28, 2016	64,198,930
BMB-C-16-0016736	September 15, 2016	54,212,150
		118,411,080
2017		
BMB-C-17-0000790	January 9, 2017	193,867,300
BMB-C-17-0007120	May 17, 2017	72,955,264
BMB-C-17-0015979	October 11, 2017	274,253,486

NCA No.	Date	Amount
		541,076,050
2018		
BMB-C-18-0019433	September 17, 2018	185,357,643
		2,828,179,907

33. LEASE COMMITMENTS

SSS as lessee

The SSS leases offices for its various branches under cancellable operating lease agreements. The leases have varying terms, escalation clauses, and renewal rights. The extension option is exercisable up to one year after the lease period has expired as running from month-to-month with the same terms and conditions as stipulated. On the other hand, if either party desires to terminate prior to expiration of the lease period, the desiring party shall inform the other party in writing of such intention at least 60 days before the intended termination date. There are no residual value guarantees and sale and leaseback transactions in the lease agreement.

Out of the 310 local and foreign branches, 136 offices located in various locations are rent-free. As at December 31, 2021 and 2020, the total lease payment made amounted to ₱248.855 million and ₱228.551 million, respectively (see *Notes 15 and 29*). Further, there are no sublease agreements made and no occurrences of contingent rent.

SSS as lessor

The SSS leases out a portion of its office space to various tenants under cancellable operating lease agreements and the minimum lease rental amounts to at least ₱3,920 per month. The leases have varying terms, escalation clauses and renewal rights. A renewal option is available to the lessee who shall give written notice of its intention to renew at least 60 calendar days prior to the expiration of the lease period. If the lessee continues in the occupation of the leased premises with the consent of the lessor after the term, said extension of the contract shall be understood as running from month-to-month basis under the same terms and conditions stipulated in the agreement, but the monthly rental shall all be escalated based on the SSS leasing guidelines. For the pre-termination terms, either party may pre-terminate the lease for any reason, provided that the party who initiates the pre-termination shall inform the other party in writing at least 60 calendar days before the intended date of termination. In case the lessee voluntarily pre-terminates the lease agreement, the lessee shall pay the SSS a pre-termination fee to be deducted from the security deposit.

Total rental income earned as at December 31, 2021 and 2020 amounted to ₱1.205 billion and ₱1.137 billion, respectively, details as follows:

	2021	2020
Investment properties	1,183,610,613	1,111,175,653
Leased acquired/foreclosed assets	13,648,203	16,395,604
Operating assets	7,775,572	9,513,537
	1,205,034,388	1,137,084,794

34. RELATED PARTY DISCLOSURES

As at December 31, 2021, the composition of the Social Security Commission (SSC) is as follows:

Board Position	Name	Appointment
1. Ex-Officio Chairperson	Carlos G. Dominguez III	Secretary, Department of Finance
2. Vice-Chairperson	Aurora C. Ignacio	President & CEO, SSS
3. Ex-Officio Member	Silvestre H. Bello III	Secretary, DOLE
4. Member	Michael G. Regino	Representing the Workers' Group
5. Member	Ricardo L. Moldez	Representing the Employers' Group
6. Member	Diana Pardo-Aguilar	Representing the Employers' Group
7. Member	Anita Bumpus-Quitain	Representing the Workers' Group
8. Member	Manuel L. Argel, Jr	Representing the Employers' Group
9. Member	Bai Norhata Macatbar Alonto	Representing the Workers' Group

Key Management Personnel Remuneration and Compensation

The management personnel of SSS are the President and CEO, Executive Vice President and Senior Vice Presidents of the operating and support groups. The remunerations of key management personnel during the year are as follows:

	2021	2020
Salaries	32,200,430	29,303,046
Other allowances and benefits	25,553,472	20,829,907
	57,753,902	50,132,953

Meanwhile, the total remuneration received by the Board of Commissioners amounted to ₱17.067 million and ₱19.799 million for CYs 2021 and 2020, respectively.

35. RESTATEMENT

The following tables summarizes the effect of prior period adjustments and reclassification of assets.

a. Effect on the Statement of Financial Position

Accounts affected	December 31, 2020		
	As previously reported	Effect of restatement/reclassification	As Restated
1. Interest Receivable	3,942,978,871	20,912,032	3,963,890,903
2. FA at AC - Debenture Bonds	-	3,213,170,775	3,213,170,775
3. FA at FVTOCI - CNB-Cnotes	2,338,750,686	(2,338,750,685)	1
4. Non-current Interest Receivable CNB-Cnotes	120,443,595	(114,281,677)	6,161,918
5. Accumulated Impairment Loss - Interest Receivable CNB-Cnotes	(120,443,594)	114,281,677	(6,161,917)
6. Non-current Receivable Gov Agencies/Corp-PhilGuarantee	0	1,600,000,000	1,600,000,000
7. Interest Income PhilGuarantee Debenture Bonds	0	2,374,865,446	2,374,865,446
8. Interest Income PhilGuarantee Receivable	0	6,185,000	6,185,000
9. Gain on sale/redemption/transfer of investment	1,162,471,020	413,317,065	1,575,788,085
10. Unrealized Gain/(Loss) FVTOCI-CNB-Cnotes	410,490,701	(413,317,065)	(2,826,364)
11. Reserve Fund	(6,109,188,630,052)	2,908,649,188	(6,106,279,980,864)
12. Loans and Receivable Accounts Receivable - CB/CA	0	667,306,566	667,306,566
Non-current Receivable - CB/CA	0	316,447,220	316,447,220
Accumulated Impairment Loss - Non-current Receivable - CB/CA	0	(129,471,100)	(129,471,100)
13. Other Receivable			
Receivable - CB/CA	667,306,566	(667,306,566)	0
Non-current Receivable - CB/CA	316,447,220	(316,447,220)	0
Accumulated Impairment Loss - Non-current Receivable - CB/CA	(129,471,100)	129,471,100	0
14. Financial Liabilities	4,631,585,479	(156,254,268)	4,475,331,211
15. Lease payable	0	156,254,268	156,254,268

b. Effect on the Statement of Comprehensive Income

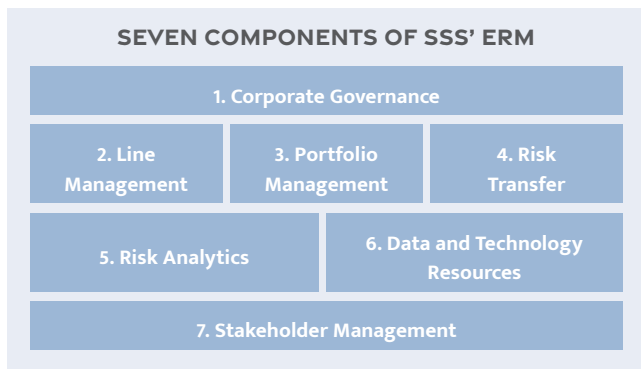
Accounts affected	December 31, 2020		
	As previously reported	Effect of restatement/reclassification	As Restated
1. Interest Income	19,029,176,963	2,381,050,446	21,410,227,409
2. Gain on Sale/Redemption/Transfer of Investments Gain on S/D of FVTOCI-CNB-Cnotes	0	413,317,065	413,317,065
3. Reversal of Impairment Loss Recovery of Imp Loss IRFVTOCI- CNB Cnotes	0	114,281,677	114,281,677

36. FINANCIAL RISK MANAGEMENT

SSS manages the existing and emerging risks across the entire organization. These risks can be divided into four principal risk categories: Financial Risks, Insurance & Demographic Risks, Strategic Risks and Operational Risks. To provide a systematic method of addressing these risks, the SSS established and adopted an Enterprise Risk Management (ERM) approach. ERM is a continuous, proactive and integrated process used to identify, assess and manage risks across all areas and at all levels of the organization. This will ensure the alignment of strategic planning and risk management.

Under ERM, SSS implements a risk management process that is carried out in five phases - (1) strategic plan, (2) risk identification and analysis, (3) risk measurement, (4) risk control and treatment and (5) risk monitoring and reporting. The process runs in a continuous cycle to improve the management system by incorporating the lessons learned and feedback of stakeholders. It is conducted across the entire organization throughout the year in all of its day-to-day operations.

The SSS ERM has seven key components, as follows:



1. Corporate Governance - to ensure that the SSC and the Management have established the appropriate organizational process and corporate controls to measure and manage risk across the organization.

SSS has established a Risk Management Committee (RMC) responsible for the adoption and oversight of risk management program of the System, in accordance with the guidelines prescribed by the GCG. It also created the Risk Management Division (RMD), under the Actuarial and Risk Management Group (ARMG), which is responsible for ensuring that risk policies are in place among SSS units.

2. Line Management - to integrate risk management into the investment as well as operational activities of the organization.

RMD conducts series of meetings and workshops to explain the concept of risk and describe the risk management process - ISO 9001:2015 Seminar/ Workshop on Risk-based Thinking for all SSS Employees.

3. Portfolio Management - to aggregate risk exposures, incorporate diversification effects, and monitor risk concentrations against established risk limits.

RMD together with the Investments Sector (IS) implements certain limits for SSS investments. These are debt and equity limits, Value-at-Risk (VaR) limits, Market-to-Acquisition Ratio (MAR) limits, banking sector limits, real property and real estate related investments limits and other industry limits. Also, IS units have established their internal limits for each SSS investment asset (e.g., limit per broker, trading limit per day, allocation for each asset, limit per trader, etc.).

4. Risk Transfer - to mitigate risk exposures that are deemed too high or are more cost-effective to transfer out to a third party than to hold in the organization's risk portfolio.

SSS transfers risks through acquisition of insurances to mitigate risk exposures that are deemed too high, which is consequently more cost-effective than to hold in the System's risk portfolio. Insurance policies acquired by SSS include fire insurance for SSS properties, Directors' and Officers' Liability Insurance (DOLI) for SSC and the Management and Credit Group Life Insurance (CGLI) for SSS pensioners who availed of the Pension Loan Program.

5. Risk Analytics - to provide risk measurement, analysis and reporting tools to quantify the organization's risk exposures as well as track external drivers.

SSS monitors various risk metrics using risk management tools that are developed for the analysis and assessment of risks, which help in the formulation of appropriate mitigating measures. Examples of risk management tools are VAR, MAR, Stop Loss/ Cut Loss, etc.

6. Data and Technology Resources - to support the analytics and reporting processes.

Currently, RMD manually encodes in its internal database and processes through aggregation various risk-related data from different SSS units using Macro-embedded program in MS Excel. Risk metrics are programmed in MS Excel to generate risk reports.

7. Stakeholder Management - to communicate and report the organization's risk information to key stakeholders.

RMD, as part of its risk reporting function, presents identified risks, both existing and emerging, and corresponding action plans during Management Review meetings. A document regarding how SSS manages its risks is published on the SSS website under the Transparency Seal.

The SSS' RMD developed four risk manuals - Financial Risk Management

Manual, Insurance and Demographic Risk Management Manual, Strategic Risk Management Manual and Operational Risk Management Manual - that provide a common and systematic approach for managing risks. Each manual contains all risk management tools, policies and procedures that were approved by the SSC and proposed by the RMD. The risk management tools, policies and procedures currently utilized by SSS to manage the four principal risk categories, are discussed below.

36.1 FINANCIAL RISKS

Financial Risks refers to the potential losses due to changes in external markets, prices, rates and liquidity supply and demand.

The SSC and Management are active in the evaluation, scrutiny and credit approval process on all investments being undertaken by the SSS. The SSC has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SS Act of 2018 and compliance to the investment guidelines. Internal controls are also in place and a comprehensive audit is being done by Internal Audit Services.

1. Market Risk

Market Risk is the risk of SSS investments declining in value because of economic developments or other events that affect the entire market. This risk arises from (i) fluctuations in market prices of equities due to changes in demand and supply for the securities (*Equity Price Risk*), (ii) changes in SSS' investment value due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship (*Interest Rate Risk*) and (iii) fluctuations in exchanges rates due to changes in global and local economic conditions and political developments that affect the value of SSS' foreign-denominated investments (*Foreign Currency Risk*).

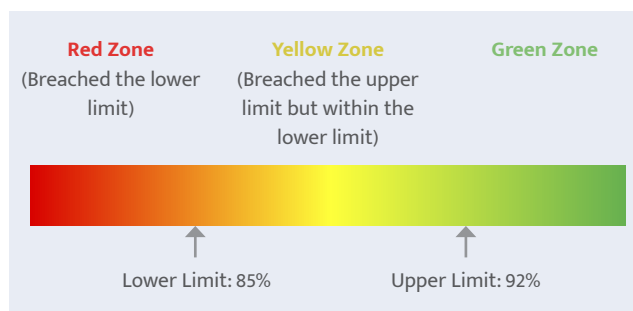
SSS strictly adheres to the provisions of Section 26 of the SS Act of 2018, which states that the funds invested in equities, corporate notes/bonds, loans, mutual funds and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. Also, SSS developed risk management tools to monitor and mitigate market risks, these are:

- a. *Value-at-Risk (VaR)* - a risk management tool used to measure the equity portfolio's maximum loss under normal market movements for a specified time interval and at a given confidence level. Alternatively, it measures the minimum loss of a portfolio under extreme market movements. Daily VaR estimates are monitored daily and compared to their limits.

The VaR limit is designed to restrict potential loss to an amount tolerable by the Management, given the daily investment exposure on a trading portfolio. It is a general limit that incorporates a wide array of risks but encapsulates the quantification of these risks to a single number.

- b. *Market-to-Acquisition Ratio (MAR)* - a risk indicator that measures the percentage of the asset or portfolio's daily market value relative to its acquisition cost. The MAR values range from zero to positive infinity. MAR values lower than 100 per cent indicate unrealized losses while values greater than 100 per cent indicate unrealized gains.

The daily MAR values were translated into colors to indicate the magnitude of risks on the portfolio. These MAR values are visually represented using a MAR Heat Map.



- c. *Stop Loss /Cut Loss Program* - a disciplined/programmed divestment of losing stocks triggered by certain conditions (e.g., technical analysis / optimal portfolio recommendations, dividend yield etc.) until all subject shares have been fully divested for the primary purpose of limiting losses to the equity portfolio.

2. Credit Risk

Credit risk refers to the risk of an economic loss from the failure of counterparty to fulfill its contractual obligations or from the increased risk of default during the term of the transaction. This includes risk due to (i) SSS debtor's incapacity or refusal to meet debt obligations, whether interest or principal payments on the loan contracted, when due (*Default Risk*); (ii) taking over the collateralized or escrowed assets of a defaulted SSS borrower or counterparty (*Bankruptcy Risk*); (iii) potential for a loss in value of an SSS investment portfolio when an individual or group of exposures move together in an unfavorable direction (*Concentration Risk*); (iv) deterioration of perceived credit creditworthiness of the borrower or counterparty (*Downgrade Risk*) and (v) failure of a counterparty to deliver a security or its value in cash when the security was traded after SSS have already delivered security or cash value, as per the trade agreement (*Settlement Risk*).

SSS implements structures and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (credit analysis, evaluation of the financial performance of the issuer/borrower to determine financial capability

to pay obligations when due, etc.) and information from third party are used to determine if counterparties are creditworthy.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored against prescribed cumulative ceilings specified in Section 26 of SS Law.

The following table shows the maximum credit risk exposure and aging analysis of the SSS financial assets with past due as at December 31, 2021 and 2020.

	2021								Total
	Neither past due nor impaired	Past due but not impaired (Age in months)						Expired	
		1-12	13-36	37-48	49-60	Over 60			
(In Million Pesos)									
Financial assets at FVTPL	60,233								60,233
Financial assets at FVTOCI	142,782								142,782
Financial assets at amortized cost									
Corporate notes and bonds	25,717							40	25,757
Government notes and bonds	219,470								219,470
Loans and receivables:									
NHMFC							6,379	3,187	9,566
PGC	400	100	1,100						1,600
Housing loans	227	31	7	7	3	43	340	754	1,412
Member loans	26,148	31,965	16,703		5,873	22,145		9,461	112,295
Pension loans	3,523							7	3,530
Sales contract receivable	986	7	18	12	9	19	45	116	1,212
Rental receivable	91	3						175	269
Commercial and industrial loans							5	64	69
Program MADE								17	17
	479,577	32,106	17,828	19	5,885	22,207	6,769	13,821	578,212

	2020								Total
	Neither past due nor impaired	Past due but not impaired (Age in months)						Expired	
		1-12	13-36	37-48	49-60	Over 60			
(In Million Pesos)									
Financial assets at FVTPL	38,149								38,149
Financial assets at FVTOCI	134,409								134,409
Financial assets at amortized cost									
Corporate notes and bonds									
Government notes and bonds	31,363							110	31,473
Loans and receivables:									
NHMFC							6,357	3,329	9,686
PGC	500	1,100							1,600
Housing loans	258	62	18	21		90	301	811	1,561
Member loans	37,512	26,308	17,182		7,897	21,334		7,940	118,173
Pension loans	3,507							7	3,514
Sales contract receivable	782	3	8	4	3	11	21	399	1,231
Rental receivable		23						163	186
Commercial and industrial loans							5	64	69
Program MADE								17	17
	417,447	27,496	17,208	25	7,900	21,435	6,684	12,840	511,035

To further ensure compliance with Section 26 of SS Act of 2018, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established. The investment limits for Conglomerate/Group, Individual Corporation, Individual Corporation's Debt and Individual Corporation's Equity are determined based on two principles: Investment Reserve Fund (IRF) forecast-based principle and risk-based principle.

For the IRF forecast-based principle, the following are the limit ceilings as portion of IRF forecast, where the IRF forecast is computed from the previous year's IRF plus 90 per cent of the current year's target net revenue:

- 10% for Conglomerate/Group
- 4% for Individual Corporation
- 3% for Individual Corporation's Debt
- 3% for Individual Corporation's Equity

The risk-based principle for computing investment limits is based on the company's value and its credit score.

Factors	Individual Corporation	
	Debt	Equity
Corporation's Value	Three times the Unimpaired Capital of the Corporation	10% of the Market Value of Total Issued and Outstanding Shares of the Corporation
Risk Measure	Merton Distance-to-Default	Altman Z-Score

With respect to stockbrokers, the SSS has adopted the following mitigating measures:

- a. *Minimum requirements for stockbroker evaluation*
 - a.1. Stockbroker must be registered with the Securities and Exchange Commission (SEC) and a member of good standing of the Philippine Stock Exchange (PSE) as defined under Section 28 of the Securities Regulation Code (SRC).
 - a.2. The stockbroker must belong to the top thirty (30) in terms of cumulative value of transactions during the past three years and the latest available PSE data for the current year will be considered. Provided, however, that the number of accredited stockbrokers shall not exceed thirty-five (35).

- a.3. The stockbroker must be in operation for at least five years and must be profitable for three years in these five years of operation. Provided that the stockbroker must be profitable for at least one year in the last two years prior to the application for accreditation.
- a.4. The stockbroker must have a minimum unimpaired paid-up capital of one hundred million pesos (P100 million), or the minimum capitalization required by the SEC, whichever is higher.
- a.5. The stockbroker shall have a positive track record of service from at least three institutional clients.
- a.6. The stockbroker's management team and personnel must be duly licensed by the PSE, SEC, Philippine Depository & Trust Corporation and other relevant regulatory agencies.
- b. *Stockbroker transactions, allocations and limits*
 - b.1. Total daily transactions, excluding block transactions, per stockbroker shall not exceed 50 per cent of the stockholder's equity of stockbrokers. (Limit settlement risk)
 - b.2. Total transactions, excluding negotiated block transactions, for each of the accredited stockbrokers, during the accreditation period, shall not exceed the higher between one over the number of active accredited stockbrokers x 100 per cent and 15 per cent of total SSS transactions.
 - b.3. The initial recommendation for allocation of transactions shall be determined based on the results of evaluation for stockbroker accreditation. Subsequent recommendations for allocation shall be based on the monthly performance ratings.
 - b.4. Transactions, excluding negotiated block transactions, with the SSS by the stockbroker within the year of accreditation, shall not exceed 40 per cent of its total market transactions. This ensures that SSS is not its only client.

3. Liquidity Risk

Liquidity risk refers to the risk that a company may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. This risk also refers to (i) unanticipated changes in liquidity supply and demand that may affect SSS through untimely sale of assets, inability to meet contractual obligations or default (*Funding Liquidity Risk*) and (ii) the possibility that an institution will not be able to execute a transaction at the prevailing market price because there is temporarily no appetite for the deal on the other side of the market (*Trading Liquidity Risk*).

SSS manages this risk through daily monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The SSS also maintains a sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption of cash flow.

To ensure that investments in Marketable Securities shall be compliant with the basic principles of safety, liquidity and yield and shall benefit as many members as possible of the System, SSS only invests in shares of stock and equity-related issues that satisfy its stock accreditation guidelines.

Also, the RMD developed a Risk Dashboard to provide the Management with a bird's-eye view of the financial risks that SSS is facing. This dashboard will help the Management in identifying the issues that may arise from the cumulative impact of risks over time. It consists of risk reports like VaR, MAR Heat Maps, Ageing Reports, and Limit Monitoring, which are presented in tabular and graphical form. RMD also conducts validation, back testing and stress testing on risk models used by the Investments Sector to ensure effectiveness and reliability of models.

4. Reinvestment Risk

This is the risk that an investor will be unable to reinvest cash flows (e.g., coupon payments) at a rate comparable to the current investment's rate of return. The term also sometimes refers to the risk that principal repayments on such security may be paid prior to maturity, thereby forcing the asset manager to seek reinvestment of principal at a time when interest rates may be lower than the rate that was payable on the security.

5. Asset-Liability Mismatch Risk

This is the risk of a change in value from a deviation between asset and liability cash flows, prices or carrying amounts, caused by a change in actual cash flow, change in expectations on future cash flows and accounting inconsistencies.

6. Inflation Risk

This is the risk of a loss in purchasing power because the value of the investments does not keep up with inflation.

7. Systemic Risk

This is the risk of potential failure of one institution to create a chain reaction or domino effect on other institutions and consequently threaten the stability of financial markets and even the global economy.

36.2 Insurance and Demographic Risks

Insurance and demographic risks refer to the potential loss arising from variation in pension fund, claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when the benefits were designed and valued. This risk also refers to the following:

1. Longevity Risk

The risk that SSS pensioners live longer than expected leading to higher expected payouts.

2. Mortality Risk

The risk due to changes in actual mortality rates that adversely differ from assumptions.

3. Morbidity Risk

The risk due to deviations of actual mortality rates that adversely differ from assumptions.

4. Claims Inflation

The risk is due to an increase in the total amount of claims over time.

SSS manages these risks through regular conduct of actuarial valuation/studies and monitoring of experiences. There are also mitigating measures to control SSS members' anti-selection practices, such as when a person who has better information on products and/or services selectively uses it to gain personal advantage at the expense of the provider or another party. For example, SSS only allows self-employed members and voluntary members, including Overseas Filipino Workers (OFWs) aged 55 years old and above, to increase their monthly salary credit (MSC) brackets once in a given year but only one salary bracket from the last posted MSC. This is to control the practice of abruptly increasing one's monthly salary credit near retirement to increase expected pension.

36.3 Strategic Risks

Strategic risk arises from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations. This risk also refers to the following:

1. Governance Risk

This risk arises from government not functioning as expected.

2. Political Risk

This is the risk of loss in investment returns due to political changes or instability.

3. Strategic Relationship Risk

This is due to unexpected changes in strategic relationships such as joint ventures/partnerships.

4. External Relations Risk

This risk is due to unanticipated changes in relationships with external stakeholders such as the public, media, regulators, rating agencies and politicians.

5. Legislative and Regulatory Risk

This risk is due to changes in laws/government regulations.

6. Economic Risk

This risk arises from unanticipated changes in the economy such as changes in consumer disposable income affecting the ability to pay contributions or loan balances.

7. Strategic Asset Allocation Risk

This is the risk that the strategic asset allocation is not expected to deliver a particular agreed target return, i.e., the target returns and how the assets are invested to deliver this return are not in sync.

SSS manages these risks by creating harmonious relationships with various stakeholders, monitoring new and pending bills, and conducting regular economic research/studies to craft appropriate policies beneficial to the System and its members. Also, SSS implemented the No Gift Policy, No Noon Break Policy, Anti-Fixer Campaign and No Smoking Campaign which will enhance its image as a government institution.

36.4 Operational Risks

Operational risk refers to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failures, system failure or external events. This risk includes the following:

1. Internal Fraud Risk

These are potential losses due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.

2. External Fraud Risk

These are potential losses due to acts intended to defraud, misappropriate property or circumvent the law, by a third party.

3. Employment Practices and Workplace Safety Risk

These are potential losses arising from acts inconsistent with employment, health or safety laws or agreements from payment of personal injury claims or from diversity/discrimination events.

4. Clients, Products and Business Practices Risk

These are potential losses arising from unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product or service.

5. Damage to Physical Asset Risk

These are potential losses arising from loss or damage to physical assets from natural disasters or other events.

6. Business Disruption and System Failure Risk

These are potential losses arising from the disruption of business or system failures due to unavailability of infrastructure or IT.

7. Execution, Delivery and Process Management Risk

These are potential losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

SSS monitors these risks by conducting regular Risk and Control Self-Assessment (RCSA) throughout the System. RCSA provides insights on risks in each SSS unit, existing and/or emerging. Identified operational risks through RCSA are consolidated in a risk report, which is presented in Risk Management and Investment Committee (RMIC) meetings. Actual risk incidences are reported as well.

Through RCSA, SSS units become more aware of the risks present in their day-to-day operations. As such, they are able to identify gaps and ineffective controls and come up with sensible action plans to minimize possible loss and damage. The progress of the action plans is periodically monitored and reported.

Below are some of the risk management tools used to address operational risks:

- Privacy Impact Assessment - SSS conducts Privacy Impact Assessment (PIA) to evaluate privacy impacts in all processing systems - existing, new and enhancements. The PIA takes into account the nature of personal data to be protected, threshold analysis, personal data flow, stakeholder engagement and risks to privacy and security in each processing system.
- Directors' and Officers' Liability Insurance - SSS has been providing its Commissioners and Executives with an indemnity coverage to afford SSS, SSC and its Management the means to pursue their fiduciary duties and obligations to always act in the best interest of the System, with utmost good faith in all their dealings with the property and monies of SSS.
- Personal Equity Investment Policy - SSS promotes high standards of integrity and professional excellence among its officers and employees in the investment of the Reserve Funds as provided under its Charter through regular monitoring and regulating the official and personal transactions and activities related to equity investments of concerned SSS officers and employees and the establishment of a disclosure mechanism for their personal equity investments.
- Business Continuity Management Plan - Currently, the SSS trains its employees to be prepared against natural and manmade calamities through regular conduct of disaster preparedness programs, e.g. fire drill, earthquake drill, back-up and recovery of systems. For long-term preparation, the SSS has created a Disaster Control Group that is responsible for planning strategies and mechanisms to provide continuous delivery of services to the public amidst any disruption in operations caused by disasters. Also, SSS has created a Technical Working Group to develop a comprehensive Business Continuity Management Program for SSS to ensure continuity of critical member services, swift return to normal operations and reduce possible loss on the onset of a disruption.

37. EVENTS AFTER THE REPORTING PERIOD

The Compensation and Position Classification System (CPCS) for GOCCs Implementing Guidelines No. 2021-01 dated January 12, 2022 was issued in pursuant to EO No. 150, series of 2021, which was approved by the President of the Philippines on October 1, 2021. The projected increase in salaries/benefits including mandatory deductions to all qualified regular and casual employees in the total amount of ₱1.06 billion was accrued in the reporting period.

The approval of the following policies and guidelines after the reporting period are considered non-adjusting events, hence disclosed accordingly.

- On January 12, 2022, the SSC under Resolution No. 10-s. 2022 approved the implementation of one-time sixty (60)-day refund of monthly pension loan payments under the SSS Pension Loan Program. The mandatory one-time 60-day grace period shall apply only to loans that are existing, current and outstanding upon effectivity of the Bayanihan Act, which is September 15, 2020.
- The SSS, in pursuit of its mission under Republic Act No. 11199, otherwise known as the Social Security Act of 2018, to promote social justice through savings and advance the value of "work, save, invest and prosper", proposes to establish a New Voluntary Provident Fund (NVPF) Program. The program aims to encourage SSS members to participate in an affordable, flexible, convenient and tax-free savings scheme. Implementation date is expected in the second quarter of 2022.
- On January 26, 2022, the SSC under Resolution No. 50-s.2022 approved the extension of the deadline of remittance of contributions by employers (Business and Household Coverage and Collection Partners (CCPs) and Individual Members (self-employed, land-based overseas Filipino workers, voluntary members and non-working spouses) in view of the Proclamation No. 1267 dated December 21, 2021, declaring a State of Calamity in Regions IV-B (MIMAROPA), VI (Western Visayas), VII (Central Visayas), VIII (Eastern Visayas), X (Northern Mindanao), and XIII (CARAGA) due to Typhoon Odette.

Type of Payor	Deadline of Remittance
Employers (including Household Employers)	Contributions for the applicable months of November 2021 and December 2021 may be paid on or before February 28, 2022
CCPs, Self-employed, Land-based OFW, Voluntary members and Non-working spouses	Contributions for the applicable months of October, November and December 2021 or the fourth quarter of the Year 2021 may be paid on or before February 28, 2022

- Pursuant to the provision of existing laws, Michael Gonzales Regino was appointed as the new President and Chief Executive Officer of the Social Security System, vice Aurora C. Ignacio, by President Rodrigo R. Duterte with appointment letter dated March 4, 2022 from the Office of the President of the Philippines, Malacañang. The Oath of Office was held on March 9, 2022.
- On January 31, 2022, SSS through the Office of the Solicitor General (OSG) filed Motion for Reconsideration (MR) to the Supreme Court (SC) First Division, seeking to reverse and set aside the Decision dated July 6, 2021 issued by the SC docketed as G.R. No. 249337 entitled *Waterfront Philippines Inc. (WPI), Wellex Industries Inc. (WII) and Wellex Group Inc. (WGI) vs Social Security System*. A copy of decision of the SC First Division was received by SSS on January 5, 2022, the dispositive portion of which, reads:

WHEREFORE, premises considered, the petition is GRANTED. The August 30, 2019 Decision of the Court of Appeals in CA-G. R. CV No. 104941 is REVERSED and SET ASIDE. In lieu thereof, a new one is ENTERED decreeing as follows:

The October 28, 1999 Contract of Loan with Real Estate Mortgage with Option to Convert to Shares of Stock, and all accessory contracts appurtenant thereto are DECLARED null and void;

The Certificate of Sale dated September 9, 2003 is **DECLARED** null and void; The parties are hereby ordered, in mutual restitution, to return what has been received under the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, together with any income, fruits or dividends therefrom, as follows:

- Waterfront Philippines, Inc. is **ORDERED to PAY** Social Security System ₱375,000,000.00 subject to twelve percent (12%) legal interest from October 28, 1999 to June 30, 2013, and six percent (6%) legal interest from July 1, 2013 until full payment;
- Social Security System is **ORDERED to**:
 - RETURN** to Waterfront Philippines, Inc. the amount of ₱35,827,695.87, subject to a legal interest of twelve percent (12%) from the dates that the individual payments were remitted until June 30, 2013, and six percent (6%) legal interest from July 1, 2013 until full payment;
 - RECONVEY** to Wellex Industries, Inc. the properties covered by Transfer Certificate of Title Nos. N-153395 and N-153396, with all the income derived from said properties;
 - RETURN** to Wellex Industries, Inc. the original copies of Transfer Certificate of Title Nos. N-153395 and N-153396;
 - RETURN** to Wellex Group, Inc. the stock certificates representing 235,000,000 shares of Waterfront Philippines, Inc. with the fruits and dividends received therefrom;
 - RETURN** to Wellex Industries, Inc. the stock certificates representing the 80,000,000 shares of WII with the fruits and dividends therefrom;
 - Any income earned from the properties covered by Transfer Certificate of Title Nos. N-153395 and N-153396, and any dividends received from the stock certificates, must be returned with legal interest of twelve percent (12%) from October 28, 1999 to June 2013, and six percent (6%) legal interest from July 1, 2013 until full payment.

38. OTHER MATTERS

Commitments

Amount authorized but not yet disbursed for capital expenditures as at December 31, 2021 is approximately ₱1.107 billion.

39. COMPLIANCE WITH TAX LAWS

Presented under the following table is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The SSS is withholding and remitting to the BIR applicable taxes withheld imposed under the National Internal Revenue Code and its implementing rules and regulations. Income taxes withheld on compensation and expanded withholding tax are remitted on or before the 15th day of the following month except those withheld for the month of December which are remitted on or before the 20th day of January of the following year. Value-added taxes and final income taxes withheld are remitted on or before the 10th day of the following month.

	AMOUNT
Taxes paid as at December 2021	
On compensation	333,232,328
Expanded	39,616,003
VAT and other percentage tax	59,827,230
Final tax	1,174,724
Output tax (VAT)	105,227,695

Taxes withheld as of December 2021 and remitted in Jan 2022

	AMOUNT
On compensation	13,925,845
Expanded	10,714,170
VAT and other percentage tax	18,509,962
Final tax	287,533
Output tax (VAT)	10,844,462
	593,359,952

The SSS is exempted from all kinds of taxes pursuant to Section 16 of RA No. 11199 which states that

“All laws to the contrary notwithstanding, the SSS and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom, as well as all supplies, equipment, papers or documents shall be exempt from any tax assessment, fee, charge, or customs or import duty; and all

benefit payments made by the SSS shall likewise be exempt from all kinds of taxes, fees or charges and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt but the person or persons entitled thereto, except to pay any debt of the member to the SSS. No tax measure of whatever nature enacted shall apply to the SSS, unless it expressly revokes the declared policy of the State in Section 2 hereof granting tax-exemption to the SSS. Any tax assessment imposed against the SSS shall be null and void.”

Under Section 86 item q. of RA No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion” (TRAIN) Law, effective January 1, 2018, SSS exemption on VAT has been repealed.

40. STATUS OF LAWSUITS

The SSS is involved as a party in several legal proceedings pending resolution that could materially affect its financial position. Among these lawsuits are the following:

DESCRIPTION	AMOUNT	STATUS
Expropriation case filed by the National Grid Corporation of the Philippines (NGCP) on 60,872 square meters portion of SSS property at Pasay City (Site 2 FCA 7)	1.461 billion	Awaiting Order from Regional Trial Court (RTC) on the NGCP's Motion to Withdraw Complaint and Provisional Deposit.
Civil case for Sum of Money with Damages filed against Waterfront Philippines, Inc. (WPI)	1.151 billion	A motion for reconsideration was filed on January 31, 2022 on the Supreme Court Decision dated July 6, 2021, which was received by SSS on January 5, 2022 (see Note 25).
Quieting of title filed by Desiderio Dalisay Investment, Inc. (DDII) - “Dacion en Pago” (Cabaguio Ave. cor. Del Pilar Street, Brgy. Agdao Proper, Agdao, Davao City)	83.586 million	DDII to execute the Deed of Sale over the properties in favor of SSS and surrender the Owner's Duplicate of Transfer Certificate of Title (TCT) Nos. T-18203, T-18204, T-255986 and T-255985, as well as the Tax declarations over the said properties. SSS to recompute petitioner's obligations, accordingly, reckoned from June 17, 1982, the date when respondent communicated its acceptance of the offer. SSS Davao was requested to inquire from the RTC of Davao City, Branch 14, whether the records of the case have already been remanded by the SC. This is preparatory for OSG/SSS to file Motion for Execution of Judgment.
Civil case for Sum of Money filed by Pryce Corporation on One Time Maintenance Adjustment Charge (MAC) on SSS owned memorial lots	84.515 million	Pending with RTC - Branch 61, Makati City. Discussion for settlement in on-going.

INTERNAL AUDITOR'S REPORT

For 2021, the Internal Audit Service Group (IASG) implemented the following Audit Projects in accordance with its Approved Audit Plan:

Audit of Online Processes

- Issuance of SS Number
- Member Data Change Request – Simple Correction
- Salary Loan
- Calamity Loan
- Pension Loan
- Online Registration of Member and Employer through My.SSS
- Enrollment of Disbursement Account thru Disbursement Account Enrollment Module (DAEM)

Audit of the following processes/sub-processes in three Branches, Medical Evaluation Centers and Processing Centers:

Coverage and Registration

- Employee Registration
- Member Data Change Request
- Employer Registration
- Employer Data Change Request

Contributions

- Accounts Monitoring/Management System
- Automated Telling System

Medical Benefits

- Sickness
- Maternity
- Disability

Non-Medical Benefits

- Retirement
- Unemployment
- Funeral
- Death

Loans Granting and Repayment

- Salary Loan
- Calamity Loan
- Pension Loan

Administrative Support Service

- Attendance and Leave Administration
- Supplies, Furniture and Equipment Inventory Management
- Local Procurement
- Contract Management for Support Services
 - Janitorial
 - Lease
 - Fidelity Bond

Basically, the audits were conducted:

- To determine the existing condition of the internal control system and assess the implementation of the internal controls;
- To check compliance with statutory requirements and internal policies, procedures, rules and regulation; and

- To evaluate the efficiency, effectiveness, economy, and ethicality of auditees' operations.

This is in line with the mandate of the IASG that as an independent unit, it is responsible for reviewing and evaluating the effectiveness of the risk management, control, and governance processes, and for making recommendations for improvement to help achieve organizational goals.

As the SSS is aggressively pursuing its digital transformation, the audit focused on the implementation of various SSS online systems and processes. Branch operations were also part of the audit program considering its vital role in the delivery of services to members and other stakeholders. For this year, the audit covers the assessment of internal control system and the checking of the degree of compliance with statutory requirements, internal policies, rules and regulations. The result of operations of the auditees were also examined to determine its efficiency, effectiveness, economy and ethicality.

Below are the more significant audit findings for the abovementioned audit projects:

1. The assessment of the SSS internal control system shows that overall:
 - Internal control system is adequate with the five components present and functioning. Each of the control components has control attributes to ensure efficient implementation of internal controls.
 - Internal controls are properly implemented with 91% effective controls and 9% with control gaps.
 - Among the components of internal control, Risk Assessment has the highest control gaps of 60% followed by Monitoring and Evaluation with control gaps of 11%.
2. Below are the common gaps/deficiencies on the implementation of internal controls:
 - a. On Control Environment –
 - The National Guidelines on Internal Control System (NGICS) to ensure effective implementation of the internal controls is not yet fully implemented. Office Order 2021-010 has been issued; however, actual implementation has not yet started.
 - b. On Control Activities –
 - No periodic review of execution of processes (tasks/ activities) to ensure that they are compliant with policies, systems and procedures.
 - Non-identification of the root causes of non-conforming services so that appropriate action plans can be formulated and implemented to prevent recurrence of problems.
 - Lack of thorough understanding of the context and importance of control procedures in the processing/ approval of transactions.
 - Proper acknowledgement and authentication of documents
 - Proper accomplishment of forms
 - Affixing signatures on documents (receiver, reviewer, approver)

- Segregation of duties (maker, checker, approver)
- Prescribing /complying with service level agreements/ timelines

c. On Risk Assessment –

- The risk assessment is not yet fully institutionalized in all processes.
 - Systems and procedures are being implemented without the corresponding assessment of the risks that may occur from such implementation.
 - Office Order No. 2020-047 (Implementing Guidelines on SSS Risk Management Process) issued on 29 July 2020 is not strictly implemented. It requires updating of Risk Assessment and Control Assessment (RCSA) every semester. However, there are units which are not updating their RCSA on time.
 - No complete risk register

d. On Monitoring and Evaluation –

- Monitoring in various degrees and circumstances to ensure that controls are continuously applied at all levels across the agency. However, there is no system in place to accomplish the following required monitoring:
 - Ongoing monitoring which is ingrained in the daily operations and management of a unit
 - Periodic evaluation of the controls' effectiveness
 - Combination of on-going monitoring and periodic evaluation

3. The SSS implemented the online registration of employer and member for the creation of online account which are used in availing the SSS eservices. However, it was noted among others that the procedures on registration are not seamless so much so that there is a high percentage of incomplete or unsuccessful registration. The system uses only a single factor authentication in validating the user's identity, hence, there is high risk of unauthorized access to the system. There were also cases of registration by members using the same email address, mobile number and bank account number even if the system was designed to use unique data for each registrant.

4. The online system for membership registration enables a prospective SSS member to secure his/her SS number through online facility. This system provides fast and convenient service, however, the rate of submission of documentary requirement to support issuance of SS number is very low. Of the total 1,284,282 SS numbers issued from 15 July 2020 to 13 July 2021, only 167,124 or 13% have submitted the documentary requirements by uploading the same on the online facility. Issued SS numbers without supporting documents are considered as temporary numbers. Such numbers have to be converted into permanent status prior to availment of any loan or benefit. Delay on the conversion will also result on the delay on applying for a loan or benefit.

5. The SSS also implemented the enrollment of member's bank account to expedite the settlement of loan and benefits. By such enrollment through the Disbursement Account Enrollment Module, the proceeds are directly credited to the member's nominated bank account. It was also noted that the system uses only a single factor authentication to validate user's identity. There were also loose controls like allowing deactivated bank account of a member to be enrolled by another member. Hence, same account numbers were enrolled and used repeatedly by different members in the disbursement of proceeds of loan or benefits.

6. During the pandemic, the branches continuously provide services to the members by adopting various strategies like accepting transactions through drop boxes and alternative work arrangement. The following observations were noted:

- Transactions received from the drop boxes were not monitored. Hence, they were not immediately acknowledged, screened and processed resulting to delay in the processing of transactions.
- There are targets on processing time on settlement of benefits which were not achieved.
- The segregation of duties among employees was not strictly enforced due to limitations inherent with the work arrangement during the pandemic.
- Productivity of the employees cannot be properly measured due to laxity in the preparation and monitoring of the performance monitoring reports.

7. On the management of employers' account for monitoring of employers' compliance specifically on coverage and collection:

- The branches have high rate of employers categorized as intermittently paying.
- Delinquent employers were not assessed/billed immediately after they became delinquent. There are instances when billing letters were sent 25 years after they incur delinquencies.
- Majority of the collection efforts of the branches are still on the initial stage of the collection process, which is the assessment of delinquent accounts and sending of billing letters. Referral of delinquent accounts to concerned legal unit for appropriate legal action is very minimal.
- There is no close monitoring of action taken on delinquent accounts. Demand letters were not being sent to employers who did not comply with billing letters after the lapse of the reglementary period.
- The performance of the individual Accounts Officers is not properly measured. There are branches where the total accomplishment of the Section is equally divided among the accounts officers without considering the specific contributions of each AO in relation to the number accounts being managed.

The IASG also made recommendations to assist management in addressing the causes of the above-mentioned audit findings. Close coordination with the SSS Compliance Officer/ Management Observer and operating units is being done to ensure implementation of recommended actions or measures.

At this juncture, we would like to reiterate management's compliance with the National Guidelines on Internal Control System and to institutionalize Risk Management process. This is because it is the direct and primary responsibility of the management to install, implement, and monitor a sound system of internal control. As stated in prior years' reports, this is an opportune time to do so in view of the Business Process Re-engineering efforts being exerted in preparation for the SSS digitalization.

With these, we renew our pledge to be management's partner for efficient public service.



SVP JOSEFINA O. FORNILOS
HEAD, INTERNAL AUDIT SERVICE GROUP

HISTORICAL DATA

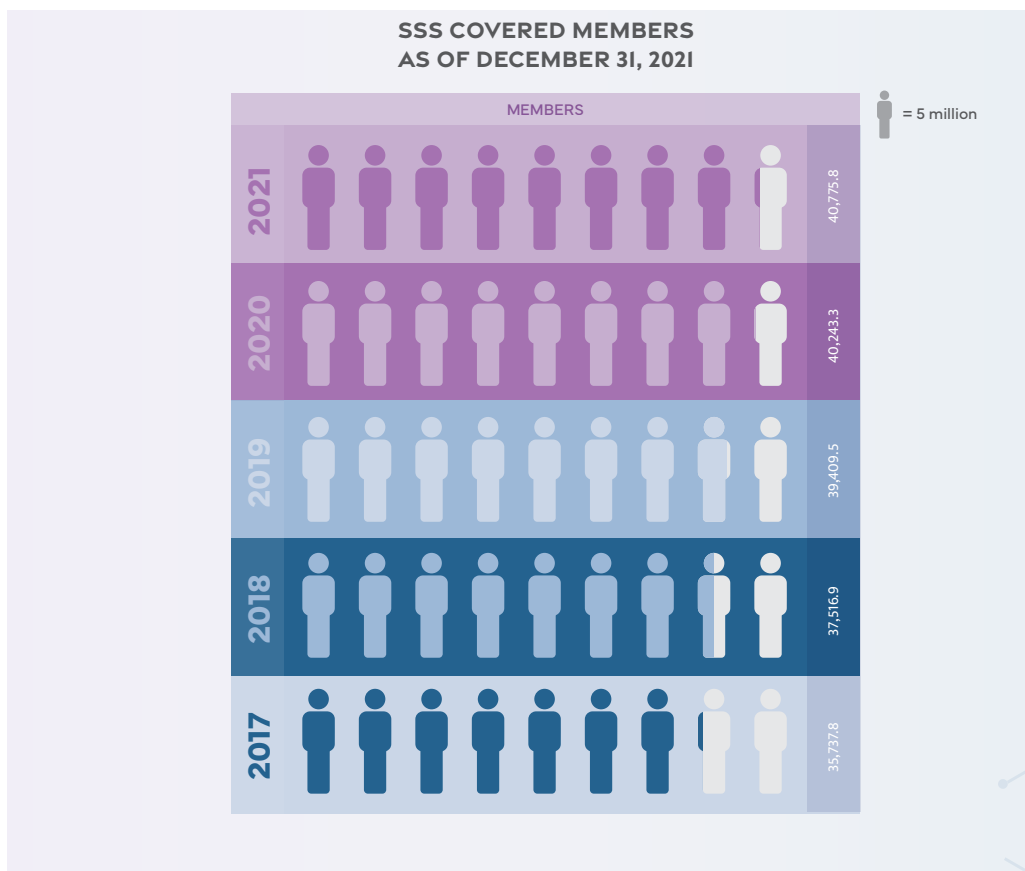
SSS COVERED MEMBERS, ACTIVE EMPLOYERS AND PERSONNEL WORKFORCE

SSS COVERED MEMBERS, ACTIVE EMPLOYERS AND PERSONNEL WORKFORCE AS OF DECEMBER 31, 2021 (IN THOUSANDS)				
Year	Members* (M)	Employers** (ER)	Personnel*** (P)	Ratio of Members to Personnel (M/P)
2021	40,775.8	918.3	6.8	6.0
2020	40,243.3	993.6	7.0	5.8
2019	39,409.5	973.4	7.2	5.4
2018	37,516.9	932.1	6.9	5.4
2017	35,737.8	903.6	6.8	5.3

* members who are eligible to avail of at least one benefit

** registered establishments that are still operational; includes household employers

*** regular SSS employees only

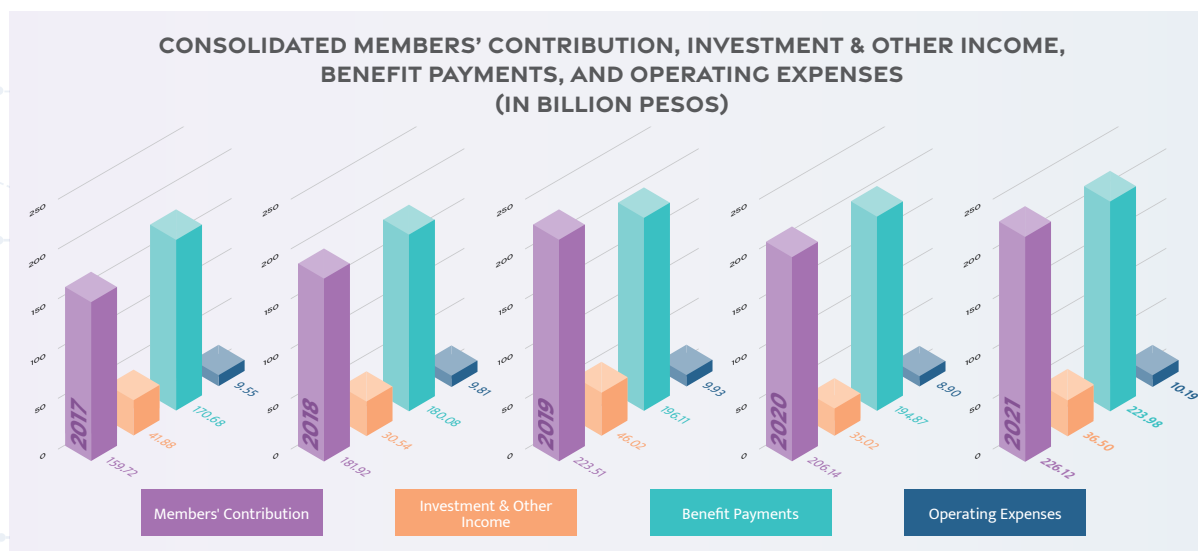


CONSOLIDATED ASSETS, RESERVES, AND INVESTMENTS

CONSOLIDATED ASSETS, RESERVES, AND INVESTMENTS (IN BILLION PESOS)						
Year	Assets		Reserves		Investments	
	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)
2021	702.40	9.3	(6,936.87)	(13.3)	654.19	11.0
2020	642.49	6.8	(6,124.76)	(7.3)	589.23	7.6
2019	601.38	17.3	(5,707.69)	(1,242.6)	548.28	13.8
2018	512.65	0.8	499.54	0.7	481.33	2.8
2017	508.63	6.8	495.85	6.8	468.34	6.4

CONSOLIDATED PROGRESS OF OPERATIONS

CONSOLIDATED MEMBERS' CONTRIBUTION, INVESTMENT & OTHER INCOME, BENEFIT PAYMENTS, AND OPERATING EXPENSES (IN BILLION PESOS)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2021	226.12	36.50	223.98	10.19
2020	206.14	35.02	194.87	8.90
2019	223.51	46.02	196.11	9.93
2018	181.92	30.54	180.08	9.81
2017	159.72	41.88	170.68	9.55



CONSOLIDATED NET REVENUE

CONSOLIDATED NET REVENUE (IN BILLION PESOS)		
Year	Amount	% Inc./.(Dec.)
2021	(843.91)	(98.9)
2020	(424.37)	(30.6)
2019	(324.85)	(1,539.5)
2018	22.57	5.6
2017	21.38	(33.2)

Note: Starting 2020, PFRS 4 was implemented in the SSS Financial Statements and Insurance Contract Liability (ICL) was duly recognized, hence, 2019 figures were restated. Under PFRS 4, the Net Changes in Policy Reserves was included under Expenditures, resulting to a negative Net Revenue.

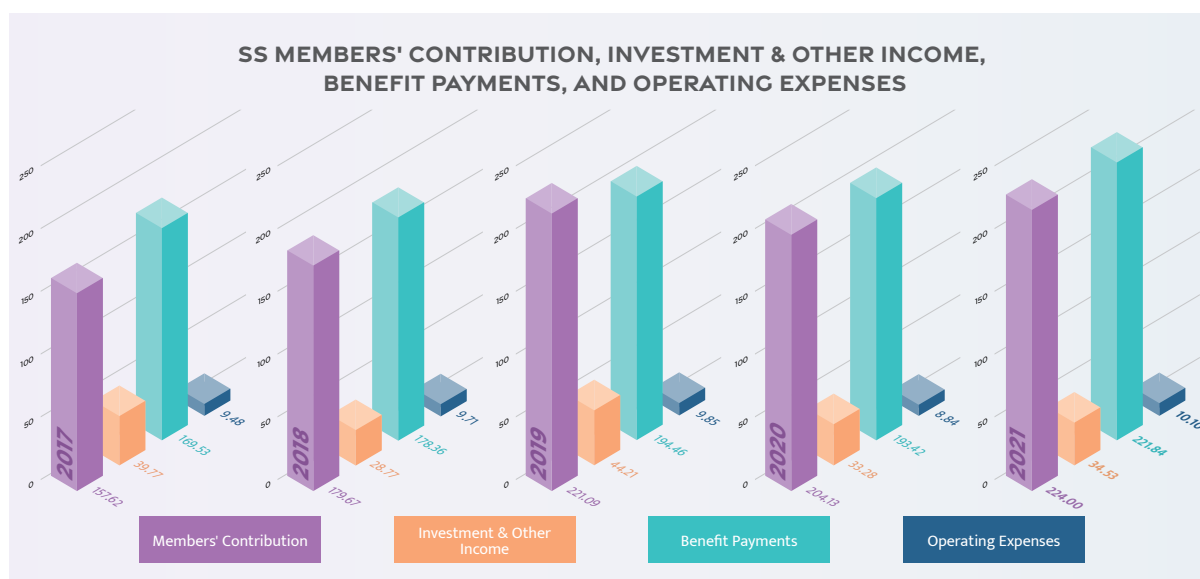
SOCIAL SECURITY FUND *

SS ASSETS, RESERVES, AND INVESTMENTS (IN BILLION PESOS)						
Year	Assets		Reserves		Investments	
	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)
2021	657.49	9.5	(6,943.49)	(13.0)	611.63	11.3
2020	600.33	7.0	(6,143.78)	(7.5)	549.54	7.9
2019	561.06	18.3	(5,715.24)	(1,339.4)	509.09	14.5
2018	474.23	0.7	461.13	0.6	444.50	2.5
2017	471.02	6.6	458.24	6.6	433.78	6.7

* Includes Flexi Fund, PESO Fund, Mortgageors' Insurance Account and Mandatory Provident Fund

SOCIAL SECURITY FUND PROGRESS OF OPERATIONS

SS MEMBERS' CONTRIBUTION, INVESTMENT & OTHER INCOME, BENEFIT PAYMENTS, AND OPERATING EXPENSES (IN BILLION PESOS)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2021	224.00	34.53	221.84	10.10
2020	204.13	33.28	193.42	8.84
2019	221.09	44.21	194.46	9.85
2018	179.67	28.77	178.36	9.71
2017	157.62	39.77	169.53	9.48



SS NET REVENUE

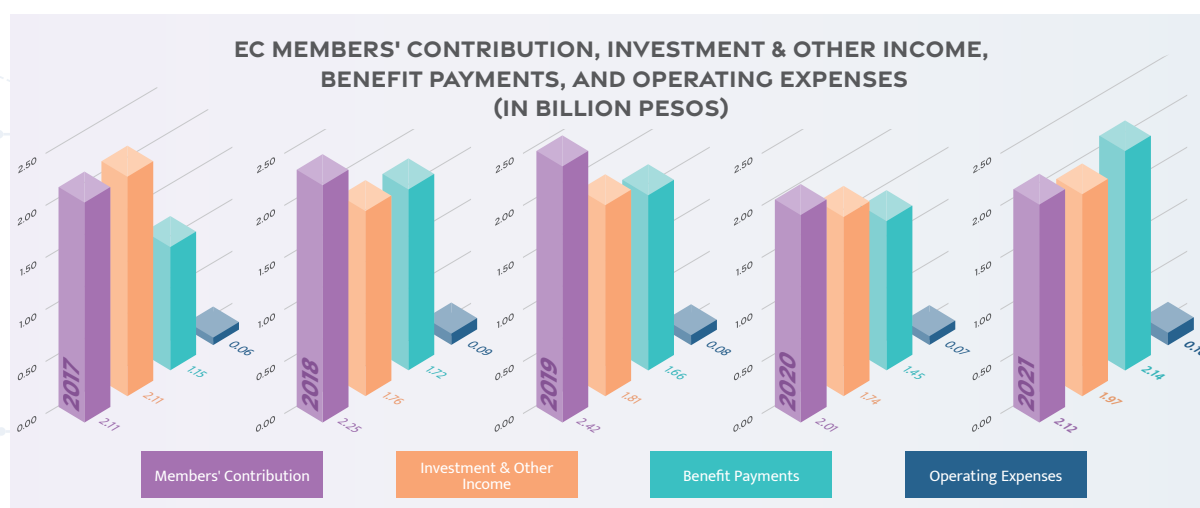
SS NET REVENUE (IN BILLION PESOS)		
Year	Amount	% Inc./.(Dec.)
2021	(830.61)	(95.0)
2020	(426.04)	(31.1)
2019	(324.86)	(1,694.8)
2018	20.37	10.9
2017	18.38	(38.1)

EMPLOYEES' COMPENSATION & STATE INSURANCE FUND

GROWTH OF EC ASSETS, RESERVES, AND INVESTMENTS (IN BILLION PESOS)						
Year	Assets		Reserves		Investments	
	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)	Amount	% Inc./.(Dec.)
2021	44.92	6.5	6.63	(65.2)	42.56	7.2
2020	42.16	4.5	19.02	152.0	39.69	1.3
2019	40.32	5.0	7.55	(80.4)	39.19	6.4
2018	38.42	2.1	38.41	2.1	36.83	6.6
2017	37.62	8.8	37.62	8.9	34.56	2.6

EMPLOYEES' COMPENSATION & STATE INSURANCE FUND PROGRESS OF OPERATIONS

EC MEMBERS' CONTRIBUTION, INVESTMENT & OTHER INCOME, BENEFIT PAYMENTS, AND OPERATING EXPENSES (IN BILLION PESOS)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2021	2.12	1.97	2.14	0.10
2020	2.01	1.74	1.45	0.07
2019	2.42	1.81	1.66	0.08
2018	2.25	1.76	1.72	0.09
2017	2.11	2.11	1.15	0.06



EC NET REVENUE

EC NET REVENUE (IN BILLION PESOS)		
Year	Amount	% Inc./.(Dec.)
2021	(13.31)	(893.6)
2020	1.68	26,392.7
2019	0.01	(99.7)
2018	2.20	(26.8)
2017	3.00	29.4

CORPORATE GOVERNANCE MATTERS

STATEMENT ON FULL COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The SSS is in full compliance with the Code of Corporate Governance under GCG Memorandum Circular No. 2012-07 covering the following mandates/requirements:

REQUIREMENT	REMARKS
Manual of Corporate Governance	Adopted and approved by the Social Security Commission (SSC) under Resolution No. 898 issued on 27 November 2013, as amended under Resolutions Nos. 597 dated 02 July 2014, 339 dated 29 April 2015, 138 dated 24 February 2016, 322 dated 18 May 2016, 387 dated 22 May 2017, 128 dated 12 February 2019, 352 dated 22 May 2019, 353 dated 22 May 2019, 254 dated 19 May 2020, 501 dated 23 September 2020, 45 dated 27 January 2021, 191 dated 14 April 2021, and 602 dated 24 November 2021.
No-Gift Policy	SSS No-Gift Policy was approved under Section 29 of the Manual of Corporate Governance for the SSS which was approved under SSC Resolution No. 898-s.2013. Implementing Rules on the No-Gift Policy of the SSS was approved under SSC Resolution No. 133-s.2014.
Fit and Proper Rule	Certification attesting to the qualification and disqualification rules applicable to the Appointive Members of the SSC dated 18 January 2021 submitted to GCG.
Directors and Officers Liability Insurance	Renewal of the Directors and Officers Liability Insurance (DOLI) for the period 01 January 2021 to 31 December 2021 was approved under SSC Resolution No. 619 dated 16 November 2020. The award of the Directors and Officers Liability Insurance (DOLI) for the period 01 January 2022 to 31 December 2022 to the Government Service Insurance System through Agency-to-Agency, under Bids and Awards Committee's Resolution No. 2021-I-081-6 dated 23 December 2021, was approved by the Approving Authority on 29 December 2021.
Board Committees	The SSC approved under SSC Resolution No. 20 dated 13 January 2021 the new composition of the various SSC Committees, as follows: 1. Executive Committee 2. Audit Committee 3. Risk Management and Investments Committee 4. Information Technology and Collection Committee
Election of the SSS' Nominees to its Affiliates	Submission of pertinent documents relative to the nomination and designation of the members of the SSC and SSS officials to SSS investee corporation for 2021, in compliance with Section 5.2, GCG Memorandum Circular No. 2012-04, viz: (a) SSC Resolution No. 54 dated 27 January 2021; (b) Biographic write-ups on the SSC Members; and (c) Certification of the amounts of per diem the SSC members are receiving as nominee-directors to investee corporations.
Integrated Corporate Reporting System – GOCC Leadership Management System	ICRS Administrator acknowledged on 18 November 2021 the receipt of the SSS GOCC Profile for the Compliance Season Calendar Year 2021.
Disclosure and Transparency Requirements	The SSS posted the following information in its website, in compliance with Sec. 43, Mandatory Website GCG MC No. 2012-07 and in relation to Sec. 15.4 (c): <ul style="list-style-type: none"> ▪ Charter ▪ List of Subsidiaries and Affiliates ▪ Government Corporation Information Sheet (GCIS) as mandated by the GCG in its Memorandum Circular No. 2012-01 ▪ Complete listing of the SSC Board of Directors and SSS Senior Officials attached résumé, and their membership in Board Committees ▪ Complete compensation package of all the board members and officers, including travel, representation, transportation and any other form of expenses or allowances ▪ Information on Board Committees and their Activities/Duties and Responsibilities ▪ Attendance record of Directors in Board and Committee meetings ▪ Latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report ▪ Audited Financial Statements in the immediate past three (3) years ▪ Quarterly, and Annual Reports and Trial Balance

REQUIREMENT	REMARKS
	<ul style="list-style-type: none"> Current Corporate Operating Budget Local and Foreign Borrowings and other forms of liabilities Government subsidies and net lending All borrowing guaranteed by the Government Material risk factors and measures taken to manage such risks Performance Evaluation System Charter Statement/Mission-Vision Statements Performance Scorecards and Strategy Map SSS Organizational Chart Manual of Corporate Governance (Amended per SSC Resolution 191 dated 14 April 2021) CSR Statement Balance Scorecard 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.
Staff Support to Directors	The members of the SSC have reasonable support staff and office facilities stationed at SSS Main Office, East Ave., QC and at SSS Bldg., Ayala Ave. corner Rufino St., Makati City
CSR Principles	Statement of Corporate Social Responsibility and Relations with Stakeholders is provided under the Manual of Corporate Governance for the SSS as approved by the SSC in its Resolution No. 898-s.2013 dated November 27, 2013

SSS VISION, MISSION AND CORPORATE STRATEGY

On 29 September 2021, the Commission approved, under Resolution No. 485, the SSS 2022 Strategy Map and Performance Scorecard, which are for submission to the Governance Commission for GOCCs (GCG), viz:

I. Review of the 2022 SSS Vision and Mission Statement and Monitoring/Overseeing the Implementation of the Corporate Strategy

- A. The existing SSS Vision and Mission Statements were approved under SSC Resolution No. 488 dated 23 September 2020, and the 2021-2022 Strategy Map was approved under SSC Resolution No. 489 dated 23 September 2020.
- B. Amendments to the approved Strategy Map
 1. Inclusion of the strategic objective on member-centric strategy (based on the System's operational realizations from the 2020-2021 pandemic experiences).
 2. Reversion to the objective on investment to "Improve Investment Income", as the country moves toward pre-pandemic levels in 2022.
 3. Amendments of the two (2) strategic objectives for the 2022 Strategy Map, viz:

1. Additional Objective	: Enhance public service delivery infrastructure
Corresponding Measure	: Resolution Rate, ISO Certification
Justification	: Member-centric has been one of the more relevant operational strategies of SSS

2. Amendment

FROM	TO	REMARKS
Shift in investment focus to increase the provision for the members' and pensioners' needs	Improve investment income	2022 is forecast to be at the pre-pandemic level

II. 2022 Performance Scorecard

The performance scorecard is one of the management tools for internal and external mechanisms. Internally, the Management motivates its people to execute plans and monitor results to achieve the various objectives indicated in the strategy map. Externally, the System is able to articulate the strategies and communicate the details to the stakeholders under its participatory governance mechanism.

Further, the performance scorecard complies with the GCG's requirement for the Performance Evaluation System (PES) as stated in GCG's M.C. No. 2017-02 entitled Interim PES for GOCCs.

The complete details of the amended Strategy Map and the 2022 Performance Scorecard are contained in the Memorandum of the Department Manager III, Corporate Policy and Planning Department, and Junior Technical Assistant and Concurrent Acting Head, Budget Department, dated 17 September 2021, which is an integral part of the Resolution.

2022 Plans and Programs of SSS

On 29 September 2021, the Commission approved, under Resolution No. 485-A, the 2022 Plans and Programs of the SSS, with the strategic objectives of (a) improving the fund viability of SS Funds; (b) improving service delivery; and (c) establishing accountability and improving corporate culture.

Performance Evaluation System

On 15 December 2021, the Commission approved, under Resolution No. 658, the Performance

Evaluation System Form 3 of the SSS with Total Score – 91.65% (whereby SSS accomplished most of the measures except for Strategic Measure No. 9 – Percentage of economically active contributing to SSS, Strategic Measure No. 11 – 90% of processing time of benefits complying with Ease of Doing Business, and Strategic Measure No. 12 – ISO Certification) and the corresponding proof of accomplishments for submission to the Governance Commission for GOCCs.

2021 Strategy Map, Plans and Performance Scorecard

On 23 September 2020, the SSC approved the 2021-2022 Strategy Map, the 2021 Financial Targets, and the recalibrated 2021 Performance Scorecard of the SSS for submission to the GCG, pursuant to the GCG Notice to all Stakeholders dated 04 September 2020 on the Recalibration of Targets in the 2020 Performance Scorecards of GOCCs, in view of the circumstances brought about by COVID-19 pandemic.

On 21 October 2020, the Commission, under SSC Resolution No. 561, approved the 2021 Plans and Programs of the SSS, subject to certain changes in terminology and the indication of assumption, colatilla, and qualifications.

RISK MANAGEMENT SYSTEM IN SSS

It is the policy of the SSS to preserve the assets of the System and protect the well-being of its employees, members, and stakeholders so that it can fulfill its mandate to 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 of financial burden.

SSS risks can be divided into four (4) principal risk categories:

1. **Financial Risks** – unexpected changes in external markets, prices, rates and liquidity supply and demand.
2. **Insurance and Demographic Risks** – risk of loss arising from variation in pension fund, claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when the benefits were designed and valued.
3. **Strategic Risks** – risk arising from unanticipated changes in key elements of strategy formulation and/or execution leading to actual

strategic outcomes that adversely defer from expectations.

4. **Operational Risks** – exposure to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failure, system failure or external events.

In 2016, the SSC approved the implementation of Enterprise Risk Management (ERM) in the SSS to manage risks. ERM is a holistic approach to risk management, i.e., integrated and coordinated across the organization. It is a continuous, proactive, and integrated process used to identify, assess, and manage risks across all areas and at all levels of the organization. This ensures the alignment of strategic planning and risk management. The SSS ERM focuses on the following key components:

1. **Corporate Governance** - to ensure that the SSC and the Management have established the appropriate organizational process and corporate controls to measure and manage risk across organization.
2. **Line Management** - integrate risk management into the investment as well as operational activities of the organization.
3. **Portfolio Management** - aggregate risk exposures, incorporate diversification effects, and monitor risk concentrations against established risks limits.
4. **Risk Transfer** - to mitigate risk exposures that are deemed too high, or are more cost-effective to transfer out to a third party than to hold in the organization's risk portfolio.
5. **Risk Analysis** - to provide risk measurement, analysis, and reporting tools to quantify the organization's risk exposures as well as track external drivers.
6. **Data and Technology Resources** - to support the analytics and reporting processes.
7. **Stakeholder Management** - to communicate and report the organization's risk information to key stakeholders.

The SSC constituted a Risk Management and Investment Committee (RMIC) responsible for the adoption and oversight of the risk management program of the SSS in accordance with the guidelines prescribed by GCG.

The Risk Management Division (RMD) was established under the Actuarial and Risk Management Group (ARMG), which is primarily responsible for ensuring that a systematic approach is in place in delegating, coordinating, and clarifying important risk management roles and duties across the entire organization. RMD also oversees the activities of

identifying, measuring, monitoring, mitigating, and reporting of risks affecting SSS.

The SSC and the Management are active in the evaluation, scrutiny, and approval process on all investments and other activities undertaken by the SSS. The SSC has also adopted adequate policies and procedures to ensure compliance with the statutory limits, requirements, and provisions under Republic Act 11199 or Social Security Act of 2018.

The adoption of ERM signifies that SSS recognized that risks are dynamic, fluid and highly interdependent and cannot be segmented and managed by entirely independent units, and not based on the traditional silo framework. In a silo framework, companies manage risks by treating and addressing each type of risk separately by different individuals or unit, i.e., no one takes responsibility of overall risk reporting, or every risk related unit supplies inconsistent and sometimes contradictory reports.

The ERM Policy of SSS adhere to the best practices in the industry in identification, analysis, estimation, and evaluation of risks to ensure that these are managed, eliminated, transferred, or contained at all levels within the organization. This is achieved by always ensuring that:

- Risks are properly assessed, reported, treated and monitored;

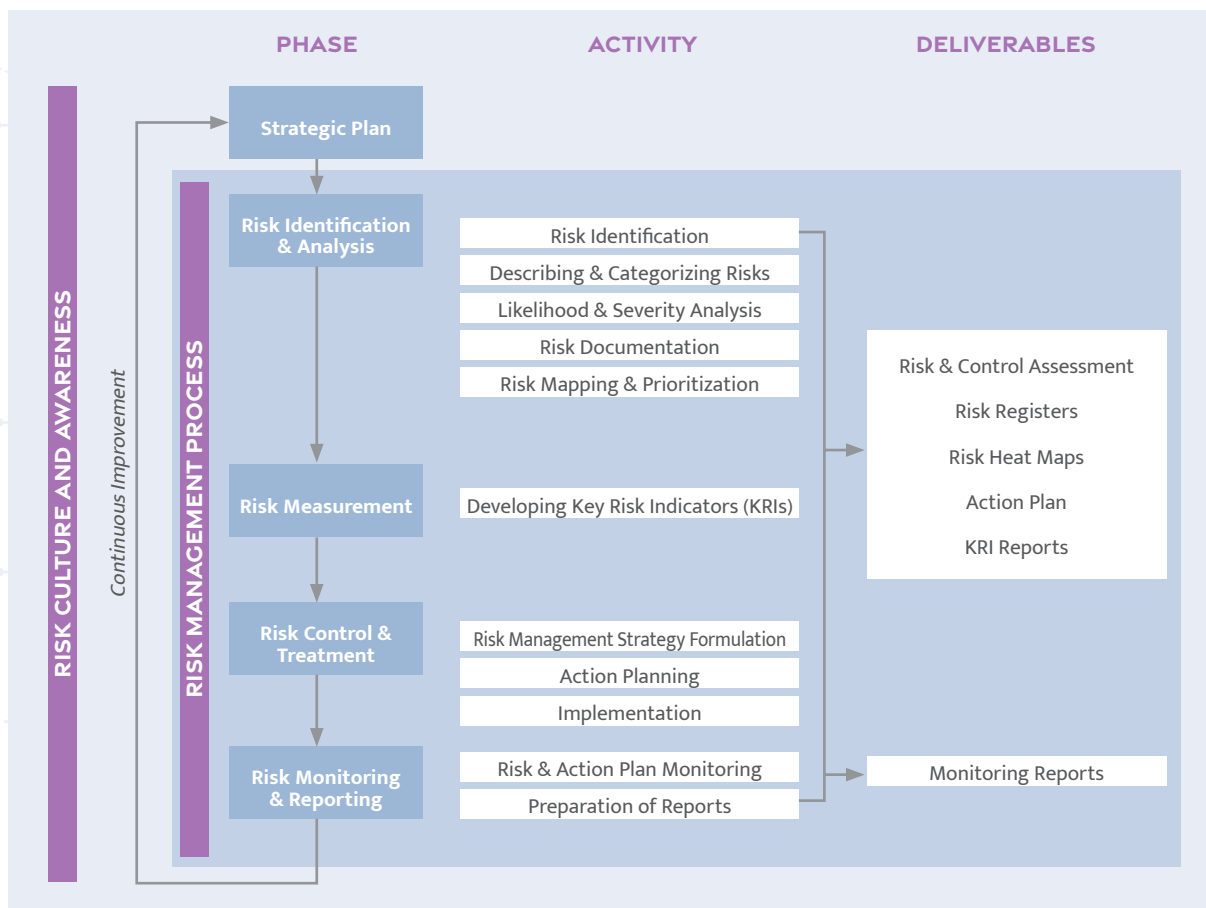
- Risk ownership is taken and communicated;
- Resources are effectively and efficiently allocated to manage risks;
- Risks that could significantly affect SSS' stakeholders are appropriately managed; and
- The SSS is compliant with regulatory and legal requirements.


The implementation of the SSS ERM Policy requires the establishment of a risk management process to provide a systematic method of addressing risks. The SSS ERM Framework is carried out in five (5) phases - (1) Strategic Plan, (2) Risk Identification and Analysis, (3) Risk Measurement, (4) Risk Control and Treatment and (5) Risk Monitoring and Reporting – that run in a continuous cycle to improve the risk management system by incorporating the lessons learned and feedback of stakeholders.

How SSS Manages Risks

The risks management tools, policies, and procedures currently utilized by SSS to manage the four (4) principal risk categories, are discussed below.

1. **Financial Risks** - This is the risk that results from unexpected changes in external markets, process, rates and liquidity supply and demand. The Social Security Commission (SSC) and the Management are active in the evaluation, scrutiny





and credit approval process on all investments being undertaken by the SSS. The SSC has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SS Law and compliance to the investment guidelines. Internal controls are also in place and comprehensive audits are being done by Internal Audit Services.

- a. **Market Risk** - SSS strictly adheres to the provisions of Section 26 of the SS Law, which states that the funds invested in equities, corporate notes/bonds, loans, mutual funds and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. SSS developed risk management tools, such as value-at-risk (VaR), market-to-acquisition ratio (MAR), and stop-loss/cut-loss program among others, to monitor and mitigate market risks.
- b. **Credit Risk** - SSS implements structures and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (credit analysis, evaluation of the financial performance of the issuer/borrower to determine financial capability to pay obligations when due, etc.) and information from third party are used to determine if counterparties are creditworthy. To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored against prescribed cumulative ceiling specified in Section 26 of SS Law.

To further ensure compliance with Section 26 of SS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established. The investment limits for Conglomerate/Group, Individual Corporation, Individual Corporation's Debt and Individual Corporation's Equity are determined based on two principles: IRF forecast-based principle and risk-based principle. SSS also adopts mitigating measures to manage risks with respect to transactions with stockbrokers. This includes setting qualification standards prior to accreditation as SSS stockbrokers and establishing allocation and transaction limits per stockbroker.

- c. **Liquidity Risk** - SSS manages liquidity risks through daily monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The SSS also maintains

a sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption to cash flow.

To ensure that investment in Marketable Securities shall be compliant to the basic principles of safety, liquidity and yield and shall benefit as many members of the System as possible, SSS only invests in shares of stocks and equity related-issues that satisfy its stock accreditation guidelines.

Also, RMD developed a Risk Dashboard to provide the Management with bird's-eye view of the financial risks that SSS is facing. This dashboard helps the Management in identifying the issues that may arise from the cumulative impact of risks over time. It consists of risk reports like VaR, MaR Heat Maps, Ageing Reports, and Limit Monitoring, which are presented in tabular and graphical form. RMD also conducts validation, back testing and stress testing on risk models used by the Investments Sector to ensure effectiveness and reliability of models.

2. **Insurance and Demographic Risks** - Insurance and demographic risk is the risk of loss arising from variation in pension fund claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when pension and other benefits were designed and valued.

SSS manages these risks through regular conduct of actuarial valuation/studies and monitoring of experience. Policies are also in place to address these risks. For example, to control the practice of anti-selection by abruptly increasing monthly salary credit near retirement to increase expected pension, SSS only allows self-employed members and voluntary members, including Overseas Filipino Workers (OFWs), aged 55 years old and above, to increase their monthly salary credit (MSC) brackets to only once in a given year, but only one salary bracket from the last posted MSC.

3. **Strategic Risks** - Strategic Risk arises from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations. This risk also refers to governance risk, political risk, strategic relationship risk, external relations risk, legislative or regulatory risk and economic risk.

SSS manages these risks by creating harmonious relationship with various stakeholders, monitoring new and pending bills, and conducting regular economic research studies to craft appropriate policies beneficial to the System and its members.

Also, SSS implemented the No-Gift Policy, No Noon Break Policy, Anti-Fixer Campaign and No Smoking Campaign which may enhance its image as a government institution.

Further, SSS has Directors' and Officers' Liability Insurance. It provides Commissioners and Executives an indemnity coverage that provides SSS, SSC and its Management the means to pursue their fiduciary duties and obligations to always act in the best interest of the System, with utmost good faith in all their dealings with the properties and monies of SSS.

4. **Operational Risks** – This refers to potential loss, whether direct or indirect, resulting from a range of operational weaknesses arising from inefficient or ineffective processes, human resource failure, system failures or external events.

SSS monitors these risks by conducting regular Risks and Control Self-Assessment (RCSA) throughout the System. RCSA provides insights on risks of each SSS unit, both existing and emerging. Identified risks through RCSA are consolidated and reported by the RMD to Management and SSC. Through RCSA, SSS units become more aware on the risks present in their day-to-day operations. As such, they are able to identify gaps and ineffective controls and come up with sensible action plans to minimize possible loss and damage. The Incident Report Form enables all employees to report the occurrence of loss events and other incidents that affect the operations of SSS to responsible units for appropriate action. This also allows the collection of internal risk-event data, which can offer valuable insights to support identification, assessment, measurement, and treatment of risks.

Below are some of the risk management tools used to address operational risks:

- a. **Privacy Impact Assessment** – SSS conducts Privacy Impact Assessment (PIA) to evaluate privacy impacts in all processing systems – existing, new and enhancements. The PIA takes into account the nature of personal data to be protected, threshold analysis, personal data flow, stakeholder engagement and risks to privacy and security in each processing system.
- b. **Personal Equity Investment Policy** – SSS promotes high standards of integrity and professional excellence among its officers and employees in the investment of the Reserve Funds as provided under its Charter through regular monitoring and regulating the official and personal transactions and activities related to equity investments of concerned SSS officers and employees and the establishment of a disclosure mechanism for their personal equity investments.

- c. **Business Continuity Management Program** – SSS established a Disaster Control Group responsible in ensuring the compliance to Section 14 of RA 10121, Philippine Disaster Risk Reduction and Management Act of 2010.

SSS also established Risk Loss Event and Incident Reporting that provides a mechanism for SSS units and employees to report risk loss events or incidents to their next higher organizational units and other concerned units for appropriate and timely resolution of issues. It is also a risk management tool for collection, analysis, and reporting of internal risk-event data. Accordingly, it will offer valuable insights to support identification, assessment, and measurement of risks, help fully understand the root cause of the risk-event, and aid in the determination of the most appropriate risk treatment.

Adequacy of the Risk Management Systems

Under SSC Resolution No. 535 dated 27 October 2021, the SSC, after reviewing the memorandum of the Risk Management Division dated October 6, 2021, which was vetted by the SSC Risk Management and Investments Committee, approved the following revised statement on the risk management system of the SSS:

“Since 2014, developments in SSS on risk management include: establishment of risk dashboard, standardization of methods and metrics for risk monitoring, development and enhancement of risk and control self-assessment (RCSA), implementation of risk loss event and incident reporting (RLEIR) and conduct of seminars/workshops to strengthen the risk management culture in SSS.

Under the SSS Enterprise Risk Management Framework, the SSS has established an adequate and effective risk management system with the continuing aim to make itself a highly resilient institution.”

SSS INTERNAL CONTROL PROCEDURES

The objectives of the Internal Controls of SSS are to:

- Comply with laws, policies, rules, and regulations;
- Adhere to managerial policies;
- Check accuracy and reliability of accounting data;
- Ensure effective, efficient, ethical, and economical operations; and
- Safeguard assets.

The Internal Control System (ICS) of SSS consists of control features built into and made part of an organization's processes to ensure that the above-mentioned objectives are attained. It has five interrelated components, to wit:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring and evaluation

An assessment of the ICS aims to determine if the ICS is well-designed and properly implemented. The ICS is well-designed if all ICS components are present.

Adequacy of the Internal Control Procedures

Under Resolution No. 65 dated 09 February 2022, the SSC approved the Assessment Report of the SSS ICS for 2021, done by the Internal Audit Service Group (IASG) and vetted by the SSC Audit Committee. The ICS Assessment Report, which states that the ICS is adequate, includes the ff. details:

A. Scope of Assessment

For 2021, the IASG conducted assessment of the ICS on the ff. processes:

1. **Online Processes** - issuance of SS number, Member Data Change Request (simple

correction), salary/ calamity/ pension loans, online registration of member and employer through My.SSS, and enrollment of disbursement account thru DAEM

2. **Coverage and Registration** – employee/ employer registration, Member/ Employer Data Change Request
3. **Contributions** – Accounts Monitoring System/Accounts Management System and Automated Telling System
4. **Medical Benefits** – sickness notification, maternity, and disability benefits
5. **Non-Medical Benefits** – retirement, unemployment, funeral, and death benefits
6. **Loans Granting and Repayment** – salary, calamity, and pension loans
7. **Administrative Support Service** - attendance and leave administration, supplies/furniture and equipment inventory management, local procurement, contract management for support services

B. Assessment by Control Component:

CONTROL COMPONENT	TOTAL CONTROL STATEMENTS/ ATTRIBUTES	PROPERLY IMPLEMENTED CONTROLS		CONTROLS WITH GAPS AND DEFICIENCIES	
	NO.	NO.	%	NO.	%
Control Environment	485	460	95	25	5
Risk Assessment	45	18	40	27	60
Control Activities	2,210	2,016	91	194	9
Information and Communication	340	328	96	12	4
Monitoring and Evaluation	301	268	89	33	11
Total	3,381	3,090	91	291	9

- Overall, the ICS is adequate with the five ICS components present and functioning. Each of the control components has control attributes to ensure efficient implementation of internal controls.
- Overall, internal controls are properly implemented with 91% effective controls and 9% with control gaps.
- Risk Assessment and Monitoring and Evaluation have the high percentages of control gaps. The control gaps are being addressed through the implementation of various measures and initiatives to improve and strengthen the internal controls. Among these initiatives are:
 - creation of a team for implementation of the National Guidelines on Internal Control System (NGICS),
 - issuance of SSS Internal Control System Guidelines,

- issuance of Implementing Guidelines on SSS Risk Management Process,
- initiation of Performance Governance Standard (PGS),
- Business Process Re-engineering, and
- digitalization of various processes.

C. Recommendations:

1. Full implementation of the NGICS.
2. Institutionalize risk assessment by enforcing compliance with issued policies and procedures.
3. Identify root causes of incorrect or non-application of controls and implement action plans to address them.
4. Monitoring in various degrees and circumstances to ensure that controls are continuously applied at all levels across the agency. There should be a system in place to accomplish the following required monitoring:

- ongoing monitoring that is ingrained in the daily operations and management of a unit,
 - periodic evaluation of the controls' effectiveness, and
 - combination of ongoing monitoring and evaluation.
5. Integration into the system the design and application of:
- General controls intended to enforce compliance on existing policies and procedures such as:
 - imposition of appropriate sanction to accountable officials and employees for the non-compliance,
 - provide awareness on the duties and responsibilities as required under the current policies and procedures and code of ethical standards, and
 - provide personal development seminars/trainings for officials and employees.
 - General controls intended to address the gaps in the efficiency, effectiveness, economy, and ethicality (4Es) of operation, to ensure continual improvement of processes such as:
 - replication of best practices and international standards to processes in all branches and offices; and
 - reporting procedural gaps in the manual of procedures to respective process owners for immediate updating through MOP/Office Order.
6. Periodic submission of reports on the status of implementation of action plans by the Management Compliance Officer to the Management and the Audit Committee.

- a. Abuse of Authority
- b. Bribery
- c. Conflict of Interest
- d. Destruction/Manipulation of Records
- e. Fixing
- f. Inefficiency
- g. Making False Written Statements
- h. Malversation
- i. Misappropriation of SSS Assets
- j. Misconduct
- k. Money Laundering
- l. Negligence of Duty
- m. Nepotism
- n. Plunder
- o. Receiving a Commission in SSS Official Transactions
- p. Solicitation of Gifts
- q. Taking Advantage of Corporate Opportunities
- r. Violation of Procurement Laws

Whistleblowers may also report other acts or omissions that involve any violation of the following laws, rules and regulations:

- a. Code of Ethical Standards for Social Security System Officials and Employees;
- b. SSS Circulars, Orders and applicable laws and regulations;
- c. Republic Act (R.A.) No. 6713, "Code of Conduct and Ethical Standards for Public Officials and Employees";
- d. R.A. No. 3019, "Anti-Graft and Corrupt Practices Act";
- e. R.A. No. 7080, as amended, "The Plunder Law";
- f. Book II, Title VII, Crimes Committed By Public Officers, The Revised Penal Code;
- g. Executive Order (E.O.) No. 292, "Administrative Code of 1987";
- h. R.A. No. 10149, the "GOCC Governance Act of 2011";
- i. GCG Memorandum Circular (M.C.) No. 2012-05, "Fit and Proper Rule";
- j. GCG M.C. No. 2012-06, "Ownership and Operations Manual Governing the GOCC Sector";
- k. GCG M.C. No. 2012-07, "Code of Corporate Governance for GOCCs";
- l. Violations of R.A. No. 8282, "Social Security Act of 1997"; and
- m. Other GCG Circulars and Orders, and applicable laws and regulations.

Form of Report and Reporting Channels

A Whistleblowing Report (WR) may be in any form, whether verbal or written. An anonymous WR or one that does not disclose the identity of the complainant will be acted upon only if it merits appropriate consideration, or contains sufficient leads or particulars to enable the taking of further action.

SSS WHISTLEBLOWING POLICY

The SSC, in its Resolution No. 193-s.2017 dated March 15, 2017 approved the SSS Whistleblowing Policy that provides a formal mechanism that encourages and empowers all persons, whether SSS employees or not, to report and provide information that would involve actions or omissions of officials, including the members of the SSC, and employees of the SSS, that are illegal, unethical, violative of good governance principles, against public policy and morals, promote unsound and unhealthy business practices, or are grossly disadvantaged to the SSS.

Scope and Coverage

Whistleblowers may report information or allegations of suspected acts such as, but not limited to:

WRs may be made or submitted through the following reporting channels:

- a. Face-to-Face Meeting : with the Compliance Officer if person subject of report is below the rank of President; with the SSC Chairperson if the person subject of the report is the Compliance Officer; and with the Governance Commission for Government Owned or Controlled Corporations (GCG), if the person subject of the report is any members of the SSC
- b. E-Mail : whistleblowing@sss.gov.ph
- c. Mail : To the Compliance Officer, or the SSC Chair
12 Floor SSS Bldg., Makati Ave. corner
Rufino St., Makati City
or,
: To the Governance Commission for GOCCs
3/F Citibank Center, 8741 Paseo de Roxas,
Makati City
- d. Web : www.sss.gov.ph
: www.whistleblowing.gcg.gov.ph
- e. SMS : (to be assigned)
- f. Viber : (to be assigned)
- g. Telephone : (to be assigned)
- h. Fax : (to be assigned)

Confidentiality

SSS shall ensure the confidentiality of all information arising from WR. All WRs, including the identity of the whistleblower and the person/s complained of, shall be handled in a confidential manner, unless disclosure is compelled by law or the Courts or the whistleblower consents to reveal his/her identity.

Protection From Retaliation

SSS shall not tolerate retaliatory acts against SSS employee-whistleblowers and witnesses who submitted WRs or testify thereon in good faith. All possible assistance under applicable laws and rules given the circumstances shall be extended to them. Such retaliatory acts may include:

- a. Discrimination or harassment in the workplace
- b. Demotion in rank, status or salary
- c. Reduction in salary or benefits
- d. Termination of contract
- e. Evident bias in performance evaluation
- f. Any acts of threats that adversely affect the rights and interests of the whistleblower

Malicious Allegations

In case where after investigation, it was determined that the Whistleblower and/or Witness has made baseless, untruthful, fabricated, malicious or vexatious allegations, and/or persists in making them, SSS will extend assistance to the official/employee subject of the WRs, should he/she decides to initiate a disciplinary or legal action against the whistleblower.

Procedure

A. Handling Whistleblowing Reports

The whistleblower may file a WR with, the Compliance Officer, regardless of the rank of the person complained of. But, in case a WR is against the Compliance Officer himself/herself, the same shall be submitted/filed directly with the Chairperson of the SSC.

If the WR is against any member of the SSC, the same should be filed with the GCG.

WRs may also be reported and filed directly with the GCG as provided under GCG M.C. No. 2016-02 through their website: www.whistleblowing.gcg.gov.ph.

A proper WR shall include the following requirements:

- Full name and position of the person complained of
- Specification of charge/s
- Statement of the relevant and material facts, including the approximate time and place of commission of act being reported
- All supporting evidence including affidavits of witnesses, if any.
- Contact details of the whistleblower (email address, mobile number, etc.)
- Certificate of non-forum shopping. The Certificate of non-forum shopping should be dispensed for an anonymous whistleblower

A whistleblower shall have the option to disclose or withhold his/her identity. However, to aid further investigation, he/she can be contacted without compromising anonymity (e.g., email address, telephone, or mobile number).

If the WR is made through a face-to-face meeting, a phone call, or any of the mobile messaging schemes, a written report thereon shall be made by the Compliance Officer within three (3) working days from receipt of such non-written report. If the same is against the Compliance Officer, the Chairperson may designate any of his/her staff to make such written report.

B. Evaluation of the WR

All WRs shall be personally evaluated by the Compliance Officer or the Chairperson, as may be applicable, within fifteen (15) calendar days from receipt thereof, to determine whether it falls within the scope of this Policy and if in the affirmative, determine likewise if the same is sufficient in substance.

The Compliance Officer may conduct his/her own investigation for a proper evaluation of the WR. He/She may gather relevant evidence by:

1. calling the person/s complaint of and/or witnesses to appear for a discussion;

2. requiring the complainant, if identified, to a discussion and/or submit added information relevant to the WR;
3. requiring the person/s complained of to submit a comment;
4. directing the proper office/department to submit papers or documents relevant to the matter subject of the WR;
5. conducting the inspection at the workplace of the person/s complained of; and
6. conducting such other acts in aid of the proper evaluation of the WR.

The fifteen (15) day period is correspondingly extended for such time that the papers or documents required from the office/department are not submitted.

Upon determination that the reports do not fall within the ambit of a WR under this Policy or found to be vague, ambiguous, patently or without merit, the Compliance Officer or the Chairperson, as may be applicable shall recommend to the SSC that the same shall be considered closed and terminated and the complainant, if identified, shall be informed accordingly.

Should the Compliance Officer or the Chairperson, as may be applicable, determine that the WR falls within the Policy, he/she shall pursue the following alternative courses of action:

- a) Recommend to the SSC for the indorsement of the WR to the proper government agency, such as the Office of the Ombudsman and the Civil Service Commission.
- b) Submit a report to the SSC recommending the creation of a Fact-Finding Committee or Investigating Committee that will investigate and deliberate the case.

The composition of the Fact-Finding Committee or Investigating Committee as may be formed by the SSC, depends upon who is the subject of the whistleblowing complaint/report.

If the WR is determined to be sufficient in substance, a Formal Charge shall be issued by the disciplining authority, as recommended by the Investigating Committee. But if the person complained of falls within the disciplining authority of the President and CEO (PCEO), the Formal Charge shall be issued by the PCEO. In both cases, the Formal Charge shall direct the respondent to file his/her answer to the Formal Charge. Thereafter a formal investigation shall ensue. It shall be terminated within thirty (30) days from date of issuance of the formal charge. In case of a whistleblower who wish to remain anonymous, the Investigating Committee shall devise appropriate means to safeguard him/her without violating the right of the respondent to face his/her accuser.

It is understood that the proper disciplining authority refers to the PCEO for officials and employees below

the rank of Vice President and the SSC for those occupying the positions of Vice President and above.

C. Investigation, Recommendation, and Conclusion

1. The Investigating Committee, sitting as a panel, shall conduct an investigation pursuant to the Revised Rules on Administrative Cases in the Civil Service (RRACCS). In case of a whistleblower who wishes to remain anonymous, care and caution must be exercised to respect the option of the whistleblower to secure his/her identity.
2. The result of the investigation and the recommendation of the Investigating Committee shall be submitted to the disciplining authority for approval, within fifteen (15) days after the formal investigation has been terminated. The disciplining authority shall render a decision within thirty (30) days from receipt thereof. The whistleblower, if identified, and the respondent shall be informed in writing of the actions on the WR.
3. If the whistleblower decides to withdraw the WR or desist, the investigation shall continue if the evidence on hand is sufficient to warrant the continuation of the proceedings.
4. In the event that the employee under investigation resigns from the service pending the completion of the investigation or the final resolution of the case, benefits due, if any, shall be withheld pending final resolution of the case.

D. Handling Anonymous Complaints

An anonymous WR or one which does not disclose the identity of the complainant shall be made in writing form and will be acted upon only if it merits appropriate consideration, or contains sufficient leads and pieces of evidence to enable the taking of further action.

In cases of complaints reported verbally, the Compliance Officer/duly designated staff of the Chairperson shall log the complaint. The whistleblower who opts to keep his/her identity anonymous shall be required to submit sufficient evidence. The complainant has the option to disclose or withhold identity and/or sources of information. However, the WR shall clearly identify the person complained of by his/her full name and position. To aid further investigation, he/she should provide means by which he/she can be contacted without compromising anonymity (e.g., email address, mobile number).

An anonymous WR shall be evaluated personally by the Compliance Officer or the Chairperson, as may be applicable, within fifteen (15) days from receipt thereof and shall follow the same requirements and procedure for a WR with an identified complainant.

E. Handling Complaints Against Retaliation (CAR)

1. Submission of Complaint against Retaliation
Any whistleblower and/or witness who believes that he/she has been retaliated upon for filing a WR or for participating or cooperating in an investigation under this Policy may file a written

Complaint Against Retaliation (CAR) with the Compliance Officer/Chairperson within three (3) days from the occurrence of the alleged act or incident on retaliation.

2. The CAR should indicate the following details:
 - Name, position, work address, contact number of complainant;
 - Name and position of officials/employees alleged to have retaliated or involved in the retaliation against the complainant;
 - Brief description and date of the WR to which the alleged retaliation relates;
 - Brief description and details of the alleged retaliation (date/time, place and manner);
 - Relevant evidence to prove the retaliation;
 - Certificate of Non-forum shopping.
3. Preliminary Evaluation, Investigation and Reporting

The procedure for the preliminary evaluation, investigation, and reporting of the WR as provided herein shall also be followed.

F. Motion for Reconsideration

A motion for reconsideration of the decision may be filed by the party adversely affected thereby within fifteen (15) days from receipt of a copy thereof. The Motion shall be based on any of the following:

- a) Newly-discovered evidence;
- b) The decision is not supported by evidence; or
- c) Errors of law or irregularities have been committed prejudicial to the interest of the movant;

In resolving the MR, the disciplining authority should require the comment of the other party and within thirty (30) days from receipt of said comment, resolve the same.

G. Appeal

The party adversely affected by the decision on the MR may file within fifteen (15) days from receipt of a copy thereof to the proper appellate bodies.

Report Monitoring

All WRs and CARs received shall be assigned a control number for monitoring purposes.

A monthly progress report shall be submitted by the Compliance Officer to the SSC of all pending WR and CAR cases, respectively, with the corresponding status and action/s taken thereon.

If the WR is against the Compliance Officer, the Chairperson may designate any of his/her staff to assign a separate control number and prepare a monthly progress report to be submitted to the SSC.

Application of the Revised Rules on Administrative Cases in the Civil Service (RRACCS)

In all matters not provided in this Policy, the RRACCS shall apply in suppletory character.

ANNUAL BOARD PERFORMANCE EVALUATION OF THE SSC

In compliance with the requirements of GCG Memorandum Circular No. 2012-07, or the Code of Corporate Governance for GOCCs, the Social Security Commission approved the Annual Performance Evaluation Process of the Social Security Commission under SSC Resolution No. 26, on 13 January 2021, viz:

Board Assessment Form

The members of the Commission will be given a Board Assessment Form which contains a list of statements which they will rate from a scale of “strongly disagree” to “strongly agree”.

The contents of the Board Assessment Form:

Form C-1 Board Assessment Form							
Name: (Signature over printed name)	Date Accomplished:	Period Evaluated:					
Instructions:							
1. Please go over the statements carefully and check/mark each statement using the following rating scale:							
1	Strongly disagree						
2	Disagree						
3	Neither agree nor disagree						
4	Agree						
5	Strongly agree						
2. The objective of the evaluation is to assess the performance of the Commission as a functioning unit. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section.							
3. After the ratings have been given, please submit this form to the Commission Secretary enclosed in a sealed envelope.							
STATEMENTS		RATING					COMMENTS
		1	2	3	4	5	
1. The Commission operates under a set of policies and procedures which have been made known to all members.							
2. The Commission, as a collegiate body, is diverse and possesses the right mix of knowledge, skills, and experience.							
3. The Commission provides director development activities (e.g., trainings, seminars, etc.) to keep its members up to date with relevant national and global developments, and to equip them with adequate knowledge and skills to perform their responsibilities.							
4. The meetings of the Commission are timely scheduled and adequate in terms of frequency and duration.							
5. The meetings of the Commission have useful materials and an atmosphere that is conducive to a fair discussion of the items on the agenda.							
6. The members of the Commission participate actively during meetings, are supportive of each other and debate each other constructively in case of disagreement.							
7. The roles of the Commission and the Management are clearly distinguished. The Commission neither interferes with matters that are within the purview of Management nor abdicates its responsibilities to Management.							
8. The Commission gives policy directions and support to the Management.							
9. The Commission discusses sufficiently, with objectivity and independence, proposals from Management before granting approval.							
10. The Commission has effective monitoring tools and regularly monitors the overall performance of the Management as well as its implementation of corporate strategies and policies, business plans and operating budgets.							
11. The Commission provides the GOCC's VMG, strategy maps, values, and standards which it revisits from time to time to ensure continued relevance.							
12. The Commission monitors the performance, state, and prospects of the GOCC on a regular basis.							
13. Which good governance principles and practices should the Commission devote more time and resources and why? (Transparency, Accountability, Professionalism, Fiduciary duty, Meritocracy and personal and professional development for employees, Loyalty and avoidance of conflict of interest, CSR, Recognition of stakeholders, Health and safety, Environment and sustainability, Long-term viability, etc.)							
14. Other comments/observations to further improve the performance of the Commission:							

Performance Evaluation Results

The 2021 Performance Evaluation of the Social Security Commission was carried out in March 2022. The average ratings given to the evaluation statements by the members of the Commission in the 2021 Performance Evaluation, with comparison with the average ratings given in the 2020 Performance Evaluation, are as follows:

STATEMENTS	AVERAGE RATING	
	2021	2020
1) The Commission operates under a set of policies and procedures which have been made known to all members.	4.875	4.625
2) The Commission, as a collegiate body, is diverse and possesses the right mix of knowledge, skills, and experience.	4.625	4.5
3) The Commission provides director development activities (e.g., trainings and seminars, etc.) to keep its members up to date with relevant national and global developments, and to equip them with adequate knowledge and skills to perform their responsibilities.	4.75	4.375
4) The meetings of the Commission are timely scheduled and adequate in terms of frequency and duration.	5	4.5
5) The meetings of the Commission have useful materials and an atmosphere that is conducive to a fair discussion of the items on the agenda.	4.875	4.5
6) The members of the Commission participate actively during meetings, are supportive of each other and debate each other constructively in case of disagreement.	4.75	4.75
7) The roles of the Commission and the Management are clearly distinguished. The Commission neither interferes with matters that are within the purview of Management nor abdicates its responsibilities to Management.	4.75	4.375
8) The Commission gives policy directions and support to the Management.	4.75	4.875
9) The Commission discusses sufficiently, with objectivity and independence, proposals from Management before granting approval.	4.75	4.75
10) The Commission has effective monitoring tools and regularly monitors the overall performance of the Management as well as its implementation of corporate strategies and policies, business plans and operating budgets.	4.625	4.375
11) The Commission provides the GOCC's vision, mission and goals, strategy maps, values, and standards, which it revisits from time to time to ensure continued relevance.	4.625	4.625
12) The Commission monitors the performance, state, and prospects of the GOCC on a regular basis.	4.75	4.25

Rating Scale: 1 – Strongly disagree; 2 – Disagree; 3 – Neither agree nor disagree; 4 – Agree; 5 – Strongly Agree

TRAINING PROGRAMS ATTENDED BY SSC MEMBERS

In pursuance to the policy set forth under Section 27, 3rd par. [b], Manual of Corporate Governance for the Social Security System (which Manual was approved under SSC Resolution No. 138 dated 24 February 2016) that “the SSC shall provide for ongoing or continuous professional education and training programs for the SSC Members and Commission officers”, the Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer had coordinated with the SSS Learning and Development Department, thru an email request dated 28 May 2021, for the registration/participation of SSC Members and SSS officers to the webinar on the Revised Corporation Code of the Philippines.

The SSC Members attended the following trainings in 2021:

<p>AURORA C. IGNACIO</p>	<p>MICHAEL G. REGINO</p>
<ul style="list-style-type: none"> • <i>Webinar on Islamic Finance</i> 30 March 2021, SSS • <i>Executive Master Class in Digital Transformation</i> 10 May 2021 - 1 July 2021, Global Learning Solutions and Union Bank • <i>2019 Revised Corporation Code of the Philippines</i> 06 July 2021, Center for Global Best Practices • <i>Refresher Course for Directors on Anti-Money Laundering, Countering the Financing of Terrorism, and Countering Proliferation Financing</i> 26 November 2021, UnionBank University 	<ul style="list-style-type: none"> • <i>2019 Revised Corporation Code of the Philippines</i> 06 July 2021, Center for Global Best Practices • <i>The Philippines FATF Journey: From Technical Compliance to Effectiveness</i> 27 September 2021, Association of Bank Compliance Officers, Inc. • <i>“Becoming Obsessed with the Customer” 2021 ACGES</i>, 17 September 2021, Philex Mining Corporation • <i>Refresher Course for Directors on Anti-Money Laundering, Counterfeiting the Financing of Terrorism & Countering Proliferation Financing</i> 26 November 2021, UnionBank University
<p>DIANA PARDO AGUILAR</p>	<p>MANUEL L. ARGEL, JR.</p>
<ul style="list-style-type: none"> • <i>Keeping the Workplace, a Safe Space: Employers at the Forefront</i> 24 March 2021, ECOP 2021 Corporate Governance • <i>Advanced Corporate Governance Training Program</i> 27 April 2021, Institute of Corporate Directors • <i>2019 Revised Corporation Code of the Philippines</i> 06 July 2021, Center for Global Best Practices • <i>Anti-Money Laundering and Counter-Terrorist Financing Technical Training</i> 27 August 2021, SGV/Investment and Capital Corporation of the Philippines • <i>“Becoming Obsessed with the Customer” 2021 Annual Corporate Governance Enhancement Session (ACGES)</i> 17 September 2021, Philex Mining Corporation 	<ul style="list-style-type: none"> • <i>Webinar on Islamic Finance</i> 30 March 2021, SSS • <i>2019 Revised Corporation Code of the Philippines</i> 06 July 2021, Center for Global Best Practices • <i>MPIC Group Sustainability Summit 2020</i> 06 August 2021 • <i>“Becoming Obsessed with the Customer” 2021 ACGES</i>, 17 September 2021, Philex Mining Corporation • <i>“Agile Leadership: A Conversation with Ms. Anna Wintour”</i> 12 November 2021, PLDT Annual Corporate Governance Enhancement Session
<p>RICARDO L. MOLDEZ</p>	<p>BAI NORHATA MACATBAR ALONTO</p>
<ul style="list-style-type: none"> • <i>2019 Revised Corporation Code of the Philippines</i> 06 July 2021, Center for Global Best Practices 	<ul style="list-style-type: none"> • <i>“Mathematics of Peace, War and Terrorism”</i> 10 February 2021 - MSU Alimni Proftalk MPWT • <i>“International Women Summit Manila 2021; Theme: Women Global Leaders’ Vision of Tomorrow”,</i> 26 to 27 February 2021 • <i>“Interfaith Dialogue”</i> 27 March 2021, National Council for Women in the Philippines (NCWP) and PCW (Philippine Commission on Women)

- *Webinar on Islamic Finance*
30 March 2021, Social Security System
- *Asia Pacific Leadership Conference: World Federation on Peace Forum*
1 April 2021
- *Global Peace Women International Webinar: Series 3; Practice Peace Making*
24 April 2021
- *International Leadership Conference 2021: "Towards Peaceful Reunification in the Korean Peninsula; Creating a Foundation for a unified world."*
29 April to 1 May 2021
- *Asia Pacific Leadership Conference: Providing Vision and Leadership for Nation Building and Peace*
15 May 2021
- *ADIVAY Event on Mindanao History*
15 May 2021, JCI Davao
- *"New Village Development -to counter involuntary Migration*
17 May 2021, Commission on Crime Prevention and Criminal Justice
- *GPW Webinar Series 2021; Session 4: "Holistic Health Practice for the Home and Society"*
22 May 2021, Global Peace Women Organization
- *"Asia Pacific Leadership Conference in association with the Universal Peace Federation Celebrating the Legacy of Peace"*
3 June 2021
- *"Environmental Destruction in the South China Sea"*
24 June 2021
- *"Women's Voice for Peace-71st Anniversary of Korean War"*
25 June 2021
- *Asia Pacific Leadership Conference: "Providing Vision and Leadership for Nation Building and Peace"*
3, 10, 17 & 24 July 2021, WFWP (World Federation of Women for Peace)
- *2019 Revised Corporation Code of the Philippines*
06 July 2021, Center for Global Best Practices
- *"ICT + Security Capacity Building Series for Women in Cyber Training"*
7 & 8 July 2021, CICC-DICT; NCWP
- *"Towards Peace in the Korean Peninsula: "Peace and Security"*
7 & 8 July 2021, Universal Peace Federation - Asia Pacific
- *"Towards Peace in the Korean Peninsula: Best Practices in Track II Diplomacy"*
28-29 July 2021, Universal Peace Federation - Asia Pacific
- *"Women Leadership: Service-minded Women advancing Peace in their Homes and the World during unprecedented times"*
13 August 2021
- *"US-ASEAN Science and Technology Fellows Forum"*
3 September 2021
- *Becoming Obsessed with the Customer"*
2021 ACGES,
17 September 2021, Philex Mining Corporation
- *ICT Webinar Training Women in Cyber-building the Cyber Defense and Offence Strategy "*
14 & 15 October 2021, CICC-DICT; Cyber4 Dev., NCWP

- *"Heart Webinar"*
15 October 2021, getzpharma
- *"An invitation to Corporate Senior Level Executives from Grit to Great"*
16 October 2021, Lord's Boardroom
- *Kusog Mindanaw Virtual Conference: "Co-creating the Kusog Mindanaw Agenda in the 2022 Elections"*
18, 19, 20, 21 & 22 October 2021, IAG (Institute for Autonomy and Governance)
- *"The UN Dream: Intergenerational Cooperation and our journey to Peace - 76th Anniversary of the Founding of UN"*
22 October 2021, UNAP
- *"Digital Transformation in Finance"*
27 October 2021, Nanyang Business School; Nanyang Technological University, Singapore
- *"Pwede ang Diborsyo, Pero..." Women's Rights in Muslim Marriage*
28 October 2021, Philippine Center for Islam and Democracy
- *Asia Pacific Leadership Conference: "Providing Vision and Leadership for Nation Building and Peace"*
23 & 30 October, 6 & 13 November 2021
- *ACGES Webinar; Topic: "Agile Leadership"*
12 November 2021
- *"Social Market Economy and Islamic Economic Thought"*
18 November 2021, IAG (Institute of Autonomy and Governance)
- *"Series of Round Table Discussions on Race Politics, Power and Ethics in Researching Violent Extremism"*
23 & 24 November 2021, The Gender and Responding to Violent Extremism, (GARVE) Network

ANITA BUMPUS QUITAIN

- *2019 Revised Corporation Code of the Philippines*
06 July 2021, Center for Global Best Practices
- *"Becoming Obsessed with the Customer" 2021 ACGES,*
17 September 2021, Philex Mining Corporation
- *Advanced Corporate Governance Training Program*
29 October 2021, First Philippine Holdings Corporate
- *"Agile Leadership: A Conversation with Ms. Anna Wintour*
12 November 2021, PLDT Annual Corporate Governance Enhancement Session

ORIENTATION PROGRAM FOR NEW SSC MEMBERS

The Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer has always ready compiled briefing materials available with PowerPoint presentations as part of the Orientation Program in the event there are new appointees in the SSC. Also, there has always been close coordination with certain management units in the conduct of briefings about SSS programs to newly appointed SSC Members. Thus, as part of the Orientation Program on investments of the latest appointed SSC Member, Commissioner Bai Norhata Macatbar Alonto, she was given a webinar on Islamic

Finance on 30 March 2021 as facilitated by the SSS Investments Sector and Learning and Development Department.

BOARD OF DIRECTORS' MEETINGS

Under its Resolution No. 690 dated 17 December 2020, the SSC approved the schedule of SSC meetings for 2021.

The SSC met as scheduled in 23 out of 24 (96%) regular meetings. Two (2) special meetings were held on 13 April and 9 August 2021.

BOARD SEAT REPRESENTATION IN SSS INVESTEE CORPORATIONS - 2021

INVESTEE CORPORATION	SSS REPRESENTATIVE IN BOARD
Union Bank of the Philippines	<ul style="list-style-type: none"> • PCEO Aurora Cruz Ignacio • Commissioner Michael G. Regino
Philex Mining Corporation	<ul style="list-style-type: none"> • Commissioner Michael G. Regino • Commissioner Anita Bumpus Quitain • Commissioner Bai Norhata Macatbar Alonto
First Philippine Holdings Corporation	<ul style="list-style-type: none"> • Commissioner Anita Bumpus Quitain
Ionics Corporation	<ul style="list-style-type: none"> • Commissioner Ricardo L. Moldez
City Savings Bank	<ul style="list-style-type: none"> • Commissioner Ricardo L. Moldez
PLDT Corporation	<ul style="list-style-type: none"> • Commissioner Manuel L. Argel, Jr.
Belle Corporation	<ul style="list-style-type: none"> • Commissioner Diana Pardo Aguilar (up to May 2021)
PXP Energy Corporation (Philex Petroleum)	<ul style="list-style-type: none"> • Commissioner Diana Pardo Aguilar
Philamlife Tower Management Corporation	<ul style="list-style-type: none"> • Commissioner Manuel L. Argel, Jr. • Commissioner Bai Norhata Macatbar Alonto • EVP Rizaldy T. Capulong, Investments Sector • SVP Santiago D.R. Agdeppa, Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer
Philamlife Tower Condominium Corporation	<ul style="list-style-type: none"> • SVP Santiago D.R. Agdeppa
Capital Consortium Corporation	<ul style="list-style-type: none"> • SVP Pedro T. Baoy, Lending and Asset Management Group



CARLOS G. DOMINGUEZ III

SECRETARY, DEPARTMENT OF FINANCE
CHAIRPERSON, SOCIAL SECURITY COMMISSION

- As the Secretary of Finance, he also serves as Chairman of the Land Bank of the Philippines and the Philippine Deposit Insurance Corporation, and is a member of the Monetary Board.
- Served as Secretary of Department of Natural Resources, and of Agriculture during the Presidency of Corazon Aquino.
- Served as President of Philippine Airlines, the Philippine Associated Smelting and Refining Corporation, and the former Bank of the Philippine Island Agricultural Development Bank.
- Served as Chairman of the Boards of Republic Planters Bank and RCBC Capital Corporation.
- Completed his Master's Degree in Business Administration from Ateneo de Manila University and attended the Executive Management Program at the Stanford University.



AURORA C. IGNACIO

SSS PRESIDENT AND CHIEF EXECUTIVE OFFICER
VICE CHAIRPERSON, SOCIAL SECURITY COMMISSION

Date of Birth: 17 July 1956 | Place of Birth: Dagupan City, Pangasinan | Age: 65 | Sex: Female

- Appointed as the first PCEO of the SSS under Republic Act No. 11199 or the “Social Security Act of 2018” on 28 March 2019. Prior to her appointment as PCEO, she was the first female Chairperson of the Social Security Commission.
- Formerly the Assistant Secretary for Special Projects in the Office of the President, Malacañang, the Focal Person for Anti-Illegal Drugs by virtue of Presidential Directive No. 5. She also served as a Guest Member of the Dangerous Drugs Board, a Principal Member of Task Force on the Establishment of Rehabilitation and Treatment Centers for Drug Users, and Council Member of the National Food Authority.
- SSS Nominee-Director in the Board of the following corporations: Union Bank of the Philippines (4 April 2019 to present), Philippine Long Distance Telephone Company (8 November 2018 to 22 January 2020), and Belle Corporation (28 February to 4 April 2019).
- Member of the SSC Executive Committee and Risk Management and Investment Committee.
- Obtained her Bachelor of Science degree in Commerce, Banking and Finance from the Centro Escolar University.



SILVESTRE H. BELLO III

SECRETARY, DEPARTMENT OF LABOR AND EMPLOYMENT
EX-OFFICIO MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 23 June 1944 | Age: 77 | Sex: Male

- An ex-officio member of the Social Security Commission (SSC) and designated member of the SSC Executive Committee.
- Secretary Bello's other past professional and civic involvements include holding top positions such as president and chief executive officer of the Philippine National Oil Company-Development & Management Corporation; General Manager and Chief Executive Officer of the Philippine Reclamation Authority; Presidential Adviser for New Government Centers; Cabinet Oversight Officer for Indigenous Peoples and National Commission on Indigenous Peoples Matters; Cabinet Officer for Regional Development for Region II; Cabinet Secretary; and Member of 16th Congress representing 1BAP Party List Representative.
- He also sat on the boards of companies such as Camp John Hay Development Corporation, San Miguel Corporation, CAP Realty Inc., College Assurance Plan, Comprehensive Annuity Plan & Pension Corp., Red Eagle Lending Investors Corp., CAP Life Insurance Corp., CAP General Insurance Corp., Puerto Azul, Baguio Country Club, Philippine Plaza Hotel, Urban Bank, and Ambassador Hotel, and was on the Board of Advisors of Philippine Airlines.
- He is a distinguished associate of various law offices



BAI NORHATA M. ALONTO

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 05 June 1950 | Place of Birth: Masiu, Lanao del Sur | Age: 71 | Sex: Female

- Bai Norhata Demarunsing Macatbar Alonto was appointed to the SSC on 3 December 2019.
- SSS Nominee-Director in the boards of Philex Mining Corporation and Philam Tower Management Corporation.
- Member of the SSC Executive, Information Technology and Collection, and Risk Management and Investments Committees
- Vice President of National Council of Women in the Philippines (2021 to present)
- President of Philippines Muslim Women Council (May 2019 to present)
- Formally served as Executive Assistant V/Chief of Staff to the Chairman of Mindanao Development Authority (October 2017 to May 2019).
- Focal Person at Mindanao Development Authority (2018-2019).
- Member of the Board of Directors in the Office of the President - ARMM Social Fund Board, (2003 to 2004); Member of the Board of Directors in the Office of the President – Bataan Shipyard and Engineering Corporation (2003 to 2004); and Commissioner of the Presidential Commission for Urban Poor, Office of the President (2001 to 2002).
- Presidential Assistant for Muslim Mindanao, Office of the President (1999 to 2001).
- College Instructor in the College of Arts and Sciences, Mindanao State University (1972 to 1979) and Guidance Counselor, Preparatory High School, Mindanao State University (1970 to 1972).
- Completed her AB Psychology degree at the Philippine Women’s University and earned units in MA Psychology at the University of the Philippines - Diliman.
- Earned units in Master’s in Business Administration at the Asian Institute of Management



DIANA PARDO-AGUILAR

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 27 October 1963 | Place of Birth: Manila | Age: 58 | Sex: Female

- Re-appointed as SSC member on 28 November 2016.
- Chairperson of the SSC Risk Management and Investments Committee and Member of the Audit Committee.
- Vice-Chairperson of the SSS Provident Fund.
- SSS Nominee-Director in the boards of Belle Corporation (January 2021 to May 2021) and PXP Energy Corporation.
- Director of Security Bank Corporation (April 2017 to present) and appointed as Chairperson of the Trust Committee, and member of Technology Execution Excellence Committee, Related Party Transactions Committee and Risk Oversight Committee. She is also the Chairperson of SB Capital Investment Corporation (August 2016 to present).
- Board of Trustees of La Salle Greenhills (September 2019 to present) and appointed as Treasurer and Chairperson of the Finance Committee (December 2019 to present).
- Member of De La Salle Philippines Investment Committee (July 2018 to present).
- Independent Director of the Medical Doctors, Inc. (Makati Medical Center) from July 2018 to present.
- Board Member of Capital Markets Development Board (2013 to present), of the Employers Confederation of the Philippines, and of the Philippine Chamber of Commerce and Industry.
- Consultant Advisor to the Board of Philippine Seven Corporation (January 2015 to present) and also an advisor to the Executive, Audit and Nomination and Governance Committees.
- ECOP Governor (January 2017 to present).
- Member of De La Salle - College of Saint Benilde, Inc., Executive Committee of the Board (July 2020 to present).
- Member of La Salle East Asia District Boards' LEAD Economic Council and Investment Board (August 2020 to present).
- Board of Trustees of De La Salle Medical and Health Sciences Institute (October 2020 to present).
- Director of Science Park of the Philippines, Inc. (June 2020 to present)
- She holds the degree of B.S. Computer Studies from De La Salle University, and a Master's in Business Administration degree, Major in International Business and Finance (with honors), from the Pepperdine University in California, USA.



ANITA BUMPUS-QUITAIN

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 1 November 1946 | Place of Birth: Sta. Cruz, Davao Del Sur | Age: 75 | Sex: Female

- Appointed to the SSC on 06 October 2016.
- SSS Nominee-Director in the boards of Philex Mining Corporation and First Philippine Holdings.
- Chaired the SSC Audit Committee and designated member of the Information Technology and Collection Committee.
- In July 2009, she retired from SSS after 31 years of dedicated service, during which period she was officer-in-charge of operations of the SSS Representative Office in Digos City, Davao del Sur and held the position of Head in the various Sections of the SSS office in Region 9, Davao City, to wit: 1) Member Assistance, 2) Operations Accounting, 3) Sick, Disability and Maternity, and 4) Real Estate.
- Worked with the Department of Education as an elementary school teacher for 10 years and also taught in the Philippine Women's College of Davao.
- A graduate of the University of Mindanao, Davao City, in Education.



JUDGE MANUEL L. ARGEL, JR. (RET.)

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 23 July 1949 | Place of Birth: Vigan City, Ilocos Sur | Age: 72 | Sex: Male

- Appointed SSC member on 04 September 2019, representing the employers' group.
- SSS Nominee-Director to the boards of Philippine Long Distance Telephone Co. and Philam Life Tower Management Corporation.
- Member of the SSC Audit and Risk Management and Investments Committees.
- Commissioner Argel is a retired Regional Trial Court Judge for Laoag City, Ilocos Norte, and member of the Judiciary for 20 years. Prior to this, he was a law practitioner for 20 years.
- Prior to his service in the Judiciary, he served the Legislative Department when he was elected in 1980 as a member of the Sangguniang Bayan of Vigan City. In 2008, he was given the Legislator's Award by the City Government of Vigan in recognition of his accomplishments and contributions as former legislator of Vigan City.
- In 1995, while in private practice, he was accredited as a Voluntary Labor Arbitrator of the DOLE National Conciliation and Mediation Board.
- He served as President of the Integrated Bar of the Philippines (Ilocos Sur Chapter) from 1993 to 1995, Provincial Secretary of National Citizens' Movement for Free Elections, Chairman of the Ilocos Sur Local Amnesty Board, a member of the People's Assistance Development Action Center, Inc. He is a Charter Grand Knight and Lecturer-Member of the Knights of Columbus.
- As RTC Judge of Laoag City, Ilocos Norte from 1995, he also served as Executive Judge of RTC Laoag (2005 to 2007), and Presidential Assistant for Region I in the Philippine Judges Association.
- He is a distinguished alumnus of San Beda University where he obtained both his Bachelor of Arts in Philosophy in 1969 and Bachelor of Laws in 1974.



RICARDO L. MOLDEZ

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 30 July 1947 | Place of Birth: Brgy. Buli, Muntinlupa City | Age: 74 | Sex: Male

- Appointed to the SSC on 26 September 2018.
- In 2021, he was designated member of the SSC Executive Committee, Information Technology and Collection Committee and Audit Committee.
- He represented the SSS in the Boards of the City Savings Bank, Union Bank, Belle Corporation, and Ionics Corporation in 2021.
- A litigation lawyer with more than 40 years of experience, including the following: Appointed Board Member, Human Rights Victims' Claims Board (2017 to 2018); Special Counsel, Department of Justice (1974-1976); Municipal Attorney, Muntinlupa City (1974); and Court Interpreter, Municipal Court of Muntinlupa (1969-1971)
- He holds a Law degree from the Lyceum of the Philippines, Manila and was admitted to the Bar in 1972.



MICHAEL G. REGINO

MEMBER, SOCIAL SECURITY COMMISSION

Date of Birth: 14 August 1961 | Place of Birth: Dipolog, Zamboanga Del Norte | Age: 60 | Sex: Male

- Appointed as SSC member on 24 October 2016 and reappointed on 25 January 2019.
- SSS Nominee-Director in the boards of Union Bank of the Philippines and Philex Mining Corporation.
- Chairperson of the Information Technology and Collection Committee and Member of the Risk Management and Investments Committee.
- Has more than 30 years of corporate experience from various industries, including mining, real estate development, memorial parks development, property management, construction and housing materials manufacturing.
- Served as president and/or a member of the board of directors of Camella Homes, Golden Haven Memorial Parks, Inc., MGS Group of Companies, St. Augustine Gold and Copper Ltd., TVI Resources Development Phils., Inc., and Agata Mining Ventures, Inc.
- Graduated Cum Laude from Ateneo de Zamboanga University in 1981, with a degree of Bachelor of Science major in Economics, then obtained his Master's in Business Administration in 1985 from Ateneo de Manila University.



SANTIAGO DIONISIO R. AGDEPPA

SVP, Commission Secretary,
Compliance Officer and Executive Commission Clerk

JOSEFINA O. FORNILOS

SVP, Internal Audit Service Group



SSS MANAGEMENT

ELVIRA G. ALCANTARA-RESARE

EVP, Corporate Services Sector,
Concurrent Acting Head, Human Resource Management Group

JUDY FRANCES A. SEE

EVP, Branch Operations Sector
Concurrent Acting Head, International Operations Group

AURORA C. IGNACIO

President and Chief Executive Officer

RIZALDY T. CAPULONG

EVP, Investments Sector,
Concurrent Acting Head, Capital Markets Group



SSS MANAGEMENT

EDGAR B. CRUZ

Chief Actuary and SVP,
Actuarial and Risk Management Group

PEDRO T. BAOY

SVP, Lending and Asset Management Group
Concurrent Acting Head, Asset Management Division

ERNESTO D. FRANCISCO

SVP, Fund Management Group



SSS MANAGEMENT

MARIO R. SIBUCAO

SVP, Account Management Group,
Concurrent Acting Head, Large Accounts Division

NORMITA M. DOCTOR

VP, Member Relations and Support Division
Concurrent Acting Head, Member Services and Support Group

VOLTAIRE P. AGAS

SVP, Legal and Enforcement Group



SSS MANAGEMENT

HELEN C. SOLITO
SVP, Visayas Operation Group

EDWIN M. ALO
VP, Mindanao North Division,
Concurrent Acting Head, Mindanao Operations Group

ANTONIO S. ARGABIOSO
Acting Head, Luzon Operations Group

MARIA RITA S. AGUJA
VP, NCR South Division,
Concurrent Acting Head, NCR Operations Group



SSS MANAGEMENT

ALAN GENE O. PADILLA

VP, Program Services Division,
Concurrent Acting Head, Information Technology Management Group

LEONORA S. NUQUE

SVP, Central Processing Group

JEAN V. LAGRADA

VP, Financial and Budget Division,
Concurrent Acting Head, Controllership Group

JOHNSY L. MANGUNDAYAO

Acting Head, Administration Group

LIST OF OFFICERS

SOCIAL SECURITY COMMISSION

CARLOS G. DOMINGUEZ III
Chairperson

AURORA C. IGNACIO
Vice-Chairperson

BAI NORHATA M. ALONTO
MANUEL L. ARGEL JR.
SILVESTRE H. BELLO III
ANITA BUMPUS-QUITAIN
RICARDO L. MOLDEZ
DIANA V. PARDO-AGUILAR
MICHAEL G. REGINO
Members

COMMISSION SECRETARY, COMPLIANCE OFFICER AND EXECUTIVE COMMISSION CLERK

SENIOR VICE PRESIDENT

SANTIAGO DIONISIO R. AGDEPPA
Commission Secretary,
Compliance Officer and
Executive Commission Clerk

DEPUTY COMMISSION CLERK

NAOMI A. ANTAZO
Deputy Commission Clerk

DEPARTMENT MANAGER III AND *ACTING HEAD

MARY LYN Y. DAVID*
National Capital Region
Commission Legal Department

MARIA TERESA D. GAERLAN
Mindanao Commission
Legal Department

TINNA MARIE R. LUZURIAGA
Visayas Commission
Legal Department

ALAN C. ORTIZ
Policy Research and Governance
Department

JOCELYN B. PARAISO
Commission Secretariat
Department

JOSE B. SALGADO JR.
Luzon Commission Legal
Department

SSS MANAGEMENT

PRESIDENT AND CEO

AURORA C. IGNACIO
Office of the President and CEO

EXECUTIVE VICE PRESIDENT

ELVIRA G. ALCANTARA-RESARE
Corporate Services Sector and
Concurrent Acting Head,
Human Resource Management
Group

RIZALDY T. CAPULONG
Investments Sector and
Concurrent Acting Head, Capital
Markets Group

JUDY FRANCES A. SEE
Branch Operations Sector and
Concurrent Acting Head,
International Operations Group

SENIOR VICE PRESIDENT AND *ACTING HEAD

VOLTAIRE P. AGAS
Legal and Enforcement Group

MARIA RITA S. AGUJA*
NCR Operations Group and
Vice President, NCR South Division

EDWIN M. ALO*
Mindanao Operations Group
and Vice President, Mindanao
North Division

ANTONIO S. ARGABIOSO*
Luzon Operations Group

PEDRO T. BAOY
Lending and Asset Management
Group and
Concurrent Acting Head, Asset
Management Division

EDGAR B. CRUZ
Actuarial and Risk Management
Group

NORMITA M. DOCTOR*
Member Services and Support
Group and Vice President,
Member Relations and Support
Division

JOSEFINA O. FORNILOS
Internal Audit Service Group

ERNESTO D. FRANCISCO JR.
Fund Management Group

JEAN V. LAGRADA*
Controllership Group and Vice
President, Financial and Budget
Division

JOHNSY L. MANGUNDAYAO*
Administration Group

LEONORA S. NUQUE
Central Processing Group

ALAN GENE O. PADILLA*
Information Technology
Management Group and
Vice President, Program Services
Division

MARIO R. SIBUCAO
Account Management Group and
Concurrent Acting Head, Large
Accounts Division

HELEN C. SOLITO
Visayas Operations Group

**VICE PRESIDENT AND
*ACTING HEAD**

VILMA P. AGAPITO
Luzon Central 1 Division

MA. SALVACION F. ALAM*
Mindanao West Division

GLORIA CORAZON M. ANDRADA
Luzon Central 2 Division

CRISTINA A. BACALLA
Luzon Regional Processing Division

PORFIRIO M. BALATICO
Luzon North 2 Division

LILANI B. BENEDIAN
Visayas West 1 Division and
Concurrent Acting Head, Visayas
West 2 Division

FELIPE R. CABANERO*
ICT Support Services Division

ELEONORA Y. CINCO
Management Services and
Planning Division

RAUL P. CINCO*
Operations Legal Services Division
II and Department Manager III,
Mindanao North Legal
Department

ROBERT B. CLEMENTE*
IT Solutions Division and
Department Manager III,
Information Systems
Department IV

MARIO V. CORRO
Visayas Central 1 Division

RENATO JACINTO S. CUISIA
Operations Legal Services Division
I and Concurrent Acting Head, NCR
East Legal Department

DORENDA M. DASMARIÑAS-PAN
Procurement Management
Division

RIZALITO ALBERTO C. DE LEON*
Mindanao South 2 Division

EDWIN B. DINCOG JR.*
Equities Investments Division

RENTONY C. GIBE
Risk Management Division

MA. VIANNEY O. GO*
Operations Accounting Division

EDWIN S. IGHARAS*
Luzon South 1 Division

FRANCISCO PAQUITO L. LESCANO*
Luzon South 2 Division

LUZVIMINDA J. LIMCAUCO
NCR West Division and Concurrent
Acting Head, NCR North Division

GILDA VICTORIA G. MENDOZA
Investments Support Division

FROILAN M. MISA*
Internal Audit Service Division II

ALBERTO L. MONTALBO*
Visayas Central 2 Division

MEDEL BLAS C. MORALES*
Medical Services Division and
Department Manager III, Health
Care Department

FERNANDO F. NICOLAS*
Public Affairs and Special Events
Division
and Department Manager III,
Media Affairs Department

BOOBIE ANGELA A. OCAY
Fixed Income Investments Division
and Concurrent
Acting Head, Business and
Development Loans Department

GILBY G. ORIBELLO
Actuarial Services Division and
Concurrent Acting Head,
Valuation Department

MA. LOURDES M. PASTOR*
Middle East and Europe
Operations Division

MA. NYMPHA M. RAGEL
Human Resource Services Division

HYDEE R. RAQUID*
General Services Division

MA. SALOME E. ROMANO*
IT Operations Division and
Department Manager III,
Information Systems Security
Department

CEASAR P. SALUDO
Luzon North 1 Division

ELENITA S. SAMBLERO*
Luzon Bicol Division

GWEN MARIE JUDY D. SAMONTINA
Office of the President and CEO

ANALYN L. SELDA*
Alternative Investments Division

TERESITA V. SOLIMAN
NCR East Division

SYLVETTE C. SYBICO*
Asia, Americas and Pacific
Operations Division and
Department Manager III,
Foreign Operations Support
Services Department

GUILLERMO M. URBANO JR.
Treasury Division

JOY A. VILLACORTA
Benefits Administration Division

MIRIAM A. VILLALBA
Visayas and Mindanao Regional
Processing Division

REDENTOR S. VIOLA*
Mindanao South 1 Division

JOSELITO A. VIVIT
Corporate Legal Services Division
and Concurrent Acting Head,
Opinion and Research Department

**DEPARTMENT MANAGER II/III
AND *ACTING HEAD**

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Governance and Administrative
Adjudication Department

ERMELY K. ABAD*
Investment Property Department

LEO CALIXTO C. ABAYON
Network and Communications
Department

MIRIAM L. ABCEDE*
Information Systems
Department II

MAY O. ABERIN
Financial and Investments Audit
Department

BLESSEDA M. ACOSTA*
Luzon North 1 Legal Department

CHERRYLYN E. ALEGRE
Accreditation Department

RAYMOND FRANCIS T. ALVAREZ*
Branch Systems and Procedures
Department

JENNIE ANN V. ANDRES*
Budget Department

MELANIE O. BARCELONA
Luzon Large Accounts Department

ELISA B. BAROQUE
Medical Operations Department

BENJAMIN V. BILLEDO*
IT Resource Management
Department

CHILLETE B. BOLO-ESCOVILLA*
Mindanao South Legal
Department

EARTH E. BURGOS*
Contract Management
Department

GENNEBETH T. BUSTOS*
Collection Data Processing
and Reconciliation Department

ARCELI G. CARLOS
Member Electronic Services
Department

JOSEPH LAMBERTO P. CARLOS
Valuation Services Department

TEDDY N. CARREON*
Branch Support Services
Department

HAZELLE JOY D. CASTRO*
Actuarial Research Department

JOMAR C. CATABAY
NCR North Legal Department

MARIE ANN B. CHAVEZ*
Visayas Central Legal Department

BIBIANO JESS P. CHENILLA
Retirement, Death and Funeral
Benefits Administration
Department

ELENA D.G. CLEMENTE*
Overseas Filipino Workers
Management Department

WENDELINO V. COMBOY JR.
Office Services Department

ROSALYN A. CONDAT*
Bids and Awards Committee
Secretariat Department

COLETTE H. CORDIAL
Corporate Policy and Planning
Department

LILIBETH E. CORTEZ
Employer Delinquency Monitoring
Department

ROSA T. CRISOSTOMO
Project Management Office

MYLA V. CRUZ*
Operational Risk Management
Department

VICENTE SOL C. CUENCA
Luzon North 2 Legal Department

CHRISTINE C. DAQUIOAG
Financial and Investment Risk
Management Department

FILOMENA S. DAVID
Learning and Development
Department

DIGNA P. DE ALBAN*
NCR West Legal Department

JOSELITO B. DE LOS REYES
Employee Services Department

MARIE ADA ANGELIQUE T. DE SILVA
Housing and Acquired Assets
Management Department

MARIA CELINA M. DELAPO*
Organizational Planning and
Staffing Department

JOSEPH C. DESUNIA
Legislative Affairs Department

ALEJANDRE T. DIAZ
Luzon South 1 Legal Department

MA. DOROTHEA R. DIMLA
Liquidity Management and Bank
Deposits Department

BERNARDO B. DOFITAS JR.
Visayas West 2 Legal Department

BENJAMIN M. DOLINDO JR.
NCR Large Accounts Department

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Program Development and
Pricing Department

EVELYN T. DY*
IT Operations Analysis Department

BELINDA B. ELLA
General Accounting Department

VIC BYRON T. FERNANDEZ
Luzon Central Legal Department

MARIA NIMFA V. FRANCO
Management Support Services
Department

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Management Services Department

ALLAN MARTIN M. GAYONDATO
Statistics and Data Analysis
Department

NEIL F. HERNAEZ
Visayas and Mindanao
Large Accounts Department

RACHEL P. JABOLI*
Special Investigation Department

VIOLETA V. JAVAR*
Procurement Planning and
Management Department

STELLA C. JOSEF
Data Center Operations
Department

JUNJIE M. LABANGCO*
Security Department

YOLANDA C. LADONGA
Cash Management Department

TERESITA D. LANDICHO*
NCR and Foreign Audit
Department

ROGELIO V. LANUZA
Hosting Services Department

FRANCIS PAOLO P. LAZARO*
Bilateral Agreements Department

BLESILA V. LIM
Luzon, Visayas and Mindanao
Audit Department

MARIA EMILY C. LIM
Information Systems
Department III

MYLENE H. LORICA
Strategic Decision and Technical
Support Department

SYLVESTER T. LUMBAO*
Securities Settlement and
Custody Department

GILBERT N. MAGALIT
Engineering and Facilities
Management Department

MA. ELA R. MANZON
Visayas West 1 Legal Department

MARISSA C. MAPALO
Member Education Department

ALEXANDER C. MARQUEZ*
Procurement and Special Audit
Department

LUCRECIA C. MARTINEZ
Member Communications and
Assistance Department

MARY G. MIRANDA*
Litigation Department

MELANIE E. MORALES*
Sickness, Maternity and Disability
Benefits
Administration Department

HELEN L. NAVARRO
Quality Management Department

MA. CHARISSA M. OLIVER-
VELASCO*
Luzon Bicol Legal Department

VAN RENE M. ORPILLA
Information Systems Department I

VENUS D. PASCUAL
Branch Accounting Department

ROBERTO U. PUTONG
Medical Program Department

MARICHELLE L. REYES
Benefits Oversight and Review
Department and
Concurrent Acting Head,
Voluntary Provident Fund
Department

ELIZABETH S. RIVA*
Contributions Accounting
Department

NERISSA L. SABADO
Member Loans Department

CECILLE ROSE P. SABIG-LOPE*
Documentation and Conveyancing
Department

JOSE ANTONIO L. SALAZAR
Identity Management Department

AMADO GREGORIO P. SOPOCO
ROPA and Acquired Assets
Department

CARMEN O. SORIANO
Pensions Administration
Department

ERNESTO P. SUAREZ*
Technical Support Department

ANNA MICHELLE G. TEJEDOR
Records Archiving and Servicing
Department

CYRENE C. TINAE
Mindanao West Legal Department

MARIANO PABLO S. TOLENTINO
Lending and Asset Management
Group

LILIA A. TUBONGBANUA
Information Systems Audit
Department

STELLA BERNA LO BLESILDA D.
VALENTONA-INACAY
NCR South Legal Department

RENE T. VICENTE*
Corporate Service Audit
Department

CAROLINA V. VILLA*
Performance Management and
Employee Relations Department

CARLO C. VILLACORTA
Professional Sector Department
and Concurrent Acting Head,
Cooperatives and Informal Sector
Department

MARC A. VILLANUEVA*
Luzon South 2 Legal Department

MARIVIC S. VILLARAMA
Data and Information Services
Department

ANNABEL D. VILLENA*
Investments Accounting
Department

DANILO H. YARCIA
IT Governance and Standards
Department

CENTRAL PROCESSING GROUP

NCR REGIONAL PROCESSING DIVISION

NAMNAMA C. ABELLA
Diliman Processing Center

PHOEBE R. CARINO*
Makati Processing Center

CHARISSE M. CASTRO
Pasig Processing Center

LUZON REGIONAL PROCESSING DIVISION

MARIA TERESA D. BUSTAMANTE
La Union Processing Center

GERARDA N. TERRIBLE
Tarlac Processing Center

MILYN G. VALENCIA
San Pablo Processing Center



**VISAYAS AND MINDANAO
REGIONAL PROCESSING
DIVISION**

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Cebu Processing Center

MARICEL A. LOCSIN
Iloilo Processing Center

JEANETTE A. MAKIG-ANGAY
Davao Processing Center

MARIA JEANNETH E. ROSALUNA*
Cagayan de Oro Processing Center

**BRANCH HEAD I/II/III AND
*ACTING HEAD**

NCR OPERATIONS GROUP

NCR NORTH DIVISION

MARTIN D. BAUTISTA JR.
Navotas Branch

LYDIA C. CERENO
Novaliches Branch

FLORENCE M. CRUZ*
Batasan Hills Branch

ORLANDO D. CRUZ*
Cubao Branch

LEO A. DANAQO*
Diliman Branch

ELEANOR F. DEATO*
Kalookan Branch

JUANILLO S. DESCALZO III
Congressional Branch

EMMA J. ENRIQUEZ
Valenzuela Branch

MARIA ARACELI C. GIBE*
San Francisco Del Monte Branch

LIBERTY A. GORDOVEZ
Fairview Branch

TEODULO A. MAYUYO*
Paso de Blas Branch

RONALDO W. RECIO
Deparo Branch

ARIEL DINO L. SALGADO*
Eastwood Branch

ANNALIZA D. TIAMZON*
Malabon Branch

NCR EAST DIVISION

EDNA Q. ALDEA
Tanay Branch

VENICE S. ALONZO*
Ortigas Branch

ZENAIDA B. BOLADO*
Pasig-Pioneer Branch

MARICRIS G. DELUMEN
Marikina-Malanday Branch

BERLITA F. FABRERO
Antipolo Branch

RONALD D. IBAY
Pasig-Rosario Branch

SUSAN REBECCA D. LARION
San Juan Branch

ALICIA A. MILLARA*
Marikina Branch

ARTURO C. RIVERA*
Pasig-Mabini Branch

ANNABELLA POLLYANNE M.
ROMASOC
Mandaluyong-Shaw Branch

MARICHI S. TRINIDAD*
New Panaderos Branch

NCR SOUTH DIVISION

JESUS ARNEL A. ARCILLA*
Makati-Guadalupe Branch

JULIET T. BOLINAO
Bicutan-Sun Valley Branch

JESUSA T. CASIMIRO
Makati-Gil Puyat Branch

FE MARIE S. FERNANDEZ-GERALDO
Las Piñas Branch

CRISTINE GRACE B. FRANCISCO
Makati-Chino Roces Branch

CATHERINE T. GOMEZ
Alabang-Zapote Branch

VERONICA G. LOGRONIO*
Taguig-Gate 3 Branch

ROWELA CRISTINA R. MACASADIA
Alabang-Muntinlupa Branch

RHUENA ANNE MARIE C. OCAMPO
Parañaque-Tambo Branch

AILEEN B. PERUCHO*
Makati-J.P. Rizal Branch

HOECHST R. POTATO*
Parañaque Branch

ROMEO F. VALE
Taguig Branch

NCR WEST DIVISION

JOSEPHINE D. ANG*
Manila Branch

LAZARO D. CANLAS*
Binondo Branch

DANIEL T. CAPUT
Pasay-Roxas Boulevard Branch

AMALIA M. CATRAL
Sta. Mesa Branch

DOLORA Q. HOJILLA*
Legarda Branch

LORENZA F. PANCHO
Pasay-Taft Branch

EUDORA G. RACUYAL*
Tondo Branch

VERONICA C. RODRIGUEZ*
Welcome Branch

LUZON OPERATIONS GROUP

LUZON NORTH I DIVISION

RODERICK M. ANDRADA
Agoa Branch

AMOR P. ERPELO*
Candon Branch

CAROLINE C. KAPAWEN*
Bontoc Branch

DOMINADOR G. MALATAG
La Trinidad Branch

FRANCISCO F. PENTECOSTES
La Union Branch

RICHARD M. RARALIO
Laoag Branch

CECILLE T. SALLY
Vigan Branch

NANCY M. UMOSO
Baguio Branch

EDWARD G. URUA
Bangued Branch

LUZON NORTH 2 DIVISION

JANE T. CABAUTAN*
Solano Branch

JANET D. CANILLAS*
Tuguegarao Branch

GUADALUPE D. CASTILLO
Ilagan Branch

REYNANTE T. FERNANDO
Cauayan, Isabela Branch

JEANNIE D. MESA
Santiago, Isabela Branch

LUZON CENTRAL I DIVISION

JOSE ALVIN M. ALTRE
Alaminos Branch

CATALINA A. BASBAS*
San Carlos, Pangasinan Branch

HAIDEE G. BINAG
San Jose NE Branch

CHRISTIAN C. CATA CUTAN*
Baler Branch

ELIZABETH C. GABON
Iba Branch

JORDAN A. HERRERA
Mariveles-BEPZ Branch

MARIA MAXIMA C. MACARAEG
Tarlac Branch

NARCISO M. MARTINEZ JR.
Urdaneta Branch

MONALISA C. NARDO
Camiling Branch

JOSE RIZAL S. TARUN
Cabanatuan Branch

PRIMITIVO D. VERANIA JR.
Dagupan Branch

JOEL Y. VILLAFUERTE
Balanga Branch

LUZON CENTRAL 2 DIVISION

WINDA G. AGUSTIN*
San Jose Del Monte Branch

NORMITA M. CRUZ
Angeles Branch

MARITES A. DALOPE
Baliuag Branch

PABLITA A. DAVID
Pampanga Branch

ALBINA LEAH C. MANAHAN*
Malolos Branch

EVANGELINE O. MANANGHAYA*
Bocaue Branch

CHELIN LEA D. NABONG*
Dau Branch

HILARIO A. RIBUYACO*
Sta. Maria Branch

MA. THERESA A. RIBUYACO*
Meycauayan Branch

MARILOU M. SANTOS
Olongapo Branch

LUZON SOUTH I DIVISION

APRIL S. BAJE*
Calamba Branch

ROMAN R. BELEN*
San Pablo Branch

LETICIA M. DEL BARRIO
Dasmariñas Branch

MONICA P. DINO
Tagaytay Branch

ELEANOR R. EBREO
Sta. Cruz Branch

ANNA PEACHY P. GURANGO*
Infanta Branch

JOSEPHINE S. HIPOLITO
Bacoor Branch

FREDERICK D. ISIP
Lucena Branch

ROBERTO S. PAGAYUNAN
Biñan Branch

EVA E. TOMENIO
Rosario (EPZA) Branch

REYNANTE A. UNTIVEROS
San Pedro Branch

CELEDONIO V. VALDEZ*
Carmona Branch

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