MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 95

APPROVING THE COMPENSATION AND POSITION CLASSIFICATION SYSTEM II AND PAY GRADES FOR GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS, REPEALING EXECUTIVE ORDER NO. 150 (S. 2021), AND FOR OTHER PURPOSES

WHEREAS, Section 5, Article IX-B of the Constitution mandates the Congress to provide for the standardization of compensation of government officials and employees, including those in government-owned or -controlled corporations (GOCCs) with original charters, taking into account the nature of the responsibilities pertaining to, and the qualifications required for their positions;

WHEREAS, Section 8 of Republic Act (RA) No. 10149 or the "GOCC Governance Act of 2011" mandates the Governance Commission for GOCCs (GCG), after conducting a compensation study, to develop a Compensation and Position Classification System (CPCS) for GOCCs that consists of classes of positions grouped into such categories as the GCG may determine, subject to the approval of the President;

WHEREAS, on 01 October 2021, Executive Order (EO) No. 150 (s. 2021) approved the CPCS I and the Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework for the GOCC Sector;

WHEREAS, EO No. 150 applied the CPCS I and the IOS-G Framework to all GOCCs, Government Financial Institutions (GFIs), Government Instrumentalities with Corporate Powers (GICPs)/Government Corporate Entities (GCEs), including their subsidiaries, unless excluded from the coverage of RA No. 10149;

WHEREAS, Section 9 of EO No. 150 provides that the GCG *En Banc* shall review the CPCS three (3) years after its effectivity, and every three (3) years thereafter, taking into account the performance of GOCCs, their overall contribution to the national economy, and the possible erosion in purchasing power due to inflation and other factors;

WHEREAS, pursuant to the foregoing mandate and in consideration of emerging sectoral needs, the GCG undertook a comprehensive evaluation of the

CPCS I under EO No. 150 and consulted various stakeholders to develop a more responsive compensation system for the GOCC sector;

WHEREAS, such study and consultations identified opportunities to enhance the CPCS I, particularly in refining job grade distinctions and improving access to employee health benefits, prompting the GCG to develop CPCS II with key enhancements, including salary adjustments to address job grade distortions and the introduction of medical allowance to support employee welfare; and

WHEREAS, after exhaustive deliberation and review, the GCG *En Banc*, through GCG Resolution No. 02 (s. 2025), has resolved to approve and endorse CPCS II, and submitted the same to the President of the Philippines for adoption and approval;

NOW, THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and by existing laws, do hereby order:

Section 1. Coverage. The CPCS II attached hereto is hereby approved and shall apply to all GOCCs, GFIs, GICPs/GCEs (hereinafter collectively referred to as GOCCs), including their subsidiaries, unless excluded from the coverage of RA No. 10149.

The CPCS II is hereby confirmed not to apply to GOCCs with approved dispositive actions such as merger (exclusively referring to the GOCC to be absorbed), consolidation, abolition, deactivation, privatization, or such other related action as may be determined by GCG. The GCG shall have the authority to formulate the appropriate compensation framework for GOCCs falling under this paragraph, benchmarked against the Total Compensation Framework provided in the CPCS II.

The GCG shall have the authority to convert or revise the existing position classification system of GOCCs to align with the CPCS II under this Order. All positions in GOCCs shall then be allocated by GCG to their proper position titles and pay grades in the IOS-G to be issued by GCG pursuant to Section 14 hereof.

Section 2. No Authority to Negotiate/Bargain on the Economic Terms and Conditions of Collective Negotiation Agreements (CNAs)/Collective Bargaining Agreements (CBAs). While recognizing the Constitutional rights of workers to self-organization, collective bargaining, and negotiations, the Governing Boards of GOCCs shall not negotiate the economic terms and conditions of the CNAs/CBAs with their respective officers and employees.

CNA incentives shall be guided by the policies and guidelines established by the Department of Budget and Management (DBM) and shall be extended to cover non-chartered GOCCs to promote uniformity of allowable incentives within the GOCC Sector.

Section 3. Effective Dates of the CPCS II. GOCCs that have already implemented the CPCS I under EO No. 150 may adopt the monthly basic salaries (MBS) under this Order and the enhanced allowances, benefits, and incentives (ABIs) retroactive to 01 January 2025, upon receipt of their Authority to Implement (ATI) from GCG.

The MBS structure and ABIs of a GOCC that has not yet implemented the CPCS I under EO No. 150, and which seeks to implement the CPCS II, shall be made effective upon issuance of their corresponding ATI from GCG.

Section 4. Non-Diminution of Authorized Salaries. In the implementation of the CPCS II, there shall be no diminution in the existing authorized salaries of incumbent officers and employees of GOCCs. For purposes of this Order, authorized salaries shall refer to the salary structure that has been duly authorized by the Office of the President (OP), GCG, and/or by law. An approval of the salary structure from the GOCC Governing Board alone, shall not be considered as authorization.

Section 5. Compensation System. The existing compensation granted by GOCCs to its officers and employees, including any approved enhancements made to the same, shall be standardized in accordance with the CPCS II approved under this Order. No additional compensation outside the CPCS II shall be granted by the GOCC Governing Board, unless the same has been endorsed by the Supervising Agency, recommended by GCG, and approved by the President.

GOCCs under the supervision of OP shall submit their request under this provision directly to GCG after approval by their respective Governing Boards. Thereafter, the GCG shall submit its recommendation to OP.

Section 6. Rationalization of the Provident Fund. The CPCS II rates on the contributions to the Provident Fund shall apply to GOCCs, subject to the rationalization measures outlined in the CPCS II.

Section 7. Application of Step Increment. All officers and employees of GOCCs that have not yet implemented the CPCS I under EO No. 150 shall automatically start at Step 1 of the prescribed MBS structures in the CPCS II, unless otherwise provided therein. The progressions in the step increments may be adjusted, subject to the implementing guidelines to be issued by GCG.

GOCCs that are already implementing the CPCS I under EO No. 150 shall continue with their salary step progression, subject to the implementing guidelines to be issued by GCG.

Section 8. Periodic Review of the CPCS. The GCG *En Banc* shall review the CPCS three (3) years after its effectivity, and every three (3) years thereafter, taking into account the performance of GOCCs, their overall contribution to the national economy, their strategic importance, and the possible erosion in purchasing power due to inflation and other factors.

Notwithstanding the foregoing provision, the GCG *En Banc* may recommend specific adjustments to the CPCS II, as may be necessary, for approval of the President.

Section 9. Reports. The GCG shall submit to the President, through the Office of the Executive Secretary, a bi-annual report that shall include, among others, a summary of the authorizations issued by GCG for all covered GOCCs and the status of implementation of this Order.

Section 10. Funding. The implementation of compensation adjustments shall depend on the financial capability of a GOCC and its corporate operating budget (COB) as approved by the GOCC Governing Board and DBM.

The amounts required for the implementation of the CPCS II shall be charged against the GOCC's Personnel Services appropriations under its approved COB, provided that a GOCC shall be prohibited to source payment from the following:

a. Loans;
b. Sale of GOCC's asset/s for the sole purpose of compensation adjustment; and
c. Other schemes analogous to the foregoing.

GOCCs shall not increase their service fees for the purpose of augmenting deficiencies in the amounts prescribed herein, and neither shall compensation adjustments adversely affect the implementation of programs/projects, as well as the attainment of performance targets.

For GOCCs subsidized by the National Government, the amounts required for the implementation of the CPCS II shall not entail additional subsidy or equity from the National Treasury.

Section 11. Affordability. GOCCs in Category 1 of the CPCS II that do not have adequate or sufficient funds to implement the rates thereunder, as may be determined by GCG, shall partially implement the salary schedule under this Order at a lower uniform percentage across all positions for every GOCC.

GOCCs in Categories 2 and 3 of the CPCS II that do not have adequate or sufficient funds to implement the rates thereunder, as may be determined by GCG, shall adopt the salary schedule of lower tiers or that of Category 1.

Section 12. Mandatory Action and Separation Incentive Pay. Any GOCC that fails or refuses to implement the CPCS II rates, or the lower amounts provided under Section 11 as may be applicable, shall undergo a mandatory action and be reorganized, merged, streamlined, abolished, or privatized pursuant to Section 5(a) of RA No. 10149, upon recommendation of the GOCC's Supervising Agency.

All officers and employees who will be affected by the mandatory action in view of the implementation of the CPCS II shall be granted separation incentive pay (SIP) using the following formula, unless GCG recommends lower rates to OP:

YEARS OF SERVICE	RATES
First 20 years	1.00 x MBS x No. of years
20 years and 1 day to 30 years	1.25 x MBS x No. of years
30 years and 1 day and above	1.50 x MBS x No. of years

"Years of Service" shall be understood as either Government Service or GOCC Service. For the purpose of computing the applicable early retirement incentive (ERI) or SIP, the specific years of service to be credited shall depend on the Category and Tier of the GOCC. In this regard, the GCG shall issue the necessary guidelines for the implementation of this provision to be submitted to the President for approval.

Section 13. Involuntary Separation and Early Retirement Incentive. Pursuant to Section 5(a) of RA No. 10149, the GCG *En Banc* is hereby authorized, at its discretion, to grant ERI to officers and employees who voluntarily elect to be retired, and SIP to those involuntarily separated from service, in accordance with the rates provided under Section 12 of this Order, unless adjusted rates are recommended to and approved by OP. The grant of ERI and SIP under this Order shall be prospective, and is in addition to retirement or separation benefits under existing laws, such as RA No. 8291 or the "Government Service Insurance System Act of 1997," RA No. 8282 or the "Social Security Act of 1997," or Presidential Decree No. 442 or the "Labor Code of the Philippines," as amended, taking into consideration the Constitutional proscription against double compensation.

The ERI and SIP authorized under this Order shall not be applicable to GOCCs which may already be entitled to ERI and/or SIP provided by other EOs issued by OP.

Upon a recommended personnel action of a GOCC, whether pursuant to Section 5(a) of RA No. 10149 or otherwise, the GCG *En Banc*, may also authorize the grant of ERI and/or SIP to officers and employees who may qualify. In this regard, the GCG shall submit, for approval of the President, the relevant guidelines to implement this provision.

The GCG, as the Implementing Agency of this Order, is hereby authorized to resolve any question that may arise from this provision.

Section 14. IOS-G Framework. The GCG shall issue, upon approval of the President, the IOS-G Framework for the GOCC Sector relative to CPCS II. Pending issuance of the aforementioned IOS-G Framework, the GCG may refer to the DBM 2022 Index of Occupational Services to determine the proper position titles and for such other purposes as may be deemed necessary by GCG.

Section 15. Implementing Guidelines. The GCG *En Banc* is hereby authorized to issue implementing or clarificatory guidelines as may be necessary to carry out the objectives of this Order and/or the attached CPCS II, including, but not limited to, those relating to affordability, step increments, hiring rates, overtime pay, night shift differential, merit increases, separation pay programs, and grant of higher Performance-Based Bonus (PBB) rates for GOCCs under Categories 2 or 3 of CPCS II, taking into consideration prevailing practices in the private sector and the guiding principles provided in the CPCS II.

The guidelines on the grant of higher PBB rates for GOCCs under Categories 2 or 3 of CPCS II shall be submitted for approval of the President.

The DBM shall provide such relevant assistance to the GCG, as may be necessary, in the issuance of guidelines on matters pertaining to compensation adjustments of GOCCs.

Section 16. Separability Clause. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 17. Repeal. EO No. 150 is hereby repealed. All other orders, rules and regulations, issuances, or any part thereof, which are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly.

Section 18. Effectivity. This Order shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

DONE, in the City of Manila, this 16th day of September, in the Year of our Lord, Two Thousand and Twenty-Five.

By the President:

LUCAS P. BERSAMIN
Executive Secretary

Office of the President
MALACAÑANG RECORDS OFFICE
CERTIFIED COPY
ATTY. LOVELY V. TOLENTINO-NAVA
DIRECTOR IV
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REPUBLIC OF THE PHILIPPINES
PBBM010040

CPCS II ATTACHED TO EXECUTIVE ORDER NO. 95 (S. 2025)

COMPENSATION AND POSITION CLASSIFICATION SYSTEM II FOR THE GOCCs COVERED BY REPUBLIC ACT NO.10149

I. **GUIDING PRINCIPLES.** This Compensation and Position Classification System (CPCS) II shall be implemented, enforced, and interpreted in accordance with the following guiding principles:

1. The CPCS II has been designed to provide government-owned or -controlled corporations (GOCCs) with adequate operational autonomy and flexibility towards ensuring efficient and effective implementation of a total compensation framework within their organizations to ensure that:

    (a) The adoption of reasonable, justifiable and appropriate remuneration schemes prevents or deters the granting of unconscionable and/or excessive remuneration packages;

    (b) The total compensation framework shall generally be comparable with the private sector doing comparable work in order to attract, engage, and retain the right talent and in compliance with prevailing laws on minimum wages;

    (c) The compensation frameworks adopted by GOCCs shall operate within their affordability limits and sustainability capacities, and in accordance with their GOCC classification as provided herein;

    (d) There shall be adherence to the principle of equal pay for work of equal value, with due regard for other verifiable factors such as the sector where the GOCCs are classified; and

    (e) The rewards system supports and encourages performance-driven, productive, and efficient organizations.

2. The CPCS II shall be updated periodically by the Governance Commission for GOCCs (GCG) based on the following parameters:

    (a) A review of the GOCC compensation rates every three (3) years, without prejudice to the provisions of the Executive Order (EO) to which this CPCS II is attached;

    (b) The performance of the GOCC and its overall contribution to the national economy;

    (c) Drastic changes in market or business environment; and

    (d) Implementation of new compensation schemes in National Government Agencies.

II. **DEFINITION OF TERMS.**

"Authorized Allowances, Benefits, and Incentives (ABIs)" refer to the financial or non-financial compensation that has been duly authorized by the President of the Philippines and/or by law. An approval from the GOCC Governing Board alone,

regardless if the GOCC is chartered or non-chartered, shall not be considered as authorization.

"Authorized Salaries" refer to the salary structure that has been duly authorized by the President of the Philippines, GCG, and/or by law. An approval of the salary structure from the GOCC Governing Board alone, regardless if the GOCC is chartered or non-chartered, shall not be considered as authorization.

"*Board of Directors/Trustees*" or "*Governing Board*" refers to the collegial body that exercises the corporate powers, conducts all business and controls or holds all properties of a GOCC, whether it be formally referred to as the "Board of Directors," "Board of Trustees" or some other term in its Charter, Articles of Incorporation or By-Laws.

"*Charter*" refers to a law or statute creating a chartered GOCC and defining its franchise.

"Chartered GOCC" refers to a GOCC, including Government Financial Institutions, created and vested with functions by a special law.

"*Chief Executive Officer (CEO)*" refers to the highest-ranking corporate executive, who could be named as the President or the General Manager, Chief Operating Officer, Executive Director, or Administrator of a GOCC.

"Commercial GOCCs" refer to GOCCs that undertake operations or provide services that compete with the private sector. Such commercial activities can include, but are not limited to:

a. Design and conceptualization of the products/services;

b. Manufacturing and production of the products/services;

c. Sales;

d. Logistics involved in delivering the products/services to the end customer;

e. Customer service;

f. Property development and management;

g. Banking operations; and

h. Extractive industries (*e.g.*, oil, gas).

"Collective Negotiation Agreement (CNA)" or "*Collective Bargaining Agreement (CBA)*" refers to the negotiated contract between an accredited employees' organization representing a negotiating unit and the employer/management concerning terms and conditions of employment and improvements thereof that are not fixed by law.

"*Employee*" when used with reference to a person in the public service, includes any person in the service of the Government or any of its agencies, divisions, subdivisions, or instrumentalities.

"*Full-Time Equivalent (FTE) Employees"* refer to employees holding plantilla positions in a GOCC.

"GCG or the Governance Commission" refers to the lead Implementing Agency of the CPCS, including this CPCS II, for the GOCC Sector.

"GCG En Banc" refers to the collegial body composed of the GCG Chairperson and two (2) Commissioners, and the Secretaries of the Department of Budget and Management (DBM) and the Department of Finance, that exercises regulatory, supervisory, and policy-making functions for GOCCs covered by Republic Act (RA) No. 10149 or the "GOCC Governance Act of 2011."

"Government Financial Institutions (GFIs)" refer to financial institutions or corporations in which the Government directly or indirectly owns majority of the capital stock and which are either: (1) registered with or directly supervised by the *Bangko Sentral ng Pilipinas* (BSP); or (2) collecting or transacting funds or contributions from the public and places them in financial instruments or assets such as deposits, loans, bonds and equity including, but not limited to, the Government Service Insurance System and the Social Security System.

"Government Instrumentalities with Corporate Powers (GICPs)/Government Corporate Entities (GCEs)" refer to instrumentalities or agencies of the Government, which are neither corporations nor agencies integrated within the Departmental Framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter including, but not limited to, the following: the Manila International Airport Authority, Philippine Ports Authority, Philippine Deposit Insurance Corporation, Metropolitan Waterworks and Sewerage System, Laguna Lake Development Authority, Philippine Fisheries Development Authority, Bases Conversion and Development Authority, Cebu Port Authority, Cagayan de Oro Port Authority, San Fernando Port Authority, Local Water Utilities Administration, and Asian Productivity Organization.

"Government-Owned or -Controlled Corporation (GOCC)" refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly or, where applicable, as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock: *Provided, however,* That for purposes of the CPCS II, the term "GOCC" shall include GICP/GCE and GFI as defined herein.

"Job Grade" refers to the numerical representation of the relative internal values of jobs in a GOCC's plantilla in accordance with the CPCS attached to EO No. 150 (s. 2021).

"*Monthly Basic Salary (MBS)*" refers to the amount actually received per month by an officer or employee and determined in accordance with the applicable salary structure, policies, and guidelines of the CPCS, including this CPCS II.

"National Government" refers to the entire machinery of the central government, as distinguished from the different forms of local governments.

"Non-chartered GOCC" refers to a GOCC organized and operating under the applicable Corporation Code of the Philippines.

"Non-commercial GOCCs" refer to GOCCs whose primary operations do not compete with the private sector, such as:

a. Non-government business enterprises, as determined by the Commission on Audit;

b. GICPs;

c. Those organized for cultural, educational, civic, scientific, or charitable purposes;

d. Those with social protection objectives;

e. Those which have privatized operations and primarily generate revenue through collection of concession fees;

f. Those which primarily derive business income from activities undertaken for developmental purposes (*e.g.*, interest on investments, lease or sale of properties);

g. Those which are conduits for sector development;

h. Marketing arms of the National Government to support its programs;

i. Those which primarily generate revenue through fees borne out of their regulatory powers; and

j. Registered as non-stock, non-profit corporations, including foundations.

"Officer" refers to a person whose duties, not being of a clerical or manual nature, involve the exercise of discretion in the performance of the functions of the Government. When used with reference to a person having authority to do a particular act or perform a particular function in the exercise of governmental power, "officer" includes any government employee, agent, or body having authority to do the act or exercise that function.

"*Parent GOCC*" refers to a GOCC that owns, holds, or controls, directly or indirectly, through one or more intermediaries, at least a majority of the outstanding capital stock of the subsidiary.

"Pay Grade (PG)" refers to the numerical representation of the relative internal values of jobs in a GOCC's plantilla. The PG will dictate the MBS of said jobs based on the Salary Structure under this CPCS II.

"Supervising Agency" refers to a government agency to which a GOCC is attached for purposes of policy and program coordination and for general supervision.

"Total Compensation Framework (TCF)" refers to all financial and non-financial compensation components such as basic salaries, ABIs, and variable pay.

III. COVERAGE. The CPCS II shall apply to all GOCCs, including their subsidiaries, which are covered by RA No. 10149.

The CPCS II shall apply to all positions on regular, contractual, or casual basis, now existing or hereafter created in GOCCs, whether chartered or non-chartered, and whether previously covered by, or previously exempted from, RA No. 6758 or the "Compensation and Position Classification Act of 1989."

IV. EXCLUSIONS. The CPCS II shall not apply to the BSP, state universities and colleges, cooperatives, local water districts, economic zone authorities, and research institutions which are expressly outside the coverage of RA No. 10149.

GOCCs with approved dispositive actions such as merger (exclusively referring to the GOCC to be absorbed), consolidation, abolition, deactivation, privatization, or such other related action as determined by the GCG shall not be covered by the CPCS II. The GCG shall have the authority to formulate the appropriate compensation for GOCCs falling under this paragraph in accordance with Section 1 of the EO on CPCS II.

Excluded also from the coverage of the CPCS II are those individuals hired by GOCCs without employer-employee relationships and paid from non-Personnel Services appropriations/budgets, as follows:

(a) Consultants and experts hired to perform specific activities or services with expected outputs;

(b) Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;

(c) Student workers and apprentices; and

(d) Those whose services are engaged through job orders, contracts of service, or others similarly situated.

Finally, members of the Governing Board, except for the CEO, are likewise excluded from the CPCS II.

V. GOCC CLASSIFICATION UNDER THE CPCS II. All GOCCs will be categorized and graded under the CPCS II with due regard to the financial capability of the GOCC, in accordance with RA No. 10149. Measures of a GOCC's magnitude and complexity which will determine the GOCC grade required for the organization to operate and deliver its mandate/s will also be considered to determine the GOCCs' classification under the CPCS II. If circumstances so warrant, the GCG may review the category, tier, and/or GOCC grade of all GOCCs that have already implemented the CPCS, whether under EO No. 150 or this CPCS II. Until the GCG *En Banc* provides otherwise, the following rules shall apply for the classification of GOCCs for purposes of the CPCS II:

1. **GOCC CATEGORIZATION** – GOCCs shall be categorized based on their nature of operations and financial viability to sustain their operations/activities. The GOCCs shall be categorized based on the following descriptors:

CATEGORY	DESCRIPTORS
Category 1	GOCCs that are **not self-sustaining** either because:

CATEGORY	DESCRIPTORS
	• They rely on National Government subsidies to fund their day-to-day operations; and/or • They have an average net loss for the last three (3) years, regardless whether they receive subsidies or not. Further, at the time of initial CPCS II implementation, GOCCs that failed to submit the required information on their financials and FTE employees will also be included in Category 1.
Category 2	GOCCs that are self-sustaining through sources of funds generated from **non-commercial activities**.
Category 3	GOCCs that are self-sustaining through sources of funds generated from **commercial activities**, with products and services that directly compete with the private sector.

2. **GOCC GRADING** – Each GOCC shall be classified by its GOCC grade based on the weighted average grade in these three (3) factors:

   (a) ***Company Financials*** – 60%

   (b) ***Complexity*** – 30%

   (c) ***Number of FTE Employees*** – 10%

   GOCC grading is the foundation of the job evaluation process for each GOCC. The GOCC grade sets a cap to the number of grades in the organization and determines the grade of the CEO.

   Newly created GOCCs shall be subject to the guidelines to be issued by the GCG *En Banc*.

   2.1. ***Company Financials*** – GOCCs shall have a grade based on the average relevant financial indicators over the last three (3) years as reported in their audited financial statements and DBM and/or Board-approved corporate operating budgets:

GOCC GRADE	FINANCIALS (₱)
16	< 3.975 billion
17	≥ 3.975 billion and < 7.95 billion
18	≥ 7.95 billion and < 26.5 billion
19	≥ 26.5 billion and < 53 billion
20	≥ 53 billion and < 106 billion

GOCC GRADE	FINANCIALS (₱)
21	≥ 106 billion and < 265 billion
22	≥ 265 billion and < 530 billion
23	≥ 530 billion and < 2.65 trillion
24	≥ 2.65 trillion and < 5.3 trillion
25	≥ 5.3 trillion

In consideration of the financial viability and source of funds to sustain an organization's full operations and activities, the financial indicators applicable for each GOCC shall be dependent on the Category of the GOCC. The three (3)-year financials will be averaged based on the following formula for each category:

CATEGORY	FORMULA
Category 1	Operating expense plus operating subsidies.
Category 2	Operating expense (plus investment income, if any). Program subsidies will not be included in the computation of financials of GOCCs under this category.
Category 3	Annual revenue or operating expense plus annual revenue minus statutory contributions.

2.2. ***Complexity*** – GOCCs shall have a grade for its complexity based on the fixed grade equivalent of its categorization:

GOCC GRADE	CATEGORY
16	Category 1
18	Category 2
20	Category 3

2.3. ***Number of FTE Employees*** – GOCCs shall have a grade based on the number of FTE Employees as follows:

GOCC GRADE	NO. OF FTE EMPLOYEES
16	Less than 91
17	91 to 240
18	241 to 620
19	621 to 1,600
20	1,601 to 4,100

GOCC GRADE	NO. OF FTE EMPLOYEES
21	4,101 to 10,600
22	10,601 to 27,500
23	27,501 to 75,000
24	75,001 to 200,000
25	More than 200,000

2.4. ***Official GOCC Grade*** – The GOCC shall have a weighted average grade based on Chapter V, Sections 2.1 to 2.3 to derive the official grade of the GOCC. A sample computation is provided as follows:

COMPONENT	WEIGHT	GRADE	WEIGHTED GRADE
Financials	60%	16	9.60
Complexity	30%	18	5.40
FTE Employees	10%	18	1.80
GOCC Final Grade			17

The resulting weighted average grade shall be rounded off to get the final GOCC Grade under the CPCS which shall be capped at Grade 20.

The conversion of the GOCC grade into the new salary tables will be included in the guidelines that will be issued by the GCG.

VI. COMPENSATION SYSTEM. The total compensation granted to officers and employees for services rendered shall hereinafter be limited to the following:

(a) ***Basic Salaries, including Step Increments***

(b) ***ABIs***

(c) ***Variable Pay (Performance-Based Bonus)***

Provided, That the CPCS II does not cover indirect compensation that is not specified herein and is regulated under existing laws such as, but not limited to: life and retirement insurance benefits, employee compensation insurance, health insurance, and Pag-IBIG Fund benefits; *Provided further*, That the GCG *En Banc* may issue clarificatory guidelines relative to the aforementioned indirect compensation as may be necessary.

All GOCCs shall migrate to the rationalized and standardized TCF that shall be implemented for their officers and employees in accordance with the basic salaries, including step increments, ABIs, and variable pay provided herein. The TCF to be adopted by GOCCs that have not yet migrated into the CPCS under EO No. 150 and seek to implement the CPCS II shall be allowed upon authorization of the GCG based on the GCG-certified GOCC Classification under Chapter V, and the job evaluation of all positions of the GOCC based on the Index of Occupational Services, Position Titles, and Job Grades for GOCCs in accordance with Section 14 of the EO on CPCS II.

A. BASIC SALARIES, INCLUDING STEP INCREMENTS

1. ***Basic Salaries*** – The MBS provided under the CPCS II is the maximum amount that the GOCC can grant to its officers and employees which shall be differentiated for Category 1 and Categories 2 and 3. A lower uniform percentage of the prescribed rates herein may be implemented by the GOCC based on its own implementation scheme of the CPCS II, provided that such scheme is based on:

    (a) Affordability and sustainability of the GOCC to continually implement the CPCS rates for its officers and employees;

    (b) Provision of gradual annual salary increase with the salary rates of the CPCS II as the cap, as authorized by the GOCC Governing Board; and/or

    (c) Flexibility of the GOCC to provide its own salary tranches such that the amounts in the salary structure herein shall be the amount of the GOCC's final tranche and shall only be applied on the third year of implementation.

1.1. ***Salary Structure*** – There are a total of six (6) salary structures which GOCCs can implement depending on their profitability and sustainability of operations. Categorization and Tiering shall then be applied for GOCCs to adopt the appropriate structure that is within their financial capacity.

1.1.1. ***By Categorization*** – GOCCs under Category 1 shall follow one structure and shall not be classified further into Tiers.

GOCCs under Categories 2 and 3 shall have a total of five (5) structures wherein the applicable structure shall be based on the Tiers provided herein.

1.1.2. ***By Tiering*** – GOCCs under Categories 2 and 3 shall be subjected to Tiering which shall determine the corresponding salary structure that the GOCC can implement based on the following financials using the same formula provided under Chapter V, Section 2.1:

TIERS	FINANCIALS (₱)
Tier 1	Between 1.98 billion to 3.97 billion
Tier 2	≥ 3.97 billion
Tier 3	≥ 20.32 billion
Tier 4	≥ 36.6 billion
Tier 5	≥ 53 billion

All GOCCs under Categories 2 and 3 with financials falling at ₱1.98B and below will automatically follow the pay structure for a Category 1 GOCC.

The GCG *En Banc* may adjust or set an appropriate Tier for a GOCC by reason of its strategic importance to national economy and development; *Provided*, That the GOCC's financial viability to sustain its operations/activities is considered and that the source of funds for the adjustment shall not be subsidized by the National Government or the parent GOCC, as may be applicable.

1.1.3. The MBS structure for a Category 1 GOCC shall be as follows:

Pay Grade	Category 1							
	Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**	**Step 7**	**Step 8**
1	15,208	15,304	15,423	15,542	15,663	15,784	15,906	16,030
2	16,118	16,233	16,349	16,466	16,582	16,700	16,820	16,939
3	17,120	17,244	17,366	17,490	17,616	17,740	17,868	17,994
4	18,180	18,309	18,440	18,571	18,704	18,836	18,971	19,106
5	19,296	19,434	19,573	19,712	19,852	19,994	20,137	20,280
6	20,474	20,620	20,767	20,916	21,065	21,215	21,367	21,520
7	21,872	22,034	22,196	22,362	22,526	22,693	22,860	23,030
8	23,399	23,603	23,808	24,014	24,221	24,432	24,644	24,859
9	25,433	25,627	25,823	26,021	26,220	26,421	26,624	26,828
10	28,247	28,462	28,678	28,896	29,116	29,337	29,561	29,787
11	33,387	33,501	33,790	34,082	34,378	34,679	34,983	35,292
12	35,650	35,771	36,059	36,350	36,645	36,944	37,246	37,552
13	37,828	37,987	38,303	38,623	38,948	39,276	39,608	39,945
14	40,505	40,882	41,263	41,650	42,040	42,436	42,837	43,243
15	44,148	44,564	44,985	45,412	45,844	46,281	46,723	47,172
16	47,829	48,286	48,750	49,219	49,694	50,175	50,662	51,154
17	51,877	52,381	52,891	53,407	53,929	54,459	54,993	55,536
18	56,332	56,885	57,447	58,013	58,589	59,171	59,760	60,356
19	61,916	62,729	63,556	64,395	65,249	66,116	66,999	67,895
20	76,594	77,628	78,679	79,747	80,833	81,936	82,982	84,121
21	95,296	96,612	97,952	99,320	100,814	102,331	103,873	105,308
22	107,022	108,627	110,260	111,918	113,603	115,317	116,952	118,719
23	121,559	123,385	125,242	127,128	129,047	130,995	132,977	134,989
24	155,217	157,550	159,921	162,184	164,630	166,512	169,030	171,587
25	173,788	176,411	179,077	181,457	184,205	186,999	189,319	192,196
26	194,570	197,521	200,519	203,567	206,663	209,044	212,230	215,469
27	218,237	221,556	224,726	227,943	231,209	234,743	238,113	241,758
28	308,730	314,460	320,302	325,952	331,707	337,758	343,862	350,080

29	364,586	371,607	378,767	385,708	393,154	400,750	408,500	416,040
30	459,469	464,551	469,690	474,886	480,139	485,450	490,820	500,129

1.1.4. The MBS structures for a Category 2 or 3 GOCC shall be as follows:

Pay Grade	**Categories 2 and 3 - Tier 1**							
	Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**	**Step 7**	**Step 8**
1	15,451	15,849	16,246	16,643	17,041	17,438	17,835	18,233
2	18,451	18,628	18,806	18,983	19,160	19,337	19,514	19,691
3	19,888	20,001	20,113	20,226	20,338	20,451	20,563	20,676
4	20,882	21,207	21,532	21,857	22,182	22,507	22,832	23,157
5	23,388	23,455	23,521	23,587	23,653	23,719	23,785	23,852
6	24,090	24,158	24,226	24,294	24,363	24,431	24,499	24,567
7	24,813	24,883	24,953	25,023	25,094	25,164	25,234	25,304
8	25,557	25,955	26,352	26,750	27,148	27,545	27,943	28,341
9	28,624	28,826	29,029	29,231	29,434	29,636	29,839	30,041
10	30,341	30,772	31,202	31,633	32,063	32,494	32,924	33,354
11	33,688	34,521	35,354	36,187	37,020	37,853	38,686	39,519
12	39,914	40,219	40,524	40,829	41,134	41,439	41,744	42,049
13	42,470	42,793	43,115	43,438	43,761	44,083	44,406	44,729
14	45,176	45,640	46,104	46,567	47,031	47,495	47,958	48,422
15	48,906	49,465	50,025	50,584	51,143	51,703	52,262	52,821
16	53,350	53,911	54,473	55,034	55,596	56,157	56,719	57,280
17	57,853	58,472	59,091	59,711	60,330	60,949	61,568	62,187
18	62,809	63,491	64,173	64,856	65,538	66,220	66,902	67,584
19	68,260	69,370	70,479	71,589	72,698	73,807	74,917	76,026
20	76,787	79,274	81,761	84,248	86,735	89,222	91,709	94,196
21	96,080	98,392	101,647	104,901	108,156	111,411	114,665	117,920
22	119,099	121,076	123,053	125,030	127,007	128,983	130,960	132,937
23	134,267	136,679	139,092	141,505	143,917	146,330	148,743	151,156
24	155,721	158,306	163,944	169,583	175,221	180,860	186,498	192,137
25	194,058	197,888	201,718	205,548	209,377	213,207	217,037	220,867
26	223,076	226,546	230,017	233,488	236,959	240,429	243,900	247,371
27	249,845	260,800	271,755	282,710	293,665	304,620	315,575	326,530
28	329,795	340,990	352,185	363,381	374,576	385,771	396,967	408,162
29	412,244	426,238	440,232	454,226	468,220	482,214	496,208	510,202
30	515,304	532,797	550,290	567,782	585,275	602,768	620,260	637,753

Pay Grade	Categories 2 and 3 - Tier 2							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	15,699	16,147	16,596	17,044	17,493	17,941	18,390	18,838
2	19,064	19,247	19,430	19,613	19,796	19,979	20,162	20,345
3	20,549	20,665	20,781	20,898	21,014	21,130	21,246	21,363
4	21,576	21,912	22,248	22,583	22,919	23,255	23,590	23,926
5	24,165	24,234	24,302	24,370	24,439	24,507	24,576	24,644
6	24,890	24,961	25,031	25,102	25,172	25,242	25,313	25,383
7	25,637	25,710	25,782	25,855	25,927	26,000	26,072	26,145
8	26,406	26,817	27,228	27,639	28,050	28,460	28,871	29,282
9	29,575	29,784	29,993	30,202	30,412	30,621	30,830	31,039
10	31,349	31,794	32,239	32,684	33,128	33,573	34,018	34,462
11	34,807	35,668	36,528	37,389	38,250	39,110	39,971	40,832
12	41,240	41,555	41,870	42,185	42,501	42,816	43,131	43,446
13	43,881	44,214	44,548	44,881	45,214	45,548	45,881	46,215
14	46,677	47,156	47,635	48,114	48,593	49,072	49,551	50,031
15	50,531	51,109	51,687	52,265	52,842	53,420	53,998	54,576
16	55,122	55,702	56,282	56,863	57,443	58,023	58,603	59,183
17	59,775	60,415	61,054	61,694	62,334	62,974	63,613	64,253
18	64,896	65,600	66,305	67,010	67,715	68,420	69,125	69,830
19	70,528	71,674	72,820	73,967	75,113	76,259	77,406	78,552
20	79,337	81,907	84,477	87,046	89,616	92,186	94,755	97,325
21	98,298	101,661	105,024	108,386	111,749	115,112	118,475	121,837
22	123,056	125,098	127,141	129,183	131,226	133,268	135,311	137,353
23	138,727	141,220	143,713	146,206	148,698	151,191	153,684	156,177
24	157,739	163,565	169,391	175,216	181,042	186,868	192,694	198,520
25	200,505	204,501	208,498	212,495	216,491	220,488	224,485	228,481
26	230,766	234,683	238,600	242,517	246,434	250,350	254,267	258,184
27	260,766	272,569	284,371	296,174	307,977	319,779	331,582	343,385
28	346,819	359,082	371,346	383,610	395,874	408,137	420,401	432,665
29	436,991	452,444	467,896	483,348	498,801	514,253	529,705	545,158
30	550,609	570,079	589,549	609,019	628,489	647,959	667,429	686,899

Pay Grade	Categories 2 and 3 - Tier 3							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	15,950	16,405	16,861	17,317	17,773	18,228	18,684	19,140
2	19,369	19,555	19,741	19,927	20,113	20,299	20,485	20,671
3	20,878	20,996	21,114	21,232	21,350	21,468	21,586	21,704
4	21,921	22,263	22,604	22,945	23,286	23,627	23,968	24,309
5	24,552	24,621	24,691	24,760	24,830	24,899	24,969	25,038

6	25,289	25,360	25,432	25,503	25,575	25,646	25,718	25,789
7	26,047	26,121	26,195	26,268	26,342	26,416	26,489	26,563
8	26,829	27,246	27,663	28,081	28,498	28,916	29,333	29,751
9	30,048	30,261	30,473	30,686	30,898	31,111	31,323	31,536
10	31,851	32,303	32,755	33,206	33,658	34,110	34,562	35,014
11	35,364	36,238	37,113	37,987	38,862	39,736	40,610	41,485
12	41,900	42,220	42,540	42,860	43,181	43,501	43,821	44,141
13	44,583	44,922	45,260	45,599	45,938	46,277	46,616	46,954
14	47,424	47,911	48,397	48,884	49,371	49,858	50,344	50,831
15	51,339	51,926	52,514	53,101	53,688	54,275	54,862	55,449
16	56,004	56,593	57,183	57,772	58,362	58,951	59,541	60,130
17	60,731	61,381	62,031	62,681	63,331	63,981	64,631	65,281
18	65,934	66,650	67,366	68,082	68,798	69,515	70,231	70,947
19	71,656	72,821	73,986	75,150	76,315	77,480	78,644	79,809
20	80,607	83,218	85,828	88,439	91,050	93,661	96,271	98,882
21	99,871	103,287	106,704	110,121	113,537	116,954	120,370	123,787
22	125,025	127,100	129,175	131,250	133,325	135,401	137,476	139,551
23	140,947	143,479	146,012	148,545	151,078	153,610	156,143	158,676
24	160,263	166,182	172,101	178,020	183,939	189,858	195,777	201,696
25	203,713	208,483	213,253	218,024	222,794	227,564	232,334	237,104
26	239,475	244,254	249,033	253,812	258,591	263,370	268,149	272,928
27	275,658	287,744	299,831	311,918	324,005	336,092	348,179	360,265
28	363,868	379,823	395,777	411,732	427,687	443,641	459,596	475,550
29	480,306	494,465	508,623	522,782	536,941	551,100	565,259	579,417
30	585,211	603,597	621,983	640,368	658,754	677,139	695,525	713,910

Pay Grade	**Categories 2 and 3 - Tier 4**							
	Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**	**Step 7**	**Step 8**
1	16,205	16,668	17,131	17,594	18,057	18,520	18,983	19,446
2	19,679	19,868	20,057	20,246	20,435	20,624	20,813	21,002
3	21,212	21,332	21,452	21,572	21,692	21,812	21,932	22,052
4	22,272	22,619	22,965	23,312	23,658	24,005	24,351	24,698
5	24,945	25,015	25,086	25,157	25,227	25,298	25,368	25,439
6	25,693	25,766	25,839	25,911	25,984	26,057	26,129	26,202
7	26,464	26,539	26,614	26,689	26,763	26,838	26,913	26,988
8	27,258	27,682	28,106	28,530	28,954	29,378	29,802	30,227
9	30,529	30,745	30,961	31,177	31,392	31,608	31,824	32,040
10	32,361	32,820	33,279	33,738	34,197	34,656	35,115	35,574
11	35,930	36,818	37,707	38,595	39,483	40,372	41,260	42,149
12	42,570	42,895	43,221	43,546	43,872	44,197	44,522	44,848

13	45,296	45,640	45,985	46,329	46,673	47,017	47,361	47,706
14	48,183	48,677	49,172	49,666	50,161	50,655	51,150	51,644
15	52,161	52,757	53,354	53,950	54,547	55,144	55,740	56,337
16	56,900	57,499	58,098	58,697	59,296	59,894	60,493	61,092
17	61,703	62,364	63,024	63,684	64,345	65,005	65,665	66,326
18	66,989	67,716	68,444	69,172	69,899	70,627	71,354	72,082
19	72,803	73,986	75,169	76,353	77,536	78,719	79,902	81,086
20	81,897	84,549	87,202	89,854	92,507	95,159	97,812	100,464
21	101,469	104,940	108,411	111,882	115,354	118,825	122,296	125,767
22	127,025	129,133	131,242	133,350	135,459	137,567	139,675	141,784
23	143,202	145,775	148,348	150,922	153,495	156,068	158,641	161,215
24	162,827	168,841	174,854	180,868	186,882	192,896	198,909	204,923
25	206,972	212,837	218,701	224,566	230,430	236,294	242,159	248,023
26	250,503	258,298	266,093	273,888	281,683	289,478	297,273	305,068
27	308,119	322,937	337,754	352,572	367,390	382,207	397,025	411,842
28	415,961	428,316	440,671	453,027	465,382	477,737	490,092	502,448
29	507,472	525,417	543,361	561,306	579,250	597,195	615,140	633,084
30	639,415	660,216	681,018	701,819	722,620	743,422	764,223	785,024

Pay Grade	**Categories 2 and 3 - Tier 5**							
	Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**	**Step 7**	**Step 8**
1	17,015	17,453	17,890	18,328	18,765	19,203	19,640	20,078
2	20,319	20,514	20,709	20,904	21,099	21,294	21,489	21,684
3	21,901	22,025	22,149	22,273	22,397	22,521	22,644	22,768
4	22,996	23,354	23,712	24,069	24,427	24,785	25,143	25,501
5	25,756	25,828	25,901	25,974	26,047	26,120	26,193	26,266
6	26,528	26,603	26,678	26,753	26,828	26,903	26,978	27,054
7	27,324	27,401	27,479	27,556	27,633	27,711	27,788	27,865
8	28,144	28,582	29,020	29,457	29,895	30,333	30,771	31,209
9	31,521	31,744	31,967	32,190	32,413	32,636	32,859	33,081
10	33,412	33,886	34,360	34,834	35,308	35,782	36,256	36,730
11	37,098	38,015	38,932	39,849	40,767	41,684	42,601	43,518
12	43,954	44,290	44,625	44,961	45,297	45,633	45,969	46,305
13	46,768	47,124	47,479	47,834	48,190	48,545	48,901	49,256
14	49,749	50,259	50,770	51,280	51,791	52,302	52,812	53,323
15	53,856	54,472	55,088	55,704	56,320	56,936	57,552	58,168
16	58,749	59,368	59,986	60,604	61,223	61,841	62,459	63,078
17	63,709	64,390	65,072	65,754	66,436	67,118	67,799	68,481
18	69,166	69,917	70,668	71,420	72,171	72,922	73,673	74,425
19	75,169	76,391	77,612	78,834	80,056	81,278	82,499	83,721

20	84,558	87,297	90,036	92,774	95,513	98,252	100,990	103,729
21	104,766	108,351	111,935	115,519	119,103	122,687	126,271	129,855
22	131,153	133,330	135,507	137,684	139,861	142,038	144,215	146,392
23	147,856	150,513	153,170	155,827	158,483	161,140	163,797	166,454
24	168,119	174,328	180,537	186,746	192,956	199,165	205,374	211,583
25	213,699	220,661	227,622	234,584	241,546	248,507	255,469	262,431
26	265,055	274,427	283,800	293,173	302,545	311,918	321,290	330,663
27	333,969	347,668	361,367	375,066	388,765	402,464	416,163	429,861
28	434,160	448,898	463,636	478,374	493,112	507,851	522,589	537,327
29	542,700	561,123	579,545	597,968	616,391	634,813	653,236	671,658
30	678,375	706,201	734,027	761,853	789,678	817,504	845,330	873,156

The GCG shall issue an Authority to Implement (ATI) the CPCS II to each GOCC for the conversion of their existing Job Grades (pursuant to the CPCS attached to EO No. 150) into the salary compensation framework under this CPCS II.

2. ***Step Increments*** – Officers and employees of a GOCC may progress from Step 1 to Step 8 within the particular PG of the position based on the following:

   - Meritorious performance based on a Performance Management System approved by the Civil Service Commission (CSC) for chartered GOCCs and by the Board for non-chartered GOCCs;

   - Length of service in accordance with the rules and regulations to be promulgated by the Governance Commission; and

   - Adjustments for a specific person and/or position as approved by the GOCC Governing Board and recommended by the Supervising Agency of the GOCC to the GCG for final review and approval shall only be allowed once and within six (6) months from the issuance of the ATI to the GOCC.

   Guidelines for the grant of step increment may use as reference the rules and regulations issued by the DBM.

   2.1. ***For incumbents of GOCCs which have not yet implemented the CPCS under EO No. 150*** – Upon implementation of the CPCS II, all incumbent officers and employees of GOCCs shall be assigned to Step 1. If the current salary of the GOCC personnel is higher than the Step 1 rate of his/her assigned PG, his/her MBS shall be in accordance with the following rules:

   - If the current salary falls between two (2) Steps of the assigned PG, the higher Step shall be granted to the personnel.

   - If the current salary is already above Step 8 of the assigned PG, such current salary shall be retained as the MBS of the personnel and there shall be no increase or diminution in the same.

2.2. ***For newly hired and newly promoted officers and employees*** – All officers and employees of GOCCs who are hired or promoted after the implementation of the CPCS II shall be assigned to Step 1 of the PG assigned to his/her position.

2.3. GOCCs that are already implementing the CPCS under EO No. 150 shall continue with their existing salary step progression, subject to the implementing guidelines to be issued by the GCG.

B. ALLOWANCES, BENEFITS, AND INCENTIVES

1. ***Standard Allowances and Benefits*** – These refer to allowances and benefits that are given across-the-board to officers and employees based on the prescribed rates, guidelines, and regulations to be promulgated by the GCG pursuant to the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:

   1.1. ***Year-End Bonus (YEB)*** – The YEB shall be granted annually based on the one (1) month basic salary, subject to the eligibility conditions under the applicable guidelines to be released by the GCG.

   1.2. ***Cash Gift*** – Cash gift shall be granted annually as a year-end benefit.

   1.3. ***Uniform/Clothing Allowance (UCA)*** – The UCA shall be granted annually to provide the required proper uniform/clothing to employees.

   1.4. ***Personnel Economic Relief Allowance (PERA)*** – The PERA shall be granted monthly to augment the compensation of government personnel against the rising cost of living.

   1.5. ***Medical Allowance*** – All GOCCs may provide an annual medical allowance to each qualified employee with the following maximum allowable amounts:

   - **Category 1** - ₱7,000.00, or the amount provided for National Government Agencies, whichever may be higher;
   - **Categories 2 and 3** -
     - Tier 1 - ₱10,000.00
     - Tier 2 - ₱15,000.00
     - Tier 3 - ₱20,000.00
     - Tier 4 - ₱27,000.00
     - Tier 5 - ₱35,000.00

The grant of the medical allowance shall be in accordance with the guidelines to be established by the GCG using as reference the applicable standardized procedures and issuances for National Government Agencies.

2. ***Specific-Purpose Allowances and Benefits*** – These refer to allowances and benefits given to officers and employees in GOCCs under specific conditions and situations related to the actual performance of work. The prescribed rates, guidelines, and regulations to be promulgated by the GCG shall be based on the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:

   2.1. ***Hazard Pay*** – This is a compensation given to employees who, in the actual performance of their duties and responsibilities, are actually exposed to hazardous situations, such as, but not limited to, assignment in strife-torn or embattled areas, distressed or isolated stations, prison camps, mental hospitals, leprosaria, radiation-exposed clinics/laboratories/workshops, disease-infested areas and areas declared under state of calamity or emergency which pose occupational risks or perils to life.

   2.2. ***Compensation for Overtime Work*** – This shall serve as the compensation for services rendered beyond the required forty (40) hours of work in a week and those performed on rest days, holidays, and non-working days. This can either be in the form of Compensatory Time-Off or Overtime Pay.

   2.3. ***Night Shift Differential Pay*** – This is a compensation premium given to employees whose regular working hours fall within a specified period of time.

   2.4. ***Honorarium*** – This is a form of compensation that may be given for services rendered beyond the regular duties and responsibilities of the positions they occupy.

   2.5. ***Special Counsel Allowance*** – This is an allowance given to lawyer-personnel assigned in the legal office of GOCCs for their appearance or attendance to court[1] hearings.

   2.6. ***Representation and Transportation Allowances (RATA)*** – This is a collective term for two distinct but complementary monthly allowances: Representation Allowance (RA) and Transportation Allowance (TA). This is given to officials of GOCCs down to Heads of Division or their

[1] Court as used in this section shall pertain to those under Judiciary.

equivalent for their transportation and representation expenses while in the actual performance of their duties and responsibilities.

2.7. ***Subsistence Allowance*** – This is an allowance given to employees who, by nature of their duties and responsibilities, have to make their services available in their places of work even during mealtimes.

2.8. ***Magna Carta Benefits for Public Health Workers (PHWs)*** – The PHWs, as defined in RA No. 7305 or the "Magna Carta of Public Health Workers" are entitled to the benefits provided under the said law.

2.9. ***Magna Carta Benefits for Scientists, Engineers, Researchers, and Other Science and Technology (S&T) Personnel*** – Employees considered as S&T personnel as defined in RA No. 8439 or the "Magna Carta for Scientists, Engineers, Researchers, and other S&T Personnel in the Government" are entitled to the benefits provided under the said law.

2.10. ***Magna Carta Benefits for Public Social Workers (PSWs)*** – All registered PSWs as defined in RA No. 9433 or the "Magna Carta for Public Social Workers" and employed in government service are entitled to the benefits provided under the said law.

3. ***Incentives*** – These refer to rewards granted for services for, and contributions to, the GOCC. The prescribed rates, guidelines, and regulations of the items herein shall be promulgated by the GCG based on the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:

3.1. ***Loyalty Award*** – This is an incentive in recognition of loyalty to government service.

3.2. ***Anniversary Bonus*** – This is an incentive given during the milestone years of the GOCC as authorized by Administrative Order No. 263 (s. 1996).

3.3. ***Mid-Year Bonus*** – This is an incentive given to qualified officers and employees equivalent to one (1) month basic salary.

3.4. ***Productivity Enhancement Incentive*** – This is a cash incentive meant to improve the productivity of officers and employees.

3.5. ***CNA Incentive*** – This is an incentive given to officials and employees of GOCCs with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at a lesser cost.

The grant of the CNA Incentive shall be based on the guidelines to be established by the Governance Commission, using as reference the guidelines released by the DBM and/or the CSC.

3.6. ***Program on Awards and Incentives for Service Excellence (PRAISE)*** – This is a program to provide monetary and/or non-monetary incentives to recognize, acknowledge, and reward productive, creative, innovative, and ethical behavior of employees.

Chartered GOCCs shall follow the guidelines issued by the CSC for the establishment and maintenance of the PRAISE Program. Non-chartered GOCCs may opt to adopt the PRAISE Program, provided that they establish their own program using as reference the guidelines under CSC issuances, and provided further, that the rates of monetary and/or non-monetary incentives shall not exceed the rates under the CSC issuances.

4. ***Additional Allowances, Benefits, and Incentives*** – Upon receipt of the authorization from the GCG (*i.e.*, the ATI) to implement the CPCS II, all the ABIs of GOCC officers and employees, whether they are incumbents or new hires, shall be limited to those provided under the CPCS II. All additional compensation outside of the CPCS II shall be approved by the Governing Board, endorsed by the Supervising Agency, recommended by the GCG, and approved by the President of the Philippines.

All orders, issuances, and memoranda that are contrary or inconsistent to the provisions and grants provided under CPCS II shall automatically be repealed upon implementation of the CPCS II.

5. ***Discontinued Allowances, Benefits, and Incentives*** – The authorized ABIs currently being received by incumbents of GOCCs that are implementing compensation frameworks different from what is provided in the CPCS under EO No. 150 or the CPCS II shall be paid the three (3)-year present value of such authorized ABIs that will be discontinued under and upon implementation of the CPCS II, using the following formula:

$$3\ year\ present\ value = \frac{Total\ authorized\ excess\ ABIs\ for\ the\ first\ year}{1.0225^0}$$

$$+\frac{Total\ authorized\ excess\ ABIs\ for\ the\ second\ year}{1.0225^1}$$

$$+\frac{Total\ authorized\ excess\ ABIs\ for\ the\ third\ year}{1.0225^2}$$

Only ABIs that are duly authorized by the President of the Philippines and/or by law shall be included in the computation of ABIs to be paid out to each incumbent, subject to availability of the corporate funds and financial viability of the GOCC.

This provision shall only be applicable to GOCCs that will migrate to the CPCS II after the effectivity of this Order.

C. Variable Pay or Performance-Based Bonus

1. ***Performance-Based Bonus (PBB)*** – This is a cash bonus given to qualified officers and employees in recognition of their contribution to the accomplishment of the GOCC's overall targets and commitments.

1.1. Coverage – All officers and employees of GOCCs who occupy regular, casual, or contractual positions with employer-employee relationship.

1.2. Rules and Regulations

1.2.1. Eligibility Requirements for GOCCs

1.2.1.1. Only GOCCs that have achieved a weighted-average score of at least 90% in their Performance Scorecard for the applicable year.

1.2.1.2. GOCCs shall satisfy other conditions set by the GCG for the grant of PBB.

1.2.2. Eligibility Requirements for individual officers and employees

1.2.2.1. Officers and employees must have rendered an aggregate period of at least nine (9) months of government service for the applicable year to be entitled to the full grant of PBB. Those who do not meet the nine (9)-month service requirement but have served for at least three (3) months shall be entitled to PBB on a *pro-rata* basis.

1.2.2.2. Officers and employees shall satisfy other conditions set by the GCG to be entitled to the grant of PBB.

1.2.3. PBB rates – The rate of PBB is dependent on the performance of an officer or employee, his/her MBS as of 31 December of the applicable year, and the actual length of service he/she has rendered.

Percentile	PBB as % of MBS
Top: Maximum 10%	65.0%
Next: Maximum 25%	57.5%
Remaining: Minimum 65%	50.0%

All qualified officers and employees shall be entitled to PBB not lower than ₱5,000.00 and not exceeding 65% of their individual

MBS as of 31 December of the applicable year. The percentage of PBB to be paid to officers and employees based on their length of service shall be as follows:

Length of Service	% of PBB
At least 9 months	100%
8 months but less than 9 months	90%
7 months but less than 8 months	80%
6 months but less than 7 months	70%
5 months but less than 6 months	60%
4 months but less than 5 months	50%
3 months but less than 4 months	40%

1.2.4. Grant of higher PBB rate – GOCCs categorized either as Category 2 or 3 under the CPCS II may grant to a specific incumbent a higher PBB rate of up to 150% of the incumbent's MBS, subject to the approval of the GOCC Governing Board, endorsement of the Supervising Agency of the GOCC, and final approval of the GCG.

1.3. To ensure consistency with the policies and guiding principles enshrined in EO No. 61 (s. 2024), the grant of PBB shall be in accordance with the guidelines to be established by the GCG, using as reference the applicable standardized compensation laws and issuances for National Government Agencies. In this regard, the GCG shall submit to the Office of the President the guidelines for the grant of PBB.

VII. OTHER ENTITLEMENTS. The entitlements herein are indirect compensation and/or are outside the TCF of GOCCs. These entitlements shall be granted based on the prescribed rates, guidelines, and regulations to be promulgated by the GCG using as reference the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:

1. ***Communication Allowance*** – Officers and employees of GOCCs may be paid communication expenses incurred for the performance of their official duties and responsibilities.

2. **Leave Credits** – All officers and employees of GOCCs, whether permanent, temporary, casual, or contractual, who are employed with an employer-employee relationship are entitled to earn leave credits.

3. **Monetization of Leave Credits** – All officers and employees of GOCCs entitled to earn leave credits shall be allowed to monetize their unused leave credits.

4. **Terminal Leave Benefits** – Officers and employees who retire, voluntarily resign, or are separated from service shall be entitled to the commutation of their leave credits.

5. **Rehabilitation Privilege** – Officers and employees who sustained wounds and/or injuries while in the performance of official duties may avail of rehabilitation privilege.

6. **Cost of Participation in Conferences, Seminars, etc.** – Officers and employees may participate in conventions, seminars, conferences, symposia, and similar gatherings, subject to the allowable cost for the participation.

7. **Official Vehicles and Transport** – Government motor transportation may be used by the personnel of GOCCs for official business.

8. **Allowances for Local and Foreign Travel** – This is an allowance for official local and foreign travel of GOCC officers and employees.

9. **Cultural and Athletic Activities** – This is an annual authorized expense for the purchase of uniforms or costumes and other related expenses in the conduct of cultural and athletic activities.

10. **Quarters Privileges** – This is a benefit for GOCC officers or employees assigned or transferred to a place other than their domicile or residence and who do not own houses or rooms therein, by virtue of the GOCC's policies on reshuffling or rotation.

11. **Relocation Allowance** – This is an annual authorized expense meant to cover expenses incidental to the transfer or assignment of GOCC officers or employees due to internal policies on reshuffling or rotation.

12. **Extraordinary and Miscellaneous Expenses (EME)** – An annual authorized expense for specified officials and those of equivalent rank occupying key positions in GOCCs in recognition of the need to grant some form of expense to enable them to meet various financial demands of their incumbency in their positions. An annual miscellaneous expense is also authorized for each of the offices under the specified officials and their equivalent ranks who are entitled to EME.

VIII. PROVIDENT FUND (PF). The PF of GOCCs shall be in accordance with the following:

CATEGORY	RATIONALIZATION OF PF
Category 1	• PF shall be subjected to DBM Budget Circular No. 2008-3,[2] or any subsequent issuances thereof, provided that the **employer's share** shall be limited to 10%.
Categories 2 and 3	• The **employer's share** shall be limited to 10%. • The **employee's share** shall be at a minimum

[2] *Rules, Regulations and Procedure on the Establishment and Administration of Provident Funds in the Philippine Government.*

CATEGORY	RATIONALIZATION OF PF
	rate of 3%. Any rate above 3% is subject to written approval of the concerned employee.

The conditions on GOCCs with existing PF shall also be in accordance with the following rationalization measures:

- GOCCs with current PF employer's share that is lower than the maximum of 10% shall have to request for approval from the President of the Philippines should they intend to increase such employer's share. The request should include a computation of the financial impact of the proposed increase in the PF employer's share on the GOCC, approved by the Governing Board, and endorsed by the Supervising Agency to the GCG for review and recommendation to the President.

- GOCCs with current PF employer's share that is higher than the maximum of 10% shall be limited to up to the applicable maximum rate listed above.

- GOCCs may choose to liquidate their existing PF and pay out their member employees if they are not amenable to the new PF rates.

- Those GOCCs that intend to set up a PF shall request for approval from the Office of the President, provided that the new PF is subject to the rationalization of PF under the CPCS II.

- GOCCs with financials falling under ₱1.98 Billion shall follow the PF rates for Category 1.

IX. **IMPLEMENTATION SCHEDULE OF THE CPCS II ABIs.** GOCCs that have implemented the CPCS under EO No. 150 may implement the enhanced ABIs under this CPCS II retroactive to 01 January 2025, upon receipt of their ATI from GCG.

GOCCs that have not yet implemented the CPCS under EO No. 150 shall implement prospectively the ABIs under this CPCS II, upon issuance of their corresponding ATIs.

X. **GUIDELINES PENDING THE ISSUANCE OF THE CPCS II GUIDELINES.** Pending the issuance of the applicable implementing guidelines by the GCG, GOCCs shall use existing GCG, DBM, and CSC issuances for the rules, regulations, and, whenever applicable, the rates for the grant of the ABIs provided herein.

XI. **UPDATES ON RULES AND REGULATIONS.** The GCG may issue updates on any rules and regulations implementing the CPCS II, and/or new guidelines on the CPCS II, as may be deemed necessary.