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TWENTIETH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

P.S. RES. No. 84

Introduced by Senator WIN GATCHALIAN

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE INVESTMENTS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) ALLEGED TO BE IN VIOLATION OF REPUBLIC ACT NO. 8291 OR THE "GOVERNMENT SERVICE INSURANCE SYSTEM ACT OF 1997" AND THE GSIS INVESTMENT POLICY GUIDELINES, AND THE GSIS'S INVESTMENT PRACTICES IN RELATION TO THE SOCIAL INSURANCE FUND

WHEREAS, in a joint statement on 07 November 2023, the Government Service Insurance System (GSIS) and Alternergy Holdings Corporation ("Alternergy") announced the state pension fund's subscription of Php 1.45 billion worth of Alternergy's preferred shares under a private placement;[1]

WHEREAS, in an Order dated 11 July 2025, the Office of the Ombudsman has placed seven (7) high-ranking officials of the Government Service Insurance System (GSIS) under suspension without pay for six (6) months pending investigation of possible grave misconduct, gross neglect of duty, and violation of reasonable office rules and regulations over the Php 1.45 billion stock purchase from Alternergy;[2]

WHEREAS, the Ombudsman found that the provisions of the GSIS Investment Policy Guidelines "were contravened by the respondents because: the Perpetual Preferred Shares were not listed with the [Philippine Stock Exchange] on the dates of

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[1] Ted Cordero, *GSIS pours P1.45B into renewable power firm Alternergy*, GMA NEWS ONLINE, *at* https://www.gmanetwork.com/news/money/companies/887554/gsis-pours-p1-45b-into-renewable-power-firm-alternergy/story/ (last visited Aug. 2, 2025).

[2] Llanesca T. Panti, *GSIS chief Veloso placed under preventive suspension by Ombudsman*, GMA NEWS ONLINE, *at* https://www.gmanetwork.com/news/topstories/nation/953381/gsis-chief-veloso-placed-under-preventive-suspension-by-ombudsman/story/ (last visited Aug. 2, 2025).

the execution of the agreement and the payment of the subscription, the investment was non-compliant with the Minimum Market Capitalization and exceeded the Free Float Market Capitalization Cap";[3]

WHEREAS, the Ombudsman likewise noted that the Php 1.45 billion worth of preferred shares purchased by the GSIS from Alternergy were purchased without the necessary endorsement from the Assets and Liabilities Committee (ALCO) and the Risk Oversight Committee (ROC) for the approval of the Board of Trustees (BOT);[4]

WHEREAS, in a statement on 21 July 2025, Investment & Capital Corp. of the Philippines (ICCP), Alternergy's financial advisor, maintained that the Php 1.45 billion investment by the GSIS in Alternergy complied with the "rigorous requirements" of regulators and that the subject transactions "followed strict due diligence and compliance processes";[5]

WHEREAS, in a statement on 24 July 2025, GSIS President and General Manager (PGM) Jose Arnulfo "Wick" Veloso explained that "under GSIS policy, board approval is required only for investments exceeding Php 1.5 billion" and, thus, the Php 1.45 billion Alternergy investment "was well within the authority delegated to the President and General Manager";[6]

WHEREAS, addressing concerns about the sustainability of the GSIS fund, GSIS PGM Veloso has likewise stated that "the GSIS has extended its fund life up to 2058 or for 33 more years," enabling the GSIS to fulfill its responsibility of delivering benefits to their members and retirees on time";[7]

WHEREAS, in its 2023 audit report, the Commission on Audited (COA) already flagged the GSIS's investment of a total of Php 2.308 billion "in the stocks of three companies that have no proven track record of profitability over the last three years and have not paid dividends at least once over the same period, contrary to Section 36(h) of Republic Act (RA) No. 8291, thus exposing the significant amount of

[3] *Id.*
[4] *Id.*
[5] Sheldeen Joy Talavera, *ICCP: GSIS' P1.45-B investment in Alternergy complied with regulations*, BUSINESS WORLD, *at* https://www.bworldonline.com/corporate/2025/07/22/686572/iccp-gsis-p1-45-b-investment-in-alternergy-complied-with-regulations/ (last visited Aug. 3, 2025).
[6] Tatiana Maligro, *GSIS chief Veloso: Board approval not required for P1.45B Alternergy investment*, RAPPLER, *at* https://www.rappler.com/business/gsis-president-jose-arnulfo-veloso-statement-suspension-2025/ (last visited Aug. 3, 2025).
[7] *Id.*

members' contributions to high risk that the actuarial solvency of the fund may not be ensured";[8]

WHEREAS, Section 36 of RA 8291 or the "Government Service Insurance System Act of 1997" provides that the funds of the GSIS which are not needed to meet the current obligations may be invested under such terms and conditions and rules and regulations as may be prescribed by the Board, provided that such investments "shall satisfy the requirements of liquidity, safety/security and yield in order to ensure the actuarial solvency of the funds of the GSIS";

WHEREAS, Section 3(a) on equity instruments of the GSIS's Revised Investment Policy Guidelines (RIPG) provides that "a portion of the GSIS funds may be invested in equity securities listed in the Philippine Stock Exchange (PSE). Such securities may include common shares or preferred shares of any solvent corporation or financial institution created or existing under the laws of the Philippines. Equity securities may also include warrants, Philippine Depositary Receipts (PDRs), and Exchange Traded Funds (ETFs)";

WHEREAS, in a statement, the Department of Finance (DOF) said that it will take a closer look into the GSIS's controversial stock picks, including not only the state-run pension fund's investment in Alternergy but also its exposure with DigiPlus Interactive Corp., an online gaming firm;[9]

WHEREAS, in view of the GSIS's role in promoting the welfare of the employees of the Government of the Philippines, and in implementing laws and regulation granting GSIS members social security and insurance benefits, it is of paramount importance to ensure the GSIS's compliance, at all times, with relevant laws and guidelines to preserve the actuarial solvency of the funds administered by the GSIS;

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on (1) the GSIS's Php 2.308 billion worth of investments in the three stock corporations flagged by the COA, and (2) the GSIS's compliance with all relevant laws and regulations with respect to its investment and management of the GSIS Social Insurance Fund , with

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[8] *Annual Audit Report on the Government Service Insurance System*, Commission on Audit, p. 107.

[9] Ian Nicolas P. Cigarel and Renz Palalimpa, *DOF will also probe GSIS after execs' suspension*, INQUIRER, *at* https://newsinfo.inquirer.net/2085751/dof-to-also-probe-gsis-after-execs-suspension (last visited Aug. 1, 2025).

an end in view of identifying legal and policy gaps, and strengthening measures to ensure the viability of the GSIS Social Insurance Fund and the protect the welfare of all its members.

Adopted,

WIN GATCHALIAN