

*Reaching the Poor
with Effective*
MICRO-INSURANCE
Services



**CARD MBA INC.
CORPORATE GOVERNANCE MANUAL**

CORPORATE GOVERNANCE MANUAL

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CHAPTER I. INTRODUCTION

SEC. 1 INSTITUTIONAL BACKGROUND

CARD Mutual Benefit Association, Inc. started as an informal insurance-like activity called Members' Mutual Fund (MMF). MMF was established by CARD on April 1994 for the primary purpose of loan redemption in case of death of member-borrowers. It served as an in-house insurance arm of CARD providing death benefits for the members and their legal dependents aside from the loan redemption for members.

On December 1996, a Pension Plan was implemented providing retirement, medical and disability benefits to members. This product became very popular to its members. Unfortunately, CARD had not adequately assessed the impact of this product on the institution. When an assessment was done, it showed that a member would have to pay premiums for two years just to cover one month of the benefit. Extrapolating from there, management realized that the whole institution was at risk, and that fulfilling its obligation to members would completely diminish CARD's capital. Thus, the Pension Plan was stopped only after a couple of years of its implementation. From this incident, CARD's management learned that an insurance business must be run by insurance professionals. Management also concluded that the insurance business should not be tied to the capital of a microfinance institution (MFI).

Management extricated CARD from this liability and transferred the assets of the fund to the members who then started a separate company with a separate Board. The management of the MMF was officially turned over to the members on September 9, 1999 during a two-day workshop held in San Pablo City and the fund assumed a new name, the CARD Mutual Benefit Association, Inc. or **CARD MBA**, a separate legal entity, non-stock, non-profit, owned and managed by the members.

Since then, products and services provided for the members are continuously increasing and innovating. From the primary purpose of loan redemption, CARD MBA now gives Basic Life Insurance Program, Retirement Fund, Credit Life Insurance, Golden Life Insurance Program, Remiter Protek Plan, Katuparan Plan, Family Security Plan and other non-financial services like Build-Operate-and-Transfer (BOAT) Program, Mass Wedding and CARD MRI Disaster Relief Assistance Program (CDRAP).

SEC 2. CARD MBA VISION AND MISSION STATEMENT

VISION

CARD MBA is a global leader in the microinsurance industry, owned and led by members upholding the core values of competence, family spirit, integrity, simplicity, humility, excellence and stewardship.

MISSION

CARD MBA is a mutual benefit association formed:

1. To promote the welfare of marginalized sectors of the Philippine society and to other sectors as maybe determined by the Board;

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2. To extend financial assistance to its members in the form of death benefits, medical subsidy, pension and loan redemption assistance;
3. To ensure continued access to benefits/resources by actively involving the members in the direct management of the association that will include implementation of policies and procedures geared towards sustainability and improved services; and
4. To adopt a prudent cash management program to invest all cash in excess of current disbursement through a majority vote of its Board of Trustees.

SEC. 3 COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Trustees and the Management (Officers and Staff) of Center for Agriculture and Rural Development (CARD) Mutual Benefit Association Inc. hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

SEC. 4 OBJECTIVE OF THE MANUAL

This manual aims to institutionalize the principles of good corporate governance in the entire organization in order to enhance the accountability of the Association's trustees, management and employees. It aims to embody the national policy to institute corporate governance reforms.

The board of trustees, management, employees believe that corporate governance is a necessary component of what constitutes sound strategic business management and undertake every effort necessary to create awareness within the organization. The regulatory responsibility to protect the interests of the members and the stakeholders demands that the association have in place, good governance practices for maintenance of solvency, sound long term investment policy and assumption of underwriting risks on a prudential basis.

SEC. 5 DEFINITION OF TERMS

Corporate Governance - is the system by which the Association is directed and managed. It influences how the objectives of the association are set and achieved, how risk is monitored and assessed, and how performance is optimized.

Members – refers to the clients and at the same time the owner of the Association.

Board of Trustees – refers to the governing body of the Association who are also members of the Association. All members of BOT are independent from the management and do not hold any executive position.

Independent Trustees – refers to a person who is independent of management, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a trustee.

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Management – refers to the body given the authority to implement the policies determined by the Board in directing the course/business activity/ies of the Association.

President – also acts as Chairman of the Board. He/She is independent from the Association as he/she holds no executive position.

Chief Executive Officer – a management position who has executive responsibility of day-to-day operations of a part or the whole of the organization.

Non-executive trustee - a trustee who has no executive responsibility and does not perform any work related to the operations of the corporation.

Microfinance Institutions (MFI) – refer to the partner institutions of the Association who markets and collects the contributions from the members.

Stakeholders – any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

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CHAPTER II. GOVERNANCE STRUCTURE

SEC. 1 THE BOARD OF TRUSTEES

The Board of Trustees shall be the governing body of the Association. A Trustee's office shall be a position of trust and confidence. He shall act in a manner characterized by transparency, accountability, fairness and for the best interest of the members and stakeholders. Trustees shall primarily responsible for approving and overseeing the implementation of the Associations' policies and procedures, action plans corporate governance and corporate values. They shall also be responsible in overseeing the performance of senior management towards attainment of the Association's short and long-term strategic objectives.

1. Composition of the Board

The Board of Trustees shall be composed of 15 members, three (3) of which shall be Independent Trustees. The Board of Trustees are elected during the Annual General Membership Meeting (AGMM) thru proxy voting. (*Annex A Selection and Election Process*)

2. Qualifications of the Board

Except for Independent Trustees, the following shall be the minimum qualifications to be elected as a member of the board:

- a. Must be a female member of the Association;
- b. Must be eighteen (18) to sixty five (65) years old;
- c. Must possess leadership skills and competence necessary to execute the duties of a Trustee;
- d. Be an active MBA Coordinator for at least one year at the time of her nomination as Board of Trustee and whose term not expiring on the date of the election;
- e. A recognized active beneficiary member of CARD MBA, Inc. or any of its affiliates for at least five (5) years;
- f. Has consistently performed very satisfactorily as member of CARD MBA's affiliated institutions with 100% repayment rate and at least 90% attendance rate in the center meeting for at least three (3) years;
- g. Has on-going business/es funded by loan from any of CARD MBA's affiliates;
- h. Has no conflict of interest or is not engaged in any business or activity similar to or in competition with the business of or services offered by CARD MBA or any of its affiliates except for the business of or services offered by CARD Business Development Service Foundation, Inc.;

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- i. Has no pending administrative, civil or criminal case; and
- j. Willing to perform the functions of a trustee without any remuneration.

3. Disqualifications of the Board

No member convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of her election or appointment, shall qualify as a Trustee or Officer. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with the Center for Agriculture and Rural Development (CARD) Mutual Benefit Association, Inc. or any of its affiliates, shall also be disqualified from being a Trustee or Officer.

The following shall be the grounds for the temporary disqualification of a Trustee:

- a. Persons who refuse to fully disclose the extent of their business interests when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the Insurance Commission. This disqualification shall be in effect as long as the refusal persists;
- b. Trustees who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special of the Board of Trustees during their incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding elections;
- c. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory;
- d. Trustees and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission;
- e. Trustees disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations;
- f. Trustees who failed to attend the special seminar on corporate governance. This disqualification applies until the trustee concerned had attended such seminar;
- g. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- h. Those under preventive suspension;
- i. Persons with derogatory records with the NBI, court and police, involving violation of any law, rule or regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of a trustee. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- j. Persons who are delinquent in the payment of their obligations as defined hereunder:
 - i. Delinquency in the payment of obligations means that obligations of a person with the insurance company or its related companies

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- where he/she is a trustee or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts;
- ii. Obligations shall include all borrowings from an insurance company, or its related companies

This disqualification should be in effect as long as the delinquency persists

4. Term of Office of the Board

Both the twelve (12) Trustees and the three (3) Independent Trustees shall hold office for two (2) years until their successors are duly elected and qualified; Provided, that the twelve (12) Trustees shall serve for staggered terms of office, with half or six (6) of them shall be elected at each annual meeting and shall hold office until their successors are duly elected and qualified.

The twelve (12) Trustees are eligible for re-election only until at least one year has elapsed after serving the two-year term.

An Independent Trustee shall serve for a maximum cumulative term of nine (9) years and shall be perpetually barred from any re-election.

5. Specific Duties and Responsibilities

To ensure a high standard of best practice for the Association and its stakeholders, the board shall:

- a. Devote time and attention necessary to properly discharge his duties and responsibilities. He/She should attend and actively participate in Board and committee meetings, request and review meeting materials, ask questions, and request explanation;
- b. Responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Risk, Compliance and Audit).The board shall ensure that integrity, expertise and experience are among the qualifications that must take into account when selecting those key positions.
- c. Through the appropriate Board Committees, the board shall be responsible in the performance assessment of the CEO and heads of the control functions, as follows:
 - i) Risk Officer – the Risk Oversight Committee;
 - ii) Deputy Director for Compliance – Governance Committee; and
 - iii) Deputy Director for Audit – Audit Committee.
- d. Ensure that the Association complies with all the relevant laws, regulations and endeavor to adopt best business practices;
- e. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks.
- f. Ensure fair treatment and judgment to members and employees;

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- g. Conduct fair business transactions with the Association and to ensure that personal interest does not compromise his/her impartiality and does not bias Board decisions. She should address and fully disclosed to the Board any conflicts of interest that may arise and should not participate in the decision making that can involves his/her personal interest;
- h. Ensure and observe confidentiality of non-public information acquired by the reason of his/her position as Trustee;
- i. Ensure that enough and appropriate controls are placed to ascertain soundness, effectiveness and adequacy of the Association's control environment.
- j. Review, monitor and oversee the implementation of the strategies set by the Association to ensure that its vision and missions will be achieved;
- k. Ensure that all transactions, including the related party transactions and other unusual occurring transactions, conducted by the Association is fair and in arm's length manner competitive within the market, appoint an independent party if necessary to review the fairness of the transaction.

6. Board Diversity

The Board of Trustees shall be well represented from different part of operations of the Association where there will be a diversity in the age, ethnicity, culture, skills, competence and knowledge.

The board representation shall be subject to assessment every 3 years based on the number of membership in the region where it operates.

7. Vacancy in the Board

Any vacancy occurring in the board of trustees other than by removal by the members or by expiration of the term, may be filled by the vote of at least a majority of the remaining trustees, if still constituting a quorum; otherwise, said vacancies must be filled by the members in a regular or special meeting called for that purpose. A trustee so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office.

8. Performance Evaluation

The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

The Board should conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment shall be supported by an external facilitator.

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SEC. 2 THE INDEPENDENT TRUSTEES

An independent trustee shall mean a person other than an officer or employee of the Association, its subsidiaries, or any other individual having any relationship with the Association, which could interfere. He/she should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his independent judgment.

An independent trustee shall refer to a person who:

1. is not or was not a regular trustee, officer or employee of the Association, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
2. is not or was not a regular director, officer, or employee of the Association's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
3. is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of trustees of the Association, or in any of its related companies or of its majority corporate shareholders;
4. is not acting as a nominee or representative of any director or substantial shareholder of the Association, any of its related companies or any of its substantial shareholders;
5. is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the Association, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
6. is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a trustee, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
7. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Association or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
8. was not appointed in the Association, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
9. is not affiliated with any non-profit organization that receives significant funding from the Association or any of its related companies or substantial shareholders; and,

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10. is not employed as an executive officer of another company where any of the Association's executives serve as regular directors.

Minimum Qualifications of independent Trustee

An independent trustee shall have the following minimum qualifications:

1. He/She shall be at least a college graduate or he/she shall have been engaged or exposed to the business of the association for at least five (5) years; and
2. He/She shall possess proven integrity, probity and independence.

Term of Office

The Board's independent trustees shall serve for a maximum cumulative term of nine years. After which, the independent trustee should be perpetually barred from re-election. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting

SEC. 3 THE OFFICERS OF THE BOARD

A. President and Chairman

The President and Chairman shall preside in all meetings of the members of the Association.

She shall execute all resolutions of the Board of Trustees. She shall be charged with directing and overseeing the activities of the Association. She shall submit to the Board as soon as possible after the close of each fiscal year, and to the members of each annual meeting, a complete report of the activities and operations of the Association for the fiscal year under her/his term.

The roles and responsibilities of the President and Chairman include, among others, the following:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

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- e. Assures the availability of proper orientation for first time directors and continuing training opportunities for all trustees; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

B. Vice-President

The Vice-President, if qualified, shall exercise all powers and perform all duties of the President during the absence or incapacity of the latter and shall perform duties that may be assigned by the Board of Trustees.

C. Secretary

The Corporate Secretary is primarily responsible to the Association and has, among others, the following duties and responsibilities:

- a. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- b. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- c. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- d. Advises on the establishment of board committees and their terms of reference;
- e. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- f. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- g. Performs required administrative functions;
- h. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- i. Performs such other duties and responsibilities as may be provided by the Board.

D. Treasurer

The Treasurer shall have charge of the funds, receipts and disbursements of the Association. He/she shall keep all moneys and other valuables of the Association in such banks as the Board of Trustees may designate. He/she shall keep and have charge of the books of accounts. He/she shall also perform such other duties and functions as may be assigned to her from time to time by the Board of Trustees. He/she shall post a bond in such amounts as may be fixed by the Board of Trustees.

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SEC. 4 THE BOARD COMMITTEES

The Board shall constitute Committees in aid of good corporate governance.

1. Audit Committee

The Audit Committee shall compose of at least three (3) members, majority of whom are independent, including the Chairman. Audit Committee chairperson cannot be a chairperson of any other Board Committee. Audit Committee shall meets every first Friday of every month.

The audit committee's tasks include, but are not limited to, the following:

- a. Recommends the approval the Internal Audit Charter (IA Charter) which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c. Prior to the commencement of the audit, discusses with the External Auditor the nature, Scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- d. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- e. Reviews and approves the interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Areas where a significant amount of judgment has been exercised
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements
- f. Reviews the disposition of the recommendations in the External Auditor's management letter;
- g. Performs oversight functions over the corporation's internal and External Auditors. It ensures the independence of internal and External Auditors, and that both auditors

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are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- h. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- i. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Insurance Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- j. Reviews and monitors the external auditor's suitability and effectiveness on an annual basis.
- k. Performs other tasks, as the board may from time to time designate.

2. Risk Oversight Committee

Risk Oversight Committee shall compose of at least three (3) members, majority of whom are independent, including the Chairman. Risk Oversight Committee chairperson cannot be a chairperson of any other Board Committee. Risk Oversight Committee shall meet every first Friday of every other month.

The Risk Oversight Committee (ROC) shall assist the Board of Trustees in ensuring that there is an effective and integrated risk management process in place. Its duties and responsibilities shall include but not limited to the following:

- 1) Oversee the system of limits to discretionary authority that the board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.
- 2) Identify and evaluate exposures
 - a. Assess the likelihood of each risk becoming a reality.
 - b. Estimate its possible effect and cost.
- 3) Determine areas of concern based on risks that are most likely to occur and are costly when they happen.
- 4) Develop risk management strategies
 - a. Develop a plan defining the strategies for managing and controlling the major risks.
 - b. Identify practical strategies to reduce the chance of loss, injury or failure to minimize losses if the risk becomes real.
- 5) Oversee the implementation of the risk management plan by conducting regular discussions on the institution's current risk exposure based on regular management reports and assess how the concerned units reduced these risks.

In this connection, it is important that the CEO, the Risk Officer, and DDO, who are all members of the ROC, are in constant coordination with each other in monitoring/determining possible risk exposures and the subsequent implementation of the appropriate risk mitigating measures.

- 6) Review and revise the plan as needed

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- a. Evaluate the risk management plan to ensure its continued relevancy, comprehensiveness, and effectiveness.
- b. Revisit strategies, look for emerging or changing exposures and stay abreast of developments that affect the likelihood of harm or loss.
- c. The Committee shall report regularly to the board of trustees the entity's overall risk exposure, actions taken to reduce the risks, and recommend further actions or plans as necessary.

Where appropriate, the ROC shall have access to external expert advice, particularly in relation to proposed strategic transactions.

3. Corporate Governance Committee

The Corporate Governance Committee shall compose of at least three (3) members, majority of whom are independent, including the Chairman. Corporate Governance Committee shall meet every last Friday of every other month.

The committee's tasks include, but are not limited to the following;

1. Oversee the nomination process for members of the board of trustees and for positions appointed by the board of trustees. The committee shall review and evaluate the qualifications of all persons nominated to the board of trustees as well as those nominated to other positions requiring appointment by the board of trustees. The committee shall recommend to the board of trustees matters pertaining to the assignment to board committees, as well as succession plan for the members of the board of trustees and senior management.

2. Oversee the continuing education program for the board of trustees. The committee shall ensure allocation of sufficient time, budget and other resources for the continuing education of trustees, and draw on external expertise as needed. The committee shall establish and ensure effective implementation of policy for on-boarding/ orientation program for first time trustees and annual continuing education for all trustees.

For this purpose, the orientation program for first time trustees shall be for at least eight hours, while the annual continuing training shall be at least for four Hours. The training programs should cover topics relevant in carrying out their duties and responsibilities as trustees. Proposes and plans relevant trainings for the members of the Board.

3. Oversee the performance evaluation process. The committee shall oversee the periodic evaluation of contribution and performance (e.g., competence, candor, attendance, preparedness and participation) of the board of trustees, board-level committees, and senior management. Internal guidelines shall be adopted that address the competing time commitments of trustees serving on multiple boards. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

4. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments.

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5. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.

Further, as Governance Committee shall be responsible for the nomination of the Board. There shall be a sub-Committee under the Governance such as:

Nomination and Election Committees

Election of members of the Board of Trustees shall go through three levels of screening to ensure that all are within the qualifications set as stated in the Association's By-Laws. These committees shall meet twice a year and as the need arises and comprised mostly of independent party.

Regional Selection Committee

The Regional Selection Committee's tasks shall include:

- a. Check and validate the nominated MBA coordinators, the validation includes background check of the nominees;
- b. Evaluation of the result of the background investigation and recommend nominees to the Central Nomination Committee (CNC)

Central Nomination Committee

The Central Nomination Committee's tasks shall include:

- a. Review and evaluate the qualifications of all persons nominated in accordance with the qualifications prescribed by law, pertinent rules and regulations, the Association's By Laws and this Manual;
- b. Screening and evaluation of the nominee' membership and officership in affiliated organizations to ensure that he can perform his duties diligently and effectively;
- c. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; and
- d. Performs other tasks as the board may from time to time designate.

Election Committee

The Election Committee shall compose of 3 independent party who are responsible to facilitate the whole election process per se during the Annual Meeting. This committee supervise the voting ceremony during the AGM up to the counting of votes and announcing the result of the election. They are also the one who resolve any protest regarding the result of the election.

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Remuneration Committee

Remuneration Committee shall be a sub-Committee of Corporate Governance Committee which established to ensure that remuneration arrangements support the strategic aims of the association and enable recruitment, motivation and retention of personnel while complying with the requirements of regulatory and governance bodies, satisfying the expectations of the members and remaining consistent with the expectations of the wider employee population.

The remuneration committee shall be primarily responsible for the following:

- a. Provides assistance to the Board of Trustees to oversee the design and operation of the association's remuneration system and ensure the risk in remuneration strategy, policy and arrangements is adequately considered and that process are in place to control unhealthy risk-taking;
- b. Shall judge or make plans where to position the association relative to other organizations. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance;
- c. Shall delegate responsibilities for setting up remunerations for all CARD MBA personnel, including pension rights or any compensation payments;
- d. Shall recommend and monitor the level and structure of salaries including remuneration for senior management;
- e. Supervise and direct any special projects or investigations considered necessary; and
- f. Perform other tasks as the Board shall from time to time designate.

4. Related Party Transaction Committee

The Related Party Transaction (RPT) Committee shall compose of at least three (3) non-executive trustees, majority of whom are independent, including the Chairman.

The RPT board committee shall assist the association in handling transactions with related parties. It shall review and evaluate each transaction to assess its fairness. In case conflict of interest will arise in a particular transaction, concern committee member shall refrain from evaluating such particular transaction. RPT Committee meets every last Friday of every other month or as the need arises.

The committee shall be responsible for the following:

- a. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators/ supervisors.
- b. To set materiality threshold for each type of transactions to related parties such as investment, financial assistance, contract agreements and others.
- c. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor,

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- collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the association are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
- a) The related party's relationship to the association and interest in the transactions;
 - b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c) The benefits to the association of the proposed RPT;
 - d) **The risk profile, structure, size and operation of the related party to transact with;**
 - e) The availability of other sources of comparable products or services; and
 - f) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The association shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on association's internal policies shall be endorsed by the RPT Committee to the board of trustees for approval.
- d. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the association's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of association's affiliation or transactions with other related parties.
 - e. Report to the board of trustees on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
 - f. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
 - g. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

SEC. 5 THE BOARD MEETING

The Board of Trustees are committed to attend special and the regular Board meeting every first Friday of every other month starting January of every year.

Quorum Requirements

A quorum for any meeting shall be consist of majority of the Board of Trustees.

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Access to Information and Reports

Management shall provide the Board members with complete adequate and timely information about matters to be taken up during the meeting. The agenda and information package for each board and committee meeting should be sent to each Board of Trustee in hard or electronic copy at least 5 business days in advance, whenever possible and appropriate.

SEC. 6 CORPORATE GOVERNANCE RULES AND PRINCIPLES

Members of the board, management, officers and employees are committed to adhere to ethical business conduct/corporate governance rules and principles as follows:

- a. All dealings of the Association with any of its trustees, officers, and their related interests shall be in the regular course of business and upon terms not less favorable to the Association than those offered to others to avoid insider abuses and unfair competitive advantage.
- b. The Board of Trustees and the created committees must be able to perform their duties with a high degree of independence; Board of Trustees, officers and employees shall not engage in any act or omission which may be considered as conducting business in an unsafe and unsound manner;
- c. Every member of the organization should promote the good reputation of the Association in dealing with members and other parties that transact business with the institution (e.g. ensuring payment of claims within the 8-24 hour target);
- d. The Association office's facilities shall not be used in the furtherance of any criminal activity;
- e. Members of the board and senior management shall disclose material interest in transactions affecting or which may affect the Association;
- f. The trustee shall notify the board of trustee before accepting a directorship in another company
- g. Trustees shall be allowed to concurrently serve as director/trustee to a maximum of 5 (five) Insurance Commission Regulated Entities (ICREs) and publicly-listed companies;
- h. The board shall review all material transactions that are not done in the ordinary course of business;
- i. Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;
- j. Board of Trustees, officers and employees shall not accept material benefits/information from someone doing business with the Association; and
- k. The board shall put in place a system for imposition of sanctions and/or penalties for violation of the code/standards.

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SEC. 7 RELATED PARTY TRANSACTIONS

Arm's length transactions in all related party transactions shall be observed at all times to protect the best interest of the Association, its members and stakeholders. The Association shall seek the assistance of a committee of independent trustees to review and check the materiality and fairness of the transactions.

Approved by the Board of Trustees, the Association shall adopt a materiality threshold based on its identified materiality appetite.

In evaluating RPTs, the RPT Committee shall take into account, among others, the following:

- a) The related party's relationship to the association and interest in the transactions;
- b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- c) The benefits to the association of the proposed RPT;
- d) **The risk profile, structure, size and operation of the related party to transact with;**
- e) The availability of other sources of comparable products or services; and
- f) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The association shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on association's internal policies shall be endorsed by the RPT Committee to the board of trustees for approval.

SEC. 8 DEVELOPMENT PROGRAM FOR THE BOARD AND OFFICERS

The Association places high value on its human resources including Board of Trustees and recognizes the importance of competence, hence, all Board Members and Officers shall be eligible for continuous development program such as local and international trainings, seminars, workshops and conferences.

All newly elected/appointed Board of Trustees shall be required to undergo an orientation on the overall CARD MBA operations as stated in the Articles of Incorporation and By-Laws. Specific duties and responsibilities of the Board and of the officers of the Board are likewise discussed. New board officers and members shall also be oriented on the financial operation of the Association. As required, the all new Board members shall undergo within 6 months after election/appointment training on Anti Money Laundering Act (AMLA) and Good Governance.

This is intended to familiarize the new directors on their roles and responsibilities in the Board and Committees, the organization's strategic plans, organizational structures,

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business activities, compliance programs, Code of Conduct and Business Ethics, and Corporate Governance Manual. All trustees shall also encouraged to participate in continuing education programs at the Association's expense to maintain a current and effective Board.

The orientation program for first-time trustee and relevant annual continuing training for all directors aim to promote effective board performance and continuing qualification of the trustees in carrying-out their duties and responsibilities. The orientation program for first-time trustee shall be for at least eight hours, while the annual continuing training be for at least four hours.

Topics on corporate governance include the following:

- a. Code of Corporate Governance for IC Regulated Companies;
- b. ACGS and IC Annual Corporate Governance Report;
- c. Board Responsibilities;
- d. Illegal activities of corporations/ directors/officers;
- e. Protection of minority shareholders;
- f. Liabilities of directors;
- g. Confidentialities;
- h. Conflict of interest;
- i. RPT;
- j. Enterprise Risk management; and
- k. Case studies and Financial Reporting and Audit

SEC. 9 THE MANAGEMENT

The Management is represented by a Management Committee (ManCom) composed of officers and executives formed and headed by the Chief Executive Officer. All principal policies and directions governing the organization, management and operation of the Association as well as its subsidiaries shall be implemented by this Committee, subject to Board approval when required by existing laws. The Committee shall regularly report to the Board at its regular Board meeting, or during special meeting whenever necessary or requested by the Board, through the Chief Executive Officer, on all matters concerning the Association's operation as well as significant events or occurrences affecting the Association.

The CEO has the following roles and responsibilities, among others:

- a. Determines the Association's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. Communicates and implements the Association's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Association and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of the Association's industry and market and keeps up-to-date with its core business purpose;

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- e. Directs, evaluates and guides the work of the key officers of the Association;
- f. Manages the Association's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the Association; and
- i. Serves as the link between internal operations and external stakeholders.

Decisions of the management on the major acquisitions, procurements, changes on the policies/benefits of the members and other major decisions that is not in the usual business operation of the Association shall require Board approval. Likewise, all disbursements made by the association shall be in accordance with the approved Codified Approving and Signing Authority.

SEC. 10 CHECK AND BALANCE

1. The External Auditor

The Association is in compliance with Insurance Commission Circular No. 29-2009 dated November 10, 2009 in the selection of external auditors.

- a. Only external auditors accredited by Insurance Commission are being engaged;
- b. The external auditor shall be changed or the lead and concurring partner shall be rotated every five years or earlier.
- c. No external auditor may be engaged if he or any member of his immediate family had or has committed to acquire any direct or indirect financial interest;
- d. The external auditor and the members of the audit team do not have any claim with the Association;
- e. The external auditor is not currently engaged nor was engaged during the preceding year in providing the following services to the Association:
 - a. Internal audit functions;
 - b. stems design, implementation and assessment;
 - c. Other services which could affect his independence.
- f. The external auditor, auditor-in-charge and members of the audit team adhere to the highest standards of professional conduct and shall carry out services in accordance with relevant ethical and technical standards, such as the Generally Accepted Auditing Standards (GAAS) and the Code of Professional Ethics for certified public accountants.

2. The Internal Auditor

A separate internal audit function is essential to monitor and guide the implementation of company policies. It helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the company's governance, risk management and control functions. The following are the functions of the internal audit, among others:

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- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes

3. The Compliance Officer

To ensure the Association's adherence to the guidelines on corporate governance set herein, the Chairman of the Board shall designate a Compliance Officer. He shall have direct reporting responsibilities to the Board of Trustees and shall be tasked to do the following duties:

- a. Coordinate, monitor and facilitate compliance with existing laws, rules and regulations and with the provisions and requirements of this Manual;
- b. Determine violations with existing laws, rules and regulations and with the provisions of the Manual and recommend appropriate sanctions and/or penalties for violation thereof, for further review and approval of the Board of Trustees;
- c. Identify, monitor and control compliance risks;
- d. Ensures proper on boarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- e. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- f. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- g. Ensures the integrity and accuracy of all documentary submissions to regulators;
- h. Appears before the IC when summoned in relation to compliance with this Code;
- i. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

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- j. Identifies possible areas of compliance issues and works towards the resolution of the same;
- k. Ensures the attendance of board members and key officers to relevant trainings; and
- l. Performs such other duties and responsibilities as may be provided by the Board.

4. The Risk Officer

The Association shall have a Risk Officer (RO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfil his/her responsibilities, subject to a company's size, risk profile and complexity of operations

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Risk Oversight Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with

There should be clear communication between the Board Risk Oversight Committee and the Risk Officer.

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CHAPTER III. SUCCESSION PLANNING AND DEVELOPEMNT PROGRAM

As CARD MBA, Inc. moves forward and prepares for the future as it expands, it is fundamental that it ensures readiness of the next generation of leaders. Corporate governance committee ensures that review of the succession planning process is being done. This is in preparation for filling up of vacancies brought about by expansion, promotion, retirement, etc. This succession plan is to ensure that qualified employees are recruited and developed to fill each key role within the organization.

Policy Statement:

1. CARD MBA, Inc. must ensure continuity of a strong leadership through operationalizing an effective and sound succession planning and development program.
2. CARD MBA, Inc. must ensure that a strong and sound succession planning program identifies and fosters the next generation of leaders
3. It must align development of talent with the vison of CARD MBA, Inc., ensures employees have development opportunities to hone their leadership skills, and guarantees that organization has leadership plan in place for success in the future.
4. Succession Planning and Development Program must link talent development with the strategic goals of the board, the institution and the staff.

Policy Guidelines:

1. Succession Planning and Development Program will adopt an 70-20-10 model of talent development with 70%of the development coming from experience, 20% from coaching and 10% from classroom or other training
2. The following are the steps that will guide the HR and other involved officers in the implementation of the program.
 - a. **Job Competency Model:** Create a specific model for every job that defines the behaviour, attitude, skills, knowledge, experience and talent necessary to succeed in the role. These models will help employees understand what's expected of them in their current role and what it will take to be ready to move forward.
 - b. **Future Ready:** Be sure that Job Competency Model assessments consider the skills necessary to fulfil future roles not just present ones. For example, if the institution plans to expand globally the next generation of leaders should be comfortable working abroad of if grow plans involve rapid acquisitions, someone with finance skills and change management experience may be the best choice for leadership positions.
 - c. **Gap Analysis and Readiness Plan:** As part of the talent assessment process. HR should assess everyone in the organization with an eye toward who is ready to take on key leadership roles at present and on the following year. The goal for this is to see the preparations that need to be done with concerned employee and the time frame requirement on preparing the employee. A customized readiness program is necessary to be developed based on identified employee's readiness gap.

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- d. Employee Awareness and Readiness:** Concerned employees must also be assessed as their career goals and aspirations to be sure HR are preparing them for a job that they want. Part of the employee's readiness is their exposure and acceptance of what would be their career in the future.
- e. Manage Bottlenecks:** Possible bottlenecks in the development process that could prevent candidates from moving forward must also be addressed. This may include supervisors who block the way for the next generation or glaring gaps in readiness for critical roles.
- f. Board onboard:** Once assessment are complete the list of the top candidates for each role in the Executive positions and management Committee will be reported for comment by the board of trustees. Working with the Executives and the board ensures that everyone is on the same page about succession plans.
- g. High Potentials Performance:** It is also essential that development process of employees on the list of the next generation leaders are checked and properly addressed. Make sure employees are on board with setting their own development goals, and track their progress through regular performance assessment.
- h. Update the Plan:** Review the Succession Plan at least every year and whenever there is a major change in the leadership or in corporate strategy. This ensures that the institution is always up to date on the development of the top talent and that any changes in direction that might require a tweak to the plan have been identified.

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CHAPTER IV. CODE OF DISCIPLINE

The Association's Code of Discipline defines standards that the directors, managers, officers and staff should observed in all their business dealings and relationships. There is a separate section on the Personnel Manual that disclose the details of the Code of Discipline.

The code includes the following provisions:

1. Discussion on implementation and motoring of compliance with the code;
2. Discussion on the disciplinary process;
3. Discussion of promotion of staff behavior, moral values and discipline and
4. Discussion on internal control measures

In implementing the code of discipline all shall be guided by the following principles:

1. All are required to be at all times conscious to understand the list of offenses and penalties provided in this policy of which all employees are expected to avoid committing such offenses. All violations and infringements of the institution's rules and regulations shall be subject to disciplinary actions in accordance with the set penalties.
2. No one shall be excused from appropriate actions or penalties on the reason of ignorance of the Association's policies, rules, and regulations.
3. The management reserves the right to suspend penalty or be lenient with penalties in meritorious cases at all times.
4. Anyone found guilty of misappropriation of funds shall be dismissed from the organization and which case shall be referred further to the Legal Office for the necessary legal action/litigation. He/she may be placed under preventive suspension while his/her case is under investigation.
5. All suspension shall be without pay.
6. Any disciplinary actions shall be done in accordance with the Labor Code of the Philippines.
7. Implementation of disciplinary action on erring employees shall not prevent the Association from filing criminal action in accordance with the applicable laws.
8. Offenses not included in the list under this policy on code of discipline will be treated on a case-to-case basis. As a general rule, offenses committed will be treated individually and separately even if they fall under the same type of penalty. Management may impose lighter or stiffer penalties depending on the gravity of the offense and circumstances of the case.

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CHAPTER V. DISPUTE POLICY

Any disagreement or difference arising between the Association and its members and/or stakeholders shall be resolved under the applicable grievance mechanism of the Association.

The Association acknowledges any complaint or dispute arising out of or in connection with but not limited to filing of claims, membership application, claims status and notification, and inquiries on benefits, by directly sending the concern or by contacting through the Provincial Offices, Customer Service, Facebook page or website of the Association. Those complaint shall promptly and in good faith be resolve for the best interest of both parties. In case of unresolved issues within a reasonable time, then either party may submit such dispute to mediation or through an Alternative Dispute Resolution (ADReM) in the Insurance Commission. If the dispute cannot be resolved through mediation, then the parties shall be free to pursue any right or remedy available to them under applicable law.

All CARD MBA lines shall be open at all times to answer any concerns, questions or complaints to the Association:

CARD MBA Head Office

#120 M. Paulino St. cor P. Burgos St., Brgy VII-D,
San Pablo City, Laguna, 4000 Philippines
Contact No. : (63)-(049)-562-2878
Cellphone No.: 0928-520-5769
Email: cardmba9999@cardmri.com
Facebook: <https://m.facebook.com/CARDMBAOfficial/>

Customer Service Unit

Maharlika Highway cor., Malagasang St. Brgy I-B,
San Pablo City, Laguna, 4000 Philippines
Contact No. : (63)-(049)-521-0500
Cellphone No.: 0919-002-9585
Email: cmba.csr@cardmri.com

The Association is also committed to protect the welfare of all its employees to any grievances that they may encounter by implementing “Bantay-Integridad” policy (*Annex D*) which provides understanding, consciousness and commitment for every employee’s duty to report in good faith any instances of suspected or actual commission of fraud, theft, violation of company policies, law, rule or regulation, any misconduct, illegal or unacceptable behavior by its directors, officers and staff that is contrary to the value of integrity of the institution. To protect the reporting employee strict confidentiality rule is observe by the officers handling and conducting the investigation to “Bantay-Integridad” report. Likewise, any employee who reports false or malicious allegations will be subject to disciplinary action including termination of employment in accordance with the Personnel Manual.

CHAPTER VI. MEMBERS

SEC. 1 CLASSES OF MEMBERS

Membership in the Association shall either be Voting or Non-Voting. Voting members are those who are required to attend regular center meetings while Non-Voting members are those who are not required to attend the regular center meetings.

SEC. 2 DUTIES AND RESPONSIBILITIES OF MEMBER

A member shall have the following duties and responsibilities to the associations:

- a. To obey and comply with the by-laws, rules and regulation that may be promulgated by the association from time to time;
- b. To attend all meetings that may be called by the Board of Trustees; and
- c. To pay membership dues and other assessment of the association.

SEC. 3 RIGHTS OF A MEMBER

A voting member shall have the following rights:

- a. To participate in all deliberations/meetings of the association;
- b. To avail of all the facilities of the association;
- c. To examine all the records or books of the association during business hour;
- d. To exercise the right to vote on all matters relating to the affairs of the association; and
- e. To be eligible to any elective or appointive office of the association.

On the other hand, a Non-Voting member shall have the following rights:

- a. To participate in all deliberations/meetings of the association;
- b. To avail of all the facilities of the association; and
- c. To examine all the records or books of the association during business hours.

SEC. 4 RIGHT TO INFORMATION

The members shall be provided, upon request, with information about the Association's governance board members and partnerships made with other organization.

The members shall have access to any information relating to matters for which the management is accountable. An operations update such as membership, claims settlement and other program activities conducted by the association is regularly posted in the website

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and there is a monthly release of operations update and corporate newspaper for the happenings and other events of the Association.

To keep the members updated of the policies and/or new products and services there a continuous information and education campaign (IEC) conducted by Association's employees and MBA coordinators during center meeting.

They shall also be allowed to propose items in the agenda of meetings, provided that the suggested item is valid, legitimate and related to the organization's business. CARD MBA also has Feedback Gathering Tool (FGT) wherein members gives suggestions and recommendations and being discussed during the Board of Trustees meeting.

SEC. 5 NOTICE OF ANNUAL GENERAL MEMBERSHIP MEETING

Accurate and timely information shall be made available to the members to enable them to make sound judgment on all matters brought to their attention for consideration or approval. The Office of the Corporate Secretary shall issue the Notice of the Annual General Membership Meeting at least 28 business days before the meeting date which includes the time, place and proposed agenda items together with a brief rationale for its inclusion thru mail, facsimile transmission or electronic mail.

The services of an independent body will be engaged to ensure that voting procedures and standards are adhered to. Results of the vote for each agenda item will be posted in the corporate website not later than the next business day after the Annual General Meeting.

SEC. 6 ANNUAL GENERAL MEMBERSHIP MEETING

The Board of Trustees shall be transparent and fair in the conduct of the annual general meetings.

The members shall be encouraged to attend personally or by proxy such meeting of the members to be held at the principal office of the Association. They shall be given the opportunity to ask and receive answers to their questions relating to the organization. A summary of the questions asked and answers given will be included in the Minutes of the Annual General Meeting and posted on the MBA website.

Likewise, all resolutions taken up in the AGMM shall make publicly available by the next working day.

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CHAPTER VII. STAKEHOLDERS

The Association is committed to protect the welfare and rights of its stakeholders by ensuring quality service and programs are given to them and every transactions with them are conducted in a transparent and fair manner.

SEC. 1 STAKEHOLDERS

1. Members

The Association exists primarily for the benefits of its member. The sustainability of the Association relies on active involvement and participation of the members on the affairs of the Association.

In ensuring the continuing education of the members, the Association is committed to provide training and education before and after their membership through center meetings, issuances of advisories, study tour and other educational initiatives. The Association shall allocate funds for the training and education of its members.

For the feedbacks of the member, the Association has a Feedback Gathering Tool (FGT) which promotes an open communication with members as regards on the benefits and services they get form the Association. The FGT also helps the Association to draw recommendations and suggestion directly from the member to improve the Association's programs.

2. Employees

The progress of the Association depends on its human resources and that only through carefully selected, well-trained, result-oriented and dedicated employees can the Association achieved its objectives as stated in the separate Personnel Manual. The Association shall address to the Philippine's Labor Laws that will protect the well-being of the employees.

The practical activities for the workplace organization must focus on improving the workplace organization for purposes of health and safety, quality and efficiency; how employees will operate within it and how to eliminate was in all its forms.

Another means of protecting the health and safety of the employees is thru Annual Flu Vaccines, Annual Physical Exam and/or Executive Check-up conducted. Family Planning program is also given to increase employee's awareness for their individual rights to access to quality family services and make choice for themselves for a modern family planning methods.

The employees shall be given trainings in the form of (i) formal –undergraduate course and/ or Masters degree; (ii) on the job training or coaching; (iii) In house lectures; and, (iv) local or international courses, seminars, study tours, workshops and conferences.

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A monthly report card where the key performance indicators, based on the duties and position of the respective employee, is accomplished to be a basis in case a performance bonus will be declared.

3. Partner Institutions

The Association shall ensure fast service and continued access to microinsurance benefits and other services to all partner institutions. An arm's length transaction shall be maintained at all times by ensuring written service contract agreement where duties and responsibilities of each parties are clearly stated, such as giving continuous education and orientation to the employees of partner institution about the products and services and others arrangement that is relevant to the execution of the service agreement.

4. Regulatory Agencies

Regulatory agencies are essential in any industry as they provide the framework to which an Association should legally operate. These policies, guidelines and circulars issued by the regulatory agencies promote fairness and increase the level of confidence of the members, implementers and other stakeholders.

The Association shall ensure full compliance to the requirements, policies, circulars, memoranda, and guidelines issued by regulatory agencies such as the Insurance Commission, Securities and Exchange Commission, Bureau of Internal Revenue, Local Government Units and other government agencies.

5. Supplier/Contractors

The Association shall leverage upon effective and efficient third-party products and services through a standard selection and contracting process where objective evaluation of vendors and solutions shall be driven by the Association's business goals.

The types of services that the Association may outsource shall only be those that:

- a. Enable meeting the strategic and business objective as supported by a business case to outsource, and
- b. Are among the existing services allowed for outsourcing as indicated in pertinent insurance laws and regulations or, a new type of service for which approval for outsourcing has been obtained from IC.

Control mechanism shall be established and the following processes shall be performed to effectively, efficiently and securely manage the Association's purchases and outsourced services:

- a. Accreditation and Dis-accreditation of Vendor
- b. Procedure on Vendor Selection
- c. Procedure on Acquisition of Goods and Services
- d. Contract Management Policy

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6. Creditor

The Association is committed to meet its obligations to the members, suppliers and 3rd party service providers by monthly monitoring of the liquidity ratio and by matching of asset versus the liabilities to ensure enough liquidity to meet the Association's obligations. And in accordance with the law, Association's creditors are given priority in payment of obligations in the normal course of business and in the event of liquidation.

7. Community of Operations

In any business, there is a need for the support of the community where it operates. The Association acknowledge the significant role of the community in achieving its vision mission particularly in helping people become less vulnerable.

The Association will strengthen its relationship with the community by sharing information about its programs and services. The Association is engage in community development such as joining in fun run activities initiated by the community, having a medical mission and establishing community clinic which is open to members and non-members.

8. Environment

The Association's business operation does not directly affect the environment. However, it is still committed to do its part in promoting environmental sustainability through various initiatives within the office, among its directors and employees and with its stakeholders by adopting the 5Cs in the workplace organization.

The Association is likewise implementing a solid-waste management program intended to contribute to the international call to address climate change, pollution and order/cleanliness in the workplace.

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CHAPTER VIII. DISCLOSURE AND TRANSPARENCY

One of the core values of corporate good governance is transparency. The Board together with the management and employees commits to promote and ensure full disclosure, transparency and shall remain accountable to this Manual. This is a commitment and a policy of the Board.

The Board commits at all times to comply with all disclosure requirements specifically those that will include material information as mandated by regulators within the prescribe period of time. The following material information that shall be publicly made available through the Association's official website and Annual Report are financial and non-financial reports such as (and not limited to) earnings, material acquisition, related third party transactions, audited financial statements, board Structure. The audited FS shall be publicly disclosed not later than 180 days after the financial year clearly stating that the management is responsible for its preparation, impartial presentation in accordance to the financial reporting standards of the Insurance Commission for MBAs.

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CHAPTER IX. COMMUNICATION, TRAINING AND MONITORING PROCESSES

Communication Process

This manual shall be available for inspection by any members of the Association at reasonable hours on business days.

All trustees, executives, officers and unit heads are tasked to ensure the thorough dissemination of this manual to all employees and related parties, and to likewise enjoin compliance in the process.

Pursuant to IC Circular a copy of this manual shall be posted in the official website of the Association.

Training Process

The management committees as well as the compliance officer shall conduct orientation seminars in all concerned Units and Provincial Offices to discuss the contents of this manual.

All Board of Trustees are required to attend corporate governance seminar conducted by a duly recognized private or government institute.

Monitoring and Assessment

An officer shall be appointed to be specifically tasked with the responsibility of ensuring compliance with this Manual. Any violation against the content of this Manual shall subject the responsible officer or employee to appropriate sanction in accordance to the Personnel Manual.

This Manual shall be subject to review every two years unless the same frequency is amended by the Board.

All business processes and practices being performed within any department or business Unit of the Association that is not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

CORPORATE GOVERNANCE MANUAL

DOCUMENT REVISION HISTORY

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