

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.

In 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 Saving Fund, Credit Life Insurance, Golden Life Insurance Program and other non-financial services like Build-Operate-and-Transfer (BOAT) Program, Mass Wedding and CARD MRI 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

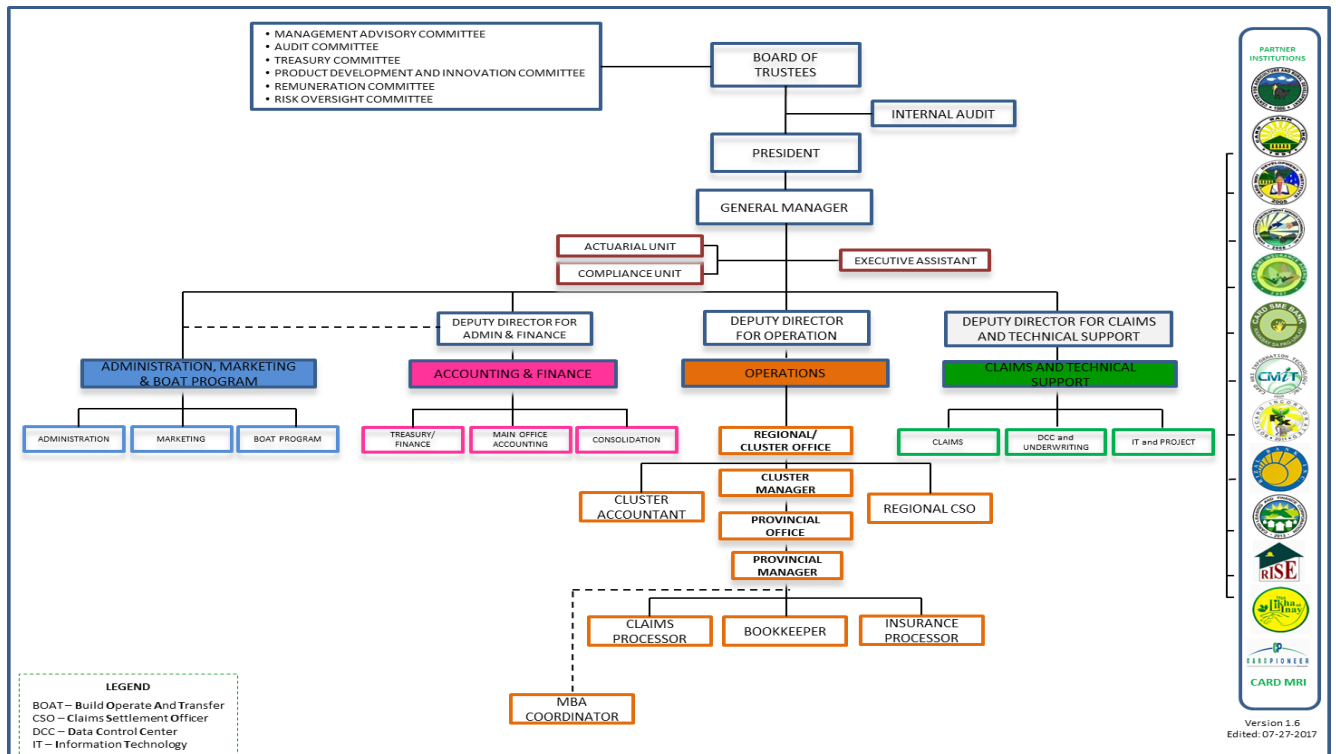
CARD MBA is a mutual benefit association formed:

1. To promote the welfare of marginalized sectors of the Philippine society and to other sectors as maybe determined by the Board;
2. To extend financial assistance to its members in the form of death benefits, medical subsidy, pension and loan redemption assistance;

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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 profitably all cash in excess of current disbursement through a majority vote of its Board of Trustees.

SEC 3. ORGANIZATIONAL STRUCTURE



SEC. 4 OVERVIEW OF PROGRAMS

1. FINANCIAL

BASIC LIFE INSURANCE PROGRAM (BLIP)

Basic Life Insurance Program (BLIP) is a life insurance coverage for the members of the Association and his/her legal dependents. The weekly contribution of a member for this product is Php15.00 and has the following benefits:

- a. Death Benefit;
- b. Accidental Benefit; and
- c. Total and Permanent Disability

Without any additional contribution, BLIP has a rider called Motor Vehicular Accident Hospitalization (MVAH) benefit which gives financial assistance to the member and his/her legal spouse in case of vehicular accident.

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RETIREMENT FUND (RSF)

Retirement Fund (RF) is an administered fund intended for the retirement of members upon reaching the mandatory retirement age of 70 years old or optional retirement ages of 65, 66, 67, 68 or 69, provided that the member has at least five (5) years membership with CARD MBA prior to retirement.

An active member pays Php 5.00 weekly contribution for the RF. These contributions are being invested in high yielding investment instruments to assure members of their retirement benefit which is given as a lump sum at the time of retirement

LOAN REDEMPTION FUND (LRF) PLUS

Credit Life Insurance Program (CLIP) aims to give full loan protection to member-borrowers and also to protect the CARD MBA's accredited lending institutions by ensuring 100% collection of loans extended to the members in case of death. This is likewise known as Loan Redemption Fund (LRF) Plus and premium is based on the principal amount and term of loan of a member.

GOLDEN LIFE INSURANCE PROGRAM (GLIP)

Golden Life Insurance Program (GLIP) is an optional program for a continuing members from BLIP that upon reaching of retirement age of 70 years old the member will decide if he/she will join this program. The payment period will be 10 years and will have a coverage of up to 100 years old.

This covers the member only and no more riders. If the member wishes to discontinue with the GLIP, the member has an option to surrender the policy:

- a. For its *Cash Surrender Value*, which is at least 50% of the all the paid premiums or
- b. Convert it to a *Reduced Paid-up Insurance*.

KATUPARAN PLAN

Katuparan Plan is an insurance product bundled with the savings product of CARD Banking Institution. This program can be avail by CARD MRI staff and active members and depositors of CARD Banking Institutions

2. NON-FINANCIAL

CARD MRI DISASTER RELIEF ASSISTANCE PROGRAM (CDRAP)

In line with the CARD MBA's goal of providing assistance and security to its members without additional contribution, relief good (family pack) were given to all member-victims of natural disasters like:

- a. Earthquake
- b. Flood
- c. Landslide

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- d. Volcanic Eruption
- e. Fire
- f. Typhoon
- g. Drought

MASS WEDDING

Mass Wedding is an additional service offered for the members who have live-in partners and have been members of the Association for at least 10 months prior to the wedding celebration. The program is intended for those members who are not legally married to their live-in partners with or without children. CARD MBA will shoulder all expenses related to documentary requirements of a mass wedding ceremony. To become qualified, member should submit the Certificate of No Marriage or *CENOMAR* from the National Statistics Office (NSO)

BUILD OPERATE AND TRANSFER (BOAT) PROGRAM

Build-Operate-and-Transfer (*BOAT*) Program was developed in 2006 as part of CARD MBA's organizational development strategy. The objective is for the association to propagate good practices in microinsurance, thereby capacitating marginalized groups to provide risk protection services to members in a cost-effective and sustainable manner. *BOAT* Program is packaged assistance for organized groups in setting-up their own mutual benefit associations.

For the other implementing rules and regulation of these programs there is a separate CARD MBA Operations Manual which discusses the details of the above mentioned products and services

SEC. 5 COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Trustees and Management (Officers and Staff) of Center for Agriculture and Rural Development Mutual Benefit Association Inc. (CARD MBA) 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. 6 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 policyholders demands that the

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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. 7 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, apart from his fees is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a trustee in the Association.

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 – refers to a person who is appointed to head the overall operation of the Association.

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

Stakeholders – refer to group of company, persons who has an interest with the Association.

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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, two (2) 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*)

To have a diversity in the board composition following shall be the representation of the Board of Trustees form different region where the Association operates:

Region	Number of Board Member Representative
Luzon 1 (NCR and North Luzon)	4
Luzon 2 (South Luzon)	5
Visayas	2
Mindanao	2
Total	13

The number of representative in the board shall be based on the number of members in the region. A diverse board will be beneficial to have a broad range of perspective on the operation of the association based on their race, age, expertise, experience, knowledge and other qualities of the board members.

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 eighteen (18) to sixty five (65) years old;
- b. Must possess leadership skills and competence necessary to execute the duties of a Trustee;
- c. 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;

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- d. A recognized active beneficiary member of CARD MBA, Inc. or any of its affiliates for at least five (5) years;
- e. 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;
- f. Has on-going business/es funded by loan from any of CARD MBA's affiliates;
- g. 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.;
- h. Has no pending administrative, civil or criminal case; and
- i. Willing to perform the functions of a trustee without any remuneration.

An officer or an employee of CARD MBA or any of its affiliates may also be elected as a member of the Board of Trustees provided that, she/he has served the CARD MBA or any of its affiliate/s as an officer or an employee for at least three (3) years, and is also willing to perform 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/his 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.

4. Term of Office of the Board

Both the thirteen (13) Trustees and the two (2) Independent Trustees shall hold office for two (2) years until their successors are duly elected and qualified; Provided, that the term of the thirteen (13) Trustees shall be staggered such that seven (7) or six (6) of them, as the case may be, shall be elected at each annual meeting and shall hold office until their successors are duly elected and qualified.

The thirteen trustees are eligible for re-election only until at least one year has elapsed while the independent trustees may be re-elected for another two years.

5. Specific Duties and Responsibilities

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

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- 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. Ensure that the Association complies with all the relevant laws, regulations and endeavor to adopt best business practices;
- c. Ensure fair treatment and judgment to members and employees;
- d. 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. He/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;
- e. Ensure and observe confidentiality of non-public information acquired by the reason of his/her position as Trustee; and
- f. Ensure that enough and appropriate controls are placed to ascertain soundness, effectiveness and adequacy of the Association's control environment.
- g. Review, monitor and oversee the implementation of the strategies set by the Association to ensure that its vision and missions will be achieved;
- h. Ensure that all 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 fair ness of the transaction.

6. 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.

7. Performance Evaluation

The Board of Trustees shall conduct an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance and peer assessment. (*Annex B and C Board Self-Assessment and Peer-Assessment Form*).

Board as a body shall also be evaluated annually together with the board level committees. This evaluation will help improve board performance that will be beneficial for the association and its stakeholders. (*Annex D Committee Assessment Form*)

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SEC. 2 THE INDEPENDENT TRUSTEES

Independent Trustees shall be a person who, apart from his fees is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of any independent judgment in carrying out his responsibilities as a director in the Association.

The Independent Trustee is not a director, officer or major stockholder of the related institutions. He/she is likewise, not acting as nominee or representative of any director of the related institutions or any of its substantial stockholders.

Independent Trustee shall serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director of the association but may continue to serve as consultant.

He/she shall hold up to five (5) Board seats only, simultaneously.

SEC. 3 THE OFFICERS OF THE BOARD

A. President

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

She/He shall execute all resolutions of the Board of Trustees. She/He shall be charged with directing and overseeing the activities of the Association. She/He 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.

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 Secretary shall give all notices required by these by-laws and keep the minutes of all meetings of the members of the Board of Trustees in a book kept for the purpose. She/He shall keep the seal of the Association and affix such seal to any paper or instrument requiring the same. She/He shall have custody of the members' register and the correspondence files of the Association, She/He shall also perform all such other duties and work as the Board of Trustees may from time to time assign to her/him.

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D. Treasurer

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

SEC. 4 THE BOARD ADVISORS

The Board of Trustees shall have an Advisory Committee who shall compose of representatives from the partner institutions. This is an independent body that helps and gives advice to the Board of Trustees.

SEC. 5 THE BOARD OBSERVERS

Process of electing board observers are as follows:

1. Selection of board observers will be facilitated by the Independent Trustees and the Chairman of the Board Advisory
2. Two (2) board observers will be chosen from the group of former Presidents of the association who do not have any representation to any of the affiliated institutions of CARD MBA.
3. In case all former presidents have representation to any of the affiliated institutions of CARD MBA, board observers will be chosen from the group of former Board of Trustees officers/members.
4. Board observers will serve for maximum of three (3) years
5. The board observer will be replaced once she resigned as member of CAR MBA, Inc. or any of its affiliated institutions.

Duties and responsibilities of the board observer shall be as follows:

- a. Devote time and attention necessary to properly discharge her duties and responsibilities;
- b. She should attend and actively participate in Board meetings to assist the Board members and officers on discharging their duties and responsibilities;
- c. Ensure and observe confidentiality of non-public information acquired by the reason of her position as Board observer; and
- d. Recommend policies and procedures that may help the association for its efficient operation.

SEC. 6 THE BOARD COMMITTEES

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

1. Audit Committee

The Audit Committee shall compose of five (5) members, all are non-executive officers and to be chaired by an Independent Trustee. At least one of the members of the committee must have audit or accounting expertise and/or experience. Audit Committee shall meets every first Friday of every month.

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

- a. Provides oversight of the institution's financial reporting policies, practices and control and internal and external audit functions;
- b. Shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the audit committee. In cases of appointment or dismissal of external auditors, it is encouraged that the decision be made by independent and non-executive audit committee members;
- c. Shall review and approve the audit scope and frequency and shall receive key audit reports and ensure that senior management is taking necessary corrective actions in a timely manner to address weaknesses, non-compliance with policies, laws and regulations identified by auditors;
- d. Shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and with adequate resources to enable it to effectively discharge its functions;
- e. Ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually;
- f. Establishes and maintains mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action; and ensures that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints;
- g. Prepares a report to the board of directors summarizing the work performed in fulfilling the committee's primary responsibilities; and
- h. Performs other tasks, as the board may from time to time designate.

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2. Risk Oversight Committee

Risk Oversight Committee shall compose of 9 members to be chaired by an Independent Trustee. Risk Oversight Committee shall meet every first Friday of every other months.

The Risk Oversight Committee tasks shall include, but are not limited to the following;

- a. Responsible for the development and oversight of the risk management program of CARD MBA.
- b. 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.
- c. The risk oversight committee, shall, where appropriate, have access to external expert advice, particularly in relation to proposed strategic transactions.
- d. The core responsibility of the risk oversight committee are;
 - a. Identify and evaluate exposures
 - i. The committee shall assess the probability of each risk becoming reality;
 - ii. Estimate its possible effect and cost.
 - iii. Priority areas of concern are those risks that are the most likely to occur and are costly when they happen.
 - b. Develop risk management strategies
 - i. Develop a written plan defining the strategies for managing and controlling the major risks.
 - ii. Identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.
 - c. Oversee the implementation of the risk management plan
 - i. The risk oversight committee shall conduct regular discussions on the institution's current risk exposure based on regular management reports and assess how the concerned units reduced these risks.
 - d. Review and revise the plan as needed
 - i. Evaluate the risk management plan to ensure its continued relevancy, comprehensiveness, and effectiveness.
 - ii. Revisit strategies, look for emerging or changing exposures and stay abreast of developments that affect the likelihood of harm or loss.
 - iii. The Committee shall report regularly to the board of trustees the entity's overall risk exposure, actions taken to reduce the risks, and recommended further action or plans as necessary.
 - iv. Report regularly to the board of trustees the entity's over-all risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.
- e. Performs other tasks, as the board may from time to time designate.

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3. Remuneration Committee

Remuneration Committee shall compose of five (5) members and to be chaired by an Independent Trustee. Remuneration Committee shall meet at least twice a year and as the need arises.

Remuneration Committee shall be a separate and independent body establish 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;
- f. Prepare a report for Board of Trustees summarizing the work performed;
- g. Attend regular meeting of the Remuneration Committee; and
- h. Perform other tasks as the Board shall from time to time designate.

4. Treasury Committee

Treasury Committee shall compose of seven (7) members including the Board President and Treasurer. Treasury Committee shall meet every 3rd Friday of every other months. The Treasury Committee shall review, advice and recommend approval, decision or action on financial matters, including but not limited to the following:

- a. Establishment of and changes to financial, accounting and treasury policies;
- b. All major financing transactions of the Association;

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- c. Any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on the Association;
- d. Guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval;
- e. Capitalization of subsidiaries or associated companies/institutions, other than that which is subject of an existing general or specific Board or Committee approval;
- f. Proposed principal agreements with Government, Major Acquisitions, Divestment and Property Redevelopment; and
- g. Perform other tasks as the Board shall from time to time designate.

5. Product Development and Innovation Committee (PDIC)

Product and Development Committee shall compose of seven (7) members including the Board President and Vice-President. PDIC shall meet every 1st Friday of every two months. The chairperson shall be an independent consultant who has a deep knowledge and expertise in the field of microinsurance and product development. The Board President and Vice President shall form part of the members of the committee.

Product Development and Innovation Committee's functions are:

- a. Develop new and/or additional benefit packages and services that meet the merging needs of members;
- b. Ensures actuarial compliance with applicable regulations on each new and/r additional benefit and services before implementation;
- c. Determines and recommends appropriate pricing assumptions in coordination with the key stakeholders;
- d. Performs risk analysis for new product designs, rules and regulations and other insurance;
- e. Recommends appropriate time when to implement or roll-out new product and/or systems and procedures upon review of result of pilot test;
- f. Enhances existing implementing Rules and Regulations (IRR), work flow and processes, systems and procedures to include claims settlement, products and services and the like;
- g. Reviews pertinent agreements before entering into partnerships with other insurance providers with regards to health, life and non-life insurance policies;
- h. Reviews recommendations and suggestions of members and staff for consideration and possible implementation;

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- i. Reports to the board of Trustees works performed as well as the status of policy enhancement and revision for information and approval if applicable; and
- j. Perform other tasks ads the Board may designate from time to time.

6. IT Steering Committee

IT Steering Committee overseas the Information Technology related issues and initiatives. IT Steering shall meet every month and to be headed by the Chief Executive Officer .

The committee shall be responsible for the following:

- a. Provide strategic leadership for IT through the alignment of the objective and activities with Association's strategic objectives and processes;
- b. Prioritize IT investment initiatives and deliver final approval and recommendations on proceedings with propose IT projects;
- c. Responsible for ensuring IT Risk Management and monitoring and control is started and maintained through regular meeting; and
- d. Inform the Board on the current and future IT-related issues and initiatives and submits recommendations to the Board.

7. Related Party Transaction Committee

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 once every quarter and chair by an Independent Trustee.

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, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business

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- 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:
- i. The related party's relationship to the association and interest in the transactions;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the association of the proposed RPT;
 - iv. The availability of other sources of comparable products or services; and
 - v. 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.
- h. Performs other tasks as the board may from time to time designate.

8. 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.

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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.

SEC. 7 THE BOARD MEETINGS

The Board of Trustees are committed to attend 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.

Orientation of New Trustee

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, business activities, compliance programs, Code of Conduct and Business Ethics, and Corporate Governance Manual. All trustees shall also encouraged to participate in

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continuing education programs at the Association's expense to maintain a current and effective Board.

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. 8 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 1-3-5 day 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 board shall review all material transactions that are not done in the ordinary course of business;
- g. Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;
- h. Board of Trustees, officers and employees shall not accept material benefits/information from someone doing business with the Association; and
- i. 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. 9 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.

SEC. 10 REMUNERATION OF THE MEMBERS OF THE BOARD AND OFFICERS

Development Program

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.

Allowances/ Remunerations

The Board of Trustees shall be entitled only for monthly reimbursement of their expenses and honorarium for executing their duties as Board. No Board of Trustee shall be involved in deciding his or her own remuneration.

SEC. 11 THE MANAGEMENT

The Management is represented by a Management Committee (ManCom) composed 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 formulated and 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.

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.

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:

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- 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; and
- c. Identify, monitor and control compliance risks.

Using the Personnel Performance Appraisal (PPA), the management including the CEO shall be evaluated annually to check if their duties and responsibilities are disposed properly and job objectives are met.

SEC. 12 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. systems 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.

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SEC. 13 THE INTERNAL AUDITOR

1.1. Mandate, Organizational Structure and Senior Management & Board Oversight

- a. The authority of the Internal Audit Unit (IAU) is supported by a manual clearly establishing, the following;
 - objectives and scope of the internal audit function;
 - IAU's position within the organization, its powers, responsibilities and relations with other control functions;
 - accountability of the Head of the IAU;
 - terms and conditions within which IAU can be called upon to perform special reviews as requested by senior management, audit committee or the BOT.
- b. The manual is periodically reviewed by the IAU, approved by senior management and confirmed by the BOT as part of its supervisory role;
- c. The mandate of the IAU is widely communicated throughout the organization;
- d. Scope and Responsibilities of IAU
 - Financial audit – ascertains the validity, accuracy and integrity of the financial data.
 - Compliance audit – reviews compliance with external regulatory bodies, business best practices and internal policies.
 - Operation audit – reviews the efficiency of the business processes
 - Management audit – reviews the management effectiveness in meeting its set objectives
 - Information systems audit – reviews the control of the automated information systems to ensure accuracy and integrity of the data or information processed.
- e. IAU operates independently, objectively and separately from other departments, divisions and offices of the Association;
- f. IAU has full access rights to all activities, information, records, properties and personnel relevant to the internal audit activity;
- g. The internal audit head has a direct reporting line to the chairman and unfettered access to the board thru its audit committee; and
- h. The IAU is given full authority to follow-up with senior management the progress of the institution in resolving the issues/concerns raised by the internal auditor.

1.2. Resources, Methodologies and practices and Reporting and Quality Assurance

- a. IAU is provided with all the necessary resources (including budget & staffing) to carry out its mandate;
- b. IAU is adequately staffed;

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- c. The level of skills, competencies and experience of the IAU head and his/her staff are commensurate with IAU's functions taking into account the nature, scope, complexity and risk profile of the Association;
- d. IAU head and staff are provided with continuing professional support (i.e. training, courses, seminars and similar facilities) for the purpose of attaining the information and skills level required in response to the Association's changing environment and risk profile.
- e. The internal audit manual is approved by the board which contains policies, standards and procedures on the following:
 - Administrative and personnel policies, including those relating to goals and objectives, hiring, training, performance reviews and job description;
 - Organizational and reporting structure;
 - Areas or functions to be audited;
 - Audit frequency and scheduling guidelines including a description of the methodology used for assessing risk in the areas to be audited;
 - Detailed procedures for all the audit assignments;
 - Standards and procedures for audit working papers and reports.
- f. The audit policies, methodologies, practices and procedures are appropriate for the Association's activities and their related risks;
- g. The audit methodologies, practices and procedures
 - complies with the standards for the professional practice of internal auditing.
 - are being reviewed annually to ensure that they respond to the Association's changing environment and risk profile.
- h. The activities of the audit staff are being monitored to ensure that they apply the approved methodologies and practices consistent with prescribed standards;
- i. Main Office and Provincial Offices are audited once a year for 12 working days;
- j. The coverage, findings and responses to the audits and review tests are adequately documented;
- k. Audit reports are prepared and submitted to the appropriate management personnel during exit meetings;
- l. There is an exit meeting after each audit;
- m. Even prior to exit meeting some of the findings were already discussed with the staff so that recommendations are dealt with in a timely manner; and
- n. The audit committee regularly follows-up progress on recommendations concerning findings and exceptions that were not yet acted on/dealt with during exit meeting.

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1.3. Planning

- a. There is a sound periodic audit planning process that clearly identifies the audit objectives, audit coverage and the audit schedule for a particular period;
- b. The audit plan is developed on the basis of IAU's assessment of the Association's significant activities and entities and their related risks;
- c. The audit plan, together with the related audit schedule are formally presented to the board for review and approval;
- d. The audit plan details the time and budget and other necessary resources in terms of personnel and other resources;
- e. The board thru the audit committee is provided with regular reports indicating the accomplishments/achievements of IAU in comparison with the previously approved audit plan and schedule; and
- f. The audit plan is regularly reviewed and updated whenever necessary including a review of changes to the plan and schedule resulting from budgetary constraint, staff turn-over and other contingencies.

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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.
5. The Chief Executive Officer may only serve for a total of five (5) years term, however, he/she may be re-appointed to approval of the Board of Trustees.

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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.

CHAPTER V. 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 VI. 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. A member is a person who meets the eligibility requirements and comply with the policies of the Association and entitles to all the rights and privileges sets forth in the By-laws of the Association. He/she shall embody the promotion of all purposes and goals 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.

The Association implements the Alternative Dispute Resolution (ADRem) to protect both the member and the Association. For any member's inquiries the Association has an official Facebook accounts where they can comment or ask any queries about the policy and their benefits. Contact details of all the Provincial Offices of the Association are likewise disclose in the website and annual report.

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 Association likewise adopts the policy of the "5C" for its workplace or what is known as the "5S" that stands for

- Clear Out
- Configure
- Clean and Check

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- Conformity
- Custom and Practice

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 waste in all its forms. The practical means of creating a cleaner, safer and most effective operation are by removing unnecessary items in the workplace, controlling/labelling stock inventories and essential items, standardization in the workplace and identification of potential hazards.

This is the foundation for the continuous improvement which is actually the technique to create a workplace suited for the visual control and lean production by enabling waste elimination, standardization and continuous organization in the workplace. 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.

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 E*) 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 observed 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.

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 Agent

CARD MRI microfinance institutions and other organized groups affiliated by the Association act as the collecting agents of the Association and the primary source of the membership. The Association shall ensure fast service and continued access to microinsurance benefits and other services. An arm's length transaction shall be maintained at all times by ensuring written service contract agreement where duties and responsibilities of each party are clearly stated, such as giving continuous education and orientation to the employees of partner agent about the products and services, the

CORPORATE GOVERNANCE MANUAL

collection fee agreement 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.

The Association shall appoint/designate a person who will act as Compliance Officer to ensure compliance to the above-mentioned 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

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.

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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 VII. 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 will be publicly made available are: financial and non-financial reports such as (and not limited to) earnings, material acquisition, related third party transactions, board remuneration, audited financial statements, Board Structure and Remunerations. The audited FS shall be publicly disclosed not later than 60 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 VIII. 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.

An adequate number of printed copies of this manual is being reproduced for distribution to Provincial Offices concerned.

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

The Compliance Officer shall 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 an annual review 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.