

ANNUAL CORPORATE GOVERNANCE REPORT OF  
**CARD MUTUAL BENEFIT ASSOCIATION, INC.**

1. For the fiscal year ended : December 31, 2020
2. Certificate Authority Number : 2019-15-R
3. Laguna, Philippines  
Province, Country
4. 120 M. Paulino St. corner Burgos St. Brgy VII-D, San Pablo City      4000  
Address of principal office,      Postal Code
5. (049) 562-2878  
Company's telephone number, including area code
6. [www.cardmba.com](http://www.cardmba.com)  
Company's official website

**CARD Mutual Benefit Association, Inc.**  
**Annual Corporate Governance Report**  
**Year Ended 2020**

	Compliant/ Non-Compliant	Additional Information	Reference/Explanation
<b>THE BOARD GOVERNANCE RESPONSIBILITIES</b>			
<b>Principle 1.</b> The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and long-term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	<a href="#">The members of Board of Trustees (BOT), are elected from the general membership coming from the different parts of the country where the association operates. On the other hand, the Independent Trustees are selected on the basis of their diverse educational backgrounds, professional experiences and expertise. Each member is selected based on the “fit and proper” rule of the Association which considers, among others, integrity, competence, independence, leadership, and experience. <u>Links/References:</u></a>  <a href="#">2020 Annual Report: Page 39-40 (Profile of the Board of Trustees)</a>
2. Board has an appropriate mix of competence and expertise.	Compliant		<a href="#">The Board in ensuring diversity, has identified the required skills and mix of qualifications.</a>  <a href="#">2020 Annual Report: Page 39-40 (Profile of the Board of Trustees)</a>
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization	Compliant		<a href="#">The qualifications of the trustees nominated to the Board are duly assessed/evaluated by the Nominations Committees. To ensure that they remain qualified for their respective positions, the board of trustees undergo various trainings for continuous development.</a>  <a href="#">2020 Annual Report: Page 36-38 (Trainings and Webinars Attended by the Board)</a>
<b>Recommendation 1.2</b>			

1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships	<a href="#">The members of the board are elected from the general membership, except the independent trustees. The members hold no executive functions in the Association.</a>  <a href="#">2020 Annual Report: Page 39-40 (Profile of the Board of Trustees)</a>
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter or Manual on Corporate Governance relating to its policy on training of directors.	<a href="#">As part of the continuing education program for the members of the Board, especially the newly elected ones an annual corporate governance training program is given to the members of the Board of Trustees. The Association's Corporate Governance Manual serves as the Board Charter as well.</a>  <a href="#">Corporate Governance Manual: Page 18-19 (Development Program for the Board and Officers)</a>
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered	<a href="#">Pursuant to IC Circular 31-2005, the Association ensures that all members of the Board of Trustees have attended the required trainings on Corporate Governance. The Corporate Governance Manual provides for the topics to be discussed and the number of hours to be provided for the trainings.</a>  <a href="#">2020 Annual Report: Page 36-38 (Trainings and Webinars Attended by the Board)</a>
3. Company has relevant annual continuing training for all directors	Compliant		<a href="#">Members of the Board and some key officers of the Association are required to undergo regular relevant trainings as required by the Corporate Governance Manual 2020.</a>  <a href="#">Annual Report: Page 36-38 (Trainings and Webinars Attended by the Board)</a>
<b>Recommendation 1.4</b>			

1. Board has a policy on board diversity	Compliant	Provide information or link/reference to a document containing information on the company's board diversity policy.  Indicate gender composition of the board	<a href="#">As provided in the Association's Corporate Governance Manual, the members of the Board are elected from the general membership coming from the different parts of the country. This is to ensure that the membership is well represented and that representation is diverse in terms of ethnicity, culture, skills, competence and knowledge.</a>  <a href="#">As presented also in the 2020 Annual Report, the Board of the CARD MBA is composed of 14 females and 1 male.</a>  <a href="#">Corporate Governance Manual: Page 7 (Board Diversity Policy)</a>
<b>Recommendation 1.5</b>			
1. Board is assisted in its duties by a Corporate Secretary	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions	<a href="#">The Association's Corporate Secretary from January - November 2020 is Ms. Cristita S. Salao. She was succeeded by Ms. Olivia C. Ornales who is now serving for fiscal year 2020-2021. The corporate secretary of the Board is a separate individual from the Compliance Officer of the Association.</a>
2. Corporate Secretary is a separate individual from the Compliance Officer	Compliant		<a href="#">Corporate Secretary's Profile</a>
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		<a href="#">At present, the CARD MBA's Corporate Secretary is a member of the Board. The Association shall amend its By-Laws to comply with this requirement.</a>
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	<a href="#">Ms. Cristita S. Salao, the Corporate Secretary of the Association has attended an orientation seminar on the Revised Code of Corporate Governance last August 10, 2020.</a>  <a href="#">Certificate of Attendance of the Corporate Secretary</a>
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer	Compliant	Provide information or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<a href="#">The Association's Compliance Officer (CO) has a rank of Deputy Director. She has the authority to review, evaluate and participate in the approval of certain business policies and initiatives which have regulatory implications to the Association. She is not a member of the Board.</a>  <a href="#">Profile of Compliance Officer</a>
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation	Compliant		
3. Compliance Officer is not a member of the board	Compliant		

4. Compliance Officer attends training/s on corporate governance annually.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<a href="#">Ms. Jennifer O. Redublo attended an orientation seminar on the Revised Code Corporate Governance last August 10, 2020</a>  <a href="#">Certificate of Attendance of the Compliance Officer</a>
<b>Principle 2.</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-law, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information on or link/reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<a href="#">The members of the Board are always fully informed of the various aspects of the Association's operations. Hence, they are able to act on a fully informed basis, in good faith and with due diligence and for the best interest of the Association. Before or during board meetings, they are always provided with board materials containing current and relevant information about the Association's operations. The corresponding minutes of the meetings are prepared after every meeting and confirmed by the members of the Board on the next Board meeting.</a>  <a href="#">The sample minutes of meeting on 2020 regarding the discussion whether the Association will give a relief assistance for all the CARD MBA members due COVID 19 pandemic. Exchange of opinions, comments and suggestions are shown in the minutes of the meeting.</a>
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	<a href="#">The Association conducts a twice a year business planning. The business plan and/or any changes on the plans and strategies are presented to the Board for approval. This is to ensure that the Association's plans are all aligned with the Association's objectives.</a>  <a href="#">Board Resolutions Approving the 2020 Business Plan</a>
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	Compliant	Indicate frequency of review of business objectives and strategy	<a href="#">Before the approval of the annual business plan, the accomplishments of the Association during the past year are likewise presented to the Board for reference in the approval of the new business plan and strategies.</a>  <a href="#">2020 CARD MBA Accomplishments</a>

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or link/reference to a document containing information on the Chairperson, including his/her name and qualifications	<a href="#">Ms. Flordeliza Cristobal is the Association’s Chairwoman of the Board from January - November 2020. She was succeeded by Ms. Cristita S. Salao during the Annual General Membership Meeting and Board of Trustees election held on November 5, 2020. Every Chairwoman of the Association is required to attend relevant trainings and seminars to better prepare her in her duties and responsibilities. As Chairperson, she is also informed of the various aspects of the Association’s operations to better prepare them on governance matters.</a>  <a href="#">Profile of the Chairman of the Board</a>
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning and retirement policies and programs, and its implementation	<a href="#">The Association also implements a succession planning program and retirement policies and its implementations.</a>  <a href="#">Corporate Governance Manual: Page 23-24 (Succession Planning and Development)</a>
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		<a href="#">As provided for in the Personnel Manual of the Association, all employees including key officers are required to retire at the age of 60 years. A succession program or policy is also adopted to ensure readiness of the next generation of leaders.</a>  <a href="#">The Association has a retirement benefits program for its employees. It is being managed by another institution called CARD Multiemployer Retirement Plan. On the other hand, former board of trustees and other holding key executive positions are given an opportunity to serve as advisers of the Association or partner Institutions.</a>  <a href="#">Excerpt from Personnel Manual: Statutory Benefits and Board Resolution on Board Observer</a>
Recommendation 2.5			

1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Compliant		<a href="#">The Association adopts an annual performance evaluation of the members of the Board and corporate officers. It implements a performance based remuneration for its officers and employees. The members of the Board however do not receive any remuneration from the Association.</a>
2. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	<a href="#">The Association's remuneration policy provides for fair and competitive salary and benefits commensurate with position/rank, responsibilities and experience based on CARD MRI's financial capability or economic condition.</a>  <a href="#">Excerpt from Personnel Manual: Performance Evaluation</a>
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		<a href="#">As provided in Section 12 of the Articles of Incorporation of the Association, the members of the Board do not receive any compensation or fixed remuneration from the Association.</a>  <a href="#">Amended Articles of Incorporation</a>
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	<a href="#">The Association implements a 3-level selection process before a member becomes eligible for candidacy in the election of the Board.</a>  <a href="#">As provided for in the Association's Corporate Governance Manual, a regional selection process is first conducted by a Regional Selection Committee. This is where the initial shortlisting of nominees are done. Any of the members of the Association may nominate his/her co-member that he/she believes will qualify for the position.</a>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board reviews nominated candidates.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board.  Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination,	<a href="#">After the regional selection process, another selection process is conducted by a Central Nomination Committee where the qualifications of the possible candidates are again evaluated.</a>  <a href="#">After the second selection process is conducted, a member becomes eligible for election to the Board. The elections of members of the Board is supervised by an Election Committee.</a>  <a href="#">Nomination and Election Process</a>

5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	election or replacement of a director.	<a href="#">The Board regularly assesses and approves policies for the election of the members of the Board. The Board makes sure that current policies and procedures are effective in selecting the next members of the Board. The approved policies and procedures are implemented by the Regional and Central Nomination Committees.</a>
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		<a href="#">Corporate Governance Manual: Page 14 (Central Nomination Committee)</a>
			<a href="#">Background investigation and panel interview with the nominees are conducted every Nomination Committee Meeting</a>
<b>Recommendation 2.7</b>			<a href="#">Nomination and Election Process</a>
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions	Compliant	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs Identify transactions that were approved pursuant to the policy.	<a href="#">The Board has the responsibility of approving the Association's RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm’s length, and in compliance with the IC Circular Letter 2017-29. The Board is responsible in ensuring 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.</a>
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions	Compliant		<a href="#">Corporate Governance Manual: Page 6-7 (Specific Duties of Board)</a>
			<a href="#">As a policy, all RPTs of the Association are thoroughly reviewed and evaluated by the RPT Committee to ensure fairness and arm's length transactions a comparative analysis, cost benefit analysis and 5 year financial statement of the related party is presented to the committee, among others.</a>
			<a href="#">Sample Minutes of RPT Committee Meeting</a>



3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		<p><a href="#">In evaluating RPTs, the RPT Committee takes into account, among others, the following:</a></p> <p><a href="#">a) The related party's relationship to the association and interest in the transactions;</a></p> <p><a href="#">b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;</a></p> <p><a href="#">c) The benefits to the association of the proposed RPT;</a></p> <p><a href="#">d) The risk profile, structure, size and operation of the related party to transact with;</a></p> <p><a href="#">e) The availability of other sources of comparable products or services; and</a></p> <p><a href="#">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.</a></p> <p><a href="#">Corporate Governance Manual: Page 18 (Related Party Transactions)</a></p>
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed.</p>	<p><a href="#">The Board is primarily responsible for approving the selection and appointment of the CEO, including heads of control/oversight functions such as Audit, Risk and Compliance, based on the qualifications standards. The board ensures that integrity, expertise and experiences are among the qualifications of those who are appointed to the said positions.</a></p> <p><a href="#">Corporate Governance Manual: Page 6-7 (Specific Duties of Board)</a></p>

2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p><a href="#">The Board is also responsible for the regular assessment of the performance of Management. The Board, through the appropriate Board Committees, exercises performance assessment of heads of the control functions, such as: (i) Risk Officer – the Risk Oversight Committee; (ii) Deputy Director for Compliance – Governance Committee; and (iii) Deputy Director for Audit – Audit Committee.</a></p> <p><a href="#">Corporate Governance Manual: Page 6-7 (Specific Duties of Board)</a></p>
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Provide information or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p><a href="#">The Association conducts an annual Performance Evaluation for all regular employees, including the Chief Executive Officer covering the twelve months. The result serves as the Annual Performance Rating of the employee. Performance Evaluation takes into consideration both quantitative and qualitative performance indicators. In the conduct of the Performance Evaluation, standardized form is used.</a></p> <p><a href="#">Excerpt from Personnel Manual (Performance Evaluation)</a></p>
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	<p><a href="#">Through the help of the Audit Committee, the Board ensures that enough and appropriate controls are implemented to ascertain soundness, effectiveness and adequacy of the Association's control environment.</a></p> <p><a href="#">Corporate Governance Manual: Page 6-7 (Specific Duties of Board)</a></p>
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		<p><a href="#">Audit of the Executive Office is part of the audit operative plan which includes reviewing and monitoring of any irregular transaction/s and conflict of interest of the management.</a></p> <p><a href="#">Audit Operative Plan</a></p>
3. Board approves the Internal Audit Charter	Compliant	<p>Provide reference or link to the company's Internal Audit Charter</p>	<p><a href="#">On January 3, 2020, the Board approved the 2020 Audit Operative Plan for the year as presented to the Audit Committee.</a></p> <p><a href="#">Board Resolution of Audit Operative Plan</a></p>
<b>Recommendation 2.11</b>			

1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	<a href="#">The Board is responsible for the oversight of a sound enterprise risk management (ERM) framework. They ensure that risk management is in place to effectively identify, monitor, assess and manage key business risks.</a>
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Provide proof of effectiveness of risk management strategies, if any.	<a href="#">Corporate Governance Manual: Page 6-7 (Specific Duties of Board)</a> <a href="#">The Risk Oversight Committee updates the Board every board meeting of any identified risk that the Association is exposed to and the agreed action plan/s and strategy/ies to mitigate such risk/s.</a> <a href="#">Minutes of the ROC Meeting</a>
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	<a href="#">The Corporate Governance Manual of the Association serves as the charter of the Board in carrying out its duties. The CG Manual is available and downloadable in the CARD MBA website (www.cardmba.com), under the Corporate Governance Menu</a>  <a href="#">www.cardmba.com</a>
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Principle 3: Board committees should be set up to the extent possible to support the effective the Boa Sanctions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration, The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	<a href="#">To help the Board in the effective governance and performance of its functions or duties, and in order to address specific tasks /responsibilities, it created Committees such as: (1) Audit, (2) Corporate Governance, (3) Risk Oversight (4) Nomination and Election (5) Remuneration (6) Related Party Transactions (7) Product Development and Innovation Committee and (8) Treasury Committee.</a>  <a href="#">Each committee has its own charter containing provisions on its composition and functions.</a>  <a href="#">Corporate Governance Manual: Page 11-16 (Board Committees)</a>
Recommendation 3.2			

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor</p>	<p><a href="#">The Audit Committee oversees and evaluates the adequacy and effectiveness of the association'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 (c) ensure compliance with applicable laws and regulations. Moreover, it provides oversight on the senior management's activities, as well as the Association's internal and external auditors.</a></p> <p><a href="#">Corporate Governance Manual: Page 11 (Audit Committee)</a></p>
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p><a href="#">The Association's Audit Committee is composed of five (5) members who are all are non-executive officers. It is chaired by an Independent Trustee. Audit Committee meets every first Friday of every month.</a></p> <p><a href="#">Corporate Governance Manual: Page 11 (Audit Committee)</a></p>
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee</p>	<p><a href="#">Except for the two trustees who are elected from the general membership of the Association, all Audit Committee members have a relevant backgrounds and experiences in areas of accounting, auditing and finance.</a></p> <p><a href="#">The two trustees from the general membership, however, had to attend trainings and seminars to enhance their respective capacities in better performance as members of the committee.</a></p> <p><a href="#">Profile of Audit Committee Member</a></p>
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>	<p><a href="#">The Chairwoman of the Audit Committee is not allowed to become chairwoman of any other Committee.</a></p> <p><a href="#">Profile of Audit Committee Member</a></p>
<b>Recommendation 3.3</b>			

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p>Provide information or reference to a document containing information on the Corporate Governance Committee including its functions.</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable,</p>	<p><a href="#">The Association's Governance Committee assists the Board in the governance matters, including the nomination of members to become candidates for election in the Board. It also assist the Board in ensuring the continuous development of the members of the Board as well as in their performance evaluation.</a></p> <p><a href="#">Corporate Governance Manual: Page 13 (Governance Committee)</a></p>
2. Corporate Governance Committee is composed of at least three members, majority of whom should be independent directors.	Compliant	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>	<p><a href="#">The Governance Committee is composed of five (5) members, majority of whom are non-executive officers and independent, including the Chairman.</a></p> <p><a href="#">Profile of Corporate Governance Committee</a></p>
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee</p>	<p><a href="#">The Chairman of the Governance Committee is an independent Trustee.</a></p> <p><a href="#">Profile of Corporate Governance Committee</a></p>
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p>	<p><a href="#">The Association's Risk Oversight Committee's responsibilities are as follows:</a></p> <p><a href="#">a. Identify and evaluate exposures to risk and its possible implications to the Association;</a></p> <p><a href="#">b. Develop risk management strategies;</a></p> <p><a href="#">c. Regular discussions on the institution's current risk exposure based on regular management reports and assess how the concerned units reduced these risks.</a></p> <p><a href="#">d. Evaluate the risk management plan to ensure its continued relevancy, comprehensiveness, and effectiveness.</a></p> <p><a href="#">Corporate Governance Manual: Page 12 (Risk Oversight Committee)</a></p>

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	<a href="#">The Association's Risk Oversight Committee is composed of 6 members, majority are non-executive officer and chaired by an Independent Trustee. ROC meets every first Friday of every other month.</a>  <a href="#">Corporate Governance Manual: Page 12 (Risk Oversight Committee)</a>
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROC	<a href="#">The Risk Oversight Committee Chairman should not be a chairman of any other Committee.</a>  <a href="#">Profile of Risk Oversight Committee Member</a>
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	<a href="#">The ROC Chairman has relevant experience and knowledge on risk and risk management.</a>  <a href="#">Profile of Risk Oversight Committee Member</a>
<b>Recommendation 3.5</b>			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	<a href="#">The RPT Committee assists the board in handling transactions with related parties. It reviews and evaluates each transaction to assess its fairness. In case conflict of interest will arise in a particular transaction, concerned committee member shall refrain from evaluating said particular transaction. RPT Committee meets once every quarter and chair by an Independent Trustee.</a>  <a href="#">Corporate Governance Manual: Page 15 (Related Party Transaction Committee)</a>
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	<a href="#">The RPT Committee is composed of four (4) members, all of whom are non-executive trustees, and chaired by an Independent Trustee.</a>  <a href="#">Corporate Governance Manual: Page 15 (Related Party Transaction Committee)</a>

Recommendation 3.6			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	<a href="#">All committees have their own respective Charters. The charters contain all the required information related to the function of each committee and the specific duties of its members. It also provides for the performance evaluation of the committee. All charters are made available in the Association’s website (www.cardmba.com) under the Corporate Governance Manual</a>  <a href="#">Corporate Governance Manual: Page 11-16 (Board Committees)</a> <a href="#">Charter for each Committee are provided in the Corporate Governance Manual which is likewise available in the company website.</a>  <a href="#">www.cardmba.com</a>
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed in the company's website.	Compliant		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.  Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	<a href="#">The members of the Board attend and actively participate in all board and committee meetings, on 2020 from March to December 2020, all meetings are conducted via Zoom Videoconferencing. All trustees are required to disclose their locations and the device being used during the meetings. Board and Committee materials are sent to the trustees before the scheduled meeting to ensure that the members are able to read and review the materials.</a>  <a href="#">2020 Annual Report: Page 25-31 (Attendance to the Board and Committee Meetings)</a>
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
3. The directors asks the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	
Recommendation 4.2			



1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	<p><a href="#">One of the Association's Corporate Governance rules and principles is to enjoin all trustees to: 1) notify the Board before accepting any directorship in other companies; and 2) they are allowed to concurrently serve as director/trustee to a maximum of 5 (five) Insurance Commission Regulated Entities (ICREs) and publicly-listed companies</a></p> <p><a href="#">Corporate Governance Manual: Page 17 (Corporate Governance Rules and Principles)</a></p>
<b>Recommendation 4.3</b>			
1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.	Compliant	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	<p><a href="#">One of the Association's Corporate Governance rules and principles is to enjoin all trustees: 1) to notify the Board before accepting directorships in other companies; and 2) they are allowed to concurrently serve as director/trustee to a maximum of 5 (five) Insurance Commission Regulated Entities (ICREs) and publicly-listed companies</a></p> <p><a href="#">Corporate Governance Manual: Page 17 (Corporate Governance Rules and Principles)</a></p>
<b>Principle 5:</b> The Board should endeavor to exercise an objective and independent judgment on a corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board is composed of at least twenty percent (20%) independent directors	Compliant	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board.</p>	<p><a href="#">Pursuant to IC Circular 36-2018, the Association has fully complied with the requirements of at least two or 20% of the members of the board, whichever is higher. Hence, 3 out of 15 Board are Independent Trustee.</a></p> <p><a href="#">2020 Annual Report: Page 39-40 (Profile of Board)</a></p>
<b>Recommendation 5.2</b>			
1. The independent directors possess a necessary qualifications and none of the disqualifications to hold the position.	Compliant	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	<p><a href="#">The Association makes sure that its independent trustees to possess the necessary qualifications and none of the disqualifications to hold the position.</a></p> <p><a href="#">Profile of the Independent Trustees</a></p>
<b>Recommendation 5.3</b>			



<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of the term limit prescribed in this item.</p>	Compliant	Provide information or link/reference to a document showing the years IDs have served as such.	<p><a href="#">None of the Association's Independent Trustee has exceeded the stated term limit. The information on the number of years of their service as trustees are shown in the 2020 Annual Report.</a></p> <p><a href="#">2020 Annual Report: Page 39-40 (Profile of Board)</a></p>
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	<p><a href="#">All Independent Trustees of the Association shall serve for a maximum cumulative term of nine (9) years and shall be perpetually barred from any re-election.</a></p> <p><a href="#">Corporate Governance Manual: Page 9 (Term of Office of Independent Trustee)</a></p>
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.</p>	Compliant	Provide proof on submission of a formal written justification to the Insurance Commission and proof of shareholders' approval during the annual shareholders' meeting.	<p><a href="#">No Independent Trustees of the Association served for more than the required term limit.</a></p>
<b>Recommendation 5.4</b>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals</p>	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer.	<p><a href="#">The positions of CARD MBA Chairman of the Board and Chief Executive Officer are held by two different individuals.</a></p> <p><a href="#">2020 Annual Report: Page 14 (List of Management)</a></p>
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO</p>	<p><a href="#">The Corporate Governance Manual clearly defines the duties and responsibilities of the President and/or Chairman of the Board and the Chief Executive Officer.</a></p> <p><a href="#">Corporate Governance Manual: Page 9 and 19 (Duties of Chairman and Chief Executive Officer)</a></p>
<b>Recommendation 5.5</b>			

1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	Compliant	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.  Indicate if Chairman is independent	<a href="#">Chairman of the Board and the CEO are two different persons.</a>
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Provide proof of abstention, if this was the case.	<a href="#">One of stated duties of a Board of Trustees is to 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. With this, he/she should address and fully disclose to the Board any conflict of interest that may arise and should not participate in the decision making may involve his/her personal interest.</a>  <a href="#">Corporate Governance Manual: Page 7 (Specific Duties of the Board (g))</a>
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	Non-Compliant	Provide proof and details of said meeting, if any	<a href="#">Initially, independent units such as Audit, Compliance and Risk meet every quarter without any Executive Director. The purpose of the committee is to strengthen the Three Line of Defense Model of the organization by maintaining an effective risk management and control thru a collaborative approach of the audit, risk and compliance unit.</a>
2. The meetings are chaired by the lead of independent director.	Non-Compliant	Provide information on the frequency and attendees of meetings.	<a href="#">The Association, this year, will formally establish this Unit to be headed by an Independent Trustee</a>
<b>Principle 6:</b> The best measure of the Board's effectiveness through an assessment process, The Board s regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies			
<b>Recommendation 6.1</b>			

1. The Board conducts an annual assessment of its performance as a whole.	Compliant	Provide proof of annual assessments conducted for the whole board, the individual members, the Chairman and the Committees	<a href="#">The Board conducts an annual review of its performance, including assessment for individual directors and all board-level committees through a self-assessment and peer-assessment. The Chairman’s assessment is also undertaken together with the Board assessment. The assessment, conducted on November 5, 2020, included among others their (1) understanding of the Association’s mission and vision and their (2) commitment in achieving the best interest of the stakeholders. The Compliance Unit received the completed questionnaire to ensure confidentiality of the assessments</a>  <a href="#">Sample Board Performance Evaluation</a>
2. The performance of the Chairman is assessed annually by the Board	Compliant		
3. The performance of the individual member of the Board is assessed annually by the Board.	Compliant		
4. The performance of each committee is assessed annually by the Board.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	<a href="#">This year, the management will seek assistance from the Mi-MAP to facilitate the assessment of the board.</a>
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.	<a href="#">Using a rating scale questionnaire, the Trustees assessed themselves, their peers, and their respective committees. The assessment, conducted on November 5, 2020, included among others their (1) understanding of the Association’s mission and vision and their (2) commitment in achieving the best interest of the stakeholders. The Compliance Unit received the completed questionnaire to ensure confidentiality of the assessments</a>  <a href="#">Sample Peer and Self-Assessment Form</a> <a href="#">All Board of Trustees of the Association have a target of interview with the members of the Association using the Feedback Gathering Tool. All question, queries and feedback gathered are reported to the board meeting for discussion.</a>  <a href="#">Sample Feedback gathering and Center visitation.</a>
2. The system a for a feedback mechanism from the shareholders	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders			

<b>Recommendation 7.1</b>			
1. Board adopts a Code of Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<a href="#">CARD MBA, as a member of CARD MRI, is driven by its core values of Competence, Family Spirit, Integrity, Simplicity, Humility, Excellence and Stewardship. These core values are posted and always serves as a reminder to the employees up to the Board of Trustees. Members of the board, management, officers and employees are committed to adhere to ethical business conduct/corporate governance rules and principles as stated in the Corporate Governance Manual.</a>
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	<a href="#">Corporate Governance Manual: Page 17 (Corporate Governance Rules and Principles)</a>
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	<a href="#">As stated above, the Code of Business Conduct/Ethics of the Association is included in the Corporate Governance Manual which is posted in the Association's website.</a>  <a href="http://www.cardmba.com">www.cardmba.com</a>
<b>Recommendation 7.2</b>			
1. The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant		<a href="#">The Board requires full compliance with the Code of Ethics. The Board, through Human Resources Unit, ensures that every employee is aware of and upholds the Code. To promote compliance, Code of Discipline are disseminated to all employees. The Association implements the Code of Ethics with a robust disciplinary program wherein proven infractions and violations of employees to the code are acted upon in accordance with the Code.</a>
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.  Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance	<a href="#">Part of the report of the Governance Committee is the list of disciplinary actions that can be given to an employee liable for an infraction.</a>  <a href="#">Sample Minutes of Meeting on Board of Trustees: Page 13 (Status of Staff Admin Case)</a>
<b>DISCLOSURE AND TRANSPARENCY</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			

1. The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.	<a href="#">CARD MBA strongly believes that disclosure of relevant information about the Association to its members and other stakeholders is crucial for them to make an informed decision. Relevant information are timely disclosed in its website. In accordance with its Corporate Governance Manual, the Association releases operations updates and other relevant disclosures through its website and social media accounts every month.</a>  <a href="http://www.cardmba.com">www.cardmba.com</a>
<b>Recommendation 8.2</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<a href="#">Information of the Board of Trustees are fully disclosed even from the time they are nominated as Trustees to ensure that no conflict of interest will arise.</a>  <a href="#">Annual Report: Page 39-40 (Profile of Board of Trustees)</a>
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide information on or link/reference to the key officer's academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<a href="#">Information of the Board of Trustees are fully disclosed even from the time they are nominated as Trustees to ensure that no conflict of interest will arise.</a>  <a href="#">Annual Report: Page 39-40 (Profile of Board of Trustees)</a>
<b>Recommendation 8.3</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	<a href="#">As stated in the Section 12 of the Articles of Incorporation of the Association the Board of Trustees shall not receive any remuneration.</a>  <a href="#">Amended Articles of Incorporation</a>

2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration.	<a href="#">CARD maintains a salary and benefits structure competitive with the prevailing rates/system of similar agencies and organizations compatible with the financial condition and objectives of the institution. The value of all jobs within the institution is established at rates of pay that are fair and equitable in relation to the job requirements in terms of complexity, responsibility, skills and qualifications and in relation to all other jobs in the institution.</a>  <a href="#">Excerpt from Personnel Manual: Salary Structure</a>
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	<a href="#">With regard to the data privacy and confidentiality of the respective executive, remuneration of the individual executive cannot be disclosed.</a>
<b>Recommendation 8.4</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Disclose or provide reference/link to company's RPT policies.  Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction	<a href="#">Policies on related party transactions are disclosed in the Corporate Governance Manual. The policy of arm's length transactions in all related party transactions are observed at all times to protect the best interest of the Association, its members and stakeholders. The Association also seeks the assistance of a committee of independent trustees to review and check the materiality and fairness of the transactions through the Related Party Transactions Committee.</a>  <a href="#">Corporate Governance Manual: Page 18 (Related Party Transactions)</a>

2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	Compliant	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. Name of the related counterparty; 2. Relationship with the party; 3. Transaction date; 4. Type/nature of transaction; 5. Amount or contract price; 6. Terms of the transaction; 7. Rationale for entering into the transaction; 8. The required approval (i.e., names of the board of director approving, names and percentage of shareholders who approved) based on the company's policy; and 9. Other terms and conditions	<a href="#">Note 22 of the Audited Financial Statements discloses all the Related Party Transactions for the year ended December 31, 2020</a>  <a href="#">2020 Annual Report: Page 97-101 (Note 22 of AFS Related Party Transactions)</a>
Recommendation 8.5			
1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	<a href="#">The Corporate Governance Manual aims to institutionalize the principles of good corporate governance in the Association. The latest revised version is posted accordingly in the website.</a>  <a href="http://www.cardmba.com">www.cardmba.com</a>
2. The Company's MCG is posted on its company website	Compliant		
Principle 9: The company should set standards for the appropriate selection of an external auditor, and effective oversight of the same to strengthen the external auditor's independence and enhance audit quality			
Recommendation 9.1			



1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<a href="#">One of the specific duties of the Audit Committee as stated in the Corporate Governance Manual is to recommend 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.</a>  <a href="#">Corporate Governance Manual: Page 11-12 (Audit Committee)</a>
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	<a href="#">The incumbent external auditor of the Association, SGV and Co. was re-elected during the 2020 Annual General Membership Meeting (AGMM)</a>
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	<a href="#">2020 Minutes of AGMM: Page 11 (Appointment of External Auditor)</a>
Recommendation 9.2			
1. The Audit Committee Chair includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. Exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Provide link/reference to the company's Audit Committee Charter.	<a href="#">The assessment of the independence of the external auditor and oversight and reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis, among others are part of the responsibilities of the Audit Committee.</a>  <a href="#">Corporate Governance Manual: Page 11-12 (Audit Committee)</a>
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	<a href="#">No non-audit fees were paid to external auditor as no non-audit services were performed.</a>  <a href="#">2020 Annual Report: Page 31 (External Auditor)</a>



2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services.	<a href="#">Among the duties of the Audit Committee is to evaluate and determine the non-audit work of the External Auditor, if any, and to periodically review 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 disallows any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence.</a>  <a href="#">Corporate Governance Manual: Page 11-12 (Audit Committee)</a>
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	<a href="#">Annual Report of the Association discloses the policies on Economic, Environmental, Social and Governance policies (EESG) and other non-financial information and indicators the Association adopts. Hence, Sustainability Report and Annual Report is one of the same report.</a>
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	<a href="#">2020 Annual Report: Page 33-36 (Stakeholder Interest)</a>
<b>Principle 11:</b> The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
<b>Recommendation 11.1</b>			
1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	<a href="#">Since 2015, the Association maintains a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public. Stated in the 2020 Annual Report are the channels used by the Association to ensure timely and transparent dissemination of information to the public: (1) website, (2) Newsletter, (3) Social Media, (4) Member's Hotline and (5) Chatbot</a>  <a href="#">2020 Annual Report: Page 32-33 (Transparency and Disclosures)</a>
<b>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should control system and enterprise risk management framework, a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system.</p>	<p><a href="#">Annually, the Internal Audit Unit through the Audit Committee, seeks the approval of their Annual Operative Plan which contains the procedures, frequency and other programs they will conduct for the year.</a></p> <p><a href="#">Approved Audit Operative Plan</a></p>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>Identify international framework used for Enterprise Risk Management.</p> <p>Provide information or reference to a document containing information on :</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the company is currently facing</li> <li>3. How the company manages the key risks</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p><a href="#">Risk Management is an integral part of the Association as it helps sustain a safe and sound operations to ensure that the Association's goals and objective will be attained by mitigating the risk that it may encounter. Risk Oversight Committee meets every two months to discuss risks issues identified and how the Association will mitigate those risks. Risk Framework are reviewed annually to ensure that risk register are updated based on the risks identified on the risk assessment conducted.</a></p> <p><a href="#">Sample Risk Management Report</a></p>
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p><a href="#">Internal Audit helps the Board of Trustees by ensuring that an effective e internal control system in place is working. It adds value in achieving the goals of the Association by independent evaluation and testing of the operation, compliance and risk management practices. The Unit is headed by the Deputy Director for Audit – Ms. Rhea Race who is directly supervised by the Audit Committee.</a></p> <p><a href="#">2020 Annual Report: Page 31 (Internal Audit)</a></p>
<b>Recommendation 12.3</b>			
1. The company has a qualified Chief Audit Executive (CAE) appointed the Board	Compliant	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a</p>	<p><a href="#">Internal Audit of CARD MBA is headed by Deputy Director for Audit Ms. Rhea Race. Ms. Race has been in the field of internal auditing for 14 years.</a></p>

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	document containing his/her responsibilities.	<a href="#">Among the responsibilities of the Deputy Director for audit is to report to the Board of Trustees or Audit Committee all matters related to the performance as mandated in the Internal Audit Charter. The Deputy Director for Audit likewise ensures that the audit functions comply with sound internal audit standards such as, the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by the regulatory authorities/government agencies, as well as with relevant code of ethics.</a>  <a href="#">Profile of Deputy Director for Audit</a>
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.	<a href="#">The internal auditor of the Association is not outsourced and handled by the Internal Audit Unit.</a>
Recommendation 12.4			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	<a href="#">Since 2016, a Risk Oversight Committee was established to identify, assess and monitor key risk exposures of the Association.</a>  <a href="#">Corporate Governance Manual: Page 22 (Risk Officer)</a>
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	<a href="#">Risk Management is an integral part of the Association that helps in the sustenance of a safe and sound operations to ensure that the Association's goals and objective will be attained by mitigating the risks that may be encountered. Mr. Anthony Yacap was appointed as the Risk Officer by the Board of Trustees last December 15, 2020. Among his responsibilities are identifying, assessing and analyzing the possible risks in the operations with the assistance and guidance of the Risk Oversight Committee</a>  <a href="#">2020 Annual Report: Page 32 (Risk Management)</a>
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		<a href="#">Risk Officer of the Association is given adequate authority by the Management and Board in executing his duties to ensure that all identified risks are mitigated.</a>  <a href="#">Profile of Risk Officer</a>
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS			

<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and, facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed	<a href="#">Members' Rights are stated in the Manual of Corporate Governance and in the By-Laws of the Association. Both documents are posted in the website of the Association.</a>
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website	<a href="#">Corporate Governance Manual: Page 27 (Rights of the Members)</a>
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting,	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's information Statement</p>	<p><a href="#">2020 Notice of Annual General Membership Meeting (AGMM) was disseminated on October 1, 2020, 36 days before the November 5, 2020 Annual General Membership Meeting. The same is posted in the CARD MBA website.</a></p> <p><a href="#">Notice of 2020 Annual General Membership Meeting (AGMM)</a></p>
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p><a href="#">The Chairman of the Board asked all the attendees of the Annual General Membership Meeting (AGMM) on each agenda items if there are queries or additional comments from the participants</a></p> <p><a href="#">2020 AGMM Minutes of Meeting: Page 11 (Questions and Answers)</a></p>

2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	Compliant	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p>	<p><a href="#">Minutes and Results of the Annual General Membership Meeting (AGMM) was posted in the website, 1 day after the AGMM.</a></p> <p><a href="#">2020 AGMM Minutes of Meeting: Page 11 (Stamped of Date Published)</a></p>
Recommendation 13.4			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.	<p><a href="#">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 dispute policies for all the stakeholders including the intra-corporate, are provided on the Corporate Governance Manual of the Association.</a></p> <p><a href="#">Corporate Governance Manual: Page 26 (Dispute Policy)</a></p>
2. The alternative mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance.	
DUTIES TO STAKEHOLDERS			
Principle 14: The right of the stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' right and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<p><a href="#">As identified in the CG Manual of the Association, there are various programs for all those stakeholders to ensure that wealth and growth are created among them.</a></p> <p><a href="#">Corporate Governance Manual: Page 29-31 (Stakeholders)</a></p>
Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders.	<p><a href="#">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.</a></p> <p><a href="#">Keeping the members and other stakeholders updated on the whereabouts and status of the Association is carried out by means of open communication through different channels such as:</a></p> <p><a href="#">Website (www.cardmba.com). The website contains monthly financial and non-financial updates such as Audited FS, Annual Reports and other advisories for easy access and immediate availability.</a></p> <p><a href="#">Media. The Association launched its Facebook account (www.facebook.com/cardmbaofficial) last 2018 for everyday interaction with the members and other stakeholders. CARD MBA also tapped the traditional media to spread its advocacy through radio guesting and media conferences.</a></p> <p><a href="#">Members' Hotline. On April 16, 2018, CARD MBA released the member's hotline at the center level to ensure immediate response to queries and concerns. The Association also placed suggestion boxes in all CARD MRI offices to encourage members' feedback.</a></p> <p><a href="#">2020 Annual Report: Page 32-33 (Transparency and Disclosure)</a></p>
Recommendation 14.3			

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>Provide the contact details contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders.</p>	<p><a href="#">On April 16, 2018, CARD MBA released the member’s hotline at the center level to ensure immediate response to queries and concerns. The Association also placed suggestion boxes in all CARD MRI offices to encourage members’ feedback.</a></p> <p><a href="#">Further, e-Tanong Mo Chatbot was introduced last 2019 to the members and all the stakeholders. This is a digital platform that can be used by all whenever they wanted to communicate with the Association.</a></p> <p><a href="#">2020 Annual Report: Page 32-33 (Transparency and Disclosure)</a></p>
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p><a href="#">Early this year, CARD introduced a project called the Light Bulb, which provides a venue where all innovative ideas are encouraged, recognized, developed and rewarded. The project is open for all the employees who think they have an innovative idea that can solve a problem in their workplace or improve how they do things.</a></p> <p><a href="#">Further, during the last quarter of 2020, the Association introduced the application called Panatag Ka App where the staff are encouraged to participate in its full development to ensure that before its launching the application will have the right features and functions that will help realize the Association's goal of giving a timely services to the members.</a></p> <p><a href="#">LightBulb Project</a></p>
<b>Recommendation 15.2</b>			

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	<a href="#">CARD MBA is continuously implementing its policies on anti-corruption programs such as Bantay-Intergridad, Paid Mandatory Leave and Cluster Manager's Audit Monitoring System (CMAMs). Bantay-Integridad program provides consciousness and commitment to every employee's duty to report in good faith any instances of suspected or actual commission of fraud and any event that is contrary to the value of integrity of the Association.</a>  <a href="#">2020 Annual Report: Page 35 (Anti-Corruption Program/Whistle Blowing Policy)</a>
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization.	<a href="#">All policies of the Association are disseminated through a memoranda which are distributed to all the employees and are discussed during staff meetings and seminars/trainings. Likewise, it is part of the Association's policy to ensure that all new issued policies are discussed to employees during weekly meetings.</a>  <a href="#">Sample Issued Memo</a>
<b>Recommendation 15.3</b>			
1. Board established suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant		<a href="#">CARD MBA is continuously implementing its policies on anti-corruption programs such as Bantay-Intergridad, Paid Mandatory Leave and Cluster Manager's Audit Monitoring System (CMAMs). Bantay-Integridad program provides consciousness and commitment to every employee's duty to report in good faith any instances of suspected or actual commission of fraud and any event that is contrary to the value of integrity of CARD.</a>
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Disclose or provide link/reference company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<a href="#">To further support this, CARD established a Grievance Committee to handle and serve as a formal venue to resolve employees' issues on its work environment. Series of trainings were conducted to all the staff to educate them on the proceedings of documenting the issues and its resolutions.</a>  <a href="#">2020 Annual Report: Page 35 (Anti-Corruption Program/Whistle Blowing Policy)</a>




3. Board supervises and ensures the enforcement of the whistleblowing framework	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	<a href="#">All the disclosures, corresponding status and resolutions related to any filed whistleblowing are reported to the Board, through the Governance Committee.</a>  <a href="#">Sample Minutes of Meeting on Board of Trustees: Page 13 (Status of Staff Admin Case)</a>
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the community where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<a href="#">The Association acknowledges the significant role of the community in achieving its vision and mission, particularly in helping people become less vulnerable.</a>  <a href="#">The Association strengthens its relationship with the community by sharing information about its programs and services. It likewise engages in community development activities such as joining in fun run as initiated by the community, medical missions and establishing community clinics open to both members and non-members. Moreover, the Association is likewise implementing a solid-waste management program to contribute to the international call to address climate change, pollution and order/cleanliness in the workplace.</a>  <a href="#">2020 Annual Report: Page 33-36 (Stakeholder's Interest)</a>

## CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of CITY OF SAN PABLO on the JUL 29 2021 of 2021.

  
**CRISTITA S. SALAO**  
CHAIRMAN OF THE BOARD

  
**JOCELYN D. DEQUITO**  
CHIEF EXECUTIVE OFFICER

  
**OLIVIA C. ORNALES**  
CORPORATE SECRETARY

  
**JENNIFER O. REDUBLO**  
CORPORATE GOVERNANCE  
COMPLIANCE OFFICER

  
**VIDA T. CHIONG**  
INDEPENDENT TRUSTEE


  
**ARLETTE A. UMALI**  
INDEPENDENT TRUSTEE

  
**ATTY. JOMER H. AQUINO**  
INDEPENDENT TRUSTEE

SUBSCRIBED AND SWORN to before me this JUL 29 2021 day of JUL 29 2021, 2021, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

NAME	ID NO	DATE/ PLACE ISSUED
Cristita S. Salao	110-149-887	
Olivia C. Ornales	766-125-774	
Vida T. Chiong	101-107-761	
Arlette A. Umali	120-122-220	
Atty. Jomer H. Aquino	208-350-525	
Jocelyn D. Dequito	131-074-684	
Jennifer O. Redublo	261-746-289	

Doc. No. 216  
Page No. 44  
Book No. XI  
Series of 2021

**NOTARY PUBLIC**  
  
**ATTY. SAMUEL JOHN DOMJOE M. ABARCAR**  
NOTARY PUBLIC  
M.L. QUEZON ST., SAN PABLO CITY  
UNTIL DECEMBER 31, 2022  
ATTORNEY'S ROLL No. 73733  
PTR No. 0382955/01/04/2021/SPC  
TIN: 296-998-462