



CORPORATE GOVERNANCE MANUAL

Cooperative Alliance for Responsive Endeavor
Mutual Benefit Association (CARE MBA), Inc.
August 2020

Cooperative Alliance for Responsive Endeavor
Mutual Benefit Association (CARE MBA), Inc
39 Ilang-Ilang St., Zaballero Subd.,
Brgy. Gulang-gulang, Lucena City
Telefax # (042) 373-7789
mbacare@yahoo.com.ph

This Manual is a property of CARE MBA

TABLE OF CONTENTS

Chapter I - INTRODUCTION

- Section 1. Brief History**
- Section 2. CAREMBA Vision, Mission, Goals, Core Values, Philosophy of Success**
- Section 3. Organizational Structure**
- Section 4. Overview of Programs**
- Section 5. Commitment to Good Corporate Governance**
- Section 6. Objective of the Manual**
- Section 7. Definition of Terms**

Chapter II - GOVERNANCE STRUCTURE

- Section 1. The Board of Trustee**
- Section 2. Independent Trustee**
- Section 3. Officers of the Board**
- Section 4. Board of Adviser**
- Section 5. Committees of the Board of Trustees**
- Section 6. Board Meetings**
- Section 7. Remuneration/Reimbursement of the Board**
- Section 8. Code of Ethics and Conduct**
- Section 9. The Management**
- Section 10. The Internal Auditor**
- Section 11. The External Auditor**

Chapter III – SUCESSION PLANNING

Chapter IV- MEMBERSHIP

- Section 1. Qualifications for Membership**
- Section 2. Rights of Members**
- Section 3. Duties and Responsibilities of Members**
- Section 4. Voting Rights of Members**
- Section 5. Right to Information**
- Section 6. Other Members Benefits**
- Section 7. Notice of Annual General Meeting**
- Section 8. Annual General Meeting**

Chapter V- STAKEHOLDERS

- Section 1. Stakeholders**
- Section 2. Related Party Transactions**
- Section 3. Social Responsibility to the Community**
- Section 4. Members Benefits**
- Section 5. Role of Stakeholders**

Chapter VI- DISCLOURE AND TRANSPARENCY

- Section 1. Disclosure and Transparency**

Chapter VII- PERFORMANCE EVALUATION

Section 1. Board and Committee Performance Evaluation

Section 2. Performance Evaluation Tools

Chapter VIII – POLICY REVIEW AND UPDATING

Section 1. General Policy on the Review and Updating of Existing Policies

Section 2. Monitoring and Evaluation

CHAPTER I. INTRODUCTION

SECTION 1. INSTITUTIONAL BACKGROUND / BRIEF HISTORY

CARE MBA, as we know today, is the brainchild of Community Development Finance Coalition, Inc. (CDFCI), a non-government organization duly registered with the Securities and Exchange Commission (SEC). The idea of establishing a mutual benefit association was embodied in the proposed Micro-insurance Mutual Benefit Association (MIMBA) Project. The said proposal is communicated to prospective cooperatives that are potential components of the core group of MIMBA Project.

Representatives from 12 primary cooperatives of Quezon Province, the Quezon Federation and Union of Cooperatives and the Cooperative Bank of Quezon Province, responded to the CDFCI's invitation. Then on 20 August 2007, the first consultative meeting with the MIMBA Project Core Group for the proposed Micro-insurance Mutual Benefit Association (MIMBA) Project was held at the COOPBANK Head Office Board Room in Lucena City.

During the said MIMBA Project Core Group's first meeting, Mr. Epifanio "Fanny" Maniebo, Executive Director of the Risk Management Solutions, Inc. (RIMANSI) Organization of the Philippines, gave the overview of the MIMBA Project pertaining to requirements, obligations, and benefits. RIMANSI, which is a technical assistance service provider conducting research on micro-insurance and feasibility studies on establishing MBA, will handle the MIMBA Project and will play a vital in the realization of establishing the desired MBA.

A follow-up meeting was held on September 14, 2007 to confirm and finalize the members of the Core Group and their respective pledges in the accumulation of the required P5 M capitalization and the P350,000.00 for the pre-operational expense, inclusive of the P250,000.00 fee for RIMANSI. Some original members of the Core Group begged off per decision of their respective board while others swore to assist in the project though they are disallowed by the Authority to actually join. Thus, the following is the list of Partner Coops of the MIMBA Project, which are willing to join and contribute:

1. Ating Kooperatiba MPC *represented by* Mrs. Erlinda P. Magsino;
2. Farmers MPC of Sampaloc *represented by* Engr. Severino D. Puebla;
3. Lopez Quezon Credit Cooperative *represented by* Mrs. Rosita V. de Asis;
4. PEARLS MPC *represented by* Mrs. Criselda R. Abuel;
5. Quezon Federation & Union of Coops *represented by* Mr. Dennis I. Cocadiz;
6. QMMG-Hospital & Health Services Coop *represented by* Dr. Nilo B. Jara;
7. Quezon PGOE MPC *represented by* Mrs. Loida E. Auriada;
8. Quezon Power MPC *represented by* Atty. Jorge B. Vargas;
9. San Luis Development Coop *represented by* Dr. Walberto A. Macaraan; and

10. St. Jude MPC *represented by* Mr. Dominador S. Tamayo

With these in place, the Memorandum of Agreement (MOA) was entered into on January 16, 2008, by and between CDFCI represented by its Chairman of the Board of Trustees, Atty. Jorge B. Vargas and RIMANSI Organization of the Philippines represented by its Executive Director, Epifanio A. Maniebo. The following are agreed upon by the said parties:

1. MBA Establishment;
2. Needs Assessment;
3. Market Research;
4. Business Planning;
5. Operations Training & Planning;
6. Member Mobilization;
7. Governance Set-up;
8. Operations Start-up; and
9. Registration & Licensing

By a concerted effort, the partner-coops complied with the various requirements in accordance with the provisions in the MOA. Having done so, pertinent documents for registration with the Securities and Exchange Commission (SEC) were submitted.

On November 19, 2008 CARE MBA Inc. was formally registered with the SEC as a Non-Stock, Non-Profit Corporation under SEC Registration No. CN200818098 and with TIN 007-183-560 and was officially named as the Cooperative Alliance for Responsive Endeavor Mutual Benefit Association (CARE MBA), Inc. with postal address at St. Jude MPC Bldg., Cotta Lucena City.

On April 1, 2009, Insurance Commission License No. 2009-1-O was issued and awarded to CARE MBA, giving authority to transact business as a Mutual Benefit Association.

At present CARE MBA is in the process of member mobilization, and promotion of the products and services being offered, meeting simultaneously the CARE MBA purpose of advancing the interests and promote the cause and welfare of the poor in particular and those of the Philippines in general.

SECTION 2. CAREMBA VISION, MISSION, GOALS, CORE VALUES AND PHILOSOPHY OF SUCESS

2.1 VISION

CARE MBA is the leading service oriented microinsurance provider among cooperatives and other formal organized groups in the Philippines.

2.2 MISION

Provide members timely and responsive microinsurance protection against risks.

2.3 GOALS AND OBJECTIVES

That the purpose for which the association is formed is to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically the association shall seek:

- 2.3.1 To extend financial assistance to its members, spouse, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance;
- 2.3.2 To ensure continued access to benefits/ resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services

2.4 CORE VALUES

CARE MBA always aims to perform our duties by embracing the following core/operating values:

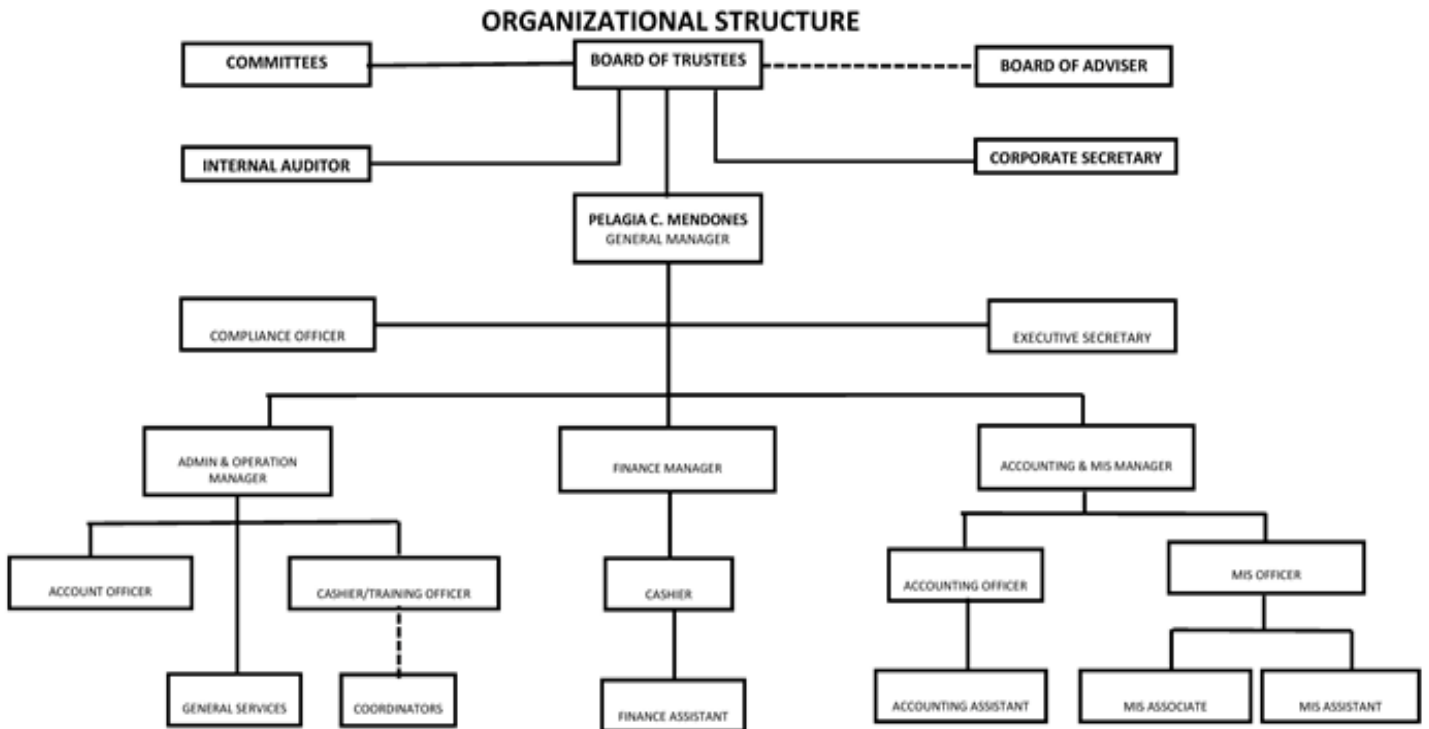
- Commitment
- Honesty
- Teamwork
- Service oriented and
- God fearing

2.5 PHILOSOPHY OF SUCCESS

CARE MBA serves its members with **“FAITH”**

- **F** - airness
- **A** - ccountability
- **I** - ntegrity
- **T** - ransparency and
- **H** - umility

SECTION 3. ORGANIZATIONAL STRUCTURE



SECTION 4. OVERVIEW OF PROGRAMS

1. FINANCIAL

BASIC LIFE INSURANCE PLAN (BLIP)

Basic Life Insurance Plan Program (BLIP) is a family life insurance designed to protect the members and their legal dependents against loss of life. The monthly contribution of a member for BLIP is P80.00 with the following benefits:

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

The maximum coverage of member is P60,000.00 for accidental death or P30,000.00 for natural death while its minimum coverage is P10,000 for accidental death and P2,500.00 for natural death.

CREDIT LIFE INSURANCE PLAN (CLIP)

Credit Life Insurance Program (CLIP) or Loan Protection Plan aims to give full loan protection to members/borrowers in the event of death. This also gives security to CAREMBA’s partners by guaranteeing the 100% collection of loans extended to the members in case of death. In the event of claims, the paid portion (amount paid by the borrower/member) shall be paid to the beneficiary. The unpaid portion (loan balance)

shall be given to the cooperative/partner. For a premium as low as P12.50 per P1,000.00 or 1.25% per year.

GOLDEN LIFE INSURANCE PLAN (GLIP)

Golden Life Insurance Program (GLIP) is an optional program for BLIP members that reached the exit age/retirement age of 66 years old. BLIP member who wants to continue to GLIP must have an uninterrupted contribution for a minimum of five (5) years prior to attainment of age sixty-six (66). Benefits is P40,000.00 that 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 and will get the equivalent value for:

- 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*.

2. NON-FINANCIAL

CALAMITY ASSISTANCE PROGRAM

Calamity Assistance Program aims to assist CARE MBA's members affected by natural calamities and fortuitous events such as:

- Typhoon
- Flood
- Fire
- Earthquake
- Volcanic Eruption
- Landslide

Our Association provides cash assistance, relief goods and immediate action on financial needs of members affected by such calamities.

SCHOLARSHIP PROGRAM

Scholarship Program gives financial assistance (*Extra Baon*) to qualified students whose parent/s are active members of CAREMBA for at least two years, with at least three (3) children studying, simultaneously. The Extra Baon for Junior and Senior High is P3,000.00 and P10,000.00 for College scholars, per annum.

FREE MEMBERS' BENEFIT PROGRAM

Free Members' Benefit Program is CAREMBA's additional life insurance to members in good standing (*MIGS*) for at least two years. It covers a year of free insurance with P10,000.00 benefits and does not need any contribution from selected members. This program, is our generous way to pay back to our dear members for their unwavering support to our Association since its foundation.

CATASTROPHIC INSURANCE

Another added benefits to our valued members is the Catastrophic Insurance, In times of fortuitous calamities (e. g. typhoon, flood, tsunami, fire, earthquake, volcanic eruption) with a minimum casualties of 30 lives per catastrophe. CAREMBA reinsured our member for free to National Reinsurance Corporation of the Philippines (NATRE). The maximum benefit for members per loss of life is P30,000.00 and P15,000.00 for its dependents.

SECTION 5. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Trustees, the Management (Officers and Staff) of Cooperative Alliance for Responsive Endeavor Mutual Benefit Association (CARE MBA), Inc. are committed to the principles and best practices of good corporate governance contained in this manual, and accept that it will serve as a guide in the attainment of its corporate goals.

SECTION 6. OBJECTIVE OF THE MANUAL

This Manual is primarily intended to implement the objectives of the Code of Corporate Governance issued by the regulatory bodies such as Insurance Commission (IC)/Securities & Exchange Commission for the enhancement of the corporate accountability of Association's Trustees, management and employees and promote the interests of the stakeholders specifically those of the policyholders, claimants and clients.

This Manual also institutionalizes the principles of good corporate governance in the entire organization. It provides general guidelines that would ensure that the Association's Management continues to enhance the value of the CARE MBA as it competes in an increasingly global market place.

The Association's Board of Trustees and Management, employees, and policyholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management, and will therefore undertake every effort necessary to create awareness within the organization of the importance of good corporate governance.

SECTION 7. DETERMINATION OF TERMS

Corporate Governance – the framework of rules, systems and processes in the association that governs the performance by the Board of Trustees and Management of their respective duties and responsibilities to the stakeholders;

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

Association - as referred to in this Manual is Cooperative Alliance for Responsive Endeavor Mutual Benefit Association Inc.

Board of Trustees– the governing body elected by the member's that exercises the corporate powers of the CAREMBA, conducts all its business and controls its properties;

Management – the body given the authority by the Board of Trustees to implement the policies it has laid down in the conduct of the business of the association;

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

General Manager - refers to a person who is appointed to head the overall operation of the Association;

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

Independent Trustee – is independent of management and free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a trustee;

Internal control – the system established by the Board of Trustees and Management for the accomplishment of the association's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules;

Internal audit – an independent and objective assurance activity designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

Internal Auditor – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

CHAPTER II. GOVERNANCE STRUCTURE

SECTION 1. THE BOARD OF TRUSTEE

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 of Trustee

The Board of Trustees of CARE MBA, INC. shall consist of **seven (7)** members namely the following: five **(5) trustees** shall be elected by the members in good standing or with existing loans funded by CARE MBA, INC., **two (2)** independent trustees, to be elected by the members in good standing or with existing loans funded by the CARE MBA, INC.

2. Qualifications of the Board

The following are the qualifications for CAREMBA's Board of Trustees:

- a. The Board of Trustees to be elected must be of legal age, recognized active member of CAREMBA, Inc. or any of it affiliates.
- b. The Trustee must consistently performed very satisfactorily for at least the last three (3) years in his/her membership with CAREMBA, Inc.
- c. 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 his/her election or appointment, shall qualify as a Trustee.
- d. Willing to perform the functions of a Board of Trustee without any remuneration.

3. Disqualifications of the Board of Trustees

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 his/her election or appointment, shall qualify as a Trustee or Officer. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with CARE MBA, INC. or any of its affiliates shall also be disqualified from being a Trustee or Officer.

4. Term of Office of the Board of Trustees

The elected members of the Board of Trustees shall serve immediately following their election for a term of two (2) years. Provided, that no member shall serve as member of the Board of Trustees for more than two (2) consecutive terms.

The two (2) Independent Trustees shall serve a term of three years for a maximum of three (3) consecutive terms.

5. Duties, Functions and Responsibilities of the Board

The Board of Trustees of CARE MBA, INC. shall be exercised, all business conducted and all properties of the Association controlled and held by the Board of Trustees subject to approval of the majority of its members.

- a. From time to time, to promulgate rules and regulations and to review, revise or amend the same when it deems necessary for the management of the CARE MBA, Inc.'s business and affairs.
- b. To purchase, receive, take or otherwise acquire for and in the name of CARE MBA, Inc. any and all properties, rights, or privileges, including securities and bonds of other corporations for such consideration and upon such terms and conditions as the Board may deem proper or convenient.
- c. To invest the fund of CARE MBA, Inc. in other corporation or for purposes other than those for which the CARE MBA, Inc. is organized, subject to such approval of the members as may be required by law.
- d. To incur indebtedness as the Board may deem necessary, to issue evidence of indebtedness including notes, deeds of trust, bonds, debentures, or securities, subject to such approval of the members as may be required by law, and /or pledge, mortgage, or otherwise encumber part of the properties of CARE MBA, Inc.
- e. To establish a pension, retirement, bonus or other types of incentives or compensation plan for the members, employees, including officers and Trustees of CARE MBA, Inc.
- f. To prosecute, maintain, defend, compromise, submit arbitration or abandon any lawsuit in which CARE MBA, Inc. or its officers are either plaintiffs or defendants in connection with the affairs of CARE MBA, Inc.
- g. To implement CARE MBA's By-Laws and to act on any other matter not covered by By-Laws, provided such matter does not require the approval or consent of the members of CARE MBA, Inc. under the Corporation Code.
- h. To appoint and dismiss any employee of CARE MBA, INC. whether regular, probationary, casual, or contractual, fix or adjust their salaries and all other personal movements.
- i. To delegate any of its powers or function to an executive committee or to any officer of CARE MBA, INC. to any standing or special committee or to any officer at agent and to appoint any person to be an agent of CARE MBA, INC.
- j. To approve all contracts for construction and major repairs or maintenance work, and other contracts involving significant amounts.
- k. To approve all contracts involving the sale of none current assets.
- l. Among other things, the Board expects each Trustee to be knowledgeable of the Articles of Incorporation and Legislation under which the MBA exist,

its By-laws, Mission, Vision, Values, Code of Conduct and Policies as they pertain to the duties of a board member.

6. Internal Control Responsibilities of the Board

The control environment of the Association consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the Board is to ensure the separation of duties are perform in accordance to the defined control environment of the association.

7. Disclosure of Third Party Transactions and Other Conflict of Interest

Members of the Board ensures proper disclosure of all approved Related Party Transactions (RPTs) in accordance with applicable legal and regulatory requirements and confirmation by majority vote on the Annual General Meeting the Association's significant transactions with related parties.

8. Vacancy in the Board

In case an office becomes vacant due to death, resignation, retirement, disqualification, incapacity or any other cause, of the incumbent, the Board of Trustees, a majority vote, may elect/appoint a successor, who shall hold the unexpired term, provided, further, that in case of the temporary absence of any officer for any reason, the Board may delegate the powers and duties of such officer to another qualified person.

9. Performance Evaluation

The Board of Trustees shall conduct an annual evaluation of their performance through a self-assessment conducted by the individual Trustees by evaluating their respective individual performance and peer assessment.

The Board of Trustees and Board Committees as a body, shall be evaluated annually. This assessment will help the Board of Trustees improve their performance that the Association and Stakeholders will be benefited.

SECTION 2. INDEPENDENT TRUSTEE

The Independent Trustee is a person who has no business or other position held at any CAREMBA's partner organizations. He/she is likewise, not acting as nominee or representative of any director of the related institutions or any of its substantial stockholders of CARE MBA, Inc. He/she is a person who is not a beneficiary of the trust and is not related to the beneficiaries of the trust

The Independent Trustee shall be elected by the majority of its members upon the nomination of the Nomination Committee of the Board of Trustees. Notwithstanding the forgoing, for the duration that the CARE MBA, INC. is under a conservatorship of the Insurance Commissioner, the Independent Trustee shall be appointed by, and shall serve at the pleasure of the Insurance Commissioner.

The independent trustees are deemed members of CARE MBA, INC. and shall pay the usual membership fees and members contribution. They have the same obligation, rights and privileges as regular members in good standing.

Independent Trustees shall serve a term of three (3) years for a maximum of three (3) consecutive terms which make a cumulative term of nine (9) years. After which, the Independent Trustee shall be perpetually barred from serving as an Independent Trustee of CARE MBA, Inc.

SECTION 3. OFFICERS OF THE BOARD

1. President

The President shall preside in all meetings of the members of CARE MBA, Inc. And shall exercise the following functions:

- a. To preside in all meetings of the members of the Association.
- b. To execute all resolutions of the Board of Trustees;
- c. To be charged with directing and overseeing the activities of the association.
- d. To 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 term.
- e. To represent CARE MBA in all functions and proceedings.
- f. To appoint, remove, suspend or discipline employees of CARE MBA prescribe their duties and determine their salaries subject to confirmation by the Board of Trustees.
- g. To execute in behalf of CARE MBA, INC. all contracts, agreements and other instruments affecting the interest of CARE MBA, INC. which may require approval of the Board of Trustees unless otherwise directed by the Board.
- h. To perform such other duties as are incident to his office or are entrusted to him by the Board of Trustees.

2. 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 maybe assigned by the Board of Trustees.

3. Board Secretary

The Board Secretary shall have the following specific powers and duties:

- a. To give all notices required by the by-laws and keep the minutes of all meetings of the members and of the Board of Trustees in a book kept for the purpose.
- b. To keep the seal of the Association and affix such seal to any paper or instrument requiring the same.
- c. To have custody of the members" register and the correspondence files of the Association
- d. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.
- e. To perform all such other duties and work as the Board of Trustees may from time to time assign to him/her.

4. Treasurer

The Treasurer shall have the following duties:

- a. To keep full and accurate accounts/records of the receipts and disbursements of CARE MBA, Inc.
- b. To take the custody of and be responsible for, all the funds, securities, bonds and certificates of titles of CARE MBA, Inc.
- c. To deposit in the name of CARE MBA, INC. in such banks as may designed from time to time by the Board of Trustees, all the money, funds, securities, bonds and similar valuables belonging to CARE MBA, INC. which may come under his/her control.
- d. To perform such other duties as may be assigned by the President, the General Manager and the Board of Trustees.

SECTION 4. BOARD OF ADVISERS

CARE MBA, Inc. shall form a **Board of Advisers** composed of former president and general manager of the association. The board of advisers shall provide a timely and relevant guidance and support to the board of trustees and management on both financial and operations concerns.

They will serve as an appointed committee selected by the board of trustees and shall have the following duties and responsibilities:

- a. To give inspiration and promote positivity to the association
- b. To offer assistance and give a non-binding strategic advice.

- c. To contribute wise counsel on issues raised by the board of trustees or management.
- d. To give recommendations to the board of trustees and management that could improve the association
- e. To provide neutral insights and ideas from a third point-of-view
- f. To monitor CARE MBA performance.

SECTION 5. COMMITTEES OF THE BOARD OF TRUSTEES

The Board of Trustees shall establish Committees to promote Good Corporate Governance of CARE MBA, Inc.

1. Election Committee

The Election Committee is composed of at least three (3) members elected by the General Assembly possessing all the qualifications and none of the disqualifications for the members of the Board of Trustees.

The Election Committee's tasks shall include:

- a. Shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees. It should prepare a description of the roles and capabilities required of a particular appointment.
- b. The Election Committee is hereby vested sole authority to conduct and supervise the elections for the members of the Board of Trustees and other officers and proclaim the winners. The election committee shall likewise be the judge of all electoral contests, including questions on the qualification of candidates and its decision shall be final unless appealed to the Board of Trustees whose decision shall be final. Further, the CARE MBA, INC. may be tasked to supervise the election of other special committees.
- c. They shall serve for a term of two years tasked to review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees; conduct and supervise the elections for the members of the Board of Trustees and other officers and proclaim the winners.
- d. The election committee may deputize such personnel of the head office of the CARE MBA, INC. Which it may deem necessary to enable it to perform its function.
- e. The members of the election committee shall not be entitled to any salary but shall be entitled to reimbursement of travel and communication expenses for attendance of official meetings equal to those received by members of the Board of Trustees.
- f. No member elected as a member of the election committee shall be eligible for election for any position during his term of office even if he resigns or is removed from office for any reason.

2. Audit Committee

The Audit Committee shall compose of at least three (3) members, all are non-executive officers and the Chairperson must be an Independent Trustee. At least

one of the members of the committee should have audit or accounting expertise and/or experience. The Audit Committee shall meet quarterly.

The Audit Committee's duties and responsibilities include the following:

- a. The Audit Committee provides oversight of the financial reporting policies, audit process and Association system of internal and external audit functions.
- b. Ensure that a review of the effectiveness of the Association's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.
- c. The Audit Committee evaluates the results of an audit with management and external auditors
- d. It is also responsible for the appointment, compensation and oversight of the work of the auditor.
- e. Audit Committee may meet separately with the external auditors if there be any matters to discuss privately.
- f. Prepares a report to the Board of Trustees summarizing the work performed in fulfilling the committee's primary responsibilities.

3. Board Risk Oversight Committee

Risk Oversight Committee shall compose of at least three (3) members headed by an Independent Trustee as the Chairperson. Risk Oversight Committee shall meet quarterly.

The Risk Oversight Committee tasks shall include the following:

- a. The committee is responsible for the development and oversight of the risk management program of CAREMBAI
- b. The committee shall assess the probability of each risk becoming to progress and estimate its possible effect and cost.
- c. The risk oversight committee shall conduct regular discussions on the Association's current risk exposure that is based on regular management reports.
- d. Review the risk management plans to ensure its continued applicability and effectiveness
- e. Report regularly to the Board of Trustees about the over-all risk exposures and actions taken to reduce the risks and recommend further actions or plans as required.

4. Corporate Governance Committee

Corporate Governance Committee shall be composed of at least three (3) members headed by an Independent Trustee as the Chairperson. Corporate Governance Committee shall meet quarterly.

The Corporate Governance Committee shall be responsible for the following:

- a. The Corporate Governance Committee is responsible for assisting the Board of Trustees in fulfilling its oversight responsibilities in relation to the overall approach to corporate governance of the CARE MBA, Inc.

- b. The Committee is responsible in recommending action to the Board of Trustees for structural changes to ensure CAREMBA's compliance with its legal duties.
- c. The Governance Committee shall be accountable for the Board of Trustees and the Association's governance guidelines and policies.
- d. The Committee undertakes studies regarding in-house arrangements and changes concerning the understanding, adoption and implementation of corporate governance principles by CARE MBA, Inc. employees and submits the results of these studies to its Board of Trustees.
- e. The CGC is in charge for updating and revising the CARE MBA's manuals (AML, Corporate Governance Manual)
- f. The CGC will periodically present key findings to the Board of Trustees during its regular Board meeting.

5. Related Party Transaction Committee

Related Party Transaction Committee shall be composed of at least three (3) members headed by an Independent Trustee as the Chairperson. Related Party Transaction Committee shall meet quarterly.

The Related Party Transaction Committee shall be primarily responsible for the following:

- a. The Related Party Transaction Committee shall assist the association in handling transactions with related parties.
- b. They review and evaluate each transaction to assess its fairness
- c. The RPT Committee set materiality threshold for each type of transactions to related parties such as investment, financial assistance, contract agreements and others.
- d. 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 nonrelated parties under similar circumstances and that no corporate business.

6. Remuneration Committee

Shall be composed of at least three (3) members of the Board of Trustees, one (1) of whom must be an Independent Trustee possessing all the qualifications and none of the disqualifications for the members of the Board of Trustees. The Remuneration Committee shall meet quarterly.

The Remuneration Committee shall be primarily responsible for the following:

- a. Shall judge or make plans where to position the company relative to other companies. 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.
- b. Shall delegate responsibilities for setting up remuneration for all executive officers and president, including pension rights or any compensation payments.
- c. Shall also recommend and monitor the level and structure of salaries including remunerations for senior management. The definition of senior

management for this purpose shall be determined by the Board but would normally include first level Management and Board of Trustees level.

SECTION 6. BOARD MEETINGS

1. Board Meetings

The Board of Trustees shall meet regularly once every month at the main office of CARE MBA, INC. unless otherwise previously agreed upon by the members of the Board of Trustees. A special or emergency meeting of the Board of Trustees may be called by the President or the Secretary upon request of a majority of the incumbent members of the board and may be made written notice at least three (3) days' notice to all members of the board. notice of any meeting of the board may or may not be in writing.

2. QOURUM REQUIREMENTS

In all regular or special meeting of members, at least fifty percent (50%) of all members in good standing plus one (1) must be present; or represented by proxy in order to constitute a quorum. A member may represented by a proxy, through a written notice to the Secretary. The authorization shall be valid only on the date of the meeting indicated thereon. If no quorum is constituted, the meeting shall be adjourned until the requisite number of members shall be present.

3. ORIENTATION OF NEW BOARD OF TRUSTEES

The initial or organizational meeting of a newly elected Board of Trustees shall be held immediately after the conclusion of the General Assembly at which they are elected. Orientation for New Trustees shall be conducted by CARE MBA's President, General Manager and Operations Officer.

This is intended to familiarize the new Board of Trustees on their roles and responsibilities in the Board and Committees. The following items are discussed during the orientation of new Board of Trustees.

- a. Creation of Committee members with corresponding mandates, duties and responsibilities and number of meetings.
- b. Agreed upon regular BOT meeting once a month.
- c. Submission of Annual Self-Assessment of the Board, should be submitted every second week of December.
- d. Schedule of Mandatory Trainings for new Director (e.g. Governance by AMLA c/o RIMANSI)
- e. Review of By Laws and Articles of Incorporation.
- f. Study and review the Implementing Rules and Regulations of CARE MBA, Inc.'s products and services.
- g. Master the Insurance Products for CARE MBA Inc.'s members.
- h. Prepare needed Policies for Member's Benefits.
- i. Continuous practice of CARE MBA, Inc.'s Core Values.
- j. Compliance with the Code of Conduct and Ethics of CARE MBA, Inc.

4. NOTICE OF MEETING AND AGENDA

The notice of meeting whether regular or special meetings of the Board of Trustees and Committees, must be posted in CARE MBA's website at least five (5) days before the meetings.

The agenda and information package for each Board of Trustees and Committee meeting should be also sent to them in hard or electronic copy at least five (5) days in advance, whenever possible and appropriate.

Notices of Board meetings, whether regular or special, shall include these Information:

- a. Date, time, and place of the meeting;
- b. Agenda for the upcoming meeting, with explanation or background information as to the rationale of each agenda;
- c. Copy of minutes of previous meeting; and
- d. Copies of resolutions or any document which is subject for approval or review by Board members during the meeting.

SECTION 7. REIMBURSEMENT OF THE BOARD

Development Program

CARE MBA, Inc. give importance for the training and development of its Board of Trustees. Board members and Officers shall be eligible for continuous development program such as local and international trainings, seminars, workshops and conferences. The development program will improve, and retain the skills, knowledge, tools, equipment, and other resources needed to do their jobs competently that make them perform at a greater capacity that members will be benefited.

Reimbursement of Actual Travel/Communications Expense

The member of the Board shall not be entitled to any salary or remuneration. To support the Board of Trustees in fulfilling its role to formulate strategy and policy and ensuring, monitoring and accountability, CARE MBA, Inc. shall reimburse their actual travel/communications expenses related to meeting participation.

SECTION 8. CODE OF ETHICS AND CONDUCT

CARE MBA, INC., through its General Assembly, shall have a Code of Ethics and Conduct for Board of Trustees, officers, employees and members. Members of the Board of Trustees of CARE MBA, Inc. are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board. To establish a set of principles and practices of CARE MBA, Inc. the Board of Trustees will set parameters and provide guidance and direction for board conduct and decision-making.

CARE MBA's Board of Trustees, Management and Staff and General Membership are committed to the principles and best practices of good corporate governance including, transparency, accountability and security. Leaders and employees of CARE MBA are disciplined and committed; fairness is also being practiced inside and outside of our Association. We provide the processes, rules and regulations to our partners and members with regards to financial and operations of our Association

The Code of Ethics and Conduct should be aligned with the values of good corporate governance. Board of Trustees, officers, management and employees must obey and follow the code of ethics and conduct to fully understand and meet the expectations and requirements needed for well-managed Association.

SECTION 9. THE MANAGEMENT

The Management is headed by the General Manager. All principal policies and directions governing the organization, management and operations of the Association shall be formulated and implemented by the management, subject to Board approval when required by existing laws.

CARE MBA Management refers to the following:

1. **The General Manager** – The General Manager shall have the charge of the day to day operations of CAREMBA, Inc. and exercise the following functions:
 - a. To supervise and manage the business affair and activities of CARE MBA, Inc. under the direction of the President and the Board of Trustees;
 - b. To implement the administrative and operational policies of CARE MBA, Inc.
 - c. To oversee the preparation of the budgets and the statements of accounts in the Association;
 - d. To coordinate the work of the various operating divisions and services, maximize the productive inputs of their personnel and continually work to upgrade the quality of service to members;
 - e. To coordinate with the different standing Committees of CARE MBA, Inc.
 - f. To conduct such studies and submit recommendations to the Board of Trustees in matters related to investment, the use of facilities and development projects including the examinations of contracts entered into by CARE MBA, INC.;
 - g. To perform other duties and responsibilities assigned by the President and the Board of Trustees;
 - h. To attend and render a report in the monthly meeting of the Board of Trustees.

2. **Administrative Officer** – The Administrative Officer shall have the following functions and duties:
 - a. To assist the General Manager in the administration of personnel and personnel matters;
 - b. To take charge of janitorial, messengerial and security/personnel;

- c. To assist the General Manager in the supervisions of the storage and of suppliers to prevent wastage, spoilage and pilferage;
 - d. To advice management on the improvement of procurement methods and procedures to insure that purchases of supplies and materials are in accordance with the actual needs of CARE MBA, Inc. and that CARE MBA, Inc. obtains the best products/services at the most reasonable price, and
 - e. To perform such duties as may be assigned to him/her by the General Manager and the Board of Trustees.
3. **Accountant** – The Accountant shall have the following duties and responsibilities:
- a. To supervise accounting personnel in recording day to day business transaction in the different books of accounts and to prepare summaries thereof which reflect the current status of its funds;
 - b. To certify all disbursements as to appropriations, legality and propriety of supporting documents, and proper classifications of accounts codes;
 - c. To suspend or withhold payments of accounts incurred not in accordance with expresses policies of the Board of Trustees and all departments with prepared cost or expense analysis. Performance analysis and other statistical data and to recommend measures in pursuance of the policy of fiscal restraint in all matters requiring financing;
 - d. To prepare and submit to the Board of Trustees a monthly financial statement of CARE MBA, INC. in cooperation with the Treasurer;
 - e. To prepare and submit to the Board of Trustees a quarterly and annual balance sheets of CARE MBA, INC. incoming and expenses statements with all necessary supporting schedules, in cooperation with the Treasurer;
 - f. To help facilitate and expedite payments of all claims, deaths, loans and other benefits due to members and hereby maintain the good name and reputation of CARE MBA, INC. in meeting its obligations with the least delay;
 - g. To call the attention of the Board of Trustees to payments of accounts incurred not in accordance with its policies and to recommend appropriate rules and regulations to improve accounting and operating practices;
 - h. To perform other duties as may be assigned by the President, the General Manager and the Board of Trustees.

4. **Compliance Officer**

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

- a. Monitor compliance with the provisions and requirements of this Manual;

- b. Determine violations of the Manual and recommend appropriate sanctions and/or penalties for violation thereof, for further review and approval of the Corporation's Board of Trustees;
- c. Identify, monitor, and control compliance risks;
- d. Appear before government agencies, if necessary; and
- e. Annually prepare and submit to the Office of the Insurance Commission (IC) a Corporate Governance Scorecard as required by the Code of Corporate Governance before deadline set by IC.

SECTION 10. THE INTERNAL AUDITOR

CARE MBA, Inc. shall have an Internal Auditor that is independent and objective. The assurance and consulting activity designed by the Internal Auditor will add value and improvement in the Association. It helps CARE MBA, Inc. to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. He/she shall directly report to the Board of Trustees.

In order to assess the compliance of the Association to its system, policies and procedures in all its operational areas and develop steps to mitigate risks and exposures, CARE MBA, Inc. should engage the service of the Internal Auditor.

The Internal Auditor of CARE MBA, Inc. will provide an objective assurance on risk management, governance and internal control processes of the Association.

- a. Guarantees compliance with established internal control procedures by examining records, reports, operating practices, and documentation of CARE MBA, Inc.
- b. Checks assets and liabilities by comparing items to documentation.
- c. Evaluates information security and associated risk exposures.
- d. Assess regulatory compliance program with consultation from the Audit Committee
- e. Evaluate the organization's readiness in case of business interruption;
- f. Contributes to team effort by accomplishing related results as needed;
- g. Responsible to maintain open communication with management and the Audit Committee
- h. Determine sufficiency of internal controls
- i. Determine the physical existence of assets, investments and proper accounting over such assets
- j. Determine that the activities of CARE MBA, Inc. are consistent with its purpose as established under its Articles of Incorporation and By-Laws
- k. Give support to CARE MBA, Inc.'s anti-fraud programs
- l. Recommends policies to be included in the Accounting Manual

SECTION 11. THE EXTERNAL AUDITOR

CARE MBA, Inc.'s external auditor performs an audit, in accordance with specific laws or rules, of the financial statements of the Association. The Association is in compliance with Insurance Commission Circular No. 29-2009 dated November 10, 2009 in the selection of external auditor.

- 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;
- f. Internal audit functions;
- g. Information systems design, implementation and assessment;
- h. Other services which could affect his independence;
- i. The external auditor shall be appointed by the Board of Trustees during the Annual General Meeting.

CHAPTER III. SUCCESSION PLANNING

PURPOSE

Cooperative Alliance for Responsive Endeavor Mutual Benefit Association (CARE MBA), Inc. ensures the continuity of leadership. To achieve the Association's mission, vision and goals, CARE MBA develops Succession Planning Policy for key officers and senior management.

This Succession Planning Policy guarantees key officers and senior management transitions will be organized and anticipated as possible, which makes it easier for CARE MBA, Inc. to create its strategic plan even if there is an unforeseen circumstance.

POLICY STATEMENT

Change is inevitable to all organizations and it brings huge risk especially if it is unplanned. Thus, CARE MBA, Inc. creates and prepares a safety net for constant change in management and leadership of the Association.

CARE MBA's Succession Planning Policy is an on-going process that identifies necessary competencies, assess, develop and retain a talent of pool employees to ensure continuity on available positions. In addition thereto, it is a specific strategy that spells out particular steps to be followed to achieve the Association's mission, vision and goals that were identified through this Succession Planning. It is a plan formulated to implement, customize and meet the needs of CARE MBA, Inc. for the Association's requirements.

COVERAGE AND APPLICABILITY

This Succession Planning guidelines shall cover and be applicable to the key officers and senior management that includes the role of the General Manager and Senior Officers whose length of service is at least five (5) years in the Association.

OBJECTIVES

1. To identify guidelines on replacement needs of the Association.
2. To align the current and future management and leadership within the Association.
3. To determine and analyze critical positions requiring successors on temporary and permanent basis.
4. To determine pool promotable qualified employees.
5. To enhance ability to adapt to changing environment in the Association.
6. To improve self-esteem and boost morale of CAREMBA personnel.
7. To support implementation of business continuity plan of CARE MBA, Inc.

1. CARE MBA, Inc. must determine the key positions that need successors.
2. Annual updating of job descriptions of the key positions to ensure its accuracy and appropriateness.
3. Confidentiality, not everyone in the Association must need to know who will be the successor.
4. Transparency-the Succession Planning Policy should balance transparency with privacy.
5. Objective selection process-CAREMBA creates a fair selection process.
6. Make a regular review of the Strategic Planning Policy.

SUCCESSION PLANNING PROCEDURES

1. Identify key/critical positions in each department

Succession planning is to identify key/critical which cannot be vacated. It can also mean identifying position/s that you will know be available soon (e. g. mandatory retirement, planned promotion), then someone will substitute them once they leave.

2. Determine the required job competencies/skills for selected key positions.

Identify the required job competencies/skills for selected key positions mentioned in step one. Once it is distinguished, you will need to assess the competencies of the selected replacement. This is needed to focus on the employee's development that will benefit the Association and the personnel as well.

3. List down competency profile of the selected employees through performance evaluation.

The performance evaluation must be done objectively by assessing employees' output, based on work accomplishments. The Association must write down the profile of selected employees through their performance evaluation.

4. Decide on two successors for the selected position.

Always have a backup plan. There must be always a choices between two qualified employees for transparency. Encourage the possible candidates to have their own career development and career plans to have a healthy competition.

5. Employee with the closest match to competency requirements of position will be selected

The two choices will be down to one, confidentiality must apply upon selection. The most competent employee will be chosen to be the successor of the key/critical position.

6. Create a transfer plan.

When the above mentioned processes were done, then it's time to create the succession plan itself. Transfer plan must be readily available with the approval of the Corporate Governance Committee and verified by the Board of Trustees.

7. Training and development of the successor

Create a career development plan and involve them for their improvement. There are other training and development that the Association can offer. Ask the successor on what trainings and workshops that they need to acquire for career development.

Set an example of growing as professional. Offer them new ways to challenge themselves at work.

GUIDELINES FOR IMPLEMENTATION

The Corporate Governance Committee is the main responsible for the implementation of this Succession Planning Policy with the help of the Board of Trustees. They will share the responsibility to have an accurate transition for replacement of possible vacant positions.

1. Every January each year, the Remuneration Committee meeting must be held through face to face or online platform.
 - 1.1 The Committee will review the Succession Planning Policy.
 - 1.2 Identify key positions for Succession Planning, including the expected, planned and mandatory retirements for possible position turnovers.
 - 1.3 Pinpoint qualified employees who exhibited good performance.
 - 1.4 Configure the work achievement of the prospected employee/s within the past six (6) months in the Association.
 - 1.5 Outline the actions to be taken in the coming six (6) months to prepare the identified candidate/s for bigger responsibilities and leadership.
2. By the end of February each year, the Remuneration Committee will report to the Corporate Governance Committee the result of their evaluation as per disclosed on item number 1.
3. In the same month of February, the Remuneration Committee must have the prospected list of candidate/s and endorse them to the Corporate Governance Committee.
4. By the end of March, the Corporate Governance Committee shall approve the actions to be taken in the coming six (6) months to prepare candidates for their greater responsibilities.

5. The General Manager of CARE MBA, Inc. may request for a quarterly reports from the Remuneration Committee on the progress and development of chosen candidates.

ROLL OUT PROCESS

1. Succession planning is carried out across different unit of CARE MBA, INC.
2. Confidentiality must be maintained (only chosen candidate to know the status).
3. In case of key/critical position not getting vacant, the Association must have an alternative career plan.
4. In case of critical position getting vacant and no internal successor is identified, recourse should be taken to hire other employee that qualifies to vacant position.
5. Will also set a stage for employee's career planning and development.

DISCLOSURE

CARE MBA, Inc. Succession Planning Policy together with its implementation guidelines shall be included in the Association's Corporate Governance Manual.

The Corporate Governance Committee must disclose and disseminate this policy that is ratified by the Board of Trustees of CARE MBA, Inc.

POLICY AMENDMENT, REVIEW AND APPROVAL

This Succession Planning Policy, or any provisions thereof, may be amended after thorough evaluation of the Corporate Governance Committee as needed. They shall review the implementation guidelines and give recommendation on the output of their assessment. Any endorsed amendments given by the Committee shall be subject for approval and ratification of the Board of Trustees of CARE MBA, Inc.

CHAPTER IV. MEMBERSHIP

SECTION 1. QUALIFICATIONS FOR MEMBERSHIP

To qualify for CARE MBA's membership, applicant must be:

1. Applicants must be at least 18 years old but not more than 65 years old as of the enrollment date. Nonetheless, existing members beyond 65 years old will be accepted.
2. He / she must be a member of the partner-organizations of CARE MBA, INC. personnel and staff of partner-organizations of CARE MBA, INC.; and personnel and staff of CARE MBA, INC. and other accredited organized groups
3. Only those applicants who can meet all of the requirements stated in the prescribed application form shall be eligible for membership.

SECTION 2. RIGHTS OF MEMBERS

A member shall have the following rights:

1. To exercise the rights to vote on all matter relating to the affairs of the CARE MBA, INC.;
2. To be eligible to any elective or appointive office of the CARE MBA, INC.;
3. To participate in all deliberations/annual meetings of the CARE MBA, INC.;
4. To avail of all the facilities of the CARE MBA, INC.;
5. To examine all the records or books of the CARE MBA, INC. during business hours.

SECTION 3. DUTIES AND RESPONSIBILITIES OF MEMBERS

A member shall have the following duties and responsibilities:

1. To obey the by-laws, rules and regulations of CARE MBA, INC. and those that it may promulgate from time to time;
2. To attend all meetings that may be called by the Board of Trustees;
3. To pay membership dues and other assessments of the CARE MBA, INC.
4. To participate in the governance directly and indirectly of the CARE MBA, INC. and to protect the funds thereof;
5. Continuously give suggestions and comments on how to better run the CARE MBA, INC.

SECTION 4. VOTING RIGHTS OF MEMBERS

CARE MBA, INC. respects the rights of members to have a say and meddle in the governance and management of the Association. All CARE MBA members

through their representatives shall have the right to participate and vote in its annual General Assembly. They also have the right to elect, remove, and replace a Trustee. Members can vote on certain Association acts, such as changes or amendments to the organization's bylaws and articles of incorporation, lease, exchange, transfer, mortgage, pledge or disposition of all or substantially all of the association's property and assets as provided in the Corporation Code of the Philippines. Members of CARE MBA, Inc. also have the power to appoint the External Auditor during its Annual General Meeting.

SECTION 5. RIGHT TO INFORMATION

Members shall be provided, upon request, the information about the Association's governance, Board of Trustees roles and responsibilities and partnership made with Cooperatives and other organized groups.

CARE MBA members shall have access to any information relating to operations of the Association. Disclosure/ transparency is a must, significant information like manuals, policies, minutes of AGM and annual report should be available to all members via CARE MBA's official website.

SECTION 6. OTHER MEMBERS BENEFITS

As defined in the Insurance Code, A mutual benefit association shall maintain free and unassigned surplus not more than twenty percent (20%) of its total liabilities as verified by the Commissioner. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. In addition, subject to the approval of the Commissioner, a mutual benefit association may allocate a portion for capacity building and research and development such as developing new products and services, upgrading and improving operating systems and equipment and continuing member education.

SECTION 7. NOTICE OF ANNUAL GENERAL MEETING

Accurate and timely information shall be made available to CARE MBA members prior to Annual General Meeting to enable them to make sound judgment on all matters that will be brought to their attention for consideration and/or approval. The Board Secretary shall issue the Notice of Annual General Meeting at least twenty-eight (28) days before the date of AGM. The notice of AGM shall include the date and time of meeting and the proposed agenda. The place of AGM must be accessible to the members. CARE MBA, Inc. must ensure that the notice of AGM should reach all its members the notice of AGM must be posted in the website.

SECTION 8. ANNUAL GENERAL MEETING

The Board should be transparent and fair in the conduct of the annual and meetings of the association. The members should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the

requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the member's favor.

It is the duty of the Board to promote the rights of the members, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the members' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the members to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all members should be treated equally or without discrimination, the Board should give members the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the association.

2. BACKGROUND INFORMATION ON AGENDA

The notice of Annual General Meeting shall include background information or explanation as to the rationale for each agenda item. Members' approval is being sought and all other details relevant to the members' proper consideration of the proposal.

3. DISSEMINATION OF PROPOSED RESOLUTIONS

Full and accurate copies of formal resolutions being put forward for adoption by members shall be provided to them as attachments to the notice of AGM. To publicize to CARE MBA's members, they can find all the attachment to the Association's website.

4. PROXY VOTERS' FORM AND ELECTION DOCUMENTS

The proxy statement and election materials are being coordinated by Board Secretary and the Nomination and Election Committee. The proxy statement is attached in the notice of AGM and the election materials are being distributed to the members through their respective representatives. The aforementioned documents are also posted in the Association's website.

CHAPTER V. STAKEHOLDERS

SECTION 1. STAKEHOLDERS

1. Members

A member is a policyholder who meets the qualifying requirements and has complied with CARE MBA's policies and guidelines. A member is entitled to all the rights and privileges duly set by the General Assembly. He/she shall, at all times, promote the vision, mission, principles, welfare and philosophy of success of the Association.

2. Board of Trustees

A Board of Trustees is an elected group of individuals that has overall responsibility for the management CARE MBA, Inc... The board of trustees is typically the governing body of the Association and seeks to ensure the best interest of stakeholders in all types of management decisions. As a governing body, they are primarily responsible for ensuring good corporate governance, strategic directions, performance evaluation of management and implementation of fairness and transparency in the Association.

3. Employees

An employee is an individual who is hired by CARE MBA, Inc. to do a specific job. The employee is hired by the employer after an application and interview process results in his or her selection. He/she performs services to the Association with corresponding salary and wages as designated and implied on his/her employment contract.

4. Suppliers/Contractors

The Association engages the assistance of suppliers and/or contractors to provide services that the association will need for its daily operations. As part of its value chain, the Association will monitor its engagements with suppliers and contractors to make sure that they practice good governance and protects the environment. The Association will only engage suppliers/contractors that meet these standards.

To ensure that engagements with suppliers/contractors will be impartial and transparent; the Association will conduct a bidding process for projects with contracts; where a minimum of three (3) suppliers shall submit their proposal and business profile to the management for background check and validation of proposal. Selected supplier/contractor shall be issued a legal contract/agreement which will be duly notarized to make the engagement binding

The association shall appoint the General Manager/Finance Officer to lead the bidding and selection process. All decisions/selections shall be approved by the Board of Trustees.

5. Community of Operations

These are the immediate social groups or villages to which CARE MBA's members belong and/or where CARE MBA, Inc. provides its services. 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.

6. Environment

This refers mainly to the physical and natural things, factors and interactions that constitute the site or context for CARE MBA's activities and operations.

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 Board

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 trustees and employees and with its stakeholders.

7. Partner Associations

Cooperatives, organized groups and other related partners are the primary sources of CARE MBA's membership. They are the fund mobilization partners of CARE MBA, Inc. and have a significant role especially in collecting monthly contributions to members. Our partner Associations maintain their good relationship with their respective members and to CARE MBA, Inc. as well.

8. Regulatory Agencies

Regulatory agencies are public authority or government agencies that set standards in a specific field of activity, operations in the private sector of the economy and enforce those standards. These include agencies and bodies that provide the framework within which Mutual Benefit Associations should legally operate. These policies, guidelines, and circulars issued by the regulatory agencies promote fairness and increase the level of confidence of the members, and other stakeholders of CARE MBA, Inc.

SECTION 2. RELATED PARTY TRANSACTIONS

Related Party Transaction is an agreement between two parties who hold a foregoing deal, business, undertaking, and transaction or with common interest. Related Parties shall refer to CARE MBA's affiliates, shareholders, stakeholders, members, Board of Trustees, Officers, other subsidiaries under common control and trusts for the benefit of employees.

Objectives

1. To ensure that RPT is consistent to CARE MBA's arm's length principle, Audit and Oversight Committee shall implement and monitor this policy.
2. Transactions between related parties commonly occur in the normal course of Association, examples such as:
 - a. Products and services, sales and purchases
 - b. Services received or furnished such as accounting, management and legal services
 - c. Maintenance of compensating bank balances for the benefit of a related party.

Implementation of Related Party Transactions

1. Disclosure of Related Party Transactions is important for it may affect the assessments of CARE MBA's operations and the entity's risks and opportunities.
2. The Related Party Transaction Committee shall review the RPT Policy annually and evaluate whether it fits the interest of our Association and its Stakeholders.
3. They will receive reports on transactions between the Association and its affiliates.
4. The Related Party Transaction Committee will order an investigation on documents of related party transactions
5. Finally, the said Committee will recommend to the Board of Trustees to take corrective measures for Related Party Transactions that will violate the Association's regulations.

The Related Party Transaction Committee has responsibilities in the following areas:

1. duty of good faith
2. duty to investigate and report to the Board of Directors on finding any related party transaction that is in violation of laws or regulations
3. duty to prepare minutes

SECTION 3. SOCIAL RESPONSIBILITY TO THE COMMUNITY

Social Responsibility to the Community refers to strategies that engage in Association's corporate governance that are ethical, societally friendly, and beneficial to its community and members. CARE MBA has a firm commitment to being socially responsible and accountable to itself, members and the public

Objectives:

1. To create awareness about CARE MBA and build its good profile in the community.
2. To give back in the community the good positive way, in return to the resources.
3. To support various campaign on social, community and development issue.
4. To promote CARE MBA, Inc. it products and services by participating in different social and community activities.

CARE MBA is committed in participating on different activities that involve in social, environmental, and community development. Activities such as:

1. Tree planting
2. Coastal Clean Up
3. River Clean Up
4. Medical and Dental Mission
5. Feeding program
6. Volunteering in the Community
 - Assists in Seminars as Resource Speaker – Financial Literacy
 - Relief and Rescue Operation
7. Active participation in Inter NGO / Government Social Activities
 - Committee on Migration and Development
 - Regional Cooperative Development Council
 - Provincial Cooperative Development Council
 - City Cooperative Development Council
 - ATIKHA Foundation (OFW)
8. Gift giving

SECTION 4. POLICY ON MEMBERS' BENEFITS**Objectives:**

- To increase members' retention & loyalty
- To provide additional value to membership
- To help our Association achieve its objectives

CARE MBA, Inc. does not declare dividends to members, however pursuant to ***Circular letter Number 2015-46 dated September 08, 2015, Section 2, letter d, "Dividends- This term shall be construed to mean as any additional benefit, whether in cash or in kind, given to the members of an MBA. The term shall not be construed as dividends for Stock Corporation as defined under the Corporation Code of the Philippines and as dividends payable, if any, under a participating plan."***

CARE MBA ***Unassigned Surplus*** goes directly to members benefits, through:

1. Members' equity enhancement based on length of membership
2. Scholarship Program
 - Giving Financial Assistance (***Extra Baon***) to students whose parents are active member of CARE MBA for at least two years with three children who are all studying. (link Scholarship Program)

3. Additional Insurance Coverage (Free Member's Benefit Program)
 - CARE MBA enrolled members in good standing (link definition of members in good standing) *FOR AT LEAST TWO (2) YEARS*
 - It covers life insurance worth P10,000.00 with no additional premium collected from members.
4. Catastrophic Insurance (life)
 - The maximum benefit for members per life is P30,000.00 and P15,000.00 for their dependents.
 - With a minimum number of casualties of 30 lives per catastrophe, CARE MBA reinsured our members for free to National Reinsurance Corporation of the Philippines (NATRE).
5. Calamity Assistance (non-life)
 - This policy aims to assist members affected by natural calamities and fortuitous events (fire, typhoon and flood). Through the provision of cash assistance or relief goods.
 - Beneficiaries must be a member in good standing for at least one year.

SECTION 5. ROLE OF STAKEHOLDERS

The Role of Stakeholders

The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

1. The rights of stakeholders that are established by law or through mutual agreements are to be respected.
2. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.
3. Performance-enhancing mechanisms for employee participation should be permitted to develop.
4. Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.
5. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

Feedback and Grievance Policy for Stakeholders

Mechanism for Redress of Grievances

1. Have a policy that requires stakeholders' complaints to be taken seriously and outlines the steps to their investigation and resolution.
2. Consider implementing a call hotline, text message system for stakeholders' complaints.

3. Staff receiving stakeholders' complaints should be trained to handle complaints, i.e. document calls and follow institutional process to resolve the issue.
4. Flow chart – develop a process that outlines who is supposed to handle what and how complaints are elevated (e.g. step-by-step processes for time frame of resolution).

CHAPTER VI. DISCLOSURE AND TRANSPARENCY

SECTION 1. DISCLOSURE AND TRANSPARENCY

The essence of good corporate governance is transparency. The Board commits at all times to meet all disclosure requirements particularly those involving material information as mandated by regulators within the prescribed period.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the members should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

CHAPTER VII. PERFORMANCE EVALUATION

SECTION 1. BOARD AND COMMITTEE PERFORMANCE EVALUATION

Under the SEC Corporate Code and as espouse in the ACGS, the Board shall conduct a performance evaluation to measure its compliance to the governance manual. It shall be based on the Company By-Laws, IC Code of Corporate Governance Principles and Leading Practices, and other criteria that the IC may prescribe.

The evaluation shall be conducted annually preferably in January where the result of the evaluation shall be presented to the Board and the management. The Board, each of its respective oversight and other committees shall conduct an annual performance evaluation /assessment to check their compliance with manual and determine areas for improvements.

The Board of Directors shall designate the General Manager and the Compliance Officer to establish an evaluation system to determine and measure compliance of the board, management and employees with this Manual.

**Annual SAF and PES*

SECTION 2. PERFORMANCE EVALUATION TOOLS – CARE MBA, INC.

To monitor and evaluate the performance of the association, the association shall conduct periodical assessment using performance evaluation and rating tool appropriate to association like ASEAN Corporate Governance Scorecard, SEGURADO Rating and etc.

CHAPTER VIII. POLICY REVIEW AND UPDATING

SECTION 1. GENERAL POLICY ON THE REVIEW AND UPDATING OF EXISTING POLICIES

This Manual may be amended and updated anytime, subject to the approval of the Board. An Ad Hoc Committee shall be created to lead the review and updating of this manual together with the management.

SECTION 2. MONITORING AND EVALUATION

1. 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.
2. This Manual shall be subject to an annual review unless the same frequency is amended by the Board.
3. 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.