Corporate Governance Manual

MAGDIWATA BASIC CARE – MUTUAL BENEFIT ASSOCIATION, INC.
June 2010

MAGDIWATA BASIC CARE – MUTUAL BENEFIT ASSOCIATION, INC.
Purok 4A Brgy. 5, San Francisco, Agusan del Sur
Tel No. 085 839-5384
mbcmba24@gmail.com
mbcmba.com

Part 1. INTRODUCTION

a) Brief history of the organization

In 2004, the management of Peoples Bank of Caraga, Inc. provided insurance services to its microfinance members (aka PABK Members) to protect them from unforeseen events that could significantly affect them financially. People's Bank of Caraga, Inc. insured its members through a commercial insurance company under a group life insurance policy. The Accidental Death and Accidental Medical Reimbursement were insured with the commercial insurance company, while the Natural Death and Hospitalization were insured with PBC's in-house insurance, named PHeLIP (PABK Health and Life Insurance Program).

After a few years of operation, the only drawback the management of PBC had experienced with its partner/commercial insurance company was the very long processing of claim payments, which could take as long as 1 year.

In 2007, RIMANSI proposed to PBC the establishment of a Mutual Benefit Association, which could give our micro-insurance business legal personality through its technical assistance. PBC and RIMANSI entered into an MOA on October 2, 2007.

PBC-MBA became a juridical person on September 30, 2008, when the Securities and Exchange Commission issued its license on that date. The Insurance Commission issued its license to operate on October 28, 2009, and finally approved its product license on June 7, 2010. PBC-MBA formally started its operations in July 2010.

With the change in management at the Peoples Bank of Caraga, Inc. in 2019, it became necessary to realign the association's identity to reflect both its new direction and its enduring commitment to its members. Since then, the members have approved the change in the association’s name. The Securities and Exchange Commission officially approved the new name on September 26, 2024. The renaming of PBC-MBA to Magdiwata Basic Care – Mutual Benefit Association (MBC-MBA) signifies a new chapter, one rooted in community identity and local heritage, as embodied by Mt. Magdiwata, the region's landmark symbol of strength and resilience.

b) Vision, Mission and Corporate Values

Mission:

We envision becoming a sustainable microinsurance provider nationwide, fostering financial inclusion and resilience across all communities through innovative, accessible solutions.

Vision

Provide efficient services to members, their dependents, and beneficiaries.

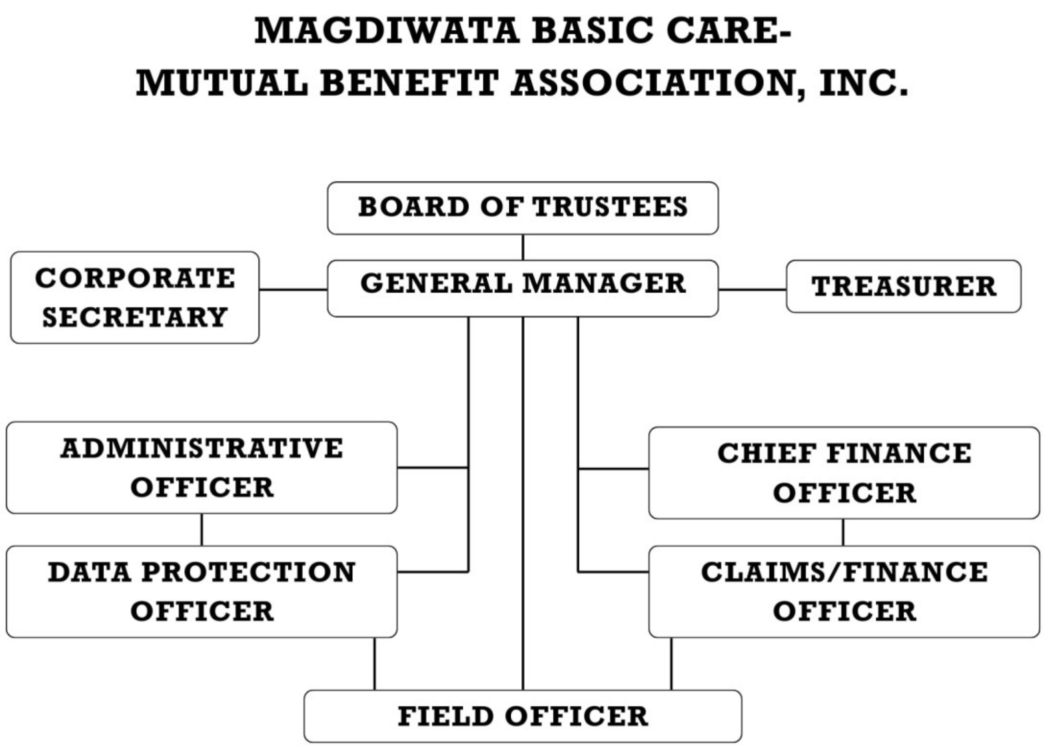
Corporate Values

I GET CAP

(**I**ntegrity, **G**od-Centered, **E**fficiency, **T**eamwork, **C**ommitment, **A**ccountability, **P**rofessionalism)

c) Organizational Structure

ORGANIZATIONAL CHART



d) Overview of programs

MBC-MBA is a social organization that provides insurance to its members. It is an association with no capital stock that issues certificates of membership providing for payment of benefits in the event of disability or death of its members and dependents, and that accumulates funds by collecting fees or dues from its members. Its products are as follows:

1. Basic Life Insurance Plan

- Natural Death Benefit
- Accidental Death Benefit inclusive of Burial Assistance
- Accidental Medical Reimbursement Benefit
- Accidental Disablement Benefit

2. Credit Life Insurance Plan

- Death Benefit
- Total and Permanent Disability

3. Hospitalization Assistance Pamilya Insurance Plan

- Sickness Benefit
- Maternity Benefit

e) Commitment to Good Corporate Governance

MBC-MBAI is committed to promoting corporate governance within its organization and among its stakeholders. Together with the Board of Trustees and Management, MBC-MBA will remain steadfast in monitoring the organization's performance, making sound decisions, and holding its governing board accountable for executing our corporate goals.

The Corporate Governance Manual shall serve as a guide to ensure the organization's practice of good governance and sustainability, and its continued commitment to its stakeholders, in providing efficient and innovative programs and services for the growth of the community in which we operate.

f) Definition of Terms

Corporate Governance – the framework of rules, systems, and processes in the corporation that governs the performance of the Board of Trustees and Management in their respective duties and responsibilities to stockholders and other stakeholders, which include, among others, customers, employees, suppliers, financiers, government, and the community in which it operates. (SEC Memorandum Circular No. 9 Series of 2014)

A stakeholder is a person, group, or organization that has an interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies.

The Board of Trustees often provides a mechanism for members or associates of the organization to elect or appoint individuals to oversee its functions, ensuring that the organization's core values and purposes are reflected in its operational processes. Trustees, as individuals, may be assigned specific areas of responsibility, with the board ultimately collectively accountable to the organization's constituency for how well those functions are carried out.

Voting Members – regular members who are required to attend regular meetings either in person or by proxy.

Part II. THE BOARD OF TRUSTEES

a) Board Composition

The Board should be composed of Trustees with a collective working knowledge, experience, or expertise relevant to the association's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions, individually and collectively, to enable it to fulfill its roles and responsibilities and to respond to the needs of the organization in an evolving business environment and strategic direction.

The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate, help ensure objective, independent judgment on corporate affairs, and provide proper checks and balances. The Board should have at least three independent trustees or such number as to constitute at least 20% of the members of the Board to ensure that no director or small group of directors can dominate the decision-making process and enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.

No trustee or candidate for directorship shall be discriminated against by reason of gender, age, ethnicity, culture, skills, competence, and knowledge.

b) Multiple Board Seats

The Board may adopt guidelines on the number of directorships that its members can hold in other corporations/associations. The Board shall take into consideration the capacity of a trustee to diligently and efficiently perform his duties and responsibilities and the limitations on concurrent directorships/trustee service of the organization.

The President and other trustees may be subject to a lower indicative limit on membership in other boards. A similar limit may apply to an independent or non-executive trustee who, at the same time, serves as a full-time executive in other corporations. In any case, the trustees' capacity to diligently and efficiently perform their duties and responsibilities on the boards they serve shall not be compromised.

c) Orientation of new trustees

All new Trustees joining the Board are required to undergo an orientation process within 3 months of their election or appointment. This is intended to familiarize the new trustees with their roles and responsibilities on the Board and Committees, the organization's strategic plans, organizational structures, business activities, compliance programs, Code of Ethics, and Corporate Governance Manual. All Trustees are also encouraged to participate in continuing education programs at the organization's expense to maintain a current and effective Board.

d) President and General Manager

The President shall be the Chief Executive Officer of the association, and the General Manager shall have the charge of the day-to-day operations.

PART III. QUALIFICATIONS OF TRUSTEES

a. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving environment and strategic direction.

b. As a board nomination policy, all trustees to be nominated for election at the regular or special meeting of members for the election of trustees should have the qualifications and none of the disqualifications and that their nominations are fair, transparent and in compliance with applicable laws, rules and regulations as well as the Corporation's By-Laws and this Manual.

c. In addition to the qualifications for membership in the Board provided in applicable and relevant laws, the Board may provide for additional qualifications which include, among others, the following:

    a. Legal age,
    b. College education or equivalent academic degree;
    c. Practical understanding of the business of the corporation;
    d. And is willing to perform the functions of a trustee without any remuneration.

PART IV. DISQUALIFICATIONS 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 before the date of their election or appointment, shall qualify as a Trustee or Officer.

PART V. BOARD DIVERSITY POLICY

MBC-MBA, as a non-stock, non-profit organization, is committed to a diverse, inclusive, and equitable environment where all board members, staff, and stakeholders feel respected and valued regardless of gender, age, race, ethnicity, national origin, social orientation or identity, disability, education, or any other bias.

This policy is intended to provide a framework to promote diversity and inclusion on the board of MBC-MBA. The Board of Trustees of Magdiwata Basic Care-Mutual Benefit Association, Inc., believes in the benefits of diversity and recognizes that diversity of thought contributes to a strong organization. Having a board composed of people with diverse skills, experience, backgrounds, and perspectives can contribute to:

- a robust understanding of opportunities, issues, and risks
- inclusion of different concepts, ideas, and relationships
- enhanced decision-making and dialogue
- heightened capacity for oversight of the organization and its governance
- sustainability of the organization

For purposes of board composition, diversity includes, but is not limited to:

- skills and experience
- gender
- race
- culture/ethnicity
- sexual orientation
- income
- ability
- age
- language

The board will make good use of these differences and distinctions among individuals to determine the optimum composition of the board. All board appointments must collectively reflect the diverse nature of the environment in which the organization operates and be made on merit, in the context of the skills, experience, independence, and knowledge which the board requires to be effective. The board is committed to ensuring gender diversity and to diligently acting to effect change.

The board values a diversity of voices and recognizes the contributions they can make to creative and innovative thinking within the organization. To ensure the organization's diversity strategy is viewed as a legitimate process, all appointments will be made based on merit. However, the board acknowledges that there are many different skills and knowledge that will enhance the board and its decision-making, and so understands that merit is relative to the particular needs of the board. Being transparent and public about the board's diversity and inclusion strategy is a helpful step in holding the board accountable, setting an example, and providing thought leadership in the sector. Accessibility is enhanced through a powerful collective voice. The board will balance the intent of this policy with the need to be a powerful voice for diversity in all of its forms.

Process

To achieve its diversity aspirations, the board will:

- ensure the board's composition considers the balance of skills, experience, knowledge, perspectives, independence and characteristics in alignment with the strategic needs of MBC-MBA and the environment in which it operates
- identify suitable candidates for appointment to the board, considering candidates on merit against objective criteria, and with due regard for the benefits of diversity on the team
- maintain an ongoing list of potential candidates
- monitor and report annually, in the corporate governance section of MBC-MBA's annual report and on its website, its progress with respect to this policy

Review

Annually by the board.

PART VI. DUTIES, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

A Board of Trustees office is one of trust and confidence. He should act in the best interest of the association in a manner characterized by transparency, accountability, and fairness. He should exercise leadership, prudence, and integrity in directing the corporation towards sustained long-term progress. A trustee assumes certain responsibilities to various constituencies or stakeholders, who have the right to expect that the institution is being run prudently and soundly.

To ensure good governance of the corporation, the Board should establish the association's vision and mission, strategic objectives, policies and procedures that may guide and direct the organization's activities and the means to attain them, as well as the mechanism for monitoring management's performance. While the day-to-day affairs of the institution are the responsibility of the management team, the Board is responsible for monitoring and overseeing management actions, as stated in the Code of Corporate Governance.

Unless otherwise provided by law, the corporate powers of MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC. shall be exercised, all business conducted, and all properties of the corporation controlled and held by the Board of Trustees subject to the approval of the majority of its members. Without prejudice to such powers as may be granted by law, the Board of Trustees shall have powers as stated in the By-Laws (Article V, Section 1).

PART VII. BOARD COMMITTEES

1. AUDIT COMMITTEE

Purpose

To assist the Board of Trustees in fulfilling its oversight responsibilities for (a) the integrity of the association's financial statements, (b) the association's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the association's internal audit function and independent auditors.

Authority

The audit committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

a. Appoint, compensate, and oversee the work of the public/private accounting firm contracted by the association to conduct the annual audit.
b. Pre-approve all auditing and permitted non-audit services performed by the association's external audit firm.
c. Seek any information it requires from employees-all of whom are directed to cooperate with the committee's requests-or external parties.
d. Meet with the association's officers, external auditors or outside counsel, as necessary.
e. The committee may delegate authority to management, including the authority to pre-approve all auditing and permitted non-audit services, provided that such decisions are presented to the full committee at its next scheduled meeting.

Non-Audit Services Policy

The Committee is responsible for approving non-audit services. This policy specifies the types of non-audit services that are strictly prohibited and those that may be acceptable. For non-audit services that may be acceptable, the impact of such services on the financial statements, as well as the independence and objectivity of the external audit, will always be assessed by the Committee before approval.

Non-audit services are prohibited by law from being provided to the Company and its Group by its external auditor, as they have the potential to impair, or appear to impair, the external auditor's independence, such as:

- Bookkeeping
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

- Actuarial services
- Internal audit outsourcing services
- Management functions or human resources
- Broker-dealer, investment adviser, or investment banking services
- Legal services and expert services unrelated to the audit

Composition

The audit committee will consist of at least three (3) Independent members of the Board of Trustees. The Board will appoint committee members and the committee chair. No committee member shall simultaneously serve on the audit committees of more than two other public institutions. Although this manual sets forth the responsibilities, management is responsible for preparing the association's financial statements, and the external auditor is responsible for auditing them. It is not the duty of the Committee to plan or conduct the audit to determine that the association's financial statements are complete or are in accordance with generally accepted accounting principles. It is the Committee's responsibility to resolve disagreements, if any, between management and the external auditors.

Meetings

The committee will meet at least twice a year and may convene additional meetings as circumstances require. All committee members are expected to attend each meeting in person or via teleconference or videoconference. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will meet separately and periodically with management, internal auditors, and external auditors. Meeting agendas will be prepared and provided to members. Minutes will be prepared.

Responsibilities

The committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:

a. Complex or unusual transactions and highly judgmental areas.
b. Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
c. Review with the management and the external auditors the result of the audit.
d. Discuss the annual audited financial statements.

Internal Control

- Consider the effectiveness of the association's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with the management's responses.

Internal Auditing

- Review with management and the internal auditor/s the plans, activities, staffing and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function.
- Regularly, meet separately with the internal auditor/s to discuss any matters that the committee or internal auditing believes should be discussed privately.

External Auditing

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Establish procedures for: (1) The receipt, retention, and treatment of complaints received by the listed issues regarding accounting, internal accounting controls, or auditing matters; and (2) The confidential anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters;
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the process for communicating the code of conduct to company personnel and for monitoring compliance therewith.
- Obtain regular updates from management and the association's legal counsel regarding compliance matters.

2. RELATED PARTY TRANSACTION COMMITTEE

General Purpose and Authority

For purposes of ensuring transparency and fairness for all stakeholders, the Related Party Transactions Committee (the "Committee") is constituted by the Board of Trustees (the "Board") to review proposed Related Party Transactions for the purpose of determining whether or not the transaction is on terms no less favorable to the Association than terms available to any unconnected third party under the same or similar circumstances.

Composition

1. The committee shall be composed of at least three (3) independent members of the Board of Trustees, including the chairman. The other members may be directors with the fewest directorships or officers in companies within the conglomerate.

2. The Board shall appoint the chairman and the members of the Committee. The chairperson of the Committee or any of its members may be removed from office only by the Board. If the member's office is vacated, the Board shall appoint a new member to ensure the Committee's required composition is met.

3. The Corporate Governance Department of the Compliance Office may serve as secretariat of the RPT Committee.

Meetings

1. The Committee shall meet at least twice a year or as frequently as considered necessary by the Committee.

2. A quorum will comprise the majority of the members of the Committee. Voting on Committee matters shall be on a one–member–one–vote basis. The majority vote of all members present shall constitute an official action of the Committee, provided that all RPTs shall be approved by a majority of all members of the Committee, including the vote of the independent director members who are not disqualified by conflict of interest and/or interlock. Any member of the Committee who has an interest in the transaction under discussion shall not participate in discussions and shall abstain from voting on the said transaction.

3. The members of the Committee shall attend its meetings in person or through teleconferencing and videoconferencing conducted in accordance with the rules and regulations of the SEC in such a manner that will allow the member who is taking part in said meetings to actively take part in the deliberations on matters taken up therein, except when justifiable causes prevent his attendance to ensure that the quorum requirement will be met. Justifiable causes include, but are not limited to, grave illness or death of an immediate family member or serious accidents.

4. The notice and agenda of the meeting shall be furnished to the members before each meeting and will include relevant supporting papers as appropriate.

5. Minutes of the meeting shall be submitted to the Board of Trustees.

Duties and Responsibilities

The Committee shall review proposed Related Party Transactions. In its analysis and evaluation of the proposed transaction, the Committee shall consider:

(a) The report of the proponent on the following:

1. Identity of the parties to the transaction;

2. Nature/basis for the related party relationship;

3. Interlocking officer ships/directorships;

4. Description of the transaction;

5. Benefit and purpose of the transaction;

6. Value of the transaction;

7. Pricing method used and the rationale;

8. Documented benchmarks/comparable pricing of similarly situated unrelated transactions, where applicable;

9. Potential risks that may arise as a result of or in connection with the Related Party Transaction; and

10. Any other relevant information regarding the transaction.

(b) Whether the Related Party Transaction would impair the independence of an outside director;

(c) Whether the Related Party Transaction would present an improper conflict of interests for any trustee or officer of the association, taking into account the size of the transaction, the overall financial position of the trustee, officer or related party, the direct or indirect nature of the trustees', officer's or related party's interest in the transaction and the on-going nature of any proposed relationship;

(d) Any other relevant information regarding the transaction.

The Committee shall be provided with adequate resources and have the authority to engage independent experts to carry out its mandate.

Reporting

The Committee shall report to the Board, together with all information, any proposed Related Party Transactions and the action taken by the Committee thereon for approval.

Charter Amendments

1. The Committee shall, from time to time, assess the adequacy of the Charter and recommend changes thereto to the Board.

2. The Committee charter shall be approved by the Board of Trustees and reviewed and updated at least annually or whenever there are significant changes therein.

2. CORPORATE GOVERNANCE COMMITTEE

Purpose

The Corporate Governance Committee will assist the Board of Trustees of the Magdiwata Basic Care-Mutual Benefit Association, Inc., in fulfilling its responsibilities for matters related to the organization's governance and in identifying and recommending candidates to serve as Board Trustees.

Composition

It shall be composed of at least three (3) members appointed by the Board of Trustees.

Key Responsibilities

The Corporate Governance Committee shall perform all duties as requested or required by the Board of Trustees. The Corporate Governance Committee will specifically be responsible for the following duties and responsibilities:

1. Advise the Board about operational strategies, including relevant amendments to the organization’s bylaws, to strengthen the organization and empower the Board in meeting its obligations related to good governance principles and abiding by the organization’s mission.
2. Advise the Board about strategies that strive to increase individual Board Trustees' effectiveness and their abilities to work collaboratively with their peers.
3. Devise and make recommendations for policies on issues related to Board Trustees' Service.
4. Devise and make recommendations for policies that reflect best practices for overall good governance.
5. Develop a conflict-of-interest policy and recommend it to the Board.
6. Lead and facilitate periodic board self-assessments to ensure superior board performance and overall trust in effectiveness.
7. Evaluate the Board’s current composition and identify the current and future needs of the organization to ensure that the Board has the necessary diversity, perspectives, experience, skills, maturity and judgment to pursue its duties in planning and oversight effectively.

8. Review the Board's individual Board Trustees at the end of each of their board terms as part of the re-election process to ensure that they continue to have the appropriate skills and engagement level to continue serving on the Board.
9. Develop and conduct an orientation process for newly appointed Board Trustees and provide ongoing board training and development.
10. 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.
11. The Committee is hereby vested with sole authority to conduct and supervise the elections for the members of the Board of Trustees and other officers and proclaim the winners. The 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.

Meetings

The Corporate Governance Committee will meet at least two (2) times a year and hold additional meetings as needed to fulfill its responsibilities as described in this Committee Charter and as called by the Corporate Governance Committee Chair.

Authorization and Limitation of Power

The Bylaws establish the Corporate Governance Committee and have no power or authority to act on behalf of the full board. The Corporate Governance Committee will abide by the provisions in the Bylaws that pertain to the meetings and actions of the Board.

4. REMUNERATION COMMITTEE

Purpose

The Association has established a Remuneration Committee, which is responsible, amongst other things, for reviewing and approving the remuneration policy and the total individual remuneration packages for the employees. The work of the Remuneration Committee includes preparing an annual remuneration report for the Association.

Membership

a. The Remuneration Committee shall be made up of at least three members and shall be appointed by the Board.
b. The Board shall appoint the Chairman of the Remuneration Committee, who shall be an independent trustee.
c. Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for a further three-year period, provided the

Chairman of the Remuneration Committee remains an independent trustee and any other criteria for membership of the Remuneration Committee are still met.

Duties and Authority

a. The Board authorizes the Remuneration Committee to seek any information it requires from any employee of the Association to perform its duties, and all employees are directed to cooperate with any request made by the Remuneration Committee.

b. The Remuneration Committee shall: -

1. Determine and agree with the Board on the framework for the remuneration of the management and staff to consider.

2. To ensure that the management and staff are provided with appropriate incentives to encourage enhanced performance and are rewarded fairly and reasonably for their individual contributions to the success of the association.

3. At the request of management, make itself available for consultation with management on matters relating to compensation and benefits.

4. Review the ongoing appropriateness and relevance of the remuneration policy.

5. Determine the policy for and scope of pension arrangements for each employee.

6. Within the terms of the agreed policy and in consultation with the Board, determine the total individual remuneration package of each employee, including bonuses, retirement benefits, and other incentive payments.

7. Oversee any major changes in employee benefits structures throughout the Association;

8. Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;

9. Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and

10. At least once a year or as needed, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Procedure

a. Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals such as the General Manager, the head of Human Resources, the Chief Finance Officer, and internal/external advisers may be invited to attend for all or part of any meeting as and when appropriate.

b. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of themselves to chair the meeting.

c. Only a member of the Committee shall act as the secretary of the Remuneration Committee.

d. The quorum necessary for the transaction of business shall be two.

e. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

f. The Remuneration Committee shall meet at least twice a year and at such other times as the Chairman of the Remuneration Committee shall require.

g. Meetings of the Remuneration Committee need not be in writing at the request of any of its members.

h. The secretary shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance.

Reporting

a. Minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

b. The Chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

5. BOARD RISK OVERSIGHT COMMITTEE

Objective of Committee

The Board Risk Oversight Committee is established by and among the Board to properly align with management as it embarks on a risk management program. The overall risk management process in the association, including the related internal control system, is the responsibility of the board. However, the primary responsibility of the board risk oversight committee is to oversee and approve the association's wide risk management practices to assist the Board in:

a. Overseeing that the executive team has identified and assessed all the risks that the association faces and has established a risk management infrastructure capable of addressing those risks.
b. Overseeing, in conjunction with other board-level committees or the full Board, if applicable, risks, such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks.
c. In conjunction with the full Board, approve the association's enterprise-wide risk management framework.

Composition and Meetings

a. The Board Risk Oversight Committee shall consist of a minimum of three (3) members who are appointed by the board.
   The board, from the members serving on the Committee, shall appoint the Chairperson of the Committee. Additionally, the committee, in conjunction with the full board, may do well to consider and plan for the succession of the committee members.

   The quorum of the Committee shall be at least two (2) members.
   The board risk oversight committee will report to the full board at any regular or special board meeting. As part of its responsibility to foster open communication, the committee will meet periodically with management.

b. The committee will meet at least once a year. Additional meetings may be convened at the request of any member of the Committee, as circumstances dictate. The committee chairperson will approve the agenda for the committee's meetings, and any member may suggest items for consideration.

Authority of the Committee

a. The Board authorizes the Committee to obtain inside or partner's professional advice and assistance as necessary to perform its duties and responsibilities.

b. In obtaining inside or partner's professional advice, the Committee shall comply with the policies of the association.
c. In carrying out its duties and responsibilities, the Committee shall have the authority to meet and seek any information it requires from employees, officers, trustees or partners.

Reporting Lines

The Committee reports directly to the Board.

Terms of Reference

The duties and responsibilities of the members of the Committee are in addition to those as members of the Board of Trustees. To assist the Board in the execution of its risk management accountabilities, the Committee shall be charged with the following general responsibilities:

a. To assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
b. Review and assess the quality, integrity, and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
c. To review and assess the nature, role, responsibility, and authority of the risk management function within the association and outline the scope of risk management work;
d. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management, including the internal control;
e. To oversee formal reviews of activities associated with the effectiveness of risk management internal control processes. A comprehensive system of controls should be established to ensure that risks are mitigated and the association's objectives are achieved.
f. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
g. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk;
h. To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing the association.

The Committee shall be, in particular, charged with the following responsibilities:

a. To review the risk philosophy, strategy, and policies recommended by management. The Committee will ensure compliance with the association's overall risk profile.
b. To review management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control, and any recommendations, and confirm that appropriate action has been taken;
c. To review key risk areas and key performance indicators of the association and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
d. To review the risk-bearing capacity of the association in light of its reserves, insurance coverage, guarantee funds, or other such financial structures.
e. To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgment that it is accountable for the risk.

Validity and Termination

The authority and terms of duties of the Board Risk and Oversight Committee may be terminated or amended by the Board.

PART VIII. ABSTENTION

A trustee with a material interest in any transaction affecting the Association should abstain from taking part in the deliberations for the same. The abstention of a trustee from participating in a meeting when related-party transactions, self-dealings, or any transactions or matters on which they have a material interest are taken up ensures that they do not influence the outcome of the deliberations. The fundamental principle to be observed is that a trustee does not use his position to profit or gain some benefit or advantage for himself and/or their related interests.

PART XIX. ACCESS TO RELEVANT INFORMATION

1. The Board members shall have independent access to Management and the Corporate Secretary for all information to enable them to perform their duties and responsibilities properly.

2. Management shall provide the Board members with complete, adequate and timely information about matters to be taken up during their meetings.

3. The Association should include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information for its stakeholders.

4. The manner of disseminating relevant information to its intended users is as important as the content of the information itself. Therefore, the Association needs to have a strategic, well-organized reporting channel. These communication channels can provide timely and up-to-date information.

PART X. INTERNAL CONTROL SYSTEM

Members of the Board of Trustees, Officers, and Employees shall be committed to observing the confidentiality of non-public information. A trustee, officer, and employee should not disclose any information to any other person without the authority of the Board.

Internal control comprises the plan of organization and all coordinated methods and measures adopted within a business to safeguard its assets, verify the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Areas of internal control

Accounting controls comprise the plan of organization and all methods and procedures concerned mainly with, and directly related to, the safeguarding of assets and the reliability of financial records. They generally include such controls as a system of authorization and approval; separation of duties between record-keeping and accounting reports and operations, or between asset custody and operations; physical controls over assets; and internal auditing.

Administrative controls comprise the plan of organization and all methods and procedures concerned mainly with operational efficiency and adherence to managerial policies. They are usually related only indirectly to financial records. They generally include controls such as statistical analysis, time-and-motion studies, performance reports, employee training programs, and quality controls.

Elements of internal control

The individual controls employed by each company vary because they must be tailored to specific tasks, management requirements, and the type of company or operations involved. Generally, a satisfactory system of internal control is characterized by the following elements:

1. A plan of organization which provides appropriate segregation of functional responsibilities.
2. A system of authorization and record procedures adequate to provide reasonable accounting control over assets, liabilities, revenues, and expenses.
3. Sound practices to be followed in the performance of duties and functions of each of the organizational departments.
4. The designation of personnel capable of performing the prescribed procedures efficiently and economically.
5. Provision for a periodic review of the implementation of internal controls.

Internal control standards

For the system, the following records and data shall be compiled and made available for the inspection of authorized representatives of regulatory bodies:

1. Records showing compliance with independent balancing procedures should indicate the accounts and the periodic balancing procedures performed.
2. Statement of actual duties of persons assigned to handle cash and securities;
3. All internal control audit reports or their equivalent; and
4. Information/data on the direct and/or indirect equity holdings and/or connection with any firm, partnership or corporation organized for profit of all the association's trustees, officers and major stakeholders.

The following internal control procedures and standards are being adopted to be implemented by the MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC.

I. Proper Accounting Records

1. The MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC. shall maintain proper and adequate accounting records.
2. These records should be kept current and should contain sufficient detail so that an audit trail is established.
3. All tickets should bear official approval and should be initialed by the person originating and another person checking them.

II. Independent Balancing

1. Independent Balancing shall mean that records posted by a person shall be balanced or counted by another person.
2. The minimum independent balancing procedures that should be adopted are the following:
   a. Monthly reconciliation of general ledger balances against their respective subsidiary and supporting records and documentation by someone other than the bookkeeper or the person handling the records.
   b. Monthly reconciliation of cash in bank accounts, premiums, and claims by someone other than the person handling the records or posting the general ledger entries.
   c. Periodic verification of securities by someone other than their custodians.

III. Division of Duties and Responsibilities

1. The duties of all the officers and employees should be segregated, clearly defined, understood, documented, and manualized if possible. No individual shall have complete authority and responsibility for handling all phases of any transaction from beginning to end without some check or balance from some other part of the organization.

2. The physical handling of transactions should be separated from their recording and supervision as follows:
3. The functions of issuing, recording, and signing checks should be separated.
4. The receipt of statements from the depository bank should be assigned to an employee other than the one connected with the preparation, recording, and signing of the drafts.
5. Custodians of securities should not be allowed to handle security transactions.
6. Remittance reports should be obtained by someone other than the person in charge of the remittances.

IV. Joint Custody

1. Joint custody should mean the processing of transactions in the presence of and under the direct observation of a second person. Both persons shall be equally accountable for the physical protection of the items and records involved.
2. Physical protection should be deemed established through the use of two locks or combinations on a file chest or vault compartment.
3. Persons who are related to each other within the third degree of consanguinity or affinity should not be made joint custodians.
4. The following should be under joint custody:

    a. All accountable forms
    b. Securities
    c. Trust Receipts
    d. Collection items
    e. Duplicate keys, safe deposit, spare locks and keys, unrented keys to safe deposit boxes
    f. Test key fixed numbers unissued

V. Signing Authorities

1. Signing authorities for the different levels of officers to sign for and on behalf of the institutions should be approved by the board of trustees, and the extent of each level of authority should be clearly defined. These signing authorities should include, but need not be limited to, the following:

    a. Investment
    b. Approval of expenses
    c. Various supervisory reports
    d. Cash withdrawals
    e. Issuance of Check

VI. Dual Control

1. Dual Control shall mean that the work of one person is to be verified by a second person to determine (a) that proper authority has been given to handle the transaction, (b) that the transaction is properly recorded, and (c) that proper settlement of the transaction is made.
2. The routine of each transaction should be designed so that at least two individuals are involved in the completion of every transaction.
3. The following accounts/transactions should be under dual control:

   a. The board of trustees may, however, prescribe a certain predetermined amount by which one senior officer could sign checks or telegraphic transfers, subject to appropriate control measures.
   b. All transactions giving rise to "due to" or "due from" accounts and all instruments of remittances evidencing these transactions, particularly those involving substantial amounts, should be approved by two authorized officers.

VII. Number Control

1. Sequence Number controls should be incorporated in the accounting system, in issuing official checks, and in other similar transactions. Number control should be policed by a person designated by senior management who should be detached from the particular operation involved.
2. The following are the forms, instruments, and accounts that should be number-controlled:

   a. Official Receipt
   b. Expense Vouchers
   c. Membership Certificate

3. Rotation of Duties

   a. The duties of personnel handling cash, securities, and bookkeeping records should be rotated.
   b. Rotation assignment should be irregular, unannounced, and long enough to permit disclosure of any irregularities or manipulations.

VII. Independence of the Internal Auditor

a. The position of internal auditor should be provided for in the by-laws together with the duties and responsibilities, scope, and objectives of internal auditing.
b. The internal auditor should report directly to the Audit Committee, which is not connected with the department.

c. The internal auditor should not install or develop procedures, prepare records, or engage in other activities which he normally reviews or appraises.

VIII. Direct Verification

a. Direct Verification shall mean the confirmation of accounts or records by direct correspondence with the members.

b. The following accounts, among others, should be subject to direct verification by the Auditor at least once a year.

1. Balances of premiums and claims of members
2. Outstanding balances of receivables and payables

IX. Other Internal Control Standards

a. Internal Control Measures

1. As a matter of policy, the MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC. should exert all efforts to send a short letter to the members who have lapses in their premium contribution and encourage them to pay the unpaid contribution to prevent them from becoming disqualified in any claims.

2. Also, MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC. should exert efforts to ensure that the monthly statement of accounts or updates of premiums reach the members. If the members cannot be located, the following steps should be undertaken:

   (a) Check any significant changes or fluctuations in the members' premium balance over a period of time, with emphasis on accounts with decreasing balances.
   (b) Investigate any obvious alteration of the ledger records.

b. Miscellaneous

(a)The MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC. should maintain a sound recruitment policy since internal control begins from the point of hiring.

c. Review

The Board will update the Association's internal control system from time to time or as the need arises.

PART XI. DISCLOSURE AND TRANSPARENCY

The Board commits to meeting all disclosure requirements, particularly those involving material information, as mandated by regulators, within the prescribed period.

The reports or disclosures required under this Manual or under existing laws, rules, and regulations to be submitted or disclosed by the organization shall be prepared by the responsible Committee, office, or officer with proper coordination with the Compliance Officer.

a) Transparency Policies on:

1. Ownership Structure (Membership)

   MBC-MBA is a non-stock, non-profit organization owned and managed by its members, providing microinsurance services to its partners, members of organized groups, and individuals.

2. Board Structure and Remunerations

   The organization's annual reports and information statements shall include a clear, concise and understandable disclosure of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, to all individuals serving as Board members or acting in a similar capacity during the last completed fiscal year.

3. Publication of Timely Corporate Information

   All material information, both financial and non-financial, about the organization that may adversely affect its viability or the interests of the members and other stakeholders shall be publicly and timely disclosed through the official website, annual report, and/or sustainability report.

PART XII. STAKEHOLDERS

1. Employees

Individuals hired by the MBC-MBA to work as either full-time or part-time workers under a contract of employment duly notarized upon signing have recognized rights and duties as stated in the MBC-MBA's Administrative Manual. The association shall comply with the state's Labor Laws that protect employees' well-being.

The progress and success of MBC-MBA depend on its human resources, and only through carefully selected, well-trained, results-oriented, and dedicated employees can the association achieve its objectives.

MBC-MBA shall continue to make planned efforts to facilitate the learning of job-related behaviors for its stakeholders' current and future roles and responsibilities, aligned with the Association's goals and direction.

The employees shall be given training in the form of (i) On-the-job training or coaching; (ii) In-house lectures; and (iii) local courses, seminars, study tours, workshops, and conferences.

2. Customers/Members

MBC-MBA exists primarily for the benefit of its members.

The sustainability of MBC-MBA relies on the active involvement and participation of its members in the association's affairs.

A member is a person who meets the eligibility requirements and complies with the policies of MBC-MBA and is entitled to all the rights and privileges outlined in the by-laws of the association. She/he shall embody the promotion of all purposes and goals of the association.

The Association shall provide training and education to its members. To ensure the continuing education of its members, the association shall provide education through the annual assembly, center meetings, center chief fellowships, and other educational initiatives.

MBC-MBA shall allocate funds for the training and education of its members.

2. Suppliers/Contractors

The Association engages suppliers and/or contractors to provide services it needs for its daily operations. As part of its value chain, the Association will monitor its engagements with suppliers and contractors to ensure they practice good governance and protect the environment. The Association will only engage suppliers/contractors who 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 amounting to Php _____ and not exceeding to Php ______; where a minimum of three (3) suppliers shall submit their proposal and business profile to the management for background check and validation of proposal. The 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 (or a particular committee).

3. Partner-Agent

MFI, Cooperatives, NGO's, organized groups, and individuals are the primary source of the association's membership and maintain good relationships with members. They are the association's fund mobilization partners and play an important role, especially in collecting premiums and contributions.

The association shall ensure fast service and continued access to micro-insurance benefits and other services offered by MBC-MBA.

The association shall establish and implement approved guidelines about its partners and other related parties.

The association shall conduct product and service orientation and technical training to collaborate with organizations.

The association shall conduct fair business transactions and ensure that its interests do not conflict with the interests of its partners.

MBC-MBA shall provide incentives through a service fee.

The association and the partner agent should execute a service agreement/management contract defining the roles and responsibilities of the contracting parties.

4. Regulators

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

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

The association shall appoint/designate a person to act as Compliance Officer to ensure compliance with the above-mentioned agencies.

5. Technical Service Providers

TSPs are individuals or businesses with technical expertise in the services they provide and the ability to support the design of a solution that delivers the functionality the customer requires.

The association shall ensure involvement and participation, which require training, essential education, knowledge, skills, and abilities related to the services provided.

6. Board of Trustees

The Board is the governing body of the association, primarily responsible for ensuring good governance.

The Board formulates the strategic direction of the association.

The Board monitors the performance of the management.

The Board ensures that systems are in place for transparency and accountability.

MBC-MBA is committed to strengthening its Board by providing continuing education through participation in local and international conferences, seminars, trainings, and workshops.

PART XIII. FEEDBACK AND GRIEVANCE POLICY FOR STAKEHOLDERS

MBC-MBA protects the rights of its stakeholders and their representative bodies. The stakeholders are free to communicate their concerns about illegal and/or unethical practices to the board. Their rights shall not be compromised after communicating such concern.

All stakeholders are encouraged to play their part in improving the Association's overall effectiveness and success, particularly by strengthening its integrity. The association shall ensure that its stakeholders who report illegal/unethical behavior are protected from retaliation.

A. WHISTLEBLOWER POLICY

1. Introduction

The Magdiwata Basic Care-Mutual Benefit Association, Inc. is a socially responsible institution that adheres to universal standards for social performance management, promoting fairness, transparency, and the protection of members and employees. The association is committed to upholding the highest standards of professionalism, honesty, integrity, and ethical behavior, and to developing a culture where everyone feels safe despite any challenges.

This Whistleblower Policy is issued to guide stakeholders in reporting suspected violations, misconduct, concerns, and controversies related to the association that may significantly impact its operations and reputation. This policy encourages all stakeholders to disclose allegations without fear of retaliation or unjust reprimand responsibly.

Reportable incidents referred to in this policy are violations or commission of illegal activities articulated in the association's Code of Ethics and actions considered serious misconduct. Any other cases not included in the association's code of ethics will be entertained, as long as they will negatively affect the association directly or indirectly, as determined by the association.

Cases covered by this policy shall be treated differently from the grievance procedure established by the association, since the whistle-blower may not be involved in the investigation or may not be required to provide further information once the report is received. He may not be required to face the person/s allegedly committing violations or involved in the serious misconduct reported. Offending parties, however, will be given adequate opportunities to defend themselves.

2. **Procedure**

A. Reporting of Violations/Incidents

1. A person who has a reportable incident shall submit a written report to any senior officer, General Manager or Human Resource Officer. Anonymous reports will not be entertained.

2. Reports should include full details of alleged violations/misconduct, with corresponding supporting documents.

3. Whistleblowing should be done in good faith. Allegations made in bad faith may result in disciplinary action against the whistle-blower.

4. In case a person prefers to give his report orally, a witness will be required, preferably the HR Officer or any disinterested party within the organization. Discussions will be recorded and signed by everyone present during the report.

B. Investigation/Validation of Reports

1. If the case reported involves financial irregularities, the Internal Auditor shall investigate the concerned person's violation. The HR officer shall validate other issues in coordination with any disinterested party within the organization.

2. All investigations shall be conducted discreetly and professionally, taking into consideration the preference of the whistle-blower for his identity to be disclosed or not.

3. Existing laws, policies and procedures shall be observed in the conduct of investigations to ensure fair and reasonable evaluation of violations or misconduct reported against anybody.

C. Handling of Information

1. All reports on violations, as well as gathered and validated information relative to the reported incidents, shall be handled in confidence and shall not be improperly revealed. All records and reports shall be under the custody of the HR officer.
2. Concerned persons, employees and non-employees, shall be informed of the findings of the investigations.
3. Resolution/s to the findings will be based on the evidence gathered. They shall be taken care of by responsible officers depending on the nature of the case, i.e., by the General Manager, the President, or the Board of Trustees.
4. Irresponsible handling of information may result in disciplinary action.

3. Whistle-blower Recompense & Protection

1. No acknowledgment of the whistle-blower will be issued to protect his identity if he wishes to remain unknown. Otherwise, recognition of his contribution to correcting misconduct may be appropriately given.
2. A whistle-blower will not be subject to any adverse disciplinary action in relation to the misconduct or violation being reported in which he may be involved, provided he has the least participation, and his intention is apparently for the sake of the institution and its interests. However, he will not be protected from misconduct or violations unrelated to the case he reported as a whistleblower.
3. An individual, who is proven to have knowingly made false accusations against anybody in relation to the association and under this policy, shall be subject to disciplinary action after due process.

PART XIV. CODE OF ETHICS

The members of the Board and the management are committed to serving the public trust and to fulfilling their responsibilities ethically in a manner consistent with that obligation. This means that decisions are to be made solely to promote the best interests of the association, a public trust, rather than the interests of a particular constituency, and that Board members, officers, and employees will disclose personal, familial, business relationships, or other potential conflicts of interest as appropriate.

1. Purpose

The Board of Trustees of **MAGDIWATA BASIC CARE-MUTUAL BENEFIT ASSOCIATION, INC.** (MBC-MBA) has adopted the following Code of Ethics to apply to the Association's trustees, officers and employees. This Code is intended to focus trustees, officers, and employees on areas of ethical risk, provide guidance to help them recognize and address ethical issues, provide mechanisms for reporting unethical conduct, foster a culture of honesty and accountability, deter wrongdoing, and promote fair and accurate disclosure and financial reporting.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles. Trustees and officers should bring any such questions to the Chair of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

2. Introduction

Each trustee, officer, and employee is expected to adhere to a high standard of ethical conduct. The good name of the Association depends on the way trustees, officers, and employees conduct business and the way the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. Trustees, officers, and employees are expected to be guided by the following principles in carrying out their responsibilities:

Loyalty. Trustees, officers and employees should not be, or appear to be, subject to influences, interests or relationships that conflict with the Association's interests.

Compliance with Applicable Laws. Trustees, officers and employees are expected to comply with all laws, rules and regulations applicable to the Association’s activities.

Observance of Ethical Standards. Trustees, officers, and employees must adhere to high ethical standards in the conduct of their duties. These include honesty and fairness.

3. Integrity of Records and Public Reporting

Trustees, officers and employees should promote the accurate and reliable preparation and maintenance of the Association’s financial and other records. Diligence in accurately preparing and maintaining the Association’s records enables the Association to fulfill its reporting obligations and provide stakeholders, governmental authorities, and the general public with full, fair, accurate, timely, and understandable disclosure. In this regard, trustees, officers and employees (where applicable) should: (a) accurately document and account for transactions on the books and records of the Association; and (b) diligently maintain reports, vouchers, bills, invoices, payroll and service records, business measurement and performance records and other essential data. Senior financial officer/s must also ensure that they produce, or cause to be produced, full, fair, accurate, timely, and understandable disclosure in reports filed with the Securities and Exchange Commission and other public and private communications.

4. Conflict of Interest

Trustees, officers, and employees must handle actual or apparent conflicts of interest between themselves and the Association ethically. Any situation that involves a conflict of interest with the Association should be disclosed promptly. Employees should report the conflict of interest by bringing it to the attention of their superior or by calling the Chief Finance Officer. Trustees and officers should bring the conflict of interest to the attention of the Chair of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

A “conflict of interest” can occur when an individual’s personal interest is averse to—or appears to be averse to—the interests of the Association. Conflicts of interest can also arise when an individual, or a member of their immediate family, receives improper personal benefits as a result of their position with the Association. “Immediate family” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone who shares such person’s home.

This Code does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts from which trustees, officers, and employees must refrain, however, are set forth below.

Improper conduct and activities. Trustees, officers and employees may not engage in any conduct or activity that is inconsistent with the Association’s interests or that disrupts or impairs the Association’s relationship with any person or entity with which MBC-MBA has or proposes to enter into a business or contractual relationship.

Compensation from non-Company sources. Trustees, officers and employees may not accept compensation (in any form) for services performed for the Association from any source other than the Company.

Gifts. Trustees, officers, employees, and members of their immediate families may not accept gifts from persons or entities when any such gift is made to influence their actions in their positions with the Association, or when acceptance of the gift could create the appearance of a conflict of interest.

Personal use of Company assets. Trustees, officers, and employees may not use MBC-MBAs' any assets, labor, or information for personal use, other than incidental personal use, unless such use is either (i) part of a compensation or expense reimbursement program, or (ii) approved by an authorized person. In the case of use by an employee or officer, the authorized person will be the employee’s or officer’s direct superior. In the case of use by a trustee or the Chief Executive Officer, the authorized person will be the Chair of the Audit Committee.

5. Corporate Opportunities

Trustees, officers and employees are prohibited from: (a) taking for themselves personally opportunities related to the Association’s business; (b) using the Association’s property, information, or position for personal gain; or (c) competing with the Association for business opportunities.

6. Confidentiality

Trustees, officers, and employees shall maintain the confidentiality of information entrusted to them by MBC-MBA and any other confidential information about the Association, its business, customers, or suppliers, which comes to them from whatever source, except when disclosure is authorized or legally mandated. For purposes of this Code, “confidential information” includes all non-public information relating to MBC-MBA, its business, customers or suppliers.

7. Compliance with Laws, Rules and Regulations

Trustees, officers and employees shall comply with all laws, rules and regulations applicable to the Association.

8. Reporting Illegal or Unethical Behaviors

Employees should report any actual or suspected violations of this Code promptly by bringing them to the attention of their superior or by calling the Chief Finance Officer. Employees may also contact the appropriate person in accordance with the Association’s Whistleblower Protection Policy, as such policy may be amended from time to time.

Trustees and officers should communicate any actual or suspected violations of this Code (and any concerns regarding accounting or auditing matters) to the Chair of the Audit Committee.

Reported violations of this Code will be investigated by the Board of Trustees or by a person or persons designated by the Board, except for matters relating to accounting, internal accounting controls, and auditing, which the Audit Committee will investigate. Appropriate disciplinary action will be taken in the event of any violations of this Code, up to and including termination. Trustees, officers, and employees may not be retaliated against for reporting actual or suspected violations of this Code in good faith. If a trustee, officer, or employee believes that they have been discharged, disciplined, or otherwise penalized for reporting a violation in good faith, they should immediately report that belief to the Chair of the Audit Committee.

PART XV. REMUNERATIONS, ALLOWANCES AND BENEFITS

1. Development Program

MBC-MBA shall continue to make planned efforts to facilitate the learning of job-related behavior of its trustees, officers and employees in their current and future roles and responsibilities aligned with the Association’s goals and direction.

The trustees, officers, and employees shall be given training in the form of (i) in-house lectures and (ii) seminars, study tours, workshops, and conferences.

2. Allowances/ Remunerations

The organization may establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual trustees and officers. However, no trustee shall be involved in deciding his or her own remuneration.

3. Benefits

The members of the Board shall not receive any salary. Still, they shall be entitled to gratuity, per diem, and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings, provided that all entitlements, benefits, and emoluments received shall be subject to the approval by majority vote of the general membership.

PART XVI. DUTIES, RESPONSIBILITIES AND RIGHTS OF THE MEMBERS

a) Duties and Responsibilities

Each member of the association has the following duties and responsibilities:

1. To obey and comply with the by-laws, rules, and regulations that the association may promulgate from time to time.

2. To attend all meetings that the Board of Trustees may call.

3. To pay membership dues and other assessments of the association.
4. To participate in the governance and to protect the fund of the association.
5. Continuously give suggestions and comments on how to run the association better.

b) Rights

1. Voting Rights

Member shall have the right to participate and vote in the Annual General Meeting including the right to elect, remove and replace trustees, vote on certain corporate acts in accordance with the Corporation Code such as changes or amendments to the organization's By-Laws and Articles of Incorporation, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.

2. Power of Inspection

All members shall be allowed to inspect corporate books and records, including minutes of Board meetings and performance reports, in accordance with the Corporation Code, and shall be furnished with annual reports and financial statements without cost or restriction at any time during working days/hours.

3. Right to Information

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

The members shall have access to any information relating to matters for which the management is accountable. They shall also be allowed to propose items for the meeting agenda, provided that the suggested item is valid, legitimate, and related to the organization's business.

4. Other Members' Benefits

Members of the organization shall have the right to receive other benefits subject to the discretion of the Board of Trustees.

PART XVII. BOARD SELF-ASSESSMENT

The Board is committed to evaluating its performance as a collective body and its committees to determine whether they are functioning effectively, pinpoint areas for improvement, and ensure that the President is providing effective leadership to the Group. The Board shall report the results of the self-assessment to its stakeholders.

a) Board and Committee Performance Evaluation

Under the SEC Corporate Code and as espoused in the ACGR, the Board shall conduct a performance evaluation to measure its compliance with the governance manual.

The evaluation shall be conducted annually, preferably in January, and the results shall be presented to the Board and management. The Board and each of its committees shall conduct annual performance evaluations/assessments to verify compliance with the manual and identify areas for improvement.

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

b) Performance Evaluation Tools

The association is committed to complying with the evaluation tools required by regulators for its overall performance evaluation.

PART XVIII. CORPORATE SECRETARY

The Corporate Secretary is appointed by the Board of Trustees, who shall 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.

The one to keep the seal of the association and affix such seal to any paper or instrument requiring the same.

The Corporate Secretary has custody of the members' register and the association's correspondence files.

To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of them by law or by government rules and regulations; also perform all such other duties and work as the Board of Trustees may from time to time assign to them.

PART XIX. COMPLIANCE OFFICER

The Compliance Officer is appointed by the Board of Trustees, who ensure that the company complies with external regulatory and legal requirements and internal policies.

The Compliance Officer has a duty to their employer to work with management and staff to identify and manage regulatory risk.

Oversee the design of an appropriate compliance system and promote its effective implementation within the association.

Shall be responsible for ensuring the integrity and accuracy of all documentary submissions to the Regulators.

Establish and maintain a constructive working relationship with all regulatory agencies.

PART XX. AUDITORS

b. External Auditor

The Board of Trustees shall appoint the external auditor during a regular board meeting. It is tasked with conducting an independent audit of the association's financial statements and rendering an opinion thereof based on the results of the audit.

c. Internal Auditor

The organization is committed to maintaining an independent audit function, through which the organization's Board, senior management, and members may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Board shall employ or outsource an Internal Auditor to carry out the audit function. It shall require the Internal Auditor to report to the Audit Committee, thereby enabling the internal audit function to fulfill its responsibilities without impediment.

PART XXI. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In any business, there is a need for the support of the community where it operates. The Association acknowledges the significant role of the community in achieving its vision and 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, including those related to environmental protection.

The Association's business operation does not directly affect the environment. However, it remains committed to doing its part to promote environmental sustainability through various initiatives within the office, among its trustees, officers, and employees, and with its stakeholders.

PART XXI. POLICY REVIEW AND UPDATING

General Policy on the review and updating of existing policies:
This Corporate Governance Manual may be amended at any time, subject to the approval of the Board. The Board may decide to review existing policies, guidelines, and procedures to ensure their timeliness and effectiveness. The organization's management shall submit its recommendations to the Board for consideration. The following may be reviewed and updated by the Board:

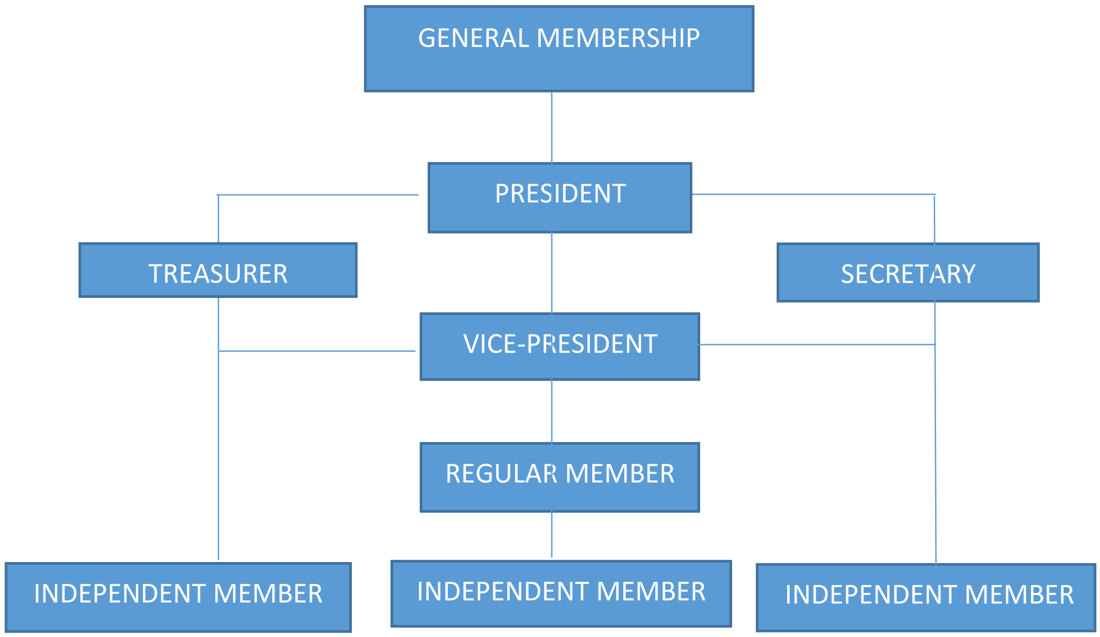
1. Organizational Manual

   This manual shall be reviewed by the Compliance Officer or an assigned committee at least annually and as necessary to incorporate relevant regulatory updates and industry best practices. Any further changes to be made herein in line with the said review or updating shall be subject to the review, endorsement, and approval of the board.

2. Review of Corporate Vision, Mission, Corporate Values

   The Compliance Officer or the assigned committee will update the VMC of the Association from time to time, as needed, and in accordance with the duly approved board.

4. Board Structure and Composition



Partnerships and Linkages:

FRIEND Research and Training Center
Purok 5, Lapinigan,
San Francisco, Agusan del Sur

Echo Security Agency, Inc.
Barangay 5, San Francisco,
Agusan del Sur

Rurban Community Multi-Purpose Cooperative
Barangay 5, San Francisco,
Agusan del Sur

Microfinance Organization for Lasting Development, Inc.
Barangay 5, San Francisco,
Agusan del Sur

MiMAP (RIMANSI)
Unit 1014, 10^{th} floor, Medical Plaza Ortigas Building,
San Miguel Avenue, Ortigas Center 1605, Pasig City

Annexes